

THROMDE ACCOUNTING MANUAL

**Ministry of Works and Human Settlement
Bhutan Second Urban Development Project (BUDP-II)
World Bank IDA Credit Project**

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LIST OF ABBREVIATIONS

Acronyms	Description
AU	Accounting Unit
BRS	Bank Reconciliation Statement
BPV	Bank Payment Voucher
BTAM	Bhutan Thromde Accounting Manual
BUDP-II	Bhutan Urban Development Project II
CoA	Chart of Accounts
CPV	Cash Payment Voucher
CAO	Central Accounts office
Cr	Credit
CWIP	Capital Work In Progress
DA	Dearness Allowance
DCB	Demand Collection Balance Statement
Dr	Debit
DRC	Department of Revenue and Customs
EMD	Earnest Money Deposit
EMI	Equated Monthly Instalment
FIFO	First In First Out
GAAP	Generally Accepted Accounting Principles
GIS	Geographical Information System
GOVT	Government
GPF	General Provident Fund
HP	Hire Purchase
IDA	International Development Association
JV	Journal Voucher
MB	Measurement Book
MIS	Management Information System
M of	Ministry of Finance
MoWHS	Ministry of Works and Human Settlement
O&M	Operation & Maintenance
PAD	Project Appraisal Document
RGoB	Royal Government of Bhutan
TB	Trial Balance
TDS	Tax Deducted at Source
WIP	Work In Progress

Chapter 1: PREFACE

The Royal Government of Bhutan (RGoB) has secured an IDA credit to (a) strengthen municipal management systems starting in Thimphu and Phuentsholing and (b) improve infrastructure services in northern Thimphu. Accordingly, the Bhutan Urban Development Project II (BUDP II) has the following components:

- a. Component #1: Municipal Finance and Management
- b. Component #2: Thimphu Northern Area Development
- c. Component #3: Capacity Building

This consultancy is being implemented by the Policy and Planning Division (PPD) of the Ministry of Works and Human Settlement (MoWHS) in close consultation with Thimphu and Phuentsholing City Corporations and the Ministry of Finance (MoF).

Component #1: (Municipal Finance & Management) aims at strengthening the institutional systems and processes of the two city corporations of Thimphu and Phuentsholing to enable them to function effectively as efficient, transparent and account able urban local governments.

As per Project Appraisal Document (PAD) relating to BUDP II, “the project will support the strengthening of the core financial management systems and processes of the two city corporations. Advisory support and technical assistance will be provided for improving the quality and comprehensiveness of the financial and performance reporting of the two cities. Support will be provided for both the cities to prepare an annual Financial Statement and Balance Sheet that will provide comprehensive reporting on the revenues, expenditures, Assets and Liabilities of the two cities. The project will help both Thimphu Thromde (TT) and Phuentsholing Thromde (PT) to prepare an inventory of their assets and develop a computerized asset register. Technical assistance and advisory support will be provided to strengthen internal controls and the recently constituted internal audit cells of the two city corporations. The staff of the finance departments of the two cities will be trained in the various aspects of municipal financial management so that the city corporations are able to sustain the improvements in the financial management systems and processes.”

The Accounting Manual prepared under the Project comprehensively details the accounting policies, procedures, guidelines designed to ensure correct, complete, and timely recording of the Thromde transactions and produce accurate and relevant financial reports. This manual will play a key role in enabling the Thromdes to achieve the overall benefits of ensuring a transparent, efficient, and informative accounting system.

The Accounting manual discusses the manner of accounting and financial reporting under the accrual basis of accounting, which the Thromdes will follow. The adoption of accrual accounting by Thromdes will improve both the quality and comparability of financial information reported by public sector entities around the world.

Further, this Manual was reviewed and revised by the Royal Institute of Management on the initiative of the Ministry of Works and Human Settlement (MoWHS). The review process took in to considerations of the stakeholder needs to be more appropriate to the local context and be more practical in application.

Chapter 2: INTRODUCTION

1. Scope and Objective of Thromde

As enshrined in the Constitution of Kingdom of Bhutan and the Local Government Act 2009, Thromdes are instituted to facilitate direct participation of people in the development and management of their own social, economic and environmental wellbeing through decentralization and devolution of power and authority¹.

The primary objectives of Thromdes, as outlined in the Thromde Rules of the Kingdom of Bhutan, 2011 are to²:

- a. give effect to the provisions of the Local Government Act, 2009 in relation to Thromdes;
- b. provide a democratic and accountable government for local urban communities; and
- c. to achieve the best outcomes for the local communities, having regard to the long term and cumulative effects of its decisions.

To achieve its primary objectives, as mandated by the Local Government Act 2009, Thromdes are to³:

- a. Promote good urban governance and forge partnership with other local government including residents and business communities;
- b. Involve urban communities in the matters of urban governance for the general well-being of the residents of the Thromde;
- c. Promote the social, economic and environmental viability and sustainability of its municipal areas;
- d. Ensure that resources are used efficiently and effectively;
- e. Improve the quality of life of people in the local community;
- f. Promote appropriate business and employment opportunities;
- g. Ensure the provision of urban services in a sustainable manner and that the services and facilities provided by the thromde are accessible and equitable; and

2. Thromde Financial Authority

Thromdes are granted with the financial autonomy to manage their own finances to better achieve its objectives as stipulated in Article 22 of the Constitution of the Kingdom of Bhutan⁴, the Local Government Act of Bhutan 2009⁵, the Public Finance Act of Bhutan 2007⁶, and the Thromde Rules of the Kingdom of Bhutan 2011⁷. As part of the financial autonomy, in addition to the financial resources from the Government in the form of annual grants, Thromdes have power and authority to raise revenues and mobilize resources, prepare budget, maintain books of accounts, manage assets and liabilities, receive grants and loans, invest, and make expenditure to meet the requirements of the Thromde and perform its functions⁸. Thromdes are granted authority to spend funds generated from their local taxes, fees, charges and fines, and from funds allocated by the Royal Government. In doing so, Thromdes are mandated to carry out their financial operations and transactions in an efficient,

¹ The Local Government Act of Bhutan 2009, page 1

² Thromde Rules of the Kingdom of Bhutan 2011, page 2

³ Thromde Rules of the Kingdom of Bhutan 2011, page 2

⁴ The Constitution of the Kingdom of Bhutan, pages 42-46

⁵ The Local Government Act of Bhutan 2009, pages 20 – 21, 49-51

⁶ The Public Finance Act of Bhutan 2007, page 18

⁷ Thromde Rules of the Kingdom of Bhutan 2011, pages 35-39

⁸ The Constitution of the Kingdom of Bhutan, Article 22, Section 18 b, c, d, & f

transparent and accountable manner to give effect to their identified priorities and desired outcomes.

To support and assist Thromdes to initiate and establish sound financial management practices and to strive towards financial sustainability and self-reliance, the Ministry of Works and Human Settlement has come up with the Thromde Finance Policy 2012. As specified in the governing legal framework of the Thromdes⁹, the Thromde Finance Policy empowers the Thromdes to practice financial management practices that are different to the Royal Government of Bhutan (RGoB) to meet the requirements of Thromde operations based on the principles of¹⁰:

- a. Decentralization;
- b. Economy and equity;
- c. Efficiency and effectiveness;
- d. Transparency and accountability; and
- e. Sustainability and self-reliance.

2.1. Sources of Resources for Thromde

Thromde financial resources are to be collected from the following sources:

2.1.1. Thromde Revenue

As empowered by the governing legal frameworks¹¹ Thromdes have the power to obtain revenue from taxes, duties, fees, tolls, and charges at a rate as may be approved by the relevant authorities as per the laws in force. Taxes and duties as stipulated in the section 64 of the Local Government Act of Bhutan 2009 includes following:

- a. Land tax;
- b. Property tax (including house tax);
- c. Property transfer or sale tax;
- d. Entertainment tax;
- e. Betterment tax (increases in value due to improvements);
- f. Vacant land and underdevelopment tax; and
- g. Any other taxes in accordance with the laws in force.

Revenue from fees includes:

- a. Land development and subdivision;
- b. Land demarcation;
- c. Building permits;
- d. Land registration;
- e. Site plan;
- f. Vehicle parking,
- g. Market vendors;
- h. Advertising;

⁹ The Constitution of the Kingdom of Bhutan, The Local Government Act of Bhutan 2009, The Public Finance Act of Bhutan 2007, Thromde Rules of the Kingdom of Bhutan 2011

¹⁰ The Thromde Finance Policy of Bhutan 2012

¹¹ *ibid* 9

- i. Tolls;
- j. Building approval;
- k. Leasing;
- l. Septic tank cleaning fee;
- m. Delayed payment;
- n. Planning permit fee; and
- o. Other fees in accordance with the laws in force.

Revenue from charges includes:

- a. Property valuation;
- b. Water and sewage;
- c. Connection;
- d. Pipe realignment; and
- e. Other charges for the services provided by the Thromde.

2.1.2. Government Grants

The Constitution of the Kingdom of Bhutan and the section 218 of the Local Government Act of Bhutan 2009¹² mandates the Thromdes to receive adequate financial resources in the form of annual grants until such time the Thromdes are able to sustain on their own resources. The government is to allocate a proportion of the national revenue to ensure self-reliance and sustenance of the local government unit, including Thromdes. The grants received by the Thromdes are to be in the form of current and capital grants. These grants to be used for carry out “own services”. For any “agency services”, the Thromdes to receive grants from the respective agencies¹³.

Thromdes to receive current grants to the extent of operating deficit for “own services” and capital grants to the extent that capital expenditure cannot be finance out of Thromde’s revenue. Capital grants to be used for development of urban infrastructures. For the receipt of capital grants, Thromdes to submit justification along with their sources and application of funds.

2.1.3. Loans

Thromdes, requiring large capital amounts to build new infrastructures and when grants are not available, can finance through either internal borrowings from the financial institutions within Bhutan or external borrowings obtained through the Ministry of Finance (MoF)¹⁴. Thromde Tshogde can also issue bonds subject to the approval of the government¹⁵.

2.2. Accounting and Financial Reporting

2.2.1. Thromde Accounting

In accordance to the Local Government Act of Bhutan 2009¹⁶, Thromdes deposit all monies including Grants and Subsidies received from the Government in a separate Current Deposit (CD) account of the Thromde. Thromde uses double entry book keeping with cash basis of accounting using computerized Budget and Accounts System (BAS). Budgetary outlay received for the schools under the Thromdes are channeled and operated through Government Letter of Credit system using PEMS

¹² The Constitution of the Kingdom of Bhutan, Article 22, Section 18 c & d, page 45; The Local Government Act of Bhutan 2009, page 49.

¹³ Thromde Finance Policy of Bhutan, 2012, page 5-6

¹⁴ The Local Government Act of Bhutan 2009, page 21 & Thromde Finance Policy of Bhutan 2012, page 7

¹⁵ Thromde Rules of Kingdom of Bhutan 2011, page 38

¹⁶ The Local Government Act of Bhutan 2009, page 51

and MYRB in accordance with the RGoB's Financial Rules and Regulations.

2.2.2. Financial Reporting

Thromdes are required to prepare a monthly accounts and annual financial statements as per the Local Government Act of Bhutan 2009 and the Thromde Finance Policy of Bhutan 2012, and submit the annual reports to Thromde Tshogde. The annual report should contain, among other, the following:

- a. Annual Financial Statement comprising statements of all funds received, including revenue, income and subsidies, loans and grants, expenditure incurred along with advances;
- b. List of tenders of works, goods and services awarded along with corresponding budget, recipients and contract value;
- c. Latest annual statement along with audit observations;
- d. List of all commercial investments and returns; and
- e. Any other relevant financial and non-financial information.

The Chairperson of the Thromde Tshogde is then required to submit an annual report to the government no later than three months after the closing of the financial year after being tabled before the Thromde Tshogde. One of the reports submitted as part of the annual report is the annual financial statement along with the inventory of the assets¹⁷.

3. Scope, Rationale and Objective of the Manual

Thromdes despite being granted financial autonomy to manage their own finances to better achieve its objectives, Thromdes are yet to fully institute a financial management systems and processes to meets their requirement and enable them to function effectively as efficient, transparent, and accountable local governments. As outlined in the "Strategy for implementation of Accounting Reforms," good Financial Management involves both raising adequate resources for investment in new services and for operation and maintenance of existing services as well as exercising good control over the resources so that there is no wastage¹⁸. The latter involves a good systems and practices of accounting in Thromdes, to ensure that resources are not wasted, assets are effectively managed and accountability is ensured.

The benchmark of a good accounting system is the production of timely accurate accounts. Good accounting should appropriately reflect the transactions and balances of the Thromdes, should adequately disclose all items that have a material impact on the financial status of the entity. Good accounting comprises provision of appropriate information with three broad purposes:

- a. Effectively record all transactions and balances of the Thromde;
- b. Facilitate budgeting and planning or revenues, expenditure, and debt management; and
- c. Help the Thromdes to be accountable to the public.

3.1. Scope of the Manual

This manual is applicable to the maintenance and preparation of the Thromde accounting processes for all the funds EXCEPT receipt through Government Letter of Credit Systems for the Thromde government schools. This manual is drawn based on the already existing legal frameworks governing Thromdes, financial management practices and systems, and on those initiatives already under taken by the Ministry of Works and Human Settlements and Thromde themselves.

3.2. Rationale and Objective of the Manual

¹⁷ The Local Government Act of Bhutan 2009, page 65

¹⁸ Strategy for implementation of Accounting Reforms at Thimphu Thromde and Phuentsholing Thromde, 2012, MoWHS

It is imperative that an Accounting Manual is prepared for the exclusive use of the Thromdes in lieu of existing Finance and Accounting Manual (Version 2016) prepared by MoF, RGoB. This is because, after Thromdes being granted financial autonomy, the scope of financial management for Thromdes has become different from that of other Government Budget agencies. Thromdes have authority and power to raise their own revenues in addition to annual grants from the government and use these funds for support of its functions. Thromdes can prepare their own budget, borrow, own assets and liabilities, and are responsible to carry out their financial operations and transactions in efficient, transparent and accountable manners to give effect to their identified priorities and desired outcomes.

While a sound and transparent accounting does not in itself lead to high quality Thromde Financial Management (TFM), it is a necessary component. Better accounting leads to better reporting, which provides the information necessary for better decision making, which in turn will lead to better use of Thromde resources. As Thromdes are to facilitate direct participation of people in the development and management of their own social, economic and environmental well-being¹⁹, they are accountable to many stakeholders. The stakeholders need to understand the full, long term economic impact of their decisions on financial performance, financial position and cash flows.

Accounting under the current accounting system, Thromdes follow double entry cash-basis accounting which only records partial information and does not present full picture of the financial transactions. Receipts and expenses are recorded after they are actually received or paid in cash. Despite Thromdes mandated to own assets and liabilities and maintain proper records of those, a proper record keeping of assets and liabilities in various forms has not been possible under the current system. Thromdes have not updated these records regularly and hence the information that is available is not accurate and unreliable and does not present the whole picture of assets and liabilities of Thromdes.

3.3. Deficiencies in the Present Cash Basis of Accounting for Thromdes

- a. When Thromdes provides services or purchases on credit, the cash based system does not accurately reflect the results of these transactions;
- b. All receipts and payments made during an accounting period are recorded with opening and tallied closing balances and as a result, Thromdes fail to record any “Payables” and “Receivables” for the period;
- c. Thromdes are unable to track partial payments and receipts;
- d. Except of the Cash/Bank balances position at the end of the reporting accounting period, the current system fails to disclose the financial position of Thromdes. The system is not able to present a Balance Sheet showing the details of all assets and liabilities and the net worth of Thromdes;
- e. The current system assists Thromdes in tracking all inflows and outflows of cash but fails to explain how well the Thromdes are performing through Surplus or Deficits as per Income and Expenditure account;
- f. The current system records expenditure on Assets (with productive life spanning over several years) as a capital expenditure in its entirety in the reporting accounting period, even though its useful life to the Thromdes may range from 5 to 30 years or more. As such, use of assets in providing services (depletion/depreciation of assets) is not recognized in the current system;
- g. The work-in-Progress (WIP) in respect of assets created for the Thromde through in-house inputs of labor, materials are not recorded in the current system. However, payments to Contractors in respect of new infrastructure assets are recorded as Capital expenditure even though the relevant infrastructure assets are partially completed;

¹⁹ The Constitution of the Kingdom of Bhutan, Article 22, page 52

- h. The Receipts and Payments recorded under the current system over several years cannot be taken as realistic portrayal of trend of receipts and expenditure of that Thromde. This is because the receipts and expenditure recorded in any year may not represent all receipts earned and all expenditure incurred pertaining to each year;
- i. The Cash system of accounting for Thromdes do not show any non-cash expenditure and liabilities like gratuity, pensions, accrued interests and finance charges, and depreciations;
- j. The current system of accounting also fails to provide the cost of various services statutorily mandated to be provided by a Thromde e.g. Potable water, Sewerage, Drainage, Solid Waste Management; and
- k. While Thromdes want to raise finance for Infrastructure Assets through borrowing from Financial Institutions or Issuance of Bonds, Accounts of Thromdes kept on current system are not acceptable as these are considered incomplete and imperfect for various reasons listed above.

3.4. Deficiencies in the BAS used by Thromdes

- a. The Chart of Accounts (CoA) under the BAS is not suited to the nature of the activities of the Thromdes; its chart of account does not include various heads under Tax and Non-Tax Revenue. Its chart of account need to capture all major services like water supply, drainage, sewerage, solid waste management etc., which are not provided at all in the CoA. As a result, the BAS fails to capture/provide information required for assessment and comprehensive analysis of revenue and costs of each type of services, thus enabling appropriate tariff structure to recover full costs;
- b. The classification of transactions in accounts kept, do not have close reference to the functions, programs and activities of the Thromde since the present system is designed to meet the diverse needs of various Government departments and Ministries but not autonomous agencies like Thromdes;
- c. The BAS takes into account all actual receipts and payments but does not include income earned under various heads but not received as well as expenditure incurred under various heads but not paid during a reporting period;
- d. Presently, the Accounting system at Thromde does not provide income categorized by Tax and Non-Tax source. For this, details from Revenue department are to be computed and collected as these are not accounted for under the BAS and does not reflect in various reports produced by the BAS. This deficiency exposes Thromdes to serious fiduciary risks as there are no regular reconciliation of revenue receipts with Bank Balances with adequate financial controls;
- e. The accounts and reports from the BAS do not make available the information periodically about total receivables and total payables;
- f. The accounting system fails to provide the total gross and net (after depreciation) value of assets including infrastructural assets;
- g. The accounts do not take into account provision for bad and doubtful debts and liabilities like gratuity, pensions and depreciation towards its various infrastructural and other assets, and as result, the total cost of provision of services are not made available accurately by the BAS;
- h. The BAS does not make available Income and Expenditure Account of the Thromdes indicating its surplus or deficit for a reporting period; and
- i. The value of assets, liabilities and net worth of Thromdes are not provided by BAS through preparation of Balance Sheet.

Therefore, in the light of issues and deficiencies associated with the current Accounting System in the Thromdes, it is imperative that Thromdes adopts Accrual System of Accounting supported by an integrated computerized system which has integration of both revenue accounts and expenditure accounts in one system.

3.5. First Time Adoption of the Manual

To migrate from the Current system of Double Entry Cash Accounting to Double Entry Accrual Accounting, Thromdes have to go through the exercise of preparing an 'Opening Balance Sheet' i.e. a Balance Sheet just before the start of the new accounting system, in order to follow the new accounting system effectively. The step by step process of preparing the Opening Balance Sheet is given the Annexure II.

Under the accrual accounting system, the Balance Sheet is an essential requirement of financial reporting from every Thromde. The Balance Sheet is a listing of asset and liability account balances as at the year end and classified into two broad heads: Assets and Liabilities.

The opening/first Balance Sheet forms the basis for switching over from the single entry bookkeeping to double entry bookkeeping and from cash-based accounting to accrual-based accounting. The preparation of the opening Balance Sheet requires determination of balances of fixed assets and current assets, and long term and short term dues and liabilities payable to outsiders. An opening Balance Sheet is required to be prepared to draw the Thromdes' statement of affairs as on the date of the Balance Sheet and carrying the balances of all Assets and liabilities to the next accounting year as the opening balances. Thus, after the preparation of the opening Balance Sheet, conversion from cash based accounting to accrual based accounting will take place. The guidelines, which follows provides detailed framework that would assist the Thromdes in collecting information necessary for preparation of the opening Balance Sheet.

Chapter 3: ACCOUNTING FRAMEWORK

1. Introduction

This chapter sets out the concepts that underlie the preparation and presentation of financial statements for the Thromdes for the objective of financial reporting. It explains the qualitative characteristics of useful financial information; the definition, recognition and measurement of the elements from which financial statements are constructed.

2. Definitions

The definitions of the terms used in this manual are those which are commonly understood and used. The definitions/descriptions/meanings of the various terms used in this manual are as follows.

- a. Account – A formal record of a particular type of transaction expressed in money or other unit of measurement and kept in a ledger.
- b. Accounting Entry – A record of financial transactions in the books of accounts like journal, ledger, cashbook, etc.
- c. Account Payable – Amount owed by an enterprise on account of goods purchased or services received or in respect of contractual obligations. Also termed as trade creditor, sundry creditor.
- d. Accounting Period – The period of time for which an operating statement is customarily prepared.
- e. Accounting Principle – The general principles and procedures under which the accounts of an individual organization are maintained; anyone such principle or procedure. An accounting principle is an adaptation or special application of a principle necessary to meet the peculiarities of an organization or the needs of its management. Thus, principles are required for the computation of depreciation, the recognition of capital expenditures, and the disposal of retirements.
- f. Account Receivable – Amounts due for goods sold or services rendered or in respect of contractual obligations. Also termed as debtor, trade debtor, and sundry debtor. The words ‘Receivables’ and ‘Debtors’ are used interchangeably.
- g. Accounting Unit – An accounting unit shall be defined as a Circle or Division identified by the Thromde as a unit for maintenance of accounting records.
- h. Accounting Year – The “Official Year” or “Year” means a year commencing on the first day of the Accounting period.
- i. Accrual – Recognition of revenues and costs as they are earned or incurred (and not as money is received or paid). It includes recognition of transactions relating to assets and liabilities as they occur irrespective of the actual receipts or payments.
- j. Accrual Basis of Accounting – The method of accounting whereby revenues and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred, along with acquired assets, without regard to the date of receipt or payment of cash; distinguished from cash basis.
- k. Accrued & Due – In respect to an asset (or a liability) it means a claim which has become enforceable, which arises from the sale/rendering (purchase) of goods/services or otherwise and has become receivable (payable). In respect to an income (or an expense) it means the amount earned (incurred) in an accounting period, for which a claim has become enforceable, and it arises from the sale/rendering (purchase) of goods/services or otherwise and has become receivable (payable).

- l. Accrued, But Not Due – In respect to an asset (or a liability) it means a claim which has not yet become enforceable, which accumulates with the passage of time or arises from the sale/rendering (purchase) of goods/services which, on the date of period-end, have been partly performed and are not yet receivable (payable). In respect to an income (or an expense) it means the amount earned (incurred) in an accounting period, but for which no enforceable claim has become due in that period. It accumulates with the passage of time or arises from the sale/rendering (purchase) of goods/services goods which, at the date of accounting, have been partly performed and are not yet receivable (payable).
- m. Accumulated Depreciation – The total to date of the periodic depreciation charges on depreciable assets.
- n. Advance – Payment made on account of, but before completion of, a contract, or before acquisition of goods or receipt of services.
- o. Amortization – The gradual and systematic writing off of an asset or an account over an appropriate period. The amount on which amortization is provided is referred to as amortizable amount. Depreciation accounting is a form of amortization applied to depreciable assets. Depletion accounting is another form of amortization applied to wasting assets. Amortization also refers to gradual extinction or provision for extinction of a debt by gradual redemption or sinking fund payments or the gradual writing off to revenue of miscellaneous expenditure carried forward.
- p. Annual Report – Any report prepared at yearly intervals. A statement of the financial condition and operating results of the Thomde, prepared yearly for submission to interested parties.
- q. Assets – Tangible objects or intangible rights owned by the Thomde and carrying probable future benefits.
- r. Asset Replacement Fund – A fund created for the purpose of replacement of an asset. The fund shall normally be equal to the amount of depreciation provided on the Fixed Assets and shall be utilized only for the purpose of replacement of those Fixed Assets or for any other purpose as resolved by the Thomde.
- s. Bad Debts – Debts owed to the Thomde, which are considered to be irrecoverable, e.g., arrears of taxes, fees and other revenue left uncollected and considered to be irrecoverable.
- t. Balance Sheet – A statement of the financial position of Thomde as at a given date, which exhibits its assets, liabilities, capital, reserve and other account balances at their respective book values.
- u. Bank Reconciliation Statement – A statement, which reflects the nature and amount of transactions, not responded either by the Thomde or the Bank as on a particular date. Such statement may also reflect errors/omission in the recording of transaction inter-se between the Thomde and the Bank.
- v. Books of Original Entry – A record book, recognized by law or custom, in which transactions are successively recorded, and which is the source of postings to ledgers; a journal. Books of original entry include general and special journals, such as cash books.
- w. Budget – It means quantitative plan of activities and programs expressed in terms of money in respect of assets, liabilities, revenues and expenses. The budget expresses the Thomde goals in terms of specific financial and operating objectives.
- x. Capitalization – An expenditure for a fixed asset or addition thereto that has the effect of enlarging physical dimensions, increasing productivity, lengthening future life, or lowering future costs.

- y. Capital Expenditure – Expenditure intended to benefit future period in contrast to a revenue expenditure, which benefits a current period. The term is generally restricted to expenditure that adds fixed asset units or that has the effect of improving the capacity, efficiency, life span or economy of operations of an existing asset.
- z. Capital Work in Progress – Expenditure on capital assets which are in the process of construction or completion.
- aa. Cash Book – A book of original entry for cash receipts, disbursements, or both.
- bb. Cash flow Statement – A financial statement prepared for an accounting period to depict the inflows and outflows of cash and cash equivalents of an enterprise. The cash flow statement reports cash flows classified by operating, investing and financing activities.
- cc. Chart of Accounts – A systematically arranged list of accounts applicable to a specific concern, giving account names and numbers, if any.
- dd. Contingent Liability – An obligation relating to an existing condition or situation which may arise in future depending on the occurrence or non-occurrence of one or more uncertain future events.
- ee. Contra Entry – An item on one side of an account which offsets fully or in part one or more items on the opposite side of the same account.
- ff. Control Account – Control account is an account in the general ledger that consists of related sub-accounts. The total of the related sub-accounts should total the balance in the related control account.
- gg. Cost – The amount of expenditure incurred on or attributable to a specified article, product or activity
- hh. Cost of Acquisition – The cost of acquisition of a Fixed Asset comprises its purchase price and includes import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.
- ii. Cost of Investment – The amount of expenditure incurred on or attributable to the purchase/acquisition of an investment. The cost of an investment amongst others includes acquisition charges such as brokerage, fees and duties.
- jj. Credit – A book-keeping entry recording the reduction or elimination of an asset or an expense, or the creation of or addition to a liability or item of net worth or revenue; an entry on the right side of an account; the amounts recorded.
- kk. Current Assets – Cash and other assets that are expected to be converted into cash or consumed in rendering of services in the normal course of operations of the Thomde.
- ll. Current Liability – Liability including loans, deposits and bank overdrafts which fall due for payment in a relatively short period, normally not more than twelve months.
- mm. Debit – The goods or benefit received from a transaction; a book-keeping entry recording the creation of or addition to an asset or an expense, or the reduction or elimination of a liability, or item of net worth or revenue; an entry on the left side of an account; the amount so recorded.
- nn. Deferred Revenue Expenditure – Expenditure for which payment has been made or a liability incurred but which is carried forward on the presumption that it will be of benefit over a subsequent period or periods. This is also referred to as Deferred Expenditure.
- oo. Deficit – The excess of expenditure over income of the Thomde for an Accounting Period under consideration.

- pp. Depreciable Amount – The historical cost or other amount substituted for historical cost of a depreciable asset in the financial statements, less the estimated residual value.
- qq. Depreciable Asset – An asset which is expected to be used during more than one accounting year, has a limited useful life, and is held by the Thomde for use in the supply of goods and services, for rental to others, or for administrative purposes and not for the purpose of sale in the ordinary course of operations of the Thomde.
- rr. Depreciation – A measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, efflux of time or obsolescence through technology and market changes. It is allocated so as to charge a fair proportion in each accounting period during the useful life of the asset. It includes amortization of assets whose useful life is predetermined and depletion of wasting assets.
- ss. Depreciation Method – The arithmetic procedure followed in determining a provision for depreciation (an expense) and maintaining the accumulated balance.
- tt. Depreciation Rate – A percentage which when applied to the depreciable amount will yield depreciation expense for a year.
- uu. Expenses – A cost relating to the operations of an accounting period or to the revenue earned during the period or the benefits of which do not extend beyond that period.
- vv. Financial Statement – A Balance Sheet, income statement (income and expenditure), receipts & payment statement or any other supporting statement or other presentation of financial data derived from accounting records.
- ww. Finished Goods – Goods held for sale in the ordinary course of business.
- xx. Fixed Asset – Asset held for the purpose of providing services and that is not held for resale in the normal course of operations of the Thomde.
- yy. Fixed Deposit – Deposit for a specified period and at specified rate of interest.
- zz. Fund – The term fund refers to amount set aside for a general or specific purpose, whether represented by specifically earmarked assets or not.
- aaa. Folio reference – A page number or voucher or other number in a book or document of original or final entry, which refers to the disposition or source of an entry or posting.
- bbb. Grants – Grants are assistance by government in cash or kind to an enterprise for past or future compliance with certain conditions. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the enterprise.
- ccc. Gross Block – The total cost of acquisition/purchase of all the Fixed Assets of the Thomde.
- ddd. Hire Purchase – Hire purchase agreement is a contract (more fully called contract of hire with an option of purchase) in which a person hires goods for a specified period and at a fixed rent, with the added condition that if he shall retain the goods for the full period and pay all the installments of rent as they become due the contract shall determine and the title vest absolutely in him.
- eee. Income – Money or money equivalent earned or accrued during an accounting period, increasing the total of previously existing net assets, and arising from provision of any type of services and rentals.
- fff. Income and Expenditure Statement – A financial statement, often prepared by non-profit making entities like clubs, associations, etc., to present their revenues and expenses for

an accounting period and to show the excess of revenues over expenses (or vice-versa) for that period. It is similar to profit and loss statement and is also called revenue and expense statement.

- ggg. Interest – The service charge for the use of money or capital, paid at agreed intervals by the user, and commonly expressed as an annual percentage of outstanding principal.
- hhh. Investments – Assets held not for operational purposes or for rendering services, i.e., assets other than fixed assets or current assets (e.g. securities, shares, debentures, immovable properties).
- iii. Infrastructure Assets – Those assets with the characteristics of being, a part of a system or network, specialized in nature and do not have alternative uses, immovable, and subject to constraints on disposal.
- jjj. Journal Book – The book of original entry in which are recorded transactions not provided for in specialized journals.
- kkk. Joint Venture – Joint Venture is a contractual arrangement whereby two or more parties undertake an economic activity to share expertise in a single defined project, which is subject to joint control.
- lll. Ledger – A compilation of all accounts used for accounting purposes.
- mmm. Lease – A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period. A lease agreement also includes a Hire Purchase agreement. A lease is classified as a finance lease if it transfers substantially the entire risks and rewards incident to ownership. All other leases are classified as operating leases.
- nnn. Liability – An amount owing by one person to another, payable in money, or in goods or services: the consequence of an asset or service received or a loss incurred or accrued; particularly, any debt (a) due or past due (current liability), (b) due at a specified time in the future (e.g. funded debt, accrued liability), or (c) due only on failure to perform a future act (contingent liability).
- ooo. Long term investments – Any investment falling outside the ambit of current investments are treated as long-term investments.
- ppp. Mortgage – A lien on land, buildings, machinery, equipment, and other property, fixed or movable, given by a borrower to the lender as security for his loan; sometimes called a deed of trust.
- qqq. Net Assets – The excess of the book value of the assets of an accounting unit over its liabilities to outsiders.
- rrr. Net Block – Gross Blockless Accumulated Depreciation of all the Fixed Assets of the Thomde.
- sss. Period End – the last day of any Accounting Period, e.g., quarter, half-year, year-end.
- ttt. Posting – An act of entering separately the debit and credit aspect of transactions from the books of original entry in respective accounts maintained in the ledger.
- uuu. Prepaid Expense – Payment for expense in an accounting period, the benefit for which will accrue in the subsequent accounting period(s).
- vvv. Provision for Expense – An amount written-off or retained by way of providing for depreciation or diminution in value of assets or retained by way of providing for any known liability the amount of which cannot be determined with substantial accuracy.
- www. Provision for Unrealized Revenue – A provision made for revenue considered doubtful

of recovery.

- xxx. Qualifying Fixed Asset – a Qualifying Fixed Asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Ordinarily a period of twelve months is considered as substantial period unless a shorter or longer period can be justified on the basis of facts and circumstances of the case. In estimating the period, the time which an asset takes, technologically and commercially, to get it ready for its intended use or sale should be considered.
- yyy. Receipt – A written acknowledgement of something acquired; hence, an accounting document recording the physical receipt of cash/cheques.
- zzz. Revenue Expenditure – It means outlay benefiting only the current year. It is treated as an expense to be matched against revenue.
- aaaa. Sinking Fund – A fund created for the repayment of a liability or for the replacement of an asset.
- bbbb. Special Fund – An amount set aside for a specific purpose represented by specifically earmarked assets.
- cccc. Straight Line Method (SLM) – The method under which the periodic charge for depreciation is computed by dividing the depreciable amount of a depreciable asset by the estimated number of years of its useful life.
- dddd. Sub-Account – One or more accounts that make up the Control Account. These sub accounts are related to the control account and provide more detail of the Control Account. The total of the related sub-accounts will equal the related Control Account.
- eeee. Surplus – The excess of income over expenditure of the Thromde for an Accounting Period under consideration.
- ffff. Short term investments – Those investments which are readily realizable, and are intended to be held for not more than twelve months from the date of investment.
- gggg. Trial Balance – A list or abstract of the balances or of total debit and total credits of the accounts in a ledger, the purpose being to determine the equality of posted debits and credits and to establish a basic summary for financial statements.
- hhhh. Useful Life – The period over which a depreciable asset is expected to be used by the enterprise; or the number of production or similar units expected to be obtained from the use of the asset by the enterprise.
- iiii. Voucher – A document which serves as an authorization for any financial transaction and forms the basis for recording the accounting entry for the transaction in the books of original entry, e.g., Cash Receipt Voucher, Bank Receipt Voucher, Journal Voucher, Payment Voucher, etc.
- jjjj. Work in progress – Goods in the process of production for their sales or usage.
- kkkk. Written down Value (WDV) Method – A method under which the periodic charge for depreciation of an asset is computed by applying a fixed percentage to its historical cost or substituted amount less accumulated depreciation (net book value). This is also referred to as “Diminishing Balance Method”.

3. Underlying Assumptions

The following accounting assumptions are imperative in preparing the financial statements of the Thromdes.

3.1. Accrual Basis

In order to meet their objectives, the financial statements of Thomdes shall be prepared on the accrual basis of accounting. This system adheres to the revenue recognition, matching, and going concern principles.

3.2. Going Concern

The financial statements of the Thomdes shall be prepared on the assumption that a Thomdes is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Thomdes has neither the intention nor the need to quit or curtail materially the scale of its operations. However, if such an intention or need exists, the financial statements may have to be prepared on a different basis and, if so, the basis used shall be disclosed.

3.3. Qualitative Characteristics

The financial information produced using this manual is expected to possess the following qualitative characteristics to be useful:

3.3.1. Understandability: The information presented should be understood by users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. However, information on complex matters should not be excluded just because it is complicated. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

3.3.2. Relevance: Information has the quality of relevance when it influences the decisions of users by helping them evaluate past, present or future events or confirming, or correcting their past evaluations.

3.3.3. Materiality: Information is material if its omission or misstatement could influence the decision of users taken on the basis of the financial statements.

3.3.4. Reliability: Information is reliable when it is free from material error and bias and can be depended upon by users to embody faithfully the representation contained therein.

3.3.5. Faithful Representation: To be reliable, information must represent faithfully the transactions and other events that it either purports to represent or could reasonably be expected to represent.

3.3.6. Substance Over Form: Transactions and other events are accounted for and presented in accordance with their substance and not merely their legal form.

3.3.7. Neutrality: Information must be free from bias. Financial statements are not neutral if, by selection or presentation of information, they influence the making of a decision or judgment in order to achieve a predetermined result or outcome.

3.3.8. Prudence: Some degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty, such that assets or revenues are not overstated and liabilities or expenses are not understated.

3.3.9. Completeness: Information must be complete within the bounds of materiality. Omission may cause information to be false or misleading and thus unreliable and deficient in terms of its relevance.

3.3.10. Comparability: Users must be able to compare the financial statements through time in order to identify trends in its financial position and performance.

3.4. Accounting Documents

Based on the nature of the transaction, the accounting documents can be classified as:

- a. Primary Accounting Documents;
- b. Primary Books of Accounts;
- c. Ledger; and

- d. Trial Balance.

The following primary accounting documents would be used by the Thomdes:

- a. Payment Voucher (BPV);
- b. Receipt Voucher (RV); and
- c. Journal Voucher(JV).

All the transactions through a bank voucher, cash voucher, receipt voucher and journal voucher will be recorded in the primary books of accounts. The primary books of accounts are:

- a. Cash Book; and
- b. Journal book.

Payment Voucher will be used for making payments by the Thomdes. The payment voucher would indicate the details of expenditure.

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

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

A Ledger records all transaction relating to a particular account head, indicating the transactions that have taken place in respect of a given account head.

A Trial Balance is a list of debit and credit balances appearing under various accounting heads and codes in the Ledger. The total of debit and credit balances in the trial balances shall equal, which ensures the arithmetical accuracy of the accounting transactions.

3.5. Financial Statement

Financial statements of prepared by the Thomde shall consist of the following

- a. Income and Expenditure Account;
- b. Balance Sheet; and
- c. Cash Flow Statement.

Income and Expenditure Account – an Income and Expenditure Account is a statement of financial performance of the Thomde and shows the excess of income over expenditure or vice-versa, i.e. surplus or deficit for the reporting period.

Balance Sheet – Balance Sheet is a statement of affairs of the financial position of the Thomde as at a reporting date.

Cash Flow Statement – to evaluate the changes in Assets and liabilities of a Thomde, its financial status, and the actual performance in terms of cash inflows and outflows.

Chapter 4: SIGNIFICANT ACCOUNTING POLICIES

1. Introduction

This chapter outlines and describes the Significant Accounting Principles to be followed in preparation of the financial statements of the Thromde.

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

The accounting principles outlined in this chapter are suggested considering the nature of activities performed by the Thromdes in Bhutan. Where any of the Accounting Principles adopted while preparing the Financial Statements is not in conformity with the principles prescribed and the effect of deviation from the Accounting Principles is material, the particulars of the deviation shall be disclosed together with the reasons and the financial impact thereof. Where such financial effect is not ascertainable, either wholly or in part, the fact that it is not so ascertainable shall be indicated.

Likewise, any change in the Accounting Principles which has no material effect on the Financial Statements for the current period but which is reasonably expected to have a material effect in later periods, should be appropriately disclosed in the Financial Statements of the period in which the change is adopted.

The fact of switching over to accrual-based double entry accounting system from traditional cash basis of accounting will be disclosed as notes in the year of switch over.

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

2. Common Accounting Principles Concerning Income Recognition

2.1. Land Taxes, Urban House Tax and Service Charges

Revenue in respect of Land and Other Related Taxes (e.g. Urban House Tax, Service charges) shall be recognized in the period in which they become due and demands are ascertainable.

In case of new or changes in assessments, it can be accrued in the month in which the demand is served.

2.2. Parking Fees

Revenue in respect of Parking Fees shall be recognized in the period in which they become due and demands are ascertainable.

2.3. Water Supply and Sewerage

Revenue in respect of Water charges, Water Supply Charges, Meter Rent, Sewerage charge shall be recognized in the period in which they become due, i.e., when the bills are raised.

Revenue in respect of Connection Charges for Water Supply and Sewerage shall be recognized on actual receipt.

Revenue in respect of Septic Tank Cleaning Charges shall be recognized on actual receipt basis.

2.4. Fines and Penalties

Revenue in respect of fines and Penalties shall be recognized on actual receipt basis.

2.5. Solid Waste Management Fees

Revenue in respect of Solid Waste management fee and charges, where separately levied by the Thromde (and not included under any other tax) shall be recognized in the period in which they

become due, i.e., when the bills for the services are raised.

2.6. Rental Income

Rental Income includes Land lease (short term and long term lease) and Ground rent (temporary nature). Revenues in respect of rents from Thromde properties shall be accrued based on terms of lease/rent agreement.

2.7. Document, Library Membership and Other Fees

Incomes which are of an uncertain nature or for which the amount is not ascertainable or where demand is not raised in regular course of operations of the Thromde shall be recognized on actual receipt basis. Excess land fees, Land Demarcation Fees, building plan fee, Property Transfer Fee and site fee plan shall also undergo the same accounting treatment.

2.8. Fees and Other Sources of Income

- a. Revenue in respect of suction unit, vehicle and road roller, Sale of waste and scrap where applicable shall be recognized on actual receipt.
- b. Revenue in respect of renewal Trade License Fees shall be recognized on due basis. Onetime Trade License Fees shall be accounted on actual receipt basis.
- c. Revenues in respect of Profession Tax on Organizations/entities, where levied, recognized on actual receipt basis.
- d. Revenue in respect of advertisement fee shall be accrued based on terms of lease/rent agreement.
- e. Other income, in respect of which demand is ascertainable and can be raised in regular course of operations of the Thromde, shall be recognized in the period in which they become due, i.e., when the bills are raised.
- f. The Other Incomes, which are of an uncertain nature or for which the amount is not ascertainable or where demand is not raised in regular course of operations of the Thromde, shall be recognized on actual receipt basis.
- g. Revenue in respect of Property Transfer Charges shall be recognized on actual receipt basis.
- h. Revenue in respect of collection charges or share in Collection made by Thromde or by any other agency on behalf of Government shall be recognized on actual receipt from the Government. Revenue in respect of rent of equipment provided to the contractors, deducted from their bills, shall be recognized as and when the deductions are made.

The following principles will apply uniformly on income from Property and Other Taxes, Water Supply and Rentals, Fees and Other Sources of Income:

- a. Interest element and Penalties, if any, in demand shall be reckoned only on receipt.
- b. Revenue in respect of Notice Fee, Warrant Fee and Other Fees charged shall be recognized when the bills for the same are raised.
- c. Refunds, remissions of taxes for the current year shall be adjusted against the income and if pertain to previous years then it shall be treated as prior period item.
- d. Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable gets reduced.
- e. Demands raised with retrospective effect will be treated as prior period income to the extent it pertains to earlier years.
- f. Demand raised arising out of change in self-assessment of properties will be treated as 'Change in Demand' and will be accounted for as income relating to previous year to the

extent it pertains to earlier years.

- g. Any additional provision for demand outstanding required to be made during the year shall be recognized as expenditure and any excess provision written back during the year shall be recognized as income of the Thromde.
- h. Refunds, remissions of all kind of incomes for the current year shall be adjusted against the income and if pertain to previous years then it shall be treated as prior period item.
- i. Write-offs of Other Incomes shall be adjusted against the provisions made and to that, extent recoverable is reduced.
- j. Any subsequent collection or recovery of all kinds of receivables which were already written-off shall be recognized as a 'Prior Period Income'.
- k. In case collection of any income is under litigation, wherever applicable, no accrual entry will be passed and a disclosure of it will be made in the Notes to Accounts.
- l. Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognized as expenditure and any excess provision written back during the year shall be recognized as income of the Thromde.

3. Provisions for Arrears of Income

The age-wise analysis of all receivables on account of taxes, fees, rental and charges shall be made on a regular basis, at the year-end and stated/shown in Notes forming part of the annual financial statements.

Service/Activity	<2 Years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
Land and related taxes	Nil	25%	50%	75%	100%
Water, sewerage, solid waste management fees and charges	Nil	25%	50%	75%	100%
Lease, rentals	25%	25%	50%	75%	100%
All other accrued revenue	25%	50%	100%	100%	100%

4. Grants

A Capital Grant is usually utilized for Capital expenditure i.e. creation of a fixed asset (like purchase of land, building, equipment, facilities, etc.). The benefits of such expenditure are of an enduring nature and spread over an extended period of time.

A Revenue Grant, on the other hand, is generally utilized for meeting recurring expenditure, the benefits of which usually expire within the accounting year in which it is incurred. Revenue Grants are usually in the nature of a subsidy.

Grants may be for a non-specific purpose, i.e., General Grants or for a specific purpose, i.e. Specific Grants. These are further described below.

5. ACCOUNTING PRINCIPLES

The following accounting principles shall govern the recording, accounting and treatment of transactions relating to Grants:

- a. General Grants, which is of a revenue nature, shall be recognized as income on actual receipt;
- b. Grants towards revenue expenditure, received prior to the incurrence of the expenditure, shall be treated as a liability till such time that the expenditure is incurred;
- c. Grants received or receivable in respect of specific revenue expenditure shall be recognized as income in the accounting period in which the corresponding revenue

expenditure is charged to the Income and Expenditure Account;

- d. Grants received towards Capital expenditure shall be treated as a liability till such time that the fixed asset is constructed or acquired. On construction/acquisition of a fixed asset out of the grants so received, the extent of liability corresponding to the value of the Asset so constructed/acquired shall stand reduced and the amount shall be treated as a capital receipt and shall be transferred from the respective Specific Grant Account to the Capital Contribution;
- e. Grants received as a nodal agency or as implementing agency for an intended purpose, which does not result in the creation of assets with ownership rights for the Thromde shall be treated as a liability till such time it is used for the intended purpose. Upon utilization for the intended purpose, the extent of liability shall stand reduced by the value of such utilization and no further treatment shall be required;
- f. Grants in the form of non-monetary assets (such as fixed assets given at a concessional rate) shall be accounted for on the basis of the acquisition cost. In case a non-monetary asset is received free of cost, it shall be recorded at a nominal value (e.g. Nu. One); and
- g. Income on Investments made from 'Specific Grants received in advance' shall be recognized and credited to the Specific Grant, whenever accrued. Profit/loss, if any, arising on disposal of investments made from the 'Specific Grant received in advance' shall also be recognized and credited/debited to the Specific Grant.

6. Assets

6.1. Public Works

- a. The cost of fixed assets shall include:
 - i. cost incurred/amount spent in acquiring or installing or constructing fixed asset;
 - ii. interest on borrowings attributable to Acquisition or construction of qualifying fixed Assets up to the date of commissioning of the Assets; and
 - iii. other incidental expenses incurred up to that date of bringing the asset to use.
- b. Any addition to or improvement to the fixed asset that results in increasing the utility or capacity or useful life of the Asset shall be capitalized and included in the cost of asset. Expenditure in the nature of repairs and maintenance incurred to maintain the asset and sustain its functioning or the benefit of which is less than for a year, shall be treated as revenue expenditure in the year of incurrence.
- c. Assets in the nature of civil works and equipment/machinery requiring erection/installation will be first accumulated under respective 'Capital work-in-progress account' prescribed in the chart of accounts. Upon completion of the civil works and installation of machinery the value will be transferred to the respective asset account under fixed assets. If the civil work of machinery installation as at the end of the year were under construction/erection/installation these shall be considered as "Capital Work-in- Progress". The value of each work-in-progress will include the direct cost on material, labour, stores, and advances to suppliers for material and others. Where an asset is created with borrowed funds the interest paid/accrued as on the day of the valuation will also be added to arrive at the total value of the work-in-progress.
- d. The Earnest Money Deposit and Security Deposit received if forfeited shall be recognized as income when the right for claiming refund of deposit has expired.
- e. Deposit received under Deposit works shall be treated as a liability till such time the projects for which money is received is completed. Upon completion of the projects, the cost incurred against it shall be reduced from the liability.

6.2. Fixed Assets

- a. Fixed assets include Land including parks; Buildings; Roads and Bridges; Waterworks; Sewerage and drainage; Public Lighting; Luminary & Electrical Fittings; Furniture, fixtures, fittings; Electrical appliances; office & other equipment; Computer Hardware, Vehicles, etc.
- b. An item of property, plant and equipment should initially be recorded at cost. The cost of fixed assets shall include cost incurred/money spent in acquiring or installing or constructing fixed asset, interest on borrowings directly attributable to Acquisition or construction of qualifying fixed Assets up to the date of commissioning of the Assets and other incidental and indirect expenses like the cost of site preparation, delivery and handling, installation, etc.
- c. Thromde can measure the value of assets subsequent to initial recognition using the revaluation model. All Fixed Assets shall be carried at revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that the fair value can be measured reliably.
- d. In case the fair value of the asset cannot be measured reliably, the assets will be carried at cost less accumulated depreciation and impairment.
- e. Fixed assets needs to be tested for impairment to make sure that an asset is not carried at more than its recoverable amount.
- f. Recoverable amount is the higher of an asset's fair value less cost to sell and its value in use, which is the present value of the future cash flows expected to be derived from the asset.
- g. If a revaluation results in an increase in value of the asset, it should be credited to other comprehensive income and accumulated in Thromde Fund under the heading "revaluation Reserve". If the asset had been previously valued downwards and the same recognized as an expense, it should be recognized in profit or loss for the amount recorded earlier.
- h. A decrease arising as a result of a revaluation should be recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.
- i. Any addition to or improvement to the fixed asset that results in increasing the utility or useful life of the Asset shall be capitalized and included in the cost of fixed asset.
- j. Any Fixed Asset, which has been acquired free of cost or in respect of which no payment has been made, shall be recorded at nominal value of Nu. 1.
- k. All assets costing less than Nu. 5,000 (Ngultrum Five thousands) would be expensed/charged to Income & Expenditure Account in the year of purchase.
- l. Depreciation shall be provided on basis of useful life.
- m. Assets recorded in the register but not physically available shall be written-off after a period of five years.
- n. Expenditure in the nature of repairs and maintenance incurred to maintain the asset and sustain its functioning or the benefit of which is for less than a year, shall be charged off as Revenue Expenditure.
- o. Valuation of land will follow the following guidelines:
 - i. Land acquired through purchase is recorded on the basis of aggregate of purchase price paid/payable and other costs incidental to acquisition.

- ii. Leasehold lands acquired by the Thromde are taken as a part of the Thromde asset at a total value of lease charges payable over the entire lease period and amortized equally over the lease period.
- iii. Lands that are acquired free of cost from the government or provided by individuals or institutions under endowment for specific purposes are priced at Nu. One. Where the ownership of the lands has not been transferred in favor of the Thromde, but the land is in the permissive possession of the Thromde, such lands should be included in the Register of Land with Nu. One as its value. However, there should be a clear mention in the Register that in case the Government takes back the land at any point of time in future, reversal of entry shall be made in the Register of Lands. Cost of developing such vested lands, if any, should be booked under the subhead 'land'.
- iv. Cost of land improvements such as levelling, filling or any other developmental activity is capitalized and put under the heading "land Improvements".
- v. All lands that are under encroachment and belonging to the Thromde and where it is not possible to have the land evacuated, the Council would decide about the percentage of provision to be made on the cost of land. If the encroachment is for more than two years, provision equal to ninety percent (90%) of the carrying amount should be made.
- p. Parks and Playgrounds should be capitalized under two categories:
 - i. Land pertaining to Parks and Playgrounds would be valued as any other land and the cost of development of park land should be booked under 'Land Improvements'; and
 - ii. Other amenities to Parks and Playgrounds should be capitalized under the sub-head 'Parks and Playgrounds'.

However, any building/structures/plant and machinery, etc. constructed/installed in the Parks and Playgrounds and used for other purposes should not be booked under the sub-head 'Parks and Playgrounds'. The same should be booked under the appropriate heads/sub-heads of Assets

- q. Statues and Heritage Assets – Statues and valuable works of art will be valued at the original cost and no depreciation shall be charged thereon. In case, however, the original cost is not available or the items have been gifted to the Thromde by some other person/authorities, the value should be taken at Nu. One. Heritage buildings declared through Gazette Notification should be booked under this head and should be valued at book value/cost of the material date. No depreciation should be charged on such buildings. However, in case of capital improvements after the building has been so notified, depreciation at the normal rate of buildings shall be charged. In case, however the book value/cost of the material date is not available or the items have been gifted to the Thromde by some other person/authorities, the value should be taken at Nu. One. Material date in this case would be the date of Gazette Notification.
- r. Intangible assets include computer software, which shall be valued at cost plus cost of staff time and consultants costs incurred, in implementing the software, if any. It shall be Capitalized, only when the intangible asset is developed, and which can be used by Thromde over a period of time to derive economic benefits from it. In case it is not so, the entire amount will be charged to profit and loss account, in the year in which it is incurred. The intangible assets acquired shall be depreciated over a period of five years or useful life, whichever is earlier.
- s. Depreciation on assets on which government grant has been received, is calculated on the gross value of fixed asset, i.e. without deducting the grant amount from asset value. The

grant so received is charged to the income and expenditure statement in the same proportion as the depreciation charged on such Assets.

7. Stores

- a. Expenditure in respect of material, equipment, etc., procured shall be recognized on accrual basis, i.e., on admission of bill by the Thomde in relation to materials, equipment, etc., delivered. The cost of inventories shall include the purchase price including the expenditure incurred to bring the inventories to its present location and condition i.e. freight inward, duties and taxes, etc.
- b. Accounting of 'goods received and accepted' where bills are received after the Balance Sheet date shall be accounted based on the value as stated in the invoice. However, where the bills are not received up to the cut-off date the value used will be as stated in the purchase order.
- c. The stock as at the close of the year shall be valued at cost following the popularly known valuation method – FIFO 'First in first out'.
- d. Value of store, material disposed of/sold shall be recognized on actual receipt basis. Inventories of consumable supplies such as stationery, fuel shall be treated as expenditure and charged to revenue at the time of purchase.

8. Other Expenditures

8.1. Employees Related Transactions

- a. Expenses on Salaries and other allowances shall be recognized as and when they are due for payment (i.e. at the month end).
- b. Statutory deductions from salaries including those for income tax, profession tax, provident fund contribution, etc., shall be recognized as liability in the same period in which the corresponding salary is recognized as expense.
- c. Gratuity shall be calculated upon retirement of the employee and will be due then.
- d. Leave encashment will be recognized on actual payment basis.
- e. Interest receivable on loans given to employees shall be recognized as revenue at the end of the period in which these have accrued.
- f. In respect of loans to employees, penal interest levied on default in repayment of principal or payment towards interest shall be recognized on accrual basis.
- g. Bonus, ex-gratia, overtime allowance, other allowances and reimbursements to the employees shall be recognized as an expense as and when they are due for payment.
- h. Separate Funds may be formed for meeting the retirement benefits including Gratuity and Leave encashment. Governments will decide on this and define the modus operandi.
- i. Contribution due towards Pension and other retirement benefit funds shall be recognized as an expense and a liability. Government will define the rate of contribution. One basis for such rate could be at the rate generally prescribed for state government employees on deputation.
- j. Where applicable, formation of Trusts shall be considered for management of Provident Funds. In that case it will be the responsibility of the Thomde to form the trusts and meet the short fall of the fund if any. Provident Funds money shall be invested as per the guidelines applicable to any Employee Provident Fund. Employer's contribution to Contributory Provident Fund is recognized on due basis.

8.2. Other Revenue Expenditures

- a. Other Revenue Expenditures shall be treated as expenditures in the period in which they are incurred.
- b. Provisions shall be made at the year-end for all bills received up to a cut-off date.
- c. Any expenditure for which the payment has been made in the current period but the benefit and/or service is likely to arise in a future period shall be treated as an expenditure for the period in which its benefit arises and/or services are received.
- d. The expenditure for the current period shall include the proportionate value of the benefits and/or services arising in the current period even if the payment therefore has been made in the previous period.

8.3. Borrowings or Loans Received

- a. Interest expenditure on loan shall be recognized on accrual basis.
- b. Interest on borrowings directly attributable to Acquisition or construction of qualifying fixed assets up to the date of commissioning of the Assets shall be Capitalized.
- c. A provision shall be made for the interest accrued between the date of last payment of interest and the date of financial statements and shall be charged to the current period's Income and Expenditure Statement.
- d. [Where applicable] the expenses incurred while issuing debentures or Bonds (Issue Expenses) shall be deferred and amortized in equal instalments over a period of 5 years or the tenure of the loan whichever is earlier. In case, the debentures and bonds are prematurely redeemed, the amount of issue expenses outstanding during the year shall be written-off and charged to the Income and Expenditure Statement as expense of the year when this happens. However, all other expenses in respect of raising loans other than those considered, as issue expenses shall be expensed off in the year in which they are incurred.

9. Investments

- a. Investment shall be recognized at cost of investment. The cost of investment shall include cost incurred in acquiring investment and other incidental expenses incurred for its acquisition e.g. brokerage.
- b. All long-term investments shall be carried/stated in the books of accounts at their cost.
- c. Short-term investments shall be carried at their cost or market value (if quoted) whichever is lower.
- d. Interest on investments shall be recognized as and when due. At period ends, interest shall be accrued proportionately.
- e. Dividend on Investments shall be recognized on actual receipt.
- f. Profit/loss, if any, arising on disposal of investment (net of selling expense such as commission, brokerage, etc.) from the Thromde Fund shall be recognized in the year when such disposal takes place.
- g. Income on investments made from Special Fund and Grants under specific Scheme shall be recognized and credited to Special Fund and Grants under Specific Scheme respectively, whenever accrued. Profit/loss, if any, arising on disposal of investments (net of selling expense such as commission, brokerage, etc.) made from the Special Fund and Grants under specific Scheme shall be recognized and credited/debited to Special Fund Account and Grant under specific scheme Account respectively.

10. Special Funds

- a. Special Funds shall be treated as a liability on their creation.
- b. Income on investments made from Special Fund shall be recognized and credited to Special Fund, whenever accrued. Profit/loss, if any, arising on disposal of investments made from the Special Fund shall be recognized and credited/debited to Special Fund Account.
- c. Any expenditure of a revenue nature, which is incurred specifically on scheme/project for which a Special Fund has been created, shall be charged to that Special Fund.
- d. On completion of the construction of a fixed asset and/or on acquisition of a fixed asset out of a Special Fund, the amount equivalent to the cost of such fixed Asset shall be transferred from the respective Special Fund to the Grant against Asset Account. Amount proportionate to depreciation of the Asset shall be credited to the Income and Expenditure Account every year. Depreciation on assets on which government grant has been received, is calculated on the gross value of fixed asset, i.e. without deducting the grant amount from asset value. The grant so received is charged to the income and expenditure statement in the same proportion as the depreciation charged on such assets.

11. Lease and Hire Purchase

- a. Leases can be of two types – finance lease and operating lease. In a finance lease, the lessor transfers substantially all the risks and rewards incident to ownership of an asset. An operating lease is a lease other than a finance lease.
- b. When the Thomde (as a lessee) has obtained an asset on lease, effecting the lease agreement as a finance lease, then it have assumed all the risks and rewards incident to ownership.
 - i. In case of finance leases, the Thomde would recognize the lease both as an asset and a liability.
 - ii. The lease item would be recognized as an asset at the cost value of the lease as per agreement or at any value as agreed between the lessor and the lessee.
 - iii. The principal amount payable on the lease, equivalent to the asset value only would be shown as a liability.
 - iv. Amount of lease payments would be apportioned between the finance charge and the principal repayment.
 - v. The principal repayment would reduce the lease liability and the finance charges would be considered as an expense.
 - vi. The leased asset would be subject to normal depreciation like that considered for other assets in the same category, when they are not leased.
- c. When the Thomde (as a lessor) has granted an asset on lease, effecting the lease agreement as a finance lease, then it has relinquished all the risks and rewards incident to ownership.
 - i. The Thomde as a lessor would consider the lease in the Balance Sheet as receivable at the agreed value and recognize the transaction of relinquishing the rights as a disposal of asset, so held or as a sale of properties.
 - ii. Of the lease payments received, the Thomde should recognize the finance income on a systematic and Rational basis and recognize the same as an income for the year.
 - iii. No depreciation can be provided by the Thomde (as a lessor) when the lease is of a finance lease.

- d. When the Thomde (as a lessee) has obtained an asset on lease, effecting the lease agreement as an operating lease, then it has not assumed all the risks and rewards incident to ownership, as all such risks are still with the lessor.
 - i. All lease payments should be recognized as an expense.
 - ii. No distinction between principal repayment and finance charges to be made.
 - iii. No depreciation to be provided on Assets held under operating leases.
- e. When the Thomde (as a lessor) has granted an asset on lease, effecting the lease agreement as an operating lease, then it has not relinquished all the risks and rewards incident to ownership.
 - i. All leased assets under an operating lease would be recognized as an asset, still owned by the Thomde, under the group fixed assets, but need to be separately disclosed.
 - ii. Lease Income should be recognized in the statement of Income & Expenditure on accrual basis.
 - iii. Depreciation to be provided on the leased assets in the same manner as provided for any asset of that class under direct control of the Thomde.
- f. Hire purchase in the books of Thomde (when a buyer)
 - i. The purchase price shall be Capitalized as the cost of fixed Assets.
 - ii. Hire Purchase (HP) instalments shall be apportioned between the finance charge and the reduction of the principal outstanding. The finance charge shall be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability;
 - iii. The total amount of interest portion out of the 'HP Payable' shall be accounted by debiting to a control account under current assets. This amount will be adjusted on accounting of finance charges.
 - iv. The depreciation principle for assets purchased under HP should be consistent with that for owned assets.
- g. Hire purchase in the books of the Thomde (when a seller)
 - i. The sale price (including the interest portion) shall be accounted as receivable from HP agreement;
 - ii. HP instalments shall be apportioned between the interest income and the reduction of the principal amount receivable (the finance income to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the receivable);
 - iii. The total amount of interest portion out of the 'HP Receivable' shall be accounted by crediting to a control account under current assets. This amount will be adjusted while accounting for finance charge.

Chapter 5: CHART OF ACCOUNTS AND CODES

1. Introduction

Chart of Accounts (COA) defines the heads under which the income and expenditure of Thromde are classified and facilitates maintenance of accounts and preparation of financial Statements. A well designed COA shall not only fulfil accounting requirements but also the Budgeting and MIS requirements and shall be flexible enough to consolidate and collapse to facilitate generation of various information reports.

The codification structure proposed facilitates capture of all type of financial information within the Thromde. Each type of classification is considered as a group.

Detailed heads and codes have been provided in Annexure I for all mandatory levels of information and Thromde is not permitted to change the codes except where permission has been provided Thromde Tshogde.

2. Objective

The objectives of preparing a chart of accounts are:

- a. To achieve uniformity in the operations of the Thromde;
- b. To facilitate the entry of transactions in a computerized environment;
- c. To generate various MIS reports; and
- d. To act as a reference for the accounting transactions to be passed.

3. Structure of Accounting Code

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

Secondary Account Codes: The Code of an Account head shall be numeric and shall be 7-digits. A 7-digit code is suggested to give flexibility. The code is structured into:

- a. Major Head Code – The first three codes;
- b. Minor Head Code – The next two codes; and
- c. Detailed Head Code – The last two codes.

3.1. Major Head Code

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

- a. '1' shall denote an account relating to 'Revenue Income'
- b. '2' shall denote an account relating to 'Revenue Expenditures'
- c. '3' shall denote an account relating to 'Capital Receipts and Liabilities'
- d. '4' shall denote an account relating to 'Capital Expenditures and Assets'

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

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

The financial statements of the Thromde shall be drawn at Major Head codes of account and hence this is a mandatory level of information. In case any change or modification is required it will require approval of Thromde Tshogde.

3.2. Minor Head code

The Minor Head Code shall be of 2 digits. An item covered by a Minor Head Code is a subset of the Major Head Code. Thus, it shall be necessary to refer the Minor Head Code in conjunction with the associated Major Head Code.

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

- a. Under the Major Head Code 110 relating to 'Tax Revenue', the Minor Head Code 01 shall denote 'Property Tax';
- b. Under the Major Head Code 210 relating to 'Establishment Expenses', the Minor Head Code 10 shall denote Salaries, Wages & Bonus;
- c. Under the Major Head Code 350 relating to 'Other Liabilities', the Minor Head Code 10 shall denote 'Creditors'; and
- d. Under the Major Head Code 410 relating to 'Fixed Assets', the Minor Head Code 20 shall denote 'Buildings'.

The schedules to annual financial Statements of the Thromde are drawn at minor head codes of account and hence this is a mandatory level of information. Minor codes provided in the manual are mandatory. Additions to minor codes can be made by the governing body as per the logic provided in this manual. All additions made shall be intimated to the management. Management may introduce additional minor codes as mandatory at some periodicity based on the intimations received.

3.3. Detailed Head code

The Detailed Head Code shall be of 2 digits. An item covered by a Detailed Head Code is a subject of the Minor Head Code. Thus, it shall be necessary to refer the Detailed Head Code in conjunction with the associated Minor Head Code.

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

- a. Under the Minor Head Code of Account 110-01 covering Property Tax, the Detailed Head Code 01 shall denote 'Property Tax on Building – Residential Use'. Thus, under the Minor Head Code of Account 110-01 in respect of 'Tax revenues from Property Tax', the Detailed Head Code 01 shall represent 'Property Tax on Building – Residential Properties'. The Account Code for this will be 110-01-01;
- b. Under the Minor Head Code of Account 210-10 covering 'Establishment Expenses under Salaries, Wages and Bonus, the Detailed Head Code 11 shall denote 'Salaries & Allowances - Staff';
- c. Under the Minor Head Code of Account 350-10 covering Creditors, the Detailed Head Code 01 shall denote 'Suppliers': and
- d. Under the Minor Head Code of Account 410-20 covering Buildings, the Detailed Head Code 01 shall denote 'Office Building'.

The detailed heads prescribed in the Chart of accounts are to be followed by the Thromde. However, the Thromde is provided with the flexibility to add new heads depending upon its needs.

Chapter 6: ACCOUNTING FOR LAND AND OTHER TAXES

1. Accounting Principles Related to Land and Other Taxes

Revenue in respect of Land and Other Related Taxes (e.g. Urban House Tax, Service charges) shall be recognized in the period in which they become due and demands are ascertainable

In case of new or changes in assessments, it can be accrued in the month in which the demand is served.

2. Accounting Entry for Demand Raised on Existing Assesses

This entry is to be passed only in respect of the current year demand and in no way it will include any demand for earlier years, already raised.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	431101	Land Tax Receivable – Current Year	Dr	XXX	
	1301001	To Land Tax – Residential Use	Cr		XXX
	1301002	To Land Tax – Commercial Use	Cr		XXX
		To Land Tax – Other Properties	Cr		XXX
		Narration:			

3. Accounting Entry for Demand Raised on New Assesses, for the First Time

This entry is to be passed in respect of the current year demand and for the portion of demand that pertains to earlier years. The amount that pertains to earlier years will be credited to the Prior Period Income – Taxes.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4311001	Land Tax Receivable – Current Year	Dr	XXX	
	1301001	To Land Tax – Residential Use	Cr		XXX
	1301002	To Land Tax – Commercial Use	Cr		XXX
	1301003	To Land Tax – Other Properties	Cr		XXX
		Narration:			

4. Change in Assessments – Increase in Demand

This entry is to be passed only in respect of the difference amount between the existing demand and the changed demand.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4311001	Land Tax Receivable – Current Year	Dr	XXX	
	1301001	To Land Tax – Residential Use	Cr		XXX
	1301002	To Land Tax – Commercial Use	Cr		XXX
		To Land Tax – Other Properties	Cr		XXX

		Narration:			
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5. Change in Assessments – Decrease in Demand

This entry is to be passed only in respect difference in the amount between the existing demand and the changed demand.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	2703001	Tax Remission & Refund – Land Tax	Dr	XXX	
		OR			
		Prior Period Exp. – Refund of Taxes	DR		
	2855001	To Property Tax – Receivable	Cr		XXX
	4311000	Narration:			XXX

6. Collection of Taxes and Rebates Allowed for Early Payments / Payments Within the Due Dates

This entry is to be passed in respect of collections against the Land tax demand, irrespective whether the same is for current year or for past years. At the same time, account for the rebates allowed to assesses for making early payments/payments within due dates. This entry will consider accounting of interest and penalties received.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	2408001	Discount on early Payment	Dr	XXX	
	4311001	To Land Tax – Receivable Current Year	Cr		XXX
	4311000	To Land Tax – Receivable Year	Cr		XXX
	3504101	To Advance Collection of Revenue	Cr		XXX
	4314021	To Other interest – Receivable	Cr		XXX
	1402001	To Penalties and Interest	Cr		XXX
		Narration:			

7. Accounting for Notice Fee, Warrant Fee, and Other Fees when Thromde Raises the Demand

This entry is to be passed only in respect of the demands raised by the Thromde against notice fees, warrant fees, etc. concerning Property taxes.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4311000	Receivable for Land Taxes	Dr	XXX	
	1404000	To Other Fees	Cr		XXX
		Narration:			

8. Accounting for Notice Fee, Warrant Fee, and Other Fees when Collected

This entry is to be passed only in respect of the collections made by the Thromde against notice fees, warrant fees, etc. concerning Property taxes.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	

	4311000	To Receivables – Land Tax Narration:	Cr		XXX
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9. Refunds and Remissions

This entry is to be passed in respect of any remissions and refunds concerning the current year demand and that concerning past years. If the same relates to the current year, then debit the tax remission account and if the same relates to earlier years, then debit the prior period expenses.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	2703001	Tax Remission and Refunds – Land Tax	Dr	XXX	
	2855001	Or Prior period Expenses - Refund of Land Taxes	Dr	XXX	
	3504001	To Refunds Payable – Taxes Narration:	Cr		XXX

10. Payment of Refunds

This entry is to be passed in respect of payments made against the refunds payable.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	3504001	Refunds Payable	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

11. Provision for Doubtful Recoveries of Property Tax

This entry is to be passed in respect of the amount of the Property tax which is considered doubtful of recovery at the year-end. The amount computed as doubtful at the current year-end will be compared with the balance available in the “Consolidated Provision for outstanding Property Taxes.” If the amount computed at the end of the current year is more than the balance available, then only this entry will be passed. Please Note if the provision required at the end of the current year is less than the provision already available-a reverse-entry will be passed.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	2701001	Bad debts Receivables – Land Tax	Dr	XXX	
	3603000	To Consolidated Provision for Outstanding Land Tax Narration:	Cr		XXX

12. Accounting for Write-Offs of Property Tax

This entry is to be passed in respect of the amount written- off from the arrears of Property taxes, should the Thromde decides to write-off any amount.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	3603000	Consolidated Provision for Outstanding Land Tax	Dr	XXX	
	4311001	To Land Tax Receivable – Year __	Cr		XXX
	4311002	To Land Tax Receivable – Year __	Cr		XXX

	4311003	To Land Tax Receivable – Year __	Cr		XXX
	4311004	To Land Tax Receivable – Year __ Narration:	Cr		XXX

13. Adjustment of Tax Received in Advance

This entry is to be passed only where the tax has been collected in advance, may be in earlier years, and that need to be adjusted against the current year demand. For the amount received in advance if Thromde allow any discount s/rebates the same should also be adjusted in this entry.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	3504101	Unearned Revenue – Land Tax Advance Collection	Dr	XXX	
	2408001	Discount on Early/Prompt Payments	Cr		XXX
	4311000	To Consolidated Receivables for LandTaxes Narration:	Cr		XXX

14. Accounting for Cost of Recovering Property Taxes (including Legal Charges)

This entry is to be passed in respect of the amount incurred in respect of any expenses incurred in recovery of tax and other arrears, sale of attached properties, etc.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	2205102	Legal Expenses – Cost of Recovery	Dr	XXX	
	4502000	Tax Revenue To Bank Account Narration	Cr		XXX

15. Accounting for the Cost of Recovery Recoverable from Assesses

This entry is to be passed in respect of the amount recoverable from an assesse in respect of the charges paid by the Thromde in order to recover the arrears of Property tax.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4311000	Consolidated Receivables for Land Tax	Dr	XXX	
	2205102	To Legal Expenses – Cost of Recovery Tax revenue	Cr		XXX

16. Accounting for Income Concerning Property Transfer Charges

This entry is to be passed in respect of the amount collected against charges receivable on transfer of Property.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	1404005	To Other Fees – Property Transfer Charges Narration:	Cr		XXX

Chapter 7: ACCOUNTING FOR WATER SUPPLIES AND SEWAGE

1. Water Charges

Revenue in respect of water, water supply charges, water meter rent, sewerage charge, disposal charges shall be recognized in the period in when they become due i.e. when the bills are raised.

Accounting for demands raised by the Water Tax Section for the current year:

The under given entry is to be passed in respect of the amount raised from water supply by Thromde at periodic intervals:

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	1300100	Water Supply – Receivables	Dr	XXX	
	1300101	To unmetered water supply (Domestic)	Cr		XXX
	1300102	To unmetered water supply (Commercial)	Cr		XXX
	1300103	To unmetered water supply – Non-Commercial	Cr		XXX
	1300104	To unmetered water supply (Industrial)	Cr		XXX
	1300105	To metered water supply (Domestic)	Cr		XXX
	1300106	To metered water supply (Commercial)	Cr		XXX
	1300107	To metered water supply Non-Commercial Institutions	Cr		XXX
	1300108	To metered water supply (Industrial)	Cr		XXX
	1300109	To Bulk Supply – Industries	Cr		XXX
	1300110	To Bulk Supply – Non-Commercial Institutions	Cr		XXX
	1300111	To Bulk Supply – Others	Cr		XXX
	1302012	To Stand post Supplies	Cr		XXX
	1302013	To Rent Water Meter Domestic	Cr		XXX
	1302014	To Rent Water Meter Commercial	Cr		XXX
	1302015	To Rent Water Meter Non-Commercial Institutions	Cr		XXX
	1302016	To Rent Water Meter Stand posts	Cr		XXX
	1302017	Narration	Cr		XXX

2. Other Fees

Revenue in respect of Notice Fee, Warrant Fee, and Other Fees shall be recognized when the bill for the same are raised

2.1. Accounting for Notice Fee, Warrant Fee, and Other Fees concerning Water Supply Income when Raised

The following entry is to be passed respect of the amount demanded by the Thromde from delinquent citizens against default in their obligations to pay their dues towards Water fees:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4313000	Fees & User Charges – Water Supply Receivable	Dr	XXX	
	1404006	To Other Fees – Notice Fee	Cr		XXX
	1404007	To Other Fees – Warrant Fee	Cr		XXX
		Narration:			

2.2. Collection of Notice Fee, Warrant Fee, etc.

Entry to be passed in respect of the amount collected against the dues of notice fee, warrant fee, etc.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account – To Receivable for Receivable Current Year	Dr	XXX	
	4313000	Fees & User Charges – Water Supply	Cr		XXX
		Narration:			

2.3. Collection of arrears of water supply income

The under given entry is to be passed in respect of the amount collected against the arrears of water supply:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	4313001	To Water Supply Receivable – Current Year	Cr		XXX
	4313002	To Water Supply Receivable – Year 1	Cr		XXX
	4323003	To Water Supply Receivable – Year 2	Cr		XXX
	3504102	To Advance Collection of Revenues – Water Supply	Cr		XXX
		Narration:			XXX

3. Refund

Refunds, remission of taxes for the current year shall be adjusted against the income and if pertain to previous year then it shall be treated as prior period item.

3.1. Accounting for refunds/remissions payable concerning water supply arrears

The under given entry is to be passed in respect of amounts to be refunded concerning water supply dues:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit	Amount (Nu)	Amount (Nu)
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			(Cr)		
	2703002	Fees Remissions & Refunds – Water Supply	Dr	XXX	
		Or			
		Prior Period Expenses – Refund of other			
	2856001	Revenues – Water Supply	Cr		XXX
	3504002	To Refunds Payable – Water Supply	Cr		XXX
		Narration:			

Any additional provision for demand outstanding required to be made during the year shall be recognized as expenditure and any excess provision written back during the year shall be recognized as income of the Thromde.

3.2. Accounting for provision for unrealized water tax arrears/dues

The following entry is to be passed in respect of the amounts provided against arrears of Water supply considered doubtful of recovery. The amount of annual provision for outstanding fee and user charges call be calculated using the Accounting policies on provisions for arrears of income under Chapter 6.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2701002	Bad Debt Expenses – Water Supply	Dr	XXX	
	3603000	To Provision for Outstanding Fees & User Charges – Water Supply	Cr		XXX
		Narration			

Write-off of taxes shall be adjusted against the provisions made and to that extend recoverable gets reduced.

Entry to be passed in respect of the amounts written-off against the uncollectible water supply dues earlier considered doubtful of recovery.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3603000	Provision for outstanding Fees and User charges – water supply	Dr	XXX	
	4313001	To Water Supply Receivable – Year current	Cr		XXX
	4313002	To Water Supply Receivable – Year 1	Cr		XXX
	4313003	To Water Supply Receivable – Year 2	Cr		XXX
	4313004	To Water Supply Receivable – Year 3	Cr		XXX
	4313005	To Water Supply Receivable - Year.....	Cr		XXX
		Narration:			

Any subsequent collection or recovery of ‘receivable of water supply income’ which were already

written-off shall be regarded as 'prior period income'.

3.3. Accounting of Adjustment of Advances Received Earlier

Entry to be passed in respect of the amounts received as advance, now adjusted against the receivable for the year.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3504102	Unearned Revenues – Advance Collection of Water Supply	Dr	XXX	
	4313001	To Water Supply Receivable – Current Year Narrative:	Cr		XXX

3.4. Accounting for Water Deposits Received by the Thromde

Entry to be passed in respect of the amounts collected against Water deposits from users

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	To Bank Account	Dr	XXX	
	3402001	To Deposit Revenues – Water Deposits Narration:	Cr		XXX

3.5. Accounting for Refund of Deposits

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3402001	Deposit Revenues – Water Deposits	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

3.6. Accounting for Deposits Since Not Claimed, Thus Lapsed

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
		Deposit Revenues – Water Deposits	Dr	XXX	
		To Lapsed Deposits – Others	Cr		XXX

Chapter 8: ACCOUNTING FOR FIXED ASSETS

Fixed Assets represent those Assets of the Thromde, which are meant for use over an extended period. These are the assets held for providing services and are not held for resale in the normal course of operations of the Thromde.

Fixed Assets may be constructed or acquired by or may be gifted or donated to the Thromde either for its own use or for public benefit. Here we are trying to cover accounting procedures in respect of purchase/acquisition and disposal of Fixed Assets, including acquisition by way of gift or donation. We would also be covering the accounting for revaluation of the assets and Depreciation on all the Fixed Assets of the Thromdes.

The Fixed Assets described could broadly be classified as Infrastructure assets and other Assets.

Note: The list is not exhaustive.

Infrastructure Assets			
Road and Bridges	Water Works	Sewerage and drainage	Public Lighting
<ul style="list-style-type: none"> • Bridges • Causeways, etc. 	<ul style="list-style-type: none"> • Bore Wells • Laboratory Equipment, etc. 	<ul style="list-style-type: none"> • Open Drains • Underground Drains, etc. 	<ul style="list-style-type: none"> • Lamp Posts • Luminary & Electrical Fittings, etc.

Other Assets				
Land	Buildings	Furniture, fixtures, fittings and Electrical appliances	Office & other equipment	Vehicles
Land, Grounds, etc.	Stores, Auditorium Buildings, etc.	Cabinets, Chairs and Cupboards	Air-conditioners. Computers	Thromde electric cars, other cars, etc.

A record shall be maintained for the immovable fixed Assets in the relevant Register of Immovable Property in GEN - 30 and for the moveable fixed Assets in the Register of Moveable Property in GEN - 31.

1. Accounting for Acquisition/Purchase of Fixed Assets

1.1. Recording of purchase of Fixed Assets

The department which purchases/acquires the Fixed Asset shall prepare a Payment Order in GEN-14 for the purchase/acquisition of the Fixed Asset and forward it to the Accounts Department.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4105001	Fixed Assets - Vehicles – Motor Car	Dr	XXX	
	3501001	To Other Liabilities Creditors	Cr		XXX
	4604001	Suppliers Control Account			
	4604001	To Advance to Suppliers and Contractors – Assets	Cr		XXX
	3401011	To From Contractors/Suppliers – Security Deposit	Cr		XXX

		Narration:			
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Note 1: All the fixed assets belonging to a class of assets shall be accounted under that asset class. For instance, the acquisition of a building for any purpose shall be accounted under the asset head of Buildings.

Note 2: The Cost of the fixed assets shall also include installation, duties, taxes and other incidental expenses, e.g., transport charges, port dues, etc. incurred towards acquisition of an asset.

Note 3: The postings in the Ledger Accounts of “Fixed Asset” Account, “Suppliers” Account, “Security Deposit” Account and “Advance to Supplier” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

1.2. Recording of payment made

After obtaining approval of the concerned authority, the Accounts Department shall prepare a Bank Payment Voucher in GEN-5 and draw a cheque. On payment, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501001	Creditors – Suppliers Account	Dr	XXX	
	4502000	To Main Bank Account	Cr		XXX
		Narration:			

Note: Any addition or improvement to the Fixed Asset that results in increasing the utility or useful life of the Asset shall be capitalized and included in the cost of Fixed Asset. The procedure to be followed for accounting of any addition or improvement to Fixed Asset shall be the same.

2. Expenditure

2.1. Preparation of Bill for payment. On the basis of work completed as per governing rules, a bill shall be prepared and sent for payment. The amount of Security deposit, income tax deducted at source, works Contract tax and any other recovery or deduction, including recovery for supply of material by the Stores and money advanced to the contractor, should be specified in the Bill. Running bills are submitted during the progress of work and final bill is normally submitted on completion of work. The Contract Completion Certificate shall be annexed to the final bill.

2.2. Recording of Contractor’s bill in respect of Original Work, on receipt of the processed bill, the particulars are entered in a Register of Bills for Payment in Form GEN – 13. To record the liability in respect of contractor’s bill for Original Works undertaken, the following entry shall be passed:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	41240...*	Capital Work-in-Progress	Dr		
	3501011	To Creditors – Contractors Account	Cr		
	3401011	To From Contractors/Suppliers– Security Deposits	Cr		
	4604000	To Advance to Suppliers & Contractors	Cr		
	3502022	To Recoveries Payable from	Cr		

	3502022	TDS Contractors – Tax To Recoveries Payable – Works Contract	Cr		
	3502031	To Advance to Contractors - Material Issued to Contractors	Cr		

- 2.3.** The Capital Work-in-Progress Account shall be a control account wherein details of expenditure incurred on Capital projects shall be recorded. Separate Capital Work-in-Progress Control Accounts shall be opened for Civil, Electrical, Water Works and Other projects.
- 2.4.** At period-end, the departments incurring expenditure on Capital projects shall submit a Summary Statement of Status on Capital Work-in-Progress in Form PW – 1 detailing total expenditure incurred till date on each of the Capital projects. The details of total expenditure incurred on each of the Capital projects can be collated from the Work Sheet (Form PW – 2).
- 2.5.** The Contractors Control Account shall be a control account in which the liability for amount payable to various contractors for work executed shall be credited and the amount paid to the various contractors shall be debited.
- 2.6.** Recording of payment made to Contractors

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501011	Creditors – Contractors Account	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

- 2.7.** Recording of payment of TDS Payable and Works Contract Tax Payable. The income tax and works Contract tax deducted from the bills of the contractors shall be paid by the Accounts Department to the concerned authorities as and when due as per the relevant laws in force. On payment of Income Tax and Works Contract Tax deducted, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3502022	Recoveries Payable – TDS from Contractors	Dr	XXX	
	3502031	Recoveries Payable – Works Contract Tax	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

- 2.8.** Recording of difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. The Accounts Department shall determine the difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. To record the difference, the Accounts Department shall pass either entry (a) or entry (b) given below:
- 2.9.** In case of favourable Rate Variance, where Stores Issue Rate is less than Recovery Rate with the Contractor for materials issue:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4604011	Advance to Contractors –	Dr	XXX	

	41240...*	Material issued to Contractors To Capital Work-in-Progress Narration:	Cr		XX
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2.10. In case of Adverse Rate Variance, where Stores Issue Rate is greater than Recovery rate from the Contractor for materials issue:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	41240...*	Capital Work-in-Progress	Dr	XXX	
	4604011	To Advance to Contractors Material issued to Contractors Narration:	Cr		XXX

3. Works executed by Engineering Department

3.1. The accounting procedure and the accounting entries to be recorded for materials purchased for works shall be the same as provided in the chapter on Stores.

3.2. Recording of materials consumed in Original Works. Based on the bill received from the Public Works Department for works executed, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	41240...*	Capital Work-in-Progress	Dr	XXX	
	4301011	To Stock in Hand – Purchase of Materials Narration:	Cr		XXX

4. Capitalization of Capital Work-In Progress

On completion of construction of the asset, the asset becomes ready for use. Thus, it becomes necessary to transfer the cost incurred for construction (which is temporarily accounted in Capital work-in-progress account) to the relevant asset/inventory account. This process is called capitalization or inventorisation.

Recording of Capitalization/inventorisation of Capital Work-in-progress. On receipt of Contract Completion Certificate, the Accounts Department shall capitalize/inventorise the amount lying in the Capital Work-in-Progress Account and convert the amount pertaining to the Capital Work-in Progress and lying in the Capital Work-in-Progress Account into a Fixed Asset/Inventory. The Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	410..../	Fixed Asset/Inventory (Name of the Fixed Asset)	Dr	XXX	
	430...*	To Capital Work-in- Progress (please specify)	Cr		XXX
	41240...*	Narration:			

Recording of deductions from contractor's bill. For deductions made from contractor's bills, which is in the nature of penalty or liquidated damages levied on the contractor for delay in completion of construction or sub-standard construction or for any other reason, the Accounts Department shall pass

the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501011	Creditors – Contractors Account	Dr	XXX	
	1808000	To Other Income – Miscellaneous Income	Cr		XXX
		Narration:			

Where any loan has been borrowed for the construction of any qualifying fixed asset, i.e., Original Works, the cost of construction of qualifying fixed Asset shall also include the interest paid on that loan till the date of Capitalization of the asset. The accounting procedure to be followed and accounting entries to be recorded for receipt of loan, payment of interest on funds borrowed and repayment of loan has been provided in the Chapter on Borrowings.

The amount of interest to be charged to the Original Works under consideration shall bear the same proportion to the total interest payable on loan as the project cost of the concerned work bears to the total project cost for which funds have been borrowed. However, in case where the loan has been specifically borrowed for the execution of a particular work, the entire amount of interest payable on that loan shall be Capitalized. The accounting entry for Capitalization of interest shall be passed for the interest accrued, whether paid or not, till the date of Capitalization of the work.

Recording of Capitalization of interest paid on loans borrowed for original works. At period-end, for Capitalizing interest accrued, the Accounts Department shall pass the following entry.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	41240...*	Capital Work-in-Progress	Dr	XXX	
	240...*	To Interest & Finance Charges	Cr		XXX
		Narration:			

The amount to be Capitalized at the completion of the construction of the original work shall be inclusive of the amount of interest charged to the work.

The Register of Immovable Property/Inventory maintained in Form GEN – 30 to 36 shall be updated at the time of Capitalization of the Original Work.

5. Deposit works

5.1. Receipt of Money

Receipt of money from Governments/Departments for ‘Deposit works:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3411000	To Deposit works – Civil Works	Cr		XXX
	3412000	To Deposit works – Electrical	Cr		XXX
	3418000	To Deposit works – Others	Cr		XXX
		Narration:			

5.2. Payment

5.2.1. Preparation of Bill for payment. On the basis of work completed as per governing rules, a bill

shall be prepared and sent for payment. The amount of Security deposit, income tax deducted at source, works contract tax and any other recovery or deduction, including recovery for supply of material by the Stores and money advanced to the contractor, should be specified in the Bill. Running bills are submitted during the progress of work and final bill is normally submitted on completion of work. The Contract Completion Certificate shall be annexed to the final bill.

5.2.2. Recording of Contractor's bill in respect of Deposit works: On receipt of the processed bill, the particulars are entered in a Register of Bills for Payment in Form GEN-13. To record the liability in respect of contractor's bill for Deposit works undertaken and also a percentage (as agreed with the Government/Department) of works completed as an income for the Thromde, the following entry shall be passed.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4701000	Deposit works – Expenditure	Dr	XXX	
	3501011	To Creditors – Contractors Account	Cr		XXX
	3401011	To from Contractors/Suppliers – Security Deposits	Cr		XXX
	3604011	To Advance to Suppliers & Contractors	Cr		XXX
	3502022	To Recoveries Payable From TDS Contractors	Cr		XXX
	3502031	To Recoveries Payable – Works Contract Tax	Cr		XXX
	3604011	To Advance to contractors – Material Issued to Contractors	Cr		XXX
	1407001	To Service/Administrative Charges – Percentage on Deposit works	Cr		XXX
		Narration:			

5.3. Materials Consumed

5.3.1. Recording of difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. The Accounts Department shall determine the difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. To record the difference, the Accounts Department shall pass either entry (a) or entry (b) given below:

5.3.2. In case of favorable Rate Variance, where Stores Issue Rate is less than Recovery Rate with the Contractor for materials issue:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3604011	Advance to contractors – Material issued to Contractors	Dr	XXX	
	4701000	To Deposit works – Expenditure	Cr		XXX
		Narration:			

5.3.3. In case of adverse Rate Variance, where Stores Issue Rate is greater than Recovery Rate with the Contractor for materials issue.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit	Amount (Nu)	Amount (Nu)
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			(Cr)		
	4701000	Deposit works – Expenditure	Dr	XXX	
	3604011	To Advance to contractors – Material issued to Contractors Narration:	Cr		XXX

6. Depreciation on Fixed Assets

At the end of the accounting year, depreciation shall be provided on each class of Fixed Asset at the prescribed rates. The amount of depreciation to be provided each year shall be computed by applying the depreciation rate to the cost or written down value of Fixed Asset as per the accounting principles of the Thromde.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	272...*	Depreciation on _ _ _ _	Dr	XXX	
	411...*	To Accumulated Depreciation Narration:	Cr		XXX

7. Maintenance of Sinking Fund

Thromdes may maintain sinking funds to invest the replacement of assets. In such cases the following procedures shall be adopted:

7.1. Recording of transfer of funds from Main Bank Account to Asset Replacement Bank Account:

Immediately after the approval of Financial Statements by the Thromdes, an amount equivalent to depreciation provision for the year shall be transferred from the Main Bank Account to Asset Replacement Bank Account for which the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	45020...*	Designated Bank Account	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

The amount so set aside shall be utilized only for the purpose of purchase or Acquisition of the fixed Assets pertaining to the asset class in respect of which the above depreciation has been provided. Asset Replacement Register in GEN-35 shall be maintained asset class-wise to record the money set aside and shall be updated for deposits made to Asset Replacement Bank Account in respect of annual depreciation provision made during the accounting year and for utilization of proceeds from the Asset Replacement Bank Account for the purpose of replacement by way of purchase/acquisition/construction of fixed asset.

7.2. Recording of transfer of funds from Asset Replacement Bank Account to Main Bank Account:

In case, where the payment in respect of any such fixed assets is made through the Main Bank Account, the Accounts Department shall transfer an amount equivalent to the cost of acquisition from the Asset Replacement Bank Account to the Main Bank Account and pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Main Bank Account	Dr	XXX	
	4507000	To Asset Replacement Bank	Cr		XXX

		Account Narration:			
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7.3. Recording of Loss on disposal of Fixed Asset:

In respect of the Fixed Asset to be sold, the Accounts Department shall compute the Written Down Value for that Fixed Asset. Written Down Value of an asset is calculated as Cost of the Fixed Asset – Accumulated Depreciation provided till the previous year - Provision for Depreciation made during the year till the month of disposal. The written down value shall be compared with the cash from sale proceeds. On receipt of money, the Accounts Department shall pass the following entry.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4109000	Bank	Dr	XXX	
		Accumulated Depreciation	Dr	XXX	
	411...*	Loss on disposal	Dr	XXX	
	410...*	To Fixed Assets	Cr		XXX
		Narration:			

7.4. Recording of Gain on disposal of Fixed Asset:

On receipt of money, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
		Accumulated Depreciation	Dr	XXX	
	1503000	To Fixed Asset	Cr		XXX
		To Gain on sale of asset	Cr		XXX
		Narration:			

* Note: Insert the Detailed/minor code as may be applicable in the account code column

Chapter 9: ACCOUNTING FOR CAPITAL & REVENUE GRANT & SUBSIDY

The Thromde receives grants from the Department of Revenue and Customs (DRC). The grants received by the Thromde could be either for general purposes or for carrying out specific projects/schemes or in form of reimbursements for specific expenditures.

1. Accounting for grants received from specific authorities - grant in the nature of capital receipt

Entry in respect of the amounts received from government/others as grants for specific capital works/expenditures.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4506000	Bank - Grant Fund Account	Dr	XXX	
	320...*	To Deferred Revenue, Contributions for Specific Purposes	Cr		XXX
		Narration:			

2. Accounting for grants received from specific authorities - grant in the nature of revenue receipt

Entry in respect of the amounts received from the government/others in respect of grants for general revenue expenditures.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4506000	Bank - Grant Fund Account	Dr	XXX	
	1601000	To Revenue Grants, Contributions	Cr		XXX
		Narration:			

1.1. Specific Grant in respect of Revenue Expenditure

The Specific Grants received in advance towards revenue expenditure shall be accounted as follows:

1.1.1. Recording of Grant received in advance. The details of the Grant sanction Order shall be recorded in the Grant Register (Form G-1). On receipt of the grant, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	45020...*	Designated Bank Account	Dr	XXX	
	1603000	To Grants for Specific Purpose	Cr		XXX
		Narration:			

1.1.2. Separate Cash Book (GEN-1) shall be maintained in respect of all grants.

1.1.3. The details of the receipt of the grants shall be updated in the Grant Register (Form G-1).

1.1.4. The accounting procedure to be followed in respect of revenue expenditure incurred against Specific Grants received in advance shall be the same as what is described Chapter 15 – Stores, and Chapter 14 - Other Revenue Expenditures for other revenue expenditures.

1.1.5. Payment of advance to contractor/supplier in respect of a Specific Grant received in advance.

Any advance made to a supplier/contractor in respect of a project/scheme to be carried out against a Specific Grant received in advance, shall be payable from the Designated Grant Bank Account only and not from the Main Bank Account. The entry for this shall be the same as described in the section “Advance paid to contractors/suppliers”.

1.1.6. Recording of liability on receipt of contractor/supplier bill. On receipt of processed bill in respect of material supplied or services rendered or works executed which is of a revenue nature, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2601000	Expenditure	Dr	XXX	
	3501032	To Creditors – Payables against Specific Grants	Cr		XXX
	3401011	To From Contractors/Suppliers – Security Deposit Specific Grant	Cr		XXX
	3502026	To Recoveries Payable –TDS from Specific Grant	Cr		XXX
	3502031	To Recoveries Payable – Works Contract Tax from Specific Grant	Cr		XXX
	4604031	To Advance to Suppliers/Contractors – Specific Grants Narration:	Cr		XXX

1.1.7. The details of the expenditure shall be recorded in the Grant Register (Form G-1) under the respective Specific Grant.

1.1.8. Recording of payment to the contractor/supplier. The payment to the contractor/supplier shall be made only from the respective Designated Grant Bank Account. On payment, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501032	Creditors – Payables against Specific Grants	Dr	XXX	
	45020...*	To Designated Bank Account Narration:	Cr		XXX

1.1.9. Recording of payment for deductions made: The deductions made on behalf of the Government in the point above shall also be paid from the respective Designated Grant Bank Account. On payment of deductions made, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3502026	Recoveries Payable – TDS – Specific Grant	Dr	XXX	
	3502031	Recoveries Payable – Works Contract Tax from Specific Grant	Dr	XXX	
	45020...*	To Designated Bank Account	Cr		XXX

		Narration:			
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1.1.10. Recording of transfer of money from Designated Grant Bank Account to Main Bank Account on utilization of common stores: The amount equivalent to the cost of common stores utilized for the purpose of the Specific Grant shall be transferred from the respective Designated Grant Bank Account to Main Bank Account. Accounts Department shall update the Grant Register (Form G-1) for the same and pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000 45020...*	Bank Account To Designated Bank Account Narration:	Dr Cr	XXX	XXX

1.1.11. Recognizing grant income in respect of revenue expenditure incurred under Specific Grants. At the end of each quarter, the Accounts Department shall identify the revenue expenditure incurred under the Specific Grants received in advance (from the Grant Register). To record income against it, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2601000 1602000	Grants for Specific Purposes To Revenue Grant Narration:	Dr Cr	XXX	XXX

Chapter 10: ACCOUNTING FOR OTHER REVENUE EXPENDITURE

Revenue expenditure can broadly be divided into:

- a. Administrative Expenses
- b. Programme Expenses
- c. Miscellaneous Expenses

Note:

- a. Payment in respect of all the expenses incurred or borne by the Thromde shall be made centrally by the Accounts Department. However, payment for certain categories of expenses, may be made from the Permanent Advance granted to a Head of the Department as resolved by the Thromde or from the advance provided to the employees of the Thromde.
- b. Permanent Advance refers to those advances, which are granted to the Heads of the Departments for incurring certain specific expenditure, usually of a minor nature involving payments of small amounts.
- c. The Thromde may also grant Miscellaneous Advance for incurring expenditure to the employees of the Thromde. Such advances are expected to be settled immediately after the purpose for which they were sanctioned has been fulfilled.
- d. The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Other Revenue Expenditures:
- e. Other Revenue Expenditures shall be treated as expenditures in the period in which they are incurred.
- f. Provision shall be made at year-end for all bills received up to a cut-off date.
- g. Any expenditure for which the payment has been made in the current period but the benefit and/or service is likely to arise in a future period shall be treated as an expenditure for the period in which its benefit arises and/or services are received.
- h. The expenditure for the current period shall include the proportionate value of the benefits and/or services arising in the current period even if the payment therefor has been made in the previous period.

1. Accounting for recognition of liability incurred for any expenses, upon approval of bill/invoice

The concerned department, on receipt of bill or invoice for goods purchased or services received, shall prepare a Payment order in Form GEN-14 and forward it to the Accounts Department for payment.

On receipt of the Payment order, the Accounts Department shall enter the particulars thereof in a Register of Bills for Payment (Form GEN-13)

1.1. Entry in respect of the amounts recognized for payment of expenses:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	1808000	Rent - office	Dr	XXX	
	1808000	Electricity charges	Dr	XXX	
	1808000	Telephone expenses	Dr	XXX	
	3501021	To expenses payable	Cr		XXX

		Narration:			
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2. Accounting for payment of expenses payable

With regard to the payment made towards an expenditure, the benefit of which is likely to expire within a financial year in which it is incurred.

2.1. Entry to be passed only in respect of the amounts actually paid for the expenses:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501021 4502000	Expenses payable To Bank account Narration:	Dr Cr	XXX	XXX

3. Treatment of expenses involving an element of prepayment

In case of expenses for which payment is made in one accounting period and the benefit is likely to be received in the period within which the payment is made as well as the next period.

If any expenses are paid in full, where the benefit is likely to accrue in the current reporting period and in the next reporting period, then such expenses include a portion of pre-paid amounts. The amount that relates to the next reporting period will be carried forward as “prepaid.”

3.1. For Benefits Received this year

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	1808000 4502000	Rent, Rates & Taxes To Bank Account Narration:	Dr Cr	XXX	XXX

3.2. For Benefits going to be received in the upcoming year

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	440...* 1808000	Prepaid Expenses To Bank Narration:	Dr Cr	XXX	XXX

3.3. Accounting for bringing forward the previous periods' prepaid to the next reporting period

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	1808000 440...*	Rent, Rates & Taxes To Prepaid Expenses Narration:	Dr Cr	XXX	XXX

Note: Most expenses which are payable on a time basis shall be treated in the above manner. In case of expenses of a sporadic nature, if the entire service has not been received in the year of payment, an estimate would need to be made at the end of the financial year to carry forward the unexpired portion of the benefit or service to the next financial year.

4. Treatment of expenses involving an element of advance against permanent advance

4.1. Entry to account for the amounts given as advance to officers

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4605000	Advances to Others –	Dr	XXX	
	4502000	Permanent Advances To Bank Account	Cr		XXX
		Narration:			

4.2. Adjustment of expenses against the advances granted

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2203000	Travel Expenses	Dr	XXX	
	4605000	To Advances to Others –	Cr		XXX
		Permanent Advances			
		Narration:			

4.3. Accounting for advance remaining unutilized, returned by the concerned officer

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank	Dr	XXX	
	4605000	To Advances to Others –	Cr		XXX
		Permanent Advances			
		Narration:			

4.4. Accounting for additional disbursements to the concerned officer, when the actual expenses are more than the sanctioned advance

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2203000	Expenses	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

5. Accrued expenditure

There may be instances of expenditures, which pertain to a particular accounting period in respect of which the bills have been received but may not have been admitted for payment by the Thromde. These shall be provided at the end of an accounting period to fully reflect the revenue expenditures incurred in that period.

For this, at the end of the accounting period, each of the departments shall collate the details of the accrued expenditure from the bills received during or after the accounting period but pertaining to the accounting period and remaining unpaid at the end of the accounting period.

The portion of a bill representing accrued liability in respect of an accounting period shall be accounted for in that period's books, irrespective of the fact that it has been received in the next accounting period.

5.1. For recording the accrued expenditure, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
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	2.....* 3601000	Expenses To Accrued expenses/payable Narration:	Dr Cr	XXX	XXX
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5.2. Payment of Accrued Expenditure

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3601000 4502000	Accrued expenses/payable To Bank Account Narration:	Dr Cr	XXX	XXX

* Note: Insert the Detailed/minor code as may be applicable in the account code column.

6. The abstracts of Balance Sheet in respect of Other Revenue Expenditures are resented below:

6.1. Schedule of Other Liabilities (Sundry Creditors)

Code No.	Particulars	Current Year Amount (Nu.)	Previous Year Amount (Nu.)
1	2	3	4
XXXX*	Creditors – Payable against Expenses Total		

* Insert Detailed Head Codes of Account as applicable

6.2. Schedule of Provision for Expenses

Code No.	Particulars	Current Year Amount (Nu.)	Previous Year Amount (Nu.)
1	2	3	4
XXXX*	Provision for Expenses Total		

* Insert Detailed Head Codes of Account as applicable

6.3. Schedule of Prepaid Expenses

Code No.	Particulars	Current Year Amount (Nu.)	Previous Year Amount (Nu.)
1	2	3	4
XXXX*	Administration Total		

* Insert Detailed Head Codes of Account as applicable

6.4. Schedule of Cash and Bank Balances

Code No.	Particulars	Current Year Amount (Nu.)	Previous Year Amount (Nu.)
1	2	3	4
XXXX*	Cash Account		
XXXX*	Bank Account		
XXXX*	Designated Bank Account		

	Total Cash and Bank Balances		
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* Insert Detailed Head Codes of Account as applicable

6.5. Schedule of Loans, advances and deposits

Code No.	Particulars	Opening Balance at the beginning of the year (Nu.)	Paid during the current year (Nu.)	Recovered during the year (Nu.)	Balance outstanding at the end of the year (Nu.)
1	2	3	4	5	6
XXXX*	Advance to Others Net total of Loans, advances, and deposits				

* Insert Detailed Head Codes of Account as applicable

Chapter 11: ACCOUNTING FOR STORES

The functions of the Stores, involving storage, issue, disposal and accounting of materials, may be performed either centrally by Central Stores (referred to as Thromde Stores) or by the Department Stores empowered by the Thromde to perform the aforesaid functions for specific departments of the Thromde. Generally, the Thromde empowers the Public Works, Health-Sanitation, Health-Medical, Water Works, Workshop for Vehicles and Machinery repairs and Public Lighting Departments to maintain their own stores.

The financial transactions carried out by Stores will arise on account of:

- a. Receipt of Earnest Money Deposit (EMD) from the bidders to a contract
- b. Refund of EMD to the unsuccessful bidders
- c. Payment of advance to the contractor
- d. Delivery of material and its documentation
- e. Consumption of materials
- f. Payments to Suppliers
- g. Adjustments of Security Deposits
- h. Write-off/disposal of obsolete, scrap and unusable materials.

The under given Accounting Principles shall govern the recording, accounting and treatment of transactions relating to stores:

- a. Expenditure in respect of material, equipment, etc., procured shall be recognized on accrual basis, i.e., on admission of bill by the Local Body in relation to materials, equipment, etc., delivered.
- b. Accounting of 'goods received & accepted but no bills received' as at the cutoff date shall be accounted based on purchase orders.
- c. The stock lying at the period-end shall be valued at cost in accordance with the First in – First out method. The ending stock shall be valued at Lower of Cost or Net Realizable Value.
- d. Revenue in respect of disposal of material shall be recognized on actual receipt.
- e. Finished goods and work-in-progress (WIP) related to goods produced for sale will be valued at cost or market value whichever is lower. Cost of finished and work-in-progress includes all direct costs and applicable production overheads to bring the goods to the present location and condition. Entry to be passed to bring the value of closing stock of the last year as the value of the opening stock for the current financial year:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4301001	Stock in hand – Stores – Opening Stock	Dr	XXX	
	3301031	To Stock in hand – Stores – Closing Stock (of last period)	Cr		XXX
		Narration:			

1. Receipt of Materials

- a. As per the terms of the agreement with the Supplier, the materials shall be delivered to

the Thromde. The Stores shall prepare a Material Receipt Note in Form ST-1.

- b. From the Material Receipt Note, the Stores shall record the receipt of materials in the Stores
- c. Ledger maintained in Form ST-2.
- d. On receipt of bill from the supplier, the Stores shall verify the bill received with the Material Receipt Note and record it in the Register of Bills for Payment maintained in Form GEN – 13.

1.1. Recording of liability due in respect of materials Purchased

On acceptance and approval of the material supplied and on receipt of the processed bill from the Stores Department, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4301011	Purchase of Materials Stores	Dr	XXX	
	3501000	To Creditors – Suppliers/Contractors Stores	Cr		XXX
	4460011	To Advance to Suppliers & Contractors Stores	Cr		XX
		Narration:			

1.2. Recording of payment made to supplier

The procedure to be followed for approval of a supplier's bill for payment and making payment shall be the same on General Accounting Procedures. On receipt of Payment order (Form GEN – 14) together with the supporting documents and on making payment, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501000	Creditors – Suppliers/Contractors Stores	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

2. Return of Materials

If the materials supplied are found to be defective or not in accordance with the terms specified in the agreement, the Stores shall return it back to the supplier concerned and make an entry for return of material in the Issue Column of the relevant folio in the Stores Ledger (Form ST – 2). The details of the materials returned shall be communicated to the Accounts Department.

2.1. Recording of adjustment for material returned to Supplier, if payment is not made:

In case the payment for materials received has not been made to the supplier, for reducing the amount of liability in respect of material returned, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501000	Creditors – Suppliers/Contractors Stores	Dr	XXX	
	4301011	To Purchase Returns of material stores	Cr		XXX

		Narration:			
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3. Recording of transactions for materials returned to Supplier, if payment has been already made:

On receipt of communication from the Stores relating to return of materials, the Accounts Department shall pass the following entries:

3.1. On raising of the claim

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501000	Receivables on Return of purchases	Dr	XXX	
	4301011	To Purchase of material stores	Cr		XXX
		Narration:			

3.2. On receipt of money from the Supplier for materials returned

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3501000	To Receivables on Return of purchases	Cr		XXX
		Narration:			

4. Valuation of Closing Stock at Period-End

At the end of every accounting period, the Stores shall send a Statement of Closing Stock in Form ST – 3. Such a Statement shall consist of two parts; Part A shall show the items in respect of which the invoices/bills received from the suppliers have already been sent by the Stores to the Accounts Department after processing by the Stores. Part B shall consist of the items for which the materials have been received and accepted by the Stores but for which the invoices/bills have not been processed as yet by the Stores. This Statement shall be drawn from the entries made in the Stores Ledger.

At the end of the financial year, reconciliation shall be carried out by the Stores-in-charge to match the physical stock with the book stock and discrepancies identified shall be incorporated in the Statement of Closing Stock. The balances in various accounts of the item-wise Stores Ledger shall be extracted and valued as per First In First Out (FIFO) Method.

5. Disposal of Material

The unutilized/unusable material in the Stores of the Thromde may be disposed of as per the principles framed by the Thromde.

For such disposal of material by Stores, the accounting procedure to be followed and accounting entries to be passed for receipt and refund of EMD and conversion of EMD into Security Deposit shall be the same as provided earlier in this chapter. The accounting procedures to be followed on realization of sale value shall be the same as provided in General Accounting Procedures.

Recording of disposal of material. An entry for the material disposed shall be made in the records maintained at the Stores. The accounting entries passed in respect of disposal of stores are as follows:

5.1. Recording of receipt of sale proceeds

The Stores shall prepare a Summary of Daily Collection (Form GEN –1 2) for sale proceeds and forward it along with the collection to the Accounts Department. On receipt of Summary of Daily Collections, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	1501201	To Material Inventory	Cr		XXX
		To gain on disposal			
		Narration:			

5.2. Recording of profit or loss on disposal:

Profit from sale proceeds the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	1501201	Bank Account	Dr	XXX	
	4301011	Loss on disposal	Cr		XXX
	1808000	To Materials inventory	Cr		XXX
		Narration:			

6. Write-off of Material

The pilfered/damaged material in the Stores of the Thromde may be written-off as per the principle framed by the Thromde.

6.1. Recording of write-off of material:

An entry for the material written-off shall be made in the records maintained at the Stores. On the basis of intimation received from the Stores, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2702001	Assets Written-off – Stores	Dr	XXX	
	4301011	To Inventory	Cr		XXX
		Narration:			

Chapter 12: ACCOUNTING FOR SPECIAL FUNDS

Thromdes may, as per relevant statutes, constitute special funds for any purpose mentioned in the statute. The statutes may also prescribe the manner in which such funds shall be constituted and disposed of. Special funds are created for objects for which it is considered essential to allocate separate funds from the Thromde Funds or by earmarking certain percentage of specific receipts of the Thromde. A separate account may be created and all moneys collected for the specific purpose shall be transferred to the Special Funds Account. All expenditures incurred for the specific purpose shall be debited to the respective fund accounts.

Here we would recommend accounting system for transactions relating to Special Funds, which are accounted in the same books of the Thromdes.

The following is an illustrative list of the Special Funds that may be created by the Thromde:

Special Funds		
Development Funds	Employee Funds	Sinking Funds
Road Fund	Welfare Fund, etc.	Asset Replacement Fund
Water Supply Reserve Fund	Gratuity/Leave encashment	Sinking Fund
City Development Funds	Fund	

The under given Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Special Funds:

- a. Special Funds shall be treated as a liability on their creation.
- b. Income on Investments made from Special Fund shall be recognized and credited to Special Fund, whenever accrued. Profit/loss, if any, arising on disposal of investments made from the Special Fund shall be recognized and credited/debited to Special Fund Account.
- c. Any expenditure of a revenue nature, which is incurred specifically on scheme/project for which a Special Fund has been created, shall be charged to that Special Fund.
- d. On completion of the construction of a fixed asset and/or on Acquisition of a fixed asset out of a Special Fund, the amount equivalent to the cost of such fixed Asset shall be transferred from the respective Special Fund to the Special Fund (Utilized).
- e. Special Funds are created as an appropriation from the Thromde Fund. Each of the Special Funds shall be represented by a separate Bank Account. On creation of the fund, money shall be transferred from the Main Bank Account to Special Fund Bank Account. The Accounts Department shall maintain a Special Fund Register in Form SF-1 where details of each fund created, expenditure incurred in respect of each fund, etc., is separately recorded.

1. On Creation of Special Funds:

The Accounts Department shall enter the details of the order approving the creation of fund in the Special Fund Register and pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3101000	Thromde Fund	Dr	XXX	
	3111000	To ___ Special Fund	Cr		XXX
		Narration:			

2. Utilization of Funds

Special Funds shall be utilized for the purpose for which they are created. The expenditure incurred could be either revenue or Capital expenditure. The accounting procedure to be followed is described below.

1.1. Utilization of Special Fund for Revenue Expenditure

1.1.1. Payment of advance to contractor/supplier in respect of a Special Fund:

Any advance made to a supplier/contractor in respect of a project/scheme to be carried out against a Special Fund, shall be payable from the Designated Special Fund Bank Account only and not from the Main Bank Account. The entry for this shall be the same as described in section “Advance paid to contractors/suppliers”.

1.1.2. Recording of liability on receipt of contractor/supplier bill:

On receipt of processed bill in respect of material supplied or services rendered or works executed which is of a revenue nature, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3111000	___ Special Fund	Dr	XXX	
	3502031	To Payables against Special Funds Narration:	Cr		XXX

1.1.3. Recording of deductions from contractor’s/supplier’s bill:

If Security or any tax on behalf of Government or advance provided to contractor/supplier is deducted or any other deduction is made from the processed bill, the amount payable shall be reduced for the deduction made and the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3502031	Payables against Special Funds	Dr	XXX	
	3401011	To Deposit From Contractors – Security Deposit Special Funds	Cr		XXX
	3502024	To TDS– Special Funds	Cr		XXX
	3502031	To Works Contract Tax – Special Funds	Cr		XXX
	4604041	To Advance for suppliers and contractors – Special Funds Narration:	Cr		XXX

1.1.4. Recording of payment to the contractor/supplier:

Such payments shall be made only from the bank account maintained for that Special Fund. On payment, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3502031	Payables against Special Funds	Dr	XXX	
	45020...*	To Designated Bank Account Narration:	Cr		XXX

1.1.5. Recording of payment for deductions made:

Deductions made shall also be paid from the respective Designated Special Fund Bank Account. On payment of deductions made, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3502024	TDS – Special Funds	Dr	XXX	
	3502031	Works Contract Tax – Special Funds	Cr		XXX
	45020...*	To Designated Bank Account Narration:	Cr		XXX

3. Utilization of Special Fund for Capital Expenditure

The accounting procedures and entries to be recorded for:

- Advance provided to the contractor/supplier
- Recovery of advance provided to contractor/supplier
- Receipt of Earnest Money Deposit (EMD) from the bidders and its refund to unsuccessful bidders
- Conversion of EMD of successful bidder into Security Deposit
- Security Deposit received from contractor/supplier
- Security Deposit deducted from the contractor's/supplier's bill
- Refund of Security Deposit
- Deduction of tax from the contractor's/supplier's bill
- Payment of amounts deducted to the relevant authorities, etc. shall be the same as described in the section "Utilization of Special Funds for Revenue Expenditure"

1.1.6. Recording of receipt of bill for fixed asset Purchased/acquired:

On receipt of bill in respect of fixed asset purchased/acquired under Special Fund, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	410...*	Fixed Assets (Specify the name)	Dr	XXX	
	3501032	To Payables against Special Funds Narration:	Cr		XXX

1.1.7. Recording of payment made:

Payment in respect of any expenditure incurred for purchase, Acquisition or construction of any fixed asset under any Special Fund shall be made from the Bank Account maintained for that Special Fund. On payment, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501032	Payables against Special Funds	Dr	XXX	

	45020...*	To Designated Bank Account Narration:	Cr		XXX
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4. On Closure of Funds

Once the purpose for which the Special Fund created is achieved the unutilized balance in the fund, if any, shall be transferred from Special Fund to Thromde Fund by transferring the money from the Special Fund Bank Account to the Main Bank Account. The approval of the Thromde shall be obtained wherever required. The following entries shall be passed.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4111000	___ Special Fund	Dr	XXX	
	1901000	To Additions to Thromde Fund Narration:	Cr		XXX

* Note: Insert the Detailed/minor code as may be

Chapter 13: ACCOUNTING FOR EMPLOYEE RELATED TRANSACTIONS

This chapter deals with accounting treatments of matters pertaining to the employees of the Thromde (i.e., salaries, allowances, deductions, Provident Fund, Pension Fund, loans, advances, etc.).

1. Accounting Principles

The following Accounting Principles shall govern the recording, accounting and treatment of employee related transactions:

- a. Expenses on Salaries and other allowances shall be recognized as and when they are due for payment (i.e. at the month end).
- b. Statutory deductions from salaries including those for income tax, health tax, provident fund contribution, etc., shall be recognized as liability in the same period in which the corresponding salary is recognized as expense.
- c. Provident Fund money shall be invested as per the guidelines applicable to any Employee Provident Fund.
- d. Separate Funds may also be formed for meeting the retirement benefits including Gratuity and Leave Encashment.
- e. Contribution due towards Pension and other retirement benefit funds shall be recognized as an expense and a liability. Government rate of contribution shall be followed.
- f. Interest receivable on loans given to employees shall be recognized as revenue at the end of the period in which these have accrued.
- g. In respect of loans to employees, penal interest leviable on default in repayment of principal or payment towards interest shall be recognized on accrual basis.
- h. Bonus, ex-gratia, overtime allowance, other allowances and reimbursements.

The Thromdes have to maintain a Pay Bill for each Department. The Pay Bill shall provide computation of gross salaries payable to the employees as per the conditions of service.

From the Department pay bills, the accounts department shall prepare a Consolidated Pay Bill summary in Form ES- 1.

On the basis of the Consolidated Pay Bill, the Accounts Department shall pass the following entries every month for recognizing the expense and the corresponding liability.

2. Accounting for liability towards salary, allowances, etc. (establishment charges) at the month-end:

Entry to create liability for amounts payable to employees for salary due for payment at the month end

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2101000	Consolidated Salaries, Wages, and Bonus	Dr	XXX	
	2102000	Consolidated Benefits and Allowances	Dr	XXX	
	3501101	To Employee Liabilities – Salaries, Wages, and Bonus	Cr		XXX
	3501102	To Employee Liabilities – Benefits and allowances	Cr		XXX

		Narration:		
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3. Accounting for payment of salaries:

Entry to account for the amounts paid to the employees and the amounts adjusted and deducted from the salaries and allowances

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501101	Employee Liabilities – Salaries, Wages, and Bonus	Dr	XXX	
	3501102	Employee Liabilities – Benefits and Allowances	Dr	XXX	
		To Recoveries Payable – TDS employees	Cr		XXX
	3502021	To Recoveries Payable – Profession Tax Deduction	Cr		XXX
	3502012	To Special Fund – Provident Fund (own employee)	Cr		XXX
	3502001	To Provident Fund Payable – Employees on Deputation	Cr		XXX
	3111000	To Bank	Cr		XXX
		Narration:			

4. Accounting for statutory deductions and its deposit with the concerned authorities

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3502021	Recoveries Payable – TDS Employees	Dr	XXX	
	3502012	Recoveries Payable – Profession Tax Deduction	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

5. Accounting for loans and advances given to employees

The Thromdes may grant loans (interest bearing or interest free) and advances (temporary, standing, etc.) to the employees. On payment of loans and advances by the Thromde, the Register of Employee Loans/Advances (Form ES-2) shall be updated by the Accounts Department. These registers shall be maintained department-wise. For recording the payment of loans and advances to employees, the Accounts Department shall pass the following entries:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4601001	Loans & Advances to Employees – House Building Advance	Dr	XXX	
	4601011	Loans & Advances to Employees – Advance for Vehicle purchase	Dr	XXX	
	4601031	Loans & Advances to Employees – Advance for Festivals	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

6. Accrual of Interest on Loans provided to employees

6.1. Recognizing Interest on loans and advances Granted to the employees at the period-end:

As per the terms and conditions of the loan agreement, interest is levied on the monthly outstanding balance of loans. The amount of interest accrued shall be communicated by the concerned department to the Accounts Department at the period-ends for which an entry shall be made in the Register of Interest on Loans to Employees (Form ES-3). On the basis of intimation received, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4314041	Receivables - Interest from Employees	Dr	XXX	
	1712001	To Interest on House Building Loans	Cr		XXX
	1712011	To Interest on Vehicle Loans	Cr		XXX
	1712021	To Interest on Computer Loans	Cr		XXX
		Narration:			

6.2. Accounting for recovery of loans and advances: Refer accounting entry for Accounting for payment of Salaries

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4314041	Cash/Bank	Dr	XXX	
	1712001	To Loans & Advances to Employees – House Building Advance	Cr		XXX
	1712011	To Loans & Advances to Employees – Advance for Vehicle purchase	Cr		XX
	1712021				
		Narration:			

6.3. Accounting for payment of provident fund contribution in respect of employees on deputation:

Recording of payment of Provident Fund Contribution in respect of employees on deputation: Provident Fund Contribution deducted on behalf of other organizations/authorities from the salary of employees on deputation to the Thromde shall be deposited with the relevant authority every month. On payment, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3502001	Provident Fund payable – Employees on Deputation Account	Dr	XXX	
	3502000	To Bank Account	Cr		XXX
		Narration:			

6.4. Accounting for transfer of equivalent cash to the Employees Provident Fund Bank Account

Date	Account	Particulars	Debit	Amount	Amount
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of Entry	Code		(Dr)/Credit (Cr)	(Nu)	(Nu)
	4504000	Bank Account – Special Fund Accounts	Dr	XXX	
	450...*	To Bank Account - Thromde Fund	Cr		XXX
		Narration:			

6.5. Accounting for loans to employees against provident funds

Recording of the loans granted against Provident Fund Contribution. As per the prescribed rules, the Thromde may grant loans to the employees against balance standing to the credit of their Provident Fund account. On receipt of approved payment order, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4601000	Loans and Advances to Employees	Dr	XXX	
	4602000	Employees Provident Fund Loans	Dr	XXX	
	4504000	To Bank Account – Special Fund Account	Cr		XXX
		Narration:			

6.6. Accounting for gratuity and leave encashment

As per prescribed rules the Thromde may form separate funds for Gratuity and Leave Encashment.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2104001	Death cum Retirement Benefits	Dr	XXX	
	2104002	Retirement Gratuity	Dr	XXX	
	2104011	Leave Encashment	Dr	XXX	
	3501104	To Employee Liabilities – Other Terminal and Retirement Benefits	Cr		XXX
		Narration:			

6.7. Accounting for payment of gratuity and leave encashment

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501101	Employee Liabilities – Other Terminal and Retirement Benefits	Dr	XXX	
	3504000	To Bank Account – Special Funds	Cr		XXX
		Narration:			

* Note: Insert the detailed/minor code as may be

Chapter 14: ACCOUNTING FOR INVESTMENTS

The Thromdes may invest surplus funds available with them as per the laws under which it was constituted. Investment means Assets held not for operational purposes or for rendering services. It can comprise of financial assets resulting from investments of cash surpluses (e.g., securities, shares, debentures, etc.). Investments shall be classified based on the maturity profile/nature into short-term and long-term. Short term Investments are those which are readily realizable, and are intended to be held for not more than twelve months from the date of Investment. Investments falling outside the ambit of current Investments are treated as ‘long term’ investments.

This chapter relates to accounting for Investment transactions, i.e., transactions dealing with surplus or other funds. The under given Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Investments

- a. Investment shall be recognized at cost of investment. The cost of Investment shall include cost incurred in acquiring investment and other incidental expenses incurred for its Acquisition.
- b. All long-term investments shall be carried/stated in the books of accounts at their cost. However, in the event of any permanent diminution in their value as on the date of Balance Sheet, these shall be provided for.
- c. Short-term investments shall be carried at their cost or market value (if quoted) whichever is lower.
- d. Interest on investments shall be recognized as and when due. At period-ends, interest shall be accrued proportionately.
- e. Dividend on Investments shall be recognized on actual receipt.
- f. Profit/loss, if any, arising on disposal of investment (net of selling expense such as commission, brokerage, etc.) from the Thromde Fund shall be recognized in the year when such disposal takes place.
- g. Income on investments made from Special Fund and Grants under specific purpose shall be recognized and credited to Special Fund and Grants for Specific purpose respectively, whenever accrued.
- h. Interest or gains from an investment made from grants received as reimbursements, shall be credited to Thromde/general fund of the Thromde instead of the Grant account.

1. Accounting for Investment

1.1. Accounting for Investments out of Thromde/General Fund

For investment made from the Thromde Fund, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	420...* 4502000	Investments - General Fund To Bank Account Narration:	Dr Cr	XXX	XXX

1.2. Accounting for Investments out of other funds - special funds, Grant funds, etc.

For investment made from Special Funds, Grant Funds the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	420...* 4504000	Investments – Other Fund To Bank Account –Special fund Narration:	Dr Cr	XXX	XXX

2. Accounting for Income from Investment

2.1. Recording of receipt of Interest/dividend on Investments from the Thromde Fund

To record the receipt of interest/dividend on the Thromde Fund Investments, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000 4314021	Bank Account To Receivable from Other Sources - Interest Earned Narration:	Dr Cr	XXX	XXX

2.2. Recording of receipt of Interest/dividend on Investments from the Special Funds and Grants Fund

To record the receipt of interest/dividend on the Special Fund and Grant Fund, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4504000 4506000	Bank Account – Special Fund To Receivable from Other Sources – Interest Earned Narration:	Dr Cr	XXX	XXX

3. Re-Investment of Interest Amounts

Investments are re-invested along with Interest on many occasions. To record the re- Investment of interest on the Thromde Fund Investments, Special fund Investments or Grant Fund Investments the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	420...*	Thromde Fund Investments	Dr	XXX	
		OR			
	421...*	Special fund Investments	Dr	XXX	
		OR			
	421...*	Grant Fund Investments	Dr	XXX	
	1701000	To Income From Investments – Interest Narration:	Cr		XXX

4. Interest Accrued

4.1. Recording of Interest accrued on Thromde Fund Investments

At period-end, to record the interest accrued on Thomde Fund Investments, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4314035	Interest accrued & dues on Thomde Fund Investment	Dr	XXX	
	4314031	Interest accrued & not due on Thomde Fund Investment	Dr	XXX	
	1701000	To Interest from Thomde Fund Investment	Cr		XXX
		Narration:			

4.2. Recording of Interest accrued on Investments made from the Special Funds, Grant Funds:

In case the investment is made from the Special Fund or Grant Fund, 'interest accrued and due on Investments' and 'interest accrued and not due on Investments' shall be added to the respective Special Fund for which the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4314037	Interest accrued & dues on Special Fund Investment	Dr	XXX	
	4314033	Interest accrued & not due on Special Fund Investment	Dr	XXX	
	4314038	Interest accrued & dues on Grant Investment	Dr	XXX	
	4314034	Interest accrued & not due on Grant Investment	Dr	XXX	
	320...*	To Grant for specific purposes	Cr		XXX
	3111000	To Special Funds	Cr		XXX
		Narration:			

5. Maturity/Disposal of Investment

Investments may be held to maturity or may be disposed before the maturity date. On disposal of investment, the Thomde may either realize a profit or loss depending on whether the amount received on disposal of investment is more or less than the cost of investment. In case of Thomde Fund Investment, the profit earned or loss incurred on disposal of Investment shall be recorded as income or expenditure in the Income and Expenditure Statement whereas, in case of Special Funds Investments or Grants Investments, the profit realized or loss incurred shall be adjusted in the Special Fund or Grant.

5.1. In case of Thomde Fund Investments

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	420...*	To Thomde Fund Investment	Cr		XXX
		Narration:			

5.2. In case of Special Fund Investments and Grant Fund Investments

Date	Account	Particulars	Debit	Amount	Amount
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of Entry	Code		(Dr)/Credit (Cr)	(Nu)	(Nu)
	4502000	Bank Account	Dr	XXX	
	421...*	To Special Fund Investment	Cr		XXX
	421...*	To Grant Fund Investment	Cr		XXX
		Narration:			

6. Profit on Disposal of Investment

6.1. In case of Thromde Fund Investments

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	420...*	Thromde Fund Investment	Dr	XXX	
	1704000	To Profit on Sale of Investments	Cr		XXX
		Narration:			

6.2. In case of Special Fund Investments and Grant Fund Investment

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	421...*	Special Fund Investment	Dr	XXX	
	421...*	Grant Fund Investment	Cr		XXX
	1704000	To Profit on Sale of Investments	Cr		XXX
		Narration:			

7. Loss on Disposal of Investment

7.1. In case of Thromde Fund Investments

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2711000	Loss on Sale of Investments	Dr	XXX	
	420...*	To Thromde Fund Investment	Cr		XXX
		Narration:			

7.2. Case of Special Fund Investments and Grant Fund Investment

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2711000	Loss on Sale of Investments	Dr	XXX	
	421...*	To Special Fund Investment	Cr		XXX
	421...*	To Grant Fund Investment	Cr		XXX
		Narration:			

8. Diminution of Investment

At the end of the financial year, the accounts department has to ascertain whether any amount to be provided towards diminution or decline in value of the investments. The provision required in accordance with the accounting principle shall be calculated investment wise. The total amount of provision so calculated would then have to be compared with the balances in the 'Accumulated Provision for Decline in Value of Investments' accounts. Wherever balances fall short of the amount of provision calculated, an additional provision for such short fall is created and where the balance in accumulated provision for investments account exceeds the provision calculated, such excess in the

books would have to be written back. For the purpose of calculation for provision, calculation sheet as provided in Form IN-2 shall be used. To record the diminution in value of long-term investments and fall in the value of short-term investments, the Accounts Department shall pass the following entries:

8.1. In case of Thromde Fund Investments

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2702003	Provision for other Assets – Investments	Dr	XXX	
	420...*	To Thromde Fund Investment	Cr		XXX
		Narration:			

8.2. In case of Special Fund Investments and Grant Fund Investment

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3111000	Special Fund	Dr	XXX	
	320...*	Grants for specific purposes	Dr	XX	
	421...*	To Special Fund Investment	Cr		XXX
	421...*	To Grant Fund Investment	Cr		XXX
		Narration:			

9. Appreciation of Investment

Any appreciation in market value of both short-term and long-term investments over the cost of investments shall be ignored. If the appreciation is in respect of investments for which provision for diminution in value or fall in value was made in earlier years, the value of the said investments shall be appreciated by an amount not greater than the provision for diminution/fall in value made in earlier years. To record the appreciation in value of investment, the Accounts Department shall pass the following entries:

9.1. In case of Thromde Fund Investments

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	420...*	Thromde Fund Investment	Dr	XXX	
	1808000	To Appreciation in Value of Investment	Cr		XXX
		Narration:			

9.2. In case of Special Fund Investments and Grant Fund Investment

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	421...*	Special Fund Investment	Dr	XXX	
	421...*	Grant Investment	Dr	XXX	
	320...*	To Grants for specific purposes	Cr		XXX
	3111000	To Special Fund	Cr		XXX
		Narration:			

* Note: Insert the Detailed/minor code as may be applicable in the account code

Chapter 15: ACCOUNTING FOR BORROWINGS

1. Accounting Principles

The under given Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Borrowings (Loans Received):

- a. Interest expenditure on loan shall be recognized on accrual basis.
- b. Interest on borrowings directly attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets shall be capitalized.
- c. A provision shall be made for the interest accrued between the date of last payment of interest and the date of financial statements and shall be charged to the current period's Income and Expenditure Statement.
- d. The expenses incurred while issuing of debentures or bonds (Issue Expenses) shall be deferred and amortized in equal installments over a period of 5 years or the tenure of the loan whichever is earlier. In case, the debentures & bonds are prematurely redeemed, the amount of issue expenses outstanding during the year shall be written-off and charged to the Income and Expenditure Statement as expense of the year when such an event happens. However, all other expenses in respect of raising loans other than those considered, as issue expenses shall be expensed off in the year in which they are incurred.

2. Accounting for Receipt of Loan

2.1. Raising/Borrowing of Funds:

On receipt of loan, the Accounts Department shall pass the following entries: In cases where debentures and bonds have been issued for raising funds

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3307000	To Secured Loan – Bonds and Debenture	Cr		XXX
	3317000	To unsecured Loan – Bonds and Debenture	Cr		XXX
		Narration:			

In cases where funds are borrowed otherwise than by issue of debentures and bonds (through other means)

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3304000	To Secured Loans – Loans from International Agencies	Cr		XXX
	3306000	To Secured Loans – Other Term Loans	Cr		XXX
	3315000	To Unsecured Loans – Loans from Banks and other Financial Institutions	Cr		XXX
		Narration:			

3. Accounting for interest payable on loans raised/debentures issued

Accounting of interest, when the loans raised/debentures issued for the purpose of acquisition/creation of any asset and that the asset is yet to be commissioned/put to use. This entry is to be passed in respect of the amounts of interest capitalized to the cost of the asset. This entry is applicable when the asset is created out of borrowed funds and the asset is yet to be put to use

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4124000	Assets	Dr	XXX	
	3501213	To Interest Accrued and Due – Secured Loans - Loans from International Agencies	Cr		XXX
	3501215	To Interest Accrued and Due – Secured Loans - Other term Loans	Cr		XXX
	3501216	To Interest Accrued and Due – Secured Loans - Bonds & Debentures	Cr		XXX
		Narration:			

Accounting of interest when the loans raised/debentures issued not for the purpose of acquiring/creating any asset, or when the loans raised/debentures issued for the purpose of acquisition/creation of an asset and the asset has already been put to use. Entry to in respect of the amounts of interest payable with corresponding debit for interest expense:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2404000	Interest & Finance Charges – Loans from International Agencies	Dr	XXX	
	2405000	Interest & Finance Charges – Loans from Banks & Other Financial Institutions	Dr	XXX	
	3501213	To Interest Accrued and Due – Secured Loans - Loans from International Agencies	Cr		XXX
	3501215	To Interest Accrued and Due – Secured Loans - Other term Loans	Cr		XXX
	3501216	To Interest Accrued and Due – Secured Loans - Bonds & Debentures	Cr		XXX
		Narration:			

4. Recording of payment of interest

On payment of interest to the lenders, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501213	Interest Accrued and Due – Secured Loans - Loans from International Agencies	Dr	XXX	
	3501215	Interest Accrued and Due – Secured Loans - Other term Loans	Dr	XXX	

	3501216	Interest Accrued and Due – Secured Loans - Bonds & Debentures	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

5. Recording of interest accrued but not due:

For the period between the date of last payment of interest and the date of the preparation of the financial statements, the amount of interest accrued for the period aforesaid shall be determined and a provision shall be made for it.

If the loans raised/debentures issued for the purpose of Acquisition/creation of any asset and the asset is yet to commission/put to use. Entry in respect of the amounts of interest accrued but not due in respect of the loans raised/debentures issued.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4124000	Assets	Dr	XXX	
	3602000	To Provision for Interest - Interest Accrued but not due Narration:	Cr		XXX

Where the loans raised/debentures issued are not for the purpose of acquiring/creating any asset, or when the loans raised/debentures issued are for the purpose of Acquisition/creation of an asset and the asset has already been put to use. Entry in respect of the amounts of interest accrued but not due in respect of the loans raised/debentures issued.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2404000	Interest & Finance Charges – Loans from International Agencies	Dr	XXX	
	2405000	Interest & Finance Charges – Loans from Banks & Other Financial Institutions	Dr	XXX	
	3602000	To Provision for Interest - Interest Accrued but not due Narration:	Cr		XXX

6. Accounting for Repayment of Loan/Redemption of Debentures

6.1. Repayment of Loan/Redemption of Debentures in case where Sinking Fund is established

Establishment of Sinking Fund: Where the terms of sanction for raising loan or issuing debenture provides for Establishment of a Sinking Fund, an amount stipulated in the terms of sanction shall be transferred to the Sinking Fund from the Thromde Fund at the end of the year. To record the above, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4213000	Transfer to Sinking Fund	Dr	XXX	
	3115000	To Sinking Fund Narration:	Cr		XXX

6.2. Recording of transfer of funds from the Main Bank Account to the Sinking Fund Bank Account

The amount so transferred to the Sinking Fund from the Thromde Fund shall be deposited in a separate bank account. On deposit, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	450...* 4502000	Designated Bank Account To Bank Account Narration:	Dr Cr	XXX	XXX

6.3. Recording of transfer from Thromde Fund to make good the deficit in Sinking Fund observed during an examination of sinking fund investment:

On examination, if it is observed that the present value of sinking fund investment is less than the value of the Fund stipulated in the terms of sanction, the difference shall be made good from the Thromde Fund. The Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4213000 4502000	Transfer to Sinking Fund To Sinking Fund Narration:	Dr Cr	XXX	XXX

6.4. Repayment of loan from the Sinking Fund

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3301000 450...*	Loans To Designated Bank Account Narration:	Dr Cr	XXX	XXX

6.5. For redemption of debentures from the Sinking Fund

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3307000 450...*	Bonds & debentures To Designated Bank Account Narration:	Dr Cr	XXX	XXX

6.6. For transfer of funds from the Sinking Fund on repayment/redemption of loan/debenture

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4211000 4201000	Investments – Other Funds To Investments – General Funds Narration:	Dr Cr	XXX	XXX

7. Repayment of Loan/Redemption of Debentures in case where Escrow Account is created:

7.1. Creation of Escrow account:

Where the terms of sanction for raising loan or issuing debentures provide for the establishment of an Escrow account, an amount equivalent to that stipulated in the sanction shall be transferred to the

Escrow account based on collections of earmarked income. For e.g. if a loan has been taken for building Water Supply Infrastructure, then out of the Water supply income collected, an amount equal to certain percentage of water tax shall be deposited into the Escrow account. For creation of Escrow Account, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	450...*	Designated Bank Account Bank Account	Dr	XXX	
	4502000	To Tax Revenues – Water Taxes Narration:	Cr		XXX

8. Repayment of Loan/Redemption of Debentures (Escrow Account):

For repayment of loans and/or redemption of debentures, the Accounts Department shall pass the following entries:

8.1. For repayment of loan from the Escrow Account:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3301000	Loans	Dr	XXX	
	450...*	To Designated Bank Account Narration:	Cr		XXX

8.2. For redemption of debentures from the Escrow Account

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3307000	Bonds & debentures	Dr	XXX	
	450...*	To Designated Bank Account Narration:	Cr		XXX

9. Repayment of Loan/Redemption of Debentures in case where Sinking Fund/Escrow Account is not established

9.1. Recording of repayment of loan or redemption of debenture

Where Sinking Fund is not established, the loan shall be repaid or debentures redeemed from the Thromde Fund as per the terms of the agreement entered into and the following entry shall be passed.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3301000	Loans	Dr	XXX	
	3307000	Bonds & debentures	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

10. Accounting for expenditures incurred while raising loans or issuing debentures

10.1. Entry to be passed in respect of the amounts actually paid/incurred in raising loans or issuing debentures. The amount will include cost of advertisement, brokerage, processing fees, etc.

Date of	Account Code	Particulars	Debit (Dr)/Credit	Amount (Nu)	Amount (Nu)
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Entry			(Cr)		
	4801000	Loan Issue Expenses – Deferred	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

11. Accounting for amortization of loan issue expenses

11.1. Entry in respect of the amounts amortized against the loan issue expenses

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2705001	Miscellaneous expenses written-off – Debentures and Bonds Issue Expenses	Dr	XXX	
	4801000	To Loan Issue Expenses	Cr		XXX
		Narration:			

* Note: Insert the Detailed/minor code as may be applicable

Chapter 16: ACCOUNTING FOR PUBLIC WORKS

This section of the manual describes the accounting for Public Works transactions undertaken by the Thromde. These would generally include construction/expansion/major modification of buildings, development of land, construction of roads, construction of water works, construction of drainage systems or other public utilities. Repairs and maintenance of these would also constitute Public Works. Apart from these, any non-civil contracts (e.g., for furniture) undertaken by the Thromde through the Public Works Department would also be covered here. This chapter also covers the accounting treatment for 'Deposit works' executed by the Thromde on behalf of the Government or Government Departments and recognition on revenue from these Deposit works.

1. Terms

'Original Works' includes all new constructions or additions and alterations to existing works. Repairs to newly purchase or previously abandoned buildings, which are required for bringing them into use, should be classified as Original Works. Where a portion of an existing structure is dismantled and replaced and if the cost of such replacement represents a genuine increase in the permanent value of the Property as an asset, the work should be classified as 'Original Works'.

'Repairs and Maintenance' includes works, other than those specified under Original Works, required to maintain buildings, roads, water work Assets, drainage system and other works in proper condition for ordinary use.

'Fees & User Charges': Where the Public Works Department issues any permission for road digging or any other activity for private purpose, it recovers the charges incurred for repair of the damaged road or any other structure from the person seeking permission.

'Deposit works:': The Governmental departments may use the services of Thromde, for execution of certain works/schemes/approved infrastructure schemes. Money received from the Governments or any other department for the above shall be treated as 'Deposit works' and are accounted as a liability of the Thromde. Thromdes are provided certain percentage of the value of the works/scheme/project/plans completed as their service charges.

2. Accounting Principles

The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to public works:

- a. The cost of fixed assets shall include cost incurred/money spent in acquiring or installing or constructing fixed assets, interest on borrowings attributable to acquisition or construction of qualifying fixed Assets up to the date of commissioning of the Assets and other incidental expenses incurred up to that date.
- b. Any addition to or improvement to the fixed asset that results in increasing the utility or capacity or useful life of the Asset shall be Capitalized and included in the cost of asset. Revenue expenditure in the nature of repairs and maintenance incurred to maintain the asset and sustain its functioning or the benefit of which is less than for a year, shall be charged off.
- c. Assets under erection/installation on existing projects and capital expenditures on new projects (including advances for capital works and project stores) shall be shown as "Capital Work-in- Progress".
- d. The Earnest Money Deposit and Security Deposit received if forfeited shall be recognized as income when the right for claiming refund of deposit has expired.
- e. Deposit received under Deposit works shall be treated as a liability till such time the projects for which money is received is completed. Upon completion of the projects, the

cost incurred against it shall be reduced from the liability.

- f. Revenues (percentage charges) in respect of Deposit works shall be accrued along with expenditure of Deposit works.

2.1. Accounting for Earnest Money Deposit (EMD)

Earnest Money Deposit may be collected from the bidders on such basis as determined by the Thromdes at the time of submitting their tenders. A Receipt in GEN-8 shall be issued for the amount collected. The treatment is as follows:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3401001	To Contractors/Suppliers –EMD	Cr		XXX
		Narration:			

2.2. Recording of Refund of Earnest Money Deposit

After the receipt of approval for payment and upon payment, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3401001	To Contractors/Suppliers – EMD	Cr		XXX
		Stores			
		Narration:			

2.3. Recording of conversion of Earnest Money Deposit into Security Deposit

On receipt of intimation for conversion of EMD of the successful bidder into Security Deposit payable the following entry shall be passed:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3401001	Contractors/Suppliers – Earnest Money Deposit	Dr	XXX	
	3401011	To Contractors/Suppliers – Security Deposit	Cr		XXX
		Narration:			

2.4. Recording of Security Deposit received

The procedure followed for accounting of Security Deposit is similar to that of Earnest Money Deposit. The Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3401011	To Contractors/Suppliers – Security Deposit stores	Cr		XXX
		Narration:			

2.5. Recording of payment of advance for work carried out from Thromde Fund, Grant and Special Fund

As per the terms of agreement, advance may be paid to the contractor. Advance may be provided either in cash or in kind, i.e., by way of supply of materials. On receipt of approval for payment, and on payment, entries will be made for money advanced in Cheque Issue Register in Form GEN-15 and in Register of Advance in Form GEN-16 for the cheques issued to the contractor. The accounting entries to be passed are:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Advance to Suppliers & Contractors	Dr	XXX	
	4604011	To Bank Account Narration:	Cr		XXX

2.6. Accounting for issue of material to contractors

Entry in respect of the value of materials issued from Thromde stores to the contractors for executing the works.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4604011	Material Advance to Contractors	Dr	XXX	
	4301011	To Stock in hand – Stores – Purchases of Materials Narration:	Cr		XXX

2.7. Preparation of Bill for payment

On the basis of work completed as per governing rules, a bill shall be prepared and sent for payment. The amount of security deposit, income tax deducted at source, works contract tax and any other recovery or deduction, including recovery for supply of material by the Stores and money advanced to the contractor, should be specified in the Bill. Running bills are submitted during the progress of work and final bill is normally submitted on completion of work. The Contract Completion Certificate shall be annexed to the final bill.

2.8. Recording of Contractor's bill in respect of Original Work

On receipt of the processed bill, the particulars shall be entered in a Register of Bills for Payment in Form GEN-13. To record the liability in respect of contractor's bill for Original Works undertaken, the following entry shall be passed:

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4121000	Capital Work-in-Progress	Dr	XXX	
	3501011	To Creditors – Contractors Account	Cr		XXX
	3401011	To Security Deposits	Cr		XXX
	4604000	To Advance to Suppliers & Contractors	Cr		XXX
	3502022	To Recoveries Payable from TDS Contractors	Cr		XXX
	3502032	To Recoveries Payable – Works	Cr		XXX

	4604011	Contract Tax To Material Advance to Contractors Narration:	Cr		XXX
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2.9. Recording of payment made to Contractors

The procedure to be followed for approval of a contractor's bill for payment and making payment shall be the same as provided in General Accounting Procedures to which reference is invited. The Accounts Department shall, on receipt of Payment order in Form GEN-14 together with the Work Sheet and Contract Completion Certificate, where applicable, after making the payment, enter the details of the payment in the Work Sheet (Form PW-2) and pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501011	Creditors – Contractors Account	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

2.10. Recording of payment of TDS Payable and Works Contract Tax Payable

The income tax and works Contract tax deducted from the bills of the contractors shall be paid by the Accounts Department to the concerned authorities as and when due as per the relevant laws in force. On payment of Income Tax and Works Contract Tax deducted, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3502022	Recoveries Payable – TDS from Contractors	Dr	XXX	
	3502032	Recoveries Payable – Works Contract Tax	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

2.11. Accounting for any deductions from the contractor's bill

Entry in respect of the amounts deducted from the contractor's bills, which are in the nature of any penalty or liquidated damages levied on the contractor for delay in completion of construction or sub-standard construction or for any other reason.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501011	Creditors – Contractors Control Account	Dr	XXX	
	1808000	To Other Income – Miscellaneous Income - Penalty on Contractors Narration:	Cr		XXX

2.12. Recording of capitalization of Capital Work-in-progress

On receipt of Contract Completion Certificate, the Accounts Department shall capitalize the amount lying in the Capital Work-in-Progress Account and convert the amount pertaining to the Capital Work-in-Progress and lying in the Capital Work-in-Progress Account into a Fixed Asset. The Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4101000	Fixed Asset (Name of the Fixed Asset)	Dr	XXX	
	4121000	To Capital Work-in- Progress Narration:	Cr		XXX

2.13. Recording of capitalization of interest paid on loans borrowed for original works

At the period-end, for Capitalizing interest accrued, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4124000	Capital Work-in-Progress	Dr	XXX	
	1701000	To Interest & Finance Charges Narration:	Cr		XXX

2.14. Refund of Security Deposit

Security Deposit shall be refunded after the expiry of the liability period, including defects liability period, as specified in the agreement entered into with the contractor.

Recording of refund of Security Deposit after adjusting for recoveries: In case where any dues are recoverable from the contractor, after the receipt of approval, draw the cheque for net amount after deducting the recoveries to be made from the contractor. The accounting entry to be passed is as follows:

2.14.1.For recording adjustment of recoveries against Security Deposit

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3401011	From Contractors/Suppliers – Security Deposits	Dr	XXX	
	1808000	To Other Income – Miscellaneous Income Narration:	Cr		XXX

2.14.2.For recording payment of net Security Deposit

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3401011	From Contractors/Suppliers– Security Deposits	Dr	XXX	
	4502000	To Bank Account Narration:	Cr		XXX

2.14.3.Accounting for Lapsed Deposits

The Earnest Money Deposit and Security Deposit received, if forfeited, shall be recognized as income in the year in which the right for claiming refund of these deposits has expired. The following entries shall be passed:

2.14.4.For lapsed Earnest Money Deposit

Date	Account	Particulars	Debit	Amount	Amount
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of Entry	Code		(Dr)/Credit (Cr)	(Nu)	(Nu)
	3401001	From Contractors/Suppliers – EMD	Dr	XXX	
	1801100	To Other Income Lapsed Deposit – Contractors/Suppliers	Cr		XXX
		Narration:			

2.14.5. For lapsed Security Deposit

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3401011	From Contractors/Suppliers – Security Deposit	Dr	XXX	
	1801100	To Other Income Lapsed Deposit – Contractors/Suppliers	Cr		XXX
		Narration:			

2.15. Accounting for Repairs and Maintenance Works

2.15.1. Recording of Contractor's Bill in respect of Repairs and Maintenance Work

On receipt of processed bill, for recording the liability in respect of the repairs and maintenance work, the following entry shall be passed:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2305000	Repairs & Maintenance	Dr	XXX	
	3501011	To Creditors – Contractors Control Account	Cr		XXX
	3401011	To Deposits Received from Contractors/Suppliers – Security Deposits	Cr		XXX
	4604000	To Advance to Suppliers & Contractors	Cr		XXX
	3502022	To Recoveries Payable from TDS Contractors	Cr		XXX
	3502032	To Recoveries Payable – Works Contract Tax	Cr		XXX
	4604011	To Advance to Contractors – Material Issued to Contractors	Cr		XXX
		Narration:			

2.15.2. Recording of payment to Contractor

On making of payment to the contractor, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501011	Creditors – Contractors Control Account	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

2.15.3. Recording of materials consumed in Repairs and Maintenance Works

At times, the Department may execute repairs and maintenance work from its own resources without awarding the contract through tender or otherwise. In such case, on the basis of bill received from the Department in respect of materials consumed, the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2303000	Consumption of Stores	Dr	XXX	
	4301011	To Stock in Hand – Purchase of Materials Narration:	Cr		XXX

Chapter 17: ACCOUNTING FOR DEPOSITWORKS

1. Accounting for Receipt of Money from Other Agencies (Government/Statutory/Others)

This entry is to be passed only in respect of the amounts received from concerned authorities for executing deposit works (assume deposits received for certain civil works).

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3411000	To Deposit work- Civil Works	Cr		XXX
		Narration:			

2. Accounting for Earnest Money Deposits

Refer accounting entry discussed under “Public Works.”

3. Accounting for Security Deposits

Refer accounting entry discussed under “Public Works.”

4. Accounting for Advances to Contractors (both Cash Advance and Material Advance)

Refer accounting entry discussed under “Public Works.”

5. Accounting for Works Carried out by the Thromde on behalf of Other Agencies

Entry to be passed in respect of the amounts payable to contractors for works in the nature of repairs and maintenance:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4701000	Deposit works – Expenditure - Civil Works	Dr	XXX	
	3401011	To Deposits from Contractors – Security Deposit	Cr		XXX
	4604001	To Advance to Supplier/Contractors – Public Works/Assets	Cr		XXX
	3502022	To Recoveries Payable – TDS Contracts	Cr		XXX
	3502032	To Recoveries Payable – Works Contract Tax	Cr		XXX
	4604011	To advance to Supplier/Contractors – Material advance to contractor	Cr		XXX
	1407000	To Services/administrative charges	Cr		XXX
	3501011	To creditors – Contractors account	Cr		XXX
		Narration:			

6. Accounting for Payment to Contractors

Refer accounting entry discussed under “Public Works.”

7. Accounting for Income Tax (TDS) Payable and Works Contract Tax (TDS) Payable

Refer accounting entry discussed under “Public Works.”

8. Accounting for Materials Consumed from Stores

Refer accounting entry discussed under “Public Works.”

9. Accounting for Any Deductions from the Contractor’s Bill

Entry to be passed only in respect of the amounts if any to be deducted from the contractor bill, e.g. faulty works etc. which goes to reduce the overall Capitalized value of the asset created. Note: the amount will be credited to the specific deposit works only and not recognized as an income of the Thromde.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501011	Creditors – Contractors Control Account	Dr	XXX	
	3411000	To Deposit works – Civil Works Narration:	Cr		XXX

10. Accounting for Refund of Security Deposits and EMD

Refer accounting entry discussed under “Public Works.”

11. Accounting for Lapsed Deposits

Refer accounting entry discussed under “Public Works.”

12. Accounting for Adjustment of Deposit Works Account with the Relevant Expenditure Account

Entry to be passed in respect of the adjustment of the amounts of expenditure concerning civil works with the balance of deposits received.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	3411000	Deposit works – Civil Works	Dr	XXX	
	4701000	To Deposit works Expenditure – Civil Works Narration:	Cr		XXX

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

Entry to be passed where the amount is refundable for any unutilized balance of deposit works.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3411000	Deposit work – Civil Works	Dr	XXX	
	3501033	To Refund Payable – Deposit works Narration:	Cr		XXX

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

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501033	Refund Payable – Deposit works	Dr	XXX	
	4502000	To Bank Account	Cr		XXX

	Narration:			
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Chapter 18: ACCOUNTING FOR ASSIGNED REVENUES

1. Accounting of assigned revenues received by the Thromde – when the receipts are of revenue nature

Entry to be passed in respect of the amounts received by the Thromde in respect of the share in the revenues of the government:

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	1101000	To Taxes & duties Collected by Others Narration:	Cr		XXX

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

Entry to be passed in respect of the amounts received by the Thromde as a portion of assigned revenues:

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	1102000	To Compensation in lieu of taxes Narration:	Cr		XXX

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

Entry to be passed in respect of the amounts receivable against the accrued assigned revenues:

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4315011	Receivables from Government – Assigned Revenue	Dr	XXX	
	1101000	To Duties collected by others Narration:	Cr		XXX

4. Accounting for receipt of assigned revenues, earlier accounted as receivables

Entry to be passed in respect of the amounts received against assigned revenues, which were earlier considered as receivable.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	4315011	To Receivables from Government Assigned Revenue Narration:	Cr		XXX

Chapter 19: ACCOUNTING FOR RENTALS, FEES AND OTHER INCOME

1. Accounting for rentals, fees, and other obligations

These are to be accounted on cash basis i.e. actual Collection basis. Such income includes Birth/Death Registration Fees, Ambulance Charges, Road Cutting Charges, Stacking Charges, etc.

Entry shall be passed in respect of the amounts received by the Thromde concerning the nature of income. The Thromde will pass this entry, only when it receives the cash, irrespective of the fact whether the Thromde provides service before or after the collection.

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	1401302	To Birth and Death	Cr		XXX
	1405003	To Registration Fees	Cr		XXX
	1404012	To Road Cutting Charges	Cr		XXX
		Narration:			

2. Accounting for deposits, like Rent Deposits, etc.

Entry to be passed in respect of the amounts received by the Thromde against refundable deposits:

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	3401002	To Deposits – Revenue-Rent Deposits	Cr		XXX
		Narration:			

3. Accounting for refund of deposits to the rightful claimant

Entry to be passed in respect of the amounts of deposit refunded to the rightful claimant

Date of Entry	Account Code	Particulars	Debit (Dr) / Credit (Cr)	Amount (Nu)	Amount (Nu)
	3401002	Deposits – Revenue-Rent Deposits	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

4. Accounting for deposits since not claimed, thus lapsed

Entry to be passed in respect of the amounts of refundable deposits not claimed within the specified number of years, thus lapsed

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3401002	Deposits – Revenue-Rent Deposits	Dr	XXX	
	1801100	To Lapsed Deposits – Others	Cr		XXX
		Narration:			

5. Accounting for rentals, fees, and other obligations

Entry shall be passed in respect of the amounts receivable against rents, other fees, and obligations.

Accounting will be under accrual basis i.e. first account for the demand and then account for the Collection. Such incomes include Rent from Markets, Rent from Shopping Complexes, and licensing fees from Cinema Houses, etc.

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4313011	License Fees Receivables	Dr	XXX	
	4314000	Receivables from Other Sources – Rent Receivable	Dr	XXX	
	1301001	To Rent from Markets	Cr		XXX
	1201002	To Rent from shopping complexes	Cr		XXX
	1401100	To Licensing Fees	Cr		XXX
		Narration:			

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

Entry to be passed in respect of the amounts collected against the receivables of rentals, fees, and other obligations

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr		
	4313011	To License Fees Receivables	Cr		
	4314000	To Receivables from Other Sources-Rent Receivables	Cr		
		Narration:			

7. Accounting for provision of irrecoverable arrears of revenues from other sources

Entry in respect of the amounts to be provided against the irrecoverable arrears of rentals, fees, and other obligations

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2701000	Provision for Doubtful Receivables – other fees and user charges	Dr	XXX	
	2701000	To Consolidated Provision for outstanding fees and other charges	Cr		XXX
		Narration:			

8. Accounting for write-offs of irrecoverable arrears of revenues from rentals, fees, and other obligations

Entry in respect of the amounts, which the Thromde failed to realize in respect of rentals, fees, and other obligations

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2701000	Consolidated Provision for outstanding fees and other charges	Dr	XXX	
	4313011	To License Fees Receivables	Cr		XXX
	4314000	To Receivables from Other Sources – Rent Receivables	Cr		XXX

	Narration:			
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Chapter 20: ACCOUNTING FOR LEASE & HIRE PURCHASE

1. Accounting Principles

The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Fixed Assets acquired/given under Lease and Hire Purchase:

1.1. Finance lease in the books of lessee

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

1.2. Operating lease in the books of Lessor

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

1.3. Hire purchase in the books of buyer

- a. The purchase price shall be Capitalized as the cost of fixed Assets
- b. Hire Purchase (HP) instalments shall be apportioned between the finance charge and the reduction of the principal outstanding. The finance charge shall be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability;
- c. The total amount of interest portion out of the 'HP Payable' shall be accounted by debiting to a control account under current Assets. This amount will be adjusted on accounting of finance charges
- d. The depreciation principle for Assets purchased under HP should be consistent with that for owned assets.

1.4. Hire purchase in the books of seller

- a. The sale price (including the interest portion) shall be accounted as receivable from HP agreement;
- b. HP instalments shall be apportioned between the interest income and the reduction of the principal amount receivable (the finance income to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the receivable);
- c. The total amount of interest portion out of the 'HP Receivable' shall be accounted by crediting to a control account under current Assets. This amount will be adjusted while accounting for finance charges

2. Accounting for finance lease in the books of lessee

2.1. Accounting for Acquisition/Purchase of Fixed Assets:

Recording of purchase of Fixed Assets: Delivery/installation of fixed Assets purchased under a 'Finance Lease' shall be as per the agreement. To record the purchase of the fixed assets under a finance lease (for example at a cost Nu.25,00,000), the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4101000	Fixed Assets (please specify the type)	Dr	XXX	
	4703000	Interest control payable – Leases	Dr	XXX	
	3501021	To Lease Charges payable	Cr		XXX
		Narration:			

Note: 'Interest control payable – Leases account' is in the nature of a control account, which represents an equivalent amount of unpaid interest portion included in the 'Lease Charges Payable'. The balance in this account gets reduced at the period ends by accounting for the finance charges portion of the lease payments due for the period.

2.2. Lease payments:

The periodical lease payments shall be accounted as per the lease agreement, the accounting entry for periodical lease payment (for example if the annual lease payment inclusive of interest is Nu. 2,75,000) is as follows:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3501021	Lease Charges Payable	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

2.3. Finance Charges

The portion of finance charges out of the lease payments due for the current period shall be identified at the period ends and accounted as finance charges for the period. The accounting entry for recording the finance charges is as follows:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2408000	Interest on Leases	Dr	XXX	
	3508000	To Interest control payable – Leases	Cr		XXX
		Narration:			

3. Accounting for Operating Leases in the Books of Lessor

3.1. Lease rental income

Recording of accrual of lease rental: The lease rentals due for the period shall be accrued in accordance with the lease agreement. For example, if there is an agreement for rental of Furniture under an operating lease for a monthly rental of Nu. 5,000 it shall be accounted on a monthly basis. The accounting entry for this is as follows:

Date of	Account Code	Particulars	Debit (Dr)/Credit	Amount (Nu)	Amount (Nu)
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Entry			(Cr)		
	4314011	Receivables from other sources – Lease rental	Dr	XXX	
	1208001	To Other rent - Lease Rental	Cr		XXX
		Narration:			

Recordings of receipt of lease rentals: The lease rentals shall be received in accordance with the lease agreement. The accounting entry for this is as follows:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	4314011	To Receivables from other sources – Lease rental	Cr		XXX
		Narration:			

3.2. Period end procedures:

Accrual of lease rentals: The Accounts Department shall identify the total lease rentals due for the period under reporting and compare the same with the lease rental income recognized till date in the books and account for differences if any.

4. Accounting of Hire Purchase in the Books of Buyer

4.1. Down payment against Purchase of Asset under Hire Purchase agreement

The HP agreement may have clauses for down payments either before or after delivery or receipt of the asset depending on the terms of the HP agreement.

To record the down payment made, the following entry shall be passed:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4608011	Advance for HP Assets	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

4.2. Accounting for Acquisition/Purchase of Fixed Assets

Recording of purchase of Fixed Assets: To record the purchase of the Fixed Asset under a hire purchase agreement, the Accounts Department shall pass the following entry

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	410...*	Fixed Assets (please specify the type)	Dr	XXX	
	4703001	Interest control payable - HP	Dr	XXX	
	3308000	To Other Term Loans- HP	Cr		XXX
	4608011	To Advance for HP Assets	Cr		XXX
		Narration:			

4.3. HP Installments

Assuming that in the example given in the previous para carries an annual installment repayment of Nu. 27,500. The accounting entry for the payment of installment is as follows:

Date	Account	Particulars	Debit	Amount	Amount
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of Entry	Code		(Dr)/Credit (Cr)	(Nu)	(Nu)
	3308000 4502000	Other Term Loans – HP To Bank Account Narration:	Dr Cr	XXX	XXX

4.4. Finance Charges

The portion of interest out of the ‘HP payable’ due for the period under reporting shall be identified at the period ends and accounted as ‘finance charges for that period. Assuming that in the annual repayment of Nu. 27,500 include interest charge of Nu. 5,000, the accounting entry for recording the interest charges are as follows:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2408000 3508004	Other Interest – HP To Interest control payable – HP Narration:	Dr Cr	XXX	XXX

4.5. Period-end procedures:

Recording of interest portion of the installments due appropriately; The Accounts Department shall identify the interest portion of the installments payable for the period under reporting and accordingly account for the Interest Charges for the period.

5. Accounting of Hire Purchase (HP) in the books of seller

5.1. Down payment received under Hire Purchase agreement

The HP agreement may have clauses for down payments to be received from the buyer up-front either before or after delivery of the asset depending on the terms of the HP agreement.

For example, the accounting entry for 10% down payment received on the sale of Assets costing Nu. 250,000 is as follows:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000 3508003	Bank Account To Other Liabilities – HP Advance received Narration:	Dr Cr	XXX	XXX

5.2. Sale of Assets under HP

To record the sale of the assets under an HP agreement and adjust the ‘down payment’ received; the Accounts Department shall pass the following entry:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3508003	Other Liabilities – HP Advance received	Dr	XXX	
	4608011	Other Current assets – HP Installments receivable	Dr	XXX	
	410...*	To Fixed Assets (please specify the type)	Cr		XXX
	3508004	To Other Liabilities – Interest	Cr		XXX

		control receivables – HP Narration:			
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5.3. Installment receipts

The periodical hire purchase installments due shall be received as per the HP agreement. Assuming that in the example given in the previous para carries an annual installment repayment of Nu. 27,500. The accounting entry for receipt of the installment is as follows

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	4608011	Current Asset – HP Installments – To Other Receivables Narration:	Cr		XXX

5.4. Interest Income

The portion of interest income out of the ‘Receivables - HP’ due for the period under reporting shall be identified at the period ends and accounted as ‘Interest Income for that period. Assuming that in the annual repayment of Nu. 27,500 include interest charge of Nu. 5,000, the accounting entry for recording the interest is as follows:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	3508004	Interest control receivables – HP	Dr	XXX	
	1718002	To Other Interest Income – HP Narration:	Cr		XXX

* Note: Insert the Detailed/minor code as may be applicable in the account code column.

5.5. Period end procedures:

Recording of interest portion of the installments due appropriately; The Accounts Department shall identify the interest portion of the installment receivable for the period under reporting and accordingly account for the Interest Charges for the period.

Chapter 21: ACCOUNTING FOR LOANS AND ADVANCES

This chapter contains the recommended accounting system for transactions relating to loans given to others by the Thromdes. Loans and advances provided to employees and contractors/suppliers are covered in the respective chapters.

The Thromde may lend loans out of general funds as per the rules and provisions of the act governing the Thromde. The Thromde may also advance out of specific funds/grants received for a long-term project if the terms and conditions of the fund/grant provide for the same. In such cases, interests earned on the loans and advances lent out of the specific project fund/grant shall be credited to these funds/grants account.

1. Accounting Principles

The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to loans provided by Thromde:

- a. Interest on loans shall be recognized as and when due. At period-ends, interest shall be accrued up to the date of the period-end
- b. Interest earned on loans given out of specific fund/grant shall be directly credited to the specific fund/grant account.
- c. Penal interests if any either on loans given out of general fund or out of specific fund/grant shall be accounted on actual receipt.
- d. Provision against bad and doubtful loans shall be made according to the provisioning principle of the Thromde based on norms or guidelines issued by the governing body in this regard.
- e. Any additional provision for loans outstanding (net on overall basis) required to be made during the year shall be recognized as expenditure and any excess provision written back during the year shall be recognized as income of the Thromde.
- f. Write-offs of bad and doubtful loans shall be adjusted against the provisions made and to that extent, loan outstanding get reduced. In case of inadequate provisions, the write-off shall be recognized as expenditure.

2. Accounting for Loans to others

The amount of loans granted to external organizations and undertakings shall be entered in the Register of 'loans to others' in Form LA-1 maintained by the Accounts Department of the Thromde.

2.1. Recording of disbursement of loans. On disbursement of loan, the Accounts Department shall pass the following entries:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4603000	Loans to Others	Dr	XXX	
	4502000	To Bank Account	Cr		XXX
		Narration:			

2.2. Recording of recovery of loan installments

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	4603000	To Loans to Others	Cr		XXX

		Narration:		
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2.3. Recording of interest due on loans to external organizations/undertakings

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4314021	Receivables from other sources – Interest Accrued	Dr	XXX	
	1713000	To Interest on Loans to Others	Cr		XXX
		Narration:			

2.4. Recording of receipt of interest on loans

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	4502000	Bank Account	Dr	XXX	
	4314021	To Receivables from other sources – Interest Accrued	Cr		XXX
		Narration:			

3. Provisioning against bad and doubtful ‘loans to others’

3.1. Recording of provision against doubtful loans to others as at the period end:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2702000	Provision for Other Assets	Dr	XXX	
	3603000	To Provision for Outstanding Loans to Others	Cr		XXX
		Narration:			

3.2. Recording of write-off doubtful and bad loans for which provisioning was made in the previous years:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2702000	Provision for Other Assets	Dr	XXX	
	4603000	To Loans to Others	Cr		XXX
		Narration:			

3.3. Recording of write-off of doubtful or bad loans for which no provisioning was made in the previous years:

Date of Entry	Account Code	Particulars	Debit (Dr)/Credit (Cr)	Amount (Nu)	Amount (Nu)
	2702000	Assets Written-off – Loans & Advances	Dr	XXX	
	4603000	To Loans to Others	Cr		XXX
		Narration:			

3.4. Recording of write back of provision against doubtful loans to the extent of the amount recovered:

Date	Account	Particulars	Debit	Amount	Amount
------	---------	-------------	-------	--------	--------

of Entry	Code		(Dr)/Credit (Cr)	(Nu)	(Nu)
	4612000	Accumulated Provision for Loans to Others	Dr	XXX	
	1806000	To Other income – Excess Provisions Written back	Cr		XXX
		Narration:			

Chapter 22: ADJUSTMENT, PERIOD-END PROCEDURES AND RECONCILIATION

1. Introduction

This chapter describes the procedures to be followed by the Thromde to facilitate preparation of periodical accounts. Thromde would prepare periodical accounts at quarterly or such other shorter period as may be defined by the finance head and this shall be in addition to the annual accounts.

It is recommended that certain reconciliations and other accounting procedures be carried out on a daily and monthly basis so that the recording of transactions is up to date. These would be in addition to quarterly and annual procedures.

The specific period-end procedures in relation to various categories of transactions have been described in the relevant chapters. The procedures to be followed on a daily, monthly, quarterly and annual basis are covered under the following heads:

1.1. Daily Procedures

- a. Closing of Cash Book
- b. Physical verification of cash balance
- c. Deposit of collections (both cash and cheque) in the bank
- d. Checking ledger accounts with the books of original entries, i.e., Cash Book and Journal Book
- e. Verification of number of receipts issued as reported by the collection office with the Collection Register
- f. Updating of Subsidiary Ledgers

1.2. Monthly Procedures

- a. Bank Reconciliation
- b. Recording of expenditures incurred against permanent advance
- c. Payment of provident fund dues and pension contribution in respect of employees
- d. Reconciliation of function wise Income/Expense Subsidiary Ledgers with respective TB totals.
- e. Compilation of details of closing stock for recording the consumption of stores at the end of the months.
- f. Closing of ledger accounts

1.3. Quarterly Procedures

- a. Reconciliation of deposits, advances, receivables and incomes
- b. Provision for period-end expenses
- c. Transfer of revenue grant received in advance for specific purpose to grant income
- d. Recognition of grant income for revenue expenditure incurred in respect of grant receivable as reimbursement
- e. Accrual of interest on borrowings
- f. Recording of provision for bills remaining unpaid
- g. Accrual of interest on investments
- h. Accrual of interest on loans to employees

- i. Reconciliation of Capital Work in Progress/Inventory
- j. Reconciliation of Inter Unit Balances
- k. Passing of adjustment entries
- l. Closing of ledger accounts

1.4. Annual Procedures

- a. Physical verification of stores
- b. Physical verification of fixed Assets
- c. Confirmation of all categories of advances
- d. Provision for unrealized revenue
- e. Accounting of prepaid expenses
- f. Contribution of difference in interest to the provident fund
- g. Confirmation from Government/Quasi-government and Government owned agencies
- h. Closing of ledger accounts

Each of the above procedures has been described in detail as follows:

2. Daily procedures

2.1. Balancing of Cash Book

The Cash Book shall be totaled and balanced daily. The posting of the day's transactions shall be made in the respective Ledger Accounts by the end of the day. The closing cash and bank balance of the day shall be carried forward to the next day as opening balance for that day.

2.2. Physical verification of cash balance

Cash available with the Accounts Department shall be physically verified by the Cashier. The values and denominations of the cash physically verified shall be noted in the Cash Book itself. This shall be certified by the Cashier and the Head of the Accounts Department. The cash balance as physically verified should match with the closing cash balance as per the Cash Book.

2.3. Deposit of collections (both cash and cheque) in the Bank

The cash and cheque collection shall be remitted to the Accounts Department or deposited with the Bank (Main Bank or Designated Banks) in the manner and in accordance with the procedure provided for in Chapter 8 - General Accounting Procedures in Accounting Manual. Care has to be taken that the money is remitted or deposited either on the same day or by the next working day. Further, it shall be ensured that the funds are transferred from the Designated Bank Accounts to the Main Bank Account at such periodicity as may be prescribed by the finance head.

2.4. Checking of ledger accounts with the books of original entries, i.e., Cash Book and Journal Book

The daily postings of the entries in the Ledger Accounts from the Cash Book and the Journal Book shall be checked and certified by the Head of the Accounts Department or other designated officer. The employee making the concerned posting shall also certify the posting of each transaction recorded in the books of original entries. Necessary rectification entries shall be passed immediately in respect of differences or errors in posting.

2.5. Verification of number of receipts issued as reported by the collection office with the Collection Register

On receipt of Challans for Remittance of Money from the Collection office, the Head of the Department supervising the functioning of the Collection office shall verify the duplicate copies of

the receipts issued with the entries made in the Collection Register and in the Challans for Remittance of Money. The number of receipts cancelled shall be reported in the Challans for Remittance of Money.

2.6. Updating of Subsidiary Ledger

The Accounts Department shall update the following Subsidiary Registers at the end of each day:

- a. Functions wise Income Subsidiary Ledger in respect of all major heads of Income during the day; and
- b. Functions wise Expense Subsidiary Ledger in respect of all major heads of Expenses during the day.

3. Monthly procedures

3.1. Bank Reconciliation

Bank Reconciliation shall be carried out for each of the Banks either on a monthly basis or for such shorter time interval as the finance head may decide.

3.2. Recording of expenditure incurred against permanent advance

At the end of each month, the Head of the Department, to whom permanent advance has been disbursed, shall prepare and submit a payment order for expenses incurred against the permanent advance. The Register of Permanent Advance maintained at the Departments shall be updated on a daily basis for the expenses incurred and updated for payment order prepared and sent to the Accounts Department.

3.3. Payment of provident fund dues and pension contribution

The Accounts Department shall ensure that the provident fund deducted from the salaries of the employees and the pension contribution payable for their benefit have been paid on time to the Government.

3.4. Reconciliation of Function-wise Income/Expense Subsidiary Ledgers with respective ledger accounts

Subsidiary ledgers of all Function-wise Income and Expense shall be reconciled. The following is an illustrative list of Subsidiary Ledgers for which the Accounts Department shall prepare reconciliation Statements on a monthly basis:

- a. Functions-wise Income Subsidiary Ledger in respect of all major heads of income during the day; and
- b. Functions-wise Expense Subsidiary Ledger in respect of all major heads of Expenses during the day.

3.5. Compilation of details of closing stock for preparation of financial statements at the end of the month

At the end of each month, the Stores-in-charge shall prepare a Statement of Closing Stock for the stocks held in the Stores and issues made for various purposes from the entries made in the Stores Ledger. The procedure for preparation of such statement and valuation of the closing stock has been out lined in Chapter –15 Stores in Accounting Manual.

3.6. Closing of Ledger Accounts

The ledger accounts shall be totaled and balanced at the end of each month or such shorter period as the finance head may decide. The closing balances for each of ledger accounts shall be determined and posted in the Trial Balance prepared for that period.

4. Quarterly Procedures

4.1. Reconciliation of deposits, advances, receivables and income

The deposits received from contractor/supplier or any other deposit; advances provided to contractor/supplier or to the divisions or employees of the Thromde; receivables in respect of various sources of income and money received from various sources of income shall be reconciled at the end of each quarter.

4.2. Provision for period-end expenses

At the end of an accounting period (quarter), all the divisions of the Thromde shall prepare a Statement of Outstanding Liability for Expenses in Form 28 in Accounting Manual. The procedures for making period-end provision entries has been out lined in the relevant chapters and are briefly described below:

- a. Provision for expenses incurred on original work/operations or maintenance work for which either no payment has been made, or part payment has been made against the bills received, shall be made in accordance with the procedures outlined in Chapter on Other Revenue expenditure.
- b. Provision for materials purchased for which either no payment has been made, or part payment has been made against the bills received, by the Stores, shall be made in accordance with the procedures outlined in Chapter 15 – Stores in Accounting Manual. Provision shall also be made for materials received for which bills are not received at the values indicated in the Purchase Order.
- c. Provision for revenue expenditures other than those described above for which either no payment has been made, or part payment has been made against the bills received, shall be made in accordance with the procedures outlined in Chapter 14 - Other Revenue Expenditures in Accounting Manual.
- d. Provision for interest accrued but not due on the money borrowed through loans or debentures shall be made in accordance with the procedures out lined in Chapter 19 – Accounting for Borrowings in Accounting Manual.
- e. Provision for fixed Assets purchased, for which either no payment has been made, or part payment has been made against the bills received, shall be made in accordance with the procedures outlined in Chapter 12 - Fixed Assets in Accounting Manual.
- f. Provision for Depreciation on Fixed assets shall be calculated in accordance with the procedures out lined in the Chapter 12 – Fixed Assets in Accounting Manual.

4.3. Transfer of revenue grant received in advance for specific purpose to grant income

The balance in the Revenue Grant Account received in advance, to the extent utilized during the period shall be transferred to the respective Grant Income Account. Where such transfer has not been made, the Accounts Department shall pass the relevant entries in accordance with the procedures outlined in Chapter 13 –Capital & Revenue Grant/Subsidy.

4.4. Recognition of grant income for revenue expenditure incurred in respect of grant receivable as reimbursement

The revenue expenditure incurred during the period towards specific projects/schemes under a grant receivable, as a reimbursement shall be recognized as income at the end of each quarter. Where such income has not been recognized, the Accounts Department shall pass the relevant entries in accordance with the procedures out lined in Chapter 13 –Capital & Revenue Grant/Subsidy.

4.5. Accrual of interest on borrowings

Interest charges on loans received, which is not due shall be accrued, in accordance with the procedures out lined in Chapter 19 – Borrowings in Accounting Manual.

4.6. Accrual of interest on investments

Interest accrued but not due on Investments made shall be accrued in accordance with the procedures outlined in Chapter 18 – Investments in Accounting Manual.

4.7. Accrual of interest on loans advanced to employees

The amount of interest accrued in respect of loans provided to employees shall be determined and accrued in accordance with the procedures out lined in Chapter 17 - Employee Related Transactions in Accounting Manual.

4.8. Reconciliation of Capital Work in Progress/Inventory

Expenditure incurred on cumulative total of several Capital Work-in-Progress/Inventory Ledger Accounts should be reconciled at the end of each quarter with the Summary Statement of Status on Capital Work-in-Progress/Inventory received from the department. The Accounts Department shall ensure that total expenditure incurred as stated in the Statement tallies with the cumulative total of several Capital Work-in-Progress/Inventory Ledger Accounts.

4.9. Reconciliation of Inter-Unit Account balances

At the end of each period reconciliation of inter unit transactions is intended to identify the disputed/unaccepted inter-unit transactions between an ‘originating AU’ and the ‘responding AU’ and take appropriate action for rectification. Further, reconciliation of inter unit account is necessary in the process of consolidation of Thromde at the head office level as the balances of inter unit account balances shall be nullified.

4.10. Passing of adjustment entries

At the period-end, the Accounts Department shall verify whether proper distinction has been maintained between revenue and capital transactions and between the transactions having effect in two accounting periods. In case, any income or expenditure for the previous periods or the subsequent periods has been accounted for as income or expenditure of the current period, the rectification entries as out lined in Chapter 8 - General Accounting Procedures in Accounting Manual shall be made by the Accounts Department.

4.11. Closing of ledger accounts

The ledger accounts shall be totaled and balanced at the end of each quarter or such shorter period as the finance head may decide for preparation of Financial Statements. The closing balances for each of ledger accounts shall be determined and posted in the Trial Balance prepared for that period. The procedures for preparation of Trial Balance, and, from it, the Financial Statements. The closing balance in the Assets and liabilities ledger accounts of the period shall be carried forward as opening balance of the next period.

5. Annual procedures

All the period-end procedures, including the passing of adjustment entries performed at the end of each quarter, as explained above, shall also be performed at the end of each accounting year. In addition to that, further period-end procedures required to be performed at the year-end have been described below.

5.1. Physical verification of stores

The physical verification of stores and consumables shall be carried out at least once in a year on the last day of the accounting year and at such time intervals as the finance head may decide. The verification shall be carried out by the Stores in charge in presence of the personnel of the Audit Department, who shall certify the stock sheet. The physically verified stores shall be reconciled with the balances as per the stores records. The value of physically verified closing stock would be incorporated in the Financial Statements. The procedure for valuation of closing stock has been out lined in Chapter 15 – Stores in Accounting Manual.

5.2. Physical verification of fixed assets

A Committee consisting of Head of the Accounts Department, Head of the Fixed Assets Department and such other representatives as the Thromdes Statutory Authority resolves shall be formed. The Committee shall ensure the existence of a system of conducting physical verification of fixed Assets throughout the year so that each fixed asset is verified at least once during the year. Any discrepancies with the Fixed Assets Register should be reconciled and brought to the attention of the Statutory Authority. For this, the Committee shall prepare a plan of action for physical verification of its fixed assets. The Accounts Department together with the other such Department shall carry out physical verification as per the procedures provided in the verification plan. The details recorded in the verification sheets shall be checked with the relevant Fixed Assets Registers and suitable remedial steps shall be taken in case of discrepancies identified.

5.3. Confirmation of all categories of advances

At the end of the year, the Accounts Department shall obtain a confirmation from all the persons to whom the advances have been provided including the Head of the Department for Permanent Advance and employees of the Thromde for miscellaneous advance provided.

5.4. Provision for unrealized revenue

A provision shall be made for the EMI receivable during the accounting period but remaining outstanding. The procedure for provisioning, the amount to be provided and the accounting entries have been outlined in the respective chapters on incomes. The arrears of Receivable shall be carried forward year-wise depending on the provision norm applicable to that Income. Further, the Accounts Department shall make a provision based on the provisioning principle suggested for various types of Income.

5.5. Accounting of prepaid expenses

At the year-end, all the expenses shall be scrutinized to identify those expenses whose benefit is likely to accrue in the next year and a prepaid entry shall be passed in accordance with the procedures outlined in Chapter 14 – Other Revenue Expenditures in Accounting Manual.

5.6. Confirmation from Government/Quasi-government and Government owned agencies

At the end of each accounting year, the Accounts Department shall prepare and forward a balance confirmation statement to Government and Quasi-government and various government owned agencies in the format as prescribed. Based on replies received, the Accounts Department shall undertake appropriate remedial action, including passing of necessary rectification entries, for reconciling the balances.

5.7. Closing of ledger accounts

In addition to closing of ledger accounts at the end of each quarter, the ledger accounts shall be balanced and totaled at the end of each accounting year, i.e., on 30 June, for preparation of Financial Statements. The closing balances for each of the ledger accounts shall be posted in the Trial Balance from which Financial Statements shall be prepared in accordance with the procedures out lined in the guidelines to the Financial Statements.

After the Annual Financial Statements have been prepared, the Accounts Department shall pass the following entries for transfer of income and expenditure ledger balances to the Income & Expenditure Account. Let us assume that total income earned by the Thromde for the Financial Year 2012-13 is Nu. 23,75,50,000 and total expenditure incurred (on salaries and wages paid to the employees, on repairs and maintenance of buildings and other structures, on stores consumed and other such expenditure) for the same Financial Year is Nu. 21,50,00,000.

For transfer of income ledger balances to income side of Income and Expenditure Statement:

Code of	Accounting Entry	Dr/Cr	Debit	Credit	Books to be
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Account			Amount (Nu)	Amount (Nu)	entered into
			Illustrative Figures	Illustrative Figures	
Income		Dr	237,550,000		Journal Book, Ledger
-		Dr			
-		Dr			
-		Dr			
-		Dr			
To Income & Expenditure Account		Cr		237,550,000	

Note:

- Balances of the income ledger accounts shall be posted on the right hand side of the Income and Expenditure Statement under the column heading “Income”.
- Insert Minor & Detailed Head Codes of Account

For transfer of expenditure ledger balances to expenditure side of Income and Expenditure Statement:

Code of Account	Accounting Entry	Dr/Cr	Debit Amount (Nu)	Credit Amount (Nu)	Books to be entered into
			Illustrative Figures	Illustrative Figures	
Income & Expenditure Account		Dr	215,000,000		Journal Book, Ledger
To Establishment Expenditure		Cr		70,000,000	
To Rent, Rates & Taxes		Cr		5,000,000	
To Printing		Cr		2,500,000	
To Repairs & Maintenance – Building		Cr		35,000,000	
To Central Stores - Consumed		Cr		7,500,000	
To Engineering Stores – Consumed		Cr		5,000,000	
To ...		Cr		-	
To ...		Cr		-	
To ...		Cr		-	
To ...		Cr		-	
To ...		Cr		-	
To ...		Cr		-	

Note:

- Balances of the expense ledger accounts shall be posted on the left-hand side of the Income and Expenditure Statement under the column heading “Expenditure”.
- Insert Minor & Detailed Head Codes of Account

The closing ledger balance in the assets and liabilities ledger accounts of the accounting year shall be carried forward as opening balance of the next accounting year.

6. Reconciliation Procedures

This portion of the volume describes the reconciliation procedures to be carried out periodically in respect of accounts by the Thomde. The objective of the reconciliation procedures is to ensure that if accounting information is recorded at more than one place, there are no discrepancies between the different sets of records. In case of differences, necessary adjustments may need to be carried out either by the Accounts Department or the Other Department.

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

The procedures will include the following:

- a. Bank Reconciliation;
- b. Inter-unit reconciliation;
- c. Reconciliation of deposits;
- d. Reconciliation of receivables and collections;
- e. Reconciliation of advances to:
 - i. Contractors/suppliers
 - ii. Departments of the Thomde and
 - iii. Employees of the Thomde
- f. Reconciliation of loans received (borrowings);
- g. Reconciliation of payables including contractors' payables;
- h. Reconciliation of balances with Government, quasi-Government agencies, Government Corporations;
- i. Reconciliation of loans given to others; and
- j. Reconciliation of the accounts for the income and expense heads falling under the following categories with the Function-wise Income/Expense Subsidiary Ledgers maintained at the Accounts Department in respect of those categories:
 - i. Fees
 - ii. Sale
 - iii. Establishment Expenses
 - iv. Administrative Expenses and
 - v. Repairs & Maintenance Expenses

7. Bank Reconciliation

Bank Reconciliation is a procedure which aims at reconciling the bank balance as shown in the Cash Book of the Thomde with the bank balance as per the pass book/statement received from the bank. The Bank Reconciliation shall be carried out on a monthly basis or such other shorter time intervals as the finance head may decide for each of the bank accounts maintained by the Thomde.

The bank balances as per the Cash Book and the Pass Book may not tally for the reasons listed in the table below:

Factors necessitating Bank Reconciliation

Reconciliation Factors	Effect on Cash Book Bank Balance	Effect on Bank balance as per Pass Book
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Cheque issued but not presented for payment	Bank balance reduces by that amount	No effect
Cheque cleared but not deposited	Bank balance increases by that amount	No effect
Cheque received but not deposited	Bank balance increases to the extent of cheque received but not deposited	No effect
Debit of charges by bank for any services rendered	No effect	Bank balance reduces to the extent of charges levied
Direct deposit of amount in the bank account	No effect	Bank balance increases to the extent of deposit
Interest allowed and credited by the Bank	No effect	Bank balance increases to the extent of interest credited
Payment by the bank in respect of standing instructions given to the Bank	No effect	Bank balance reduces to the extent of the payment made
Fixed Depositor any other sum directly credited by bank to the account	No effect	Bank balance increases to the extent of money credited
Any other reason which may result in difference between bank balance as per Cash Book and Pass Book		

The procedure to be followed for reconciling the bank balance as per the Cash Book with the balance as per the Pass Book/Bank Statement is as under:

The Bank Reconciliation shall be carried out on a monthly basis or at such shorter time intervals as the finance head may decide. In case the Bank Reconciliation is carried out monthly, it shall be completed within the first week of the next month.

8. Receipt entries in the Cash Book

The credit entries in the Bank Pass Book shall be compared with the entries in the Receipt Register and the entries appearing in both shall be ticked. The date when the cheque have been realized shall also be recorded in the Cheque Receipt Register.

The daily total of cheque realized in the bank shall be derived from the Cheque Receipt Register and the total shall be tallied with the entry in the Cash Book.

The unticked items represent the cheque received and deposited in the bank but not cleared for payment by the bank. Likewise, they may also represent those cases wherein cheque have been received but may not have been deposited with the bank.

The unticked items shall appear in the Bank Reconciliation Statement (BRS) of that period. The entries appearing in the BRS shall be examined for credit in the subsequent period's Bank Pass Book and those items, which do not reconcile shall be carried forward to the next period's BRS.

9. Payment entries in the Cash Book

The debit entries in the Bank Pass Book shall be compared with the entries in the Cheque Issue Register and the Cash Book and the entries appearing in both shall be ticked.

The unticked item represents the cheques issued by the Thromde but not presented to the bank for payment. Likewise, it may also represent those cases wherein cheques have been drawn and entered in the Cheque Issue Register but have not been issued to the payee.

The unticked items in the Cash Book shall appear in the Bank Reconciliation Statement of that period. The entries appearing in the Statement shall be traced for payment in subsequent period's Pass

Book/Bank Statement and those which are not reconciled shall be carried forward to the next period's Bank Reconciliation Statement.

All the cheques issued but not presented for payment within three months from their date of issue (or such shorter period as decided by the Thromde) will become stale and shall be re-debited to the relevant bank account with a corresponding credit entry in the Stale Cheques Account.

10. Other Entries in the Bank Pass Book/Bank Statement

There may be instances of bank charging service charges/commission or making payment against the standing instructions issued by the Thromde. Likewise, there may be instances of direct deposit with the bank by the debtor or credit of interest by the bank. These entries in the first instance are recorded only in the Pass Book and later incorporated in the Cash Book.

Care should be taken for identifying such items at the time of reconciliation and subsequently recording them in the Cash Book. Identification of bank charges entries in the Pass book is more important as these are identified only from the process of Bank reconciliation.

Further, any unduly high bank charges shall also be identified and corresponded with the Bank for clarifications. It is to be ensured that all the Bank Charges entry identified in the process of reconciliation shall be supported with the Bank's debit advice.

11. Bank Reconciliation Statement

The unticked items both in the Pass Book and the Cash Book shall be extracted for reconciliation in the following format classified according to their nature:

Bank Reconciliation Statement for Bank as on

Particulars	Amount (Nu.)	Amount (Nu.)
Bank Balance as per Cash Book		
Add: Cheques issued but not presented into bank (a cheque-wise list to be appended)		
Add: Cheques drawn but not actually issued to parties (a list to be appended)		
Add: Cheque issued and payment stopped by Thromde (a list to be appended)		
Add: Credits of investment proceeds in Bank (e.g. Fixed Deposits) accounted by the bank but not accounted for in Cash Book		
Add: Amount (Cash or Cheque) deposited by the depositor(s) into bank but not accounted for in Cash Book		
Add: Credit given by Bank either for interest or for any other account but not accounted for in Cash Book		
Sub-total		
Less: Cheques Deposited but not cleared		
Less: Payments directly made by the bank but not accounted for in Cash Book		
Less: Cheques deposited but dishonored		
Less: Service Charges/Bank Charges or any other charge levied by the Bank but not accounted for in Cash Book		
Bank Balance as per Pass Book/Bank Statement		

Details of the difference shall be given under each of the broad heads depicted above with a serial listing of all the cheques deposited with the bank or issued for payment, to the extent possible. Any other factor impacting the bank balance as per the Cash Book and Pass Book should be appropriately stated.

12. Reconciliation of Deposits

Reconciliation of Deposits aims at reconciling the balance of Earnest Money Deposit, Security Deposit and any other deposits received by the Thromde. The reconciliation shall be carried out between the records maintained at other departments and those maintained at the Accounts Department.

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

The Department which had received the deposits shall prepare a Reconciliation Statement of Deposits Outstanding from the Deposit Register in the format provided below for all the deposits received by it and forward it to the Accounts Department. This Statement shall be prepared for each type of deposit. In case there is a discrepancy between the records of the two, this statement may have to be prepared for each contractor/supplier.

Reconciliation Statement of Deposits Outstanding with the Thromde Received by Department as on

Particulars	Amount (Nu.)
Deposits outstanding at the beginning of the accounting period	
Add: Deposits received during the current accounting period (specify all the Statement of Collections through which deposit has been received)	
Less: Deposits returned during the current accounting period (specify all the Payment orders through which the deposit has been refunded)	
Less: Deposits Adjusted (Give details)	
Less: Deposits Lapsed	
Deposits outstanding at the end of the accounting period	

The balances computed above would be reconciled with the balances for Deposits shown in the Ledger of the Accounts Department and the Deposit Register (GEN-18) maintained by the concerned departments. The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the Department, which has recorded the entry incorrectly.

12.1. Reconciliation of Receivables and Collections

The receivables and collections shall be reconciled on a quarterly basis or such other shorter time intervals as the Thromde may decide. The procedure for reconciling the outstanding balance of receivables and collections shall be the same for all kinds of receivables, viz.:

- a. Sale of Property
- b. Receivables on account of other heads of revenues.

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

- a. The Revenue Department based on their records, especially the Demand Register and the Collection Register shall ascertain the information required in Table 5 below and forward the details to Accounts Department.

Table-5: Reconciliation Statement of Receivables and Collection Details for Department as on

Sl. No.	Particulars	Amount (Nu.)	Amount (Nu.)
A	OPENING BALANCE OF EMI OUTSTANDING		
i.	EMI outstanding in respect of the previous quarters/accounting periods of the current accounting year		
ii.	EMI outstanding in respect of previous accounting years (This detail should be given year wise, wherever applicable)		
B	Add: EMI due during the current Quarter/Period		

C	TOTAL EMI OUTSTANDING		
D	COLLECTIONS DURING THE CURRENT QUARTER/PERIOD		
i.	Collection of EMI pertaining to current quarter/accounting period		
ii.	Collection of EMI pertaining to previous quarters/accounting periods of the current accounting year during the current quarter/accounting period		
iii.	Collection of EMI pertaining to EMI for the previous accounting years collected during the current quarter/accounting period (This detail should be given year-wise, wherever applicable)		
iv.	Collection in advance pertaining to future accounting periods		
E	Total collections during the current quarter/accounting period (i+ ii + iii + iv)		
F	CLOSING BALANCE OF EMI OUTSTANDING		
i.	EMI outstanding in respect of the current quarters/accounting periods [B - D(i)]		
ii.	EMI outstanding in respect of the previous quarters/accounting periods of the current accounting year [A(i) - D(ii)]		
iii.	EMI outstanding in respect of previous accounting years (This detail should be given year wise, wherever applicable) [A(ii) - D(iii)]		

The Reconciliation Statement received by the Accounts Department shall be reconciled with the respective ledger accounts maintained by the Accounts Department. The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

12.2. Reconciliation of Advances given

This section describes the reconciliation procedure to be followed on a quarterly basis or such shorter intervals as the finance head may decide for reconciling the advances given to, namely:

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

13. Reconciliation of advance given to Contractors/Suppliers

The concerned Department shall maintain a record of the advances given to each of the contractors/suppliers. The Accounts Department shall also maintain a record of the advances provided in a Register of Advances.

The Department, which had initially sanctioned advance to the contractor/supplier, shall prepare a Reconciliation Statement of Advance Outstanding in the format given below for all the contractors/suppliers and forward it to the Accounts Department. In case, there is a discrepancy between the records of the two departments, this statement may have to be prepared for each contractor/supplier.

Reconciliation Statement of Advance Outstanding provided to Contractor/Supplier by Department as on ...

Particulars	Amount (Nu.)
Advance outstanding at the beginning of the accounting period	
Add: Further advance given during the current accounting period (specify all the	

Payment orders through which advance have been provided)	
Total Advance Provided	
Less: Advance recovered during the current accounting period (specify all the Statement of Collection through which advance had been recovered)	
Less: Advance Adjusted (Give details)	
Advance outstanding at the end of the accounting period	

The Reconciliation Statement of Advance Outstanding received by the Accounts Department shall be reconciled with the respective ledger accounts and the Register of Advances maintained by the Accounts Department. The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

14. Reconciliation of advances given to departments

The departments receiving the advances from the Accounts Department shall maintain a record of the advances received by them in Register of Permanent Advance. The Accounts Department shall also maintain a record of the advances provided to the departments in a Register of Advance.

The head of the concerned department shall send to the Accounts Department a confirmation of the advances provided to his department stating the purpose for which it was provided in the format provided below. The confirmation received shall be tallied with the Register of Advances by the Accounts Department.

Reconciliation Statement of Permanent Advance provided to Department as on

Particulars	Amount (Nu.)
Advance outstanding at the beginning of the accounting period	
Add: Further advance given/replenished during the current accounting period (specify all the Payment orders through which advance have been provided/replenished)	
Total Advance Provided	
Less: Expenditure incurred against the advance provided	
Advance outstanding at the end of the accounting period	

The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

15. Reconciliation of advance given to Employees

The employees of the Thromde may be provided with two kinds of advances namely - personal advance or miscellaneous advance.

The details of the personal advances granted to the employees shall be recorded in a Register of Advances. The details of recovery of advances shall also be recorded in that Register. At the end of the accounting period, a confirmation Statement shall be obtained from each of the employees to whom advance has been provided in the format provided below. The confirmation Statement so obtained shall be reconciled with the record of the employees maintained at the Establishment Department, where a consolidated Statement of Advance provided to Employees shall be prepared and forwarded to the Accounts Department. The Accounts Department shall reconcile the total amount of advance provided with the control ledger accounts.

Reconciliation Statement of Personal Advance provided to (name of the employee) as on

Particulars	Amount (Nu.)
Advance outstanding at the beginning of the accounting period	
Add: Further advance given during the current accounting period (specify all the	

Payment orders through which advance have been provided/replenished)	
Total Advance Provided	
Less: Advance recovered including recovery from the salary during the current accounting period	
Advance outstanding at the end of the accounting period	

In case of miscellaneous advance provided to employees for incurring expenses in the course of performing the duties of office, a confirmation Statement shall be obtained from the employee for the amount advanced stating therein, the expenditure already incurred together with its details and the balance remaining in hand, as in the format provided below. The statement obtained shall be confirmed with the records maintained in the Register of Advances.

Reconciliation Statement of Miscellaneous Advance provided to (name of the employee) as on

Particulars	Amount (Nu.)
Advance outstanding at the beginning of the accounting period	
Add: Further advance given during the current accounting period (specify all the Payment orders through which advance have been provided/replenished)	
Total Advance Provided	
Less: Expenditure incurred against advance provided	
Less: Advance adjusted (Give details)	
Advance outstanding at the end of the accounting period	

In the case of any discrepancy, measures shall be taken for rectification of the discrepancies, by way of either recovery of advance or where there is an error in accounting, by passing the necessary accounting entries.

16. Reconciliation of Loans Taken

The Accounts Department shall maintain a record of all the loans borrowed in Register of Loan. At the end of each accounting year, the Accounts Department shall prepare and forward to the lender, a Confirmation Statement for loan borrowed in the format provided below stating therein, the amount borrowed or disbursed directly to Executing Agency, the amount repaid and interest accrued and paid on the loan.

Confirmation Statement of Loan Borrowed from (Name of the Lending Agency) as on

Particulars	Amount (Nu.)	Amount (Nu.)
Loan outstanding at the beginning of the accounting year		
Add: Installments received during the accounting year		
Sub-total loan outstanding		
Less: Installments paid during the accounting year		
Net Loan outstanding at the end of the accounting year (A)		
Total Interest Payable at the beginning of the accounting year		
Add: Interest accrued during the accounting year		
Total Interest Payable		
Less: Interest paid during the accounting year		
Total Interest Payable at the end of the accounting year (B)		
Total amount due (principal plus interest) at the end of the accounting year (A+B)		

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

17. Reconciliation of Payables (Suppliers and Contractors)

The concerned departments and the Accounts Department maintain a Register of Bill for Payment in which all bills submitted for payment are recorded. The concerned department shall ascertain the information required as shown below and forward the details to the Accounts Department.

Reconciliation Statement of Payables Details for Department as on

Sl. No.	Particulars	Amount (Nu.)	Amount (Nu.)
A	OPENING BALANCE OF UNPAID BILLS		
i.	Bill outstanding in respect of the previous quarters/accounting periods of the current accounting year		
ii.	Bill outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable)		
B	Add: Bills received during the current quarter/period		
C	GROSS TOTAL LIABILITY OUTSTANDING (A + B)		
D	PAYMENTS DURING THE CURRENT QUARTER/PERIOD		
i.	Payment of bills pertaining to current quarter/accounting period of the current accounting year		
ii.	Payment of bills pertaining to previous quarters/accounting periods of the current accounting year during the current quarter/accounting period		
iii.	Payment of bills pertaining to previous accounting years during the current quarter/accounting period (This detail should be given year-wise, wherever applicable)		
E	Total payments during the current quarter/accounting period (i + ii + iii)		
F	CLOSING BALANCE OF UNPAID BILLS		
i.	Bill outstanding in respect of the current quarters/accounting periods of the current accounting year [B - D(i)]		
ii.	Bill outstanding in respect of the previous quarters/accounting periods of the current accounting year [A(i) - D(ii)]		
iii.	Bill outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable) [A(ii) - D(iii)]		

The Reconciliation Statement received by the Accounts Department shall be reconciled with the respective ledger accounts maintained by the Accounts Department. The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

18. Reconciliation of Balances with Government, Quasi-Government Agencies, Government Corporations, etc.

Due to frequent transactions with various governments, quasi-government and government owned agencies; it becomes imperative to reconcile the balances between the books of account of the Thromde and the government/agencies.

At the end of each accounting year, the Accounts Department shall prepare and forward to the concerned authority/agency within 15 days from the end of the accounting year, a Confirmation Statement stating therein either,

- a. The amount receivable from the authority/agency as shown below, or
- b. The amount payable to the authority/agency also as shown below, depending on whether sum is receivable from or payable to the concerned authority/agency.

Confirmation Statement of balances receivable from as on

Sl. No.	Particulars	Amount (Nu.)	Amount (Nu.)
A	AMOUNT OUTSTANDING AS AT THE BEGINNING OF THE ACCOUNTING YEAR		
	Demand outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable)		
B	Add: Bills for Demand raised for Services rendered or Goods supplied during the current Accounting Year		
C	GROSS TOTAL DEMAND OUTSTANDING (A + B)		
D	COLLECTIONS RECEIVED DURING THE CURRENT ACCOUNTING YEAR		
i.	Collections pertaining to current accounting year		
ii.	Collections pertaining to previous accounting years during the current accounting year (This detail should be given year-wise, wherever applicable)		
E	Total collections made during the current accounting year (i + ii)		
F	CLOSING BALANCE OF DEMAND OUTSTANDING		
i.	Demand outstanding in respect of the current accounting year [B - D(i)]		
ii.	Demand outstanding in respect of previous accounting years (This detail should be given year wise, wherever applicable) [A - D(ii)]		

Confirmation Statement of balances payable to as on

Sl. No.	Particulars	Amount (Nu.)	Amount (Nu.)
A	AMOUNT OUTSTANDING AS AT THE BEGINNING OF THE ACCOUNTING YEAR		
	Bills outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable)		
B	Add; Bills received for payment during the current Accounting Year		
C	GROSS TOTAL LIABILITY OUTSTANDING (A + B)		
D	PAYMENTS MADE DURING THE CURRENT ACCOUNTING YEAR		
i.	Payments pertaining to current accounting year		
ii.	Payments pertaining to previous accounting years during the current accounting year (This detail should be given year-wise, wherever applicable)		
E	Total payments made during the current accounting year (i+ ii)		
F	CLOSING BALANCE OF OUTSTANDING		
i.	PAYMENTS i. Bills outstanding in respect of the current accounting year [B - D(i)]		
ii.	Bills outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable) [A - D(ii)]		

In case, where both the amount is due and payable to any authority/agency, both the Statements shall be submitted for balance confirmation to the authority/agency concerned.

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

19. Reconciliation of Ledger Balances in Income and Expense Accounts with Function-wise Income/Expense Subsidiary Ledgers

Function-wise Subsidiary Ledgers are to be opened in respect of all major income and expenses. The various incomes and expense accounts are to be posted directly from the Cash Book and/or Journal to the Main Ledger in the individual ledger accounts in respect of those income and expense heads. Simultaneously, entries are to be made in the Function-wise Subsidiary Ledger so that department-wise information is also readily available.

Periodically, the two sets of records viz., those in the Main Ledger, and those in the Subsidiary Ledgers should be reconciled to ensure that the totals in the respective places are matched.

Chapter 23: PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

1. Introduction

This chapter contains the recommendations relating to the Annual financial statements (Annual Accounts and Report) to be prepared by the Thromdes. It also contains the recommendations regarding periodical financial statements.

Preparation of Financial Statements comprising of various reports as stated below are the responsibility of the Head of the Accounts Department or Accounts officer.

The Annual Report of the Thromde shall include the following Financial Statements:

- a. Balance Sheet;
- b. Income and Expenditure Statement;
- c. Statement of Cash flows (a summary of Thromdes cash flow over a given period of time);
- d. Notes to Accounts; and
- e. Financial Performance Indicators.

2. Trial Balance

The process of preparation of the Financial Statements shall be preceded by preparation of a Trial Balance.

The Trial Balance shall be drawn as shown in the formats below:

Trial Balance for the period from _____ to _____

Account Code No.	Particulars	Debit (Nu.)	Credit (Nu.)

3. Income and Expenditure Statement

The Thromde shall also prepare a Statement of Income and Expenditure for every accounting period. It will show incomes and expenditures of the Thromde for an accounting period and the excess of income over expenditure or vice-versa for that period. The Income and Expenditure Statement shall be drawn from the Trial Balance. The various heads of incomes and expenditures shall be posted from the Trial Balance to the Income and Expenditure Statement.

Any income or expenditure under a particular individual head, which is more than 1% of the total gross income of the Thromde or Nu.1,00,000 whichever is higher, shall be shown separately in the Schedules annexed to the Income and Expenditure Statement.

The Income and Expenditure Statement shall be prepared in the prescribed format (Table 1).

4. Balance Sheet

The Thromde shall prepare a Balance Sheet at the end of each accounting period which will reflect the financial position of the Thromde as on a particular date. It presents the Assets, liabilities, funds and reserves of the Thromde as on a specified date.

The Balance Sheet is also drawn from the Trial Balance. Assets, liabilities, and reserve heads shall be posted from the Trial Balance to the Balance Sheet.

The Balance Sheet shall be prepared in the prescribed format (Table 2).

The details of various Balance Sheet items would be given in separate schedules attached to the Balance Sheet. The contents and formats for the various schedules attached to Income and Expenditure Account and Balance Sheet are provided in the following section.

5. Cash Flow Statement

The Thomdes may prepare a Statement of Cash flows in addition to Income & Expenditure and Balance Sheet. For the purpose of Thomdes, a cash flow statement provides information that enables users of the financial Statements to evaluate the changes in Assets and liabilities of a Thomde, its financial status, and the actual performance in terms of cash inflows and outflows.

Guidelines for preparation of the cash flow statements:

- a. The cash flow Statement shall report cash flows during the period classified by operating, investing, and financing activities. A Thomde presents its cash flows from operating, investing, and financing activities in a manner, which is most appropriate to its activities.
- b. Cash flow statement [Table 3] of a Thomde shall be prepared by ascertaining the cash flow from each of the activity. Cash flows from operating activities are the principal activities contributing to or utilizing the cash resources of the Thomde and other activities that are not investing or financing activities. Identification of transactions into operating activities primarily depends on whether the activities relates to delivery of civic services by the Thomde. Such activities include provision of solid waste management, repairs of roads, supply of water, etc.

The steps involved in calculation of cash flow from operating activities are as follows:

- a. The amount of excess of income over expenditure (or vice versa) as per ‘Income and Expenditure Account’ shall be entered in the Cash flow statement under ‘Operating activities’; and
- b. The amount of excess of income over expenditure (taken in the previous step) includes certain non-cash and non-operating incomes and expenditures. These shall be adjusted to the gross cash flow to determine the net cash flow from operating activities. Add all non-cash/non-operating expenditure to adjust and deduct all non-cash/non-operating income to adjust the Gross Cash Flow. A generalized list of such adjustments under incomes and expenses are:
 - i. Non-Cash Expenditure:
 - a) Deprecations
 - b) Write-off
 - c) Provisions
 - d) Decline in the value of investment
 - ii. Non-Operating Income:
 - a) Interest on deposits/loan received
 - b) Investment incomes
 - c) Profit or sale arising out of Assets
 - d) Appreciation in the value of Investments

The net cash flows as determined in the previous step shall be adjusted for changes in working capital (movement in current assets and current liabilities excepting those current Assets relating to ‘Investing’ or ‘Financing’ activity, for example loans and advances to employees is considered under financing activity).

Changes during the period in current Assets and liabilities are as follows:

Current Assets/Liabilities	Current Year (1)	Previous Year (2)	Movements (1-2)
Inventories Receivables of Revenues			
Prepaid expenses			
Employee related payables			
Provision for expenses			

The cash flows arising from any extraordinary item shall be disclosed separately and classified as cash flows from operating activities unless they can be identified with financing or investing activities and this amount shall be added to 'cash flow from operating activities' as determined in the previous step. Example of extraordinary items is as follows:

- a. Relief funds;
- b. Receipts & payments on account of prior period income and expenses;

The total amount of cash flows from operating activities as determined in the previous step shall be shown as 'net cash generated from or used in operating activities'.

Cash flows from investing activities generally involve acquisition and disposal of long term assets and investments not included in cash equivalents.

The steps involved in calculation of cash flow from investing activities are as follows:

- a. All the movement of cash flows on account of the following shall be shown as separate line items under the 'Investing activities';
- b. Acquisition of fixed Assets;
- c. Purchase of investment in shares/equity or any other mode;
- d. Fixed Deposits with banks and other financial institutions; and
- e. Amounts expensed/utilized from Fund accounts.

It is to be noted that while calculating the movement of funds/grants account, any amount included by transfer from General/Thromde fund shall be adjusted, as there are no real cash inflows to the fund/grant accounts.

All items of incomes and expenditures in the nature of 'investing activities', which are adjusted while calculating cash flows from operating activities shall be considered appropriately for inclusion in the calculation of cash flows from investing activities. In addition, these items are to be included as separate line items. Examples of such items are:

- a. Proceeds from disposal of Assets/investments; and
- b. Proceeds from disposal of Assets/investments.

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

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

- a. The movement in loans availed by the Thromdes and loans & other advances given to employees/others shall be shown on a net basis instead of showing the amount of loans received/repaid during the year. Examples of such items are as follows:
 - i. Movement in loans from RGOB;
 - ii. Movement in Loans and advances to employees;
 - iii. Interest and finance expenses paid; and

b. Movements in loans are calculated as follows:

Particulars	Amount (Nu.)
Loan amounts received during the period	XXX
Less: Loan amounts repaid during the year	XXX
Net movement amount of loans received/(repaid)	XXX/XXX

Funds/grants received during the period under reporting shall be shown separately as amounts received under any fund/grant are in the nature of financing activities. Examples of such funds/grants are:

- a. Earmarked funds;
- b. Special grants; and
- c. Specific grants.

Cash and cash equivalents at the end of the period means the total of net cash flows generated from/(used in) each of operating, investing and financing activities, shall be shown as net increase/(decrease) in cash and cash equivalents during the period under reporting. In order to arrive at the 'Cash and cash equivalents at the end of the period under reporting', the amount of cash and cash equivalents at the beginning of the period under reporting shall be added to 'net increase/(decrease) in cash and cash equivalents' during the period. It should be ensured that the amount of cash and cash equivalents at the end of the period under reporting shall be tallied with the total cash and bank balances at the end of the period as disclosed in the balance sheet of the Thromde.

6. Presentation of the Financial Statements

The Thromdes will prepare the financial statements according to the methods specified above and will present the financial statements as below.

Format for Income and Expenditure Statement [Table 1: IE 1-18], Balance Sheet [Table 2: B1-20], and Cash Flow Statement [Table 3], followed by detailed schedules are provided below.

TABLE 1: INCOME AND EXPENDITURE STATEMENT

For the period from 1 July 20XX to 30 June 20XX

	Item/Head of Account	Schedule No.	Current Year (Nu)	Previous Year (Nu)
A	INCOME			
	Tax Revenue	IE 1		
	Assigned Revenues & Compensation	IE 2		
	Rental Income from Thromde Properties	IE 3		
	Fees & User Charges	IE 4		
	Sale & Hire Charges	IE 5		
	Revenue Grants, Contributions & Subsidies	IE 6		
	Income from Investments	IE7		
	Interest Earned	IE8		
	Other Income	IE9		
	Total – INCOME			
B	EXPENDITURE			
	Establishment Expenses	IE 10		
	Administrative Expenses	IE 11		
	Operations & Maintenance	IE 12		
	Interest & Finance Expenses	IE 13		

	Programme Expenses	IE 14		
	Revenue Grants, Contributions & subsidies	IE 15		
	Provisions and Write-off	IE 16		
	Miscellaneous Expense Depreciation	IE 17		
C	TOTAL INCOME - EXPENDITURE			
	Gross surplus/(deficit) of income over expenditure before Prior Period Items (A-B)			
D	Add/Less: Prior period Items (Net)	IE 18		
E	Gross surplus/(deficit) of income over expenditure after Prior Period Items (CD)			
F	Less: Transfer to Reserve Funds			
G	Net balance being surplus/deficit carried over to Thromde Fund (E-F)			

TABLE 2: BALANCE SHEET

As at 30 June 20XX

	Item/Head of Account	Schedule No.	Current Year (Nu.)	Previous Year (Nu.)
A	SOURCES OF FUNDS			
A1	Reserves and Surplus			
	Thromde (General) Fund	B-1		
	Earmarked Funds	B-2		
	Reserves	B-3		
	Total Reserves and Surplus			
A2	Grants, Contributions for Specific Purpose	B-4		
	Loans			
	Secured loans	B-5		
	Unsecured loans	B-6		
A3	Total Loans			
	TOTAL SOURCES OF FUNDS [A1-A3]			
B	APPLICATION OF FUNDS			
B1	Fixed Assets	B-11		
	Gross Block			
	Less: Accumulated Depreciation			
	Net Block			
	Capital work-in-progress			
	Total Fixed Assets			
B2	Investments			
	Investment – General Fund	B-12		
	Investment – Other Funds	B-13		
	Total Investment			
B3	Current assets, loans & advances			
	Stock in hand (Inventories)	B-14		
	Sundry Debtors (Receivables)	B-15		
	Gross amount outstanding			
	Less: Accumulated provision against bad and doubtful receivables			
	Prepaid expenses	B-16		
	Cash and Bank Balances	B-17		

	Loans, advances and deposits	B-18		
	Total Current Assets			
B4	Current Liabilities and Provisions			
	Deposits received	B-7		
	Deposit works	B-8		
	Other liabilities (Sundry Creditors)	B-9		
	Provisions	B-10		
	Total Current Liabilities			
B5	Net current Assets (B3-B4)			
C	Other Assets	B-19		
D	Miscellaneous Expenditure (to the extent not written-off)	B-20		
	TOTAL APPLICATION OF FUNDS [B1+B2+B5+C+D]			
	Notes to the Balance Sheet – Attached			

TABLE 3: STATEMENT OF CASH FLOW

As at 31 March 20XX

Particulars	Previous Year (Nu.)		Current Year (Nu.)	
[A] Cash flows from operating activities				
Gross surplus/(deficit) over expenditure				
Add: Adjustments for Depreciation				
Less: Adjustments for Profit on disposal of assets				
Adjusted income over expenditure before effecting changes in current assets and current liabilities and extraordinary items				
Changes in current Assets and current liabilities				
(Increase)/decrease in Sundry debtor (Increase)/decrease in Stock in hand				
(Increase)/decrease in prepaid expense				
(Increase)/decrease in other current assets				
(Decrease)/increase in Deposits receive				
(Decrease)/increase in Deposits work				
(Decrease)/increase in other current liabilities				
(Decrease)/increase in provisions				
Extra ordinary items {please specify}				
Net cash generated from/(used in) operating activities [A]				
[B] Cash flows from investing activities				
(Purchase) of fixed assets & CWIP				
(Increase)/Decrease in Special funds/grants				
(Increase)/Decrease in Earmarked funds (Purchase) of Investments				
Add:				
Proceeds from disposal of assets				
Proceeds from disposal of investments				
Investment income received				
Interest income received				
Net cash generated from/(used in) investing activities [B]				
[C] Cash flows from financing activities				
Add:				

Loans from banks/others received				
Less:				
Loans repaid during the period				
Loans & advances to employees				
Loans to others				
Finance expenses				
Net cash generated from (used in) financing activities [C]				
Net increase/(decrease) in cash and cash equivalents (A + B + C)				
Cash and cash equivalents at beginning of period				
Cash and cash equivalents at end of period				
Cash and Cash equivalents at the end of the year comprises of the following account balances at the end of the year:				
• Cash Balances				
• Bank Balances				
• Scheduled co-operative banks				
• Balances with Post offices				
• Balances with other banks				
Total of the breakup of cash and cash equivalents				

Schedule IE-1: Tax Revenue

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Property tax		
	Water Tax		
	Sewerage Tax		
	Conservancy Tax		
	Lighting Tax		
	Education tax		
	Vehicle Tax		
	Tax on Animals		
	Electricity Tax		
	Professional Tax		
	Advertisement tax		
	Other taxes		
	Sub-total		
	Less: Tax Remissions and Refund [Schedule IE- 1 (a)]		
	Sub-total		
	Total tax revenue		

Schedule IE-1 (A): Remission and Refund of taxes

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Property taxes		
	Advertisement tax		
	Others		
	Total refund and remission of tax revenues		

Schedule IE-2: Assigned Revenues & Compensation

Account	Particulars	Current	Previous
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Code		Year (Nu.)	Year (Nu.)
	Taxes and Duties collected by others		
	Compensation in lieu of Taxes/duties		
	Compensations in lieu of Concessions		
	Total assigned revenues & compensation		

Schedule IE-3: Rental income from Thromde Properties

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Rent from Civic Amenities		
	Rent from office Buildings		
	Rent from Guest Houses		
	Rent from lease of lands Other rents		
	Sub-Total		
	Less: Rent Remission and Refunds		
	Sub-total		
	Total Rental Income from Thromde Properties		

Schedule IE-4: Fees & User Charges – Income Head-wise

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Empanelment & Registration Charges		
	Licensing Fees		
	Fees for Grant of Permit Fees for Certificate or Extract		
	Development Charges		
	Regularization Fees		
	Penalties and Fines		
	Other Fees		
	User Charges		
	Entry Fees		
	Service/Administrative Charges		
	Other Charges		
	Sub-Total		
	Less: Rent Remission and Refunds		
	Sub-total		
	Total income from Fees & User Charges		

Schedule IE-5: Sale & Hire Charges

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Sale of Products		
	Sale of Forms & Publications		
	Sale of stores & scrap Sale of Others		
	Hire Charges for Vehicles Hire Charges for Equipment		
	Total Income from Sale & Hire charges – income head-wise		

Schedule IE-6: Revenue Grants, Contributions & Subsidies

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Revenue Grant		
	Re-imburement of expenses		
	Contribution towards schemes		
	Total Revenue Grants, Contributions & Subsidies		

Schedule IE-7: Income from Investments – General Fund

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Interest on Investments		
	Dividend		
	Income from projects taken up on commercial basis		
	Profit in Sale of Investments		
	Others		
	Total Income from Investments		

Schedule IE-8: Interest Earned

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Interest from Bank Accounts		
	Interest on Loans and advances to Employees Interest on loans to others		
	Other Interest		
	Total – Interest Earned		

Schedule IE-9: Other Income

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Deposits Forfeited		
	Lapsed Deposits		
	Insurance Claim Recovery		
	Profit on Disposal of Fixed asses		
	Recovery from Employees		
	Unclaimed Refund/Liabilities		
	Excess Provisions written back		
	Miscellaneous Income		
	Total Other Income		

Schedule IE-10: Establishment Expenses

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Salaries, Wages and Bonus Benefits and Allowances		
	Pension		
	Other Terminal & Retirement Benefits		
	Total establishment expenses		

Schedule IE-11: Administrative Expenses

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Rent, Rates and Taxes		
	Office maintenance		
	Communication Expenses		
	Books & Periodicals		
	Printing and Stationery		
	Traveling & Conveyance		
	Insurance		
	Audit Fees		
	Legal Expenses		
	Professional and other Fees		
	Advertisement and Publicity		
	Membership & subscriptions		
	Other Administrative Expenses		
	Total administrative expenses		

Schedule IE-12: Operations & Maintenance

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Power & Fuel Bulk Purchases		
	Consumption of Stores Hire Charges		
	Repairs & maintenance – Infrastructure Assets		
	Repairs & maintenance – Civic Amenities		
	Repairs & maintenance – Buildings		
	Repair & maintenance – Vehicles		
	Repairs & maintenance – Others		
	Other operating & maintenance expenses		
	Total operations & maintenance		

Schedule IE-13: Interest & Finance Charges

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Interest on Loans from Government		
	Interest on Loans from Government Bodies & Associations		
	Interest on Loans from International Agencies		
	Interest on Loans from Banks & Other Financial Institutions		
	Other Interest Bank Charges		
	Other Finance Expenses		
	Total Interest & Finance Charges		

Schedule IE-14: Programme Expenses

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Election Expenses		

	Own Programs		
	Share in Programs of others		
	Total Programme Expenses		

Schedule IE-15: Revenue Grants, Contributions & Subsidies

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Grants [specify details]		
	Contributions [specify details]		
	Subsidies [specify details]		
	Total Revenue Grants, Contributions & Subsidies		

Schedule IE-16: Provisions & Write-off

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Provisions for doubtful receivables		
	Provision for other Assets		
	Revenues written-off Assets written-off		
	Miscellaneous Expense written-off		
	Total Provisions & Write-off		

Schedule IE-17: Miscellaneous Expenses

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loss on disposal of Assets		
	Loss on disposal of Investments		
	Other Miscellaneous Expenses		
	Total Miscellaneous expenses		

Schedule IE-18: Prior Period Items (Net)

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Income		
	Taxes Other – Revenues		
	Recovery of revenues written-off		
	Other income		
	Sub-Total Income (a)		
	Expenses		
	Refund of Taxes		
	Refund of Other Revenues		
	Other Expenses		
	Sub-Total Income (b)		
	Total Prior Period (Net) (a-b)		

Schedule B-1: Thromde (General) Fund (Nu)

Account Code	Particulars	Water Supply, Sewerage	Road Development and	Commercial Projects	General Account
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		and Drainage	Maintenance		
	Balance as per last account				
	Additions during the year • Surplus for the year • Transfers				
	Total (Nu.)				
	Deductions during the year • Deficit for the year • Transfers				
	Balance at the end of the current year				

Schedule B-2: Earmarked Funds (Special Funds/Sinking Fund/Trust or Agency Fund)

Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	General Provident fund
Opening Balance (a)					
Additions to the Special Fund (b) • Transfer from Thromde Fund • Interest/Dividend earned on Special Fund Investments • Profit on disposal of Special Fund Investments • Appreciation in Value of Special Fund Investments Other addition (Specify nature)					
Total (a+b)					
(c) [I] Payments out of funds Capital expenditure on • Fixed Asset • Others: [II] Revenue Expenditure on • Salary, Wages and allowances, etc. • Rent Other administrative charges [III] Other: • Loss on disposal of Special Fund Investments • Diminution in Value of Special Fund Investments • Transferred to Thromde Fund					
Total (c)					
Net Balance of Special Funds (a+b)-(c)					

Schedule B-3: Reserves

Account Code	Particulars	Opening balance (Nu.)	Additions during the year (Nu.)	Total (Nu.)	Deductions during the year (Nu.)	Balance at the end of current

						year (Nu.)
1	2	3	4	5 (3+4)	6	7 (5-6)
	Capital Contribution Capital Reserve Borrowing Redemption Reserve Special Funds (Utilized) Statutory Reserve General Reserve Revaluation Reserve					
	Total Reserve funds					

Schedule B-4: Grants & Contribution for Specific Purposes

Account Code	Particulars	Grants from Government	Grants from Other Government Agencies	Grants from Financial Institutions	Others, specify
	Opening Balance (a)				
	Additions to the Grants* (b) <ul style="list-style-type: none"> • Grant received during the year • Interest/Dividend earned on Grant Investments • Profit on disposal of Grant Investments • Appreciation in Value of Grant Investments • Other addition (Specify nature) 				
	Total (a+b)				
	(c) Payments out of funds <ul style="list-style-type: none"> • Capital expenditure on Fixed Assets • Capital Expenditure on Other • Revenue Expenditure on <ul style="list-style-type: none"> ○ Salary, Wages, allowances etc. ○ Rent • Other: <ul style="list-style-type: none"> ○ Loss on disposal of Grant 				

	Investments <ul style="list-style-type: none"> o Diminution in Value of Grant Investments o Grants Refunded • Other administrative charges 				
	Total (c)				
	Net balance at the year-end (a+b)-(c)				

Schedule B-5: Secured Loans

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loans from Government Loans from Govt. bodies & Associations Loans from international agencies Loans from banks & other financial institutions Other Term Loans Bonds & debentures Other Loans		
	Total Secured Loans		

Notes:

- a. The nature of the Security shall be specified in each of these categories;
- b. Particulars of any guarantees given shall be disclosed;
- c. Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption;
- d. Rate of interest and original amount of loan and outstanding can be provided for every Loan under each of these categories separately;
- e. For loans disbursed directly to an executing agency, please specify the name of the Project for which such loan is raised.

Schedule B-6: Unsecured Loans

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loans from Government Loans from Govt. Bodies & Associations Loans from International Agencies Loans from Banks & Other Financial Institutions Other Term Loans Bonds & Debentures Other Loans Total Un-Secured Loans		

Note: Rate of interest and original amount of loan and outstanding can be provided for every Loan under each of these categories separately.

Schedule B-7: Deposits Received

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	From Contractors		
	From Revenues		
	From staff		
	From Others		
	Total deposits received		

Schedule B-8: Deposits Works

Account Code	Particulars	Opening Balance as the Beginning of the Year (Nu.)	Additions During the Current Year (Nu.)	Utilization / Expenditure (Nu.)	Balance Outstanding at the End of the Current Year (Nu.)
	Civil Works				
	Electrical works				
	Others				
	Total of deposit works				

Schedule B-9: Other Liabilities (Sundry Creditors)

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Creditors		
	Employee Liabilities		
	Interest Accrued and Due		
	Recoveries Payable		
	Government Dues Payable		
	Refunds Payable		
	Advance Collection of Revenues Others		
	Total Other liabilities (Sundry Creditors)		

Schedule B-10: Provisions

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Provision for Expenses		
	Provision for Interest		
	Provision for Other Assets		
	Total Provisions		

Schedule B-11: Fixed Assets

Account Code	Particulars	Gross Block				Accumulated Depreciation				Net Block	
		Opening Balance	Additions During the Period	Deductions During the Period	Cost at the End of the Year	Opening Balance	Additions During the Period	Deductions During the Period	Total at the End of the Year	At the End of Current Year	At the End of Previous Year
1	2	3	4	5	6	7	8	9	10	11	12
	Land Buildings Infrastructure Assets Other Assets Plants & Machinery Vehicles office & other equipment Furniture, fixtures, fittings and electrical appliances Other fixed Assets										
	Total										

Additional disclosures to the Schedule

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

Note:

- a. Additions include fixed Assets created out of Earmarked Funds and Grants transferred to fixed block as referred to in Schedule B-2 and B-4.
- b. 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.
- c. Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, building, public buildings temporary structures and sheds, etc.
- d. No depreciation is to be charged on Land.

Schedule B-12: Investments – General Funds

Account Code	Particulars	With whom Invested	Face Value (Nu.)	Current Year Carrying Cost (Nu.)	Previous Year Carrying Cost (Nu.)
	<ul style="list-style-type: none"> • Government Securities • Debentures and Bonds • Equity Shares • Units of Mutual Funds • Other Investments 				
	Total of Investments General Fund				

Schedule B-13: Investments – Other Funds

Account Code	Particulars	With whom Invested	Face Value (Nu.)	Current Year Carrying Cost (Nu.)	Previous Year Carrying Cost (Nu.)
	<ul style="list-style-type: none"> • Government Securities • Debentures and Bonds • Equity Shares • Units of Mutual Funds • Other Investments 				
	Total of Investments General Fund				

Schedule B-14: Stock in Hand (Inventories)

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Stores Loose Tools Others		
	Total Stock in hand		

Schedule B-15: Sundry Debtors (Receivables)

Account Code	Particulars	Gross Amount (Nu.)	Provision for Outstanding Revenues (Nu.)	Net Amount (Nu.)	Previous Year Net Amount (Nu.)
	Receivables for Property Taxes				
	Less than 5 years				
	More than 5 years*				
	Sub-total				
	Less: Government Cesses/Levies in Taxes				
	Net Receivables of Property Taxes				
	Receivable of Other Taxes				
	Less than 3 years				
	More than 3 years				

	Sub-total Less: Government Cesses/Levies in Taxes				
	Net Receivables of Other Taxes				
	Receivables of Cess Income Less than 3 years More than 3 years Sub-total				
	Receivables for Fees and User Charges Less than 3 years More than 3 years Sub-total				
	Receivables from Other Sources Less than 3 years More than 3 years Sub-total Receivables from Government Sub-total				
	Total of Sundry Debtors (Receivables)				

Schedule B-16: Prepaid Expenses

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Establishment Administrative Operations & Maintenance		
	Total Prepaid expenses		

Schedule B-17: Cash and Bank Balances

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Cash Balance with Bank - Thromde Funds Nationalized Banks Other Scheduled Banks Scheduled Co-operative Banks Post office Sub-total		
	Balance with Bank - Special Funds Nationalized Banks Other Scheduled Banks Scheduled Co-operative Banks Post office Sub-total		

	Balance with Bank - Grant Funds Nationalized Banks Other Scheduled Banks Scheduled Co-operative Banks Post office		
	Sub-total		
	Total Cash and Bank balances		

Schedule B-18: Loans, advances, and deposits

Account Code	Particulars	Opening balance as the beginning of the year (Nu.)	Paid during the Current year (Nu.)	Recovered during the year (Nu.)	Balance outstanding at the end of the current year (Nu.)
	Loans and advances to employees Employee Provident Fund Loans to Others Advance to Suppliers and Contractors Advance to Others Deposit with External Agencies Other Current Assets				
	Sub-Total				
	Less: Accumulated Provisions against Loans, Advances and Deposits [Schedule B-18 (a)]				
	Total Loans, advances, and deposits				

Schedule B-18 (a): Accumulated Provisions against Loans, Advances, and Deposits

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loans to Others Advances Deposits		
	Total Accumulated Provision		

Schedule B-19: Other Assets

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Deposit works Other assets Control accounts		
	Total Other Assets		

Schedule B-20: Miscellaneous Expenditure (to the extent not written-off)

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loan Issue Expenses Deferred Discount on Issue of Loans Deferred Revenue Expenses Others		
	Total Miscellaneous expenditure		

7. Notes to Accounts

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

7.1. Statement of Significant Accounting Principles

The Statement of Significant Accounting Principles shall state important accounting principles followed by the Thromde in respect of accounting for its transactions and in the preparation and presentation of the Financial Statement.

There may be instances where any of the accounting principles adopted by the Thromde while preparing its Financial Statements is not in conformity with the principles prescribed in this Accounts Manual and the effect of deviation from the accounting principles is material. In such a case, the particulars of the deviation shall be disclosed together with the reasons therefore and the financial effect thereof, except where such effect is not ascertainable. The disclosure of such deviation reasons thereof and financial effect thereof shall be made in the section "Other Disclosures." In case the financial effect thereof is not ascertainable, either wholly or in part, the fact that it is not so ascertainable shall be indicated.

Likewise, any change in the accounting principles which has no material effect on the Financial Statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted.

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

7.1.1. Basis of Accounting

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

7.1.2. Recognition of Revenue

Revenue

- a. Property and Other Taxes are recognized in the period in which they become due and demands are ascertainable;
- b. Revenues in respect of Profession Tax on Organizations/entities are accrued in the year to which it pertains and when demands are raised;
- c. Advertisement taxes are accrued based on Demand or the contract;
- d. Revenue in respect of Trade License Fees is accrued in the year to which it pertains and when Demands are raised;
- e. Assigned revenues like Entertainment Tax, Duty/Surcharge on transfer of Immovable properties are accounted during the year only upon actual receipt. However, at year-end, they are accrued if sanction order (or proceedings) is passed and the amount is ascertained;

- f. Other Incomes, which are of an uncertain nature or for which the amount is not ascertainable or where demand is not raised in regular course of operations, is recognized on actual receipt.

Provision against receivables

- a. Prudential norms are applied based on type of income and age of receivable. Based on the principle on provisioning, incomes that have been accrued and are doubtful of recovery are provided for.

Recognition of Expenditure

- a. Expenses on Salaries, bonus and other allowances are recognized as and when they are due for payment;
- b. All revenue expenditures are treated as expenditures in the period in which they are incurred;
- c. In cases of works, expenditures are accrued as soon as the work has been measured and becomes due for payment;
- d. Provision for expenses are made at the year-end for all bills received up to a cut-off date.

7.1.3. Fixed Assets

Recognition

- a. All Fixed Assets are carried at cost less accumulated depreciation. The cost of fixed assets include cost incurred/money spent in acquiring or installing or constructing the fixed asset, interest on borrowings directly attributable to acquisition or construction of qualifying fixed Assets up to the date of commissioning of the assets and other incidental and indirect expenses incurred up to that date;
- b. All assets costing less than Nu. 5,000/- would be expensed/charged to Income & Expenditure Account in the year of purchase;
- c. Any Fixed Asset, which has been acquired free of cost or in respect of which no payment has been made, is recorded at nominal value of Nu. 1.

Depreciation

- a. Depreciation is provided on Straight Line Method.

Revaluation of Fixed Assets:

- a. Revaluation of fixed assets is undertaken either at the time of issue of Thromde bonds or when commercial development/lease of properties are made;
- b. Increase in net book value arising on revaluation is credited to 'Revaluation Reserve Account'. Decrease in net book value is charged to Income and Expenditure account;
- c. Revaluation reserve is amortized by equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.

Borrowing cost

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

Inventories

- a. Inventories are valued as follows:
- b. Raw materials are valued at Cost based on first in first out method;
- c. Finished goods are valued at lower of the cost or market value.

7.1.4. Grants

- a. General Grants, which are of revenue nature, are recognized as income on actual receipt;
- b. Grants, which are re-imbusement of specific revenue expenditure, is recognized as income in the accounting period in which the corresponding revenue expenditure is charged to the Income and Expenditure Account;
- c. Grant received towards capital expenditure is treated as a liability till such time the fixed asset is constructed or acquired. On construction/acquisition of fixed asset, the grant corresponding to the value of the Asset so constructed/acquired is treated as a capital receipt and transferred to capital contribution.

7.1.5. Employee benefits

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

7.1.6. Investments

- a. All investments are initially recognized at Cost. The cost of Investment shall include cost incurred in acquiring the investment and other incidental expenses incurred for its acquisition;
- b. Long-term investments are carried at their cost. However, in the event of any permanent diminution in their value as on the date of balance sheet, these are provided for;
- c. Short-term investments are carried at their cost or market value (if quoted) whichever is lower.

7.2. Statement on Contingent Liabilities

The Contingent Liabilities represent an obligation, relating to a past transaction or other event or condition, that may arise in consequence of a future event now deemed possible but not probable. They represent a claim against the Thomde, which is contingent on the happening of a future uncertain event, the financial implications of which may or may not be ascertainable at the end of an accounting period. The following shall be disclosed by the Thomde in the 'Statement on Contingent Liabilities':

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

7.3. Subsidy Report

In accordance with the provisions and rules of the act governing the Thomde, and instructions of the Government, the Thomde shall prepare a Subsidy Report on the following services, which shall be annexed to the Annual Financial Statements:

- a. Water supply and disposal of sewage;
- b. Scavenging, transporting and disposal of wastes;
- c. Thomde transport;
- d. Street lighting;

e. Schools.

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

Subsidy Report for the period from to

Account Code	Particulars	Current Year' Figures Amount (Nu.)	Previous Year's Figures Amount (Nu.)
	EXPENDITURE		
	Establishment expense		
	Administration expenses		
	Operation and Maintenance Expenses		
	Interest on Loans and Financial Charges Depreciation		
	Other Expenses		
	TOTAL EXPENDITURE (A)		
	INCOME		
	Charges levied on rendering of Service Taxes levied		
	Other Income		
	TOTAL INCOME (B)		
	SUBSIDY PROVIDED (A-B)		

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

7.4. Other Disclosures

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

- a. Details of the expenses incurred under various Government Circulars together with the details, in broad terms, of the beneficiaries;
- b. Details of honorarium paid to Executive Secretary and Thrompon;
- c. The following shall be disclosed separately in case of each of the incomes of the Thromde:
- d. amount of refunds, remissions and write-offs made during the year, and
- e. Arrears collected during the year.

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

- a. Percentage of properties defaulting on property tax both in terms of number and value in comparison to total properties and income earned;
- b. Percentage of Connections, category-wise, defaulting on payment of water supply charges both in terms of number and value in comparison with the total number of Connections and demand raised together with the remedial measures taken;
- c. Details about the water purification and water distributed and billed in terms of quantity;
- d. Number of lamp-posts erected and the areas in which they are erected (the expenses incurred in respect of the street lighting shall be given in the Subsidy Report);
- e. Age analysis of receivables;

- f. Age analysis of payables; and
- g. Such other details as the Thromde may decide to give for better disclosure and governance.

8. Financial Ratio Analysis

On preparation of Financial Statements, the Accounts Department shall compute and present the following Financial Ratios as depicted in the format below to study the performance of the Thromde/Department

Financial Ratios as on.....

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

29	Expenditure per Citizen ... (Nu.)		
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The Financial Ratios shall be calculated while using the formulas shown below.

Computation of Financial Ratio

Sl. No.	Financial Ratio	Method of Computation	Description of the Ratio
Income Ratios			
1	Tax Revenue to Total Income Ratio ... (%)	Tax Revenue X 100 Total Income	These Ratios depict the share of each income in the Total Income of the Thromde. Higher share of an individual income in the total income shows a high dependability on that source and therefore a high risk. The Thromde should try and develop other sources of income to reduce this risk.
1A	Property & Other Taxes to Total Income Ratio ... (%)	Property & Other Taxes X 100 Total Income	
IB	Octroi/Cess to Total Income Ratio ... (%)	Octroi/Cess X 100 Total Income	
2	Assigned Revenues & Compensations to Total Income Ratio ... (%)	Assigned Revenues & Compensations X 100 Total Income	
3	Rental Income from Thromde Properties to Total Income Ratio ... (%)	Rental Income from Thromde Properties X 100 Total Income	
4	Fees & User Charges to Total Income Ratio ... (%)	Fees & User Charges X 100 Total Income	
5	Revenue Grants, Contributions & Subsidies to Total Income Ratio ... (%)	Revenue Grants, Contributions & Subsidies x 100 Total Income	
Expense Ratios			
6	Establishment Expenses to Total Income Ratio ... (%)	Establishment Expenses X 100 Total Income	These Ratios depict the share of each expense in the total income of the Thromde. The Thromde should try and keep these ratios as low as possible so that a higher surplus can be earned. However, this should not be at the sacrifice of service to the citizens.
7	Administrative Expenses to Total Income Ratio ... (%)	Administrative Expenses X 100 Total Income	
8	Operations & Maintenance to Total Income Ratio ... (%)	Operations & Maintenance X 100 Total Income	
9	Interest Expense to Total Income Ratio ... (%)	Interest Expense X 100 Total Income	
Net Income Ratios			
10	Cash Surplus/Deficit to Total Income Ratio ... (%)	Cash Surplus or Deficit X 100 Total Income Where Cash Surplus or Deficit is obtained from Receipts & Payments Account as difference between Operating Receipts and Operating Expenses.	This Ratio indicates the cash surplus or deficit generated as a percentage to the total income of the Thromde.
Efficiency Ratios			
11	Gross Property Tax	Average Gross Property Tax	These ratios indicate the average

	Receivables Ratio ... (No. of Days)	$\frac{\text{Receivable for property tax raised during the year}}{\text{Where Average Gross Property Tax (P.T.) Receivable} = \frac{\text{Opening P.T. Receivable} + \text{Closing P.T. Receivable}}{2}}$	number of days for which the receivables are outstanding on an average. The Thromde should try and keep these days very low.
12	Gross Cess Receivables Ratio ... (No. of Days)	$\frac{\text{Average Gross Cess Receivable} \times 365 \text{ Demand for cess income raised during the year}}{\text{Where Average Gross Cess Receivable} = \frac{\text{Opening Cess Receivable} + \text{Closing Cess Receivable}}{2}}$	
13	Property Tax Receivable to Property Tax Income Ratio ... (%)	Property Tax Receivable at the end of the year X 100 Demand for property tax raised during the year Where Property Tax Receivable is only in respect of the financial year under consideration and represents gross amount receivable at the end of the year (i.e. without deducting provision for unrealized property tax)	This Ratio indicates property tax outstanding as a percentage of current year's demand of property tax. Efforts should be made to keep this ratio as low as possible.
14	Cess Receivable to Cess Income Ratio ... (%)	Cess Receivable at the end of the year X 100 Demand for cess raised during the year Where Cess Receivable is only in respect of the financial year under consideration and represents gross amount receivable at the end of the year (i.e. without deducting provision for unrealized cess)	This ratio indicates cess outstanding as a percentage of current year's demand of cess. Efforts should be made to keep this ratio as low as possible.
15	Inventory Ratio ... (No. of Days Consumption)	$\frac{\text{Average Stock} \times 365 \text{ Store consumed during the year}}{\text{Where Average Stock} = \frac{\text{Opening Stock} + \text{Closing Stock}}{2}}$	This ratio shall be calculated in respect of major stores of the Thromde, for example, engineering stores, water supply stores, electricity stores, etc. This Ratio indicates the average number of days of stock lying with the Thromde. High number of days would indicate that the Thromde buys a lot of stock in advance, which if

			avoided, can result in less blockage of money into stock. The number of days should be decided based on the emergency nature of the item and the time it would take to procure items from the suppliers
18	Operations & Maintenance to Gross Fixed Assets Ratio ... (%)	Operations & Maintenance X 100 Gross Block of Fixed Assets (as at the end of the year)	This ratio indicates expenses incurred towards repairs & maintenance as a percentage of gross block of fixed assets. Although this is an essential expense to keep the assets in good working condition, higher ratio could indicate either bad maintenance or inefficient usage of the asset or frequent repairs to the same asset, both of which needs to be investigated.
19	Interest Expense to Loans Ratio ... (%)	Indicate range (highest & lowest) of interest percentage and nature of loan (for highest & lowest) in respect of loans outstanding at the end of the year	This ratio indicates the range of interest expenditure on loans availed by the Thromde. The Thromde should compare this with other Thromdes and Government Bodies to ensure that loans are availed at competitive rates.
Leverage Ratios			
20	Loans to Reserves Ratio or Debt-Equity Ratio ... (times)	Loans Reserves & Surplus	This Ratio measures the use of debt finance as a percentage to own funds of the Thromde.
21	Interest Coverage Ratio ... (times)	Surplus + Depreciation + Interest (incl. interest Capitalized) Interest (incl. interest capitalized)	This ratio indicates the comfort level with which the Thromde can meet its interest burden. This ratio is very important from the lender's point of view also.
22	Debt Service Coverage Ratio ... (times)	Surplus + Depreciation + Interest (incl. interest capitalized) Debt installments to be serviced (paid) during the next year + Interest (including interest to be capitalized)	This ratio indicates the comfort level with which the Thromde can service (pay) its debt installments and meets its interest burden. This ratio is very important from the lender's point of view also.
Investment Ratios			
23	Earmarked Fund to Earmarked Funds Ratio ... (%)	Earmarked Fund Investments X 100 Earmarked Funds	This ratio indicates the percentage of earmarked funds invested by the Thromde.
24	Interest on Investments Ratio ... (%)	Indicate range (highest & lowest) of interest percentage and nature of investment (for highest &	This Ratio indicates the range of interest earned on investments made by the Thromde. The Thromde should compare this

		lowest) in respect of investments outstanding at the end of the year	with other Thromdes and Government Bodies to ensure that Investments are made at best rates.
Liquidity Ratio			
25	Current Assets to Current Liabilities Ratio ... (times)	Current Assets Current Liabilities	This ratio indicates the ability of the Thromde to meet its obligations in the short run, usually one year.
Asset Ratios			
26	Fixed Assets to Total Assets Ratio...(%)	Fixed Assets X 100 Total Assets	This ratio indicates the share of fixed assets in the total assets of the Thromde
Performance Ratios			
27	Income per Employee ... (Nu.)	Total Income as per Income & Expenditure Account No. of Employees of the Thromde	These ratios indicate average income earned and average expenditure incurred per employee and per citizen of the Thromde. These ratios should be compared with other Thromdes and Government Bodies to benchmark the performance of the Thromde with others.
28	Expenditure per Employee ... (Nu.)	Total Expenditure as per Income & Expenditure Account No. of Employees of the Thromde	
9	Income per Citizen ... (Nu.)	Total Income as per Income & Expenditure Account No. of Citizens in the Thromde Area	
30	Expenditure per Citizen ... (Nu.)	Total Expenditure as per Income & Expenditure Account No. of Citizens in the Thromde Area	

Chapter 24: FORMS AND FORMATS

1. Introduction

This Chapter discusses the books of accounts, registers and forms that each Thromde will maintain to account for transactions under the accrual based double entry accounting system. Following is the list of forms to be maintained:

Sl. No.	Name	Number
General		
1.	Cash Book	GEN-1
2.	Journal Book	GEN-2
3.	Ledger	GEN-3
4.	Cash/Bank Receipt Voucher	GEN-4
5.	Cash/Bank Payment Voucher	GEN-5
6.	Contra Voucher	GEN-6
7.	Journal Voucher	GEN-7
8.	Receipt Register	GEN-8
9.	Statement on Status of Cheques Received	GEN-9
10.	Collection Register	GEN-10
11.	Summary of Daily Collection	GEN-11
12.	Register of Bills for Payment	GEN-12
13.	Payment order	GEN-13
14.	Cheque Issue Register	GEN-14
15.	Register of Advance	GEN-15
16.	Register of Permanent Advance	GEN-16
17.	Deposit Register	GEN-17
18.	Summary Statement of Deposits Adjusted	GEN-18
19.	Demand Register	GEN-19
20.	Bill of _____ Income	GEN-20
21.	Summary Statement of Bills Raised	GEN-21
22.	Register of Notice Fee, Warrant Fee, Other Fees	GEN-22
23.	Summary Statement of Notice Fee, Warrant Fee, Other Fees	GEN-23
24.	Register of Refunds, Remissions and Write-offs	GEN-24
25.	Summary Statement of Refunds and Remissions	GEN-25
26.	Summary Statement of Write-offs	GEN-26
27.	Statement of Outstanding Liability for Expenses	GEN-27
28.	Documents Control Register/Stock Account of Receipt/Cheque Book	GEN-28
29.	Register of Immovable Property	GEN-29
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32.	Asset Replacement Register	GEN-32
33.	Register of Public Lighting System	GEN-33
Public Works		
34.	Summary Statement of Status of Capital Work-in-Progress	PW-1
35.	Work Sheet	PW-2
36.	Deposit works Register	PW-3
Stores		
37.	Material Receipt Note	ST-1
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39.	Statement of Closing Stock	ST-3
Employee Related Transactions		
40.	Consolidated pay bill roll of the permanent/temporary Establishment	ES-1
41.	Register of Employee Loans/Advances	ES-2
42.	Register of Interest on Loans to Employees	ES-3
43.	Unpaid Salary Register	ES-4
Grants		
44.	Grant Register	G-1
Borrowings		
45.	Register of Loans	BR-1
46.	Register of Bonds/Debentures	BR-2
47.	Register of Sinking Fund	BR-3
Investments		
48.	Investments Ledger/Register	IN-1
49.	Calculation Sheet for provision for Diminution in value of Investments	IN-2
Loans		
50.	Register of Loans to Others	LA-1

Name of the Thromde
CASH BOOK (GEN-1)

Receipt								Payment							
Sl. No.	Date	Receipt Voucher No.	Code of Account	Particulars of Receipt	L/F	Cash Amount (Nu.)	Bank Account Amount (Nu.)	Sl. No	Date	Payment Voucher No.	Code of Account	Particulars of Payment	L/F	Cash Amount (Nu.)	Bank Account Amount (Nu.)

Name of the Thromde
JOURNAL BOOK (GEN-2)

Sl. No.	Date	Journal Voucher No.	Code of Account	Particulars	L/F	Debit Amount (Nu.)	Credit Amount (Nu.)

Name of the Thromde
LEDGER (GEN-3)

Date	Code of Account	Particulars	Folio No.	Amount (Nu.)		Balance
				Debit (Dr.)	Credit (Cr.)	

Name of the Thromde
Cash/Bank Receipt Voucher (GEN-4)

Voucher No:

Date:

Budget		Code of Account	Debit (Dr)	Credit (CR)	Amount (Nu.)
Function	Functionary				
Total (Ngultrum.....) only					
Prepared By:	Verified By:	Approved By:		Posted By:	
Date:	Date:	Date:			

Name of the Thromde
Cash/Bank Payment Voucher (GEN-5)

Voucher No:

Date:

Budget		Code of Account	Debit (Dr)	Credit (CR)	Amount (Nu.)
Function	Functionary				
Total (Ngultrum.....) only					
Prepared By:	Verified By:	Approved By:		Posted By:	
Date:	Date:	Date:			

Received Payment:

(Signature of Receiver)

Name of the Thromde
CONTRA VOUCHER (GEN-6)

Voucher No:

Date:

Code of Account	Account Description	Debit Amount (Nu.)	Credit Amount (Nu.)
Total (Ngultrum.....) only			
Prepared By:	Verified by:	Approve by:	Posted By:
Date:	Date:	Date:	Date:

Name of the Thromde
Journal Voucher (GEN-7)

Voucher No:

Date:

Budget		Code of Account	Account Description	Debit Amount (Nu.)	Credit Amount (Nu.)
Function	Functionary				
Total Ngultrum.....) only					
Prepared By:	Verified By:	Approved By:	Posted By:		
Date:	Date:	Date:	Date:		

Name of the Thromde
RECEIPT REGISTER (GEN-8)

Sl. No.	Receipt No.	Receipt Date	Mode of Receipt Cash/Cheque/Draft	Name of the Drawer	Cheque/Draft No.	Bank (for Amounts received through Cheque/Draft)	Cash (for Amounts received by Cash)	Deposited into Bank Account No.	Date of Deposit	Date of realization	Whether returned	Remarks*
Opening Total:												
Days/Periods Total* *												
Closing Total												

Name of the Thromde

STATEMENT OF STATUS OF CHEQUES RECIEVED FROM & BY (GEN-9)

Sl. No.	Sl. No. of the Statement of Cheques Deposited/Received	Date of the Statement of Cheques Deposited/Received	Cheque/Draft No.	Amount (Nu.)	Deposited into Bank Account No.	Realized/Returned	Date of Realization/Return Intimation from the Bank
Prepared By:				Received By:			
Checked By:				Dated:			

Name of the Thromde
COLLECTION REGISTER FOR THE YEAR 20... TO 20... (GEN-10)

Sl. No.	Date of Receipt	Receipt No. with Book No.	Name of the Payer	Ref. No.	Particulars of Income					Total (Nu.)	Remarks
					Account head* (Nu.)	Account head* (Nu.)	Account head* (Nu.)	Account head* (Nu.)	Others (Specify) (Nu.)		
1	2	3		4	5	6	7	8	9	10	11
Opening Total											
Days Total											
Closing Total											
Prepared By:					Entered By:						
Checked By:											

Name of the Thromde
SUMMARY OF DAILY COLLECTION OF (GEN-11)

Collection Office/Collection Centre:

Date:

Sl. No.	Name of the Department	Name of the Revenue Head	Debit Amount (Nu.)	Credit Amount (Nu.)	Deposited with*
1	2	3	4	5	6
1	Revenue Department	EMI Collected			
		Fees Collected			
		Charges Collected			
		Interest Collected			
		Penalty Collected			
Grand Total					
Amount in Words:					
Receipt No. Issued by the Collection office (in case collections are deposited with Collection office)					
	Cash	Nu.			
	Cheque (For cheques realized)	Nu.			
	Total	Nu.			
Prepared By:			Examined and Entered By:		
Checked By:			Accountant/Authorized officer		

Name of the Thromde

REGISTER OF BILLS/INVOICES FOR PAYMENT FOR THE YEAR (GEN-12)

Sl. No.	Date of presentation by the Supplier / Department	Name of Party / Department *	Particulars	Amt. of Bill (Nu.)	Initials of Authorized Officer	Date of Sanction	Voucher No.	Amt. Sanctioned (Nu.)	Date of Payment or Issue of Cheque	Amt. Disallowed (Nu.)	Balance Outstanding at the Year End (Nu.)	Reason for Delay in Payment	Remarks

Name of the Thromde
PAYMENT ORDER (GEN-13)

Invoice/Bill No.

Voucher No:

Date:

Name and address of Payee:

Stock/Bills for Payment Reference to Book/Register

Head of Account & Code:

Measurement/Fixed asset:

Sl. No.	Particulars of Work or Articles	Quality or Weight	Rate	Unit	Amount (Nu.)
1	2	3	4	5	6
	Total amount (in words)Nu.				
	(1) Amount Allotted	Certified that the rate and quantities shown in this bill are correct and the materials, articles have been received in good condition and have been entered in appropriate supplies register on numerical account at page			
	(2) Previous Expenditure Nu.				
	(3) Expenditure shown in the Bill Nu.				
	Total of (2) and (3) ... Nu.				
	Balance Available Nu.				
		Signature of Officer receiving the articles			
	Submitted to the Designated Authority for sanction	Resolution No. ... Date ... the sum of Nu. ... (in words) shown in the bill is sanctioned			
I have examined the claim and found it correct in all respects.					
	Date.....	Date.....			
	Pay Ngultrum.....(in words) to	The Accountant for payment			
	Date: Authorized Officer	Date: Authorized Officer			
	Received Payment of Nu. (in words) in full settlement of the claim.	Paid by cheque/draft No. Date			
		And entered in page..... the cash book on			
	Stamp	Chief Accounts Officer or the Authorized Officer			

	Payees Signature	
--	------------------	--

Name of the Thromde
CHEQUE ISSUE REGISTER (GEN-14)

Sl. No.	Date	Bank Payment Voucher No. & Date.	Payment order No. & Date	Name of the Payee	Nature of Payment	Cheque / Draft No.	Date of the Cheque / Draft	Amount (Nu.)	Entered By	Signature of the First Authorized Signatory	Signature of the Second Authorized Signatory	Date of the Issue of Cheque/Draft	Signature of the Recipient of Cheque/Draft	Date of Clearance	Remarks*
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Name of the Thromde

REGISTER OF ADVANCES FOR THE YEAR 20... TO 20... (GEN-15)

SL. No.	Date	Name of the person to whom advance is paid	Particulars of the Advance	Bank payment Voucher No. and Date	Bank Payment Order No. and Date	Amount (Nu.)	Date of Repayment/Adjustment	Voucher Number of Repayment/Adjustment	Balance remaining unadjusted at the end of the year	Remarks
1	2	3	4	5	6	7	8	9	10	11

Name of the Thromde

REGISTER OF PERMANENT ADVANCE OF..... FOR THE YEAR 20... TO 20... (GEN-16)

Initial Disbursement/Recoupment of the Permanent Advance					Expenditure				Daily Balance (Nu.)	Initials of the officer holding the advance	Remarks
Sl. No.	Date	Name of the person to whom advance is paid	Particulars of the Advance	Bank Payment Voucher No. and Date	Payment Order No. and Date	Amount (Nu.)	Date of Repayment/Adjustment	Voucher Number			
1	2	3	4	5	6	7	8	9	10	11	12

Name of the Thromde

DEPOSIT REGISTER FOR THE YEAR ENDED 20... TO 20... (GEN-17)

In respect of.....

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

Name of the Thromde
**SUMMARY STATEMENT OF NOTIC FEE, WARRANT FEE, OTHER FEES AND
 PENALTIES CHARGED (GEN-23)
 FOR THE PERIOD.....**

Particulars		Amount (Nu)
Notice Fee		
Warrant Fee		
Other Fees		
Penalty		
Total		
Amount in Words Nu.		
Prepared by *:	Examined and entered Accountant/Authorized Officer	
Checked By*:	Dated:	

Name of the Thromde

STATEMENT OF OUTSTANDING LIABILITY FOR EXPENSES (GEN-27)

As on

Date:

Department.....

Sl. No.	Name of the Supplier/Contractor	Nature of Payable	Code of Account	Date of Bill	Bill Amount (Nu.)	In respect of Grant/Special Fund	Remarks
1	2	3	4	5	6	7	8
Total							
Amount (in words): Nu.							
Prepared by:				Checked by:			

Name of the Thromde

**DOCUMENT CONTROL REGISTER/STOCK ACCOUNT OF RECEIPT/CHEQUE BOOK
(GEN-28)**

Kind of Document

Receipts						Issue			To whom issued	
Date	From whom received	Number of Forms	Books		Voucher No. and date	Number of Forms	Books		Designation	Signature of person receiving forms or books
			No.	No. of pages			No.	No. of pages		
1	2	3	4	5	6	7	8	9	10	11

Balance						Return of books and forms			Initials of the person returning the books	Initials		Remarks
Number of Form	Books		Initials		Date	Number of Forms	Books			Clerk	Authorized Officer	
	No.	No. of pages	Clerk	Authorized officer			No.	No. of pages				
12	13	14	15	16	17	18	19	20	21	22	23	24

Name of the Thromde
Register of Land (GEN-31)

Sl. No.	Description of Land	Complete Title on Land	Location	Survey No. of the Land	Area of the Land (sq. m.)	Date of Acquisition	Cost of acquisition (Nu.)	Payment Advice No.	Was the land subject to any improvement such as filling, levelling (Yes/No)	If Yes, specify details of improvement		
										Date	Payment Advice No.	Cost (Nu.)
1	2	3	4	5	6	7	8	9	10	11	12	13

Total Cost (Nu.)	From whom acquired	Mode of acquisition	Specify how land is being currently used	Give reference of the available title documents	Current Market Value (Nu.)	Remarks (Rate/sq. m.)	Details of Sale		
							Date of Disposal	Receipt No.	Amount (Nu.)
14	15	16	17	18	19	20	21	22	23

Note:

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

Name of the Thromde

ASSET REPLACEMENT REGISTER (GEN-32)

Sl. No.	Source			Utilized						Balance (Nu.)
	Date of Transfer to Asset Replacement Fund	Voucher No.	Amount (Nu)	Date of Acquisition / Construction / Improvement	Payment Order No.	Ref No. of Cash Book / Journal Book / Ledger where entry is recorded	Cost of Acquisition / Construction / Improvement (Nu.) (please specify incidental cost separately)	To Whom Paid / Name of the Contractor	Ref. No. of Fixed Asset Register	
1	2	3	4	5	6	7	8	9	10	11

Notes:

1. Separate folios should be used for different asset-class.
2. For each entry made, record the Name, Designation and Signature of the person making entry in the register and the person checking the entry.

* Reference shall be provided for Register of Immovable property, Register of movable property etc.

Name of the Thromde
REGISTER PUBLIC LIGHTING SYSTEM (GEN-33)

Sl. No.	Name of the Road / Location	Survey No. of the Road where the System is Located	Number of Lamp Posts		Meters of Cables Used	Year of Acquisition / Installation	Acquired from Whom	Mode of Acquisition	Details of Acquisition				Was the individual system subject to any improvement such as extension or otherwise after acquisition? (Yes/No)
			4	4a					5	6	7	8	
1	2	3	4	4a	5	6	7	8	9	10	11	12	13

If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation provided during the year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
14	15	16	17	18	19	20	21	22	23	24	25

Name of the Thromde

SUMMARY STATEMENT OF STATUS OF CAPITAL WORK-IN-PROGRESS/DEPOSIT WORKS (PW-1)

Name of the Department:

For the Quarter:

Work Order No.	Name of Project	Value of Work (Contract Amount) Nu.	Expenditure incurred at the beginning of the quarter Nu.	Expenditure incurred (bills admitted) during the quarter Nu.	Total expenditure incurred at the end of the quarter Nu.	Amount of Contract remaining unexecuted Nu.	Whether project completed (Yes/No)
1	2	3	4	5	6 = (4+5)	7 = (3-6)	8
Prepared by*:							
Checked by*: -							

* Record the Name, Designation and Signature of the person making the entry in the Summary Statement and the person checking the entry

Name of the Thromde
Form PW-2

Serial No. of Estimate:

Work Order No.:

Name of Work

Nature of Work:

Contract Amount (Nu): **WORK SHEET**

Details of Advance Provided

Voucher No. Date:

Amount (Nu):

Initials of Authorized officer 1:, 2:, 3:, 4:

Number and Date of Order Sanctioning the Estimate (Administrative Approval):

Order Sanctioning the Contract (No. and Date of Resolution):

Name of the Contractor:

WORK SHEET

Bill No.	Date of Bill	Amount Claimed Payable as per the Contractor's Bill (Nu.)	Amount Approved by the Authorized Officer (Nu.)	Cumulative Approved Bill Amount (Nu.)	Contract Amount Unutilized (Nu.)	Initials of the Authorized Officer - PWD	Security Deposit Deductions (Nu.)	TDS (Nu.)	Works Contract Tax (Nu.)	Recovery for Materials issued (Nu.)	Recovery of Advance Provided (Nu.)	Other Deductions (Nu.)	Net Amount Paid (Nu.)	Initials of the Authorized Officer-Accounts Department	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Note:

1. For each entry made; record the Name, Designation and Signature of the person making the entry in the work sheet and the person checking the entry

2. A separate Work sheet shall be prepared for each of the multiple transaction contract which shall be sent along with each contractor's bill
3. At the completion of contract and at the time of final payment being made to the Contractor, it shall be ensured that the sum total of Column 3 of 'Details of Advance Provided' equals to sum total of Column 12.

Name of the Thromde
DEPOSITWORKS REGISTER* (PW-3)

Sl. No.	Name of the Deposit works	Order/Designation of the Authority Sanctioning the Deposit works	Nature of the Deposit works**	Period for Execution of Works	Total Amount (Nu.)	Money Received	
						Date	Amount (Nu.)
1	2	3	4	5	6	7	8

Expenditure Incurred on Deposit works					Deposit works Money Unutilized on Completion of the Works (Nu.)	Refund of unutilized Deposit works Money	
Date	Voucher Number	Nature of Payments***	Amount (Nu.)	Date of Payment		Date	Amount (Nu.)
9	10	11	12	13	14	15	16

* Maintain separate registers for each kind of Deposit works.

** State where the deposit work is received from (Central government or Ministries or departments etc.)

*** Nature of payments shall also include the % of Charges recognized as revenue of the Thromde for the execution of the Works

Money received shall also include any other sum received in respect of the Deposit works in the form of Penalties/charges for delay or defect from Sub-Contractors

Note:

- a. Open Separate folios for each of the Deposit works within the register
- b. For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

Name of the Thromde
MATERIAL RECEIPT NOTE (ST-1)

..... Stores

Book No.....

Receipt No.....

Date.....

Received following material from (name of the supplier) vide their delivery challan number bill number date against Purchase Order No.

Sl. No.	Particulars (Product details and specifications)	Quantity Accepted	Inspected by	Remarks
1	2	3	4	5
Material received by Entered in Store Records Entry No.:				
Stores Clerk	Stores-in-charge			

Name of the Thromde
STORES LEDGER (ST-2)

Item Description

Receipt								
Date of Receipt	Material Receipt No.	Reference of Cash Book/Journal Book/Ledger where entry is recorded	Department for which purchase made	Quantity		Rate per Unit (Nu.)	Value (Nu.)	Initials of Authorized Officer
				Number	Weight			
1	2	3	4	5	6	7	8	9

Issues							Balance				
Date of Issue	Material Requisition cum Issue Note No.	Department to which issued	Quantity		Rate per Unit (Nu.)	Value (Nu.)	Initials of Authorized officer	Quantity		Rate per unit (Nu.)	Value (Nu.)
			Number	Weight				Number	Weight		
10	11	12	13	14	15	16	17	18 (5-13)	19 (6-14)	20	21

Note:

For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

Name of the Thromde
STATEMENT OF CLOSING STOCK AS ON (FORM ST-3)

Sl. No.	Stores	Reference No. of Stores Ledger	Item Description	Quantity	Unit Rate for Valuation (Nu.)	Amount (Nu.)	Remarks *
1	2	3	4	5	6	7	8
Total							
Details of material issues							
Sl. No.	Purpose	Reference No. of Stores Ledger	Item Description	Quantity	Unit Rate for Valuation (Nu.)	Amount (Nu.)	
10	11	12	13	14	15	16	
For Consumption							
For Repairs & Maintenance for Capital Work-In-Progress							
For Sale Written-off Contractors**							
Total							
Verified by:							
Stores-in-charge/Authorized officer (Audit Department)							

* In case of obsolete, unserviceable, defective inventory, please indicate so in the Remarks column

** Contractor wise details of the Materials issued shall be given as per annexure attached with this form.

Annexure to Form ST-3

Details of Materials Issued to Contractors					
Reference number of Stores Ledger	Name of the Contractor to whom the materials issued	Item Description	Quantity	Unit Rate for Valuation (Nu)	Value of the Materials (Nu)
1	2	3	4	5	6
Total *					
Verified by					
(Audit Department)					
	Stores-in-charge/Authorized officer				

* The total of this table shall agree to the value of 'materials issued to Contractors'.

Name of the Thromde

Consolidated Pay Bill Summary Roll of the Permanent/Temporary Establishment for the Month of ... (Form ES-1)

Sl. No.	Section of Establishment	Substantive pay (Personal pay or special pay, if any, should also be shown in this column as a separate entry below substantive pay)	Leave Salary	Officiating Pay	Compensatory or Other Allowances	Total
		Nu.	Nu.	Nu.	Nu.	Nu.
1	2	3	4	5	6	7

Pay, Officiating Pay or Leave Salary held over for Future Payment	Deductions			Miscellaneous Recoveries (Fines and Advances, House Rent, etc.)	Net Amount Payable	Remarks	Date of Receipt of Bill
	Income Tax	Provident Fund Subscription	Other Deductions*				
	Nu.	Nu.	Nu.				
8	9	10	11	12	13	14	15
* Please specify the nature of Deduction							
Total							
(in words)							

Name of the Thromde

REGISTER OF EMPLOYEE LOANS/ADVANCES FOR THE YEAR ... (Form ES-2)

Month and Date and Name of the Employee	Particulars of Advance	Voucher or Receipt Number	Amount	Monthly Total	Repayments or Adjustments					
					July	August	September	October	November	December
			Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.
1	2	3	4	5	6	7	8	9	10	11

Repayments or Adjustments						Total Repayment for the Year**	Date and Voucher Number of Repayment/Adjustment	Balance Remaining Unadjusted at the End of the Year	Remarks
January	February	March	April	May	June				
Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	
12	13	14	15	16	17	18	19	20	21

Entered by: #

Checked By:#

** Total repayment in Column 18 shall be the sum total of Columns 6 to 17

For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking entry

Name of the Thromde

REGISTER OF INTEREST ON LOANS TO EMPLOYEES FOR THE YEAR 20.... to 20.... (Form ES-3)

Name of Employee	Particulars of Loans	Opening Cumulative Accrued Interest	Interest Accrued during the Quarters				Total Interest Accrued during the year	Total Cumulative Accrued Interest	Repayments or Adjustments*		
			Quarter I	Quarter II	Quarter III	Quarter IV			July	August	September
		Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.
1	2	3	4	5	6	7	8 (4+5+6+7)	9 (3+8)	10	11	12

Repayments or Adjustments*									Total Interest Recovered during the year**	Balance remaining unadjusted at the end of the year***	Remarks
October	November	December	January	February	March	April	May	June			
Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	Nu.	
13	14	15	16	17	18	19	20	21	22	23 (9-22)	24

Entered by#:

Checked By#: _

** Column 22 shall be sum total of columns 10 to 21

*** Balance in Column 23 at the end of the accounting year shall be the opening balance of Column 3 in the next year

For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

Name of the Thromde
UNPAID SALARY REGISTER FOR THE YEAR 20... (Form ES-4)

Payments					
Date	Serial No. of Credit	Name of Person	On what account	Amount (Nu.)	Initials of Authorized Officer
1	2	3	4	5	6

Payments					
Date	Serial No. of Payment	Name of person	Amount (Nu.)	Acquaintance of Payee	Initials of Authorized Officer
7	8	9	11	12	13

Entered by*:
 Checked By*:

* For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

Name of the Thromde
GRANT REGISTER* (Form G-1)

Sl. No.	Name of the Grant	Order/Designation of the Authority Sanctioning the Grant	Nature of the Grant**	Period of the Grant	Sanctioned Amount (Nu.)	Grant Received in Advance	
						Date	Amount (Nu.)
1	2	3	4	5	6	7	8

Expenditure Incurred on Specific Grants					Grant unutilized on expiry of grant period (Nu.)	Refund of unutilized Grant	
Date	Voucher Number	Nature of Expenditure	Amount (Nu.)	Date of Payment		Date	Amount (Nu.)
9	10	11	12	13	14	15	16

* Maintain separate registers for Capital and Revenue Grants.

** State whether Grants received from Central Govt., Govt. or other Govt. agencies

Note:

For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

Name of the Thromde
REGISTER OF LOANS (FORM BR-1)

1. Department from which loan received
2. Purpose of Loan
3. No. & date of resolution/orders sanctioning the loan
4. Amount of Loan sanctioned
5. Rate of Interest
6. No. of instalment
7. Amount of each instalment

Receipt of loan			Amount due for repayment				Initials of the Officer	Amount Repaid				Balance			Remarks
Date of Receipt	Amount Received	Total Amount Received	Due Date of Repayment	Amount of Principal	Amount of Interest	Total Amount due to Repayment		Date of Repayment	Principal Amount	Interest	Total	Principal Amount	Interest	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Note:

- a. Separate folio shall be allotted to each loan.
- b. The format for capital grant register would be similar.
- c. Pages of ledger/Register would be numbered.
- d. In case of more than one loan, summary of all loans shall be drawn suitably in the register.
- e. For each entry made, record the Name, Designation & Signature of the person making the entry in the register and the person checking the entry

Name of the Thromde
REGISTER OF DEBENTURES/BONDS (FORM BR-2)

Date of order sanctioning the issue of debenture:

Debenture Face Value (Nu.):

Amount raised by issue of debentures (Nu.):

Rate of interest payable on debentures:

Date of issue of Debentures:

Purpose of issuing debentures:

Details of Guarantee and Security furnished:

Name of the Debenture-trustee, if any:

Interest payment Schedule:

Date of maturity: Repayment Schedule:

Sl. No.	Debenture Folio No.	Debenture Certificate Nos.	Distinctive Number of Debentures Issued		Name and Address of the Debenture Holder	Date of Becoming a Debenture Holder	Date of Ceasing as a Debenture Holder	Initials of Authorized officer*	Payment of Interest on Debentures				Initials of Authorized Officer*	Remarks
			From	To					Date when due	Amount due (Nu.)	Date of Payment	Amount paid (Nu.)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Notes:

- a. Details of all the holders who have been issued debentures of a particular series shall be listed above.
- b. Separate folios shall be allotted for each series of the debentures being issued.
- c. Three to four lines should be left after each certificate number to record the transfer entries for those certificates.
- d. Date on which a person becomes a debenture holder and the date on which he ceases to be shall be mentioned for all the transfers affected.
- e. For each entry made, record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

Name of the Thromde
REGISTER OF SINKING FUNDS (Form BR-3)

Amount of loan and rate of interest:

Date of raising the loan:

Date of raising Amount of sinking fund instalment:

Rate of interest provided for in the Agreement at which sinking fund develops:

Previous Balance (Nu.)	RECEIPTS					INVESTMENTS							Difference (Nu.)	Remarks			
						Previous Balance		Purchased During the Year			Total				Present Value of Sinking Fund		
	Annual Instalments (Nu.)	Date of Credit	Total (Nu.)	Amount of Interest Received/Accrued on Investments (Nu.)	Theoretical Value as on 31 st March (Nu.)	Actual Value at Cost (Nu.)	Face Value (Nu.)	Value at Cost (Nu.)	Face Value (Nu.)	Date of Investment	Value at Cost (Nu.)	Face Value (Nu.)			Market Value of securities mentioned in column 13 on 30 th June (Nu.)	Uninvested Cash Balance of Sinking Fund as on 30 th June (Nu.)	Total (Nu.)
1	2	3	4 (1+2)	5	6 (4+5)	7	8	9	10	11	12 (7+8)	13	14 (8+10)	15	16 (14+15)	17 (16-6)	18

Note:

For each entry made, record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

Name of the Thromde
INVESTMENT LEDGER/REGISTER (Form IN-1)

Sl. No.	No. and Date of Authorizing Investment	Date of Investment	Particulars of Investment Quoting no. and Date of Govt. Paper or FDR no. of the Bank	Purchase Price (Nu.)	Face Value (Nu.)	Due Date of Receipt of Interest	Amount of Interest Due on	Initials of Authorized Officer	Amount of Interest Recovered (Nu.)	Date on which Interest Recovered	Date/Month in which Adjusted in Accounts	Amount Realized Either on Sale or Maturity of Investment (Nu.)	Date on which Proceeds were Realized	Date/Month of Adjustment in Accounts	Initials of Authorized Officer	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Seal/Signament of authorized officer																

Note:

- a. Separate folio would be allotted to each type of investment.
- b. Separate ledger/register for each type of fund Investment should preferably be maintained. For example, separate ledger may be maintained for General Fund Investment, GPF investment, Pension Fund Investment, etc.

NAME OF THE THROMDE

CALCULATION SHEET FOR PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS FOR THE PERIOD ENDING... (Form IN-2)

Sl. No.	Name of the Investment	No. of Units	Cost per Unit (Nu.)	Cost of the Investment (Nu.)	Book Value as of the Previous Closing Period (Nu.)	Market Rate/NAV (Refer Notes) (Nu.)	Market Value as on the Reporting Date (Nu.)	Accumulated Provision as of the Previous Period (Nu.)	Accumulated Provision to be Made as of Current Reporting (Nu.)date	Additional Provision to be Made or Reversed (Nu.)
1	2	3	4	5 (3x4)	6	7	8 (3x7)	9	10	11 (10-9)
a)										
b)										
c)										
d)										
e)										
Total										

Notes

- a. Market rate is applicable for only the quoted shares (normally classified as ‘short term’ investments)
- b. NAV (net assets value) is applicable to unquoted investments which are generally intended to be held for more than twelve months and these are classified as ‘long-term investments’

Name of the Thromde
REGISTER OF LOANS TO OTHERS (Form LA-1)

1. Name of the borrower:
2. Purpose of the loan:
3. No. & date of resolution/orders sanctioning the loan:
4. Amount of loan sanctioned:
5. Rate of Interest:
6. No. of Installment:
7. Amount of each installment:
8. Name of Specific fund or grant used for lending:

Disbursement of Loan			Amount due for repayment				Initials of the Officer
Date of Disbursement	Amount Disbursed	Total Amount Disbursed	Due Date of Repayment	Amount of Principal	Amount of Interest	Total Amount Due to Repayment	
1	2	3	4	5	6	7	8

Annexure I: Chart of Accounts

Account head – Revenue Income

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
1	Revenue Income	10	Property Taxes	10	Land Taxes	00	Consolidated Land Taxes
						01	Land Tax – Residential
						02	Land Tax – Semi Commercial
						03	Land Tax – Commercial
						04	Land Taxes - Others
				20	Urban Building Taxes	00	Consolidated Urban Building Taxes
						01	Urban Building Taxes – Residential
						02	Urban Building Taxes – Shops & Restaurants
						03	Urban Building Taxes – Hotels
						04	Urban Building Taxes – Industrial
						05	Urban Building Taxes -Others
				30	Property Underdevelopment Tax	00	Consolidated underdevelopment Tax
						01	Underdevelopment Tax – Residential
						02	Underdevelopment Tax – Semi Commercial
						03	Underdevelopment Tax – Commercial
						04	Underdevelopment Tax – Others
				90	Property Taxes Remission & Refund	00	Consolidated Property Taxes Remission & Refund
						01	Land Taxes
						11	Urban Building Taxes

						21	Urban Property Development Taxes
1	Revenue Income	20	Rental Income from Municipal Properties	10	Rent from Civic Amenities	00	Consolidated Rent from Civic Amenities
						01	Rent-Markets
						02	Rent- Shopping Complexes
						03	Rent- Community Halls
						04	Rent- Stadium and Sports facilities
						05	Rents - Others (Specify 05 onwards)
				20	Rent from office Buildings & Guest Houses	00	Consolidated Rent from office Buildings & Guest Houses
						01	Rent - office Buildings
						02	Rent - Guest Houses
						03	Rent - Staff Quarters
						04	Rent - Others
				30	Rent from lease of Lands	00	Consolidated Rent from Lease of lands
						01	Rent from lease of Land - Commercial
						02	Rent from lease of Land - Semi Commercial
						03	Rent from lease of Land - Semi Commercial
						04	Rent from lease of Land - Others
				40	Rent form lease of other Properties	00	Consolidated Rent form Lease of other Properties
						01	Lease of Buildings

						02	Lease of Parking lots
						03	Lease of Equipment and Machineries
						04	Lease of Vehicles
						05	Lease of properties & Assets – Others
				90	Rent Remission and Refund	00	Consolidated Rent Remission and Refund
						01	Rent form Civic Amenities
						11	Rent from office Buildings & Guest House
						21	Rent from lease of Land
						31	Rent from Lease of Properties & Assets
1	Revenue Income	30	Fees & User Charges	01	Water Charges	00	Consolidated Water Charges
						01	Un-metered Water Supply –Domestic
						02	Un-metered Water Supply– Commercial
						03	Un-metered Water Supply – Non-commercial Institutions
						04	Un-metered Water Supply –Industrial
						05	Metered Water Supply – Domestic
						06	Metered Water Supply– Commercial
						07	Metered Water Supply - Non-Commercial Institutions
						08	Metered Water Supply–Industrial
						09	Bulk Supply – Industries
						10	Bulk Supply - Non-commercial Institutions

						11	Bulk Supply – Others
						12	Stand post Supplies
						13	Rent Water Meter – Domestic
						14	Rent Water Meter – Commercial
						15	Rent Water Meter – Industrial
						16	Rent Water Meter – Non –Commercial Institutions
						17	Water Connection Charges – Temporary
						18	Water Connection Charges – Permanent
						19	Water Charges – Others
				10	Sewerage Charges	00	Consolidated Sewerage Charges
						01	Sewerage Charges – Residential
						02	Sewerage Charges – Commercial
						03	Sewerage Charges – Non-commercial
						04	Sewerage connection Charges – Temporary
						05	Sewerage connection Charges – Permanent
						06	Sewerage cleaning fees
						07	Sewerage Charges – Others
				20	Fees for Grant of Permit	00	Consolidated Fees for grant of Permit
						01	Building permits
						02	Planning permit
						03	Advertising fees
						04	Fees for grant of permit – Others
				25	Development Charges	00	Consolidated Development Charges

						01	Development charges construction approval	–
						02	Development Charges Occupancy Certificate	–
						03	Betterment Charges	
						04	Demolition Charges	
						05	Development Charges – Others	
				30	Regularization Fees	00	Consolidated Regularization Fees	
						01	Excess Land Regularization	
						02	Building Regularization	
						03	Regularization fees – Others	
				35	User Charges	00	Consolidated user charges	
						01	Garbage collection charges	
						02	Liters & debris collection charges	
						03	Septic tank cleaning	
						04	Pay & Use toilets	
						05	Parking fees	
						06	Vacuum Tanker	
						07	Water Line & Chamber shifting	
						08	Drain connection fees	
						09	Charges for supply of water by tankers	
						10	Mining Royalty	
						11	Road Cutting Charges	
						12	User Charges – Others	
				45	Mutation Charges	00	Consolidated Mutation Charges	
						01	Property Transfer fee	
						02	Property sub-Division	
						03	Land Registration	

						04	Mutation Charges – Others
				50	Service/Administrative Charges	00	Consolidated Service/Administrative Charges
						01	Land Demarcation
						02	Site Plan Survey
						03	Building Plan Survey
						04	Construction Assessment
						05	Charges as a percentage on deposit work
						06	Recovery charges for damages of Roads
						07	Service/Administrative Charges – Others
				60	Fees for Certificate or Extract	00	Consolidated Fees for Certificate or Extract
						01	Fees from copies of plan
						02	Birth and Death Registration Fees
						03	Lagtharm Fee
						04	Fees for Certificate or Extract – Others
				65	Penalties and Fines	00	Consolidated Penalties and Fines
						01	Property Taxes
						02	Fees & Charges
						03	Rental
						04	Penalty imposed by Courts
						05	Environmental Fines
						06	Penalties & Fines – Others
				70	Entry Fees	00	Consolidated Entry Fees
						01	Sports Facilities
						02	Park facilities
						03	Other Thromde Amenities

				75	Other Fees	00	Consolidated Other Fees
						01	Education fees
						02	Warrant fees
						03	Notice fees
						04	Sports fees
						05	Cattle pounding fees
						06	Application fees
						07	Miscellaneous fees
						08	Fees –Others
				90	Fees & Charges Remission and Refund	00	Consolidated Fees Remission and Refund
						01	Water Charges
						21	Sewerage Charges
						31	Development Charges
						41	User Charges
						61	Other Fees & Charges
1	Revenue Income	40	Sale & Hire Charges	10	Sale of Products	00	Consolidated Sale of Products
						01	Sale of garbage & rubbish
						02	Sale of trees
						03	Sale of fruits
						04	Sale of grass
						05	Sale of nursery plants
						06	Sale of flowers
						07	Rubbish Bins
						08	Demarcation Pegs
						09	Sale of Products – Others
				20	Sale of Forms & Publications	00	Consolidated Sale of Forms & Publications
						01	Sale of Tender papers
						02	Sale of Forms
						03	Sale of Publications & others
				30	Sale of Stores & scrap	00	Consolidated Sale of stores & scrap

						01	Obsolete Stores
						02	Obsolete Assets
				40	Sale of Others	00	Consolidated Sale of Others
						01	Sale of old news papers
						02	Sale of Others
				50	Hire Charges for Vehicles	00	Consolidated Hire Charges for Vehicles
						01	Hire Charges for Vehicles (Specify heads)
				60	Hire Charges on Equipment, Plants & Machineries	00	Consolidated Hire Charges on Equipment, Plant & Machineries
						01	Hire charges on & Equipment, Plant & Machineries (Specify Heads)
				70	Hire Charges on Other Assets	00	Consolidated Hire charges on other Assets
						01	Hire Charges (Specify Heads)
1	Revenue Income	50	Revenue Grants, Contribution and Subsidies	10	Revenue Grants	00	Consolidated Revenue Grants
						01	From Royal Government Bhutan
						11	From Other Organizations & Agencies
						21	Revenues Grants – From Others
				20	Re-imbursment of expenses	00	Consolidated Re-Imbursement of expenses
						01	From Royal Government Bhutan
						11	From Other Organizations
						21	Re-imbursment of

							expenses – From Others
				30	Contribution Towards schemes	00	Consolidated Contribution towards schemes
						01	From Royal Government Bhutan
						11	From Other Organizations
						21	Contributions towards schemes – Others
1	Revenue Income	60	Income from Investments	10	Interest	00	Consolidated interest
						01	Bank Fixed deposits
						11	Government Securities
						21	Corporate Bonds
						31	Interest – Other Investments
				20	Dividend	00	Consolidated Dividend
						01	Share Investments
				30	Income from projects taken upon commercial basis	00	Consolidated Income from projects taken upon commercial basis
						01	Profit from Commercial undertakings
				40	Profit on Sale of Investments	00	Consolidated Profit on Sale of Investments
						01	Share Investments
						11	Bond Investments
						21	Investments – Others
				90	Others	00	Consolidated Other Income from Investments
						01	Gain from

							Exchange Fluctuations
1	Revenue Income	70	Interest Earned	10	Interest from Bank Accounts	00	Consolidated Interest from Bank Accounts
						01	Interest from Bank Accounts
				20	Interest on Loans and advances to Employees	00	Consolidated Interest on Loans and advances to Employees
						01	Interest on Loans to Employees
						11	Interest from Advances to Employees
				30	Other Interest	00	Consolidated Other Interest
						01	Interest from other receivables
						02	Interest on Hire Purchase
1	Revenue Income	80	Other Income	10	Deposits Forfeited	00	Consolidated Deposits Forfeited
						01	Income – Deposited Forfeited
				11	Lapsed Deposits	00	Consolidated Lapsed Deposits
						01	Contractors & Suppliers
						02	Rent
						03	Lapsed Deposits - Others
				20	Insurance Claim Recovery	00	Consolidated Insurance Recovery
						01	Income – Insurance Recovery
				30	Profit on Disposal of Fixed Assets	00	Consolidated Profit on Disposal of Fixed Assets
						01	Income – Disposal of Fixed Assets
				40	Recovery from Employees	00	Consolidated Recovery from

							Employees
						01	Recovery from Employees
				50	Unclaimed Refund Payable/Liabilities Written Back	00	Consolidated Unclaimed Refund Payable/Liabilities Written Back
						01	Lapsed/Stale Cheque
						02	Others
				60	Excess Provisions Written Back	00	Consolidated Excess Provisions Written Back
						01	Rates & Taxes
						11	Utilities
						21	Advertisement and Publicity
						31	Rent
						41	Repair & Maintenance
						51	Others
				80	Miscellaneous Income	00	Consolidated Miscellaneous Income
						01	Miscellaneous Income
1	Revenue Income	85	Prior Period	00	Income	00	Consolidated Prior Period Income
				10	Rates & Taxes	01	Property & other Taxes
				20	Other-Revenues	01	Fees and Charges
				30	Recovery of Revenues Written-off	01	All types of Income
				40	Other Income	01	Other Income
1	Revenue Income	90	Transfer into Activity Fund	10	General Activity	00	Transfer into General Activity Fund
				20	Public Convenience	00	Transfer into Public Convenience
				30	Conservancy & Sanitary Provisions	00	Transfer into Conservancy & Sanitary Provisions

				40	Water Supply	00	Transfer Into Water Supply
				50	Public Health, Safety and Diseases Activity Control	00	Transfer into Public Health, Safety and Diseases Activity Control
				60	Town Planning & Environment	00	Transfer into Town Planning & Environment
				70	Urban Poor Settlements (Slums) and Social Welfare	00	Transfer into Urban Poor settlements (Slums) and social Welfare
1	Revenue Income	91	Transfer Into Thromde Fund	10	Development Zone	00	Consolidated Transfer into Thromde Fund
1	Revenue Income	92	Transfer Into Employee Fund	10	Pension Fund	00	Transfer into Pension Fund
				20	Gratuity Leave & Salary Fund	00	Transfer into Gratuity & Leave Salary Fund
				30	Provident Fund	00	Transfer into Provident Fund

Account head – Revenue Expenditure

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
2	Revenue Expenditure	10	Establishment Expenses	10	Salaries, Wages and Bonus	00	Consolidated Salaries, Wages and Bonus
						01	Salaries & Allowances – Officers
						11	Salaries & Allowances – Staff
						21	Wages
						31	Bonus & Others
				20	Benefits and Allowances	00	Consolidated Benefits and Allowances
						01	Remuneration & Fees – Thrompon
						02	Remuneration & Fees – Thromde Tshogde
						03	Housing Allowances
						11	Overtime
						21	Leave Travel Concession
						31	Medical Allowance
						41	Uniform Allowance
						51	Compensation to Staff
						61	Staff welfare expenses
						71	Staff training expenses
						81	Leave Encashment
						91	Other personal emoluments
				30	Pension & Provident Fund	00	Consolidated Pension & Provident Fund
						01	Employers Provident Fund Contribution
				40	Other Terminal & Retirement Benefits	00	Consolidated Other Terminal & Retirement Benefits
						01	Death cum Retirement Benefit
						02	Retirement Gratuity
						03	Terminal & Retirement Benefits – Others
2	Revenue Expenditure	20	Administrative Expenses	10	Rent, Rates and Taxes	00	Consolidated Rent, Rates and Taxes
						01	Rental - office building
						02	Rental – Vehicles
						03	Rental – Furniture, & equipment
						04	Rental – Land
						05	Rental –Others
						11	Taxes, Duties, Royalties and others
				20	Office Utilities	00	Consolidated office Utilities

						01	Electricity charges
*						02	Water & Sewerages
						03	Fuel wood
						04	Security expenses
						05	office Utilities – Others
				30	Communication Expenses	00	Consolidated Communication Expenses
						01	Telephone, Tele Fax, Mobiles expenses
						02	Telegram, Wireless, Transmission & Postage
						03	Web, Internet & Email
						04	Communication Expenses – Others
				35	Books & Periodicals	00	Consolidated Books & Periodicals
						01	Books, Magazines, Journals, & others
						02	News papers
						03	Others
				40	Printing, office Supplies and Stationery	00	Consolidated Printing, office supplies and Stationery
						01	Printing expenses
						02	office Supplies & Stationery
						03	Computer stationery and consumables
						04	Others
				45	Travelling & Conveyance	00	Consolidated Travelling & Conveyance
						01	Travelling and Conveyance-Thrompon
						02	Travelling and Conveyance – Thromde Tshogde
						03	Travelling and Conveyance – officers
						04	Travelling and Conveyance- Staff
						05	Travelling and Conveyance – Others
						11	Fuel, Petrol and Diesel-own vehicles
						21	Hire & Conveyance expenses
				50	Insurance	00	Consolidated Insurance Expenses
						01	office Buildings
						02	Vehicles & Machineries
						03	Insurance – Otters
				55	Audit Fees	00	Consolidated Audit Fees
						01	Local Fund Examiner
						02	Government Audit

						11	External Agencies - Internal Audit
				60	Legal Expenses	00	Consolidated Legal Expenses
						01	Legal Fees
						02	Cost recoveries of tax revenue
						03	Cost of suits/compromises
						04	Legal Expenses – Others
				70	Professional and Other Fees	00	Consolidated Professional and Other Fees
						01	Technical Support fees
						11	Consultancy fees
						21	Professional and Other Fees – Others
				75	Advertisement and Publicity	00	Consolidated Advertisement and Publicity
						01	Advertisement expenses
						11	Publicity Expenses
						21	Exhibition expenses
						31	Cultural Events
						41	Workshop and Seminars
						51	Advertisement & Publicity – Others
				80	Memberships & Subscriptions	00	Consolidated Membership & subscriptions
						01	Professional Societies
						02	Journals, Online Materials & Databases
						03	Memberships & Subscriptions – Others
				90	Other Administrative Expenses	00	Consolidated Other Administrative Expenses
						01	Expenses for Meetings
						02	Guest entertainment expenses
						03	Survey/Census
						11	Other Administrative Expenses – Others
						21	Miscellaneous expenses
2	Revenue Expenditure	30	Operations & Maintenance	10	Power & Fuel	00	Consolidated Power & Fuel
						01	Water Works
						02	Street lighting
						10	Bulk Purchase of Power
						21	Power & Fuel – Others
				15	Bulk Purchases	00	Consolidated Bulk Purchases

						01	Raw Water
						02	Bulk Purchases - Others
				20	Consumption of Stores - Supplies & Materials	00	Consolidated Consumption of Stores – supplies & Materials
						01	Seeds & Seedlings
						02	Fertilizers, Chemicals, Manures, Inoculants
						03	Medicines & laboratory consumables
						04	Animal feeds
						05	Uniforms, Extension kits, Linens
						06	Others
				25	Hire Charges	00	Consolidated Hire Charges
						01	Hire of Machineries
						02	Hire of Vehicles
						03	Hire charges – Others
				30	Repair & Maintenance – Roads & Bridges	00	Consolidated Repairs & Maintenance –Roads & Bridges
						01	Concrete Roads
						02	Metaled Roads (Bitumen)
						03	Other Roads
						04	Bridges & Flyovers
						05	Culverts
						06	Others
				35	Repair & Maintenance – Water Ways	00	Consolidated Repairs & Maintenance – Water Ways
						01	Tanks
						02	Reservoirs
						03	Pipe lines & Pressure pumps
						04	Waterways Structure
						05	Hydrants
						06	Waterways – Others
				40	Repairs & Maintenance - Public Lighting	00	Consolidated Repairs & Maintenance – Public Lightings
						01	Transformers
						02	Lamp posts
						03	Public Lighting Structures
						04	Public lighting – others
				45	Repairs & Maintenance -Civic Amenities	00	Consolidated Repairs & maintenance - Civic Amenities
						01	Parks,Nurseries & Gardens
						02	Lakes & Ponds
						03	Playgrounds & Stadium
						04	Sports Facilities & Swimming Pool

						05	Parking Lots
						11	Markets & Complexes
						21	Public Toilets
						31	Foot paths
						41	Civic Amenities – Others
				50	Repairs & Maintenance - Buildings	00	Consolidated Repairs & Maintenance - Buildings
						01	office Buildings
						02	Community Building
						03	Market Building
						04	Staff Quarters
						05	Crematorium
						06	Buildings – Others
				55	Repairs & Maintenance - Vehicles	00	Consolidated Repairs & Maintenance - Vehicles
						01	Buses & Trucks
						02	Motor Vehicles – Light Vehicles
						03	Tankers
						04	Cranes
						05	Dumpers Placer
						06	Earth Movers
						07	Tractors
						08	Compactors
						09	Two Wheelers
						10	Vehicles - Others
				60	Repairs & Maintenance – Plant & Machineries	00	Consolidated Repairs & Maintenance – Plant & Machineries
						01	Crushing Machine
						02	Drilling Machine
						03	Spray Machine
						04	Incinerator
						05	Generator
						06	Plant & Machineries – Others
				65	Repairs & Maintenance - office & Other Equipment	00	Consolidated Repairs & Maintenance - office & Other Equipment
						01	Computers & Accessories
						02	Telephones & Faxes
						03	Printers & Photo-copiers
						04	Air Conditioners, Heaters & Refrigerators
						05	Others
				70	Repairs & Maintenance -	00	Consolidated Repairs & Maintenance - Furniture,

					Furniture, Fixtures, Fittings & Electrical Appliances		Fixtures, Fittings & Electrical Appliances
						01	Chairs & Tables
						02	Cupboards & Amirah's
						03	Electrical Fittings & Appliances
						04	Others
				80	Repairs & Maintenance – Sewerage & Drains	00	Consolidated Repairs & Maintenance – Sewerage & Drains
						01	Underground Drains
						02	Open Drains
						03	Sewerage & Drains – Others
				85	Repairs & Maintenance -Others	00	Consolidated Repairs & Maintenance -Others
						01	Repairs & Maintenance -Others
				90	Other operating & Maintenance expenses	00	Consolidated Other operating & Maintenance expenses
						01	Water Purification charges
						02	Testing & Inspection charges
						03	Garbage & Clearance expenses
						04	Cleaning by private agencies (outsourced)
						05	Others
2	Revenue Expenditure	40	Interest & Finance Charges	10	Interest on Loans from Royal Government Bhutan	00	Consolidated Interest on Loans from Royal Government of Bhutan
						01	Interest on RGoB Loan
				20	Interest on Loans from Government Bodies & Associations	00	Consolidated Interest on Loans from Government Bodies & Associations
						01	Interest on Government Bodies & Associations
				30	Interest on Loans from International Organizations & Agencies	00	Consolidated Interest on Loans from International Organizations & Agencies
						01	Interest on International Agencies Loan

				40	Interest on Loans from Banks & Other Financial Institutions	00	Consolidated interest on Loans from Banks & Other Financial Institutions
						01	Interest on Loans from Banks & Other Financial Institutions
				50	Interest on Bonds & Debentures	00	Consolidated Interest on Bonds & Debentures
						01	Interest on Bonds
				60	Other Term Loans	00	Consolidated Other Interest
						01	Interest on Other Terms loans
				70	Bank Charges	00	Consolidated Bank Charges
						01	Bank Charges
				80	Other Finance Expenses	00	Consolidated Other Finance Expenses
						01	Discount on Early /Prompt Payments
						02	Others
2	Revenue Expenditure	50	Programme Expenses	10	Election Expenses	00	Consolidated Election Expenses
						01	Election expenses
				20	Own Programme	00	Consolidated Own Programme
				30	Share in programme of others	00	Consolidated Share in programme of others
2	Revenue Expenditure	60	Revenue Grants, Contribution and Subsidies	10	Expenses on Grants	00	Consolidated Expenses on Grants
				20	Expenses on Contributions	00	Consolidated Expenses on Contributions
				30	Expenses on Subsidies	00	Consolidated Expenses on Subsidies
2	Revenue Expenditure	70	Provisions and Write-off	10	Provisions for Doubtful receivables	00	Consolidated Provisions for Doubtful receivables
						01	Property & Other taxes
						02	Water Supply
						03	Other Fees & User Charges
						04	Rent
				20	Provision for other Assets	00	Consolidated Provision for other Assets

						01	Store items
						02	Fixed assets
						03	Investments
						04	Others
				30	Revenues written-off	00	Consolidated Revenues written-off
						01	Property & Other taxes
						02	Water Supply
						03	Other Fees & User Charges
						04	Other Incomes
				40	Assets written-off	00	Consolidated Assets written-off
						01	Fixed assets
						11	Stores
				50	Miscellaneous Expense written-off	00	Consolidated Miscellaneous Expense written-off
						01	Debentures & Bond issue expenses
						02	Others
2	Revenue Expenditure	71	Miscellaneous Expenses	10	Loss on disposal of Assets	00	Consolidated Loss on disposal of Assets
						01	Loss on Disposal of Assets (Specify Heads)
				20	Loss on disposal of Investments	00	Consolidated Loss on disposal of Investments
				30	Other Miscellaneous Expenses	00	Consolidated Other Miscellaneous Expenses
						01	Loss in exchange fluctuation
2	Revenue Expenditure	72	Depreciation	10	Buildings	00	Consolidated Depreciation on Buildings
				20	Roads & Bridges	00	Consolidated Depreciation on Road & Bridges
				30	Sewerage and Drainage	00	Consolidated Depreciation on Sewerage and Drainage
				40	Water Ways	00	Consolidated Depreciation on Water Ways
				45	Public Lighting System	00	Consolidated Depreciation on Public Lighting System
				50	Plant & machinery	00	Consolidated Depreciation on Plant

							& machinery
				60	Vehicles	00	Consolidated Depreciation on Vehicles
				70	office & Other Equipment	00	Consolidated Depreciation on office & Other Equipment
				80	Furniture, Fixtures, Fittings and Electrical Appliances	00	Consolidated Depreciation on Furniture, Fixtures, Fittings and Electrical Appliances
				90	Other Fixed Assets (please specify)	00	Consolidated Depreciation on Other Fixed Assets
2	Revenue Expenditure	85	Prior Period	10	Expenses	00	Consolidated Prior Period Expenses
				20	Refund of Taxes	00	Consolidated Refund of Taxes
						01	Property & Other taxes
				30	Refund of Others -Revenues	00	Consolidated Refund of Others – Revenues
						01	Water Supply
						02	Rent
						03	Others
				80	Other Expenses	00	Consolidated Other Expenses
2	Revenue Expenditure	90	Transfer to Activity Funds	10	Genera Activity	00	Transfer to Genera Activity Fund
				20	Public Convenience	00	Transfer to Public Convenience
				30	Conservancy and Sanitary Provisions	00	Transfer to Conservancy and Sanitary Provisions
				40	Water Supply	00	Transfer to Water Supply
				50	Public Health, Safety, and Diseases Control Activity	00	Transfer to Public Health, Safety, and Diseases Control Activity
				60	Town Planning and Environment	00	Transfer to Town Planning and Environment
				70	Urban Poor	00	Transfer to Urban Poor

					Settlements (Slums) and Social Welfare		Settlements (Slums) and Social Welfare
2	Revenue Expenditure	91	Transfer to Thromde Fund	10	Zone Development	00	Consolidate transfer to Thromde Fund
2	Revenue Expenditure	92	Transfer to Employee Fund	10	Gratuity & Leave Salary Fund	00	Transfer to Gratuity & Leave Salary Fund
				20	Provident Fund	00	Transfer to Provident Fund

Account head – Capital Receipt and Liability

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
3	Capital Receipts & Liabilities	10	Thromde (General) Fund	10	Thromde Fund	00	Consolidated Thromde Fund
				90	Excess of Income over Expenditure	00	Consolidated Excess of Income over Expenditure
						01	Opening Balance
						02	Transfer from Income & Expenditure Account
3	Capital Receipts & Liabilities	20	Earmarked Funds	10	Special Funds (Specify each Fund type)	00	Consolidated Special Funds (Specify each Fund name)
				50	Sinking Funds (Specify each Fund Type)	00	Consolidated Sinking Funds (Specify each Fund Name)
				70	Trustor Agency Funds (Specify each Fund Type)	00	Consolidated Trustor Agency Funds (Specify each Fund Name)
3	Capital Receipts & Liabilities	30	Reserve Funds	10	Capital Contribution	00	Consolidated Capital Contribution
				11	Capita Reserve	00	Consolidated Capital Reserve
				20	Borrowing Redemption reserve	00	Consolidated Borrowing Redemption reserve
				30	Special Funds (Utilized)	00	Consolidated Special Funds (Utilized)
				40	Statutory Reserve	00	Consolidated Statutory Reserve
				50	General Reserve	00	Consolidated General Reserve
				60	Revaluation Reserve	00	Consolidated Revaluation Reserve
				70	Asset replacement reserve	00	Consolidated Replacement Reserve
				80	Welfare Reserve	00	Consolidated Welfare Reserve
3	Capital Receipts & Liabilities	40	Grants, Contribution for specific	10	Royal Government of Bhutan	00	Consolidated Grants from Royal Government of Bhutan

			purposes				
						01	Specify Heads
				20	Grants from other Organizations & Agencies	00	Consolidated Grants from other Organizations & Agencies
						01	Specify Heads
				30	Financial Institutions	00	Consolidated Grants from Financial Institutions
						01	Specify Heads
				40	Welfare Bodies	00	Consolidated Grants from Welfare Bodies
						01	Specify Heads
				50	International Organizations & Agencies	00	Consolidated Grants from International Organizations & Agencies
						01	Specify Heads
				60	Others	00	Consolidated Grants from Others
						01	Specify Heads
3	Capital Receipts & Liabilities	50	Secured Loans	10	Loans from Royal Government of Bhutan	00	Consolidated Loans from RGoB
						01	Specify Heads
				20	Loans from other Organizations & Agencies	00	Consolidated Loans from other organizations & Agencies
						01	Specify Heads
				30	Loans from International Organizations & Agencies	00	Consolidated Loans from International Organizations & Agencies
						01	Specify Heads
				40	Loans from Banks & Other Financial Institutions	00	Consolidated Loans from Banks & Other Financial Institutions
						01	Specify Heads
				50	Other Term Loans	00	Consolidated Other Term Loans
						01	Specify Heads
				60	Bonds & Debentures	00	Consolidated Bonds & Debentures Issued
						01	Specify Heads
				70	Other Loans	00	Consolidated Other Loans

						01	Specify Heads
3	Capital Receipts & Liabilities	60	Unsecured Loans	10	Loans from Royal Government of Bhutan	00	Consolidate Loan from RGoB
						01	Specify Heads
				20	Loans from Other Organizations & Associations	00	Consolidated Loans from Other Organizations & Associations
						01	Specify Heads
				30	Loans from International Organizations & Agencies	00	Consolidated Loans from International Organizations & Agencies
						01	Specify Heads
				40	Loans from Banks & Other Financial Institutions	00	Consolidated Loans from Banks & Other Financial Institutions
						01	Specify Heads
				50	Other Term Loans	00	Consolidated Term Loans
						01	Specify Heads
				60	Bonds & Debentures	00	Consolidated Bonds & Debentures Issued
						01	Specify Heads
				70	Other Loans	00	Consolidated Other Loans
						01	Specify Heads
3	Capital Receipts & Liabilities	70	Deposits Received	10	From Contractors/Suppliers	00	Consolidated Deposits received from Contractor/Supplier
						01	Earnest Money Deposit
						11	Security Deposit
						21	TenderMoney Deposit
				20	Deposits-Revenues (Unearned)	00	Consolidated Deposits-Revenues
						01	Water Charges Deposits
						02	Rental Deposits
						03	Deposits – Other fees & Charges
				30	From Staff	00	Consolidated deposits from Staff
						01	Specify Heads
				80	From Others	00	Consolidated deposits from Others
						01	Specify Heads
3	Capital Receipts & Liabilities	75	Deposit works	10	Civil works	00	Consolidated deposit works (civil)

						01	Specify Heads
				20	Electrical works	00	Consolidated deposit works (electrical)
						01	Specify Heads
				80	Others	00	Consolidated deposit works (Others)
						01	Specify Heads
3	Capital Receipts & Liabilities	80	Other Liabilities	10	Creditors (Payables)	00	Consolidated Creditors
						01	Suppliers
						11	Contractors
						21	Expenses Payable
						31	Payables against special funds
						32	Payables against specific grants
						33	Payables against deposit works
						41	Payables against Scheme Expenses
						51	Payables – Others
				20	Employee liabilities (Payables)	00	Consolidated Employee liabilities
						01	Salaries, Wages and Bonus
						02	Benefits and Allowances
						03	Employer Provident Fund Contribution Payable
						04	Other Terminal & Retirement Benefits
				30	Interest Accrued and due (Secured Loans)	00	Consolidated Interest on Secured Loans
						01	Loans from RGoB
						11	Loans from Other Organizations & Association
						12	Loans from International Organizations & Agencies
						13	Loans from Banks & Other Financial Institutions
						14	Other Term Loans
						15	Bonds & Debentures
						16	Other Loans
				31	Interest Accrued and due (Unsecured Loans)	00	Consolidated Interest on Secured Loans

						01	Loans from RGoB
						11	Loans from Other Organizations & Association
						12	Loans from International Organizations & Agencies
						13	Loans from Banks & Other Financial Institutions
						14	Other Term Loans
						15	Bonds & Debentures
						16	Other Loans
				40	Recoveries payable	00	Consolidated Recoveries payable
						01	Employees Provident Fund Payable
						02	Insurance Premium Deductions
						11	Service Tax Deductions
						12	Profession Tax Deduction
						21	TDS-Employees
						22	TDS-Contractors
						23	TDS – Special Contribution
						24	TDS-Special Funds
						25	TDS- Scheme Expenses
						31	Works Contract Tax -Special Fund
						32	Deduction for Works Contract Tax
						33	Trade Tax Deduction
						34	Deduction for other Organization/Societies
						35	Other Deductions
				50	Government Dues payable	00	Consolidated Government dues payable
						01	Specify Heads
				60	Refunds payable	00	Consolidated Refund payable
						01	Property & Other Taxes
						02	Water supply related refunds payable
						03	Rent –Refunds Payable
						04	Refunds of excess receipt against sale of attached properties
						05	Refunds of other income
						06	Refunds of Contribution liability
						07	Deposit Civil Works
				70	Advance Collection of Revenues	00	Consolidated Advance Collection of Revenues

						01	Land Tax
						02	Building Tax
						03	Other Property Taxes
						04	Rental Income
						05	Rent from Lease
						06	Water Charges
						07	Sewerage Charges
						08	Fees & User Charges
						09	Hire Charges
						10	Revenue – Others
				80	Others, Miscellaneous	00	Consolidated Other Liabilities
						01	Stale Cheques
						02	Compensation Payable
						03	Hire Purchase Payable
						04	Liabilities – Others
				90	Sale Proceeds	00	Consolidated Sale Proceeds
						01	Assets
						02	Investments
						03	Stores
						04	Attached properties
							Note: These accounts will have zero balance at the year-end.
3	Capital Receipts & Liabilities	90	Provisions	10	Provisions Expenses	or 00	Consolidated Provision for Expenses
				20	Provision Interest	for 00	Consolidated Interest Accrued but no Due
				30	Provision Other Assets	for 00	Consolidated Provision for other Assets
						01	Stores
						02	Investments
						03	Others

Account head – Capital Expenditure and Assets

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	10	Fixed Assets	10	Land	00	Consolidated Land
						01	Land
						02	Grounds
						03	Parks & Gardens
						04	Stadiums
				20	Buildings	00	Consolidated Building
						01	office Buildings
						02	Community Building
						03	Market Building
						04	Shopping Complexes
						05	Staff Quarters
						06	Crematorium
						07	Building – Others
				30	Roads & Bridges	00	Consolidated Roads & Bridges
						01	Concrete Roads
						02	Metaled Roads (Bitumen)
						03	Other Roads
						04	Culverts
						05	Bridges & Flyovers
				31	Sewerage & Drains and Drainage	00	Consolidated Sewerage & Drainage
						01	Underground Drains
						02	Open Drains
						03	Others
				32	Waterways	00	Consolidated Waterways
						01	Water Reservoirs
						02	Tanks
						03	Pipeline & Pressure Pumps
						04	Waterways Structures
						05	Water Meters
						06	Water ways – Others
				33	Public Lighting	00	Consolidated Public Lighting
						01	Lampposts
						02	Transformer
						03	Others
				40	Plant & Machinery	00	Consolidated Plant & Machinery
						01	Crushing Machine
						02	Drilling Machine
						03	Spray Machine
						04	Incinerator
						05	Generator

						06	Plant & Machineries – Others
				50	Vehicles	00	Consolidated Vehicles
						01	Buses & Trucks
						02	Motor Vehicles –Light Vehicles
						03	Tankers
						04	Cranes
						05	Dumpers Placer
						06	Earth Movers
						07	Tractors
						08	Compactors
						09	Two Wheelers
						10	Vehicles - Others
				60	office & Other Equipment	00	Consolidated office & Other Equipment
						01	Computers & Accessories
						02	Telephones & Faxes
						03	Printers & Photocopiers
						04	Air Conditioners, Heaters & Refrigerators
						05	Others
				70	Furniture, Fixtures, Fittings and Electrical Appliances	00	Consolidated Furniture, Fixtures, Fittings & Electrical Appliances
						01	Chairs & Tables
						02	Cupboards & Amirah's
						03	Electrical Fittings & Appliances
						04	Others
				80	Other Fixed Assets	00	Consolidated Other Fixed Assets
						01	Specify Heads
				90	Assets under Disposal	00	Consolidated Assets under disposal
4	Capital Expenditure & Assets	11	Accumulated Depreciation	10	Buildings	00	Consolidated Accumulated Depreciation on Buildings
						01	office Buildings
						02	Community Building
						03	Market Building
						04	Shopping Complexes
						05	Staff Quarters
						06	Crematorium
						07	Building – Others
				20	Roads & Bridges	00	Consolidated Accumulated Depreciation on Roads & Bridges
						01	Concrete Roads

						02	Metaled Roads (Bitumen)
						03	Other Roads
						04	Culverts
						05	Bridges & Flyovers
				30	Sewerage and Drainage	00	Consolidated Accumulated Depreciation on Sewerage and Drainage
						01	Underground Drains
						02	Open Drains
						03	Others
				40	Waterways	00	Consolidated Accumulated Depreciation on Waterways
						01	Water Reservoirs
						02	Tanks
						03	Pipeline & Pressure Pumps
						04	Water ways Structures
						05	Water Meters
						06	Water ways – Others
				50	Public Lighting	00	Consolidated Accumulated Depreciation on Public Lighting System
						01	Lampposts
						02	Transformer
						03	Others
				60	Plant & Machinery	00	Consolidated Accumulated Depreciation on Plant & machinery
						01	Crushing Machine
						02	Drilling Machine
						03	Spray Machine
						04	Incinerator
						05	Generator
						06	Plant & Machineries – Others
				70	Vehicles	00	Consolidated Accumulated Depreciation on Vehicles
						01	Buses & Trucks
						02	Motor Vehicles –Light Vehicles
						03	Tankers
						04	Cranes
						05	Dumpers Placer
						06	Earth Movers
						07	Tractors
						08	Compactors
						09	Two Wheelers

				80	Office & Other Equipment	00	Consolidated Accumulated Depreciation on office & Other Equipment
						01	Computers & Accessories
						02	Telephones & Faxes
						03	Printers & Photocopiers
						04	Air Conditioners, Heaters & Refrigerators
						05	Others
				85	Furniture, Fixtures, Fittings and Electrical Appliances	00	Consolidated Accumulated Depreciation on Furniture, Fixtures, Fittings and Electrical Appliances
						01	Chairs & Tables
						02	Cupboards & Amirah's
						03	Electrical Fittings & Appliances
						04	Others
				90	Other Fixed Assets	00	Consolidated Accumulated Depreciation on Other Fixed Assets
4	Capital Expenditure & Assets	12	Capital Work -in-progress	10	Assets out of Specific Grants	00	Consolidated Assets out of Specific Grants
						01	Buildings
						11	Roads & Bridges
						21	Sewerage and Drainage
						31	Waterways
						41	Public Lighting
						51	Plant & Machinery
						61	Vehicles
						71	office & Other Equipment
						81	Furniture, Fixtures, Fittings and Electrical Appliances
						91	Other Fixed Assets
				20	Assets out of Special funds	00	Consolidated Assets out of Special funds
						01	Buildings
						11	Roads & Bridges
						21	Sewerage and Drainage
						31	Waterways
						41	Public Lighting
						51	Plant & Machinery
						61	Vehicles
						71	office & Other Equipment
						81	Furniture, Fixtures, Fittings and Electrical Appliances

						91	Other Fixed Assets
				30	Assets out of Specific Schemes	00	Consolidated Assets out of Specific Schemes
						01	Buildings
						11	Roads & Bridges
						21	Sewerage and Drainage
						31	Waterways
						41	Public Lighting
						51	Plant & Machinery
						61	Vehicles
						71	office& Other Equipment
						81	Furniture, Fixtures, Fittings and Electrical Appliances
						91	Other Fixed Assets
				40	Assets out of Own Resources	00	Consolidated Assets out of Own Resources
						01	Buildings
						11	Roads & Bridges
						21	Sewerage and Drainage
						31	Waterways
						41	Public Lighting
						51	Plant & Machinery
						61	Vehicles
						71	office& Other Equipment
						81	Furniture, Fixtures, Fittings and Electrical Appliances
						91	Other Fixed Assets
4	Capital Expenditure & Assets	20	Investments – General Fund	10	Government Securities	00	Consolidated Investments in Government Securities
				20	Debentures and Bonds	00	Consolidated Investments in Debentures and Bonds
				30	Preference Shares	00	Consolidated Investments in Preference Shares
				40	Equity Shares	00	Consolidated Investments in Equity Shares
				50	Units of Mutual Funds	00	Consolidated Investments in Unit of Mutual Funds
				60	Other Investments	00	Consolidated Investments in Other Investments
				70	Accumulated Provision	00	Consolidated Accumulated Provision

4	Capital Expenditure & Assets	21	Investments – Other Funds	10	Government Securities	00	Consolidated investments in Government Securities
				20	Debentures and Bonds	00	Consolidated Investments in Debentures and Bonds
				30	Preference Shares	00	Consolidated Investments in Preference Shares
				40	Equity Shares	00	Consolidated Investments in Equity Shares
				50	Units of Mutual Funds	00	Consolidated Investments in Units of Mutual Funds
				60	Other Investments	00	Consolidated Investments in Other Investments
				90	Accumulated Provision	00	Consolidated Accumulated Provision
4	Capital Expenditure & Assets	30	Stock-in-hand	10	Stores	00	Consolidated Stores
					At the year-end Opening stock and purchase will have Nil balance. Consumption head is a credit head. This will be credited with corresponding debit to the use/utilization of stores on creation of assets or used in repairs and maintenance.	01	Opening Stock
						01-10	Open Heads for major stores
						11	Purchases
						11-20	Open Heads for major stores
						21	Consumption
						21-30	Open Heads for major stores
						31	Closing Stock
						31-40	Open Heads for major stores
				20	Loose Tools (same as Stores)	00	Consolidated Loose tools
						01	Opening Stock
						11	Purchases
						21	Consumption
						31	Closing Stock

				50	Others (same as Stores)	00	Consolidated other stores
						01	Opening Stock
						11	Purchases
						21	Consumption
						31	Closing Stock
4	Capital Expenditure & Assets	31	Debtors (Receivables)	10	Receivables for Property Taxes	00	Consolidated Receivables for Property Taxes
						01	Property Tax Receivable - Current Year
						02	Property Tax Receivable - Year1
						03	Property Tax Receivable - Year2
						04	Property Tax Receivable - Year3
						07	Property Tax Receivable - Others
				20	Receivable for Other Taxes	00	Consolidated Receivable for other Taxes
						01	Other Tax Receivable - Current Year
						02	Other Tax Receivable - Year1
						03	Other Tax Receivable - Year2
						04	Other Tax Receivable - Year3
						05	Other Tax Receivable - Others
				30	Receivable for Fees & User Charges	00	Consolidated Receivable for fees & user charges
						01	Water charges Receivable - Current Year
						02	Water Charges Receivable - Year1
						03	Water Charges Receivable - Year2
						04	Water Charges Receivable - Year3
						05	Water Charges Receivable - Others
						11	User Charges Receivable - Current Year
						12	User Charges Receivable - Year1
						13	User Charges Receivable - Year2
						14	User Charges Receivable - Year3
						15	User Charges

							Receivable-Others
						21	Other Fees Receivable - Current Year
						22	Other Fees Receivable - Current Year 1
						23	Other Fees Receivable - Current Year 2
						24	Other Fees Receivable - Current Year 3
				40	Receivable from other sources	00	Consolidated Receivable from other sources
						01	Rent Receivable-Current Year
						02	Rent Receivable – Year 1
						03	Rent Receivable – Year 2
						04	Rent Receivable – Year 3
						05	Rent Receivable – Others
						11	Lease Rentals
						21	Interest Earned
						31	Interest Accrued but not due - Thromde Fund
						32	Interest Accrued but not due - Specific Contribution
						33	Interest Accrued but not due - Special Funds
						34	Interest Accrued but not due – Grant Investment
						35	Interest Accrued and Due – Thromde Fund
						36	Interest Accrued and Due – Specific Contribution
						37	Interest Accrued and Due – Special Fund
						38	Interest Accrued and due – Grant Investment
						41	Interest from Employees
				50	Receivable from Government	00	Consolidated Receivable from Government
						01	Grants
						11	Others
4	Capital Expenditure & Assets	32	Accumulated Provisions against Debtors (Receivables)	10	Provision for outstanding Property Taxes	00	Consolidated Provision for outstanding Property Taxes
				20	Receivable for Other Taxes	00	Consolidated Provision for outstanding Other Taxes

				30	Receivable for Fees & User Charges	00	Consolidated Provision for outstanding Fees and Other Charges
				40	Receivable from other sources	00	Consolidated Provision for outstanding Receivable from Other Sources
4	Capital Expenditure & Assets	40	Pre-paid Expenses	10	Establishment	00	Consolidated prepaid - Establishment
				20	Administration	00	Consolidated prepaid - Administration
				30	Operations & Maintenance	00	Consolidated prepaid - Operations & Maintenance
4	Capital Expenditure & Assets	50	Cash and Bank balance	10	Cash	00	Consolidated Cash (all places)
						01	Cash in hand (head office)
						02	Cash in hand (Zone offices)
				20	Balance with Bank	00	Consolidated Bank Balances
						01	Specify Name of the Bank
				30	Balance with Bank-Special Fund	00	Consolidated Bank Balances-Special Fund
4	Capital Expenditure & Assets	60	Loans, Advances and Deposits	10	Loans and advances to employees	00	Consolidated Loans & Advances to Employees
						01	Loan to Employees
						02	Advances to Employees
				20	Loans to Others	00	Consolidated Loans to Others
				30	Advance to Suppliers and contractors	00	Consolidated Advance to Suppliers and contractors
						01	Public Works/Assets
						11	Stores/Materials supply
						21	Material Advances to Contractors
						31	Specific Grants
						41	Special Funds
						61	Others
				50	Advance to others	00	Consolidated Advances to others
						01	Permanent Advances

						11	Advance against Grants
						21	Advance against Schemes
						31	Others
				60	Deposits with External Agencies (Advances)	00	Consolidated Deposits with External Agencies
						11	Electricity Deposits
						21	Telephone Deposits
						51	Other Deposits
				80	Other current assets	00	Consolidated Other Current assets
						01	Interest Receivable on Loans & Advances
						11	Hire Purchase Installments
						21	Scheme Expenses
						91	Others
4	Capital Expenditure & Assets	61	Accumulated Provisions against Loans Advances and Deposits	10	Loans to Others	00	Consolidated Accumulated Provisions on Loans to Others
				20	Advances	00	Consolidated Accumulated Provisions on Advances
				30	Deposits	00	Consolidated Accumulated Provisions on Deposits
4	Capital Expenditure & Assets	70	Other Assets	10	Deposit works-Expenditure Note: The accounts will show a nil balance at the year-end.	00	Consolidated Deposit works – Expenditure
						01	Civil
						02	Electrical
						03	Others
4	Capital Expenditure & Assets	80	Miscellaneous Expenditure to be written off	10	Loan Issue Expenses	00	Consolidated Loan Issue Expenses
				20	Discount on Issue of Loans	00	Consolidated Discount on Issue of loans
				30	Others	00	Consolidated Other expenses written off
4	Capital	90	Grant	10	Capital Grant	00	Capital Grant to

	Expenditure & Assets						Individuals/Not Profit organization	for
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Annexure II: Guidelines for Preparing Opening Balance Sheet

1. Common Guidelines for Preparing the Opening Balance Sheet

- 1.1. As Thromdes do not have adequate “base information” to prepare opening Balance Sheet, they must carry out the whole process of identifying its assets and liabilities, and then determine or assess or assign values in order to place them in the Balance Sheet.
- 1.2. As no external person or agency will be in a position to identify Thromdes assets and liabilities, the responsibility of providing the best available information rest with the Thromde. The Thromde must be very committed in the exercise of preparing the Opening Balance Sheet.
- 1.3. No asset or liability must be left out of the record. All assets and liabilities of the Thromde will be accounted for. A comprehensive and rigorous listing of all assets and liabilities should be prepared.
- 1.4. Although the accounting policy says that fixed assets shall be valued at ‘historical cost’, in practice, these values may not be available readily, especially for assets purchased some decades ago. In such a case, a simple method of valuation should be adopted, which will represent their fair values.
- 1.5. The mere maintenance of asset register should not be taken as sufficient for arriving at the balance. The information in the register needs to be verified and cross checked from the books of accounts, records, and agreement to authenticate and substantiate the information kept in the land register.
- 1.6. Assets constructed/purchased by some other agency/Government and handed over to the Thromde shall be accounted for based on the ownership of the asset. If the ownership remains with the other agency, then it will not be recognized as an asset of the Thromde. If there has been a transfer of ownership without any consideration, then the Asset shall be valued at Nu. 1 and recognized in the opening Balance Sheet.
- 1.7. Revaluation of Assets is not intended at the time of preparing the opening Balance Sheet. The external agency, assisting the Thromde shall not consider revaluation mode for the purpose of opening Balance Sheet and valuation shall be done based on actual price paid/payable.
- 1.8. Principle of conservatism shall be followed while preparing the opening Balance Sheet.
- 1.9. All the figures shall be in Ngultrum Thousands with decimals up to two places.
- 1.10. In cases where Thromdes have disputed receivables (receivables with legal cases), the test of probability of winning the case needs to be done with advice from legal personnel of the Thromde. If the probability of winning the case is higher than losing the case and if the amount can be ascertained to a reasonable level, the amount shall be recorded as receivables on the balance sheet. If not, it shall be disclosed by way of notes to the accounts. The subsequent receipt of such amount shall be treated as a one-time income.
- 1.11. In many situations, construction of an asset may be by an externally controlled government agency. Such constructions out of government grants are with pre-conditions that the Asset so constructed would be immediately handed over to the Thromde. In such a situation, the capital cost of the asset as well as the amount of the grant should be taken in the opening Balance Sheet as Assets and liabilities on transfer of the asset.

2. Steps in Preparing the Opening Balance Sheet

The Thromdes need to update, verify, and compile the various information to prepare the Opening Balance Sheet.

UPDATING: This step includes:

- a. Identification of all existing Assets and Liabilities and Collection of data to prepare a complete list of all assets and liabilities.
- b. Updating of past records and registers up to the date of the opening Balance Sheet

VERIFICATION: This step includes:

- a. Physical verification of immovable and moveable assets and physical verification of stores, inventories, cash, and investments as on a particular date
- b. Valuation of Assets and Liabilities, in cases where values are not available from the books and records
- c. Cross-checking with original/source document, to the extent possible
- d. Obtain Third party certificates (like from banks, employees) to confirm balances.

COMPILATION: This step includes:

- a. Compilation of figures from various records, registers, and formats
- b. Preparation of Opening Balance Sheet with the required disclosures. Sample forms and formats are attached in Annexure – II for reference.
- c. Obtaining certificates from a Firm of Chartered Accountants, authenticating the opening Balance Sheet
- d. Approval by Thromde Tshogde.

It is recommended that inter Departmental team is set up consisting of members from all major departments. The team will be responsible for filling up the various data and forms as prescribed and submitting them to the Thromde. The executive secretary of the Thromde shall chair this team and take responsibility for the preparation and presentation of the information to the chair of Thromde Tshogde.

Thromdes may consider forming separate e Departmental teams for different types of asset. Like for water supply Assets, Department can collect the relevant information zone wise and then collate it to the department level, before submitting it to the accounts department.

2.1. Identification of Assets and liabilities

Thromde will perform the first task of identifying all items of assets and liabilities, which would be a part of the opening Balance Sheet. Physical assets are spread over the entire Thromde boundary and the responsibility of identifying all Assets, both over and under the ground lies with the Thromde. Based on this identification, the external agency will undertake their task of physical verification.

The engineering and accounts departments will do identification based on their records, physical verification, books of accounts and geographical information system (GIS), where in place. The Thromde can also take the assistance of the Councilors and other departments in its effort for identification of assets.

Identification of assets will include listing of all material assets of the Thromde including land, buildings, roads, water and sewerage Assets, etc. It will also include listing and defining the condition and location of assets. This would be done by scrutiny of the available records and registers.

Records available in every department like the estate department, the accounts department, the revenue collections department, and the other departments maintaining records, which are pertinent to the opening Balance Sheet must be studied. Further, information from outside sources may be gather if required.

Documentary evidence of the ownership, existence, and condition of the asset must be gathered early on. Such documents would be in the form of receipts, agreements, challans, plans, register extracts, etc.

2.2. Verification of existence of assets and liabilities

Physical verification of the items to be included in the opening Balance Sheet is necessary owing to paucity of adequate records and documents. This would deter from overstatement or understatement of assets and liabilities. Further, the nature of certain assets is such that an inspection would be required to determine their condition, quantum, and location.

The process of verification will involve inspecting and confirming the existence of fixed assets (both moveable and immovable), tangible current assets (like cash, inventories, receivables, stores), and investments (like scripts of fixed deposits, shares, bonds, etc.).

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

2.3. Valuation of Assets – General Guidelines

Following general guidelines will be followed in valuing fixed assets:

- a. Assets shall be valued at cost less accumulated depreciation, if both the cost and date of purchase or construction is available or ascertainable.
- b. Cost is the amount of cash or cash equivalent paid or fair value of other consideration in acquiring or constructing an asset. All normal expenditure for making an item of asset ready for its intended use is capitalized. It also includes ancillary and necessary charges to place the asset in its intended location and condition for use e.g. Freight and transportation charges, site preparation expenditure, professional fees and legal claim directly attributable to asset acquisition.
- c. Repairs, renovation and replacements cost, should be capitalized only if such expenditure increases the capacity or operating efficiency, or extends the useful economic life of the asset. In case of buildings, improvements causing major changes in the existing structure will be capitalized.
- d. If cost is not available/ascertainable but the date of construction/purchase is available:
- e. In case of buildings, if the building has not outlived its useful life, then valuation will be done based on per square feet rate or plinth area rate of the year of construction. The Thromde Engineering Department or any competent Government Authority will issue an order specifying the per square feet rate to standardize the valuation. The Thromde engineers will conduct the exercise of estimation of value and provide it to the accounts department. The value so obtained would be depreciated to arrive at depreciated value as on the date of the opening Balance Sheet;
- f. In case standard per sq. foot rate is not available, current replacement cost based on the recent per sq. foot rate as prescribed above shall be used. This will be deflated till the year of construction based on wholesale price index (index rates are provided in Annexure I to this chapter) and then depreciated;
- g. For other assets, current replacement cost will be used. This will be deflated till the year of construction/purchase based on wholesale price index (Annexure I to this chapter) and then depreciated. Current rates from other manufacturers can be taken e.g. in case of vehicles.
- h. If the asset has outlived its estimated useful life, then it will be valued at Nu. 1. The Thromde engineers will do the estimation of useful life;
- i. The Assets shall be valued at Nu.1 in either of the four cases listed below:
 - i. Assets having useful life of more than 20 years and the original cost cannot be ascertained;

- ii. Where neither the cost nor the date of purchase/construction is available;
 - iii. If the asset has outlived its estimated useful life. The Thromde engineers will do the estimation of useful life;
 - iv. The assets have been gifted to the Thromde by some other person/authorities.
- j. 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.

3. Specific Rules concerning valuation

3.1. Parks and Playgrounds

Parks and Playgrounds shall be capitalized under two categories, viz. –

- a. Any cost incurred for the development of parks and playgrounds like fences, landscaping, parking lot shall be booked under ‘Land improvement’
- b. Other amenities of the Parks and Playgrounds should be capitalized under the sub-head “Infrastructure Assets;” and
- c. Any building/structures/plant, etc. constructed/installed in the Parks and Playgrounds and used for other purposes should not be booked under the sub-head ‘Parks and Playgrounds’. The same should be booked under the appropriate heads/sub-heads of assets.

3.2. Land

Leasehold lands acquired by the Thromde are taken as a part of assets at a total value of lease charges payable over the entire lease period and amortized equally over the lease period.

Land acquired through purchase 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 will be recorded at the total compensation paid/payable for the acquisition of the land. If the amount of compensation was 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 shall be booked at the unpaid amount of taxes after it has been finalized.

Vested government lands: Where the ownership of the lands has not been transferred in favor of the Thromde, but the land is in the permissive possession of the Thromde, such lands should be included in the Register of Land with Nu. 1 as its value. However, there should be a clear mention in the Register that in case the Government takes back the land at any point of time in future, reversal of entry shall be made in the Register of Lands.

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

Land improvement: Original cost of any improvement to land such as land development and land filling, constructing fences, will be capitalized as part of the cost of the land under the “land improvement” head.

3.3. Buildings

The term “buildings” shall include office buildings, school buildings, public conveniences, and child

welfare centers, shopping complex, town hall buildings, community centers, staff quarters, rest house, milk dairy, workshop buildings, fire stations, stores building, covered taxi stands, covered parking areas, bus stands amongst others. The following specific guidelines shall be followed in this:

- a. Buildings purchased shall be valued at purchase price plus any incidental costs such as registration charges, and other costs incurred to bring the asset to its present location and condition.
- b. Building constructed shall include the cost of construction, which will include the cost paid to the contractor and other cost like the cost of the architect. This can be obtained from Register of Works, if available.
- c. Grants received in respect of buildings: If any grant has been received by the Thromde for construction or purchase of the building, then the cost of the building will be taken as gross amount and the grant will be shown separately as a Deferred Revenue in the opening Balance Sheet. The cost of building and the amount of grant would be reduced proportionately each year by the amount of depreciation.
- d. Statues and Heritage Assets, valuable works of art and antiquities will be valued at the original cost and no depreciation shall be charged thereon.
- e. Heritage buildings declared through Gazette Notification should be booked under this head and should be valued at book value/cost of the material date. No depreciation should be charged on such buildings.

3.4. 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:

- a. Roads and pavements
- b. Bridges, culverts and flyovers
- c. Subways and causeways
- d. Sewerage and drainage
- e. Waterways
- f. Water supply and reservoirs
- g. Parks and Playgrounds; and
- h. Street light posts and Public Lighting

The cost of construction of the infrastructure Assets will be considered here and shall be recorded at cost. If the details are not available, then the Thromde must value the same while following the general valuation guidelines.

3.5. Plant and Machinery

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

3.6. Vehicles

Vehicles include two wheelers and four wheelers, and conservancy vehicles, etc. Vehicles will be valued at cost less depreciation.

3.7. Office and other equipment

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

3.8. Furniture and Fixtures

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

3.9. Livestock

Livestock will be valued at cost.

3.10. Intangible Assets, e.g. Software license fees

Intangible Assets in Thromdes will generally be in the nature of expenditure on software. The Thromde will assess the expenditure made in development or purchase of the intangible asset in the last 5 years and capitalize it as fixed asset. In case the intangible asset has been provided free of cost by another Government department, it will not be shown in the Balance Sheet.

4. Depreciation

Depreciation will be provided on all assets except land. The government depreciation method shall be adopted. The rate of depreciation will be determined by the accounts division.

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

Useful life of the asset will be estimated as set out in the annexure I 'Estimated useful life of the Assets.'

For Assets that have been acquired out of grants and the corresponding grant has been recorded as a liability, an amount proportionate to the depreciation of the fixed Asset should be deducted from the grant as well.

5. Capital Works in Progress

For the purpose of opening Balance Sheet, capital work-in-progress (CWIP) represents that value of incomplete works as on the opening Balance Sheet date.

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

In addition to the above, the valuation team will also consider all bills that pertain to prior works taken up, however, bills were submitted later, or bills approved late.

Borrowing cost for CWIP will also be capitalized.

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

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

6. Long-Term Investments

Long-term investments are the investments which are held by the Thromdes for more than one year. Before, incorporating the balances in the opening Balance Sheet, the Thromde will ensure a 100% physical verification of the original certificates and documents and third party confirmation.

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

Long-term investments will be valued at cost.

7. Current Assets

Current assets in the case of Thromdes may consist of the following:

- a. Cash in hand
- b. Cash at bank
- c. Stores and spares
- d. Prepaid expenses
- e. Sundry Debtors (Receivables)
- f. Interest on investments
- g. Interest on bank deposits
- h. Interest on loans and advances
- i. Recoverable deposits,
- j. Receivables against Deposit works

7.1. Cash in hand:

If there is any balance of cash left with the cashier as per the cash book (including any petty cash with other departments), the same would be considered as the opening cash balance as on the date of the Balance Sheet.

7.2. Cash at bank:

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

The balance with banks as per cashbook will appear in the Balance Sheet.

The difference between the balance with various banks as per cashbook and the balances as per the bank statements received from the banks will be reconciled by Thromdes.

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

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

7.3. Stores and spares (stock in hand)

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

The Thromde will prepare an updated list of items along with their quantity, value, and date of purchase. In some cases, there will need to segregate items, which are although a part of stores, but should not be a part thereof of another asset e.g. vehicles. These will be classified in the appropriate sub-head of Vehicles under Fixed Assets.

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

Items, which are in good condition, will be then divided into two categories i.e. Category A and Category B and the analysis done based on unit cost of the item.

- a. Category “A” items, which have 80% of value and are 20% in number.
- b. Category “B” items, which have 20% of value and are 80% in number.
- c. 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, the stores will be valued at FIFO method (first-in-first-out).

The cost of inventories should include all cost of purchase and cost of conversion incurred to bring the asset to its present location and condition.

7.4. **Prepaid expenses**

Expenses that have been paid in advance and relates to a period after 31 March 2007 should be worked out and recognized as prepaid expenses.

7.5. **Sundry Debtors (Receivables)**

Arrears of property tax

- a. Assessment department determines the total amount of property tax expected to be collected during the year. The collection is the responsibility of the Tax Collection department.
- b. The total amount of property and other taxes in arrears as at the close of the year is ascertainable from the “Demand Collection Balance Statement” (DCB). However, it is found that DCB statement is generally not available and where available do not correctly show the amounts recoverable as large number of collection entries and debits for the bills raised remains to be posted in the individual ledger account of the tax payers.
- c. It is therefore necessary for the Thromdes to reconcile the individual ledger accounts of the tax payers with the bills raised and collections as per the receipts issued by the tax collector at the time of collecting the tax. This is very difficult exercise. Thromdes should take the help of the external agency who should be made responsible to update the tax payers account with bills raised, collections made by the tax collectors through receipts and arrive at the closing balance of the arrears of the tax as on March 2007. This exercise can be done taking the opening balances of arrears of tax (say) as on 1 April 2001.
- d. Once this is done, ageing will be done for the arrears of taxes and will be shown in the Balance Sheet as Notes to Accounts. Ageing in the following slabs will be done i.e. less than 1 year, below 3 years, 3-5 years, and above 5 years.
- e. Provision for doubtful recoverable will be carried out as suggested in the Chapter ‘Significant Accounting Policies’.

Arrears of all other taxes, licenses, and fees

- a. This will include all other receivable other than property tax. This includes rent from Thromde shops and markets, water charges and tax, advertisement tax, other fees, licenses, etc.
- b. The total amount of dues is ascertainable from the Demand Collection Balance register maintained separately for each type of revenue. Thromde should follow the reconciliation procedure as suggested above.
- c. Provision for doubtful recoverable will be carried out as suggested in the Chapter ‘Significant Accounting Policies’.

7.6. **Accrued Interest on investments**

All kinds of interest on investment, bank deposits and loan and advances will be determined on accrual basis as on the Balance Sheet date.

7.7. Recover able deposits

The Thromde may have kept deposits with third parties, with the Government, or with any other person. Based on documentary evidence and if it is classified as a deposit, it will be shown as recoverable deposits and booked as current asset.

7.8. Receivables against Deposit works

If the amount expensed by Thromde, is more than the amount received against the deposit works, it will be shown under this head. The actual value as per the books shall be taken.

7.9. Grants Receivable

Generally, all grants from government, including assigned taxes are recommended to be accounted for on cash (receipt) basis. Thus, it is expected that all grants received up to June 2016 will be accounted in the financial year 2016-17. However, the team should verify from the bank book of July 2016, and onward, if any grants received pertains to June 2016. In such a case, the amounts received in July or thereafter will be considered as Grants recoverable and shown in the opening Balance Sheet as grants receivable.

8. Loans and Advances

Loans and advances can be in the nature of Advances to staff; Advance to contractors and suppliers; and Material cost recoverable from contractors.

Advances to Staff: All unadjusted advances to staff e.g. house building advance, festival advance, will be determined on actual basis. No provision shall be made to the unadjusted advances to staff. A statement will be prepared in support of the amount of advances shown in the opening Balance Sheet of various advances given under different heads.

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

Material cost recoverable from contractors: Sometimes the Thromde 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.

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

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

9. Current Investments

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

The Thromde will do a 100% physical verification of the original certificates and third party confirmation.

Valuation will be done at cost.

10. Long and Short Term Borrowings

Long term borrowings are those, which are due for not more than one year as at the date of Balance Sheet. Whereas, short-term borrowings are those, which are repayable within a year.

The amount of outstanding loans will be ascertained from the existing records of the Thromde.

All borrowing will be bifurcated as secured and unsecured, if any.

The Thromde will ascertain the actual amount outstanding through confirmation of balance with the creditor and by verifying through original documents

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

11. Current Liabilities

Current liabilities will constitute the following:

- a. Bank overdraft
- b. Security deposit/Retention money/Earnest money from contractors and suppliers
- c. Deposit works
- d. Other deposits
- e. Advance Collection of taxes and non-taxes
- f. Income tax deducted payable
- g. Sales tax payable
- h. Interest accrued but not paid on loans
- i. Unpaid salary and other employee related benefits
- j. Unpaid electricity bills
- k. Unpaid bills of suppliers and contractors, including payable to Government agencies
- l. Recoveries from staff-payable

11.1. Bank overdraft

Bank overdraft, if any, will be verified with either the bank statement or a bank balance certificate.

11.2. Security deposit/Retention money/Earnest money from contractors and suppliers

Security deposit/Retention money/Earnest money are ascertainable from the deposit ledger, maintained by the Thromde. This amount will be ascertained/cross-checked from the original documents. Deposits received but not encashed will not be considered in the opening Balance Sheet.

11.3. Deposit works

Deposit works shall include the amount received from persons specifically for the construction works. The unutilized 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 Thromde, then the CWIP/Asset would be shown in the books of account of Thromde.

11.4. Other deposits

Other deposits will be ascertained from original documents.

11.5. Advance Collection of taxes and non-taxes

In some cases, there may be advance collection of taxes and non-taxes like license fees, i.e. money collected by the Thromde before the due date. Such amounts will be ascertained from the individual taxpayer account ledger. The team preparing the Balance Sheet will verify the receipts from original documents before including these in the opening Balance Sheet.

While checking advance collection, it will be ensured that there are zero arrears of both principal and interest. In case there is a balance, the advance Collection will be first adjusted with arrears. Only in case of zero arrears will an advance collection be booked, this will be calculated on individual basis.

11.6. Income tax deducted payable

Income tax deducted from payments and not deposited with the Government will be accounted under this head.

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

In case payments are not regular and there exists a default in payment, a reconciliation of deduction with payments to Government will be made to find out actual arrears of tax deducted but not paid, including interest.

11.7. Sales tax payable

Sales tax collected but not deposited with the Government will be accounted under this head.

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

In case payments are not regular and there exists a default in payment, a reconciliation of deduction with payments to Government will be made to find out actual arrears of tax deducted but not paid, including interest.

11.8. Interest accrued but not paid on loans

Interest on borrowings though accrued but is not paid for payment as at March will be calculated based on the terms of the agreement and accounted here.

11.9. Unpaid salary and other employee related benefits

Any unpaid salary or employee related benefit, which is, payable will be covered here.

11.10. Unpaid electricity bills

In most of the Thromde there are large arrears of power bills. Thromdes will make a reconciliation of all power bills with reference to the bills received from the power company, amounts paid by Thromde directly and amounts paid by the Thromde. Finally ascertained unpaid power bills will be considered as the unpaid power bills and a liability will be created.

11.11. Unpaid bills of suppliers and contractors

The team responsible to prepare opening Balance Sheet will call for the list of any unpaid bills of the suppliers and contractors from various departments responsible to deal with suppliers and contractors. The list received will be checked with the supporting documents, bills, etc., and final amounts payable worked out and provided as liability in the opening Balance Sheet. The team will also scrutinize the payments made to the suppliers and contractors segregate the bills paid pertaining to the period, and consider this as liability in the opening Balance Sheet. This will include amounts payable to other Government agencies also.

11.12. Recoveries from staff-payable

These represent deductions made from staff salaries e.g. provident fund, income tax, recurring deposit, insurance premium, which are to be deposited with the concerned authorities. It may so happen that the Thromde has defaulted on one or more occasions. A reconciliation of deduction made from the salary bills with payments to the concerned authorities will be made to find out actual arrears of deductions pending deposited with the concerned authority/agency. Such amount will be considered as a current liability.

12. Provisions for doubtful debts

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 Thromde should not decrease its efforts in collection of arrears.

A provision at the prescribed rates as shown in the table below related to arrears of property tax, water tax and rent from Thromde properties, etc. will be worked out and included in the opening Balance Sheet.

Table:1

Service/Activity	<2 Years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
Land and related taxes	Nil	25%	50%	75%	100%
Water, sewerage, solid waste management fees and charges	Nil	25%	50%	75%	100%
Lease, rentals	25%	25%	50%	75%	100%
All other accrued revenue	25%	50%	100%	100%	100%

13. Balances of Government Grants

Unspent balances of all specified government grants will be ascertained. Excess of government grant over the cost of a fixed asset purchased or constructed will be worked out and shown as liability under the respective sub-heads under Government Grants payable as per the chart of accounts.

14. Thromde General Fund

The difference of all Assets and liabilities will be the opening balance of Thromde General Fund. This will be determined as a balancing figure i.e. excess of all Assets over all liabilities or excess of all liabilities over all assets. In the latter case, the Thromde fund will show a negative balance representing a Capital Deficit.

15. Contingent Liabilities

Contingent liabilities will be ascertained and shown in the opening Balance Sheet as notes to the accounts. Some instances of contingent liabilities are:

- 15.1. In case of compulsory acquisition of land, if the amount payable is under litigation, the extra amount that could be paid will be identified as contingent liabilities.
- 15.2. In case of any other legal cases that may be pending in the courts and may have a financial impact on the Thromde, an appropriate amount of compensation for these cases will be disclosed as contingent liabilities, if ascertainable. Otherwise, the fact that amount could not be ascertained should be disclosed.
- 15.3. Any other obligation, which is a result of past activities, which cannot be reliably estimated and out flow of economic resources is contingent to the happening/non-happening of certain activities.

16. Unexpired Capital Commitments

Amount of contracts remaining to be executed on capital accounts is unexpired capital commitments. These will include (i) value of contracts where works have been sanctioned, estimate approved and all formalities completed but work has not commenced; and (ii) where works have commenced but not fully completed, the estimated amount of the value of works yet to completed. Such amounts will form a part of unexpired capital commitments and shown as a note to the opening Balance Sheet.

17. Retirement Benefits

Retirement benefits will not be accounted for in the opening Balance Sheet. This can be taken up by the Thromde as a subsequent exercise. In the opening Balance Sheet only the actual amount payable to the employees who have retired/left on account of gratuity and other applicable benefits (but not paid) will only be accounted for.

18. Forms and Formats

After the review and physical verification, the data needs to be arranged item-wise with the requisite supporting documents. While collecting and collating the information, the Thromde must use the

given formats (as detailed in Annexure II) and consider the guidelines provided in this chapter.

The table below may be used for easy reference:

Information Concerns	Form (for collection of information)
Land	Annex II - 1
Building	Annex II - 2
Statues and Heritage Assets	Annex II - 2A
Roads, streets, lanes, and foot paths	Annex II - 3
Bridges, culverts, flyovers, subways and causeways	Annex II - 4
Drains including underground Drains	Annex II - 5
Water Works Distribution	Annex II - 6
Public Lighting System	Annex II - 7
Parks, Playgrounds, Lakes, and Ponds	Annex II - 8
Capital Work-in-Progress	Annex II - 9
Plant and Machinery (including machinery of Water Work and Drainage)	Annex II - 10
Vehicles	Annex II - 11
Furniture and Fixtures	Annex II - 12
Office Equipment	Annex II - 13
Other Equipment	Annex II - 14
Live Stock	Annex II - 15
Computers and Peripheral	Annex II - 15 A
Intangible assets (software)	Annex II - 15 B
Investments	Annex II - 16
Cash Balance	Annex II - 17
Bank Balance	Annex II - 18
Details of Advances paid to suppliers/contractors	Annex II - 19
Details of Loans & Advances to Employees	Annex II - 20
Receivables (including Taxes, water charges, Rent etc.)	Annex II - 21
Grants Receivable	Annex II - 22
Unutilized Grants	Annex II - 22 A
Department - wise Inventory	Annex II - 23
Consolidated Inventory	Annex II - 23 A
Details of Deposits made	Annex II - 24
Loan Taken	Annex II - 25
Retirement Benefits Due	Annex II - 26
Reserve Funds	Annex II - 27
Details of Deposits received	Annex II - 28
Bills and other payables details	Annex II - 29
Earnest Money Dues	Annex II - 30
Security Deposits	Annex II - 31
Other Deposits	Annex II - 32
Outstanding Bills	Annex II - 33
Income-Tax deducted payable	Annex II - 34
Sales Tax deducted Payable	Annex II - 35

Annex I: Index Rates for Deflation

For arriving at the Deflated Standard Cost, the following inflation index should be used:

Financial Year	Inflation Index
1981	100
1982	110
1983	128
1984	135
1985	137
1986	147
1987	153
1988	163
1989	172
1990	182
1991	194
1992	210
1993	222
1994	229
1995	238
1996	247
1997	253
1998	264
1999	271
2000	275
2001	278
2002	281
2003	282
2004	264
2005	270
2006	275
2007	280
2008	288
2009	292
2010	300
2011	308
2012	319
2013	326
2014	339
2015	352
2016	366

Annexure II – Formats for Information concerning Opening Balance Sheet

Annex II – 1

Name of the Thromde

Land Details as on

Sl. No.	Specify if Leasehold/Freehold	Description of the Land	Location	Survey No. of the Land	Area (Acre/Sq.)	From Whom Acquired	Mode of Acquisition	Specify how Land is Being Currently Used	Give Reference of the Available Title Documents	Current Market Value if Available (Nu.)	No. of Trees on the Land
1	2	3	4	5	6	7	8	9	10	11	12

Details of Acquisition			Was the land subject to any improvement such as filing, levelling etc. after acquisition? (Yes/No) If yes, specify the details of improvement		Total Cost (Nu.)	Details of Sale/Disposal				
Date of Acquisition	Payment Advice No.	Cost of Acquiring the Land (Nu.)	Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)	Date of Disposal	Receipt No.	Amount (Nu.)	Date of Acquisition	Payment Advice No.
13	14	15	16	17	18	19	20	21	22	23

Annex II – 2

Name of the Thromde

Building Details as on

Sl. No.	Description of the Building	Dimension of the Building			Number of Floors	Total Sq. Ft. (Carpet Area)	Area if the land on which building is located (acre/sq. m.)	In case of property acquired, specify the estimated date of completion of construction along with date of acquisition by the Thromde	From whom acquired	Mode of Acquisition	In case of property constructed by the Thromde, specify the date of construction	Specify how building is being currently used	Give reference of the available title documents	Current market value (Nu.)	Details of Acquisition	
		Length (Mtr)	Width (Mtr)	Height (Mtr)											Opening Date	Date of Acquisition
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Details of Acquisition		Was the Building Subject to any Improvement such as Renovation, Extension or Otherwise after Acquisition ? (Yes/No)	Details of Acquisition			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of sale/disposal		
Payment Advice No.	Cost of acquisition		Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Amount	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu)
18	19	20	21	22	23	24	25	26	27	28	29	30	31	32

Annex II – 2A

Name of the Thromde

Statues and Heritage Assets as on

Sl. No.	Description of the Statues & Heritage Assets	Location	Survey No. of the Land where the Statute / Heritage is Located	Dimension of the Statute			Area of the Land on which Structure is Located (acre / sq. m.)
				Length	Breath	Height	
1	2	3	4	5	6	7	8

In case of the Structure Constructed by the Thromde, specify the Date of Construction	Cost of Acquisition / Construction (Nu.)	Was the Structure Subject to any Improvements such as Renovation, Extension or Otherwise after Acquisition? (Yes/No)	If Yes, Specify Details of Improvements		Total Cost (Nu.)	Give Reference of the Available Title Documents	Remarks
			Date	Cost (Nu.)			
9	10	11	12	13	14 (10+13)	15	16

Annex II – 3

Name of the Thromde

Roads, Streets, Lanes & Footpaths as on

Sl. No.	Name of Road, Street and Lane	Specify Whether the Road, Street or Lane is Earthen, Tar or Concrete	Survey No. of Land on which the Roads, Streets or Lanes have been Constructed	Dimensions of the Road, Street or Lane		Area (Sq.)	Date of Acquisition / Construction	From Whom Acquired	Mode of Acquisition	Give Reference of the Available Title Documents	Present Status of Land (Road)	Details of Acquisition		
				Length (Mtr)	Width (Mtr)							Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Were the Roads, Streets or Lanes Subject to Any Improvements ? (Yes/No)	If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
	Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
16	17	18	19	20	21	22	23	24	25	26	27	28

Annex II – 4

Name of the Thromde

Bridges, Culverts, Flyovers, Subways and Causeways as on

Sl. No.	Name of Road, Street and Lane	Description of the Bridge, Culvert, Flyover, Causeways or Subway	Survey No. of Land where Structure is Located	Dimensions of the Structure		Area (Sq.)	Date of Acquisition / Construction	From Whom Acquired	Mode of Acquisition	Give Reference of the Available Title Documents	In case of Property Constructed by the Thromde, Specify the Date of Construction	Details of Acquisition		
				Length (Mtr)	Width (Mtr)							Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Were the Roads, Streets or Lanes Subject to Any Improvements? (Yes/No)	If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
	Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
16	17	18	19	20	21	22	23	24	25	26	27	28

Annex II – 5

Name of the Thromde

Drains including Underground Drain as on

Sl. No.	Description of the Drain, Specifying Whether it is Open or Underground Drain	Name of Road, Street Where the Drains are Located	Survey No. of the Land Where Drains are Located	Dimensions of the Structure		Area of the Land where the Drains are Constructed (sq. m.)	In case of Property Acquired, Specify the Estimated Date of Completion of Construction along with Date of Acquisition by the Thromde	From Whom Acquired	Mode of Acquisition	Give Reference of the Available Title Documents	In case of Property Constructed by the Thromde, Specify the Date of Construction	Details of Acquisition		
				Length (Mtr)	Width (Mtr)							Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)
1	2	3	4	5	6	9	8	9	10	11	12	13	14	15

Were the Roads, Streets or Lanes Subject to Any Improvements ? (Yes/No)	If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
	Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
16	17	18	19	20	21	22	23	24	25	26	27	28

Annex II – 6

Name of the Thromde

Water Works Distribution as on

Sl. No.	Description of the Water Distribution on System Assets	Name of Road, Street Where the Distribution on Assets are Located	Survey No. of the Land Where Distribution on Assets are Located	Dimensions of the Structure		Area of the Land where the Distribution on Assets are Constructed (sq. m.)	In case of Property Acquired, Specify the Estimated Date of Completion of Construction along with Date of Acquisition by the Thromde	From Whom Acquired	Mode of Acquisition	Give Reference of the Available Title Documents	In case of Property Constructed by the Thromde, Specify the Date of Construction	Details of Acquisition		
				Length (Mtr)	Width (Mtr)							Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Were the Distribution Assets Subject to Any Improvements ? (Yes/No)	If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
	Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
16	17	18	19	20	21	22	23	24	25	26	27	28

Annex II – 7

Name of the Thromde

Public Lighting System as on

Sl. No.	Name of the Road / Location	Survey no. of the road where the System is Located	Number of Lamp Posts	Meters of Cables used	Year of Acquisition / Installation	Acquired from Whom	Mode of Acquisition	Details of acquisition				Was the Individual System Subject to any improvements, such as Extension or Otherwise after Acquisition? (Yes/No)
								Date of Acquisition	Payment Advice No.	Cost of Acquisition and Erection of Lamp Posts (Nu.)	Cost of Acquisition and Laying of Cables (Nu.)	
1	2	3	4	5	6	7	8	9	10	11	12	13

If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
14	15	16	17	18	19	20	21	22	23	24	25

Annex II – 8

Name of the Thromde

Parks, Playgrounds, Lakes & Ponds as on

Sl. No.	Description of Lake and Pond	Location	Survey No. of Land where it is Located	Area of Lake / Pond (Acre / sq. m.)	Year of Acquisition / Development	Acquired from Whom	Mode of Acquisition	Details of acquisition			Was the Lake / Pond subject to any Improvements, such as Extension or Otherwise after Acquisition? (Yes/No)
								Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)	
1	2	3	4	5	6	7	8	9	10	11	12

If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
13	14	15	16	17	18	19	20	21	22	23	24

Annex II – 9

Name of the Thromde

Capital WIP as on

Sl. No.	Name of the Project	Work Order Number	Location of the Project	Estimated Cost of the Project	Cost already Incurred on the Project	Specify the Source of Finance Team	Estimated Date of Completion of the Project	Present Status of the project	Remarks
1	2	3	4	5	6	7	8	9	10

Annex II – 10

Name of the Thromde

Plant & Machinery as on

Sl. No.	Description of the Plant and Machinery Specifying the 'Make'	Capacity	Location	Number of Shifts in Use	Year of Acquisition / Development	Acquired from Whom	Give Reference of the Available Title Documents	Mode of Acquisition	Details of Acquisition / Development			Was the Plant Subject to any Improvements, such as Overhauling or Otherwise after Acquisition? (Yes/No)?
									Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)	
1	2	3	4	5	6	7	8	9	10	11	12	13

If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
14	15	16	17	18	19	20	21	22	23	24	25

Annex II – 11

Name of the Thromde

Vehicles as on

Sl. No.	Description of the Vehicle Specifying whether it is Car, Jeep, etc., and its 'Make'	Year of Manufacture	Registration Details	Engine No.	Chassis No.	Capacity	Location	Give Reference of the Available Title Documents	Year of Acquisition	Acquired from Whom	Mode of Acquisition	Details of Acquisition / Development		
												Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Was the Vehicle Subject to any Improvements such as Body Extension or Otherwise? (Yes/No)	Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
	Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
16	17	18	19	20	21	22	23	24	25	26	27	28

Annex II – 12

Name of the Thromde

Furniture & Fixture as on

Sl. No.	Description of Assets Specifying Whether it is Table, Chair, Cupboard, Partition, Safes, Vaults, Cabinets, etc.	Location / Department	Survey No. of Land where it is Located	Model Reference No.	Year of Acquisition	Acquired from Whom	Mode of Acquisition	Details of acquisition			Was the Lake / Furniture and Fixtures Subject to any Improvements, such as Design Makeovers or Otherwise after Acquisition? (Yes/No)
								Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)	
1	2	3	4	5	6	7	8	9	10	11	12

If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
13	14	15	16	17	18	19	20	21	22	23	24

Annex II – 13

Name of the Thromde

Office Equipment as on

Sl. No.	Description of Assets Specifying Whether it Photocopier Machine, Typewriter, Air Conditioner, Water Cooler, Computer, etc.	Location / Department	Survey No. of Land where it is Located	Model Reference No.	Year of Acquisition	Acquired from Whom	Mode of Acquisition	Details of acquisition			Was the Lake / Furniture and Fixtures Subject to any Improvements, such as Overhauling or Otherwise after Acquisition? (Yes/No)
								Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)	
1	2	3	4	5	6	7	8	9	10	11	12

If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
13	14	15	16	17	18	19	20	21	22	23	24

Annex II – 14

Name of the Thromde

Other Equipment (Others) as on

Sl. No.	Description of Equipment, Specifying the Make-n-Model of the Same	Location / Department	Survey No. of Land where it is Located	Model Reference No.	Year of Acquisition	Acquired from Whom	Mode of Acquisition	Details of acquisition			Was the Lake / Furniture and Fixtures Subject to any Improvements, such as Overhauling or Otherwise after Acquisition? (Yes/No)
								Date of Acquisition	Payment Advice No.	Cost of Acquisition (Nu.)	
1	2	3	4	5	6	7	8	9	10	11	12

If Yes, Specify Details of Improvement			Total Cost (Nu.)	Financial Year	Depreciation Provided				Details of Sale/Disposal		
Date of Improvement	Payment Advice No.	Cost of Improvement (Nu.)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Account	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu.)
13	14	15	16	17	18	19	20	21	22	23	24

Annex II – 15A

Name of the Thromde

Computer and Peripheral as on

Sl. No.	Description of Desktops, Laptops & Peripherals	Manufacture No. / Date	Model Reference No.	Location (Section / Room No.)	Give Reference of the Available Title Documents	Year of Acquisition	Acquired from Whom	Mode of Acquisition	Details of Acquisition / Development		
									Date of Acquisition	Payment Advice No	Cost of Acquisition (Nu.)
1	2	3	4	5	6	7	8	9	10	11	12

Was the Computer System subject to any Improvements such as Upgradation or Otherwise after Acquisition (Yes/No)	If Yes, Specify Details of Improvement			Total Cost (Nu)	Financial Year	Depreciation Provided				Details of sale/disposal		
	Date of Improvement	Payment Advice No	Cost of Improvement (Nu)			Accumulated Depreciation as on	Depreciation Provided During the Year	Adjustment to Depreciation Amount	Accumulated Depreciation as on	Date of Disposal	Receipt No.	Amount (Nu)
13	14	15	16	17	18	19	20	21	22	23	24	25

Annex II – 15B

Name of the Thromde

Intangible Assets (Software) as on

Sl. No.	Description of Software	Manufacture / License No. / Date	From whom Acquired	Mode of Acquisition	Location (Section / Room No.)	Value of Purchase	Date of Purchase	Specify the Amount of Depreciation Provided, if any (Nu.)	Written Down Value after Considering the Depreciation Provision (Nu.)	Give Reference to the Available Title Documents	Remarks
1	2	3	4	5	6	7	8	9	10 (7-9)	11	12

Annex II – 16

Name of the Thromde

Investment as on

Sl. No.	Specify the Funds from which Investment Made	Specify the Instrument (Govt. Securities / Bank deposits) where Investment Made	Amount Invested (Nu.)	Amount of Interest Receivable from the Last Receipt till the Cut-off Date (Nu.)	Remarks
1	2	3	4	5	6

Annex II – 17

Name of the Thromde

Cash Balance as on

Sl. No.	Specify the Name of the Department where Cash is Lying	Cash Balance as per General Cash Book (Nu.)	Cash in Hand Physically Verified as on Cut-off Date	Difference	Remarks
1	2	3	4	5= (3-4)	6

Annex II – 18

Name of the Thromde

Bank Balance as on

Sl. No.	Name of the Bank and Branch	Bank Account No.	Bank Account No.(Old)	Specify the Purpose for which the Bank Account is Maintained	Balance as per General Cash Book (Nu.)	Closing Balance as on (Bank Statement)	Remarks (Suspense)
1	2	3	4	5	6	7	8

Annex II – 19

Name of the Thromde

Details of advances paid to Suppliers/Contractors as on

Sl. No.	Specify Name of the Department in Respect of which Advances is Paid	Name of the Supplier/Contractor for Whom Advance has been Paid	Date when the Advance is Paid	Amount Outstanding (Nu.)	Remarks
1	2	3	4	5	6
	As per the information and during our course of work, we have been reported that Thromde is not having the practice of Sanctioning Advances to Suppliers/contractors as on				

Note:

This list should be prepared Department-wise.

Annex II – 20

Name of the Thromde

Details of Loans & Advances to Employees as on

Sl. No.	Specify Name of the Department in Respect of which Advance is Given	Name of the Employee to whom Advance has been Paid	Nature of Advance	Date when the Advance is Paid	Amount of Advance Sanctioned (Nu.)	Amount of Advance Outstanding (Nu.)	Remarks
1	2	3	4	5	6	7	8
		Total					

LOANS AND ADVANCES – FESTIVAL ADVANCE

Sl. No.	Employee Name	PF ID / Employment ID	Department Working as on	Type of Security	Amount Due as on	Loan Details				
						Date of Sanction	Amount Sanctioned	Sanctioned By	Sanctioned By	Terms of Loan/EMI
		Total								

LOANS AND ADVANCES – HOUSE BUILDING LOAN

Sl. No.	Employee Name	PF ID / Employment ID	Department Working as on	Type of Security	Amount Due as on	Loan Details				
						Date of Sanction	Amount Sanctioned	Sanctioned By	Sanctioned By	Terms of Loan/EMI
		Total								

LOANS AND ADVANCES – MEDICAL ADVANCE

Sl. No.	Employee Name	PF ID / Employment ID	Department Working as on	Type of Security	Amount Due as on	Loan Details				
						Date of Sanction	Amount Sanctioned	Sanctioned By	Sanctioned By	Terms of Loan/EMI
		Total								

LOANS AND ADVANCES – PAY ADVANCE

Sl. No.	Employee Name	PF ID / Employment ID	Department Working as on	Type of Security	Amount Due as on	Loan Details				
						Date of Sanction	Amount Sanctioned	Sanctioned By	Sanctioned By	Terms of Loan/EMI
	Total									

LOANS AND ADVANCES – ANY OTHER ADVANCE

Sl. No.	Employee Name	PF ID / Employment ID	Department Working as on	Type of Security	Amount Due as on	Loan Details				
						Date of Sanction	Amount Sanctioned	Sanctioned By	Sanctioned By	Terms of Loan/EMI
	Total									

Annex II – 21

Name of the Thromde

Receivables (including Taxes, Water charges, Rent etc.) as on

RECEIVABLES													
Sl. No.	UNIT		Assesse Name	Consolidated Tax					Property Tax				
	No.	Name		Demand Outstanding	Demand Current Year	Receipt Outstanding	Receipt Current Year	Balance	Demand Outstanding	Demand Current Year	Receipt Outstanding	Receipt Current Year	Balance
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Water Tax				Total
Demand Outstanding	Demand Current Year	Receipt Outstanding	Balance	
15	16	17	18	19

RECEIVABLES – License							
Licensee No.	Type of Business (Trade Name)	Licensee Name	Place of Trade	Due as on	Due as on	Due as on	Due as on

RECEIVABLES – Others							
Assesse No. / Other No.	Name and Address			Due as on	Due as on	Due as on	Due as on

RECEIVABLES – Sunday Market					
Identification No. / Type	Market Name	Traders No.	Traders Name and Address		Due as on
				Total	

	Other Contractual Outstandings			
				Sub-Total
				Total

Annex II – 22

Name of the Thromde

Grant Receivable as on

Sl. No.	Name of the Grant	Govt. 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 Govt. (Nu.)	Remarks	
1	2	3	4	5	6	
	NIL					

Annex II – 22A

Name of the Thromde

Unutilized Grants made as on

Sl. No.	Name of the Grant	Govt. Sanction Order No. Specifying the Amount of Grant Received	Total Amount of Grant Received (Nu.)	Balance Amount of Grant to be Spent (Nu.)	Specify if the Time for the Utilization of the Grant has Lapsed (Nu.)	Remarks (Source)	Remarks (Nature)
1	2	3	4	5	6	7a	7b

Annex II – 23

Name of the Thromde

Department-wise Inventory as on

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

Statement of Physical Stock

Stores:

Stores in Charge:

Location:

Room No.

Sl. No.	Item Name	Count as per Physical Verification as on	As per Stores Ledger				Difference between Physical & Book Balance	Rate as per FIFO Method	Value for the Purpose of Balance Sheet
			Opening Balance as on	Received Between	Issued Between	Book Balance as on			

Annex II – 23A

Name of the Thromde

Consolidated Inventory as on

CONSOLIDATED STATEMENT OF INVENTORY			
Sl. No.	Name of the Department	Value of the Inventory	Remarks
1	2	3	4
1			
2			
3			
4			
5			
6			
7			
8			
		-	

Annex II – 24

Name of the Thromde

Details of Deposits made as on

Sl. No.	Description of the Deposits made by the Corporation/Council		Amount of Deposit (Nu.)	Specify whether Interest is Receivable on Deposit Made (Yes/No)	If Yes, Specify the Amount of Interest Earned from the Date of Last Receipt to Cut-off Date	Remarks/Connection For
	Nature of Deposits	Connection No.				
1	2 (a)	2 (b)	3	4	5	6

Annex II – 25**Name of the Thromde****Loan Taken made as on**

Sl. No.	Name of Sanctioning Govt. / Govt. Authority	Loan Tenure	Date of Credit/Receipt of Loan	Date of Repayment of Loan	Amount of Loan Sanctioned	Rate of Interest (%)	Date of Interest Becoming Due	Date of Last Interest Paid	Balance of Loan Outstanding as on	Interest Due as on		Total Interest Due as on	Total Amount Payable as on (Nu.)	Remarks
										Simple (Nu.)	Penal (Nu.)			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Note:

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

Annex II – 26

Name of the Thromde

Retirement Benefits Due as on

Sl. No.	Name of Employee	Designation	Department	Date of Retirement	Last Pay Drawn (for Retirement)	Amount Due on Account of				Total Amount of Retirement
						Gratuity (Nu)	Leave Encashment (Nu)	Commuted Pension (Nu)	Any Other (specify) (Nu)	
1	2	3	4	5	6	7	8	9	10	11

Amount Paid (if any) Till Balance Sheet Date on Account of					Total Amount Payable
Gratuity (Nu)	Leave Encashment (Nu)	Commuted Pension (Nu)	Any Other (Specify) (Nu)	Total Amount Paid Till Date	
12	13	14	15	16	17

Annex II – 27

Name of the Thromde

Reserve Funds Due as on

Sl. No.	Name of the Reserve Fund	Balance to the Credit of Reserve Fund as on Cut-Off Date (Nu.)	Remarks
1	2	3	4
	Total	-	

Annex II – 28

Name of the Thromde

Details of Deposits received as on

Sl. No.	Department in which Deposit is Received	Description of the Deposit Received	Name of the Depositor	Amount of (Nu.) Deposit	Remarks	
					Date	Receipt No.
1	2	3	4	5		
	Total					

Annex II – 29

Name of the Thromde

Bills and Other Payables Details as on

Sl. No.	Name of the Supplier / Contractor	Bill No.	Date of Bill	Specify Nature of Payables*	Amount Payable (Nu.)	Deductions e.g. TDS	Specify Name of the Department Procuring the Material or Incurring the Expenditure	Remarks	I.T	SD	OTHERS	WITHHELD
1	2	3	4	5	6	7	8	9	10	12	13	14
	Total											

Annex II – 30

Name of the Thromde

Earnest Money Dues details as on

Sl. No.	Name of the Work	Identification No. of Deposit (if any)	Amount of Earnest Money (Nu)	Date of Receipt of Earnest Money	Date of Opening of Tender	Amount of Deposit Due as on Balance Sheet Date (Nu)	Date of Refund of Earnest Money	Remarks

Annex II – 31

Name of the Thromde

Security Deposit as on

Sl. No.	Identification No. of Deposit (if any)	Nature of Deposit	Duration of Deposit	Year in which Paid / Deducted	Balance of Deposit Due as on Balance Sheet Date (Nu)	Amount of Deposit Expected to be Returned in Next Accounting Period (Nu)	Remarks

Annex II – 32

Name of the Thromde

Other Deposit as on

DEPOSIT WISE:

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

Annex II – 33

Name of the Thromde

Outstanding Bills as on

ITEM WISE:

Sl. No.	Bill No.	Place	Bill Amount (Nu.)	Bill Date	Date of Payment	Amount Paid (Nu.)	Remarks

Annex II – 34

Name of the Thromde

Income-Tax Deducted Payable as on

Month (Opening Balance as on Opening Day of Accounting Period)	Gross Amount of Bill Passed (Nu.)	Net Amount Paid (Nu.)	Amount of Sales Tax Deducted (Nu.)	Amount Deposited in Central Government Account (Nu.)	Date & Challan No. of Deposit of Tax in Central Government Account	Name of Bank & Branch where Tax Deposited	Remarks

Annex II – 35

Name of the Thromde

Sales Tax Deducted Payable as on

Month (Opening Balance as on Opening Day of Accounting Period)	Gross Amount of Bill Passed (Nu.)	Net Amount Paid (Nu.)	Amount of Sales Tax Deducted (Nu.)	Amount Deposited in Central Government Account (Nu.)	Date & Challan No. of Deposit of Tax in Central Government Account	Name of Bank & Branch where Tax Deposited	Remarks

FORMAT OF OPENING BALANCE SHEET

As at 30 June 20...

Sl. No.	Particulars	Schedule No.	Current Year (Nu.)	Previous Year (Nu.)
A	SOURCES OF FUNDS			
A1	Reserves and Surplus			
	Thromde (General) Fund	B-1		
	Earmarked Funds	B-2		
	Reserves	B-3		
	Total Reserves and Surplus			
A2	Grants, Contributions for Specific Purpose	B-4		
	Loans			
	Secured loans	B-5		
	Unsecured loans	B-6		
A3	Total Loans			
	TOTAL SOURCES OF FUNDS [A1-A3]			
B	APPLICATION OF FUNDS			
B1	Fixed Assets	B-11		
	Gross Block			
	Less: Accumulated Depreciation			
	Net Block			
	Capital Work-in-Progress			
	Total Fixed Assets			
B2	Investments			
	Investment - General Fund	B-12		
	Investment - Other Funds	B-13		
	Total Investment			
	Current Assets, Loans & Advances			
	Stock in hand (Inventories)	B-14		
	Sundry Debtors (Receivables)	B-15		
	Gross Amount Outstanding			
	Less: Accumulated Provision Against Bad and Doubtful Receivables			
	Prepaid Expenses	B-16		
	Cash and Bank Balances	B-17		
	Loans, Advances and Deposits	B-18		
	Total Current Assets			
B4	Current Liabilities and Provisions			
	Deposits Received	B-7		
	Deposit works	B-8		
	Other Liabilities (Sundry Creditors)	B-9		
	Provisions	B-10		
	Total Current Liabilities			
B5	Net Current Assets (B3-B4)			
C	Other Assets	B-19		
D	Miscellaneous Expenditure (to the extent not written off)	B-20		
	TOTAL APPLICATION OF FUNDS [B1+B2+B5+C+D]			

	Notes to the Balance Sheet – Attached			
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Schedule B-1: Thromde (General) Fund (Nu)

Account Code	Particulars	Water Supply, Sewerage and Drainage	Road Development and Maintenance	Social Development Services	Commercial Projects	General Account
	Balance as Per Last Account					
	Additions During the Year <ul style="list-style-type: none"> • Surplus for the Year • Transfers 					
	Total (Nu.)					
	Deductions during the year <ul style="list-style-type: none"> • Deficit for the Year • Transfers 					
	Balance at the End of the Current Year					

Schedule B-2: Earmarked Funds (Special Funds/Sinking Fund/Trustor Agency Fund)

Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	General Provident
A. Opening Balance					
B. Additions to the Special Fund <ul style="list-style-type: none"> • Transfer from Thromde Fund • Interest/Dividend Earned on Special Fund Investments • Profit on Disposal of Special Fund Investments • Appreciation in Value of Special Fund Investments • Other addition (specify) 					
Total (A + B)					
C. Payments out of funds <ul style="list-style-type: none"> [I] Capital expenditure on <ul style="list-style-type: none"> • Fixed Asset • Others [II] Revenue Expenditure on <ul style="list-style-type: none"> • Salary, Wages and Allowances etc. • Rent • Other Administrative Charges [III] Other: <ul style="list-style-type: none"> • Loss on Disposal of Special Fund Investments • Diminution in Value of Special Fund Investments • Transferred to Thromde Fund 					
Total (C)					
Net Balance of Special Funds (A + B) – (C)					

Schedule B-3: Reserves

Account Code	Particulars	Opening Balance (Nu.)	Additions During the Year (Nu.)	Total (Nu.)	Deductions During the Year (Nu.)	Balance at the End of Current Year (Nu.)
1	2	3	4	5	6	7 (5-6)
				(3+4)		
	Capital Contribution					
	Capital Reserve					
	Borrowing Redemption Reserve					
	Special Funds (Utilized)					
	Statutory Reserve					
	General Reserve					
	Revaluation Reserve					
	Total Reserve funds					

Schedule B-4: Grants & Contribution for Specific Purposes

Account Code	Particulars	Grants from Government	Grants from Other Government Agencies	Grants from Financial Institutions	Others, Specify
	a. Opening Balance b. Additions to the Grants * <ul style="list-style-type: none"> • Grant received during the year • Interest/Dividend earned on Grant Investments • Profit on Disposal of Grant Investments • Appreciation in Value of Grant Investments • Other Additions (specify nature) 				
	Total (a+b)				
	c. Payments Out of Funds <ul style="list-style-type: none"> • Capital Expenditure on Fixed Assets • Capital Expenditure on Other • Revenue Expenditure on <ul style="list-style-type: none"> - Salary, Wages, Allowances, etc. - Rent • Other: <ul style="list-style-type: none"> - Loss on Disposal of Grant Investments - Diminution in Value of Grant Investments - Grants Refunded • Other Administrative Charges 				
	Total (c)				
	Net Balance at the Year-end (a+b) - (c)				

Schedule B-5: Secured Loans

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loans from Government		
	Loans from Govt. Bodies & Associations		
	Loans from International Agencies		
	Loans from Banks & Other Financial Institutions		
	Other Term Loans		
	Bonds & Debentures		
	Other Loans		
	Total Secured Loans		

Notes:

- a. The nature of the Security shall be specified in each of these categories;
- b. Particulars of any guarantees given shall be disclosed;
- c. Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption;
- d. Rate of interest and original amount of loan and outstanding can be provided for every Loan under each of these categories separately;
- e. For loans disbursed directly to an executing agency, please specify the name of the Project for which such loan is raised.

Schedule B-6: Unsecured Loans

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loans from Government Loans from Govt. Bodies & Associations Loans from International Agencies Loans from Banks & Other Financial Institutions Other Term Loans		
	Bonds & Debentures		
	Other Loans		
	Total Un-Secured Loans		

Note:

Rate of interest and original amount of loan and outstanding can be provided for every Loan under each of these categories separately.

Schedule B-7: Deposits Received

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	From Contractors From Revenues From Staff From Others		
	Total Deposits Received		

Schedule B-8: Deposits Works

Account Code	Particulars	Opening Balance as of the Beginning of the Year (Nu.)	Additions During the Current Year (Nu.)	Utilization / Expenditure (Nu.)	Balance Outstanding at the End of the Current Year (Nu.)
	Loan Issue Expenses Deferred Discount on Issue of Loans Deferred Revenue Expenses Others				

Schedule B-9: Other Liabilities (Sundry Creditors)

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Creditors Employee Liabilities Interest Accrued and Due Recoveries Payable Government Dues Payable Refunds Payable Advance Collection of Revenues Others		
	Total Other liabilities (Sundry Creditors)		

Schedule B-10: Provisions

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Provision for Expenses Provision for Interest Provision for Other Assets		
	Total Provisions		

Schedule B-11: Fixed Assets

Account Code	Particulars	Gross Block				Accumulated Depreciation				Net Block	
		Opening Balance	Additions during the Period	Deductions during the Period	Cost at the End of the Year	Opening Balance	Additions During the Period	Deductions During the Period	Total at the End of the Year	At the End of Current Year	At the End of Previous Year
1	2	3	4	5	6	7	8	9	10	11	12
	Land										
	Buildings										
	Infrastructure Assets										
	Other Assets										
	• Plants & Machinery										
	• Vehicles										
	• Office & Other Equipment										
	• Furniture, Fixtures, Fittings and Electrical Appliances										
	• Other Fixed Assets										
	Total										

Additional Disclosures to the Schedule

- a. Value of fixed assets under dispute or litigation shall be provided. The status of the legal case as at the reporting date of the financial Statements shall also be mentioned. 2. The details & value of Assets, which are not yet physically identified/traced, shall be disclosed separately.
- b. Details and value of Assets under leases and hire purchase needs to be disclosed as a Note.

Note:

- a. Additions include fixed Assets created out of Earmarked Funds and Grants transferred to fixed block as referred to in Schedule B-2 and B-4.
- b. 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.
- c. Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, hospital building, public buildings temporary structures and sheds, etc.
- d. No depreciation is to be charged on Land

Schedule B-12: Investments - General Funds

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	<ul style="list-style-type: none"> • Central Government Securities • Debentures and Bonds • Preference Shares Equity Shares • Units of Mutual Funds • Other Investments 		
	Total of Investments General Fund		

Schedule B-13: Investments - Other Funds

Account Code	Particulars	With Whom Invested	Face Value (Nu.)	Current Year Carrying Cost (Nu.)	Previous Year Carrying Cost (Nu.)
	<ul style="list-style-type: none"> • Central Government Securities • Debentures and Bonds • Preference Shares Equity Shares • Units of Mutual Funds • Other Investments 				
	Total of Investments General Fund				

Schedule B-14: Stock in Hand (Inventories)

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Stores		
	Loose Tools Others		
	Total Stock in hand		

Schedule B-15: Sundry Debtors (Receivables)

Account Code	Particulars	Gross Amount (Nu.)	Provision for Outstanding Revenues (Nu.)	Net Amount (Nu.)	Previous Year Net Amount (Nu.)
	Receivables for Property Taxes Less than 5 years More than 5 years* Sub-Total Less: Government Cesses/Levies in Taxes				
	Net Receivables of Property Taxes				
	Receivable of Other Taxes Less than 3 years More than 3 years Sub-Total Less: Government Cesses/Levies in Taxes				
	Net Receivables of Other Taxes				
	Receivables of Cess Income Less than 3 years More than 3 years Sub-Total Receivables for Fees and User				
	Charges Less than 3 years More than 3 years Sub-Total				
	Receivables from Other Sources Less than 3 years More than years Sub-Total Receivables from Government Sub-Total				
	Total of Sundry Debtors (Receivables)				

Schedule B-16: Prepaid Expenses

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Establishment Administrative Operations & Maintenance		
	Total Prepaid expenses		

Schedule B-17: Cash and Bank Balances

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Cash Balance with Bank - Thromde Funds Banks		
	Balance with Bank - Special Funds Banks		

Schedule B-18: Loans, advances, and deposits

Account Code	Particulars	Opening Balance at the Beginning of the Year (Nu.)	Paid During the Current Year (Nu.)	Recovered During the Year (Nu.)	Balance Outstanding at the End of the Year (Nu.)
	Loans and Advances to Employees Employee Provident Fund Loans to Others Advance to Suppliers and Contractors Advance to Others Deposit with External Agencies Other Current Assets				
	Sub -Total				
	Less: Accumulated Provisions against Loans, Advances and Deposits [Schedule B-18 (a)]				
	Total Loans, Advances, and Deposits				

Schedule B-18 (a): Accumulated Provisions against Loans, Advances, and Deposits

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loans to Others Advances Deposits Total Accumulated Provision		

Schedule B-19: Other Assets

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Deposit works Other Asset Control Accounts		
	Total Other Assets		

Schedule B-20: Miscellaneous Expenditure (to the extent not written-off)

Account Code	Particulars	Current Year (Nu.)	Previous Year (Nu.)
	Loan Issue Expenses Deferred Discount on Issue of Loans Deferred Revenue Expenses Others		
	Total Miscellaneous expenditure		

Annexure I: Estimated useful life of the Assets

Description of Assets	Details of Assets that are to be included	Estimated Life (Years)
Land	Parks, Burial Grounds, Play grounds Roads etc. and any vacant site on which no construction Available and kept as vacant site.	
Building – Class I Civil Structures (Structure with R.C. roof)	Office Buildings, School Buildings, Public conveniences, Child Welfare centers, Swimming pool, Market places, crèches, Lethal chamber, Stadia, Shopping complexes, Bus stand, Town hall, Community hall, Lodging Houses, Cinema theatre, Staff quarters etc.	30
Bridges and Flyovers Building – Class II civil structure (Structure with roof other than R.C. or without roof)	Nutritious meal centers, Compound walls	20
Subways and Causeways	Cause ways, vehicular subways, pedestrian over Bridges	15
Storm water drains-open drains & culverts	Storm water Drains-open Drains & Culverts	15
Heavy Vehicles	Lorry, Tractor, Tipper, Bus, etc.	5
Light Vehicles	Jeeps, Cars, Power Tillers, Motorcycles, Mini-lorry, etc.	7
Other Vehicles	Single driven RC, Double Driven RC, etc. (RC-Rubbish cart), Bi-cycles, Tricycles	3
Bridges and Flyovers	Bridges and Flyovers	30
Furniture, Fixtures, office Equipment's etc.	Steel chairs, Steel Tables, Wooden chairs, Wooden tables Steel racks, Wooden racks, Steel cupboards, Typewriters, Duplicators, Xerox machines, Communication Equipment's, Calculators, Air conditioners, Water coolers, Refrigerators, Fans, Electrical fittings, Other office equipment (e.g. Bradma Cash Register), Radios, TVs, Stools, Public address systems, Wireless equipment etc.	7
Plant/Machinery & Equipment (excluding office equipment)	Road rollers, Bulldozers, Mechanical Sweeper, Pay Loader, Submersible pumps, Mixing mortars, other Civil Engineering equipment, School equipment, Public health equipment, Tower clocks, Electrical equipment including generators, Motor pumps, other Plant & Machinery etc.	7
Roads & Pavements Concrete (including barricades)		7
Bituminous road over metal/Stone metal		3
Roads with Jhama metal only		2
Pavements with Brick & Brick Paved Road		10

Water Supply pipeline		40
Pump stand Motor		7
Water Reservoir		40