

Surat Municipal Corporation

Balance Sheet

As on 31st March 2007

Liabilities	2005-2006	2006-2007	Assets	2005-2006	2006-2007
MUNICIPAL FUNDS			FIXED ASSETS		
Corpus Funds	13344954894.14	15588834374.68	Land	5481650.00	15734580220.42
Sinking Fund	299839473.33	299895055.33	Buildings	122924.01	1807098691.68
Committed/Earmarked Funds	332936092.20	884437201.88	Public places	...	336767381.85
Depreciation Fund	50615133.31	4118072453.81	Roads & Bridges	1842236.00	4955233565.47
Sub Total	14028345592.98	20891239085.70	Sewerage & Drainage lines	...	1713754478.88
			Water supply	122573.20	3329991532.68
RESERVES & SURPLUS			Plants, Machineries & Equipments	1430233.82	3132760174.79
Reserves		15946432922.66	Vehicles & Transport Equipments	45327681.35	224025133.43
Capital Receipts	4760971232.75	5286303993.63	Office Equipments	16359204.09	140056953.92
Income & Exp. Credit Bl.	4528678621.12	2532051499.70	Furniture, Fixtures & Fittings	18676602.77	109893860.90
Sub Total	9289649853.87	23764788415.99	Livestock	69043.25	779195.81
			Miscellaneous Fixed Assets	11466314.52	5934047.43
SECURED LOANS			Sub Total	100898463.01	31490875237.26
Long Term Loan	245890000.00	235240000.00			
Sub Total	245890000.00	235240000.00	CAPITAL WORK-IN-PROGRESS		
			Land	1501390392.66	603413871.49
CURRENT LIABILITIES			Buildings	2095813502.22	1236845528.46
Sundry Creditors	59658437.50	38400025.91	Public Places	425432010.12	126748579.16
Deposits Received	1231775173.47	1502756214.11	Roads & Bridges	5760476564.37	3264985986.14
Employee Related Liabilities	357926868.37	393867577.88	Sewerage & Drainage Lines	2382507049.44	929555943.10
Other Liabilities	91464533.34	236674542.57	Water supply	3756951354.45	1984139344.64
Interest Accrued and Due			Plants, Machineries & Equipments	3556181134.73	1027102250.53
Sub Total	1740825012.68	2171698360.47	Vehicles & Transport Equipments	183371897.78	139364507.34
			Office Equipments	196576165.03	107229048.12
			Furniture, Fixtures & Fittings	148740531.48	62854802.91
			Miscellaneous Fixed Assets	320332449.10	8217449.10
			Sub Total	20327773051.38	9490457310.99
			INVESTMENTS		
			Sinking Fund Investments	299835005.00	299890587.00
			Earmarked Fund Investments	111937499.00	371724551.00
			Loan Fund Investments	2500000.00	2500000.00
			General Fund Investments	3572076001.00	4163076000.60
			Sub Total	3986348505.00	4837191138.60
			CURRENT ASSETS		
			Stores & Spares in Hand	140662550.27	211212053.37
			Debtors - Tax Revenue	2760717.66	3038358.53
			Debtors - Non Tax Revenue	62967262.94	63195159.99
			Bank Balances	187348621.69	330338189.64
			Cash Balances	134968384.12	170722451.32
			Sub Total	528707536.68	778506212.85
			LOANS,ADVANCES AND DEPOSITS		
			Loans & Adv.to Employees	25837269.31	78578406.98
			Loans & Adv.to Parties	216119838.22	272320263.19
			Loans & Adv.to Others	23497004.30	17620058.80
			Deposits	95528791.63	97417233.49
			Sub Total	360982903.46	465935962.46
			MISC.EXP.& REVENUE DEFICITS
GRAND TOTAL	25304710459.53	47062965862.16	GRAND TOTAL	25304710459.53	47062965862.16

Surat Municipal Corporation

Income and Expenditure Account

As on 31st March 2007

Income	2005-2006	2006-07	Expenditure	2005-2006	2006-07
TAX REVENUE			ESTABLISHMENT EXPENSES		
Octroi & Toll	4052073203.22	4855948478.38	Salary & Wages	1109032406.21	1268547965.56
Property Tax	1097356786.85	1241705705.65	Allowances	480207509.95	542566718.93
Other Direct Taxes	68471118.86	115078085.00	Reimbursements	36719119.92	43922300.85
Sub Total	5217901108.93	6212732269.03	Employee Welfare	14505883.03	17806508.42
NON TAX REVENUE			Terminal Benefits	274000000.00	273318325.00
Rental from Municipal Properties	45808938.96	41101110.15	Other Employees Costs	12601347.29	17736238.94
Collection from Public Places	44022466.96	38667254.23	Sub Total	1927066266.40	2163898057.70
Realisation Under Sp.Statutes	4747052.00	5248955.00	ADMINISTRATIVE & GENERAL EXP.		
Public Service Charges/Fees	355512366.73	344668746.28	Rents-Rates-Taxes	24753269.92	62990187.39
Sub Total	450090824.65	429686065.66	Communication Expenses	18551556.90	17408599.33
OTHER INCOME			Printing & Stationery	15719641.83	19258594.01
General Grt.,Cont.& Subsidies	550989527.75	828665473.00	Travelling & Conveyance Expenses	1546036.15	2079203.00
Interest	265103610.61	322774391.84	Insurance Charges	2542445.00	3076343.00
Sales Proceeds	29415561.50	22912444.08	Professional & Other Fees/Charges	121750380.67	116706828.33
Miscellaneous Income	36102209.51	57919304.02	Other Expenses	716229985.61	826687481.07
Sub Total	881610909.37	1232271612.94	Sub Total	901093316.08	1048207236.13
APPROPRIATION			REPAIRS AND MAINTENANCE		
Prior Period Income	185123172.53	149779196.44	Rep. & Maint. of Fixed Assets	454000384.76	700657149.54
Sub Total	185123172.53	149779196.44	Sub Total	454000384.76	700657149.54
			SERVICE & PROG.REL.DIRECT EXP.		
			Service Related Direct Expenses	258931491.79	353172188.37
			Prog. Related Direct Expenses	8540081.20	7253801.95
			Sub Total	267471572.99	360425990.32
			FINANCE CHARGES		
			Interest	24870148.00	24192243.00
			Charges	21661825.14	24387759.07
			Sub Total	46531973.14	48580002.07
			OTHER EXPENSES		
			Write Off	0.00	947088.86
			Grants & Contributions	185936948.30	214049926.51
			Depreciation	600000.00	628977082.51
			Sub Total	186536948.30	843974097.88
			APPROPRIATION		
			Prior Period Expenses	501024.46	881145.00
			Sub Total	501024.46	881145.00
			Excess of Income over Exp. C/F.	2951524529.35	2857845465.43
GRAND TOTAL	6734726015.48	8024469144.07	GRAND TOTAL	6734726015.48	8024469144.07

**(Also refer "Annexure - 'A'- Notes forming part of Accounts)

I/c Chief Accountant
S.M.C.

Assistant Commissioner (Finance)
S.M.C.

Commissioner
S.M.C.

Notes forming part of Accounts:**(1) Basis of Accounting:**

The accounts prepared mainly on cash basis and reflected as per the historical cost convention. Accounting policies adopted in presentation and preparation of accounts are as under:

(a) Investments:

Investments are stated at cost. They are segregated where applicable considering the purpose for which they are intended to be met.

(b) Inventories:

Inventories are stated at cost or net realizable value whichever is lower, Inventories include stores and spares.

(c) Revenue recognition:

- Surat Municipal Corporation, being local body derives its income principally from octroi, toll, property taxes and other levies. Revenue is recognized on bills generated for various tax and non tax revenues.
- Other incomes like interest, miscellaneous incomes are recognized on their receipts.
- Grants/subsidies which are revenue in nature are credited to income and expenditure account on their receipts.

(d) Fixed assets:

- Fixed assets are accounted at cost of acquisition less depreciation (except land). Cost includes any other cost that is incurred to bring the assets to its working condition for its intended use.
- Unidentified fixed assets continue to be recorded under "Capital work-in-progress"

(e) Depreciation:

Depreciation is provided on straight line method (SLM) basis on depreciable identified and reinstated fixed assets, considering its useful life of assets and residual value, which is determined at Rs.1/-.

For the transition:

As far as depreciation charge on assets reinstated until 31st March, 1996 is concerned, since the reserve is specially created against the reinstatement, reserves are extracted to the extent of depreciation on the portion of assets reinstated applicable until 31st March, 2006. As regards, depreciation on the transferred value of fixed assets from capital WIP until 31st March, 2006 and that of reinstated value for the period 1st April 1996 to 31st March, 2006 are concerned; the same is fetched from Income & Expenditure Account.

(2) Contingent Liabilities:

Surat Municipal Corporation undergoes number of capital work contracts on regular basis. Considering the nature and complexity of the contracts, the precise commitment on account of capital contracts is not readily ascertainable.

(3) A detailed exercise was carried by an external consultant in respect of identification and valuation of fixed assets of the Surat Municipal Corporation for the period upto 31st March, 1996. Such identification and valuation thus made, had remained to be reflected in the Fixed assets. Considering the propriety and necessity, internal departments of Surat Municipal Corporation have re-evaluated what was being done by the external consultant and a decision was reached to mount the same to the books of accounts and give effect thereof for the year ending 31st March, 2007.

Per se, expenditure on fixed assets was already incurred and only identification, valuation and re-evaluation have been done. While reinstating fixed assets values, Fixed Assets have been debited and Reinstatement estimated reserve is credited.

Until 31st March, 2006, the entire acquisition and the year-end balance of fixed assets have been carried in the balance sheet as one composite broadly classified figure under the head "Capital Work-in-progress". Exercise have been done partially where part of the block, disclosed under "Capital Work-in-progress", has been identified and decision has been reached to segregate the same from various heads of capital work-in-progress and classify the same under the corresponding head "Fixed assets".

On the blocks so identified as fixed assets until 31st March, 1996 and part of the fixed assets from 1st April, 1996 until 31st March, 2007, depreciation is provided. A policy has been adopted where residual value of fixed assets is limited to Rs.1 and based on the expected useful life of assets, depreciation is spread on Straight Line Method basis over the useful life of the assets. This policy is in consonance with Accounting Standard 10 - "Accounting for Fixed Assets " issued by the Institute of Chartered Accountant of India.

Since the assets until 31st March, 1996 are reinstated into the books of accounts and that for the period from 1st April 1996 until 31st March, 2007 are regularized by way of transfer from capital work in progress to fixed assets, depreciation to be provided until 31st March, 2007 has also been bifurcated into two parts i.e. depreciation required to be provided until 31st March, 2006 and depreciation for year ending 31st March, 2007.

As far as depreciation required to be provided until 31st March, 2006 is concerned, logically and in principle, it is extracted from the reserves. As far as depreciation charge on assets reinstated until 31st March, 1996 is concerned, since the reserve is specially created against the reinstatement, it is considered fit and appropriate to extract reserves to the extent of depreciation on the portion of assets reinstated applicable until 31st March, 2006. As regards, depreciation on the transferred value of fixed assets from capital Work-in-Progress until 31st March, 2006 is concerned; the same is fetched from Income & Expenditure A / c.

- Effects of deletion and transfer to Assets is pending.

Accordingly, following entries have been passed into the Books of Accounts.

- Assets identified and valued until 31st March, 1996 aggregating to Rs. 1915.02 crores have been debited to Fixed Assets A/c. and correspondingly “Reinstatement Reserve” is created.
- Depreciation worked out on assets so identified until 31st March, 1996 has been extracted from the “Reinstatement Estimated Reserve” aggregating to Rs.118.25 crores.
- Assets aggregating to Rs.1122.78 crores for the period 1st April, 1996 until 31st March, 2006, of which assets for the period until 31st March, 2006 were hitherto stated under the block “Capital Work-in-Progress” alongwith assets acquired for the period 31st March, 2007, have been identified and the same have been transferred to the Fixed Assets.
- Unidentified Block of Assets until 31st March, 2007 aggregating to Rs.949.04 crores is shown to be continued under the block “Capital Work-in-Progress”.
- Depreciation provided in accordance with policy for the period 1st April 1996 until the period 31st March, 2006 on the identified and reinstated assets aggregating to Rs.225.45 crores is extracted from Income and Expenditure Account.
- Depreciation for the year ending 31st March, 2007 of Rs. 62.90 crores is charged to the Income & Expenditure A/c.