Ahmedabad Urban Development Authority
Sardar Patel Sankul, Usmanpura,
Ahmedabad

Accounting Year 2015-16

## Notes forming part of Annual Financial Statements for the year ended 31st March 2016

## Schedule 16. Significant Accounting Policies

### A. Basis of Accounting:

The Financial Statements have been prepared under historical cost convention generally adopting Accrual System of Accounting except Capital Expenditures and Capital Receipts which are accounted on Cash System.

**Exceptions – Balance Sheet**

(i) Accrued and Due installments receivable from EWS Beneficiaries have been accounted on accrual basis.

(ii) Grants receivable in respect of Completed Capital Projects, accounted on accrual basis. (If ascertainable)

(iii) Land Acquisition Costs payable as per the Awards of the Court but not paid has been accounted on accrual basis.

### B. Fixed Assets:

All Fixed Assets (Other than Land) have been stated at Cost less Accumulated Depreciation.

Land acquired for Growth Centers and other projects are shown at actual cost incurred whereas land acquired under T.P. Scheme has been valued at the cost derived in " FORM F " of the Town Planning and Urban Development Act, 1976

### C. Depreciation:

Depreciation has been provided on Fixed Assets since 1st April 2008 at the following rates on W.D.V. method, over the useful life of the Asset.

| | | | |
|---|---|---|---|
| Road Works | 5.00% | Drainage | 7.00% |
| Water Supply | 7.00% | Bridges | 2.22% |
| Lake Developments | 10.00% | Softwares | 10.00% |
| Cattle Camp | 5.00% | Central Verge | 5.00% |
| Fire Fighting Equip. | 10.00% | Percolating Wall | 5.00% |
| Street Lights | 5.00% | Sports Sankul | 5.00% |
| Crematorium | 5.00% | Computers | 40.00% |
| Furniture & Fixtures | 18.10% | Office Building | 5.00% |
| Vehicles | 25.89% | Other Equipments | 13.91% |
| Gardens | 10.00% | Recreation Park | 10.00% |
| Tree Guard & Plants | 10.00% | Science City Approach Ramp | 10.00% |
| Sump Pump House | 10.00% | Ring Road | 10.00% |
| Dev.Exp.in Dev.area | 5.00% | | |

### D. Capital Work in Progress:

In respect of continuous capital works towards all Infrastructures such as Road Works and Water supply, in the initial year of expenditure they are considered as capital works under process and in the subsequent year, they are transferred to Fixed Assets.

KJP & CO. CHARTERED ACCOUNTANTS AHMEDABAD

AHMEDABAD URBAN DEVELOPMENT AUTHORITY AHMEDABAD

## Notes forming part of Annual Financial Statements for the year ended 31st March 2016

### E. Investments:

Investments are stated At Cost.

### F. Grants:

Capital Grants received from various government departments are shown as **liabilities/Capital Reserve,** until they are fully used and on the complete use of the Capital Grants; it is either reduced from the capital expenditure or reduced from the value of Fixed Assets.

### G. Capital Receipts:

One time receipts collected from the beneficiaries of AUDA; which is used for the development of area designated to the Authority by the Government are shown as Capital Receipts.

### H. Revenue Recognition:

1. Investment Income and Rental Income is recognized on accrual basis.
2. Fees, Charges, Penalties and Other misc. receipts are recognized on receipt basis.

### I. Recognition of Expenditure:

1. Expenses on Salaries, Bonus and Other allowances are recognized as and when they are due for payment.
2. All Revenue expenditures are treated as expenditure in the period in which they are incurred.
3. Provisions for Expenses are made at year-end for all bills received up to a cut off date.

### J. Employee Benefits and Obligations:

Authority makes provision in book for its obligation towards Gratuity and Leave Encashment amounts payable to its permanent employees. However, no actuarial valuations are carried out by the external agencies. Moreover, the provisions made are not deposited in the designated bank accounts.

### K. Provisions-General:

A provision is recognized when AUDA has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### L. Provisions-Land Acquisition:

Provision for Land Acquisition is provided in the Books of Account on the basis of Court order and information and explanation provided by LAQ Branch.

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**Accounting Year 2015-16**

**Notes forming part of Annual Financial Statements for the year ended 31st March 2016**

**M. Contingent Liabilities:**

1. As at the end of the current year, there are 15 cases pending before the District Courts, against the Authority for additional compensation in respect of land acquisition. However it is not feasible to arrive at the value of Claims lodged against the authority.

2. For, Assessment Year 2009-10, 2010-11 & 2011-12 assessment has been framed denying exemption U/s 11 of the Income Tax Act, 1961 and raised disputed demand of Rs.165 Crore; 140 Crore & 116 Crore respectively for which Hon'ble bench of ITAT, Ahmedabad has confirmed the denial of exemption, and for correct quantification of taxable income, matters are restored back to the file of the Assessing officer. However, against the implementation of the said orders stay has been obtained from the Hon'ble High Court of Gujarat at Ahmedabad and presently matters are pending for final hearing before the High Court.

   For, Assessment Year 2012-13 & 2013-14, assessment has been framed denying exemption U/s. 11 of the Income Tax Act, 1961 and raised disputed demand of Rs.84 Crore & 59 Crore respectively; for which appeal is pending before Hon'ble CIT, Ahmedabad.

   For Assessment Year 2010-11 assessment has been framed for penalty proceedings U/s 271(1)(c) of the I.T.Act,1961 of Rs.101 Crore by Assesseeing Officer. Hon'able CIT has decided for removal of penalty levied u/s 271 (1) (c). However, Revenue Department has filed an appeal in Hon'able ITAT against the order of Hon'able CIT.

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Ahmedabad Urban Development Authority
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Ahmedabad

**Accounting Year 2015-16**

## II. Notes forming part of Accounts

1. Figures of previous year has been regrouped and / or rearranged wherever necessary so as to make them comparable with that of current financial year.

2. Debit / Credit Balances in respect of Receivables and Payables, appearing in the financial statements are subject to confirmation from the respective parties.

3. All Deposits in respect of Earnest Money, Security Deposit, Retention Money and other deposits are subject to reconciliation with Engineering Branch of AUDA.

4. Authority is in the process of maintenance of fixed assets register, showing full particulars of all assets of AUDA.

5. In terms of the Various Notification issued by Urban Development and Urban Housing Department Sachivalaya Gandhinagar such as notification No.

   (i)KV/25/2006/AMN/902006/410/P dated 14th February 2006
   (ii)KV/211/2006/AMN/902006/410/P dated 20th July 2006 and
   (iii)KV/3/2008/AMN/902008/157/P dated 17th Jan 2008,

   Authority is in process of handling over Physical Possession of Various Road Works, Drainage and Water Supply Lines and Bridges etc to Ahmedabad Municipal Corporation. However appropriate accounting entries for the transfer of all such Assets/Liabilities are not yet passed.

6. Estate Branch of Authority is in the process of reviewing / monitoring particulars of all Plots of Land owned by AUDA in various T.P. Schemes and Growth Centers and it is also in the process of getting the ownership documents in favour of AUDA. The entire reconciliation will be performed and necessary correcting entries will be passed in the books of accounts, if any variation is noticed.

7. In respect of installments receivable from the beneficiaries of EWS Schemes, Installments accrued but not due are not reflected as receivable in books of accounts of the Authority.

8. As clarified by the authority, provision for amount payable towards capital expenditure of Rs.815.98 Lacs has been made on the basis of bill receivable from contractor towards the capital work already executed up to F.Y.2013-14 and for which final bills were not received.

9. Post dated cheques received from developers and beneficiaries are not accounted in the books of accounts, the same are accounted as and when deposited in bank accounts.

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Ahmedabad

**Accounting Year 2015-16**

**II. Notes forming part of Accounts**

**10** For Verification of Ownership of Plots, Supporting of Revenue records were not producer before us for verification.

**11**. Interest earned on amount invested from the grant fund except Grant of GMFB-Drainage Work UDP 56 received by the authority has not been added to the balance of the grant fund.

**12**. Hitherto, income under the head UAD fees (township) and 60 MT Ring Road (BOT Income) are shown under the head capital receipts. However, for the year under reference, the same are credited in Income & Expenditure account and also receipt of previous year is transferred to Reserves & Surplus.

**13.**Hundred rupees have been rounded off to the nearest thousand rupees.

**For Ahmedabad Urban Development Authority**

**Place: Ahmedabad**
**Date: 29/09/2016**

**Financial Advisor & Accounts Officer**

**Additional Collector**

**Chief Executive Authority**

**Chairman**

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