VADODARA URBAN DEVELOPMENT AUTHORITY (F.Y. 2016-17)

Notes forming part of Annual Financial Statements for the year ended on 31st March' 2017.

Schedule > 24 < Significant Accounting Policies

Accounting Convention

The Financial Statements are prepared on the basis of historical cost convention, unless otherwise stated and on the (i) accrual method of accounting, and (ii) Cash System of Accounting for Capital Expenditure and Capital Receipts, except as stated hereunder:

Exceptions – Balance Sheet

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

(ii) Grants receivable in respect of Completed Capital Projects, Accounted on cash basis.

Revenue Recognition

Generally revenue is recognized on accrual basis. However, where uncertainly exists for the collectibles towards services rendered, revenue actually collected is shown as receipts.

Investments

1. Investments classified as "long term investments" are carried at cost. Provision for decline, other than temporary, is made in carrying cost of such investment.
2. Investment classified as "Current" is carried at lower of cost and fair value. Provisions for shortfall on the value of such investments are made for each investment considered individually and not on global basis.
3. Cost includes acquisition expense like brokerage, transfer stamps.

Fixed Assets

1. Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental and direct expenses related to acquisition. In respect of projects involving construction, related pre-operational expenses (including interest on loans for specific project prior to its completion), and form part of the value of the assets capitalized.

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

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FRN NO. 107552 W
Chartered Accountants

3. 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's Act, 1976.

Depreciation

1. Depreciation is provided on W.D.V Method as per rates specified in the Income-Tax Act, 1961.

Capital Receipts

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

Government Grants/Subsidies

1. Government grants of the nature of contribution towards capital cost of setting up projects are treated as capital Reserve.

2. Grants in respect of specific fixed assets acquired are shown as a deduction from the cost of the related assets.

3. Government grants / subsidies are accounted on realization basis.

Retirement Benefits

Authority does not make any provision in books for its obligation towards Gratuity and Leave Encashment amounts payable to its permanent employees. However, no actual valuations are carried out by the external agencies.

Current Assets, Loans and Advances

In the opinion of the Management, the current assets, loans and advances have a value on realization in the ordinary course of business, equal at least to the aggregate amount shown in the Balance Sheet. The authority was showing Accidental Expenses being expenditure incurred for Keshavnagar/Madhavnagar as current assets, loans and advances as the said expense was recoverable from the party to whom the contract will be awarded on PPP basis for redevelopment of Keshavnagar/Madhavnagar.The said party has failed to perform the assignment and the said contract is being awarded to M/S Manav Infrastructure Pvt Ltd and the condition for recovery of expense has been removed and hence the balance amount of Accidental Expense has been transferred to other Administrative Expense.

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Taxation

Since the Authority has disputed the taxability of the surplus, in Income and Expenditure Account, we have not made any provision for the Tax Liability for the Year 2015-16.

For Vadodara Urban Development Authority

CHIEF EXECUTIVE AUTHORITY
URBAN DEVELOPMENT AUTHORITY

Place: Vadodara

Date: 01.08.2017

(Chief Executive Authority) (Chairman)

For K. K. PARIKH & CO.
Chartered Accountant

Partner

Account Officer
VUDA

Accounts Officer