

CHAPTER 3

SIGNIFICANT ACCOUNTING PRINCIPLES

3.1 This chapter contains a compilation of the Significant Accounting Principles to be followed in preparation of the accounts of the Urban Local Body.

3.2 The Financial Statements of the Local Body 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.

3.3 Where any of the Accounting Principles adopted by the local body while preparing its Financial Statements is not in conformity with the principles prescribed in this chapter 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 effect thereof, except where such effect is not ascertainable. 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.

3.4 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 Financial Statements of the period in which the change is adopted.

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

3.6 **Property and Other Taxes**

- a. Revenue in respect of Property and Other Taxes shall be recognised in the period in which they become due and demands are ascertainable.
- b. In case of new or changes in assessments, it can be accrued in the month in which the demand is served.
- c. Interest element and Penalties, if any, in demand shall be reckoned only on receipt.
- d. Revenue in respect of Notice Fee, Warrant Fee and Other Fees charged shall be recognised when the bills for the same are raised.
- e. Revenue in respect of Property Transfer Charges shall be recognised on actual receipt.

- f. Collections to be made on behalf of state Government i.e., State Education Cess, Employment Guarantee Cess and Library Cess and included in the Property tax demand shall be reckoned together with Property tax demand and credited to a control account called “State Government Levies in Taxes-Control Account.”
- g. The liability towards dues to the State Government for collections on its behalf shall be recognised as and when they are collected.
- h. Revenue in respect of Rebate from State Government for collection made on their behalf shall be recognised at the rates prescribed by the State Government at the time of creating the liability to the State Government.
- i. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the ULB in the demand, based on the following provisioning norms:
 - Ø Outstanding for more than 2 year but not exceeding 3 years: 25%
 - Ø Outstanding for more than 3 years but not exceeding 4 years: 50% (additional 25%)
 - Ø Outstanding for more than 4 years but not exceeding 5 years: 75% (additional 25%)
 - Ø Outstanding for more than 5 years: 100% (additional 25%)
- j. While making provision for receivables as stated above, the relevant proportion ‘State Govt. Cesses/ levies in Property Taxes - Control account’ shall also be provided by debiting to a separate account.
- k. Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the ULB.
- l. 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 m. Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable gets reduced.
- n. Any subsequent collection or recovery of ‘Receivables for Property & Other Taxes,’ which were already written off shall be recognised as a ‘Prior Period Income’.
- o. Demands raised with retrospective effect will be treated as prior period income to the extent it pertains to earlier years.
- p. Part-payments received in respect of Property and Other Tax levies shall be adjusted as per the provisions of the Act.

- q. Wherever self-assessment of taxes are prevalent, income can be accrued based on records available with the local body when it becomes due as per the provisions of the Act. Further, changes arising out of self-assessment will be treated as 'Change in Demand' and will be accounted accordingly

3.7 **Octroi**

- a. Revenue in respect of octroi payable on spot assessment for non-current account importers shall be recognised on actual receipt.
- b. Revenue in respect of penalties, transit fees, etc., shall be recognised on actual receipt.
- c. In case of Account Current facility holders, revenue in respect of octroi shall be recognised on a valuation/assessment being done at the time of the entry of the goods within the municipal limits.
- d. In cases where a provisional assessment is made, revenue shall be recognised in respect of the entire amount received provisionally or by way of deposit. At the time of final assessment, the additional amount recovered, if any shall be recognised as revenue when recovered.
- e. Refunds shall be recognised as expenditure as and when the amounts are determined.
- f. Transit Deposits and/or any other deposits collected, including Security Deposit collected from account current importers, shall be recognised as a liability when received and such liability shall be settled on its refund.
- g. The Transit Deposit and/or any other deposit received if forfeited shall be recognised as income in the year in which the right for claiming refund of deposit has expired.
- h. Octroi on Consumption of electricity shall be recognised as income on actual receipt during the year. However, at year-end alone, it shall be accrued if sanction order (or proceedings) is passed and the amount is ascertained.

3.8 **Cess**

- a. Revenue in respect of collection of Cess Income with Returns (on filing of returns by the dealers) shall be recognised on actual receipt.
- b. Revenue in respect of Cess Income on Assessment shall be recognised in the period in which they become due, i.e., when the demand is raised.
- c. Revenue in respect of Cess Registration Fee, Interest and Penalties levied on assessment shall be recognised on actual receipt.
- d. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the ULB in the demand, based on the following provisioning norms:

- Ø Outstanding for more than 2 year but not exceeding 3 years: 50%
 - Ø Outstanding for more than 3 years: 100% (additional 50%)
- e. Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the ULB.
 - f. Refunds, remissions of Cess 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.
 - g. Write-offs of Cess shall be adjusted against the provisions made and to that extent recoverable gets reduced
 - h. Any subsequent collection or recovery of 'Receivables of Cess Income' which were already written off shall be recognised as a 'Prior Period Income'.
 - i. Demands raised with retrospective effect will be treated as prior period income to the extent it pertains to earlier years

3.9 Water Supply

- a. Revenue in respect of Water Tax, Water Benefit Tax, Water Supply Charges, Water Meter Rent, Sewerage charge, Disposal charges shall be recognised in the period in which they become due, i.e., when the bills are raised. It is to be noted that the water tax and the related taxes may also be included in the bill raised for the property tax.
- b. Revenue in respect of Notice Fee, Warrant Fee, Other Fees shall be recognised when the bills for the same are raised.
- c. Revenue in respect of Connection Charges for Water Supply shall be recognised on actual receipt.
- d. Revenue in respect of Water Tanker Charges and Road Damage Recovery Charges, Penalties shall be recognised on actual receipt.
- e. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the ULB in the demand as follows
 - Ø If water tax is collected as a component in Property Tax, provisioning shall be made in the same way as unrealised Property Tax, which is as follows:
 - § Outstanding for more than 2 year but not exceeding 3 years: 25%
 - § Outstanding for more than 3 years but not exceeding 4 years: 50%(additional 25%)
 - § Outstanding for more than 4 years but not exceeding 5 years: 75% (additional 25%)
 - § Outstanding for more than 5 years: 100% (additional 25%)

- Ø If water tax demand is raised separately, the taxes and charges shall be provided as follows:
 - § Outstanding for more than 2 year but not exceeding 3 years: 50%
 - § Outstanding for more than 3 years: 100% (additional 50%)
- f. Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the ULB.
- g. 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.
- h. Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable gets reduced
- i. Any subsequent collection or recovery of 'Receivables of Water Supply Income' which were already written off shall be recognised as a 'Prior Period Income'.

3.10 Assigned Revenues

- a. Assigned revenues like Entertainment Tax, Duty / Surcharge on transfer of Immovable properties, shall be accounted during the year only upon actual collection. However, at year-end alone, these shall be accrued if sanction order (or proceedings) is passed and the amount is ascertained.
- b. Based on the review of recoverable position of the 'Receivables of Assigned Revenues', the amount of outstanding assigned revenues to be provided or written off shall be ascertained and accounted accordingly on obtaining the relevant approval.

3.11 Rentals, Fees and Other Sources of income

- a. Revenue in respect of Advertisement rights shall be accrued either based on Demand or based on the contract.
- b. Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains and where the Demand is raised based on the provisions of the Act.
- c. Revenues in respect of Profession Tax on Organisations / entities shall be accrued in the year to which it pertains where the demand is raised based on the provisions of the Act.
- d. Revenues in respect of rents from properties shall be accrued based on terms of agreement.
- e. Other income, in respect of which demand is ascertainable and can be raised in regular course of operations of the ULB, shall be recognised 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 ULB, shall be recognised on actual receipt.
- g. Revenue in respect of Notice Fee, Warrant Fee, Other Fees shall be recognised when the bills for the same are raised.
- h. Interest element and Penalties, if any, in demand shall be reckoned only on receipt.
- i. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of ULB in the demand, based on the following provisioning norms:
 - Ø Outstanding for more than 2 year but not exceeding 3 years: 50%
 - Ø Outstanding for more than 3 years: 100% (additional 50%)
- j. Any additional provision for demand outstanding required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the ULB.
- k. Refunds, remissions of Other 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.
- l. Write-offs of Other Incomes shall be adjusted against the provisions made and to that, extent recoverable is reduced.
- m. Any subsequent collection or recovery of 'Receivables of Rental, Fees and Other Incomes' which were already written off shall be recognised as a 'Prior Period Income'.

3.12 Public Works

- a. The cost of fixed assets shall include cost incurred/money spent in acquiring or installing or constructing fixed asset, 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 capitalised 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 recognised 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.

3.13 **Stores**

- a. Expenditure in respect of material, equipment, etc., procured shall be recognised on accrual basis, i.e., on admission of bill by the ULB in relation to materials, equipment, etc., delivered.
- b. Accounting of 'goods received & accepted but no bills received' as at the cut off 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.
- d. Revenue in respect of disposal of material shall be recognised on actual receipt.
- e. Finished goods and work- in progress related to production produced for sale will be valued at cost. 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.

3.14 **Employee Related Transactions**

- a. Expenses on Salaries and other allowances shall be recognised 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 recognised as liability in the same period in which the corresponding salary is recognised as expense.
- c. Formation of Trusts shall be considered for management of Provident Funds. However it will be the responsibility of the Urban Local Body to form the trusts and meet the shortfall of the fund if any.
- d. Provident Funds money shall be invested as per the guidelines applicable to any Employee Provident Fund.
- e. Separate Funds may also be formed for meeting the pension and other retirement benefits including Gratuity and Leave encashment. State Governments can decide on this and can define the modus operandi also. State may form Trusts either at the state level or at the municipal level.
- f. Contribution due towards Pension and other retirement benefit funds shall be recognised as an expense and a liability. State Government to define the

rate of contribution. One basis for such rate could be at the rate generally prescribed for state government employees on deputation. Actuarial valuation has not been considered due to practical limitations of the ULBs. If an ULB wants to make an actuarial valuation, their applicable state laws can guide this.

- g. Interest receivable on loans given to employees shall be recognised as revenue at the end of the period in which these have accrued.
- h. In respect of loans to employees, penal interest leviable on default in repayment of principal or payment towards interest shall be recognised on accrual basis.
- i. Bonus, ex-gratia, overtime allowance, other allowances and reimbursements to the employees shall be recognised as an expense as and when they are due for payment.

3.15 **Health and Sanitation :**

- a. Revenue in respect of the following shall be recognised on actual receipt.
 - i. Hospital fees, maternity homes fees, diagnostic centre fees and dispensaries fees
 - ii. Hospital training fees
 - iii. Rent and/or hire charges in respect of ambulance, hearse, suction unit, meat van and road roller
 - iv. Sale of fertilisers and waste, sale of animals and sale of scrap.
- b. Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains and where the Demand is raised based on the provisions of the Act.
- c. Revenue in respect of rent of equipment provided to the contractors, deducted from their bills, shall be recognised as and when the deductions are made.
- d. All revenue expenditures incurred shall be recognised on admission of the bills for payment by the ULB.

3.16 **Other Revenue Expenditures**

- a. Other Revenue Expenditures shall be treated as expenditures in the period in which they are incurred.
- b. 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.
- c. 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.

3.17 **Grants**

- a. General Grants, which are of a revenue nature, shall be recognised as incomes 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 recognised 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. Capital Grants received as a nodal agency or as implementing agency for an intended purpose, which does not, result in creation of assets with ownership rights for the ULB shall be treated as a liability till such time it is used for the intended purpose. Upon utilisation for the intended purpose, the extent of liability shall stand reduced with the value of such utilisation and no further treatment, as a capital receipt 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. Rupee One).
- g. Income on investments made from 'Specific Grants received in advance' shall be recognised 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 recognised and credited/debited to the Specific Grant.

3.18 **Borrowings or Loans received**

- a. Interest expenditure on loan shall be recognised 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 capitalised.
- 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 debentures or Bonds (Issue Expenses) shall be deferred and amortised in equal installments 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.

3.19 **Special Funds**

- a. Special Funds shall be treated as a liability on their creation.
- b. Income on investments made from Special Fund shall be recognised and credited to Special Fund, whenever accrued. Profit/loss, if any, arising on disposal of investments made from the Special Fund shall be recognised 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 (Utilised).

3.20 **Investments**

- a. Investment shall be recognised 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 recognised as and when due. At period-ends, interest shall be accrued proportionately.
- e. Dividend on investments shall be recognised on actual receipt.
- f. Profit/loss, if any, arising on disposal of investment (net of selling expense such as commission, brokerage, etc) from the Municipal Fund shall be recognised in the year when such disposal takes place.
- g. Income on investments made from Special Fund and Grants under specific Scheme shall be recognised 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 recognised and credited/debited to Special Fund Account and Grant under specific scheme Account respectively. However, interest or gains from an investment made from grants received as reimbursements, shall be credited to Municipal / General fund of the ULB instead of the Grant account.

3.21 Fixed Assets

- a. All Fixed Assets shall be carried at cost less accumulated depreciation. 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 incurred up to that month.
- b. Any addition to or improvement to the fixed asset that results in increasing the utility or useful life of the asset shall be capitalised and included in the cost of fixed asset.
- c. 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 Re. 1/-.
- d. All assets costing less than Rs.5,000 (Rupees Five thousands) would be expensed/charged to Income & Expenditure Account in the year of purchase
- e. An increase in net book value arising on revaluation shall be credited to a reserve account under the Municipal fund as 'Revaluation Reserve Account'. A decrease in net book value arising on revaluation of fixed assets is charged to Income and Expenditure accounts.
- f. Revaluation of a class of assets shall not result in the net book value of that class being greater than the recoverable amount of the assets of that class.
- g. Revaluation reserve shall be reduced by transfer of equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.
- h. Depreciation shall be provided at the rates applicable. Depreciation on all fixed assets is to be provided consistently on either Written down Value or Straight Line Method. (A task Force is being set up to prescribe life and rates of Depreciation for different type of assets of ULBs).
- i. Depreciation shall be provided at full rates for assets, which are purchased/constructed before October 1 of an Accounting Year. Depreciation shall be provided at half the rates for assets, which are purchased/constructed on or after October 1 of an Accounting Year.

- j. Depreciation shall be provided at full rates for assets, which are disposed on or after October 1 of an Accounting Year. Depreciation shall be provided at half the rates for assets, which are disposed before October 1 of an Accounting Year.
- k. Assets recorded in the register but not physically available shall be written off after a specified period as defined by the State/Municipal act or rules governing the ULBs. The authority levels for the respective State/Municipal act or rule shall also define authorising the write off. However the specified period shall not exceed five years.

3.22 Lease and Hire Purchase

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

- Ø The purchase price shall be capitalised as the cost of fixed assets
 - Ø Hire Purchase (HP) installments 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;
 - Ø 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
 - Ø The depreciation principle for assets purchased under HP should be consistent with that for owned assets.
- d Hire purchase in the books of seller
- Ø The sale price (including the interest portion) shall be accounted as receivable from HP agreement;
 - Ø HP installments 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);
 - Ø 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

3.23 **Loans**

- a. Interest/penal interest on loans shall be recognised as and when due. At period- ends, interest shall be accrued up to the date of the period-end.
- b. Interest / penal interest earned on loans given out of specific fund/grant shall be directly credited to the specific fund/grant account.
- c. Provision against bad and doubtful loans shall be made according to the provisioning principle of the ULB based on norms or guidelines issued by the state government in this regard.
- d. Any additional provision for loans outstanding (net on overall basis) required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the ULB.
- e. 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 recognised as expenditure.

3.24 **Addition / Merger of Local Bodies for up-gradation**

- a. The financial statements of the merging local bodies shall be consolidated at the cut-off dates under the pooling of interest method. The assets, liabilities, reserves and fund balances of the merging local bodies are recorded at their existing carrying amounts. However it must be ensured that accounting principles adopted for preparation of financial statements of merging local bodies should be same.
- b. The financial statements prepared on consolidation shall disclose
 - i. Names of the local bodies merged
 - ii. Authority under which the merger has taken place
 - iii. Effective date of merger
 - iv. Principles adopted for consolidation

3.25 **Inter Unit Transactions**

- a. All Inter Unit Transactions shall be recorded on cost basis and no mark up shall be included in Inter Unit Transactions.
- b. At the year-end, the inter-unit accounts are knocked off / adjusted in the consolidated accounts of the ULB.

3.26 **Municipal School Board**

- a. Fees and fines received from primary schools shall be recognised on actual receipt.
- b. Contribution receivable from other local bodies/ municipalities shall be recognised in the period in which they become due.

3.27 **Transport Undertaking:**

- a. Revenue in respect of ticket charges and monthly passes shall be recognised on actual receipt.
- b. The liability towards dues to the State Government for collections on its behalf, i.e., Child Welfare Surcharge, shall be recognised as and when it is collected.
- c. Revenue in respect of Rebate from State Government for collection made on their behalf, i.e., Child Welfare Surcharge, shall be recognised at the rates prescribed by the State Government on creating the liability to the State Government.
- d. Payments to be made by the Transport Undertaking to the Municipal Fund shall be accounted on actual payment.