

CHAPTER 9

ASSIGNED REVENUES

INTRODUCTION

9.1 This chapter contains the recommended accounting system for transactions relating to assigned revenues.

9.2 Assigned revenues are usually in the nature of a share in the revenues of the state government, to compensate for certain losses in revenue and arrangement of resources of the ULBs. The ratio of the share in revenues is determined on the basis of the revenues collected by ULBs and the recommendations of the State Finance Commissions and devolution of funds to ULBs.

ACCOUNTING PRINCIPLES

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

- 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.

ACCOUNTING RECORDS & PROCEDURES

9.4 This section describes the records, register, documents, accounting entries, etc., in respect of accounting for transactions related to Assigned Revenues.

9.5 **Recording of receipt of Assigned Revenue.** Details of Assigned revenues received shall be entered in the Receipt Register (Form GEN-9) maintained at the Accounts Department and deposited into the Bank Account and also a Receipt (Form GEN-8) shall be issued to the State Government. To record the receipt of assigned revenues, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account *	Dr.	1,00,000		Cash Book, Ledger
120-10-(a)	To Taxes and Duties Collected by Others - Duty on Transfer of Properties	Cr.		40,000	
120-10-(a)	To Taxes and Duties Collected by Others - Entertainment Taxes	Cr.		30,000	
120-(b)	To Others ___**	Cr.		30000	

* Specify name of the Bank and Account number

** Specify the heads of each income of the assigned revenue

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor and Detailed Head Codes of Accounts as applicable

— Note: The postings in the Ledger (Form GEN-3) of “Bank” Account and “Assigned Revenue” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger 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 (Form GEN-2)

9.6 Recording of accruing of assigned revenues At the end of the accounting period, the Accounts Department shall verify whether any proceedings or sanction order is passed and for which money is not received as at the end of the accounting period. The amount of such receivable as quantified in the proceedings or sanction order shall be accrued as income of the ULB. The Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-50-(a)	Receivables from Government - Assigned Revenues	Dr.	80,000		Journal Book, Ledger, Grant Register
120-10-(a)	To Taxes and Duties Collected by Others – Duty on Transfer of Properties	Cr.		20,000	
120-10-(a)	To Taxes and Duties Collected by Others - Entertainment Taxes	Cr.		25,000	
120-(b)	To Others _____*	Cr.		35,000	

* Specify the heads of each income of the assigned revenue

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor and Detailed Head Codes of Accounts as applicable

9.7 Recording of reversal for Accrued Assigned Revenues: At the end of the period end, the Accounts Department shall verify whether any accrued revenue has been collected

during the period and credited to income account. If so, the accrued income shall be reversed and the following entry shall be passed:

Code of Account	Accounting Entry	Dr / Cr	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
120-10-(a)	Taxes and Duties Collected by Others -Duty on Transfer of Properties	Dr.	6,000		Journal Book, Ledger and Grant register
120-10-(a)	Taxes and Duties Collected by Others -Entertainment Taxes	Dr.	2,000		
120-(b)	Others*	Dr	3,000		
431-50-(a)	To Receivables from Government - Assigned Revenues	Cr.		9,000	

* Specify the heads of each income of the assigned revenue.

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor and Detailed Head Codes of Accounts as applicable

9.8 **Recording of write off of outstanding assigned revenues:** The Accounts department as at the end of each year, review the outstanding assigned revenue receivable. The ULB based on its review of the recoverability may consider either making a provision or writing off. The accounting entries in respect of the above are as follows:

Code of Account	Accounting Entry	Dr / Cr	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
270-30-(a)	Revenues Written Off - Assigned revenues	Dr.	500		Journal Book, Ledger,
431-50-(a)	To Receivables from Government – Assigned Revenues	Cr.		500	

(a) Insert Detailed Head Codes of Account as applicable

PERIOD END PROCEDURES

9.9 At the period end, it shall be ensured that all the Receivables of Assigned revenues be reviewed and write off if considered necessary be made. Further, the accounts department shall also ensure that the necessary reversal entries are made for assigned revenues received in the current accounting period, which were accrued in the previous period.

9.10 The Commissioner/Executive Officer/Secretary of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

PRESENTATION IN FINANCIAL STATEMENTS

9.11 The various heads of account used for the accounting of Assigned revenues related transactions should be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of Commissioner or Authority designated by him for this purpose and in case of other ULBs the Executive Officer/Secretary.

9.12 The Schedule of the Income and Expenditure Statement in respect of Assigned Revenue is provided below.

Schedule I-2: Assigned Revenues & Compensation

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
120-10-(a)	Taxes and Duties collected by others – Duty on Transfer of Properties		
120-10-(a)	Taxes and Duties collected by others – Entertainment Taxes		
120-20-(a)	Compensation in lieu of Taxes / duties		
120-30-(a)	Compensations in lieu of Concessions		
Total assigned revenues & compensation			

Schedule I-16 : Schedule of Provisions & Write off

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
270-30-(a)	Revenues written off – Assigned revenues		
Total Expense of Assigned Revenues to be shown as a part of Provision and Write off Schedule			

(a) Insert Detailed Head Codes of Account as applicable

9.13 The Balance Sheet Abstract in respect of Assigned Revenue is provided below.

Schedules B-15: Schedule of Sundry Debtors (Receivables)

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
270-30-(a)	Revenues written off – Assigned revenues		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-17: Schedule of Cash & Bank Balances

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
450-10-(a)	Cash Account		
450-21-(a)	Bank account		
	Total		

(a) Insert Detailed Head Codes of Account as applicable