

**PHALTAN EDUCATION SOCIETY's
College of Engineering Polytechnic**

**Financial statements for the year
ended 31 March 2024 together with
the Independent Auditors' Report**

Independent Auditors' Report

To the Management of

Phaltan Education Society's College of Engineering Polytechnic

Opinion

We have audited the accompanying financial statements of the College of Engineering Polytechnic (Unit) which is a Unit of the Phaltan Education Society ("the Trust") which comprise the Balance Sheet as at 31 March 2024, the Income and Expenditure Account and a summary of significant accounting policies and other explanatory information which are in agreement with the books of accounts maintained by the unit.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the unit as at 31 March 2024;
- ii. in the case of the Income and Expenditure Account of the deficit for the year ended on that date

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the unit and the trust in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the Financial Statements

The Management of the Unit is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Unit in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Phaltan Education Society's College of Engineering Polytechnic Independent Auditors' Report (continued)

Auditor's responsibilities for the audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**Phaltan Education Society's College of Engineering Polytechnic
Independent Auditors' Report (continued)**

Auditor's responsibilities for the audit of Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001**



**Atul Bhate
Partner
Place: Pune
Membership Number: 046333
Date: 26 September 2024
UDIN: 24046333BKVCB6983**

**Phaltan Education Society's
College of Engineering Polytechnic
Phaltan, District -Satara**

Balance Sheet as at 31 March 2024

Liabilities	Sch	Amount Rs.	Assets	Sch	Amount Rs.
Earmarked funds	A	92,68,022	Furniture and fixtures	F	13,23,559
Statutory dues payable	B	2,30,024	Other fixed assets	G	1,56,51,522
Inter unit advances accepted	C	8,52,66,397	Investments	H	27,93,576
Short term provisions	D	8,06,345	Fee receivables	I	2,67,08,546
Trade payables	E	35,43,248	Loans and advances	J	4,64,040
			Other assets	K	500
			Cash and bank balances	L	33,51,587
			Income and expenditure account	M	4,88,20,706
Total		<u>9,91,14,036</u>	Total		<u>9,91,14,036</u>

Subject to our separate report of even date
Summary of significant accounting policies

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number : W100001

For Phaltan Education Society's
College of Engineering Polytechnic

Atul Bhate
Partner
Membership Number : 046333
Date: 26 September 2024
Place: Pune
UDIN : 24046333BKCVCB6983



Principal
Date: 26 September 2024
Place: Phaltan

**Phaltan Education Society's
College of Engineering Polytechnic**

Schedule to the Balance Sheet as at 31 March 2024

		Balance as at 31 March 2024
Schedule A: Earmarked funds		
Depreciation fund		
Balance as per last year balance sheet	84,11,683	
Add: Depreciation for the year	<u>8,56,339</u>	92,68,022
Total		<u>92,68,022</u>
Schedule B : Statutory dues payable		
Income tax payable		20,487
Provident fund employee contribution payable		
a. Teaching	43,200	
b. Non teaching	<u>54,000</u>	97,200
Provident fund employer contribution payable		
a. Teaching	43,200	
b. Non teaching	<u>54,000</u>	97,200
Professional tax payable		8,387
Provident fund admin charges payable		6,750
Total		<u>2,30,024</u>
Schedule C : Inter unit advances accepted		
College of engineering		16,09,021
Phaltan Education Society (HO)		8,36,41,221
Phaltan Education Society's production centre		16,155
Total		<u>8,52,66,397</u>
Schedule D : Short term provisions		
Gratuity payable		8,06,345
Total		<u>8,06,345</u>



**Phaltan Education Society's
College of Engineering Polytechnic**

Schedule to the Balance Sheet as at 31 March 2024

**Balance as at
31 March 2024**

Schedule E : Trade payables

Vaibhav book house Private Limited				6,67,023
Spectra point				12,48,000
Gandhi electricals				14,078
Phadatare mahadeo k				17,000
Shreeram enterprise				9,420
MSBTE				1,21,860
Saste Santosh Ambadas				1,000
Bharat Bag House				21,000
Phaltan Graphics Digital				1,452
Saraswati Kirana Stores				3,015
Vision E-Solution Services				14,38,400
Yogayog Photo Studio				1,000
Total				35,43,248

Schedule F : Furniture and fixtures

	Balance as at 1 April 2023	Additions	Deletions	Balance as at 31 March 2024
Furniture	11,56,059	1,67,500	-	13,23,559
Total	11,56,059	1,67,500	-	13,23,559

Schedule G : Other fixed assets

	Balance as at 1 April 2023	Additions	Deletions	Balance as at 31 March 2024
Computer	49,08,390	14,38,400	-	63,46,790
Laboratory equipment	53,31,094		-	53,31,094
Library books	18,30,084	3,00,554	-	21,30,638
Fire systems	18,43,000		-	18,43,000
Total	1,39,12,568	17,38,954	-	1,56,51,522

Schedule H : Investments

Fixed deposits with state bank of india: 33025537992				6,56,120
Fixed deposits with state bank of india: 42097154310				3,00,000
Fixed deposits with state bank of india: 42097166857				3,00,000
Fixed deposits with state bank of india: 42148439210				1,50,000
Fixed deposits with state bank of india: 33020765881				6,00,000
Interest receivable on fixed deposit				7,87,456
Total				27,93,576

Schedule I : Fee receivables

Balance as per last balance sheet		2,17,99,804	
Add: Receivable during the year		2,79,62,257	
Less: Received during the year		(2,30,53,515)	2,67,08,546
Total			2,67,08,546



**Phaltan Education Society's
College of Engineering Polytechnic**

Schedule to the Balance Sheet as at 31 March 2024

	Balance as at 31 March 2024	
Schedule J : Loans and advances		
Advance to staff:		
Ahiwale Sachin Ganpat		7,500
Ahiwale Sunanda Dhananjay		3,000
Bhosale Ravindra Madhukar		6,500
Borate Jagdish Shrinivas		12,000
Chavan Kondiba Sampat		65,000
Dange Sanjana Kiran		7,500
Hendre Sandip Ramchandra		92,000
Ingale Nilawati Dashrath		3,000
Jadhav Shailesh Vishwas		16,000
Nimbalkar Dattatray		61,000
Nimbalkar Digambar Manik		29,000
Pawar Dhiraj Uttam		4,040
Pawar Gouri		10,000
Pawar Vishal Babu		18,000
Raut Ranjana Suresh		2,500
Ruptake Santosh Jalindar		7,500
Shaikh Asif Riyaj		7,500
Shaikh Sabana Pharuk		30,000
Shinde Tushar		82,000
Total		4,64,040
Schedule K : Other assets		
Professional tax recoverable		500
Total		500
Schedule L : Cash and bank balances		
Cash in hand		22,060
Shreemant Malojiraje Co-operative Bank : 816001021000532		17,82,598
ICICI bank : 645201050652		15,46,929
Total		33,51,587
Schedule M : Income and expenditure account		
Balance as per last balance sheet	4,79,64,845	
Add: Deficit for the year	<u>8,55,861</u>	4,88,20,706
Total		4,88,20,706



**Phaltan Education Society
College of Engineering Polytechnic
Phaltan, District- Satara**

**Income and Expenditure Account
For the year ended 31 March 2024**

Expenditure	Sch	Amount Rs.	Income	Sch	Amount Rs.
Salary expenses	A	2,26,12,461	Fees	K	2,79,62,257
Advertisement expenses	-	38,131	Bank interest	L	1,77,539
Audit fee	-	50,200	Other income	M	41,145
Bank commission	-	2,812	Deficit for the year	-	8,55,861
Depreciation	-	8,56,339			
Rental expenses	-	61,850			
Travelling and conveyance	-	1,45,931			
Office and administration expenses	B	11,39,758			
Printing and stationery expenses	C	5,72,948			
Repairs and maintenance	D	9,42,612			
Student welfare expenses	E	18,91,079			
Legal and professional fees	F	13,320			
Communication expenses	G	60,354			
Rates and taxes	H	4,18,900			
Other expenses	I	1,79,074			
Honorarium expenses	J	51,033			
Total		<u>2,90,36,802</u>	Total		<u>2,90,36,802</u>

Subject to our separate report of even date
Summary of significant accounting policies

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number : W100001

For Phaltan Education Society's
College of Engineering Polytechnic

Atul Bhate
Partner
Membership Number : 046333
Date: 26 September 2024
Place: Pune
UDIN : 24046333BKVCB6983



Principal

Date: 26 September 2024
Place: Phaltan

**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Income and Expenditure Account for the year ended 31 March 2024

Schedule A : Salary expenses

Amount Rs.

Teaching staff :

Salary expenses	1,59,84,649
Provident fund employer contribution	4,68,000
Provident fund admin charges	70,650
Incentive	92,854

1,66,16,153

Non teaching staff :

Salary expenses	56,16,508
Provident fund employer contribution	3,79,800

59,96,308

Total

2,26,12,461

Schedule B : Office and administration expenses

Meeting expenses	74,990
Office expenses	1,15,213
Newspaper and periodicals	4,361
AICT Charges	3,52,000
Eligibility expenses	12,400
Faculty development program	26,187
NBA expenses	3,84,143
NBA registration fee	41,314
Staff insurance	1,29,150

11,39,758

Schedule C : Printing and stationery expenses

Printing expenses	5,00,136
Stationary expenses	72,812

5,72,948

Schedule D : Repairs and maintenance

Repairs and maintenance	3,71,594
Building repairing and maintenance	2,00,000
Electrical consumable	10,927
Gardening expenses	2,15,815
Workshop consumables	24,309
Sanitation expenses	1,19,967

9,42,612



**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Income and Expenditure Account for the year ended 31 March 2024



**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Income and Expenditure Account for the year ended 31 March 2024

Amount Rs.

Schedule E : Student welfare expenses

I cards	28,500
Uniform expenses	3,488
Liabrary expenses	44,650
Sport expenses	2,600
Student transportation	2,58,810
Student training program	2,45,380
Youth festival expenses	24,400
Enrollment fee	61,110
Exam expenses	9,48,216
Student Devlopement expenses	47,402
Industrial Visit Expense	16,786
Kurushetra Expenses	1,70,737
Student Hostel Fee	39,000
Total	18,91,079

Schedule F : Legal and professional fee

Professional fee	1,500
EPF Consultancy	11,820
Total	13,320

Schedule G : Communication expenses

Postage expenses	2,859
Internet charges	57,495
Total	60,354

Schedule H : Rates and taxes

Affiliation and extension fees	4,05,059
Pro rata fee	12,941
TDS expenses	900
Total	4,18,900



**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Income and Expenditure Account for the year ended 31 March 2024

Schedule I : Other expenses	Amount Rs.
PMKVY scheme	
Training and placement	27,135
Watchman salary	1,37,443
Guest Expenses	13,415
Miss Exp	1,081
Total	<u>1,79,074</u>
Schedule J : Honorarium expenses	
Honorarium expenses	51,033
Total	<u>51,033</u>
Schedule K : Fees	
Tuition fees	82,72,264
Government scholarship	1,87,76,273
Examination fee	9,00,520
Leaving certificate fee	13,200
Total	<u>2,79,62,257</u>
Schedule L : Bank interest	
Interest on fixed deposit	1,29,989
Bank interest on saving account	47,550
Total	<u>1,77,539</u>
Schedule M: Other income	
Amount arrears	40,000
Miscellaneous income	345
Prize distribution	800
Total	<u>41,145</u>



**Phaltan Education Society's
College of Engineering Polytechnic
Phaltan, District- Satara**

**Receipt and Payment Account
For the year ended 31 March 2024**

Receipts	Sch	Amount Rs	Payments	Sch	Amount Rs
Opening balance	A	32,90,268	Salary expenses	G	2,26,12,461
Fees	B	2,79,62,257	Advertisement expenses	-	38,131
Bank interest	C	1,77,539	Bank commission	-	2,812
Other income	D	41,145	Rental expenses	-	61,850
Inter-unit advance accepted	E	2,35,72,834	Travelling and conveyance	-	1,45,931
Indirect receipts	F	3,48,81,622	Other expenses	-	1,79,074
			Office and administration expenses	H	11,39,758
			Printing and stationery expenses	I	5,72,948
			Repairs and maintenance	J	9,42,612
			Student welfare expenses	K	18,91,079
			Legal and professional fees	L	13,320
			Communication expenses	N	60,354
			Honorarium expenses	O	51,033
			Purchase of fixed assets	P	19,06,454
			Inter unit advance granted/repaid	Q	1,72,40,613
			Indirect payments	F	3,92,46,548
			Closing balance	A	33,51,587
Total		<u>8,99,25,665</u>	Total		<u>8,99,25,665</u>

Subject to our separate report of even date
Summary of significant accounting policies

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Atul Bhat
Partner
Membership Number : 046333
Date: 26 September 2024
Place: Pune
UDIN : 24046333BKVCB6983



For Phaltan Education Society's
College of Engineering Polytechnic

Principal
Date: 26 September 2024
Place: Phaltan

**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Receipt and Payment Account for the year ended on 31 March 2023

Schedule A : Cash and bank balances	Opening Amount Rs.	Closing Amount Rs.
Cash in hand	694	22,060
Shreemant malojiraje co-operative bank : 816001021000532	17,68,729	17,82,598
ICICI Bank : 645201050652	15,20,845	15,46,929
Total	32,90,268	33,51,587
Schedule B : Fees		Amount Rs.
Tuition fees		82,72,264
Government scholarship income		1,87,76,273
Examination fee		9,00,520
Leaving certificate fee		13,200
Total		2,79,62,257
Schedule C : Bank interest		
Bank interest on saving account		47,550
Interest on fixed deposits		1,29,989
Total		1,77,539
Schedule D : Other income		
Miscellaneous income		345
Amount arrears		40,000
Prize		800
Total		41,145
Schedule E: Inter unit advance accepted		
Phaltan education society		1,10,07,251
Collage of engineering-degree		1,25,65,583
Total		2,35,72,834
Schedule F: Indirect receipts and payments	Indirect receipts	Indirect payments
MSBTE exam remuneration	40,590	-
Loans and advances	6,37,075	7,75,075
Statutory dues payable	13,04,656	1263676
Trade payable	19,20,840	4,55,973
Trade receivables	3,09,78,461	3,58,87,203
Investment	-	8,64,621
Total	3,48,81,622	3,92,46,548



**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Receipt and Payment Account for the year ended on 31 March 2023

Amount Rs.

Schedule G : Salary expenses

Teaching staff :

Salary expenses	1,59,84,649
Provident fund employer contribution	4,68,000
Provident fund admin charges	70,650
Incentive	92,854
	<u>1,66,16,153</u>

Non teaching staff :

Salary expenses	56,16,508
Provident fund employer contribution	3,79,800
	<u>59,96,308</u>

Total

2,26,12,461

Schedule H : Office and administration expenses

Meeting expenses	74,990
Office expenses	1,15,213
Newspaper and periodicals	4,361
AICT Charges	3,52,000
Eligibility expenses	12,400
Faculty development program	26,187
NBA expenses	3,84,143
NBA registration fee	41,314
Staff insurance	1,29,150

Total

11,39,758

Schedule I : Printing and stationery expenses

Printing expenses	5,00,136
Stationary expenses	72,812

Total

5,72,948

Schedule J : Repairs and maintenance

Repairs and maintenance	3,71,594
Building repairing and maintenance	2,00,000
Electrical consumable	10,927
Gardening expenses	2,15,815
Workshop consumables	24,309
Sanitation expenses	1,19,967

Total

9,42,612

Schedule K : Student welfare expenses

I cards	28,500
Uniform Expenses	3,488
Library expenses	44,650
Sport expenses	2,600
Student transportation	2,58,810
Student training program	2,45,380
Youth festival expenses	24,400
Enrollment fee	61,110
Exam expenses	9,48,216
Student Development expenses	47,402
Industrial Visit Expense	16,786
Kurushetra Expenses	1,70,737
Student Hostel Fee	39,000

Total

18,91,079



Phaltan Education Society's
College of Engineering Polytechnic

Schedules to the Receipt and Payment Account for the year ended on 31 March 2023



Phaltan Education Society's
College of Engineering Polytechnic

Schedules to the Receipt and Payment Account for the year ended on 31 March 2023

Amount Rs.

Schedule L : Legal and professional fee

Professional fee	1,500
EPF Consultancy	11,820
Total	13,320

Schedule M : Communication expenses

Postage expenses	2,859
Internet charges	57,495
Total	60,354

Schedule N : Rates and taxes

Affiliation and extension fees	4,05,059
Pro rata fee	12,941
TDS expenses	900
Total	4,18,900

Schedule O : Honorarium expenses

Honorarium expenses	51,033
Total	51,033

Schedule P: Purchase of fixed assets

Computer	14,38,400
Furniture	1,67,500
Library books	3,00,554
Total	19,06,454

Schedule Q: Inter unit advance granted repaid

College Of engineering degree	1,22,25,245
Phaltan education society	50,15,368
Total	1,72,40,613.00



Overview

Phaltan Education Society ("PES or Trust") is a public trust incorporated under the Bombay Public Trust Act, 1950. The trust formed in the year 1953 and its registered office is situated in Phaltan- District Satara in the State of Maharashtra.

The trust primarily is formed for providing basic education and operates around 75 schools and colleges in and nearby Phaltan. The individual schools, colleges and institutions are referred as 'Units'. College of Engineering Polytechnic is a unit formed under the Trust for providing education in the field of educational services.

1. Significant accounting policies

Basis for preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards notified and issued by the Institute of Chartered Accountants of India (ICAI) and other authoritative pronouncements. The financial statements are presented in Indian rupees and rounded off to the nearest rupee

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

Use of estimates

The preparation of financial statements requires the management of the Trust and the Unit to make judgments, estimates and assumptions that affects the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the year. Actual results could differ from estimates. Differences between actual results and estimates are recognized in the year in which the results are known / materialized.

1.1 Revenue recognition

Grants- The trust and the respective units receive various grants from the Government for salaries and specific projects.

Revenue grants are credited to the Income and Expenditure Account as and when the right to receive grant is established.

Capital grants to the extent utilized are classified as Corpus. Unutilized capital grants are classified as other liabilities. Capital grants received for specific purposes are classified under Other Earmarked Funds.

Interest income is recognized on time proportion basis.



1.2 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. All other borrowing costs are charged to the Income and Expenditure Account.

1.3 Fixed assets

Fixed assets are carried at cost of acquisition or construction less accumulated impairment loss, if any. The cost of an item of fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Fixed assets under construction are disclosed as capital work-in-progress.

1.4 Depreciation

Depreciation on fixed assets is provided for on the written down value method at the rates mentioned below:

Type of asset	Rate
Buildings	10%
Furniture and fixtures, Equipment's and other assets	10%
Computers and books	10%

1.5 Impairment of fixed assets

The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognized when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use.

Intangible assets which are not yet available for use are tested for impairment annually. Other fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated.



1.6 Investments

All investments of the Unit are long term in nature. Long term investments are stated at cost less provision for diminution, other than temporary, in the value of such investments.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed.

1.7 Employee benefits

i) Post-employment benefit plans

Defined benefit plan

In the case of other employees, the management has estimated the gratuity provision required and classified it as a defined benefit plan and necessary provisions are made in the financial statements.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Unit makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The contribution is recognized as an expense in the Income and Expenditure Account during the period in which the employee renders the related service.

1.8 Accounting for taxes on income

The trust is exempt from paying Income Tax under section 11 of the Indian Income Tax Act, 1961 resulting in the unit also being exempt from paying tax. Accordingly no provisions for income tax and deferred tax are considered necessary.

1.9 Provisions, Contingent liabilities and Contingent assets

The Unit recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for –

- (a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) Present obligations that arise from past events but are not recognized because-
 - 1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - 2) A reliable estimate of the amount of obligation cannot be made.



Such obligations are recorded as Contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

2. Other notes to the financial statements

Certain balance confirmations of inter unit balances were not available till the date of this report. The management is of the opinion that there would not be any material differences in the balances.

