



कार्यालय महालेखाकार (लेखा परीक्षा)-उत्तराखण्ड
OFFICE OF THE ACCOUNTANT GENERAL (AUDIT)
UTTARAKHAND

गौपनीय

पत्रांक- सीएडब्लू/म.ले/उ.ख/उ.ज.वि.नि.लि/2005-06/302
दिनांक: 14/12/2005

सेवा में,

प्रबन्ध निदेशक
उत्तराखण्ड जल विद्युत निगम लिमिटेड,
महारानी बाग,
जी. एम. एस. रोड,
देहरादून

महोदय,

एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन उत्तराखण्ड जल विद्युत निगम लिमिटेड के 31 मार्च, 2006 को समाप्त होने वाले वर्ष के लेखों पर, भारत के नियंत्रक महालेखा परीक्षक की टीका-टिप्पणियाँ, उपरोक्त अधिनियम के प्रावधानों के अनुसरण में प्रेषित की जा रही हैं। कृपया कम्पनी की वार्षिक सामान्य बैठक के समक्ष इन टीका टिप्पणियों के प्रस्तुत किए जाने की वास्तविक तिथि की सूचना देने का कष्ट करें।

कृपया पावती भेजें।

संलग्नक- यथोपरि।

भवदीय,

Praveer Pandey
11.12.2005
(प्रवीर पाण्डेय)
महालेखाकार

53

"वैभव पैलेस" सी-1/105, इन्दिरा नगर, देहरादून - 248006

"Vaibhav Palace" C-1/105 Indira Nagar, Dehradun - 248006

दूरभाष / Phone : 2760704 फ़ैक्स / Fax : 0135 2761782

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UTTARAKHAND JAL VIDYUT NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2006

The preparation of financial statements of Uttarakhand Jal Vidyut Nigam Limited for the year ended 31 March 2006 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 06 July 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Uttarakhand Jal Vidyut Nigam Limited for the year ended 31 March 2006. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

- Balance Sheet**
- Fixed Assets**
Capital Work in Progress (CWIP) (Sch- VI) – Rs. 14.03 crore

The above amount includes the mobilisation advances of Rs. 7.41 crore and Rs. 6.14 crore paid for preparation of Details Project Reports for Chilla and Bhairaoghati projects during 2005-06. However, this has been accounted for under CWIP instead of Loans and Advances. This has resulted in overstatement of CWIP and understatement of Loans and Advances (Sch- XI) by Rs. 13.55 crore.

2. Current Assets, Loans & Advances
Stock, Stores & Spares – (Sch- VIII) – Rs. 5.49 crore

The above amount includes Rs. 33.24 lakh being the value of obsolete, scrap materials in Dhakrani, Kulahal and Dhalipur Power House. As the chances of its utilisation are very bleak, hence, the provision for Rs. 33.24 lakh should have been made in the accounts.

This has resulted in understatement of provision and overstatement of Stock, Stores & Spares by Rs. 33.24 lakh.

Profit & Loss Account

3. Other Income – (Schedule – XV)
Interest on Bank Deposit – Rs. 4.86 crore

Tax deducted at source of Rs. 183.43 lakh on above interest has not been disclosed as required under Part – II Item No. 3 (XI) (C) of Schedule VI of the Companies Act, 1956.

4. Interest & Other Charges – (Schedule – XIX)
Rebate on L.C. – Rs. 1.10 crore

This amount does not include Rs. 11.97 lakh being the amount of two percent rebate deducted by the Uttarakhand Power Corporation Limited on account of early payment of sale of power.

This has resulted in understatement of rebate on L.C. and overstatement of profit by Rs. 11.97 lakh.

5. Net Prior Period Adjustment – (Sch.- XX)
Prior Period Expenses Rs. 1.36 crore

The above amount does not include Rs. 14.41 lakh being the expenditure of previous year.

This has resulted in understatement of prior period expenses and overstatement of Administrative and General Expenses by Rs. 14.41 lakh.

Accounting Policies & Notes on Accounts – (Schedule – XXI)

6. Significant Accounting Policies

During the year, the Company has changed the policy of accounting the Gratuity & Pension from cash basis to actuarial basis and provided Rs. 1.08 crore as liability under Gratuity. As per Accounting Standards (AS) – I, any change in an accounting policy which has a material impact should be disclosed by way of note. The amount by which any item in the financial statements is affected by such change should also be disclosed.

The Company has neither disclosed the fact of change in the policy nor brought out its material impact on the financial statement in the notes to accounts.

7. Auditor's Report

The Statutory Auditors made a qualification vide para No. 3 K that the interest earned on FDR amounting to Rs. 5.72 crore has not been credited to profit and loss account resulting in understatement of income and also incidental charges by Rs. 5.72 crore. As per AS 16 any income derived from loan funds are to be credited to borrowing cost paid by way of interest and net balance is debited/credited to CWIP and the same can not be credited to profit and loss account. In view of AS 16, the above interest of Rs. 5.72 crore which was earned on account of loan funds has been correctly credited to borrowing cost/Interest during construction period. Hence, Statutory Auditors qualification is unwarranted.

For and on the behalf of the
Comptroller & Auditor General of India

Place: Dehradun

Date: 11.12.2009



(PRAVIR PANDEY) 11.12.2009
Accountant General

Comments of the Comptroller and Auditor General of India Under Section 6(19) (4) of the Companies Act, 1956 on the Accounts of Uttarakhand Jal Vidyut Nigam Ltd. for the year ended 31st March 2006

Sl. No.	AG Observations	Management Reply's
1	<p>Balance Sheet Fixed Assets Capital Work in Progress (CWIP) (Sch - VI) - Rs. 14.03 crore</p> <p>The above amount includes the mobilization advances of Rs. 7.41 crore and Rs. 6.14 crore paid for preparation of Details Project Reports for Chilla and Bhairaoghati Projects during 2005-06, However, this has been accounted for under CWIP Instead of Loans and Advances. This has resulted in overstatement of CWIP and understatement of Loans and Advances (Sch - XI) by Rs. 13.55 crore</p>	<p>The amount of Rs. 1402.76 has been paid against bills/as per terms of agreement executed with Canadian Commercial Corporation (CCC) and SNC Lavalin, hence it is not in the nature of loan and Advances and has been correctly booked in CWIP;</p>
2	<p>Current Assets, Loans & Advances Stock, Stores & Spares - (Sch - VIII)- Rs. 5.49 Crore</p> <p>The above amount includes Rs. 33.24 lakh being the value of obsolete, scrap materials in Dhakrani, Kulhal and Dhalipur Power House. As the chances of its utilization are very bleak hence,, the provision for Rs. 33.24 lakh should have been made in the accounts.</p> <p>This has resulted in understatement of provision and overstatement of Stock, Stores & Spares by Rs. 33.24 lakh.</p>	<p>The obsolete/scrap material in Dhakrani, Kulhal and Dhalipur power house as pointed out by internal auditors of UJVNL have not been confirmed by the concerned officials, hence no provisions there against was made in the books of accounts.</p> <p>In this regard it is to inform that appropriate exercise to identify and value the obsolete/scrap material is in progress. Necessary provisions in the books of accounts would be made on completion of the exercise.</p>
3	<p>Profit & Loss Account Other Income - (Schedule - XV) Interest on Bank Deposit - Rs. 4.80 Crore</p> <p>Tax deducted at source of Rs. 183.43 lakh on above interest has not been disclosed as required under Part - II Item No. 3</p>	<p>The observation has been noted for compliance in the Annual Accounts of subsequent years.</p>

	(XI) (C) of Schedule VI of the Companies Act, 1956	However, it has no impact on the profit and loss or on the financial statement of UJVNL.
4	Interest & Other Charges - (Schedule - XIX) Rebate on L.C. - Rs. 1.10 crore This amount does not include Rs. 11.97 lakh being the amount of Two percent rebate deducted by Uttarakhnad Power Corporation Limited on account of early payment of sale of power. This has resulted in understatement of rebate on L.C. and overstatement of profit by Rs. 11.97 lakh.	The reconciliation of energy account and energy charges there against with UPCL is in progress. Necessary provisions would be made in the books of account in case any adjustment is required on reconciliation.
5	Net Prior Period Adjustment - (Sch. XX) Prior Period Expenses Rs. 1.36 crore The above amount does not include Rs. 14.41lakh being the expenditure of previous year. This has resulted in understatement of prior period expenses and overstatement of Administrative and General Expenses by Rs. 14.41 Lakh.	The observation has been noted for regrouping in the Annual Accounts of subsequent years. However it has no impact on the profit and loss or on the financial statement of UJVNL.
6	Accounting Policies & Notes on Accounts - (Schedule - XXI) Significant Accounting Policies. During the year, the Company has changed the policy of accounting the Gratuity & Pension from cash basis to actuarial basis and provided Rs. 1.08 crore as liability under Gratuity. As per Accounting Standards (AS)-1, any change in an accounting policy which has a material impact should be disclosed by way of note. The amount by which any item in the financial statements is affected by such change should also be disclosed. The Company has neither disclosed the fact of change in the	The observation has been noted for compliance in subsequent years. However, it has no impact on the profit and loss or on the financial statement of UJVNL.

<p>policy nor brought out its material impact on the financial statement in the notes to accounts.</p>		
<p>7 Auditor's Report</p> <p>The Statutory Auditors made a qualification vide para No. 3 K that has interest earned on FDR amounting to Rs. 5.72 crore has not been credited to profit & Loss account resulting in understatement of income and also incidental changes by Rs.5.72 crore. As per AS-16 any income derived from loan funds are to be credited to borrowing cost paid by way or interest and net balance is debited/credited to CWP and the same can not be credited to profit & loss account. In view of AS-16, the above interest of Rs 5.72 crore which was earned on account of loan funds has been correctly credited to borrowing cost/Interest during contribution provided Hence, statutory auditor qualification is unwarranted.</p>	<p>No. Comments</p>	