

## **Kattankudy Urban Council**

### **Batticaloa District**

#### **1. Financial Statements**

##### **1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 13 March 2013 and the financial statements for the preceding year had been presented on 24 February 2012. The report of the Auditor General for the year was issued to the Chairman of the Council on 11 June 2013.

##### **1.2 Opinion**

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Kattankudy Urban Council had maintained proper accounting records for the year ended 31 December 2012 and except for the effects on the financial statements of the matters referred to in my report the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Kattankudy Urban Council as at 31 December 2012 and the financial results of its operations and cash flows for the year then ended.

##### **1.3 Comments on Financial Statements**

###### **1.3.1 Accounting Deficiencies**

- (a) Provision for replacement reserve in respect of fixed assets had not been made in the financial statements.
- (b) The value of stores in hand as at the end of the year had been shown at book value and not at physically verified value.
- (c) Library books valued at Rs.23,198, lost had been included in the financial statements.
- (d) Adjustments had not been made in the financial statements in respect of a building constructed for the library during the years 1999 and 2000 after demolishing the old building.

- (e) The value of the works carried out by the Council during the year under review by utilizing the labour and materials of the Council had not been ascertained and brought to the financial statements and separate job sheets had not been prepared in respect of these works.
- (f) The items donated by the various institutions during the year 2012, had not been valued and brought to the financial statements.

## 2. **Financial and Operating Review**

### 2.1 **Financial Results**

According to the financial statements presented, the excess of recurrent expenditure over revenue of the Council for the year ended 31 December 2012 amounted to Rs 64,660 as against the excess of revenue over recurrent expenditure amounting to Rs.3,677,651 for the preceding year.

### 2.2 **Revenue Administration**

#### 2.2.1 **Estimated Revenue, Actual Revenue and Arrears of Revenue**

Information on the estimated revenue, actual revenue and the arrears of revenue in respect of the year under review as presented by the Chairman is given below.

| Item of Revenue     | Estimated | Actual | Cumulative Arrears<br>as at 31 December |
|---------------------|-----------|--------|---|
| -----               | -----     | -----  | -----                                   |
|                     | 5V¶       | 5V¶    | 5V¶                                     |
| (i) Rates and Taxes | 6,720     | 6,106  | 5,275                                   |
| (ii) Lease Rent     | 2,770     | 2,946  | -                                       |
| (iii) Licence Fees  | 2,022     | 2,410  | 28                                      |
| (iv) Other Revenue  | 10,540    | 10,110 | 476                                     |

#### 2.2.2 **Court Fines and Stamp Fees**

Money receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and other authorities were as follows.

|                 | Rs.        |
|-----------------|------------|
| i. Courts Fines | 476,333    |
| ii. Stamp Fees  | 23,158,157 |



