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V. A. Dudhedia & Co. ***Chartered Accountants***

INDEPENDENT AUDITOR'S REPORT

To,
The Principal,
Anekant Education Society,
TuljaramChaturchand College,
Senior & Junior College (Grantable),
Baramati - 413102

Report on the Financial Statements

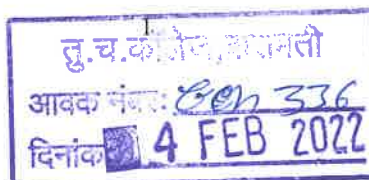
1. Opinion

We have audited the attached financial statements of **Senior & Junior College (Grantable)**, which comprise the Balance Sheet as at **March 31, 2021**, Income and Expenditure & Receipt and Payment A/c for the year then ended, which we have signed under reference to this report and the annexure to this report attached herewith.

We conducted our audit in accordance with the Auditing Standards issued by the Institute of Chartered Accountants of India. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating overall Financial Statements presentation. An audit includes examination on test basis of evidence relevant to the amounts and disclosure in the Financial Statements. We submit herewith our report subject to the notes there on as under –

1. We have obtained all the information and the explanation, which is to the best of our knowledge and belief were necessary for the purpose of audit.
2. In our opinion proper books of account as required are maintained by the institute so far as appears from our examination of those books.
3. The Institute follows accrual system of accounting. But in some cases mixed system of accounting is followed. The impact of such transactions on Income and Expenditure and Balance sheet can not be quantified by us due to non availability of information in this regard.

A.E.S. Senior & Junior College (Grant Section)
2020 – 2021



V.A. Dudhedia & Co.
Chartered Accountants

4. The Balance Sheet, Income and Expenditure Account and Receipt & Payment Account dealt with by this report are in agreement with the books of account.
5. *The accounting policies of the Institute are not in compliance with accounting standards which is specified by "Institute of Chartered Accountants of India"*
6. In our opinion and to the best of our information and according to the explanation given to us the accounts give the information in the manner so required and give a true and fair view-
 - A] In the case of Balance Sheet of the state of affairs of the college as at 31st March, 2021.
 - B] In the case of Income And Expenditure Account, the surplus for the year ended on 31st March, 2021.

2. Management's Responsibility for the Financial Statements

The Management 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 Society in accordance with the Accounting Standards as issued by the Accounting Standards Board, Institute of Chartered Accountants of India; Bombay Public Trust Act, 1950; Societies Registration Act, 1860; Income Tax Act, 1961 and circulars issued by Government of Maharashtra – Education Department in this regard. 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.

3. Auditor's Responsibility

- 3.1 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 3.2 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

3.3 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

For, M/s. V.A. Dudhedia & Co
Chartered Accountants
Firm Registration No. 112450W



V. A. Dudhedia
(Partner)
Membership No.: 013989
Place: Pune
Date: 15-09-2021



ANNEXURE TO AUDIT REPORT

PART A: ISSUES IN FINANCIAL ACCOUNTING, REPORTING AND FAIR PRESENTATION:

1) **Mercantile System of Accounting:**

The institution is neither following mercantile system nor Cash system of accounting, it is following hybrid of system accounting wherein certain aspects of accounting were done on Cash Basis and certain on mercantile basis.

2) **Deposits of Students :**

The management is recommended to formulate and implement a policy to write off refundable deposits if unclaimed within specified duration. The duration should be arrived upon after studying the probabilities of old students turning up to claim deposits. The same should also be mentioned on refund deposits receipts given to students.

3) **Apportionment of Expenses:**

Telephone expenses, Electricity expenses, Generator diesel bills etc. are apportioned to all sections randomly. The institute, at present, has a practice of making these payments from the section wherever surplus funds are available. However, this practice hampers the section wise performance. Therefore, there should be a standard basis for apportionment of these expenses.

4) **Physical Verification of Assets:**

As per information received, the management is not conducting the physical verification of the assets. It is advised that the verification should be done immediately at the year end and the report of physical verification conducted by the management should be ready for verification at the time of audit.

During the verification it was also observed that the numbering was not done on the asset purchase only year of purchase is mentioned. It is advised that proper system of asset coding to be implemented and same should be mentioned on the fixed asset as well as in fixed asset register.

5) **Fixed Asset Register:**

During Course of audit it was observed that Fixed Asset Register was not maintained by the management. It is advised that the fixed asset register should be maintained with details of depreciation should be shown in the register for proper presentation so as to show the actual depreciated value in the register. Asset balance as on the year end shown in register should match with the balance shown in books of accounts.

6) **Fees Receivable as on March 31, 2021:**

Scholarship Fees are receivable to Institute from Government and outstanding tuition fees from students, however no bifurcation of same is available with management. Therefore total outstanding amount is shown as Fee Receivable. As per Information received, following are the details of Fees Receivable as on March 31, 2021:

➤ **Senior Grant**

Sr. No.	As On	Amount Receivable
1	31 March 2021	55,23,821.00
2	31 March 2020	55,94,726.00

➤ **Junior Grant**

Sr. No.	As On	Amount Receivable
1	31 March 2021	797151.00
2	31 March 2020	867679.00

7) **Fees Receivable From Government :**

During the course of audit it was observed that scholarship fees received from government was not allocated correctly by Scholarships Division in different sections. The scholarship amount received in one section only and then it is bifurcated in different sections by recording inter-branch journal entry. The same should be allocated properly on basis of actual number of students with respected colleges. Also accountant had not provided reconciliation statement for the same so we cannot comment on the same. It is advised to management to collect scholarship fees in respective sections at initial point so there will be no question of bifurcating the same.

8) **Telephone Deposit:**

No supporting was available for verification of Telephone Deposit balance amounting to Rs.1,175 .

9) **Daily Wage Payments:**

a. Various workers are working in the college for providing gardening and sweeping services. They are not on payroll of college. They are paid for their services on monthly basis .Any document supporting the compliance of Minimum Wages Act was not available for verification like appointment process or remuneration etc.

b. Employee Provident Fund Contribution of Daily Wages Payment :

As per definition of an employee u/s- 2(f) of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 means any person who is employed for wages in any kind of work, manual or otherwise, in or in connection with the work of an establishment, the provident fund authorities always insist upon the principal employers to ensure that the contractors as

engaged must pay the provident fund contributions and in case of non-payment, the principal employers are held liable.

During the courses of audit it was observed that our establishment receives services from contractor's i.e. Balaji Security Service & Sairaj Services. It is suggested that management should periodically review whether principal employer has paid provident fund of the employee. Also at the time of payment to contractor, challan of PT/ PF should be collected and kept in management records.

10) Integration of Software and Tally:

The management is recommended to find a solution for bridging the gap in software in use for fee collection and Financial Accounting Software (Tally). If done so, the workload of Accounts will be reduced to a major extent as there would be no need to enter fees manually. Also same can ensure Real time accounting of Fees in spite of load in admissions period.

11) Depreciation:

Every year depreciation is calculated on the gross value of asset in spite of taking into consideration the assets written off completely. Due to such calculation it may happen that depreciation will be excessively or double charged. The said policy was corrected during the year by charging depreciation on closing value of Fixed Asset less depreciation fund created against it. Detailed working of depreciation should be maintained asset-wise each year for correct calculation of depreciation. It is advised that proper calculation should be done for the depreciation.

Up till FY19-20 Depreciation was charged on Gross value that is closing value of Fixed Asset instead of charging on Net value that is closing value of Fixed Asset less closing value of depreciation fund created against it. The said policy was corrected during the year by charging depreciation on closing value of Fixed Asset less depreciation fund created against it

12) Tax Deducted at Source:

As per the provision of income tax act, 1961 tax deducted at source (TDS) is required to be deducted at the time of payment or credit in the books whichever is earlier on specified transactions. During the course of audit we have observed that TDS has been deducted at the time of payment and not as per the above mentioned provision. The same has been suggested to accountant that TDS is need to be deducted at the time of payment or at the time of booking of expenses.

During the course of audit it was observed that TDS was not deducted on following transaction which was then rectified.

SR	Particular	Amount
1	Audit Fees	8,740 /-
2	Leased line expense	2,80,000 /-

PART B: SECTION SPECIFIC REMARKS IN COLLEGE

- **SENIOR COLLEGE – GRANT SECTION**

1) **Advance to Staff:**

There are following advances in books which are open as at year end

Sr. No.	Party	Amount (Rs.)	Remarks
1	Dr.Chavan S. J.	4000.00	Department expense
2	Dr.Chitale R. D.	6062.00	Will be settled in current financial year
3	Dr Kanade M B	2647.00	Till date not settled
4	Mrs. Jadhav S.Y.	7000.00	Till date not settled

Proper action should be taken by management for such open balances, invoices should be demanded for expenses done or advance should be recovered if the work is not going to be completed/performed.

2) **Scholarship:**

Reconciliation of scholarship received from the government and payable to students is not prepared, the balance lying in such accounts must be thoroughly analyzed and taken care off.

The ledger named 'Scholarship Account' is showing a credit balance of **Rs. 109,09,788/-** which means said amount is payable to students. However, the Management does not have the listing of students to whom it is payables, the transactions being too old and untraceable. Thus, we were not able to verify the same and cannot comment on the legitimacy of said balance.

3) **Quotations:**

During the course of audit it is found that on many occasions no quotations were taken on purchase of fixed asset, or for expenses made. It is recommended to the college to take comparatives of at least three vendors while making purchase of higher amount, to have better quality of input at least cost.

<u>SR</u>	<u>Date</u>	<u>Voucher No</u>	<u>Ledger</u>	<u>Amount</u>	<u>Remark</u>
1	03/12/2020	JV-151	Megh Slate Factory	156480.00	No quotation provided
2	20/01/2021	JV-185	OTS officetech systems	128865.00	Only 2 quotations provided for comparison

- **RUSA**

- 1) **Non Compliance of GST rules:**

- **GST Registration:**

Aspects of registration under the GST regime are covered under section 22 of the CGST Act, 2017. As per section 22, every person who supplies taxable goods or services or both and the aggregate turnover exceeds Rs. 20 lakhs in a financial year then shall be liable to register under the GST Act.

Aggregate turnover means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services.

As Institution is mainly providing educational service which is exempt from GST, is also required to consider for calculation of aggregate turnover. The turnover of institution exceed Rs. 20lakhs considering all receipts from taxable and exempt services. Therefore Institution is liable to take GST Registration under Goods & Service Tax Act, 2017.

As per section 122 of CGST act, any taxable person who fails to take GST registration though he is liable to be registered under the act, then he shall be liable to the penalty of Rs.10,000 or amount of tax evaded or any short tax liability whichever is higher. Non compliance to GST registration will be liable to pay penalty as per above provision stated.

- **Tender Fees**

As per GST act, GST is applicable on tender processing fees/tender fees received from respective bidders participating in various tender floated by the institute. The institution has received tender fees from various binder of Rs 22,800 /- during the year which would be treated supply of service and attract GST. Its liability of institute to collect and pay GST on tender fees income. Noncompliance of the above provision will be liable to penalty of 100% of amount of tax evaded and also liable to imprisonment.

- **UNIVERSITY GRANT COURSES**

- 1) **Plan for Allocation Grant Amount:**

The college receives huge Grants every year for development purpose on installment basis for specific period of time. During courses of audit it was found that there is no proper planning for utilization of Grant which led to adjustment of transfer of eligible invoices booked in Non Grant against Grant at the time of formation of utilization certificate. To avoid unnecessary adjustments it is suggested that Management along with UGC team should prepare plan for allocation of Grant amount as per the applicable norms and utilize accordingly.

- **JUNIOR COLLEGE – GRANT SECTION**

- 1) **Form Register:**

It is important to maintain form register in order to keep a check on their use. During the course of audit when same was discussed with concerned person it was found that form register were not maintained in the section.


- **VOCATIONAL COURSE**

- 1) **Bank Statement:**

During the course of audit bank statement of Corporation Bank A/c No. 520361022759608 was not found so we were unable to check the Bank Balance and Bank Interest.

We are thankful for the co-operation received from the administrative staff during our audit.

For, M/s. V. A. Dudhedia & Co.
Chartered Accountants
Firm Registration No. 112450W


V. A. Dudhedia
(Partner)
Membership No.: 013989
Place: Pune
Date: 15-09-2021

