



ANNUAL REPORT & ACCOUNT

2014-2015

MEGHALAYA STATE WAREHOUSING CORPORATION
SHILLONG

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**MEGHALAYA STATE
WAREHOUSING
CORPORATION**

39th ANNUAL REPORT : 2014-2015



MEGHALAYA STATE WAREHOUSING CORPORATION SHILLONG

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NAME OF WAREHOUSES & CAPACITY

1.	Shillong, East Khasi Hills District	-	2500 M.T
2.	Khanapara, Ri Bhoi District	-	4400 M.T
3.	Jowai, Jaintia Hills District	-	1600 M.T
4.	Williamnagar, East Garo Hills District	-	2200 M.T
5.	Araimile, West Garo Hills District	-	4500 m.T
6.	Nongstoin, West Khasi Hills District	-	2500 M.T
Total			17,700 M.T



MEMBERS OF THE BOARD OF DIRECTORS

Nominees of the Government of Meghalaya

- | | | | |
|----|---|---|--------------------------|
| 1. | Shri H. Marwein, I.A.S
Principal Secretary to the Government of Meghalaya,
Co-operation Department, etc
w.e.f 15th January 2014 | – | Chairman |
| | Shri R.M. Mishra, I.A.S
Principal Secretary to the Government of Meghalaya,
Co-operation Department, etc
w.e.f 11th March 2015 | – | Chairman |
| 2. | Commissioner & Secretary to the
Government of Meghalaya,
Agriculture Department, Shillong. | – | Member |
| 3. | Director of Food & Civil Supplies,
Meghalaya, Shillong. | – | Member |
| 4. | Director of Institutional Finance & Ex-Officio,
Secretary to the Government of Meghalaya,
Finance (EA) Department, Shillong. | – | Member |
| 5. | Registrar of Co-operative Societies,
Government of Meghalaya, Shillong. | – | Managing Director |

b. Nominees of the Central Warehousing Corporation

- | | | | |
|----|---|---|---------------|
| 1. | Shri Deepak Kumar Lalla
DGM (B&O) LHO SBI, Guwahati. | – | Member |
| 2. | Shri N.K. Mauriya,
Joint Director (Movement) Department of
Food & Public Distribution, Ministry of Consumer
Affairs & Public Distribution, New Delhi. | – | Member |



- | | | |
|--|---|---------------|
| 3. Shri A.K. Sharma,
General Manager (Pur & Qs)
Central Warehousing Corporation
Corporate Office, New Delhi. | – | Member |
| 4. Smt. E.S. Brisohbar,
Regional Manager, Central Warehousing
Corporation, Regional Office, Guwahati. | – | Member |
| 5. Shri Nababrata Bhattacharjee,
Kench's Trace, Laban, Shillong. | – | Member |

Banker: Meghalaya Co-operative Apex Bank Ltd. Head Office, Shillong.

Statutory Auditors: Ashoke Kumar Jalan & Associates, Chartered Accountants, Guwahati.



Chairman's speech for the Thirty Ninth Annual General Meeting of the Meghalaya State Warehousing Corporation, Shillong.

Ladies & Gentlemen,

It gives me immense pleasure to welcome you today to the Thirty Ninth Annual General Meeting of the Corporation. The Annual Report and audited Statement of Accounts of the Corporation for the reported year are already with you, and with your permission I would like to treat them as having been read.

During the year under report, the earning of the Corporation by way of warehouse charges has increased to Rs. 47.36 lakhs as against of Rs. 33.78 lakhs of the preceding year.

The Corporation has incurred loss of Rs. 6.06 Lakhs during the year as against Rs.12.35 Lakhs loss in the preceding year. Although the amount of loss incurred has come down, the Corporation is not yet in a position to declare dividend to the shareholders for the year. However, Corporation has good hope that with complete utilisation of all the godowns, payment of dividend will be possible in the coming year.

The Corporation has not received Share Capital from Central Warehousing Corporation for the period from 2005-2006 onwards. As the limit of Authorized Share Capital of Meghalaya State Warehousing Corporation is enhanced to Rs. 5.00 crores, it is hoped that Central Warehousing Corporation will release its Share Capital to Meghalaya State Warehousing Corporation for the said period to enable the Corporation to develop further.

Construction of 500 M.T additional Godown at Shillong Warehouse Complex has been completed and is under utilisation. The construction of 2000 M.T capacity godown at the existing Tura Warehouse Complex is under progress and is expected to be completed soon.

With the increase in storage capacity and complete utilization of all the Godowns the revenue of the Corporation is expected to improve.

Before I conclude, I would gratefully acknowledge the valuable guidance and support received from the State Govt. and Central Warehousing Corporation now and then.

I also extend my sincere appreciation to my colleagues for their wise and matured decision on every matter relating to smooth functioning of the Corporation.

Finally, I would like to thank the employees and officers of the Corporation working at all levels, for contributing to the smooth functioning and development of the Corporation and making it as it is now.

I am looking forward to your continued support in the years to come.

Sd/-
Chairman



REPORT OF THE DIRECTORS

To

The Shareholders,
Meghalaya State Warehousing Corporation
Shillong

Ladies & Gentlemen,

On behalf of your Directors, I have great pleasure in presenting the Thirty Ninth Annual Report together with audited Statements of Accounts along with the Report of the Comptroller Accountant General of India on the Accounts of the Corporation for the year ending on 31st March 2015. The financial performance and the progress made by the Corporation is highlighted below:-

Financial Report

Income

Sl.No.	Particulars	Years	
		2014-2015	2013-2014
1.	Warehouse charges	Rs. 47,36,563.00	Rs. 33,78,791.00
2.	Interest	Rs. 12,72,842.00	Rs. 10,26,621.00
3.	Other Income	Rs. 36,613.00	Rs. 10,100.00
	Total	Rs. 60,46,018.00	Rs. 44,15,512.00

EXPENDITURE

1.	Establishment	Rs. 59,01,000.70	Rs. 49,99,165.55
2.	Taxes	-	-
3.	Depreciation on fixed Assets	Rs. 7,69,325.68	Rs. 65,09,55.76
	Total	Rs. 66,70,326.38	Rs. 56,50,121.31
	Profit/Loss	(-) Rs.6,06,518.38	(-) Rs.12,34,609.31



CAPITAL STRUCTURE:

The total paid-up Share Capital of the Corporation as on 31st March 2015 is Rs. 3,36,12,400/-. Central Warehousing Corporation has not released its matching Share Capital Contribution since 2005-2006 onwards. Hence Share Capital Contribution paid by the State Govt. as on 31st March 2015 is Rs. 2,13,56,200/- and by Central Warehousing Corporation remains at Rs. 1,22,56,200/-. The limit of Authorized Share Capital of the Corporation is Rs. 5.00 crores. Request has been made to Central Warehousing Corporation for releasing their matching contribution for the period from 2005-2006 onwards.

WORKING RESULT:

The average utilized capacity during the year under report was 80.176%. The revenue earned during the year stood at Rs. 47.36 lakhs as against of Rs. 33.78 lakhs of the preceeding year.

The Corporation is not in a position to pay dividend to its shareholders in view of loss incurred during the year.

CONSTRUCTION PROGRAMME

The construction of another 2000 M.T additional godown at the existing Tura Warehouse complex is under progress and is expected to be completed soon.

Presently the Corporation has the following warehouses located at different districts of the State.

		Constructed	Under Construction
1.	Shillong Warehouse, East Khasi Hills District	2500M.T	
2.	Khanapara Warehouse, Ri-Bhoi District	4400M.T	
3.	Williamnagar Warehouse, East Garo Hills District	2200M.T	
4.	Araimile Warehouse, West Garo Hills District	2500M.T	2000M.T
5.	Jowai Warehouse, Jaintia Hills District	1600M.T	
6.	Nongstoin Warehouse, West Khasi Hills District	2500M.T	
Total		15,700M.T	2000M.T

SUNDRY DEBTORS:-

The outstanding and realizable storage charges for the year under report stands at Rs. 2,53,459/-, Rs.1,70,652/-, Rs. 23,597/- against the storage space utilized by Food Corporation of India, Mr. M. Nongkynrih and Railtel respectively. The Corporation is making earnest effort to realize the outstanding Warehouse charges from the defaulting parties.



MEETING OF THE BOARD AND EXECUTIVE COMMITTEE:

Two meetings of the Board of Directors were convened during the year 2014-15. As all the business of the Corporation was taken up by the Board of Directors no Executive Committee Meeting was held during the year under report.

AUDITORS OF THE CORPORATION:

The Government of Meghalaya on the advice of the Comptroller Accountant General of India has appointed Ashoke Kumar Jalan & Associates, Chartered Accountant as Auditors of Meghalaya State Warehousing Corporation for the year 2014-2015.

ACKNOWLEDGEMENT:

The Directors wish to express their sincere thanks and gratitude to the Shareholders namely the State Government and the Central Warehousing Corporation for their valuable and continued support, guidance and cooperation in all the activities of the Corporation.

The Directors also wish to thank the valuable customers for their continued patronage and confidence in the services of the Corporation.

Lastly, but not the least the Directors wish to place on record their deep appreciation to the Officers and Staff of the Corporation for their dedicated and sincere works done all through the year.

For and on behalf of the Board of Directors
of the Meghalaya State Warehousing Corporation

Sd/-
Managing Director



Balance Sheet as at 31st March, 2015

Previous Year	Capital and Liabilities	Current Year	Previous Year	Property and Assets	Current Year
	SHARE CAPITAL			CASH IN HAND	
	AUTHORISED CAPITAL			At Head Office (On Imprest Account)	91.00
500000000.00	500000 Shares of Rs. 100/- each	500000000.00	317.00	At Warehouse	9.00
	ISSUED AND PAID UP CAPITAL			CASH AT BANK	
	336124 Shares of Rs. 100/- each			With Meghalaya Co-operative Apex Bank Limited in:	
21356200.00	State Government	21356200.00	70373.00	Current Account	145456.00
12256200.00	Central Warehousing Corporation	12256200.00	62813.21	Savings Bank Account (General)	(114269.79)
			21208.00	Provident Fund	22121.00
			17820.00	Staff Security	19097.00
8481764.00	FINANCIAL AID FROM GOVERNMENT	12598773.00			
	Financial Assistance (State Govt.)			With State Bank of India in:	
			33332.00	Current Account	108804.00
	RESERVES AND SURPLUS			INVESTMENTS:	
10697069.77	Depreciation Fund:			General Fund Investment	10553873.00
3299658.22	Balance of Fund	11815054.45	8609142.00	Staff Security Deposit	5000.00
	Add: Accumulated Interest	6900360.22	5000.00	Security Deposit from Tenants as per Schedule B	10558873.00
95600.00	Medical to Staff		180000.00		299308.00
5198198.69	Rtd Benefit Endowment, Employee Welfare Fund	489636.00		OTHER INVESTMENTS	
		9273240.69		Depreciation Fund Investment as per Schedule 'C' annexed	18715413.72
	CURRENT LIABILITIES			Rtd Benefit Endowment, Employee Welfare Fund Investment as per Schedule 'D' annexed	9273240.69
444757.74	DEFERRED TAX LIABILITY:			FIXED ASSETS:	
0.00	Earlier Years	444757.74		as per Schedule 'A' annexed	26057704.61
	Current Year	0.00		TOTAL CARRIED FORWARD	65085846.23
61829448.42	TOTAL CARRIED FORWARD	75134222.10	52083971.54		

Sd/-

Chairman

Sd/-

Managing Director

Sd/-

Director

Sd/-

Director

Sd/-

Auditor



61829448.42	TOTAL BROUGHT FORWARD	75134222.10	52083971.54	TOTAL BROUGHT FORWARD	65085848.23
	OTHER LIABILITIES			OTHER ASSETS	
145171.62	Liabilities for expenses (as per Schedule 'I' annexed)	2339105.62	13500000.00	Financial Assistance Receivable	11444000.00
1151.97	Sales Tax Payable	264747.00	4675.75	Stationery in Hand	10568.05
			0.00	Postage and Stamp in Hand	0.00
0.00	Forest Royalty Payable	116508.00	349273.00	Sundry Debtors as per Schedule 'E' annexed	447708.00
	Security Deposit from Construction Contractors	4502033.00	692004.00	Accrued interest on Fixed Deposit as per Schedule 'F' annexed	825477.00
3172535.00					
180000.00	Security Deposit from Tenants	299308.00	40400.00	Advances as per Schedule 'G' annexed	50200.00
			800.00	Security deposit with DOT	800.00
0.00	Sundry Creditors as per Schedule 'H'	748.00	756491.00	Earnest money payable held as Security Deposit	816491.00
38421.00	Service Tax to be received from Storage parties		0.00	Service Tax Receivable	47408.00
			0.00	Excess Service Tax Paid	26710.00
5640.30	Security Deposit from Staff as per Schedule 'J' annexed	5640.30			
				Advance Tax:	
7114922.00	Contractor Bill for Khanapara W/h	1553827.00	289747.57	Income Tax	
84800.00	Contractor Bills Payable for Tura W/h	0.00			
	Performance Guarantee Bond			Income Tax (TDS)	158797.57
				Accumulated Losses	356430.00
<u>72572090.31</u>		<u>84216139.02</u>	<u>72572090.31</u>		<u>515227.57</u>
					<u>4945701.17</u>
					<u>84216139.02</u>

Accounting Policies- Schedule N
Notes on Accounts- Schedule O

Sd/-	Sd/-	Sd/-
Chairman	Managing Director	Director
		Auditor



Profit and Loss Account for the year ended on 31st March, 2015

Profit and Loss Account for the year ended on 31st March, 2019					
Previous Year	Expenses	Current Year	Previous Year	Income	Current Year
4999165.55	Establishment Expenses (as per Schedule K)	5901000.70	3378791.00	Warehousing Charges	4736563.00
650955.76	Depreciation on Fixed Assets	769225.68		Interest on:	
			935134.00	Fixed Deposits	1120310.00
0.00	Net Profit Carried Down	0.00	83893.00	Saving Bank Account A	133677.00
			7594.00	Current Deposit	18855.00
				Interest from IT Return	1272842.00
			10100.00	Miscellaneous Receipts	17790.00
			1234609.31	Net Loss Carried Down	36613.00
					606518.38
5650121.31		6670326.38	5650121.31		6670326.38
1234609.31	Net Loss Brought Down	606518.38	0.00	Net Profit Brought Down	0.00
184729.42	Prior Period Adjustments	55974.34	0.00	Profit on Sale of Vehicle (of earlier year)	93430.00
1419338.73		662492.72	1419338.73	Loss transferred to Accumulated Lossess	569062.72
			14149338.73		662492.72

Accounting Policies- Schedule N
Notes on Accounts- Schedule O

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	Managing Director	Director	Auditor



Schedule - A

Schedule of Fixed Assets											
FIXED ASSETS	As at 1st April 2014	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Additions during the year		Adjustments	Sales Destruction upto 31.03.2015	As at 31st March 2015	Rate of Depn.	As at 1st April 2014	Adjustment	Deductions	As at 31st March 2015
		upto 30.09.2014	upto 31.03.2015								
LAND AT COST:											
Shillong	28303.00	0.00	0.00	0.00	0.00	28303.00					
Jowai	26719.02	0.00	0.00	0.00	0.00	26719.02					
Williamnagar	1.00	0.00	0.00	0.00	0.00	1.00					
Khanapara	2537377.75	0.00	74413.00	0.00	0.00	2611790.75					
Aramile (Tura)	374179.70	0.00	0.00	0.00	0.00	374179.70					
Nongstoin	623332.00	0.00	0.00	0.00	0.00	623332.00					
BUILDING:											
Shillong	1577783.32	0.00	0.00	0.00	0.00	1577783.32	5.00%	932573.16	0.00	0.00	944333.92
Jowai	172629.79	0.00	570150.00	0.00	0.00	739179.79	5.00%	99510.30	0.00	0.00	1031772.53
Williamnagar	2967548.44	0.00	0.00	0.00	0.00	2967548.44	5.00%	1618246.93	0.00	0.00	1895712.00
Khanapara	5221515.25	4291086.00	2046560.00	0.00	0.00	6337616.00	5.00%	2939563.30	0.00	1500.00	3046831.40
Additional 2000M.T. Khanapara Wh	0.00	0.00	3264799.00	0.00	0.00	3264799.00			Work in Progress		
Additional 2000M.T. Aramile Wh	0.00	5543947.00	1570975.00	0.00	0.00	7114922.00			Work in Progress		
Additional 500M.T. Mawlai Wh	0.00	733044.00	1520758.00	0.00	0.00	2253802.00			Work in Progress		
Aramile (Tura)	3111481.13	0.00	0.00	0.00	0.00	3111481.13	5.00%	1809627.57	0.00	0.00	1673770.25
Nongstoin	3043535.00	0.00	0.00	0.00	0.00	3043535.00	5.00%	610539.58	0.00	0.00	736039.35
OFFICE COMPUTER	87162.00	0.00	0.00	0.00	0.00	87162.00	40.00%	58361.45	0.00	0.00	6880.55
FURNITURE AND FIXTURE	93236.68	0.00	0.00	0.00	0.00	93236.68	18.10%	73746.16	0.00	0.00	77273.94
DUNNAGE AND EQUIPMENTS	292765.91	0.00	0.00	0.00	0.00	292765.91	13.91%	27784.96	0.00	0.00	279894.64
ELECTRICAL INSTALLATION	983596.30	0.00	18870.00	0.00	0.00	1002466.30	13.91%	662467.16	0.00	0.00	708448.63
Plant & Machines											
Nongstoin	0.00	99772.00	70798.00	0.00	0.00	106850.00	18.10%	0.00	0.00	0.00	0.00
WATER INSTALLATION:											
Tura	43776.00	0.00	0.00	0.00	0.00	43776.00	5.00%	30581.17	0.00	0.00	13198.98
Khanapara	64834.00	0.00	0.00	0.00	0.00	64834.00	5.00%	43118.46	0.00	0.00	44204.24
VEHICLE	789311.00	0.00	0.00	0.00	0.00	1139470.00	25.89%	182937.51	0.00	0.00	780742.77
RING WELL:											
Khanapara	8145.00	0.00	0.00	0.00	0.00	8145.00	5.00%	5566.25	0.00	0.00	5723.68
OFFICE MACHINERY	230701.00	0.00	0.00	0.00	0.00	230701.00	13.91%	162805.02	0.00	0.00	172249.35
ROADS AND BRIDGES	494476.32	0.00	0.00	0.00	0.00	494476.32	5.00%	297590.80	0.00	0.00	307435.07
TOTAL	24326316.61	11565819.00	9137323.00	350159.00	19321913.00	26057704.61		10697069.77	350159.00	1500.00	11815054.45
TOTAL as on 31.03.2014	23276804.61	6550344.00	9377850.00	0.00	14878892.00	24326316.61		10396273.01	0.00	350159.00	10697069.77
								650955.76			1197131.62
											13629246.84

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



SCHEDULES FOR BALANCE SHEET AS AT 31st MARCH 2015

(all figures in ₹)

SCHEDULES FORMING PART OF ACCOUNTS

			CURRENT YEAR	PREVIOUS YEAR
B	<u>FIXED DEPOSITS :</u>			
	Security from Tenants		299308.00	180000.00
			<u>299308.00</u>	<u>180000.00</u>
C	<u>DEPRECIATION FUND INVESTMENT ACCOUNT :</u>			
	Fixed Deposits		13773530.00	12130496.00
	Accrued interest on Fixed Deposits		3482442.72	1565434.72
	FD transferred from General Fund Investment		1459441.00	0.00
			<u>18715413.72</u>	<u>13695930.72</u>
D	<u>RETD BENEFIT ENDOWMENT, EMPLOYEE WELFARE FUND INVESTMENT</u>			
	Savings Bank Account		7216.00	47875.00
	Accrued Interest on Fixed Deposits		121760.00	445399.00
	Fixed Deposits		5048436.00	4568436.00
	FD transferred from General Fund Investment		4095828.69	0.00
			<u>9273240.69</u>	<u>5061710.00</u>
E	<u>SUNDRY DEBTORS :</u>	<u>MORE THAN</u>	<u>LESS THAN</u>	
		<u>SIX MONTHS</u>	<u>SIX MONTHS</u>	
	Food Corporation of India	64140.00	189319.00	253459.00
	T.M.C			0.00
	M. Nongkynrih	99547.00	71105.00	170652.00
	Railtel (Jowai)	0.00	23957.00	23597.00
			<u>447708.00</u>	<u>349273.00</u>
F.	<u>ACCRUED INTREST ON FIXED DEPOSITS :</u>			
	General Fund Investment		812897.00	639808.00
	Staff Security Deposit		501.00	513.00
	Tenants		12079.00	51683.00
			<u>825477.00</u>	<u>692004.00</u>

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



G ADVANCES :

Advances to Staff:

Festival Advance	15000.00	14000.00
Children Education Advance	35200.00	26400.00
	50200.00	40400.00

H SUNDRY CREDITORS :

H. Prasad	148.00	0.00
K.C. Momin	198.00	0.00
O.T. Sangma	148.00	0.00
R.G. Paul	247.00	0.00
Smrity M. Sangma (Tura)	7.00	0.00
	748.00	0.00

I

LIABILITIES FOR EXPENSES :

Professional Charges Payable & Service Tax payable	33708.00	67416.00
Office Rent Payable	21742.62	20444.62
Medical TA Payable	0.00	22662.00
Telephone Charges Payable	1072.00	2103.00
Electric Charges Payable	1487.00	0.00
Audit Fees	28090.00	28090.00
Cess Tax	32648.00	0.00
Travelling Expenses Payable	0.00	4456.00
Bills Payable for Addl. 500MT W/h Mawlai	1284296.00	0.00
Bills Payable for Jowai W/h	566500.00	0.00
Bills Payable for Nongstion W/h	274500.00	0.00
Conveyance Allowance Chairman Payable	5091.00	0.00
Conveyance Allowance EE Payable	2433.00	0.00
Conveyance Allowance GM Payable	3453.00	0.00

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



Conveyance Allowance MD Payable	4351.00	0.00
ECPF to PF Org Payable	78234.00	0.00
Office Contingency Payable	1500.00	0.00
	2339105.62	145171.62

J SECURITY DEPOSITS : STAFF

Shri Mek Bahadur	250.90	250.90
Shri Morning Star Pathaw	389.40	389.40
Shri Aleric Tariang	5000.00	5000.00
	5640.30	5640.30

K ESTABLISHMENT EXPENSES

Advertisement	6000.00	0.00
Annual Maintenance (Xerox)	17968.00	0.00
Annual Subscription Fees	31473.00	30101.00
Arrear DA	65864.00	94505.00
Arrear Pay Revision	225240.00	0.00
Audit Fees	28090.00	28090.00
Bad & Doubtful	0.00	100000.00
Bank Charges	1358.00	1928.00
Book & Periodicals	3357.00	3004.00
Conveyance Allowance (Chairman)	66366.00	70114.00
Conveyance Allowance (EE)	31804.00	25308.00
Conveyance Allowance (GM)	45101.00	43091.00
Conveyance Allowance (MD)	46778.00	33428.00
Conveyances	3362.00	1425.00
ECPF (Deposit)	515241.00	395604.00
Electric Charges	60095.00	12697.00
DA to Director	5664.00	0.00
Insurance (Vehicle)	22559.00	0.00
Medical TA	21560.00	22662.00

*Sd/-
Chairman*

*Sd/-
Managing Director*

*Sd/-
Director*

*Sd/-
Director*

*Sd/-
Auditor*



Meeting Expenses	3501.00	2917.00
Miscellaneous Expenditure	42312.00	30390.00
Office Contingency	23400.00	17620.00
Office Rent	1298.00	1298.00
Pay & Allowances	4197407.00	3699612.00
Photography A/c	0.00	900.00
Postage & Stamps	6057.00	7683.00
Printing & Stationery	17630.70	19521.55
Professional Charges	38943.00	46737.00
Professional fees for Legal Advocate	0.00	75000.00
Repairs and Maintance (Xerox)	6293.00	7832.00
Repairs and Maintainance (Vehicle)	3825.00	0.00
Repairs and Maintainance (Nongstoin)	274500.00	0.00
Repairs to Computer	24040.00	8740.00
Sitting Fees	0.00	500.00
TA to Director	15259.00	34453.00
TA to Auditors	12100.00	9464.00
Telephone Charges	25695.00	20097.00
Travelling Expenses	10860.00	18794.00
Provision Retd Benefit, Endowment Employees Fund	0.00	135650.00
	<u>5901000.70</u>	<u>4999165.55</u>

*Sd/-
Chairman*

*Sd/-
Managing Director*

*Sd/-
Director*

*Sd/-
Director*

*Sd/-
Auditor*



SCHEDULE - N:: SIGNIFICANT ACCOUNTING POLICIES

It is the Corporation's Policy:

Convention

To prepare financial statements in accordance with the applicable Accounting Standards in India. A summary of the important accounting policies, which have been applied consistently, is set out below. The financial statement have also been prepared in accordance with the relevant presentational requirements of Form 'A' and Form 'B' laid out in pursuance of Rule 18 (a), (b) of the Meghalaya State, Warehousing Corporation Rules, 1980.

Basis of Accounting

To prepare financial statements in accordance with the, historical cost convention modified by revaluation of Fixed Asset as and when undertaken as detailed below.

Fixed Asset

To state Fixed Asset at the historical cost of acquisition/construction, inclusive of taxes, royalty, stamp duty and all incidental expenses related to acquisition/construction. To state Land at actual cost or notional cost of acquisition.

Depreciation

To calculate depreciation on Fixed Asset in a manner that amortizes the cost of assets over their useful, estimated lives at the rates specified in Schedule XIV to the Companies' Act, 1956. Since the State Warehousing Corporation does not fall within the ambit of Companies Act except for the purpose of Income Tax only the rates as provided in the Companies Act 2013 so adopted voluntarily by the Corporation continues. To exclude land from being amortized. To transfer the depreciation for a given financial year to a Depreciation Fund, the balance of which is represented by investment in long term financial asset.

Investments

To state current investments at cost including the accrued income on such investments.

Retirement Benefits

To make monthly contribution to Employees' Provident Fund which are charged against revenue. To make annual provisions for Gratuity, which are transferred to a Gratuity Fund the balance of which is represented by investments in long term financial assets.

Deferred Tax Liability

In view of losses, no deferred tax provision have been made as per AS-22, Accounting for Tax

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



SCHEDULE - O :: NOTES ON ACCOUNTS

1. Details of Prior period Adjustments are as follows:

			Amount in ₹
Sl.No.	Particulars	Debit Items	Credit Items
1.	Service Tax		38421.00
2.	Accrued Interest Staff Security Deposit.	12.00	-
3.	Accrued Interest Security Deposit Tenants	3606.00	-
4.	Sales Tax Payable		1151.97
5.	Depreciation Fund		1500.00
6.	Profit on Sale of Vehicle	93430.00	-
7.	Retd. Benefit Endowment, Employees welfare Fund		0.69

Net Prior Period Adjustments

55974.34 Dr

- Interest accrued on Fixed Deposits of depreciation Fund amounting to ₹ 3600702.00 has been credited to the Depreciation Fund Account.
- Bank Balance of Saving Bank account number 244014419 stands as negative amounting to ₹ 1.14269.79 Cr as Fixed Deposit amounting to ₹ 250000.00 was booked in the accounts during the year vide letter no. MSWC/Accts/18/75/Pt. 92-94/Pt-11/176 dated 31st March 2015.
- On account of loss incurred during the year and no definite assurance of future profit, no deferred tax provision has been made in the accounts as per AS-22.
- No provision made for professional tax, as professional tax for the year 2014-2015 was deducted from the employees' salary and subsequently deposited.
- Gratuity Fund has been renamed as Retired Benefit Endowment, Employee Welfare Fund, which includes employees' Gratuity/ Leave encashment/ Others employees' welfare fund.
- The Fixed Deposits have been earmarked as follows:

SL	Particulars	Amount
A.	General Fund Investment	`10553873.00
B.	Depreciation Fund Investment	`18715413.72
C.	Security from Tenants	`299308.00
D.	Staff Security Deposit	`5000.00
		<u>`29573594.72</u>



8. Previous year's figures have been re-grouped wherever necessary.
9. Plant & Machinery (Nongstoin) and Building (Khanapara) amounting to ₹1068570.00 and ₹6337616.00 has been adjusted with Financial Assistance (State Govt.)
10. Financial Assistance (ie Staff Salary etc.) Receivable of 2014-2015 amounting to ₹3736000.00 not reflected in Financial Statement.
11. Depreciation of last year overstated amounting to ₹1500.00 has been adjusted during the year.
12. Financial Assistance (ie Staff Salary etc.) received during the year amounting to ₹4500000.00 has been adjusted with Retirement Benefit Endowment, Employees Welfare Fund ₹4000000.00 and Medical to Staff ₹500000.00.
13. ₹ 350159.00 has been adjusted with Vehicle and Profit on Sale of Fixed Assets amounting to ₹93430.00 has been disclosed during the year.
14. Building at Jowai amounting to ₹566500 has been adjusted with Financial Assistance (State Govt.)
15. Provision of Subsidy receivable made during the year towards Mawlai and Tura Project amounting to ₹51,80,000.
16. Payment made towards Tura Project has been adjusted with Financial Assistance (State Govt.) amounting to ₹120000.00
17. Profit on sale of Vehicle amounting to ₹93430.00 has been taken in the appropriation as per audit note during the year 2013-14



ASHOKE KUMAR JALAN & ASSOCIATES

CHARTERED ACCOUNTANTS

House No. 39, Bholanath Mandir Path, Milanpur Bye Lane - 1

Piyoli Phukan Road, Ulubari, Guwahati-781 007 (Assam)

Phone : 0361-2540820, 2510438, 2510634, Fax : 2549739, E-mail : akj_asso@sify.com

AUDITOR'S REPORT

To

The Members

MEGHALAYA STATE WAREHOUSING CORPORATION

SHILLONG-793 001

We have audited the attached Balance Sheet of MEGHALAYA STATE WAREHOUSING CORPORATION, Shillong as at 31st March 2015 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examination on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Subject to our comments given below, we report that

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of accounts have been kept by the Corporation so far as appears from our examination of the books.
- (iii) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the Books of Accounts.
- (iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view:
 - (1) In the case of the Balance Sheet of the state of the Corporation's affairs as at 31st March 2015, and
 - (2) In the case of Profit and Loss Account of the loss of the Corporation for the period ended on that date.



COMMENTS:

- 1) The corporation has provided depreciation as per the Companies Act, 1956. However, subsequent to the enactment of Companies Act 2013, method of providing depreciation has been changed. The unamortized carrying value of the assets should be depreciated over the revised/remaining useful lives. The written down value of Fixed Assets whose useful lives have expired as at 01st April 2014 has to be adjusted in the opening balance of reserves & surplus. In the absence of detailed individual cost of assets we are unable to quantify the quantum of depreciation chargeable under the revised Schedule-II to the Companies Act, 2013.
- 2) During the year under review, the Corporation has adjusted vehicle for an amount of Rs 3,50,159/- by adding the same to the gross block and accumulated depreciation. This figure has already been adjusted with book value during the previous year 2013-14. Profit on sale of Rs 93,430/- has been recognized as prior period item during the year. The actual figures for vehicle has been appended separately by way of Annexure -A. Actual cost of vehicle as on 31.03.2015 should have been Rs 789,311.00 and net block Rs 434,234.00. The corporation has overcharged depreciation by Rs 95,948.26 and understated its vehicle by Rs 75,506.77. The net loss of the corporation has been overstated by Rs 95,948.26 and assets understated by Rs 75,506.77.
- 3) Professional charges of Rs 33,708/- has been accounted and debited to profit and loss account but no tax was deducted. This amount stands disallowed under section 40a(i)(a) of the I Tax Act, 1961.
- 4) The corporation has advance taxes amounting to Rs 2,89,747.57 related to earlier years. Since detailed information regarding the same could not be produced to us for verification, we are unable to categorize the same. The corporation is advised to prepare a detailed schedule for expedite refund/assessment of the same. Income tax refund amounting to Rs 1,30,950.00 for A Y 2012-13 has been adjusted against the above figure. Interest on Income Tax refund Rs 9,120.00 has not been accounted resulting in overstatement of net loss of the corporation by Rs 9,120.00.
- 5) Financial Assistance related matter:
 - a) During the year under review the corporation has received financial assistance sanction from the government amounting to Rs 28.00 lacs as financial assistance for construction of warehouse at Khanapara vide sanction letter COD.26/2004/Pt.111142, dated 05.03.2015 and Rs 34.64 lacs for repair and maintenance of warehouse complex at Khanapara vide sanction letter COD.26/2004/Pt.II/144, dated 05.03.2015. Grants related to construction of assets are reduced from such assets.
 - b) The corporation has received Rs 50.00 lacs being part payment against the total outlay of Rs 200.00 lacs vide sanction order COD.5/2008/Pt/98 dated 31.03.2012. The final outstanding receivable has been booked by provisioning Rs 51.80 lacs as receivable.
 - c) Revenue grants of Rs 45.00 lacs sanctioned during financial year 2013-14 and received during the year has been transferred to Retired Benefit Endowment Employees Welfare Fund Rs 40.00 Lacs and Staff Medical Fund Rs 5.00 lacs.
 - d) Revenue grants sanctioned vide order no COD.26/2004/Pt.II/146 dated 05.03.15 for committed liabilities



and receivable during the year Rs 37.36 lacs not accounted.

e) In our opinion such grants related to revenue should be recognized on a systematic basis in the Profit & Loss statement. Such recognition should be spread over the periods necessary to match them with the related costs, which the grant is being intended to compensate.

- e) The corporation charges late fees from warehousing debtors for delay in receipts of payments. On verification of ledgers it is observed that service tax also has been collected from such late fees collection. As these amounts does not constitute warehousing charges, service tax on such collection amounting to Rs 768/- is uncalled for. A detailed chart by way of Annexure-B has been appended to categorized the amounts involved.
- 7) Service tax collected as per books stands at Rs 589,005/- whereas service tax paid as per Service Tax Returns amounts to Rs 669,308/-. Excess service tax of Rs 80,303/- has been notified to the Concerned Authorities for rectification. Gross warehousing charges has been erroneously overstated by Rs 649,712/- and service tax excess paid by Rs 80,303/- in the service tax return.
- 8) Miscellaneous expenses includes Rs 13,124/- being short payments of PF for November and December 2013 and interest Rs 4,246/-. Income tax demand Rs 7,600/- u/s 234E has been paid and should be disallowed.
- 9) We have observed that the corporation has not accounted the tax deducted at source receivable for March 2015. The tax component has been included in the debtors outstanding balance. Such amount needs to be accounted so as to reflect a true and fair view
- 10) It has also been noted that rent for office has been accrued since long but no payment has been made.
- 11) One BOD meetings was held during the year on 27.08.2014. It is observed that no meeting of the board of Directors was held during the first, third and last quarters of the year. Further no Executive Committee meeting was held during the year.

For and on behalf of
ASHOKE KUMAR JALAN & ASSOCIATES
CHARTERED ACCOUNTANTS
Regn. No. 315185E

Place: Guwahati
Date : 10/12/2015

Sd/-
(RITESH AJITSARIA)
PARTNER
M No. 061724



YEAR ENDED 31.03.2014

Fixed Assets and Depreciation

Sl. No.	Particulars	Gross Block		Depreciation		Net Block	
		AS AT 01.04.2013	Additions Deletions 31.03.2014	UP To 31.03.2013 For the Year	UP To 31.03.2014	31.03.14	31.03.13

A. Tangible Assets

1. Vehicles

4,75,159	7,89,311	4,75,159	7,89,311	4,43,589	2,03,379	5,85,932	31,570
4,75,159	7,89,311	4,75,159	7,89,311	4,43,589	2,03,379	5,85,932	31,570
4,75,159	7,89,311	4,75,159	7,89,311	4,43,589	2,03,379	5,85,932	31,570

Vehicle Sold Rs. 125000

(125000-31570=93430 Profit) accounted in financial year 2014-2015

Fixed Assets and Depreciation

Year Ended 31.03.2015

Sl. No.	Particulars	Gross Block		Depreciation		Net Block	
		AS AT 01.04.2014	Additions Deletions 31.03.2015	UP To 31.03.2014 For the Year	UP To 31.03.2015	31.03.15	31.03.14

A. Tangible Assets

1. Vehicles

7,89,311	-	-	7,89,311	2,03,379	1,51,698	3,55,077	4,34,234	5,85,932
7,89,311	-	-	7,89,311	2,03,379	1,51,698	3,55,077	4,34,234	5,85,932



**CALCULATION OF SERVICE TAX ON WAREHOUSING CHARGES AND INTEREST
FOR THE YEAR 2014-15**

	Warehousing Charges (I)	Service Tax @12.36%	Interest on Late Payment (ii)	Service Tax @12.36%	Miscellaneous Receipt	Service Tax @12.36%	Total Amount	Total Service TAX Collected
APR	386377.00	47756.00	245.00	30.00	2400.00	297.00	389022.00	48083.00
MAY	372156.00	45998.00	440.00	54.00	2400.00	297.00	374996.00	46349.00
JUN	386544.00	47777.00	550.00	68.00	2400.00	297.00	389494.00	48142.00
JUL	386544.00	47777.00	440.00	54.00	2400.00	297.00	389384.00	48128.00
AUG	386544.00	47777.00	476.00	59.00	2400.00	297.00	389420.00	48133.00
SEPT	386544.00	47777.00	880.00	109.00	2400.00	297.00	389824.00	48183.00
OCT	386544.00	47777.00	880.00	109.00	2400.00	297.00	389824.00	48183.00
NOV	386544.00	47777.00	1100.00	136.00	2400.00	297.00	390044.00	48210.00
DEC	386544.00	47777.00	0.00	0.00	2400.00	297.00	388944.00	48074.00
JAN	404336.00	49976.00	770.00	95.00	2400.00	297.00	407506.00	50368.00
FEB	430839.00	53252.00	440.00	54.00	2400.00	297.00	433679.00	53603.00
MARCH	430839.00	53252.00	0.00	0.00	2400.00	297.00	433239.00	53549.00
TOTAL	4730355.00	584673.00	6221.00	768.00	28800.00	3564.00	4765376.00	589005.00

Warehousing Charges :

Interest :

Total :

Service Tax @ 12.36%

Miscellaneous Receipt :

Total :

Service Tax@ 12.36%

4730355.00

6221.00

4736576.00

585441.00

28800.00

28800.00

3560.00



Management's Reply to the Statutory Auditor's Report for the year 2014-2015

Auditors' Report to the Shareholders of Meghalaya State Warehousing Corporation.

We have audited the attached Balance Sheet of Meghalaya State Warehousing Corporation, Shillong as at March 31 2015 and also the Profit and Loss Account for the year ended on that date annexed there to. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An Audit includes examination on test basis evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Subject to our comments given below, we report that

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(ii) In our opinion, proper books of accounts have been kept by the Corporation so far as appears from our examination of the books.

Managements Reply



(iii) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the Books of Accounts.

(iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view:

(1) In the case of the Balance Sheet of the state of the Corporation's affairs as at 31st March 2015, and

(2) In the case of the Profit and Loss Account of the loss of the Corporation for the period ended on that date.

Comments:

1) The Corporation has provided depreciation as per the Companies Act, 1956. However, subsequent to the enactment of Companies Act, 2013, method of providing depreciation has been changed. The unamortized carrying value of the assets should be depreciated over the revised/remaining useful lives. The written down value of Fixed Assets whose useful lives have expired as at 01st April 2014 has to be adjusted in the opening balance of reserves & surplus. In the absence of detailed individual cost of assets we are unable to quantify the quantum of depreciation chargeable under the revised Schedule - II to the Companies Act, 2013.

2) During the year under review, the Corporation has adjusted vehicle for an amount of Rs. 3,50,159/- by adding the same to the gross block and accumulated depreciation. This figure has already been adjusted with book value during the previous year 2013-14. Profit on sale of Rs. 93,430/- has been recognized as prior period item during the year. The actual figures for vehicle has been appended separately by way of Annexure - A.

1) Meghalaya State Warehousing Corporation is regulated under the Warehousing Corporations Act, 1962. Only for the purpose of clause Sections 39. of the Act. "For the purposes of the Income- tax Act, 1961, a Warehousing Corporation shall be deemed to be a Company within the meaning of that Act and shall be liable to income-tax and super-tax accordingly on its income, profits and gain."

Hence, we are of the opinion that the practice followed by the Corporation is correct.

2) The amount will be considered as prior period adjustment in the subsequent year.



Actual cost of vehicle as on 31.03.2015 should have been Rs. 789,311.00 and net block Rs. 434,234.00. The corporation has overcharged depreciation by Rs. 95,948.26 and understated its vehicle by Rs. 75,506.77. The net loss of the corporation has been overstated by Rs. 95,948.26 and assets understated by Rs. 75,506.77.

3) Professional charges of Rs. 33,708/- has been accounted and debited to profit and loss account but no tax was deducted. This amount stands disallowed under section 40a(i)(a) of the I Tax Act, 1961.

4). The Corporation has advance taxes amounting to Rs. 2,89,747.57 related to earlier years. Since detailed information regarding the same could not be produced to us for verification, we are unable to categorize the same. The corporation is advised to prepare a detailed schedule for expedite refund/assessment of the same. Income tax refund amounting to Rs. 1,30,950.00 for A Y 2012-13 has been adjusted against the above figure. Interest on Income Tax refund Rs. 9,120.00 has not been accounted resulting in overstatement of net loss of the corporation by Rs. 9,120.00.

5) Financial Assistance related matter:

(a) During the year under review the corporation has received financial assistance sanction from the government amounting to Rs. 28.00 lacs as financial assistance for construction of warehouse at Khanapara vide sanction letter COD.26/2004/Pt.I 1142, dated 05.03.2015 and Rs. 34.64 lacs for repair and maintenance of warehouse complex at Khanapara vide sanction letter COD.26/2004/Pt.II/144, dated 05.03.2015. Grants related to construction of assets are reduced from

3) We are of the opinion that income tax is to be computed less the service tax component. In this case minus the service tax component, the amount stands at Rs. 30,000/- hence, no TDS deducted Under Section 194J.

4) Noted for compliance

5) Noted.



such assets.

(b) The corporation has received Rs. 50.00 lacs being part payment against the total outlay of Rs. 200.00 lacs vide sanction order COD.5/2008/Pt/98 dated 31.03.2012. The final outstanding receivable has been booked by provisioning Rs. 51.80 lacs as receivable.

(c) Revenue grants of Rs. 45.00 lacs sanctioned during financial year 2013-14 and received during the year has been transferred to Retired Benefit Endowment Employees Welfare Fund Rs. 40.00 Lacs and Staff Medical Fund Rs. 5.00 lacs.

(d) Revenue grants sanctioned vide order no COD.26/2004/Pt.111146 dated 05.03.2015 for committed liabilities and receivable during the year Rs. 37.36 Lacs not accounted.

(e) In our opinion such grants related to revenue should be recognized. on a systematic basis in the Profit & Loss Statement. Such recognition should be spread over the periods necessary to match them with the related costs, which the grant is being intended to compensate.

6) The corporation charges late fees from warehousing debtors for delay in receipts of payments. On verification of ledgers it is observed that service tax also has been collected from such late fees collection. As these amounts do not constitute warehousing charges, service tax on such collection amounting to Rs. 768/- is uncalled for. A detailed chart by way of Annexure-B has been appended to categorized the amounts involved.

7) Service tax collected as per books stands at Rs. 589,005/- whereas service tax paid as per Service Tax Returns amounts to Rs. 669,308/-. Excess

6) Noted for compliance.

7) Noted, the matter already perused to the service tax Deptt. for claiming refund.



service tax of Rs. 80,303/- has been notified to the Concerned Authorities for rectification. Gross warehousing charges has been erroneously overstated by Rs. 649,712/- and service tax excess paid by Rs. 80,303/- in the service tax return.

8) Miscellaneous expenses included Rs. 13,124/- being short payments of PF for November and December 2013 and interest Rs. 4,246/-. Income tax demand Rs. 7,600/- u/s 234E has been paid and should be disallowed.

9) We have observed that the corporation has not accounted the tax deducted at source receivable for March 2015. The tax component has been included in the debtors outstanding balance. Such amount needs to be accounted so as to reflect a true and fair view.

10) It has also been noted that rent for office has been accrued since long but no payment has been made.

11) One BOD meetings were held during the year on 27.08.2014. It is observed that no meeting of the board of Directors was held during the first, third and last quarters of the year. Further no Executive Committee meeting was held during the year.

8) Noted

9) Noted for compliance.

10) Office rent is being paid as and when rent bill is received by office.

11) Noted for compliance

Sd/-

Ashoke Kumar Jalan & Associates
Chartered Accountant

Sd/-

Managing Director
Meghalaya State Warehousing
Corporation, Shillong



SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 31(8) OF THE WAREHOUSING CORPORATION ACT, 1962 ON THE ACCOUNTS OF MEGHALAYA STATE WAREHOUSING CORPORATION FOR THE YEAR ENDED 31ST MARCH 2014.

The preparation of financial statements of Meghalaya State Warehousing Corporation for the year ended 31st March 2014 in accordance with financial reporting framework prescribed under the Warehousing Corporation Act, 1962 and the generally accepted accounting principles is the responsibility of the management of the Corporation. The Statutory Auditors appointed by State Government on the advice of the Comptroller and Auditor General of India under Section 31(3) of the Warehousing Corporation Act, 1962 are responsible to express an opinion on these financial statements 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 16th September 2014.

This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regards to classification, conformity with the best accounting practices, accounting standards and disclosure norms etc. audit observations on financial transactions with regard to compliance with the Law, Rules and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects etc., if any are reported through Inspection Report's/CAG's Audit Reports separately.

We, on behalf of the Comptroller and Auditor General of India, have conducted the audit of the financial statements of Meghalaya State Warehousing Corporation for the year ended 31st March 2014 under Section 31(8) of the Warehousing Corporation Act, 1962. This audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to enquiries of the Statutory Auditors and the Corporation personnel and selective examination of some of the accounting records. Based on the audit, we would like to highlight the following significant matters under Section 31(8) of the Warehousing Corporations Act, 1962, which have come to our attention and which in our view are necessary for enabling a better understanding of the financial statements and the related Audit Report, issued by the Statutory Auditors.



Comments of Comptroller and Auditor General of India	Re
<p>A. General</p> <p>According to the Meghalaya State Warehousing Corporation Regulation, 1976 as amended by the Meghalaya State Warehousing Corporation(Amendment) Regulation, 1982, Chapter III Regulation 9 (1), a meeting of the Board of Directors shall be held at least once in a quarter in each year and that of the Executive Committee at least once a month.</p> <p>However. it is observed that the Meghalaya State Warehousing Corporation had not complied with the above regulations. Meeting of the Board of Directors was not held during the second and last quarters of the year 2012-13 and the Executive Committee had not held any meeting during the entire year.</p> <p>B. Notes to Accounts</p> <p>As required under Accounting Standard (AS) 12. 1 the Corporation has not made suitable disclosures relating to:</p> <p>Accounting policy adopted for accounting of government grants, including the methods of presentation in the financial statements.</p> <p>Nature and extent of government grants recognized in the financial statements, including grants of non-monetary assets given at a concessional rate of free of cost.</p>	<p>Noted for future compliance.</p>



Government of Meghalaya sanctioned (29.03.2014) an amount of Rs. 45 lakh as Financial Assistance during 2013-14 for payment of Committed Liabilities (staff Salary, etc) which was yet to be received as on 31 March 2014. The grants sanctioned by the Government were stated to be recognized on cash basis which should have been suitably disclosed in the Notes to Accounts as required by Accounting Standard (AS) 12.

Noted for future compliance.

Sd/-

Accountant General (Audit)

Sd/-

Managing Director
Meghalaya State Warehousing
Corporation, Shillong



SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 31(8) OF THE WAREHOUSING CORPORATION COMPANIES ACT, 1962 ON THE ACCOUNTS OF MEGHALAYA STATE WAREHOUSING CORPORATION FOR THE YEAR ENDED 31st MARCH 2015.

The preparation of financial statements of Meghalaya State Warehousing Corporation for the year ended 31st March 2015 in accordance with financial reporting framework prescribed under the Warehousing Corporation Act, 1962 and the generally accepted accounting principles is the responsibility of the management of the Corporation. The Statutory Auditors appointed by State Government on the advice of the Comptroller and Auditor General of India under Section 31 (3) of the Warehousing Corporations Act, 1962 are responsible to express an opinion on these financial statements 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 10 December 2015.

This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regards to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules and Regulation (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.

We, on behalf of the Comptroller and Auditor General of India, have conducted the audit of the financial statements of Meghalaya State Warehousing Corporation for the year ended 31 March 2014 under Section 31(8) of the Warehousing Corporation Act, 1962. This audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to enquiries of the Statutory Auditors and the Corporation personnel and selective examination of some of the accounting records. Based on the audit, we would like to highlight the following significant matters under Section 31 (8) the Warehousing Corporation Act, 1962, which have come to our attention and which in our view are necessary for enabling a better understanding of the financial statements and the related Audit Report issued by the Statutory Auditors.



**Comments of Comptroller and Auditor
General of India**

Replies of Management

Balance Sheet

Assets

Schedule C - Depreciation Fund

Investment - Rs.187.15 lakh

A1: The Corporation had shown an amount of Rs.34.82 lakh as accrued interest on fixed deposits under the above fund. However, the actual interest accrued as on 31st March 2015 was only Rs.9.78 lakh. Thus, Depreciation Fund Investment has been overstated by Rs.25.04 lakh, with corresponding overstatement of Depreciation Fund under Reserves & Surplus by the same amount.

Schedule-D - Retirement Benefit

Endowment, Employee Welfare Fund

Investment - Rs.92.73 lakh.

A2: The Corporation has shown an amount of Rs.1.22 lakh as accrued interest on fixed deposits under the above fund. However, the actual interest accrued on fixed deposits earmarked for the above fund as on 31 March 2015 was Rs. 4.70 lakh. Thus, the above account has been understated by Rs. 3.48 lakh, with corresponding understatement of Retirement Benefit Endowment and Employee welfare Fund under Reserves & Surplus by the same amount.

Plants & Machineries

A3: The Corporation had spent an amount of Rs.10.68 lakh for installation of a weighbridge at its Nongstoin

The error in computation shall be taken into account in 2015-2016 and rectified.

The error in computation shall be taken into account in 2015-2016 and rectified.

Rectification shall be done in 2015-2016



Warehouse. This amount was adjusted with Government Grants for the same amount. However, it was observed that an amount of Rs.0.62 lakh was actually paid for Annual Maintenance Contract of the same weighbridge, which should have been charged to Profit and Loss Account. Thus, Expenses for the year was understated by Rs.0.62 lakh with corresponding understatement of Income for the year on account of Government Grants by the same amount.

A4: As per the optional treatment of grants for specific assets given in Accounting Standard 12 and adopted by the Corporation states, "where the grant related to a specific fixed asset equals the whole, or virtually the whole, of the cost of the asset, the asset should be shown in the balance sheet at a nominal value." However, the Corporation had not shown any nominal value for the said asset.

Noted for complainece

Audits' Report

B 1: reference is invited to Para 1 of the Statutory Auditors' comments wherein it was stated that the Corporation ought to have changed the method of providing depreciation as per Companies Act, 2013. However, as the Corporation was set up under the Warehousing Corporations Act, 1962 and there being no provision under this Act or in the Warehousing Corporations (Amendment) Act, 2015 for calculating depreciation as per Companies Act 2013, the qualification of the auditors is not on valid grounds..

We agree.



B2: Reference is invited to Para 3 of the Statutory Auditor's comments wherein it was mentioned that provision for professional charges amounting to Rs.33,708/- stands disallowed u/s 40a (i)a of the Income Tax Act, 1961. However, the amount of professional charges was actually Rs. 30,000/- which is exempt from TDS u/s 191J of the Income Tax Act and Rs. 3,708/- is actually the service Tax Component provided. Thus, based on CBDT Circular 01/2014 dated 13 January 2014, the amount does not stand disallowed for deduction u/s 40a(i)a of the Income Tax Act, 1961, as stated by the Statutory Auditor.

Noted

Sd/-
Pr. Accountant General (Audit)

Sd/-
Managing Director
Meghalaya State Warehousing
Corporation, Shillong