



ANNUAL REPORT & ACCOUNT
2016-2017



MEGHALAYA STATE WAREHOUSING CORPORATION
SHILLONG



**ANNUAL REPORT & ACCOUNT
2016-2017**

MEGHALAYA STATE WAREHOUSING CORPORATION

SHILLONG



MEGHALAYA STATE WAREHOUSING CORPORATION

SHILLONG

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NAME OF THE 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	-	<u>2500 M.T</u>
<u>Total</u>			<u>17,700 M.T</u>



MEMBERS OF THE BOARD OF DIRECTORS

A. NOMINEES OF THE GOVERNMENT OF MEGHALAYA

1. **Shri H. Marwein, I.A.S** – **Chairman**
Additional Chief Secretary, Commissioner and Secretary,
Secretary to the Government of Meghalaya,
Co-operation Department, etc
2. **Additional Chief Secretary, Principal Secretary,** – **Member**
Commissioner & Secretary,
Secretary Agriculture Department, Shillong
3. **Director of Food & Civil Supplies,** – **Member**
Govt.of Meghalaya, Shillong.
4. **Director of Institutional Finance & Ex-Officio,** – **Member**
Secretary to the Government of Meghalaya,
Finance (E.A.) Department, Shillong.
5. **Registrar of Co-operative Societies,** – **Managing Director**
Government of Meghalaya, Shillong

B. NOMINEES OF THE CENTRAL WAREHOUSING CORPORATION

- 1.(a) **Shri. Deepak Kumar Lalla, (DGM, (B & D)** – **Member**
LHO, SBI, Shillong wef 4/8/2015 to 23/8/16
- (b) **Shri. B.V.S.K.T., Bhaskar, (DGM (B & O), SBI Local)** – **Member**
Head Office, Shillong wef 24/8/16 to 23/8/2019
2. **Smt. E.S.Brisohbar,** – **Member**
Regional Manager,
Central Warehousing Corporation
Regional Office, Guwahati



3. **Shri. A. K. Sharma,** – **Member**
General Manager (Pur & Qs)
Central Warehousing Corporation
Corporate Office, New Delhi.
4. **Shri. B Bandopadhyay** – **Member**
Deputy Secretary (BP), Ministry of Consumer Affairs,
Food and Public Distribution,
Deptt. of Food & Public Distribution
Govt. of India
5. **Shri. B.Dhar, IAS (Retd),** – **Member**
Ex-Commissioner and Secretary,
Cooperation Department,
Meghalaya, Shillong

Banker : Meghalaya Co-operative Apex Bank Ltd. Head Office, Shillong.
Statutory Auditors : Ashoke Kumar Jalan & Associates, Chartered
Accountants, Guwahati.

OFFICE OF THE MEGHALAYA STATE WAREHOUSING CORPORATION **SHILLONG**

Chairman's speech for the Forty-First Annual General Meeting of the Meghalaya State Warehousing Corporation , Shillong.

Ladies & Gentlemen,

It gives me immense pleasure to welcome you today to the Forty-First Annual General Meeting of the Corporation. The Annual Report and audited Statement of Accounts for the year 2016-17 along with Management's Reply and Directors' Report are already with you, providing a comprehensive picture on the performance of your Corporation, I seek your permission to consider them as having been read.

During the year under report, the earning of the Corporation by way of warehouse charges has increased to ₹ 78.09 lakhs as against of ₹ 58.41 lakhs of the preceding year. The increase in earning of the Corporation is mainly due to the maximum utilization of all the godowns by FCI and private parties which has enable the Corporation to earned a nominal profit of ₹ 16.65 lakhs during the year as compared to profit of ₹ 2.56 lakhs in the preceding years.

It may be pointed out that the Corporation did not receive the share capital contribution from Central Warehousing Corporation since 2005-2006 onwards till the year under report. It is the fact of the matter that the scope of enhancement and progress of warehousing activities in the State of Meghalaya which is a hilly region depends largely on the support of the Shareholders by way of Share Capital Contribution. Since, the limit of Authorized Share Capital of Meghalaya State Warehousing Corporation is enhanced to ₹ 5.00 crores, it is hoped that Central Warehousing Corporation will release its Share Capital Contribution to Meghalaya State Warehousing Corporation.

Further, it is my privileged to inform you that the State has allotted a plot of Govt. land to Meghalaya State Warehousing Corporation measuring 2151 Sqft approximately, at Lower Lachumiere, Shillong where the present Office Building of the Corporation is located, for the construction of the office building of the Corporation. On completion of necessary procedural formalities such as obtaining building permission etc., the construction of the office building will be taken up at the earliest.

The new 2000M.T Warehouse already commissioned by the Corporation at Tura is being fully utilized. The Corporation has a proposal to construct 1000M.T Capacity Warehouse, 500M.T Capacity each at Shillong and Khanapara respectively. Increase in the storage capacity will enable the Corporation to further improve its earning in the years to come.

I would like to express my sincere gratitude to the distinguished members of the Board of the Directors for their valuable support and continued guidance without which the smooth functioning of the Corporation would never be materialized.

Last but not the least, I would like to place on record my deep appreciation to all the Officers and Staffs of the Corporation for their sincere and devoted services tendered for the prosperity of the Corporation.

Sd/-
Chairman



OFFICE OF THE MEGHALAYA STATE WAREHOUSING CORPORATION
SHILLONG

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 Forty First Annual Report of the Corporation together with the 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 2017. The financial performance and the progress made by the Corporation is highlighted below:-

FINANCIAL REPORT

INCOME

Sl.No.	Particulars	Years	
		2016-2017	2015-2016
1.	Warehouse charges	₹.78,09,780/-	₹.58,41,367/-
2.	Interest	₹.12,60,231/-	₹.13,01,382/-
3.	Other Income	₹.43,118/-	₹.11,002/-
4.	Managerial Subsidy	₹.9,47,000/-	-
	Total	₹.1,00,60,129/-	₹.71,53,751/-

EXPENDITURE

1.	Establishment	₹.77,01,061.50	₹.62,29,027.20
2.	Depreciation on fixed Assets	₹.7,02,637.20	₹.6,67,853.75
	Total	₹.84,03,698.70	₹.68,96,880.95
	Profit/Loss	(+) ₹.16,56,430.30	(+) ₹.2,56,870.05

CAPITAL STRUCTURE:

The Authorized Share Capital of the Corporation is ₹.5.00 crores. The paid-up Share Capital of the Corporation as on 31st March 2017 was ₹.3,36,12,400/-. Out of which the State Government held 2,13,562 shares of ₹.100/- each and the Central Warehousing Corporation held 1,22,562 shares of ₹.100/- each. No matching Share Capital Contribution is released by the Central Warehousing Corporation to Meghalaya State Warehousing Corporation for the period 2005-2006 onwards.

WORKING RESULT:

The average utilized capacity during the year under report was 100%. The revenue earned during the year stood at ₹. 78.09 lakhs as against of ₹.58.41lakhs of the preceding year.

CONSTRUCTION PROGRAMME

The Corporation has taken up required repair and development work of existing warehouse complexes at Shillong, Khanapara, Nongstoin and Williamnagar. The construction of the office building of the Corporation on the land allotted by the State Govt. is under process. DPR of the project has been prepared and has been forwarded to the MUDA for building permission. However, MUDA has suggested certain alteration and addition in the design of the building. The construction will be taken up on completion of necessary formalities. The Corporation has proposal for construction of 2nos. of Warehouse at Shillong and Khanapara.

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

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

SUNDRY DEBTORS:-

The outstanding and realizable storage charges against the storage space utilized by Food Corporation of India ₹. 2.25 lakhs, M/s Railtel ₹. 0.26 lakhs, Chandan Choudhury ₹.0.003 lakhs, Kalidas Prasad ₹.0.008 lakhs, MECOFED ₹.0.140 lakhs, M.Nongkynrih ₹.1.26 lakhs and Raja Ram Prasad ₹.0.0008 lakhs. However, with earnest efforts made by the Corporation all the outstanding Warehouse charges has been realised from the defaulting parties.



MEETING OF THE BOARD AND EXECUTIVE COMMITTEE:

During the year under report, two meetings of the Board of Directors and two Executive Committee Meetings were convened to transact the business of the Corporation during the year 2016-2017. All matters pertaining to the working of the Corporation was taken up by the Board of Directors.

AUDITORS OF THE CORPORATION:

The Government of Meghalaya on the advice of the Comptroller Accountant General of India has appointed M/s A.Paul & Associates, Chartered Accountant as Auditors of Meghalaya State Warehousing Corporation for the year 2016-2017.

ACKNOWLEDGEMENT:

Directors wish to express their thanks to the State Government and the Central Warehousing Corporation for their valuable and continued support and guidance. Directors also wish to place on record their deep appreciation to the officers and employees of the Corporation for their sincere and dedicated work done during the year under report.

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

Sd/-
Managing Director



MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING::SHILLONG-793001

Balance Sheet as on 31st March, 2017

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)	3000.00
50000000.00	500000 Shares of Rs. 100/- each	50000000.00	10.00	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	25962.00	Current Account	331.00
12256200.00	Central Warehousing Corporation	12256200.00	2919956.21	Savings Bank Account (General)	160795.21
			23071.00	Provident Fund	24062.00
	FINANCIAL AID FROM GOVERNMENT		19097.00	Staff Security	20773.00
8728357.00	Financial Assistance(State Govt.)	11228357.00			
	RESERVES AND SURPLUS			With State Bank of India in:	
			51872.25	Savings Bank Account	188390.75
					394351.96
	Depreciation Fund:			INVESTMENTS:	
12057963.77	Balance of Fund	12773405.94	6889283.00	General Fund Investment	11377991.00
5783475.50	Add: Accumulated Interest	6978433.50	5000.00	Staff Security Deposit	5000.00
					11382991.00
1358797.00	Medical to Staff	1289647.00	573308.00	Security Deposit from Tenants as per Schedule B	573308.00
	Retd Benefit Endowment, Employee Welfare Fund			OTHER INVESTMENTS	
11708056.00		13012214.00			
1500000.00	Provision for Pay Revision for Staffs etc.	1500000.00	17841439.00	Depreciation Fund Investment	19751839.00
77061.00	Current liabilities & Provisions	191754.00		as per Schedule 'C' annexed	
	CURRENT LIABILITIES				
	DEFERRED TAX LIABILITY:				
	Earlier Years	556744.21		Retd Benefit Endowment, Employee Welfare Fund Investment as per Schedule 'D' annexed	
556744.21	Current Year	179354.85	11708056.00		13012214.00
				FIXED ASSETS	
			25154308.61	as per Schedule 'A' annexed	28076887.61
75382854.49	TOTAL CARRIED FORWARD	81322310.50	65211372.07	TOTAL CARRIED FORWARD	73194600.57

Sd/-
Auditor

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chairman



MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING::SHILLONG-793001

Previous Year	Capital and Liabilities	Current Year	Previous Year	Property and Assets	Current Year
75382854.49	TOTAL BROUGHT FORWARD	81322310.50	65211372.07	TOTAL BROUGHT FORWARD	73194600.57
	OTHER LIABILITIES			OTHER ASSETS	
228310.62	Liabilities for expenses (as per Schedule 'H' annexed)	213943.00	10933000.00	Financial Assistance Receivable	4880000.00
95791.00	Sales Tax Payable	110577.00	8624.60	Stationery in Hand	8624.60
15152.00	Forest Royalty Payable	48213.00	247136.00	Sundry Debtors as per Schedule 'E' annexed	392631.00
5034659.00	Security Deposit from Construction Contractors	2228809.00	537231.00	Accrued interest on Fixed Deposit as per Schedule 'F' annexed	520235.00
573308.00	Security Deposit from Tenants	573308.00	30450.00	Advances as per Schedule 'G' annexed	191000.00
			800.00	Security deposit with DOT	800.00
			856491.00	Earnest money payable held as Security Deposit	906091.00
			39827.00	Service Tax Receivable	62735.00
			80287.00	Excess Service Tax Paid	80287.00
5640.30	Security Deposit from Staff as per Schedule 'I' annexed	5640.30			
624258.00	Contractor Bill for Khanapara W/h	0.00			
469240.00	Contractor Bill for Mawlai W/h	939902.00		Advance Tax:	
839196.00	Contractor Bill for Williamnagar W/h	0.00	0.00	TDS on FDR	252679.00
			158797.57	Income Tax	600856.57
			351443.00	Income Tax(TDS)	686711.00
			4812950.17	Accumulated Losses	3665452.06
83268409.41		85442702.80	83268409.41		85442702.80

Accounting Policies- Schedule K
Notes on Accounts- Schedule L

Sd/-
Auditor

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chairman



MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING::SHILLONG-793001

Profit and Loss Account for the year ended on 31st March, 2017

Previous Year	Expenses	Current Year	Previous Year	Income	Current Year
6229027.20	Establishment Expenses (as per Schedule J)	7701061.50	5841367.00	Warehousing Charges	7809780.00
667853.75	Depreciation on Fixed Assets	702637.20		Interest on:	
				Fixed Deposits	1140274.00
256870.05	Net Profit Brought Down	1656430.30	1126934.00	Saving Bank Account	119957.00
			121427.00	Current Deposit Account	0.00
			39709.00		1260231.00
				Interest from IT Return	0.00
			13312.00		
				Miscellaneous Receipts	43118.00
			11002.00		
			0.00	Managerial Subsidy	947000.00
			0.00	Net Loss Carried Down	0.00
7153751.00		10060129.00	7153751.00		10060129.00
0.00	Net Loss Brought Down	0.00	256870.05	Net Profit Brought Down	1656430.30
0.00	Prior Period Adjustments	137823.34			
111986.47	Provision for Deferred Tax	179354.85	64928.43	Prior Period Adjustments	0.00
77061.00	Provision for Income Tax	191754.00			
132751.00	Profit transferred to Accumulated Losses	1147498.11			
321798.48		1656430.30	321798.48		1656430.30

Accounting Policies- Schedule K
Notes on Accounts- Schedule L

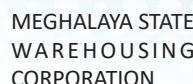
Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



Sd/-
Auditor

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chairman



MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING
SHILLONG-793001

Schedules for Balance Sheet as at 31st March, 2017

(all figures in ₹)

SCHEDULES FORMING PART OF ACCOUNTS

		CURRENT YEAR	PREVIOUS YEAR
B <u>FIXED DEPOSITS:</u>			
Security from Tenants		573308.00	573308.00
		573308.00	573308.00
C <u>DEPRECIATION FUND INVESTMENT ACCOUNT:</u>			
Fixed Deposits		17174441.00	15232971.00
Accrued Interest on Fixed Deposits		563654.00	666998.00
FD transferred from General Fund Investment		2013744.00	1941470.00
		19751839.00	17841439.00
D <u>RETD BENEFIT ENDOWMENT, EMPLOYEE WELFARE FUND INVESTMENT:</u>			
Savings Bank Account		26092.00	15363.00
Accrued Interest on Fixed Deposits		462791.00	656910.00
Fixed Deposits		11925783.00	9144264.00
FD transferred from General Fund Investment		597548.00	1891519.00
		13012214.00	11708056.00
E <u>SUNDRY DEBTORS:</u>			
	<u>More than six months</u>	<u>Less than six months</u>	
Chandan Choudhury	0.00	269.00	269.00
Food Corporation of India	0.00	225619.00	225619.00
K. D. Prasad	0.00	826.00	826.00
MeCOFED	0.00	14388.00	14388.00
Mi. Ningkkynrih	125618.00	0.00	125618.00
Railtel (Jowai)	25830.00	0.00	25830.00
Raja Ram Choudhury	81.00	0.00	81.00
		392631.00	247136.00

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING
SHILLONG-793001

Schedules for Balance Sheet as at 31st March, 2017

(all figures in ₹)

F ACCRUED INTEREST ON FIXED DEPOSITS:

General Fund Investment	492834.00	496134.00
Staff Security Deposit	98.00	226.00
Tenants	27303.00	40871.00
	520235.00	537231.00

G ADVANCES:

Advances to Staff:		
Advance to Staff	190000.00	0.00
Festival Advance	1000.00	9000.00
Children Education Advance	0.00	21450.00
	191000.00	30450.00

H LIABILITIES FOR EXPENSES:

Audit Fees Payable	28750.00	28750.00
Cess Tax	12074.00	10441.00
Conveyance Allowance Chairman Payable	0.00	4795.00
Conveyance Allowance EE Payable	0.00	2278.00
Conveyance Allowance GM Payable	0.00	3298.00
Conveyance Allowance MD Payable	0.00	4095.00
Earnest Money	33100.00	21000.00
ECPF to PF Org Payable	95555.00	89056.00
Electric Charges Payable	3545.00	1372.00
Office Contingency Payable	0.00	2200.00
Office Rent Payable	0.00	23040.62
Professional Charges Payable and Service tax payable	34500.00	34500.00
TDS deducted on Professional Charges Payable	3300.00	0.00
Telephone Charges Payable	3119.00	3485.00
	213943.00	228310.62

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING
SHILLONG-793001

Schedules for Balance Sheet as at 31st March, 2017

(all figures in ₹)

I SECURITY DEPOSITS: STAFF

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

J ESTABLISHMENT EXPENSES

Advertisement	19550.00	47474.00
Annual Maintenance (Xerox)	0.00	19358.00
Annual Subscription Fees	30000.00	30000.00
Arrear ACP of the staff of MSWC	0.00	214490.00
Arrear Pay Revision	0.00	11073.00
Arrear-DA	113936.00	106595.00
Audit Fees	28750.00	28750.00
Audtors TA/DA	10390.00	0.00
Bank Charges	505.50	3563.75
Books & Periodicals	3442.00	3391.00
Casual Peon (MD)	22258.00	7586.00
Conveyance	3120.00	3040.00
Conveyance Allowance (Chairman)	64532.00	61607.00
Conveyance Allowance (EE)	31007.00	29075.00
Conveyance Allowance (GM)	44452.00	39459.00
Conveyance Allowance (MD)	56460.00	52109.00
Departmental Work (Khanapara W/H)	395883.00	0.00
Departmental Work (Williamnagar W/H)	99774.00	0.00
Deptt Work at Jowai	9086.00	0.00
Deptt Work at Nongstoin W/h	78024.00	51673.00
Deptt Work at Sohra	33098.00	0.00
Deptt Work at Tura	35035.00	0.00
Digital Signature	3000.00	3000.00
ECPF (Deposit)	660845.00	548479.00
Electric Charges	18300.00	17771.00
Insurance (Vehicle)	24315.00	20585.00
Interest on Service Tax	0.00	500.00

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING
SHILLONG-793001

Schedules for Balance Sheet as at 31st March, 2017

(all figures in ₹)

Meeting Expenses	9774.00	7464.00
Miscellaneous Expenditure	9509.00	10500.00
Modem for telephone	4000.00	0.00
Office Contingency	31125.00	26917.00
Office Rent	1514.00	1298.00
Pay & Allowances	4877746.00	4541327.00
Payment for Tura Project	117076.00	0.00
Postage & Stamps	9185.00	6560.00
Printing & Stationery	37809.00	45715.45
Professional Charges	43375.00	40555.00
Project expenses for Warehouse	245.00	0.00
Provision for Retirement Benefit Endowment Fund	602449.00	0.00
Repairs and Maintainance (Office Machinery)	4770.00	0.00
Repairs and Maintainance (Vehicle)	32335.00	40297.00
Repairs and Maintainance of Warehouses	0.00	75069.00
Repairs and Maintainance(Xerox)	8370.00	0.00
Repairs to Computer	18262.00	10869.00
Sitting Fees	0.00	500.00
TA to Auditors	0.00	5472.00
TA to Director	19035.00	23674.00
Telephone Charges	32193.00	29603.00
TelephoneSet (H/o)	0.00	1500.00
Travelling Expenses	56527.00	62128.00
	<u>7701061.50</u>	<u>6229027.20</u>

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor

MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING :: SHILLONG-793001

SCHEDULE – K :: 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.

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



MEGHALAYA STATE WAREHOUSING CORPORATION LOWER LACHUMIERE::OLD TAXATION BUILDING :: SHILLONG-793001

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

Deferred tax provision have been made as per AS-22, Accounting for Tax

SCHEDULE – L :: NOTES ON ACCOUNTS

1. Details of Prior period Adjustments are as follows:

Amount in ₹			
Sl.No.	Particulars	Debit Items	Credit Item
1.	Accrued Interest General Fund	72163.00	
2.	Plan and machinery (Nongstoin)	61798.00	
3.	Office rent payable	177.37	
4.	Depreciation Fund	12804.97	
5.	Advance Income Tax		9120.00
Net Prior Period Adjustments		137823.84 Dr	

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



MEGHALAYA STATE WAREHOUSING CORPORATION LOWER LACHUMIERE::OLD TAXATION BUILDING :: SHILLONG-793001

2. Interest accrued on Fixed Deposits of depreciation Fund amounting to ₹.11,94,958.00 has been credited to the Depreciation Fund Account.
3. Provision for Income Tax amounting to ₹.1,91,754.00 has been made during the year.
4. Deferred tax provision has been made in the accounts as per AS-22 amounting to ₹.1,79,354.85
5. No provision made for professional tax, as professional tax, as professional tax for the year 2016-2017 was deducted from the employees' salary and subsequently deposited.
6. Gratuity Fund has been renamed as Retired Benefit Endowment, Employee Welfare Fund, which includes employees' Gratuity/ Leave encashment/ Others employees' welfare fund.
7. The Fixed Deposits have been earmarked as follows:

SL	Particulars	Amount
A.	General Fund Investment	₹ 1,13,77,991.00
B.	Depreciation Fund Investment	₹ 1,91,88,185.00
C.	Security from Tenants	₹ 5,73,308.00
D.	Staff Security Deposit	₹ 5,000.00
		₹ 3,11,44,484.00

8. Previous year's figures have been re-grouped wherever necessary.
9. Financial Assistance (i.e. Staff Salary etc.) Receivable of 2016-17 amounting to ₹12,00,000.00 not reflected in Financial Statement.
10. The written down value of ₹49,080.00 reflected under the head "Office Machinery" relating to the purchase of computer has been transferred to the correct Head of Account "Office Computer" and the under charged Depreciation of ₹12,804.97 upto 31st March 2016 has been considered in Prior Period adjustments.

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



MEGHALAYA STATE WAREHOUSING CORPORATION
LOWER LACHUMIERE::OLD TAXATION BUILDING::SHILLONG-793001

Computation of Deferred Tax for the year 2016-17

Asset Category	Rate	Opening Balance	Additions	Deductions	Closing Balance	Depreciation as per Income-tax	Depreciation as per Books
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
a. Furniture & Fixtures	10.00%	68215.58	0.00	0.00	68215.58	6821.56	8301.64
b. Dunnage & Equipments	15.00%	18927.55	0.00	0.00	18927.55	2839.13	1541.35
c. Electrical Equipments	15.00%	749568.50	0.00	0.00	749568.50	112435.28	95154.11
d. Water Installation	15.00%	22182.40	0.00	0.00	22182.40	3327.36	1575.42
e. Vehicle	15.00%	400371.00	0.00	0.00	400371.00	60055.65	83178.42
f. Office Machinery	15.00%	315491.63	0.00	110878.00	204613.63	30692.04	23667.74
g. Office Computer	60.00%	45786.05	49080.00	0.00	94866.05	56919.63	23779.28
h. Land	0.00%	3664325.47	0.00	0.00	3664325.47	0.00	0.00
i. Building	10.00%	7698389.65	2465284.00	0.00	10163673.65	1016367.37	456439.77
j. Roads & Bridges	5.00%	217749.58	0.00	0.00	217749.58	10887.48	8884.46
k. Ring Well	5.00%	2824.10	0.00	0.00	2824.10	141.21	115.01
TOTAL		13203831.51	2514364.00	110878.00	15607317.51	1300486.70	702637.20

Depreciation as per Income-tax Act, 1961 Column (vi) 1300486.70

Depreciation as per Books

702637.20

Timing Difference

597849.49

Deferred Tax Liability

179354.85

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Auditor



AUDITOR'S REPORT

To,
The Members of
Meghalaya State Warehousing Corporation
Shillong

We report that we have audited the attached Balance Sheet of **MEGHALAYA STATE WAREHOUSING CORPORATION LIMITED: SHILLONG** as at March 31, 2017 signed by us under reference to this report and the relative Profit and Loss Account for the year ended on that date.

Management's Responsibility

The Corporation's Board of Directors is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

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. An audit includes examining, on a 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Basis for Qualified Opinion:

1. No provision to the tune of Rs. 1200000/- on account of Revenue Grant receivable from Co-operation Department vide letter of sanction No COD.26/2004/PT.II/317 dated 06.01.2017 has been made and therefore the profit of the Corporation is understated by Rs. 1200000/-.
2. No entry for adjustment of recovery of advances to the tune of Rs. 11000/- from Pay and Allowances for the month of March, 18 has been passed and therefore the profit of the Corporation is overstated by Rs. 11000/-.
3. Deferred Tax Liabilities has not been calculated as per provisions of AS-22. As the matter is spread over the past financial years, exact impact of such miscalculation cannot be ascertained off hand.
4. Provision for Income tax has not been made as per the Income tax Act, 1961 and the exact impact thereof cannot be ascertained off hand.

Emphasis of Matter

1. Savings Bank Account No. 244014420 (Provident Fund Account) having a Balance of Rs.24062/- has remained stagnant for a long period.
2. Steps should be taken to recover the excess Service Tax paid to the tune of Rs. 80287/- appearing under the head Other Assets in the Balance Sheet.
3. There were instances of balances in Meghalaya Co-operative Apex Bank Limited exceeding Rs. 1.0 lac in contravention to the provisions of Rule 16(ii) of Chapter V of the Meghalaya State Warehousing Corporation Rules, 1976.
4. Payment for Tura Project to the tune of Rs. 117076/- appearing under the Head Establishment expenses represent salary paid to Casual Employee.
5. Actuarial valuation of Gratuity and Retirement Benefits has not been done by the Corporation as required under AS15.
6. Only two Board meeting were held on 30.09.2016 and 17.03.2017. Similarly only two Executive Committee meetings were held on 24.08.2016 and 17.03.2017.

Subject to our comments in the basis for qualified opinion paragraph referred to above we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.



- b. In our opinion, proper books of accounts as required by law have been kept by the Corporation, so far as it appears from our examination of those books.
- c. The Balance Sheet and the statement of Profit & Loss account dealt with by this report are in agreement with the books of accounts.
- d. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon 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 Corporation as at 31.03.2017,
and
- ii) In the case of the Profit & Loss account, of the Profit for the year ended on that date.

For and on behalf
A. PAUL & CO
CHARTERED ACCOUNTANTS
Firm Regn. No.312060E

Sd/-
(AJIT PAUL)
Proprietor
(M.No.050527)

Place: Shillong
Date: 28th Feb., 2018



OFFICE OF THE MEGHALAYA STATE WAREHOUSING CORPORATION SHILLONG

Management's Reply to the Statutory Auditor's Report for the year 2016-2017

Auditor's Report to the Shareholders of Meghalaya State Warehousing Corporation.

We report that we have audited the attached Balance Sheet of MEGHALAYA STATE WAREHOUSING CORPORATION LIMITED: SHILLONG as at March 31, 2017 signed by us under reference to this report and the relative Profit and Loss Account for the year ended on that date.

Management's Responsibility

The Corporation's Board of Directors is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.



Auditor's Responsibility

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. An audit includes examining, on a 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Basis for Qualified Opinion:

1) No provision to the tune of Rs. 1200000/- on account of Revenue Grant receivable from Co-operation Department vide letter of sanction No COD.26/2004/PT.II/317 dated 06.01.2017 has been made and therefore the profit of the Corporation is understated by Rs. 1200000/-.

1) The amount was sanctioned vide Govt. letter No COD.26/2004/PT.II/317 dated 06.01.2017.

Unless the process of completion of all other required formalities on the part of the State Govt. Viz: processing of the Sanction order by way of file being ultimately released for payment and subsequent drawal of LOC it cannot be conclusively put into the accounts of the Corporation as receivable.

Till above process stands complete the Corporation feels that the amount should not be considered in the accounts.

The Corporation therefore follows the accounting method of taking the



Govt. subsidy into its books on actual realization.

- | | |
|--|--|
| <p>2) No entry for adjustment of recovery of advances to the tune of Rs. 11000/- from Pay and Allowances for the month of March,18 has been passed and therefore the profit of the Corporation is overstated by Rs. 11000/-.</p> <p>3) Deferred Tax Liabilities has not been calculated as per provisions of AS-22. As the matter is spread over the past financial years, exact impact of such miscalculation cannot be ascertained off hand.</p> <p>4) Provision for Income tax has not been made as per the Income tax Act, 1961 and the exact impact thereof cannot be ascertained off hand.</p> | <p>2) Necessary rectification has already been made in the current year.</p> <p>3) Noted for compliance.</p> <p>4) Noted for compliance.</p> |
|--|--|

Emphasis of Matter

- | | |
|---|--|
| <p>1) Savings Bank Account No. 244014420 (Provident Fund Account) having a Balance of Rs.24062/- has remained stagnant for a long period.</p> <p>2) Steps should be taken to recover the excess Service Tax paid to the tune of Rs. 80287/- appearing under the head Other Assets in the Balance Sheet.</p> <p>3) There were instances of balances in Meghalaya Co-operative Apex Bank Limited exceeding Rs. 1.0 lac in contravention to the provisions of Rule 16(ii) of Chapter</p> | <p>1) Since Corporation has placed Provident Fund account of employees of the Corporation with Provident Fund Commissioner office, the amount kept under Provident Fund account may not be required any more. Hence as pointed out the amount will be transferred to in Corporation's General Fund account.</p> <p>2) The matter has already been taken up with the concerned Department.</p> <p>3) Noted, for compliance.</p> |
|---|--|



V of the Meghalaya State Warehousing Corporation Rules, 1976.

- | | |
|---|--|
| 4) Payment for Tura Project to the tune of Rs. 117076/- appearing under the Head Establishment expenses represent salary paid to Casual Employee. | 4) A casual employee was engaged against the Tura project. Hence the salary of the particular employee was accounted for under the Tura project. |
| 5) Actuarial valuation of Gratuity and Retirement Benefits has not been done by the Corporation as required under AS15. | 5) Noted for compliance. |
| 6) Only two Board meeting were held on 30.09.2016 and 17.03.2017. Similarly only two Executive Committee meetings were held on 24.08.2016 and 17.03.2017. | 6) Noted for compliance. |

Subject to our comments in the basis for qualified opinion paragraph referred to above we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of accounts as required by law have been kept by the Corporation, so far as it appears from our examination of those books.
- c. The Balance Sheet and the statement of Profit & Loss account dealt with by this report are in agreement with the books of accounts.
- d. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon 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 Corporation as at 31.03.2017, and
- ii) in the case of the Profit & Loss account, of the Profit for the year ended on that date.

Sd/-

A. Paul & Co.
Chartered Accountants

Managing Director

SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 31(8) OF THE WAREHOUSING CORPORATIONS ACT, 1962 ON THE ACCOUNTS OF MEGHALAYA STATE WAREHOUSING CORPORATION FOR THE YEAR ENDED 31ST MARCH 2016.

The preparation of financial statements of Meghalaya State Warehousing Corporation for the year ended 31st March 2016 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 21st November 2016.**

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 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 31st March 2016 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**

Replies of Management

Balance Sheet

Assets

Plants & Machineries

A1: A reference is invited to comment no. A3 of the separate Audit Report on the accounts of the Corporation for the year ended 31 March 2015. The Comment pointed out incorrect adjustment of the amount paid (₹ 0.62 lakh) during last year (2014-15) towards Annual Maintenance Contract of the weighbridge at Nongstoin Warehouse against the Government Grants received for installation of the said weighbridge. The Corporation, however, has not rectified the mistake during the current year also.

This has resulted in understatement of 'Financial Aid from Government – unspent Government Grants' by ₹ 0.62 lakh with corresponding understatement of 'accumulated losses' as on 31 March 2016 to the same extent.

General

B1 : Actuarial valuation of Gratuity and retirements benefits of the employees was not done by the Corporation as required under Accounting Standard – 15

Noted, necessary rectification will be made in the subsequent year.

Noted

Sd/-
Pr. 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 ACT, 1962 ON THE
ACCOUNTS OF MEGHALAYA STATE WAREHOUSING CORPORATION FOR THE YEAR
ENDED 31ST MARCH 2017.**

The preparation of financial statements of Meghalaya State Warehousing Corporation for the year ended 31st March 2017 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 28th February 2018.**

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 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 31st March 2017 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**

Replies of Management

Balance Sheet

Capital and Liabilities

Reserve and Surplus

- | | |
|--|-------|
| A1: This includes Provision for Pay Revision for staff (₹.0.15 crore) and Current Liabilities & Provisions (₹.0.02 crore), which should have been classified under Current Liabilities. As such, it resulted in overstatement of Reserves and Surplus and understatement of Current Liabilities by ₹.0.17 crore. | Noted |
|--|-------|

Property and Assets Investment.

- | | |
|---|--|
| A2: This included General Fund Investment & Staff Security Deposit (₹.1.14 crore) and Security Deposit from Tenants (₹.0.06 crore) which are in the nature of Fixed Deposits with banks. As such, the same, the same should have been classified under Cash at Bank as required under Rule 18 (a) of Meghalaya State Warehousing Corporation Rules, 1976. This resulted in understatement of Cash at Bank and overstatement of Investment by ₹.1.20 crore each. | The format Form 'A' according to us is not specific with regard to disclosure in Investment with banks to be reflected under the Cash at Bank head instead of Investment head. |
|---|--|



Other investments

Depreciation Fund Investment - ₹.1.98 crore

A3: This includes ₹.1.92 crore being Fixed Deposit with banks which should have been classified under Cash at Bank as required under Rule 18 (a) of Meghalaya State Warehousing Corporation Rules, 1976. This resulted in understatement of Cash at Bank and overstatement of Other Investments by ₹.1.92 crore each.

The format Form 'A' according to us is not specific with regard to disclosure in Investment with banks to be reflected under the Cash at Bank head instead of Investment head.

Retirement Benefits Endowment

Employee Welfare Fund Investment ₹.1.30 crore.

A4: This includes ₹.1.25 crore being balance in saving accounts and in Fixed Deposit with banks which should have been classified under Cash at Bank as required under Rule, 18 (a) of Meghalaya State Warehousing Corporation Rules, 1976. This resulted in understatement of cash at Bank and overstatement of other Investments by ₹.1.25 crore.

The format Form 'A' according to us is not specific with regard to disclosure in Investment with banks to be reflected under the Cash at Bank head instead of Investment head.

Profit and Loss Account

Establishment Expenses - ₹.77.01 lakh

B1: This does not include ₹.0.09 crore being the cost of repairs and maintenance of the godowns. This expenditure is not in the nature of increasing the capacity of the neither godown nor does it increase the future benefits, hence it should have been charged to revenue as required

The expenditure against repair and maintenance of Tura and Jowai warehouse complexes amounting to ₹.8.90 lakhs were incurred to strengthen the existing warehouse building and ancillary structures, which added value to the existing assets. Hence the expenditure incurred has been treated as capital expenditure.



under Accounting Standard -10. This has resulted in overstatement of Profit and overstatement of Fixed Assets by ₹.0.08 crore (excluding depreciation).

Income

Managerial Subsidy ₹.0.09 crore

B2: This represents grant-in-aid received from Government of Meghalaya for the year 2015-16 for payment of salary and allowances to Staff which should have been classified under prior period income

Govt. Revenue Grant have always been treated as income on receipt basis by the Corporation.

Sd/-
Pr. Accountant General (Audit)

Sd/-
Managing Director
Meghalaya State Warehousing
Corporation, Shillong