

**IIM
RANCHI**

बहुमुखविकासो गन्तव्यः



**ANNUAL STATEMENT OF
ACCOUNTS**

2009-11



No OAD-C/ SAR-IIMR / 2010-11/304 Dated: 21.12.2012
Indian Audit & Accounts Department

Office of the Principal Director of Audit (Central), Lucknow

Unit Jharkhand, Ranchi; AG Office, Main Building, Ranchi

The Director,

Indian Institute of Management,

Suchana Bhawan, Audrey House Compus,

Meur's Road, Ranchi 834 008.

Subject: Separate Audit Report and Audit Certificate on the accounts of Indian Institute of Management, Ranchi for the period 15.12.2009 to 31.03.2011

Sir,

I am to enclose a copy of Audit Report and Audit Certificate along with audited Annual Accounts of Indian Institute of Management, Ranchi (IIMR) for the period 15.12.2009 to 31.03.2011 for information and necessary action.

2. A copy of each of the documents has been sent to the Secretary to the Government of India, Ministry of Human Resource Development, New Delhi for information and necessary action.
3. The audited Annual Accounts, Audit Report should be duly considered and adopted by the Governing Body (BOG) of the IIMR, Ranchi in the Annual General meeting before these are laid in the House of parliament.
4. A copy of (i) Resolution of Governing Body adopting the Audit Report and Audit Certificate with audited Annual Accounts, (ii) Date of its Presentation before the House of Parliament and (iii) Annual Report of the Institute may be furnished to this office in due course for our records and onward transmission to the Comptroller and Auditor General of India, New Delhi.
5. The Hindi version of this SAR may kindly be furnished to this office within one week.
6. The receipt of this letter with enclosures may please be acknowledged.

Yours faithfully,

Encl: - As above.

Principal Director of Audit (Central), Lucknow

Separate Audit Report on the accounts of Indian Institute of Management, Ranchi for the period from 15 December 2009 to March 2011.

We have audited the attached Balance Sheet of Indian Institute of Management (Institute), Ranchi as at 31 March 2011 and the Income and Expenditure Account from 15.12.2009 to 31.03.2011 under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 3 (viii & ix) of the Memorandum of Association under Societies Registration Act, 1860 (Registered as on 15.12.2009) read with Rule 18 of the Institute. The audit has been entrusted for the period up to 2014-15. These financial statements are the responsibility of the Institute management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains the comments of the Comptroller and Auditor General of India (CAG) on the accounting treatment only with regard 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.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the managements as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit, 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) The Balance Sheet and Income & Expenditure Account dealt with by this report have been drawn up in the format approved by the Government of India, Ministry of Finance.
- (iii) In our opinion, proper books of accounts and other relevant records have been



(viii & ix) of the Memorandum of Association under Societies Registration Act, 1860 read with Rule 18 of the Institute, in so far as it appears from our examination of such books.

(iv) We further report that :

A. BALANCE SHEET

A.1. Liabilities

A.1.1. Fixed Asset (Schedule -3) Depreciation Rs 29.11 lakh

This includes depreciation for Rs 14, 53,546 for assets like Server, Computer and related Application-software which includes server racks with installation and the same was not put in use at the closer of Books.

This has resulted in understatement of Fixed Assets and Capital Grant by Rs 14.54 lakh.

B.1. Income and Expenditure Account

B.1.1. Unauthorized creation of Corpus fund - Rs 132.38 lakh

The Institute created a Corpus Fund by setting aside the internal income like Fee/ Subscriptions, Interest earned from Schedule Banks and other income for Rs 132.38 lakh without any defined objectives of Corpus Fund and also without taking approval of Administrative Ministry through Board of Governors.

Thus, claim of Rs 108.15 lakh (Rs 132.38 lakh minus Rs 24.23 lakh) as receivable from MHRD was also irrelevant.

C.1. Receipts and Payments Account

C.1.1. Non preparation of Receipts and Payments Account

As per the requirement of Uniform Format of Accounts the Institute was required to maintain Receipts and Payments Accounts and Income and Expenditure Accounts along with Balance Sheet, but it was observed that no Receipts and Payments Accounts was prepared for the year ended 31.03.2011.

D. Grant-in-Aid

Grant received from MHRD (15.12.2009 to 31.03.2011) under head Plan was for Rs 398.15 lakh out of which Rs 236.57 lakh was Non-recurring grant (Capital grant)

and Rs 161.58 lakh Recurring grant. The Institute received Rs 200.00 lakh during the month of March 2011.

The Institute utilized Rs 301.00 lakh (Recurring grant Rs 161.58 lakh and Non-recurring grant Rs 139.42 lakh) leaving a balance of Rs 97.15 lakh (Non-recurring) as unutilized grant as on 31 March 2011.

Management letter

Deficiencies which have not being included in the Audit Report have been brought to the notice of the Institute through a management letter issued separately for remedial/ corrective action.

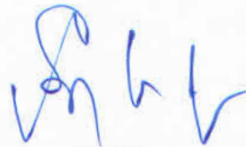
v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income & Expenditure Account dealt with by this report are in agreement with the books of accounts.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in the annexure to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India.

- (a) In so far as it relates to the Balance sheet of the state of affairs of the Indian Institute of Management, Ranchi as at 31 March 2011, and
- (b) In so far as it relates to Income and Expenditure Account of the **deficit** for the year ended on that date.

**For and on behalf of the
Comptroller and Audit General of India.**

Place: Lucknow.
Dated: 21.12.2012



Principal Director of Audit (Central), Lucknow



Annexure

1. Adequacy of Internal Control System

The Institute needs strengthening of its Internal Control system in following areas:

- to prepare own Office-procedure, Accounting and Library Purchase Manual or to adopt any such manual of other Organization,
- to define the duties and job description of all officials/ staff,
- to maintain Register of Assets and Register of Valuables,
- to adopt the procedure so that suppliers invoices and goods received notes be routed through Accounts Section,
- to check and sign the Cash Books and Ledgers in order to authenticate the transactions,
- to adopt the procedure of Cash verification at the month end,
- to provide receipts to students in lieu of fee received or deposited in Bank,
- to develop Internal Management reporting system,
- to maintain stock register of different materials,
- to delegate financial power to Subordinate Officer instead of all financial power vested with the Director,
- to prepare Annual Budget for approval of the Administrative Ministry and
- to constitute Finance Committee for investment of surplus fund or decision on other financial matters.

2. Adequacy of Internal Audit system

The Institute has no internal audit wing.

3. System of Physical verification of inventory

The Institute did not conduct physical verification of consumable and non-consumable items.

4. Regularity in payment of statutory dues.

The Institute is regular in Payment of statutory dues.

INDIAN INSTITUTE OF MANAGEMENT RANCHI
BALANCE SHEET AS ON 31st MARCH 2011

PARTICULARS	SCH	31-3-2011	
SOURCES OF FUNDS			
Corpus Fund	1		13,238,445.00
Grant from MHRD	2		20,746,788.18
		TOTAL	33,985,233.18
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	3	13,942,164.82	
Less : Depreciation	3	2,910,711.82	
Net Block			11,031,453.00
Current Assets, Loans and Advances:			
Cash and Bank Balances	4	2,591,666.00	
Loans, Advances and Other Assets	4	31,335,506.50	
		33,927,172.50	
Less: Current Liabilities & Provisions	5	10,973,392.32	22,953,780.18
		TOTAL	33,985,233.18

Significant Accounting Policies & Notes Forming Part of Accounts - 16



INDIAN INSTITUTE OF MANAGEMENT RANCHI

Income and Expenditure account for the period 15.12.2009 to 31.03.11

PARTICULARS	SCH	31-3-2011
INCOME :		
Grants/Subsidies	6	16,157,500.00
Fees/Subscriptions	7	13,367,450.00
Interest Earned	8	519,195.00
Other Income	9	101,800.00
Total (A)		30,145,945.00
EXPENDITURE :		
Establishment Expenses	10	3,564,227.00
Academic Expenses	11	4,981,004.00
Administrative Expenses	12	19,177,431.50
Total (B)		27,722,662.50
Excess of Income Over Expenditure (A - B)		2,423,282.50
Less :- Transfer to Corpus Fund		13,238,445.00
Balance Being deficit claimed from MHRD		(10,815,162.50)

Significant Accounting Policies & Notes Forming Part of Accounts - 16

INDIAN INSTITUTE OF MANAGEMENT RANCHI
SCHEDULES FORMING PART OF THE BALANCE SHEET
AS ON 31ST MARCH 2011

PARTICULARS	31-3-2011	
1 - CORPUS FUND:		
Balance as at the beginning of the year		-
Add: Transfer from Schedule 15		13,238,445.00
	TOTAL	13,238,445.00
2 - GRANT-MHRD		
1. Capital Grant:		
As per last Account	-	
Addition during the year	39,815,000.00	
	39,815,000.00	
Less: Depreciation for the year	2,910,711.82	
	36,904,288.18	
Less: Transferred to Revenue Grant	16,157,500.00	20,746,788.18
2. Revenue Grant :-		
As per last Account	-	
Received during the year	-	
Add:- Transferred from Capital Grant	16,157,500.00	
	16,157,500.00	
Less: Transferred to Income & Expenditure Account	16,157,500.00	-
	TOTAL	20,746,788.18
4 - CURRENT ASSETS, LOANS, ADVANCES ETC.		
A. CURRENT ASSETS:		
1. Cash balances in hand		
(including cheques/drafts and imprest cash)		75,985.00
2. Bank Balances:		
a) With Scheduled Banks:		
-Current Accounts		
-On Deposit Accounts (includes margin money)		
-On Savings Accounts		2,515,681.00
	TOTAL (A)	2,591,666.00



B. LOANS, ADVANCES AND OTHER ASSETS		
<i>1. Loans & Advances:</i>		
a) Staff		-
b) Other (specify)		165,000.00
<i>2. Prepaid Expenses</i>		
a) Insurance		6,577.00
b) Other Expenses including AMC		310,517.00
c) Security Deposit		4,450.00
d) Others		33,800.00
<i>3. Other Current Assets:</i>		
a) Receivable from MHRD		30,815,162.50
	TOTAL (B)	31,335,506.50
	TOTAL (A+B)	33,927,172.50
5 - CURRENT LIABILITIES AND PROVISIONS :-		
A. CURRENT LIABILITIES		
<i>1. Sundry Creditors:</i>		
a) For Goods		5,211,862.82
b) Others		4,973,296.50
<i>2. Caution Deposit</i>		
		220,000.00
<i>3. Mess Deposit</i>		
		220,000.00
<i>4. Statutory Liabilities:</i>		
a) Overdue		-
b) Others		348,233.00
<i>5. Other Current Liabilities</i>		
		-
	TOTAL (A)	10,973,392.32
B. PROVISIONS		
1. For Taxation		-
4. Others		-
	TOTAL (B)	-
	TOTAL (A+B)	10,973,392.32

INDIAN INSTITUTE OF MANAGEMENT RANCHI
SCHEDULE 3 - FIXED ASSETS AND DEPRECIATION

Particulars	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	Cost/ valuation As at beginning of the year	Additions during the year	Deductions during the year	Cost/ valuation at the year end	As at the beginning of the year	For the year	Deductions/ Adjustments	Total up to the year-end	As at the current year-end	As at the previous year-end
FIXED ASSETS:										
BUILDING - Not Belonging to IIMR	-	1,297,421.00	-	1,297,421.00	-	48,771.00	-	48,771.00	1,248,650.00	-
PLANTS & MACHINERY	-	1,300,221.00	-	1,300,221.00	-	137,736.00	-	137,736.00	1,162,485.00	-
FURNITURE, FIXTURES & ELECTRICAL INSTALLATIONS	-	3,436,485.00	-	3,436,485.00	-	244,744.00	-	244,744.00	3,191,741.00	-
COMPUTERS / PERIPHERALS	-	7,637,326.82	-	7,637,326.82	-	2,347,291.82	-	2,347,291.82	5,290,035.00	-
BOOKS	-	265,621.00	-	265,621.00	-	131,914.00	-	131,914.00	133,707.00	-
OTHER FIXED ASSETS	-	5,090.00	-	5,090.00	-	255.00	-	255.00	4,835.00	-
TOTAL OF CURRENT YEAR		13,942,164.82	-	13,942,164.82	-	2,910,711.82	-	2,910,711.82	11,031,453.00	-
FIGURES OF THE PREVIOUS YEAR		-	-	-	-	-	-	-	-	-



INDIAN INSTITUTE OF MANAGEMENT RANCHI
SCHEDULES FORMING PART OF THE BALANCE SHEET
AS ON 31ST MARCH 2011

PARTICULARS	31-3-2011
6 - GRANTS-IN-AID/SUBSIDIES	
(Irrevocable Grants & Subsidies Received)	
1. Central Government - MHRD	16,157,500.00
TOTAL	16,157,500.00
7 - FEES/SUBSCRIPTIONS	
1. Acceptance Fees Forfeited	150,000.00
2. Tuition Fees	13,200,000.00
3. Forfeited Fees	15,000.00
4. Other Fees	2,450.00
TOTAL	13,367,450.00
8 - INTEREST EARNED	
1. On Savings Accounts:	
a) With Scheduled Banks	519,195.00
TOTAL	519,195.00
9 - OTHER INCOME	
1. Sale of Tender Documents	1,000.00
2. Miscellaneous Income	100,800.00
TOTAL	101,800.00
10 - ESTABLISHMENT EXPENSES	
1. Salaries and Wages	2,975,152.00
2. Allowances and Bonus	441,202.00
3. Staff Welfare Expenses	147,873.00
TOTAL	3,564,227.00
11 - ACADEMIC EXPENSES	
1. Course Material Expenses	458,369.00
2. Honorarium to Visiting Faculty	3,936,000.00
3. Journals & E-Books Subscription Expenses	586,635.00
TOTAL	4,981,004.00

12 - ADMINISTRATIVE EXPENSES	
<i>A. Infrastructure</i>	
1. Electricity and power	200,000.00
2. Rent, Rates and Taxes	630,000.00
3. Rent for Generator & Equipments	3,549,678.00
<i>B. Communication</i>	
1. Telephone & Mobile Charges	45,802.00
2. Postage & Courier Charges	75,805.00
3. Internet Charges	499,786.00
<i>C. Advertisement and Publicity</i>	
	2,902,595.00
<i>D. Repairs and Maintenance</i>	
1. House Keeping Expenses	496,350.00
2. Other Maintenance	185,967.00
<i>E. Others</i>	
1. Printing and Stationary	881,177.00
2. Newspapers & Periodicals	23,312.00
3. Travelling and Conveyance Expenses	2,929,927.00
4. Travelling and Conveyance - Visiting Faculty	592,416.00
5. Auditors Remuneration	75,150.00
6. Bank Charges & Commission	1,425.00
7. Board Meeting Expenses	591,864.00
8. Boarding & Lodging Expenses	168,960.00
9. Insurance	18,429.00
10. Placement Expenses	410,233.00
11. Office Expenses	11,422.00
12. Miscellaneous Expenses	36,604.00
13. Important Day Celebrations	6,607.00
14. Professional Charges	1,953,021.00
15. Inauguration Expenses	211,014.00
16. G.D.P.I. Expenses	1,065,964.00
17. Interest on TDS	354.00
18. Manpower Deployment	1,243,746.50
19. Guest House Expenses	69,823.00
20. Seminar & Conferences	300,000.00
TOTAL	19,177,431.50



INDIAN INSTITUTE OF MANAGEMENT RANCHI
SCHEDULES FORMING PART OF THE BALANCE SHEET
AS ON 31ST MARCH 2011

PARTICULARS	31-3-2011
13 - TOTAL RECEIPTS	
6 - GRANTS-IN-AID/SUBSIDIES	16,157,500.00
7 - FEES/SUBSCRIPTIONS	13,367,450.00
8 - INTEREST EARNED	519,195.00
9 - OTHER INCOME	101,800.00
TOTAL	30,145,945.00
14 - TOTAL PAYMENTS	
10 - ESTABLISHMENT EXPENSES	3,564,227.00
11 - ACADEMIC EXPENSES	4,981,004.00
12 - ADMINISTRATIVE EXPENSES	19,177,431.50
TOTAL	27,722,662.50
15 - ALLOCATION OF SURPLUS	
TOTAL RECEIPTS	30,145,945.00
LESS :- TOTAL PAYMENTS	27,722,662.50
SURPLUS	2,423,282.50
LESS :- TRANSFER TO CORPUS FUND	13,238,445.00
CLAIM FROM MHRD	(10,815,162.50)

Grant in Aid

Date	Total Amount Received	Non-Recurring	Recurring
15/02/2010	7,500,000.00	7,500,000.00	-
26/03/2010	12,315,000.00	6,157,500.00	6,157,500.00
2009-10	19,815,000.00	13,657,500.00	6,157,500.00
02/04/2011	20,000,000.00	10,000,000.00	10,000,000.00
2010-11	20,000,000.00	10,000,000.00	10,000,000.00
Total Receipt	39,815,000.00	23,657,500.00	16,157,500.00
Less : Utilized upto 31.03.11			
Capital Expenditure	13,942,164.82	13,942,164.82	-
Revenue Expenditure	26,972,662.50	-	26,972,662.50
Total Expenses	40,914,827.32	13,942,164.82	26,972,662.50
Balance as on 31.03.11	(1,099,827.32)	9,715,335.18	(10,815,162.50)
Capital Fund represented by			
Capital Fund - refundable to MHRD		9,715,335.18	
Fixed Assets - Net Block		11,031,453.00	
		20,746,788.18	



INDIAN INSTITUTE OF MANAGEMENT RANCHI
Statement of Cash Flow

Particulars	2009-11	
	Amount (Rs.)	Amount (Rs.)
a. Cash Flow from Operating Activities		
Gross Surplus/(deficit) over expenditure	2,423,282.50	
Changes in Current Assets & Liabilities:-		
(Increase)/ decrease in advances	-165,000.00	
(Increase)/ decrease in pre-paid expenses	-355,344.00	
(Increase)/ decrease in other current assets	-30,815,162.50	
(Decrease)/ increase in deposits received	440,000.00	
(Decrease)/ increase in sundry creditors	10,185,159.32	
(Decrease)/ increase in other current liabilities	348,233.00	
Net Cash generated (used in) operating activities	A	-17,938,831.68
b. Cash Flow from Investing Activities		
(Purchase) of Fixed Assets	-13,942,164.82	
Add : Depreciation	2,910,711.82	
Net Cash generated (used in) investing activities	B	-11,031,453.00
c. Cash Flow from Financing Activities		
Net change in MHRD Grant	20,746,788.18	
Net cash utilised from the Internal Resources	10,815,162.50	
Net Cash generated (used in) financing activities	C	31,561,950.68
Net increase/(decrease) in cash & cash equivalents		2,591,666.00
Add : Cash & Cash equivalents at beginning of period		-
Cash & Cash equivalents at end of period		
- Cash Balance	75,985.00	
- Bank Balance	2,515,681.00	
Total		2,591,666.00

SCHEDULE - 16

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS ANNEXED TO AND FORMING A PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011 :-

A. Significant Accounting Policies :-

1. **System of Accounting :-** All expenses and incomes to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on Mercantile basis. Items which are not material have been booked on Cash basis.
2. **Fixed Assets :-** Fixed Assets are stated at cost less depreciation till date. The Cost includes all the incidental expenditure necessary to bring the Fixed Assets to its present location and condition.
3. **Depreciation :-** Depreciation has been charged as per written down value method with rates as per I.T.Rules. This Depreciation has been adjusted against the Capital Grant received from the MHRD and not charged to the Income and Expenditure Account.
4. **Grant :-** The First Installment of the Grant was wholly a Capital Grant. However, the second Installment of Rs. 1,23,15,000/- was Capital and Revenue Grant but without any bifurcation from MHRD. So, 50% of this Grant has been treated as Capital Grant and the balance 50% is treated as Revenue Grant. The Third Installment of Grant of Rs. 2,00,00,000/- was sanctioned for Capital and Revenue purpose, which was not received till 31st March, 2011 but accounted for on Mercantile basis. In absence of proper intimation, again 50% of the stated amount has been treated as Capital Grant and the balance as Revenue Grant.

B. Notes On Accounts :-

1. In absence of proper intimation from the MHRD, regarding the bifurcations of Grants, the Capital Grants have not been reduced from the Fixed Assets. If at all some part of the Grant is against the purchase of some specific Fixed Assets then to that extent the depreciation is over stated.
2. For two years' M.B.A. Programme i.e. P.G.D.M. all expenditures has to be met out from the Grant in Aid received from MHRD. Hence, all Receipts generated by the Institute has been transferred to the General Fund after paying out a sum of Rs.7,50,000/- of Professional Expenses.
3. The deficit of Rs. 1,08,15,162.50 exclusive of Depreciation as per Income and Expenditure Account has been treated as receivable from MHRD.
4. The figures of the previous year have been regrouped and recasted wherever necessary.

