



Gujarat Electricity Regulatory Commission

**The 8th
Annual Account
for the
Year 2006-07**

1st Floor, Neptune Tower, Opp. Nehru Bridge,
Ashram Road, Ahmedabad - 380 009.

THE GUJARAT ELECTRICITY REGULATORY COMMISSION

Eighth Annual Account Financial Year 2006-07



**1st Floor, Neptune Tower, Opp. Nehru Bridge,
Ashram Road, Ahmedabad 380 009**

THE GUJARAT ELECTRICITY REGULATORY COMMISSION

**The Commission presents the eighth Annual Report for
the FY 2006-07, as required under
Section 104(4) of the Electricity Act, 2003.**

**P.S. Shah, IAS
Secretary
The Gujarat Electricity
Regulatory Commission**

THE GUJARAT ELECTRICITY REGULATORY COMMISSION AHMEDABAD.

Audit Report of the Comptroller and Auditor General of India on the accounts of Gujarat Electricity Regulatory Commission, Ahmedabad for the year 31 March 2007.

1. Introduction

The Gujarat Electricity Regulatory Commission (Commission) Ahmedabad was established under Section 17(1) of Electricity Regulatory Commission Act, 1998. It started functioning from 19 April 1999. It has been continued as deemed commission under the Electricity Act, 2003.

The audit of the accounts of the Commission has been conducted under Section 104(2) of the Electricity Act, 2003.

The Commission was financed by State Government through provision in Budget which was charged on the Consolidated Fund of the State Government. However, under Section 86(g) of the Electricity Act 2003, the Commission is empowered to issue regulations regarding Fees, Fines and Charges and accordingly it has notified regulations on March 30, 2005. The State Government had not given any grant from the consolidated fund to the Commission in the year 2006-07. The State Government had discontinued providing any financial assistance to the Commission through State Budget and had stopped giving grant from April, 2005. During the year, Commission has collected Rs.767.71 lakh as annual license fees and petition fees.

2. Organizational Set up

The Commission comprises of a Chairman and two members. The Chairman is assisted by a Secretary, Joint Director, five Dy. Directors and Accounts Officer for regular functioning of the office.

Comments on accounts

General

1. The Commission has not disclosed in the accounting policies, the method by which retirement benefit cost for the period has been determined. Further, provision has not been made for gratuity in respect of employees of the commission.
2. Significant accounting policies (Sch.24) which is forming part of accounts has not been authenticated by the signatory on behalf of the management yet.

For and on behalf of

The Comptroller & Auditor General of India

Place : Ahmedabad

Dated : 23 Feb. 2008

**Sd/-
(Niranjan Pant)
Principal Accountant General**

AUDIT CERTIFICATE

We have audited the attached Balance Sheet of Gujarat Electricity Regulatory Commission as at 31 st March 2007 and the Income and Expenditure Account for the year ended on that date annexed thereto under Section 104 (2) of the Electricity Act, 2003. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with applicable rules and the 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, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

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 purposes of our audit;
- (ii) The Balance Sheet and Income and Expenditure Account dealt with in this report have been drawn up in the format prescribed by the Government of Gujarat in consultation with the Comptroller and Auditor General of India under Section 104(1).
- (iii) Subject to our detailed observations in the Separate Audit Report annexed herewith, we report that the Balance Sheet and Income and Expenditure Account dealt with 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 Balance Sheet and Income & Expenditure Account read together with the Accounting Policies and Notes thereon, and subject to matters mentioned in the Separate Audit Report annexed herewith, give a true and fair view.
 - (a) In so far as it relates to the Balance Sheet of the state of affairs as at 31 st March 2007 and
 - (b) In so far as it relates to the Income and Expenditure Account of the surplus for the year ended on that date.

Place: - Ahmedabad

Date :- 23 Feb. 2008

Sd/-

Principal Accountant General

GUJARAT ELECTRICITY REGULATORY COMMISSION
FINANCIAL STATEMENT
BALANCE SHEET AS ON 31ST MARCH, 2007

		Amount – Rs.	
	Schedule	2006-07	2005-06
CORPUS/CAPITAL FUND AND LIABILITIES			
CORPUS /GERC CAPITAL FUND	1	12,50,06,330.52	6,50,06,330.52
RÉSERVES AND SURPLUS	2	1,26,27,510.95	48,30,196.83
EARMARKED ENDOWMENT FUNDS	3	0.00	0.00
SECURED LOANS AND BORROWINGS	4	0.00	0.00
UNSECURED LOANS AND BORROWINGS	5	0.00	0.00
DEFFERED CREDIT LIABILITIES	6	0.00	0.00
CURRENT LIABILITIES AND PROVISIONS	7	0.00	0.00
TOTAL		13,76,33,841.47	6,98,36,527.35
ASSETS			
FIXED ASSETS	8	53,41,086.21	35,69,568.21
INVESTMENTS -FROM EARMARKED / ENDOWMENT FUNDS	9	0.00	0.00
INVESTMENTS - OTHERS	10	0.00	0.00
CURRENT ASSETS , LOANS , ADVANCES MISCELLANEOUS EXPENDITURE	11	13,22,92,755.26	6,62,66,959.14
TOTAL		13,76,33,841.47	6,98,36,527.35

Sd/-

J. B. SHELAT
ACCOUNTS OFFICER

Sd/-

L. B. CHRISTIAN
DY.DIRECTOR

Sd/-

P. S. SHAH
SECRETARY

PLACE : AHMEDABAD

DATE : 17/08/2007

GUJARAT ELECTRICITY REGULATORY COMMISSION
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2006

			Amount – Rs.
	Schedule	2006-07	2005-06
INCOME			
Income from sales / service	12	0.00	0.00
Grants /Subsidies	13	0.00	10,40,000.00
Fees and charges	14	7,67,79,175.00	6,68,08,675.00
Income from Investments (Income on Invest , from earmarked/ endow Funds transferred to Funds)	15	0.00	0.00
Income from Royalty , Publications etc.	16	0.00	0.00
Interest Earned	17	78,42,080.12	23,15,937.83
Other Income	18	43,060.00	20,293.00
Increase/Decrease in stock of finished goods & work in progress	19	0.00	0.00
TOTAL (A)		8,46,64,315.12	7,01,84,905.83
EXPENDITURE			
Establishment Expenditure	20	72,34,262.00	65,118,19.00
Other Administrative Expenses etc.	21	93,49,926.00	65,99,936.00
Expenditure from Grants, subsidies etc	22	0.00	0.00
Interest paid	23	0.00	0.00
Depreciation (Net Total at the year end - corresponding to schedule -8)		2,82,813.00	22,42,954.00
TOTAL (B)		1,68,67,001.00	1,53,54,709.00
Balance being excess of Income over Expenditure (A-B)		6,77,97,314.12	5,48,30,196.83
Transfer to Corpus Fund		6,00,00,000.00	5,00,00,000.00
Transfer to General Reserve		77,97,314.12	48,30,196.83
SIGNIFICANT ACCOUNTING POLICIES	24		
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS			

Sd/-
J. B. SHELAT
ACCOUNTS OFFICER

Sd/-
L. B. CHRISTIAN
DY.DIRECTOR

Sd/-
P. S. SHAH
SECRETARY

PLACE : AHMEDABAD
DATE : 17/08/2007

SCHEDULE - 1 CORPUS / CAPITAL FUND

	(Amount Rs.)	
	2006 - 07	2005 - 06
CORPUS / CAPITAL FUND :		
Balance as at the beginning of the year	6,50,06,330.52	1,50,06,330.52
Add: Contributions towards Corpus / Capital Fund	0.00	0.00
Add / Deduct: Balance of net income / expenditure transferred from the Income and Expenditure Account	6,00,00,000.00	5,00,00,000.00
BALANCE AS AT THE YEAR-END	12,50,06,330.52	6,50,06,330.52

SCHEDULE - 2 RESERVES AND SURPLUS

	(Amount Rs.)	
	2006 - 07	2005 - 06
RESERVES AND SURPLUS		
Balance as at the beginning of the year	48,30,196.83	0.00
Add / Deduct: Balance of net income / expenditure transferred from the Income and Expenditure Account	77,97,314.12	48,30,196.83
BALANCE AS AT THE YEAR-END	1,26,27,510.95	48,30,196.83

SCHEDULE-3 - EARMARKED / ENDOWMENT FUNDS

	(Amount Rs.)			
	FUND WISE UP BREAK UP			TOTALS
	Fund	Fund XX	Fund YY	2006 - 07
	NIL	NIL	NIL	NIL

SCHEDULE-4 - SECURED LOANS AND BORROWINGS

	(Amount Rs.)	
	2006 - 07	2005 - 06
SECURED LOANS AND BORROWINGS	NIL	NIL

SCHEDULE-5 - UN SECURED LOANS AND BORROWINGS

	(Amount Rs.)	
	2006 - 07	2005 - 06
UN SECURED LOANS AND BORROWINGS	NIL	NIL

SCHEDULE-6 - DEFERRED CREDIT LIABILITIES :

	(Amount Rs.)	
	2006 - 07	2005 - 06
DEFERRED CREDIT LIABILITIES	NIL	NIL

SCHEDULE - 7 - CURRENT LIABILITIES AND PROVISION

	(Amount Rs.)	
	2006 - 07	2005 - 06
A. CURRENT LIABILITIES		
1. Interest Accrued but not due on,		
a) Secured Loans / borrowings	0.00	0.00
b) Unsecured Loans /borrowings	0.00	0.00
2. Statutory Liabilities		
a) Over due	0.00	0.00
b) Others	0.00	0.00
3. Other current Liabilities		
TOTAL (A)	0.00	0.00
B. PROVISIONS		
1. For Taxation	0.00	0.00
2. Gratuity	0.00	0.00
3. Superannuation /Pension	0.00	0.00
4. Accumulated Leave Encashment	0.00	0.00
5. Trade Warranties / Claims	0.00	0.00
6. Others (Specify)	0.00	0.00
TOTAL (B)	0.00	0.00
TOTAL (A+B)	0.00	0.00

SCHEDULE - 8 - FIXED ASSETS

DESCRIPTION	DEPRE- CIATION RATE *	GROSS BLOCK						DEPRECIATION				NET BLOCK	
		Opening/ Valuation of the year	Additions during the year up to 30.09.06	Additions during the year up to 01.10.06	Total Additions during the year	Deductions during the year	Cost / Valuation at the year end	As at the Beginnign of the year	Deductions during the year	On Deduction during the year	Total Up to Year end	As at the Current year - end	As at the Previous year-end
1. FIXED ASSETS LAND													
a) Free Hold													
b) Lease Hold													
2. BUILDINGS													
a) On Free hold Land													
b) On Lease hold land													
c) Ownership Flats/Premises													
d) Superstructures in Land													
not belonging to the entity													
3. PLANT MACHINERY & EQUIPMENT													
4. VEHICLES	15%	2149036.00	1630846.00	0.00	1630846.00	0.00	3779882.00	859614.00	291905.00	0.00	1151519.00	2628363.00	1289422.00
5. FURNITURE, FIXTURES	10%	2235193.00	24551.00	107520.00	132071.00	0.00	2367264.00	656764.00	39674.00	0.00	696438.00	1670826.00	1578429.00
6. OFFICE EQUIPMENT	10%	914879.00	110998.00	11400.00	122398.00	0.00	1037277.00	273487.00	22377.00	0.00	295864.00	741413.00	641392.00
7. COMPUTER/PERIPHERALS	60%	3424398.21	169016.00	0.00	169016.00	0.00	3593414.21	3364073.00	-71143.00	0.00	3292930.00	300484.21	60325.21
8. ELECTRIC INSTALLATIONS													
9. LIBRARY BOOKS													
10. TUBEWELL & W. SUPPLY													
11. OTHER FIXED ASSETS													
TOTAL OF CURRENT YEAR													
PREVIOUS YEAR													
CAPITAL WORK-IN-PROGRESS													
TOTAL		8723506.21	1935411.00	118920.00	2054331.00	0.00	10777837.21	5153938.00	282813.00	0.00	5436751.00	5341086.21	3569568.21

* Note : Description rate as per appendix I of IT Rules 1962 and Incometax Act 1961.

Total Depreciation for the current year	1175974.00
Less : Depreciation Adjusted for the year 2005-2006	893161.00
due to change in Depreciation Method (from Straight line to written down method)	
Net Depreciation for the year**	282813.00

** See Note no. 5.3 of Schedule 24

SCHEDULE-9 - INVESTMENT FROM EARMARKED ENDOWMENT FUNDS

	(Amount Rs.)	
	2006 - 07	2005 - 06
	NIL	NIL

SCHEDULE-10 - INVESTMENT - OTHER

	(Amount Rs.)	
	2006 - 07	2005 - 06
	NIL	NIL

SCHEDULE - 11 - CURRENT ASSETS, LOANS, ADVANCES ETC.

	(Amount Rs.)	
	2006 - 07	2005 - 06
A CURRENT ASSETS		
1 Sundry Debtors :		
a) Debts Outstanding for a period exceeding six months	0.00	0.00
b) Others	0.00	0.00
2 Cash balances in Hand (Including cheques/drafts and imprest	7,660.00	0.00
3 Bank Balances:		
a) With Scheduled Banks		
1) Fixed / Term Deposit	12,52,21,760.00	6,29,96,000.00
2) Auto Sweep Savings Account	37,21,919.38	0.00
3) Current Account	23,837.32	11,09,803.55
TOTAL - (A)	12,89,75,176.70	6,41,05,803.55

SCHEDULE - 11-B - LOANS, ADVANCES AND OTHER ASSETS

	(Amount Rs.)	
	2006 - 07	2005 - 06
1. Loans :		
a) Staff	7,200.00	7,200.00
b) Other Entities engaged in activities/ objectives similar to that of the Entity	0.00	0.00
c) Other (Deposits)		
i. Petrol Pump	30,000.00	30,000.00
ii. Telephone	33,350.00	33,350.00
iv. LPG Gas	3,100.00	3,100.00
v. Office building	2,52,700.00	2,52,700.00
vi. AEC	16,520.00	16,520.00
2. Advances and other amounts recoverable in cash or in kind or for value to be received		
a) On Capital Account	0.00	0.00
b) Prepayments	0.00	0.00
c) Others	0.00	0.00
3) Income Accrued :		
a) On investments from Ear marked /Endowment Funds	0.00	0.00
b) On Investments - Others	0.00	0.00
c) On Loans and Advances	0.00	0.00
d) Others (Includes income due unrealized Rs	0.00	0.00
4) Claims Receivable (TDS Receivable from IT Dept.)	2,11,504.12	2,32,113.12
5) Receivable Interest	27,63,204.44	15,86,172.47
TOTAL (B)	33,17,578.56	21,61,155.59
TOTAL (A+B)	13,22,92,755.26	6,62,66,959.14

SCHEDULE-12 - INCOME FROM SERVICES

	(Amount Rs.)	
	2006 - 07	2005 - 06
	NIL	NIL

SCHEDULE - 13 - GRANTS / SUBSIDES

GRANTS / SUBSIDIES	(Amount Rs.)	
	2006 - 07	2005 - 06
1) Central Government	0.00	0.00
2) State Government	0.00	10,40,000.00
3) Government Agencies	0.00	0.00
4) Institutions /Welfare bodies	0.00	0.00
5) International Organizations	0.00	0.00
6) Others (specify)	0.00	0.00
TOTAL	0.00	10,40,000.00

SCHEDULE - 14 - FEES / SUBSCRIPTIONS

FEES / SUBSCRIPTIONS	(Amount Rs.)	
	2006 - 07	2005 - 06
1) Entrance Fees	0.00	0.00
2) Annual Fees / Subscription	3,77,64,000.00	3,40,45,000.00
3) Seminar / Program fees	0.00	0.00
4) Consultancy Fees	0.00	0.00
5) Others (Specify)	0.00	0.00
6) Petition fees	3,90,15,175.00	3,27,63,675.00
TOTAL	7,67,79,175.00	6,68,08,675.00

SCHEDULE - 15 - INCOME FROM INVESTMENTS

(Income on Invest from Earmarked / endowment funds transferred to Funds)	Investment from Earmarked Fund		Investment - others	
	2006 - 07	2005 - 06	2006 - 07	2005 - 06
	NIL	NIL	NIL	NIL

SCHEDULE-16 - INCOME FROM ROYALTY, PUBLICATION ETC.

	(Amount Rs.)	
	2006 - 07	2005 - 06
	NIL	NIL

SCHEDULE - 17 - GRANTS / SUBSIDES

INTEREST EARNED	(Amount Rs.)	
	2006 - 07	2005 - 06
1) On Term Deposit		
a) With Scheduled banks	78,40,295.12	23,15,937.83
b) With Non Scheduled Banks	0.00	0.00
c) With Institution	0.00	0.00
d) Other	0.00	0.00
2) On Savings Accounts		
a) With Scheduled banks	0.00	0.00
b) With Non Scheduled Banks	0.00	0.00
c) Post Office Savings Account	0.00	0.00
d) Other	0.00	0.00
3) On Loans		
a) Employees / Staff	0.00	0.00
b) Other	0.00	0.00
4) Interest on Debtors and Other Receivables	0.00	0.00
5) Interest on TDS Refund for Asst. Yr. 2005-2006	1,785.00	0.00
TOTAL	78,42,080.12	23,15,937.83

SCHEDULE - 18 - OTHER INCOME

OTHER INCOME	(Amount Rs.)	
	2006 - 07	2005 - 06
1) Recovery of Printing Charges	10,851.00	8,518.00
2) Recovery of Visa fees / Vehicle use from staffs	16,205.00	10,125.00
3) Pasti and scrap sales	16,004.00	1,650.00
TOTAL	43,060.00	20,293.00

SCHEDULE-19 - INCREASE / DECREASE IN STOCK OF FINISHED

GOODS AND WORKS IN PROGRESS	(Amount Rs.)	
	2006 - 07	2005 - 06
	NIL	NIL

SCHEDULE - 20 - ESTABLISHMENT EXPENSES

	(Amount Rs.)	
	2006 - 07	2005 - 06
a) Salaries and Wages		
1) Salaries commission	17,65,898.00	16,93,775.00
2) Salaries office staff	48,22,749.00	43,08,314.00
3) Salaries Ombudsment Office Staff	1,91,808.00	0.00
b) Allowances and Bonus		
1) Uniform Allowance	10,934.00	6,975.00
c) Contribution to Provident Fund	2,97,244.00	4,41,649.00
d) Contribution to Other Fund (specify)	0.00	0.00
e) Staff Welfare Expenses		
Medical Facility and Reimbursement	1,45,629.00	61,106.00
f) Expenses on Employees' Retirement and Terminal Benefits	0.00	0.00
1) Gratuity	0.00	0.00
2) Leave Salary	0.00	0.00
g) Others (Specify)	0.00	0.00
TOTAL :	72,34,262.00	65,11,819.00

SCHEDULE - 21 - OTHER ADMINISTRATIVE EXPENSES ETC.

		(Amount Rs.)	
		2006 - 07	2005 - 06
a)	General Expenses		
	I) Bank Charges	1,062.00	3,229.00
	ii) Electricity charges	1,86,339.00	178,075.00
	iii) Vehicle Running Expenses Fuel etc.	4,18,564.00	320,459.00
	iv) Advertisements and Publicity	29,287.00	33,924.00
	v) Audit fees	64,445.00	72,755.00
	vii) Vehicle Insurance Expenses	83,069.00	30,078.00
	ix) Other Office Expenses	2,41,134.00	2,09,358.00
	xi) Misc. exp.	1,31,235.00	1,00,188.00
	TOTAL:	11,55,135.00	9,48,066.00
b)	Repairs and Maintenance		
	i) Building	0.00	3,27,400.00
	ii) Furniture and Office Equipment	1,03,735.00	1,22,557.00
	iii) Vehicles	82,480.00	1,00,244.00
	TOTAL:	1,86,215.00	5,50,201.00
c)	Rent , Rates and Taxes		
	i) Rent (office)	20,41,548.00	19,50,334.00
	iii) Municipal Taxes	2,47,159.00	2,47,159.00
	TOTAL:	22,88,707.00	21,97,493.00
d)	Postage , telephone and Communication Charges		
	i) Postage charges	52,307.00	38,988.00
	ii) Telephone charges	3,32,636.00	3,59,506.00
	iii) Website charges	43,462.00	32,471.00
	iv) Internet charges	7,746.00	27,591.00
	TOTAL:	4,36,151.00	4,58,556.00
e)	Printing and stationary		
	i) Printing and Stationery	1,64,738.00	1,23,536.00
f)	Traveling and Conveyance Expenses		
	i) Traveling Expenses for domestic tour	3,65,706.00	5,70,473.00
	ii) Traveling allowances for domestic tour	1,81,557.00	1,29,193.00
	iv) Conveyance expenses	6,159.00	15,654.00
	v) Leave Travel Concession	0.00	9,436.00
	TOTAL:	5,53,422.00	724,756.00

SCHEDULE - 21 - OTHER ADMINISTRATIVE EXPENSES ETC.

		(Amount Rs.)	
		2006 - 07	2005 - 06
g)	Subscription Expenses		
	i) Subscription of Newspapers and Magazines	59,711.00	61,403.00
	ii) Purchase of Book	21,648.00	27,339.00
	iii) Financial assistance for consumer's awerness	2,00,000.00	0.00
	TOTAL:	2,81,359.00	88,742.00
h)	Expenses on Seminar/ work shop		
	i) Seminars	15,000.00	1,37,808.00
	TOTAL:	15,000.00	1,37,808.00
i)	Auditors Remuneration		
j)	Hospitality Expenses	0.00	0.00
k)	Consultancy charges / Professional charges		
	i) Legal Consultancy	0.00	35,000.00
	ii) Professional Consultancy / Charges	41,19,199.00	11,85,778.00
	iii) Annual Fees	1,50,000.00	1,50,000.00
	TOTAL:	42,69,199.00	13,70,778.00
l)	Deposits / investments	0.00	0.00
	Total (a to l)	93,49,926.00	65,99,936.00

SCHEDULE-22 - EXPENDITURE FROM GRANTS, SUBSIDIES ETC.

2006 - 07	2005 - 06
NIL	NIL

SCHEDULE-23 - INTEREST PAID

2006 - 07	2005 - 06
NIL	NIL

SCHEDULE 24

1. Significant Accounting Policies

1. Annual Accounts for the year 2006-2007 have been prepared as per the format approved by Govt. of Gujarat wide Resolution no. GHU-2005-(105)-GRC-2003-7997-K DATED 20/10/2005 in consultation with the C & AG of India (vide its Letter no. 967/AC-II/GJ/GERC/2003-04/75-04 dated 31.08.2004.)
2. From Financial year 2005-2006 the State Govt. has stopped budgetary support. The commission has decided to transfer excess of income over expenditure to Corpus/GERC Fund, and also to General Reserve as may be decided from time to time. Fund available in GERC Capital Fund will be utilized for capital expenditure as and when required.

2. ACCOUNTING CONVENTION

The financial statement are prepared on the basis of historical cost convention, unless otherwise stated and on the accrual method of accounting.

3. INVESTMENTS

- 3.1 Investments classified as “long term investments” are carried at cost. Provision for decline, other than temporary, is made in carrying cost of such investments.
- 3.2 Investments classified as “Current” are carried at lower of cost and fair value. Provision for shortfall on the value of such investments is made for each investment considered individually and not on a global basis.
- 3.3 Cost includes acquisition expenses like brokerage, transfer stamps.

4. FIXED ASSETS

- 4.1 Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental and direct expenses related to acquisition. In respect of projects involving construction, related pre-operational expenses (including interest on loans for specific project prior to its completion) form part of the value of the assets capitalized.
- 4.2 Fixed Assets received by way of non-monetary grants, (other than towards the Corpus Fund), are capitalized at values stated, by corresponding credit to Capital Reserve.

5. DEPRECIATION

- 5.1 Depreciation is provided on Written down value method as per rates specified Appendix-I in The Income - Rules, 1961 except depreciation on cost adjustment rising on account of conversion of foreign currency liabilities for acquisition of fixed assets, which is amortized over the residual life of the respective assets.



In respect of additions to/deduction from fixed assets during the year, depreciation is considered on Income tax Act. 1961.

5.3 Depreciation was provided on straight line method in financial year 2005-2006. During Current year of accounts management decided to change it to written down value method with effect from 01.04.2005. Hence, depreciation for previous financial 2005-2006 was reworked and the consequential effect has been given in the current year's accounts thereby reducing it by Rs. 8,93,161.00

6. MISCELLANEOUS EXPENDITURE

6.1 Deferred revenue expenditure is written off over a period of 5 years from the year it is incurred.

7. GOVERNMENT GRANTS/SUBSIDIES

7.1 Government grants of the nature of contribution towards capital cost of setting up projects are treated as Capital Reserve.

7.2 Grants in respect of specific fixed assets acquired are shown as a deduction from the cost of related assets.

7.3 Government grants / subsidy are accounted on realization basis.

8. FOREIGN CURRENCY TRANSACTION

8.1 Transactions denominated in foreign currency are accounted at the exchange rate prevailing at the date of the transaction.

8.2 Current assets, foreign currency loans and current liabilities are converted at the exchange rates prevailing as, at the year end and the resultant gain /loss is adjusted to cost of fixed assets, if the foreign currency liability relates to fixed assets, and in other cases is considered to revenue.

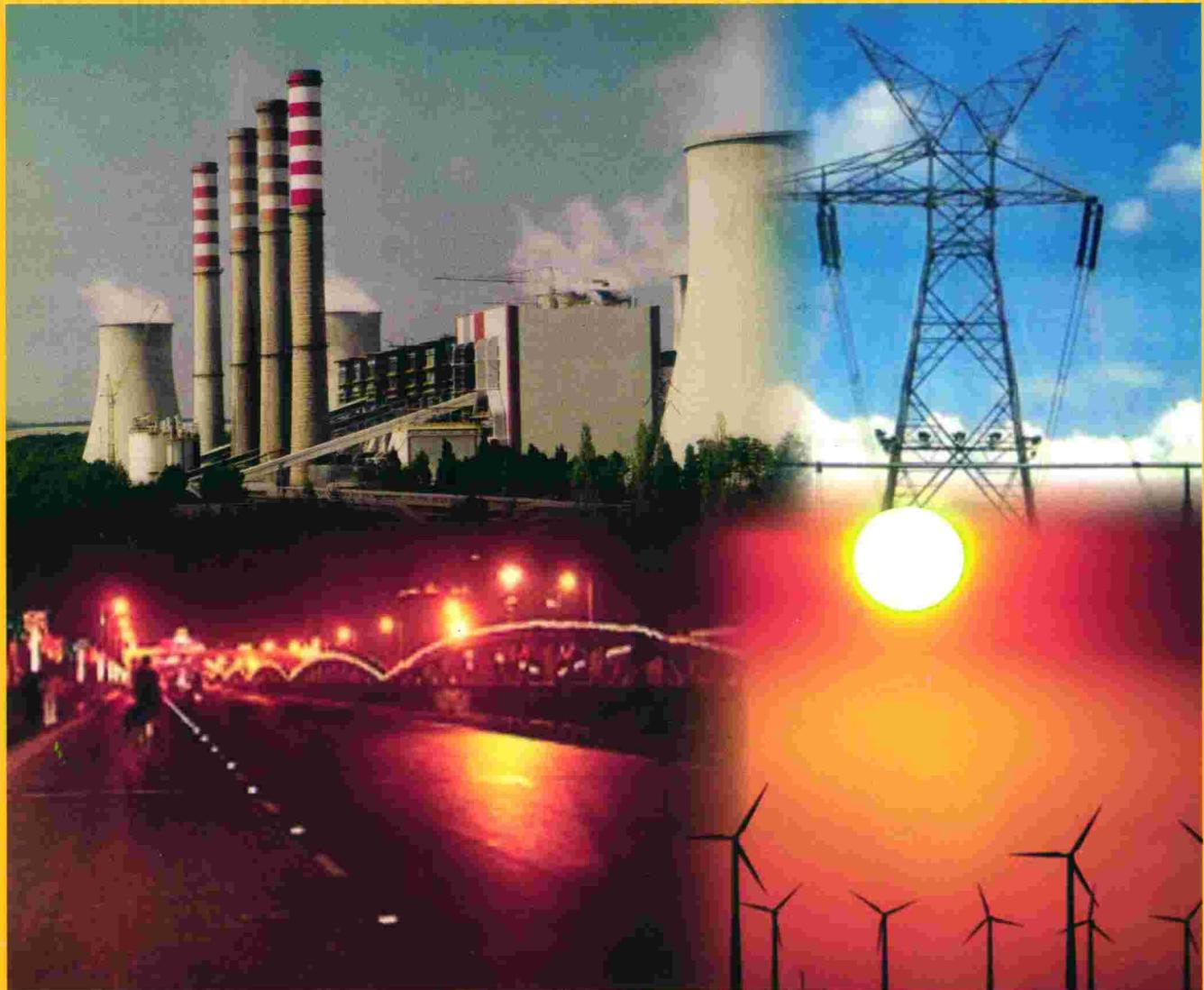
9. TAXATION

GERC being statutory commission established under The Electricity Act, 2003 and is carrying statutory and regulatory function as laid down in the Act.

Hence, all its functions are functions of State and in view of same, the surplus, if any is considered exempt from the provisions of the Income-tax Act, 1961.

10. Corresponding figures for the previous figures have been regrouped / rearranged, wherever necessary.

11. Schedules 1 to 24 are annexed to and form an integral part of the Balance Sheet as at 31st March 2007 and the Income and Expenditure Account for the year ended on that date.



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