

*Telangana Social Welfare Residential Educational  
Institutions Society (TSWREIS), Telangana State.*

*Audit Report - FY 2022-23*

**51930-TSWRDCW, Mancherial**

**MANCHERIAL DISTRICT**

***Auditor:***

***CMT & ASSOCIATES***

***Chartered Accountants***

***H No 6-3-664, Flat No 101, B Block Prestige Rai Towers, Opp NIMS, Punjagutta,***

***Hyderabad - 500082 Ph : +91-40-40151553,***

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**AUDITOR'S REPORT**

To  
The Secretary,  
TSWREI Society,  
Masab Tank,  
Hyderabad-28.

We have audited the attached Balance Sheet **TELANGANA SOCIAL WELFARE RESIDENTIAL EDUCATION INSTITUTIONS SOCIETY (TSWREIS) TSWRDC(W)MANCHERIAL, MANCHERIAL DISTRICT** as at 31<sup>st</sup> March, 2023 and also the Income & Expenditure for the year ended on that date annexed thereto. These financial statements are the responsibility of the Institution's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with accounting 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 our Audit provides a reasonable basis for our opinion

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the school with the generally accepted accounting principles (Indian GAAP) Subject to our comments. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view are free from material misstatements whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by ICAI. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the school/Institution's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in circumstances but not for the purpose of expressing an opinion on the effectiveness of the institution's internal control. An Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the school/Institution as well as evaluating the overall presentation of the financial statements



**We draw the attention to the following Notes to financial statements**

- (a) Regarding non provision of depreciation for the period from 01.04.2022 to 31.03.2023, resulting in understatement of expenditure of Assets.
- (b) The financial statements are prepared on cash basis as against accrual system of accounting.

The impact of the above on the financial statements is not ascertained.

In our opinion except for the effects of the matters described in the basis of qualified opinion and to the best of our information and according to the explanations given to us, the financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) The Balance Sheet (Statement of Affairs) with notes there on gives a true and fair view of the State of Affairs of the Institution as at 31<sup>st</sup> March, 2023.
- b) In case of Income & Expenditure Account, of the **Excess of expenditure over Income** of the school for the period from 01.04.2022 to 31.03.2023.
- c) In the case of the Receipts and payment Account the receipts and payments made for period from 01.04.2022 to 31.03.2023.

**Emphasis of Matter:**

**We draw the attention to the following notes to accounts**

- (a) Physical verification of Fixed Assets has not been conducted for the year ended on that date.
- (b) Physical verification of Provisions & Food Stuff has not been conducted for the year ended on that date
- (c) Regarding the amount received from Society Head Office towards Diet, Salaries & Maintenance Expenditure treated as a Capital Grant.
- (d) Regarding old balances lying in the Balance Sheet.

**Report on Other matter:**

To the best of our knowledge and belief, we have obtained all the information and explanations that are necessary for the purpose of audit. In our opinion proper books of accounts have been kept by the school, so far as appears from our examination of those books. The Balance sheet, Income & Expenditure account and Receipts & Payments account dealt with this report are in agreement with the books of account of the school/Institution.

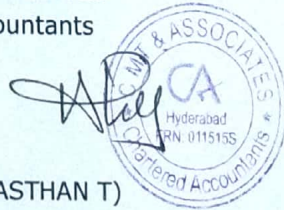


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

1. The School/Institution has not furnished internal audit reports and hence not able to comment. In view of many missing vouchers, missing stock entries and approvals, we are of the opinion that "Internal Audit" to be conducted.
2. Outsourcing Man Power- The method resorted by the institute with respect to outsourcing man power requirements is not appropriate due to following reasons:
  - (a) No supportive documents made available to verify whether the contractor is complying the statutory requirements of contract employees.
  - (b) It is observed that bills have not been provided for outsourcing contracts.
3. We have not conducted physical verification of Rice, Provisions and other items as on 31<sup>st</sup> march. The closing stock of such items is taken as certified by the school/Institution management.
4. Fixed Assets are shown at cost. No depreciation is provided.
5. Closing stock is valued at cost and certified by the school/Institution.
6. Budgetary control system is not observed.
7. The institution is advised to improve the quality of recording the books of accounts, we are of an opinion that uniform procedures/formats are not as prescribed by HO and training also be given to the all concerned. Computerization of books of accounts would ensure a better quality and uniform accounting system.

For CMT & ASSOCIATES  
Chartered Accountants

T.C.



(CA. CHINA MASTHAN T)  
PARTNER  
M.No 218549  
Place: Hyderabad  
Date: 24.08.2023

**UDIN: 23218549BGXIPV9574**

## Annexure

### Significant Accounting Policies

#### 1. Basis for preparation of Financial Statements

The Financial statements are prepared under the historical cost convention. Institution is following cash system of accounting which is not as per the generally accepted accounting principle (Indian GAAP).

#### 2. Grants

Grants received from head office have been treated as Capital Receipt.

#### 3. Fixed Assets

Fixed Assets are shown at cost. Cost comprises of purchase price inclusive of all taxes, freight and incidental charges and attributable expenses relating to acquisition and installation.

#### 4. Contingencies

Loss/contingencies arising from claims litigations, assessments, fines, penalties etc., are provided for when it is probable that a liability may be incurred and that amount can be reasonably estimated.

#### 5. Revenue Recognition

The Interest Income received on the Grants amounts was shown as Miscellaneous Income in the Receipts and Payments Accounts and also other minor receipts. The said interest was accounted on receipt basis, instead of accrual basis.

#### 6. Other Policies

All the other Accounting Policies are generally consistent with normally accepted accounting policies.



TELANGANA SOCIAL WELFARE RESIDENTIAL EDUCATION INSTITUTIONS SOCIETY  
(TSWREIS)

TSWRDC (W) MANCHERIAL, MANCHERIAL DISTRICT

Financial Year 2022-23

Audit Period of the Year : 2022-23  
Audit Period of the Principal : Dr.Ch Saritha Subhashini (01.07.2022)  
9573010566  
D.SUMATHI (Principal) : (01.07.2022 to 31.03.2023) 7995010674  
: P. Nagalakshmi  
Contact : 9542148269  
: (01.04.2021 to 31.03.2023)  
Data entry operator :9032882238

**Audit Observations F Y: 2022-23**

- Accounting Policies which are not as per generally accepted accounting principles
  - Books of Accounts were maintained on cash basis.
  - Fixed Assets are shown at cost, not providing any depreciation on the Assets.
- There are many unadjusted or unrecovered long pending amounts for more than one year in the balance sheet. It is advised to take necessary steps to adjust or recover them after obtaining proper details.
- The institution has to strengthen the maintaining of books and accounts under double entry system.

**Salaries A/C:**

We have observed following payments found discrepancies as listed below;

➤ **IT/TCS/TDS payment details are mentioned below:**

S NO	VR.NO	Month	Payment Amount	Payment date	Due date	Remarks
1	3	March	1800	12/04/2022	07/04/2022	5 days delay
2	30	Sep	302	03/11/2022	07/10/2022	26 days delay
3	35	Oct	306	02/12/2022	07/11/2022	25 days delay



4	45	Nov	601	29/12/2022	07/12/2022	22 days delay
6	65	Feb	314	27/03/2023	07/03/2023	20 days delay

➤ Professional Tax payment details are mentioned below

S NO	VR.NO	Month	Payment Amount	Payment date	Due date	Remarks
1	1	March	3200	12/04/2022	10/04/2022	2 days delay
2	2	March	4450	12/04/2022	10/04/2022	2 days delay
3	15	May	7850	29/06/2022	10/06/2022	19 days delay
4	16	May	8050	29/06/2022	10/06/2022	19 days delay
5	29	August	7500	28/09/2022	10/09/2022	18 days delay
6	34	September	7650	28/10/2022	10/10/2022	18 days delay
7	64	Feb	7250	27/03/2023	10/03/2023	17 days delay

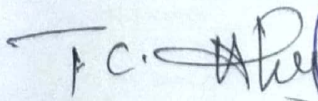


**General A/C:**

➤ Following discrepancies were observed during the course of audit.

Date	Payment Voucher No	Head of the Account	Mode of Payment (Cash/Bank)	Amount (Rs.)	Audit Observations
08.04.22	05	Electricity Bill	096609	10002	The December 2021 bill was paid in April 2022 but the bill was not shown at the time of audit.
06.04.22	03	TDS(SWEEPING)	096607	620	The March month tds need to be pay on before April 07 month but paid on 12-4-2022.
23.05.2022	22	Electricity Bill	118543	67461	The February 2022 bill was paid in May 2022 but the bill was not shown at the time of audit.

For CMT & ASSOCIATES  
Chartered Accountants



(CA. CHINA MASTHAN T)  
PARTNER  
M.No 218549  
Place: Hyderabad  
Date: 24.08.2023

