

प्रसार भारती

PRASAR BHARATI

Broadcasting Corporation of India

वार्षिक लेखा

2011-12

Annual Accounts

2011-12



प्रसार भारती  
PRASAR BHARATI  
आकाश आन्ध्र की  
Broadcasting Corporation of India



द्वितीय तल, पी टी आई भवन, संसद मार्ग, नई दिल्ली 110001  
2<sup>nd</sup> floor, PTI Building, Parliament Street, New Delhi 110001

**Separate Audit Report of the Comptroller and Auditor General of India on the Accounts of Prasar Bharati (Broadcasting Corporation of India) for the year ended 31 March 2012**

We have audited the attached Balance Sheet of Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2012, the Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 21(2) of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Laws, Rules & 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 management 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, subject to the observations mentioned in this report, which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii The Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report have been drawn up in the format, subject to the observations mentioned in this report, prescribed by the Government of India, Ministry of Finance/Ministry of Information and Broadcasting.

iii In our opinion, proper books of accounts and other relevant records have not been maintained by the Prasar Bharati (Broadcasting Corporation of India) as required under Section 21(1) of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990 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 Earmarked Fund-CP Fund:** Prasar Bharati had shown receipt of ₹ 18.94 lakh under Earmarked Fund-CP Fund, but corresponding liability was not reflected on the Liability side in the Balance Sheet.

**A.1.2 Remittances to/from HQ/DDOs in transit/ reconciliations (Schedule 7):** Inter office remittances during the year were reflected under the head 'Remittances to/from HQ/DDOs in transit/ reconciliations'. Under this head, payment made by Prasar Bharati Headquarter/ field offices was the receipt of field offices/Headquarter. Hence, in accrual system of accounting, receipts and payments under this head should be equal and the accounts should reflect zero assets/liabilities at the close of the year. Annual Accounts of Prasar Bharati for the year 2011-12 exhibited remittance in transit of ₹ 318.51 crore (Current Liabilities) as against ₹ 255.89 crore as on 31.3.2011. This was also pointed out during the years 2008-09, 2009-10 and 2010-11, but no remedial action was taken. This needs to be reconciled expeditiously.

**A.2 Assets**

**A.2.1 Non adherence to the pattern of investment:** Prasar Bharati had kept the balance of ₹ 6.00 crore of CP Fund in FDRs, ₹ 22.70 lakh under Corporate Linked Term Deposit (CLTD) and ₹ 47.62 lakh in Current Account. The Prasar Bharati did not follow the pattern prescribed by the Ministry of Finance in its notification No. F.5(88)/2006-PR dated 14.8.2008.

**A.2.2 Understatement of assets under CP Fund:** Prasar Bharati had balance of ₹ 22.70 lakh in CLTD accounts pertaining to CP Fund, which was not included in closing bank balance of the Corporation. This resulted in understatement of assets of the Corporation.

**A.2.3 Sundry Debtors:** Prasar Bharati had shown an amount of ₹ 264.60 crore (including interest of ₹ 70.45 crore) as Sundry Debtors-Good and 'nil' amount as Sundry Debtors-Doubtful. The above included an amount of ₹ 55.70 crore outstanding from "old/dead companies". The

treatment of these sundry debtors as good and charging of interest thereon without ascertaining their prospect of recovery was against accounting principles.

As per note 15 below Schedule 26, Prasar Bharati had initiated legal proceedings for recovery of certain doubtful debts. Prasar Bharati could not provide the details of sundry debtors against whom legal proceedings had been started.

## **B Income & Expenditure Account**

### **B.1 Income**

**B.1.1 Accrual of interest:** As per Balance Sheet, Prasar Bharati had balance of ₹ 874.94 crore in deposit/FDR account as on 31 March 2012. However, accrued interest (₹ 17.59 crore) in respect of FDRs of only ₹ 675 crore was accounted for in I&E Accounts. The interest accrued in respect of remaining FDRs of ₹ 199.94 crore was not taken in accounts. The amount of accrued interest on remaining FDRs could not be calculated as details relating to these FDRs were not available with Prasar Bharati.

Further, Prasar Bharati had shown advances/loans of ₹ 32.65 crore outstanding against staff and others in the Accounts, but income on account of accrued interest on advances was not accounted for in the books.

### **B.2 Expenses**

**B.2.1** Depreciation on assets added during the year was not charged on pro rata basis. Instead Prasar Bharati had allowed depreciation on such assets for six months irrespective of their date of purchase and Prasar Bharati has also not framed any accounting policy for the same.

## **C General**

**C.1** Prasar Bharati had shown a balance of ₹ 874.94 crore under Fixed Deposit in the Balance Sheet. Out of this, physical verification report in respect of FDR of ₹ 681 crore was present in records. In respect of remaining FDR amounting to ₹ 193.94 crore, physical verification report was not available with the Corporation. The Corporation was requested to provide a list of FD shown in the Accounts but no such list was provided.

**C.2.** As per Note 1 on the Accounts (Schedule 25), the accounts had been prepared on the historical cost convention using the accrual method of accounting. However, it was observed that the accounts of field units were prepared in the form of Receipts and Payments Account on cash

basis and finally consolidated. This account was subsequently converted in to accrual basis, by making adjustment entries. This method of accounting cannot be accepted as accounting purely on accrual basis and the Accounts need to be prepared on accrual basis at the field unit level also.

**D. Grants-in-aid**

During the year, Prasar Bharati received grants-in-aid of ₹ 1594.22 crore {Plan: ₹ 131.87 crore and Non-Plan: ₹ 1462.35 crore (₹ 90.25 crore was received during March, 2012)} from the Ministry of Information and Broadcasting. The grant was fully utilised during the year.

**E Management letter:** Deficiencies which have not been included in the Audit Report have been brought to the notice of the Prasar Bharati Management 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, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts,

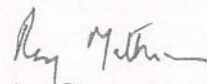
vi. In our opinion and to the best of our information and according to the explanation given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexures to this Audit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

- a. in so far as they relate to the Balance Sheet of the state of affairs of the Prasar Bharati (Broadcasting Corporation of India) as at 31 March 2012; and
- b. in so far as they relate to the Income and Expenditure Account of the deficit for the year ended on that date.

For and on behalf of the C&AG of India

Place : New Delhi

Date : 1.8.2013

  
Director General of Audit  
(Central Expenditure)

## Annexure to Audit Report

### 1. Adequacy of internal audit system

- Pr. A.O. of the Ministry of Information and Broadcasting was responsible for the internal audit. However the internal audit of only 49 field offices of Delhi region was conducted by CA firm. No internal audit department has been set up in the organization.
- Inspection Wings working in All India Radio (AIR) and Doordarshan (DD) Directorates were not able to audit effectively due to shortage of staff.

### 2. Adequacy of internal control system: Monitoring

- In the absence of details of assets (e.g. fixed assets, inventories, loans and advances, sundry debtors, cash/bank/FDR balance), current liabilities and subsidiary records, the reconciliation of the items as per financial books with subsidiary records was not feasible. Thus, internal control of reconciliation of assets and liabilities is deficient.
- The Corporation did not provide certificate regarding loss due to theft, embezzlement, fire or other natural calamities in respect of its field offices.

### 3. System of physical verification of fixed assets

- Value of fixed assets was accounted for in the books on the basis of a letter received from Chief Controller of Accounts by Prasar Bharati during the year 2002. In notes on accounts for the years 2006-07 to 2011-12, Prasar Bharati stipulated that amount of fixed assets was subject to physical verification and valuation. However, any physical verification and valuation of fixed assets were yet to be taken by the Corporation.

### 4. System of physical verification of inventory

- Prasar Bharati had shown inventory of ₹ 12.49 crore in the Accounts. Physical verification reports of inventories were also not available with the Corporation. It was informed that such verification was being carried out by field offices and the same was available with them only.

### 5. Regularity in payment of statutory dues

- No undisputed statutory dues were outstanding against the Corporation at the close of the year.

Annexure to AMG-II/SAR/PB/7-53/2012-13/460 dated 1.8.2013

1 As per Uniform Format of Accounts, amount received as grants or assistance or retained by the entity to be utilized for specific purposes and remaining to be expended/utilized for the specific purpose for which these are intended, are required to be disclosed under the head - Earmarked Funds. These funds, considering their nature, are represented by specifically earmarked investments or other assets unless the assets are taken over and are incorporated in Schedule 8. Prasar Bharati had shown Capital Assets Funds (₹ 2897.27 crore) under Earmarked Funds and added ₹ 324.37 crore on account of assets purchased during the year. There was neither any investment nor any asset (other than fixed assets incorporated in Schedule 8) against this Fund. As such, reflection of entire balance shown as Capital Assets Fund under Earmarked Fund (₹ 3221.65 crore) was not in order.

Further, as per Accounting Standard 12 issued by ICAI, the government grant which is treated as deferred income should be recognized in the profit and loss statement on a systematic and rational basis over the useful life of the assets i.e such grants should be allocated to income over the periods and in the proportions in which depreciation on the assets is charged.

2. Prasar Bharati had shown profit of ₹ 6.97 crore on sales/disposal of assets during the year 2011-12 and had taken it as income in the Income and Expenditure Account. This amount included income of ₹ 4.41 lakh for which book/written down value of the sold assets was neither worked out nor reduced from the fixed assets shown in the Balance Sheet. This resulted in overstatement of fixed assets and income.

3. As per Annual Accounts, Prasar Bharati received ₹ 131.87 crore (Schedule 13) as Plan (Revenue) grants-in-aid from the Ministry of I&B during the year 2011-12. Against this, an amount of ₹ 88.94 crore (Schedule 21) was shown as expenditure towards J&K Package (₹ 65.46 crore) and NE Package (₹ 23.48 crore). Thus, there was an unspent balance of ₹ 42.93 crore under Revenue Plan at the end of the year. Prasar Bharati had, however, shown 'nil' unspent balance in I&E Accounts (Schedule 13).

4. I&E Account contain the following entries:

Sl. No.	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
1.	Balance being excess of Expenditure over Income	-9256300677	-9456882289
2.	Add: Prior Period Adjustments	96703935	584067480
3.	Add: Balance brought forward from previous year	126214132910	116173183141
4.	BALANCE BEING DEFICIT CARRIED OVER TO BALANCE SHEET	-135567137522	-126214132910

The aggregate of Sl. No. 1, 2 and 3 did not match to balance carried forward to Balance Sheet (Sl. No.4). It was stated that minus (-) sign was omitted at serial numbers 2 and 3 due to typographical error. The Accounts of the Corporation need correction in view of the reply.

5. Schedule 7 (Current Liabilities and Provisions) depicted Rs. 1348.04 crore as "Interest thereon taken up for waiver". The corresponding entry in previous year's accounts was "Interest on Capital Loan". The approval of competent authority for change in nomenclature of account head was not shown to Audit.

6. Prasar Bharati had shown an amount of Rs. 58.29 lakh (Scholarship Stipends) under the head Establishment Expenses (Schedule 19) in the Annual Accounts of 2010-11. As this expenditure was part of Other Administrative Expenses, classification of this expenditure under Establishment Expenses was pointed out in the Separate Audit Report for that year. During the year 2011-12, Prasar Bharati correctly classified Scholarship Stipends (Schedule 20), but it also changed the corresponding figures in the accounts of the previous year. The modification in the approved accounts of 2010-11, which was laid in Parliament, was irregular.

7. Prasar Bharati had released funds to its field units and also invested in fixed deposits during the year. It had also accounted for accrued interest income and made provision for various expenses in the accounts. The Corporation had, however, not passed any voucher (payment or journal) during the year in support of its transactions. The detailed basis/calculation of provisions under various heads of expenditure was not shown to Audit. In absence of vouchers/journals/ details, accuracy of such transaction could not be verified in Audit. On being pointed out, *ex post facto* approval of year ending adjustment entries was accorded by ADG (B&A).

8. Prasar Bharati issued a provisional Utilisation Certificate to the Ministry of Information and Broadcasting in respect of Plan (Revenue) grant (Rs. 131.87 crore) indicating utilization of full amount with "nil" unspent balance. As per I&E Accounts (Schedule 21) expenditure under Plan (Revenue) was ₹ 88.94 crore. Prasar Bharati stated that Utilisation Certificate submitted to the Ministry was correct, as the expenditure under Plan (Revenue) was merged with non-Plan expenses inadvertently. However, detail of such expenses was not provided to Audit. The necessary rectification was also not made in the Accounts.

9. Prasar Bharati had shown advances of ₹ 32.65 crore in the Accounts but age-wise break up was not available.



10 BRS from three out of 11 Pay and Accounts Offices (PAOs) were not received by Prasar Bharati headquarters. In eight PAOs which had submitted their BRS, bank accounts were reconciled in only four PAOs and there was un-reconciled balance of ₹ 14.47 crore in remaining four PAOs.

11. As per Service Tax Rule 6(1), the Service Tax on the services deemed to be provided in the month of March, or the quarter ending in March, as the case may be, shall be paid to the credit of the Central Government by the 31<sup>st</sup> day of March of the calendar year. Prasar Bharati had shown a liability of ₹ 2.55 crore towards service tax at the close of the year. Moreover, this liability was not shown separately in Schedule 7 under subhead Statutory. was clubbed with Other Expenses under B Provisions.

  
Director/AMG-II  
01/08/10