

**BRIHANMUMBAI MAHANAGARPALIKA**

**FAR/1040 DTD. 25.01.2017**

**Ref :- 1) ICAI/TD/CASLB/2016-17 DTD. 23.12.2016**

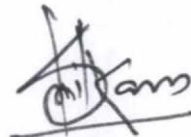
**2) MGC/A/6154 DTD. 16.01.2017**

**Sub :- Exposure Draft of "The Conceptual Framework for General Purpose Financial Reporting by Local Bodies" for Comments**

With reference to above subject, CA department agrees with the Framework of Financial Reporting provided for Local Bodies . With regard to Revised Accounting standard for Local bodies (ASLB) 17 for Property , Plant & Equipment Para 21 & 21A, remarks of this office is as follows:-

MCGM is an local authority which procures various types of Fixed assets for General benefit of the citizen of Mumbai. MCGM is making budget provision for Revenue as well as Capital expenditure . Revenue Expenditure is meant for day to day functioning activities. While Capital expenditure is meant for long term benefits. Expenditure on construction of Bridges, CC Roads , Sewer Systems are treated as Capital Expenditure by MCGM. Considering the expenditure incurred on Construction of Bridges/ Roads and Sewer Systems as Revenue Expenditure is not acceptable as future economic benefit derived from such assets are not meant for the said Fiscal year but for n number of Years(depending upon Life of the asset) . The Day to day Maintenance expenditure with regard to these assets can be considered as Revenue Expenditure.

This is for your kind information and further necessary action please.



**H.S. Nikam**

**Chief Accountant (Finance)**