

**INSTITUTE OF HOTEL MANAGEMENT CATERING
TECHNOLOGY & APPLIED NUTRITION-GOA.**

REGISTRATION NO. :- 175 DATED 24.04.1967

SCHEDULES FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED **31-03-2025.**

SCHEDULE 24 – NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES.

1. ACCOUNTING CONVENTION

- 1.1 The financial statements of Institute of Hotel Management, Goa, are based on historical costs and have been prepared on accrual basis in accordance with the generally accepted accounting principles in India and Accounting Standards issued by ICAI.

2. INVENTORY VALUATION

- 2.1 Inventories are valued at cost since the same are expected to be realized in supply of services at fair market value.

3. FIXED ASSETS

- 3.1 Fixed assets are stated at cost of acquisition (inclusive of freight duties, taxes and incidental expenses) related to acquisition and bringing the assets to the present state and location, less depreciation.

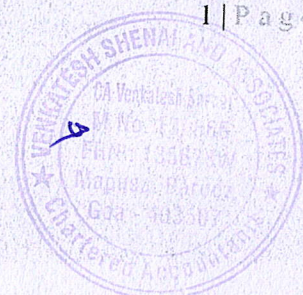
4. DEPRECIATION:

- 4.1 Depreciation is charged on **Written Down Value** of the Assets in accordance with rates specified in the Income Tax Rules, 1962. Fixed Assets and accumulated Depreciation thereon was shown under Assets and Liabilities in the Accounts till 2009-10. However, w.e.f. 2010-11 the Assets are shown at its W.D.V.

Depreciation on additions is computed and charged at full rate as applicable in the year of purchase. No depreciation is charged on asset in the year of disposal.

5. GOVERNMENT GRANTS / SUBSIDIES

- 5.1 Grants in respect of **specific fixed assets** acquired are shown as a part of Corpus Fund and not reduced from the cost of the related asset. In respect of Capital Grants in Aid received and utilized for acquisition of capital assets before 01.04.2010, the value of such capital Grants to the extent of Depreciation written off on the related assets, have not been written back to the income and



expenditure deduction from the cost of the related asset. Grants received for Revenue Expenses are credited to Income and Expenditure account.

5.2 Government **grants / subsidy** are accounted on accrual basis.

5.3 PRIOR PERIOD ADJUSTMENT - Grant Accounting Correction

A. Nature of Error:

The Institute receives capital grants-in-aid from the Ministry of Tourism for acquisition of fixed assets. As per Accounting Standard 12 (AS-12), when such grants are credited to Corpus/Capital Fund, corresponding grant income must be recognized in the Income & Expenditure Account proportionate to depreciation charged on grant-funded assets.

In earlier years, while depreciation was charged on grant-funded assets, the proportionate grant income was not recognized in the Income & Expenditure Account. This resulted in overstatement of depreciation expense, understatement of surplus, and non-compliance with AS-12, constituting a fundamental error under Accounting Standard 5 (AS-5).

B. Correction Made:

During FY 2024-25, the Institute completed asset-grant mapping and quantified cumulative unrecognized grant income of ₹2,65,15,294 relating to FY 2010-11 to FY 2023-24. This amount represents grant income equivalent to accumulated depreciation on grant-funded assets during those years. As per AS-5, considering the impracticability of year-wise restatement, the cumulative amount has been adjusted to opening Reserves & Surplus as at 01.04.2024 ₹ 2,65,15,294/-

C. Impact on Financial Statements:

(i) Balance Sheet Impact (as at 31.03.2025):

- Corpus/Capital Fund reduced by ₹2,65,15,294 (net)
- Reserves & Surplus increased by ₹2,65,15,294 (net)
- Total net worth unchanged (reclassification only)

(ii) Income & Expenditure Impact (FY 2024-25):

- Prior period adjustment does NOT affect current year I&E Account
- Current year surplus of ₹94,16,126 represents actual FY 2024-25 performance.
- Comparable with previous year surplus of ₹2,11,56,520/-

D. Current and Future Treatment:

For FY 2024-25 and future years, grant income proportionate to current year depreciation on grant-funded assets is/will be recognized in the Income & Expenditure Account (Schedule 18) in compliance with AS-12.



E. Unidentified Grants:

Capital grants of ₹52,11,058 remain to be mapped to specific assets. The Institute is completing this identification, and appropriate AS-12 adjustments will be made upon completion.

F. Management Confirmation:

This adjustment has been made in accordance with AS-5 and AS-12, approved by the Managing Committee, and the financial statements present a true and fair view after giving effect to this correction.

6. RETIREMENT BENEFITS

This Institute being the central autonomous body is governed by the Central Civil Services (Pension) Rules, 1972 as per the staff regulation of the society.

6.1 Pension:

The pension payable to the employees of this Institute as per the Central Civil Services (Pension) Rules, 1972 who joined on or before 31.12.2003 has been ascertained on actuarial basis by Life Insurance Corporation of India and provision has been made for the present value of past service benefits only to the extent of amount paid towards the scheme.

6.2 Gratuity:

Liability towards gratuity payable on death/retirement of employees is computed not on actuarial basis but in accordance with the provisions of the Central Civil Service Rules.

6.3 Encashment of Leave:

Provision for accumulated leave encashment benefit to the employees is accrued and computed on the assumption that employees are entitled to receive the benefit at the end of each year and the same has been calculated and provision is made in the books of accounts.

6.4 National Pension System (New Pension Scheme):

New Pension Scheme is made applicable to the employees who joined on or after 01.01.2004 and all the employees have to make mandatory contribution of 10% of (Basic Pay + D.A.) and the Institute makes 14% contribution w.e.f 01.04.2019. The liability has been ascertained and has been fully paid.



B- NOTES ON ACCOUNTS

1. Pension Fund

Employees pension liability for employees joined on or before 31.12.2003 has been ascertained through Life Insurance Corporation towards past service benefits and current service cost on actuarial basis and Institute has so far kept under the Group Superannuation Cash Accumulation Scheme an amount of ₹13.63 Crores.

2. General Provident Fund and New Pension Scheme

Accounts of General Provident Fund are maintained separately from the Institutes accounts and accounted on cash basis. However the Financial Statements of the fund are attached to the Institute's since it is part of the Institute's obligation under Government Rules.

a. General Provident Fund:

Institute of Hotel Management, Catering Technology & Applied Nutrition is covered under the GPF-cum-Pension Scheme introduced with the direction of the Ministry of Tourism, Government of India vide their letter no.1(21)/90-HMC dated 1st January 1992. All rules and regulations and service conditions are governed and made applicable to the employee at par with the employees of the Government of India. As per the Government instructions and the rate of interest as declared every year the interest is payable on G.P.F. Accounts of the employees and the provision is not made for the same.

b. New Pension Scheme:

The New Pension Scheme has been introduced and made applicable to the employees of this Institution from 01.01.2004 as per the Government Instructions. The legacy fund has been remitted to New Pension Trust Account on 30.06.2013 as per the directives of Ministry of Tourism, Government of India in its letter dated 25.11.2011 and letter dated 10.09.2012 received from Pension Fund Regulatory & Development Authority.

3. Deferred Income from prior years, previously qualified in Audit Report of preceding financial period, has been appropriately accounted for in current year. The total amount qualified related to Capital Expenditure ₹52,11,058/-
4. Figures of the previous year have been regrouped/ rearranged, wherever necessary to make them comparable with those of the Current Years.
5. Schedules 1 to 24 are annexed to and form an integral part of the Balance Sheet as at 31.03.2025 and the Income and Expenditure Account for the year ended on that date.



c. Gratuity and Pension

Provision for Gratuity as per the Central Civil Service (Pension) Rules, 1972 has been made for ₹4,11,61,764.75 up to 31.03.2025 and against the same an amount of ₹3,00,86,571.24 has been invested with LIC under New Group Gratuity Cash Accumulation Scheme. The said policy can be surrendered at any time and entire amount lying with LIC can be refunded by LIC having no surrender charges since the policy has already completed 3 years.

Provision for Pension as per Central Civil Service (Pension) Rules 1972 has been made for ₹14,56,09,393.28 up to 31.03.2025 and against the same an amount of ₹13,62,54,998.35 has been invested with LIC under Group Superannuation Cash Accumulation Scheme. The said policy can be surrendered at any time.

d. Leave Encashment

The provision under Encashment of Leave of ₹91,04,566.00 up to 31.03.2025 has been made and against the same ₹97,08,828.62 Lakhs has been kept in Term Deposits with Syndicate Bank.

8. EARMARKED FUNDS - RECONCILIATION WITH INVESTMENTS

The Institute maintains earmarked funds invested in Fixed Deposits and LIC policies etc. Differences exist between fund balances and investment values aggregating to ₹76.54 lakhs (net) as at 31st March 2025.

For certain funds (House Building/Conveyance, Hostel, Depreciation, Endowment and Leave Encashment), investments exceed fund balances by ₹2.63 crores. This is due to the Institute's consistent accounting policy of crediting interest earned on fund investments to Income & Expenditure Account and reinvesting the same, without corresponding credit to fund balances. Additionally, House Building/Conveyance Fund includes investments from general funds. This accumulated interest forms part of Reserves & Surplus. This treatment has been consistently followed over prior years.

Gratuity Fund shows provision of ₹4.27 crores against LIC investment of ₹3.01 crores, with unfunded shortfall of ₹1.27 crores. The liability is computed as per CCS Rules and not on actuarial basis as required by AS-15. Management commits to obtain actuarial valuation from FY 2025-26 onwards.

The Pension Fund shows total liability of ₹15.72 crores (comprising GSCA Pension Scheme + Additional Provision) against LIC investment of ₹ 13.63 crores, resulting in net unfunded amount of ₹2.10 crores. The GSCA scheme shows actuarial surplus of ₹4.20 crores, while the Additional Provision of ₹6.30 crores is entirely unfunded.

Provision for Leave Encashment (₹98.08 lakhs) and Scholarship Fund (₹3.74 lakhs) have no backing investments.



From FY 2025-26, the Institute will credit interest on fund investments directly to respective fund accounts. Accumulated interest of ₹2.63 crores will be transferred from Reserves to Earmarked Funds through prior period adjustment. Management confirms that original corpus of all funds has been protected and appropriately invested.

**For Institute of Hotel Management,
Catering, Technology & Applied Nutrition - Goa**



**(POOJA SHETGAONKAR)
ACCOUNTANT**



**(DONNA D'SOUZA)
PRINCIPAL/SECRETARY**

**AS PER OUR REPORT OF EVEN DATE
FOR VENKATESH SHENAI AND ASSOCIATES
CHARTERED ACCOUNTANT
F.R.NO.135678W**



**(VENKATESH SHENAI)
Partner**

M.No.152865

UDIN: 25152865BMFWYT3376

Date: - 06/10/2025



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