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ACCOUNTING PROCEDURES

The accounting procedures for the different account groups are given below. The accounting entries along with the formats of the important sub ledgers and other allied books of account to be maintained for this purpose are given below:

Account Name
Share Capital

The Account Group Share Capital has been sub divided into sub account groups 100 and 101 for Equity Share Capital and Preference Share Capital.

The entries regarding the accounting sub account head – 101 – Equity Share Capital are given below.

Receipt of Share Application Money

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2010XX	Bank Balances	xx	
1004XX	Share Application Money – Equity		xx

Allotment of Share Capital

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
1004XX	Share Application Money – Equity	xx	
1002XX	Call Money Due on Allotment	xx	
	Equity Share Capital		xx

Refunding Share Application Money

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
1004XX	Share Application Money – Equity	xx	
2010XX	Bank Balances		xx

Excess Application/Call Money Received

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
1004xx	Share Application Money – Equity	xx	
2010xx	Call Money Account	xx	
	Calls in Advance		xx

Call after allotment

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
1002xx	Call Money Account	xx	
100xxx	Share Capital		xx

Call in Arrears

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
100202	Calls in Arrears	xx	
100201	Call Money Account		xx

Share Forfeiture

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
100xxx	Share Capital Account	xx	
1002xx	Calls in Arrears		xx
1003xx	Forfeited Shares account		xx

Re issue of Forfeited Shares

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2010xx	Bank Balances	xx	
1003xx	Discount/Profit on Forfeited Shares	xx	xx
1003xx	Forfeited Shares account		xx
100xxx	Share Capital		xx

The discount if any on forfeited shares shall be adjusted against share premium account. If no share premium account is available, then the discount shall be disclosed under the head Miscellaneous Expenses to the extent not adjusted or written off.

Allotment of Equity Shares allotted for consideration other than Cash

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
1001xx	Fully Paid up Equity Share Capital		xx
15xxxx	Fixed Assets	xx	
The consideration could be in the form of any asset, in this illustration it has been worked out as fixed assets.			

The same schemes of entries are to be used for Preference Share Capital – accounting sub head 102.

Account Name
Reserves & Surplus

The accounting sub group 11 – Reserves & Surplus is sub-divided into account sub heads - 110 – Reserves and 111 – Surplus.

The accounting entries for 110 – Reserves are given below:

The shares forfeited are re issued and credited to share capital and the profit on the reissue is capital reserve and is credited to the reserve.

Capital Redemption Reserve

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
110002	Capital Redemption Reserve		xx
110101	General Reserve	xx	

Capital redemption Reserve is a statutory reserve that needs to be created when there is a reduction of capital or a reduction of capital on buy back of shares or on redemption of preference shares. The portion of the nominal value of the capital reduced/redeemed shall be credited to this account by a corresponding debit to the general/free reserve.

Revaluation Reserve - Creation of Revaluation Reserve

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
110003	Revaluation Reserve		xx
15xxxx	Fixed Assets	xx	

Revaluation reserve is created when the fixed asset are revalued. This reserve cannot be used for declaration of dividend and can be used only to adjust the additional depreciation charge arising due to the revaluation.

Application of Revaluation Reserve

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
110003	Revaluation Reserve	xx	
49xxxx	Depreciation	xx	
155xxx/156xxx	Depreciation Reserve		xx

The debit to the Revaluation Reserve shall be restricted to the additional charge of depreciation due to the revaluation. In the instance the revaluation leads to a write down of the value of the assets the decremental charge of depreciation shall be credited to revaluation reserve.

Government Grants

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
11xxxx	Government Grants		xx
2010xx	Bank Balances	xx	

Upon receipt of the Government Grant the Government Grant Account is credited if the government Grant has characteristics similar to those listed in page – of this manual. If the grant is given as an asset then the particular asset head should be debited.

Capital Reserves:

Capital Reserves shall comprise the following:

- Appreciation of fixed asset arising out of revaluation
- Profits made on purchase of a business
- Profit on sale of fixed asset where the proceeds exceed the original cost
- Premium received on issue of shares and debentures
- Profit earned prior to incorporation of a company.
- Profit on redemption of Debentures on discount.
- Profit on reissue of forfeited shares
- Profits of exceptional nature that has not been earned in the regular course of business.

It should be noted that a capital profit is made on sale of fixed assets for an amount in excess of the original cost. Such capital profit may not be distributed unless:

- the Articles permits such distribution
- it has been realized in cash
- the Directors are satisfied that after distribution of such profits , the net aggregate value of the remaining assets would not be less than the book value.

Revenue Reserve

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
110101	General Reserve		xx
111001	Profit & Loss Account	xx	

Share Premium

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
110201	Share Premium		xx
1014xx	Share Application Money	xx	

Where shares are issued at a premium the amount in excess of the nominal value of the shares is transferred to this account.

Sinking Funds/Specific Reserves

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
1113xx	Sinking Funds/ Specific Reserves		xx
111001	Profit & Loss Account	xx	

The company may create sinking funds/specific reserves for any particular use like for debenture redemption or for providing for new projects. In such an instance the above given entry needs to be passed.

Account Name
Secured Loans

Loans

Account Sub Group / Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
12xxxx/13xxxx	Secured Loans/Unsecured Loans		xx
2010xx	Bank Balances	xx	

In the case of any other loan secured or unsecured a similar entry is passed crediting the relevant accounting code and debiting bank except in the case of cash credit and overdraft borrowings which are bank accounts the treatment of which is given in page – of this manual.

Interest Accrued and Due

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
48xxxx	Interest and Finance Charges	xx	
1299xx	Interest Accrued and Due		xx

Interest Accrued but not Due

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
48xxxx	Interest and Finance Charges	xx	
2522xx	Interest Accrued but not Due		xx

In order to comply with Tariff requirements, the following details are to be maintained in respect of both Secured and Unsecured Loans availed for Capital works and working capital requirements:

- i. Repayments effected during the financial year.
- ii. Overdue installments as at the date of the Balance Sheet
- iii. Interest paid and provided for in the accounts during the year.

The accounting records maintained by the company shall keep track of sources and utilization of both short term and long-term loans.

Account Name
Fixed Assets

Commissioning of an asset is a technical matter which involves consideration of various factors such as trail run, usability of the asset concerned etc. The Competent Authority shall issue technical certificate on Commissioning of an asset. Capitalisation of assets shall therefore be done only on issue of asset commissioning certificate from the relevant technical Authority of the Board.

The various aspects relevant to the capitalization of assets relating to Power Stations are listed below: Activities like flushing of pipes, acid cleaning of boiler etc., testing of the individual segments shall be deemed to be before commissioning

On the collective testing of the entire plant and when the turbine generator is put on trial, the plant activities shall deemed to have commenced.

The trial stage shall be deemed to have ended at the end of the month during which the new generating station achieves for the first time an availability factor which is equal to or more than the average availability factor of all other generating stations in the previous month.

The Availability Factor shall be computed as follows:

- Total Running Hours during the Month
- Total Clock Hours during the Month

The scheme of entries for a Capital Purchase and Installation is as given below:

Purchase of Fixed Assets

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
15xxxx	Fixed Assets	xx	
2010xx	Bank Balances		xx

Purchase of Leased Fixed Assets

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
152xxx153xxx	Leased Fixed Assets	xx	
	Lease Interest Suspense	xx	
	Lease Liability		xx

Leased assets shall be capitalised at the cost of the asset and the lease liability credited on the total lease charges payable with a Lease Interest Suspense account recognising the interest payable on the lease.

Charging of Lease Interest

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
4711xx	Lease Charges	xx	
	Lease Interest Suspense		xx

The interest on the lease shall be charged off on a periodic basis over the currency of the lease based on the principal outstanding.

Capital Goods in Transit

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
1666xx	Capital Goods in Transit	xx	
2515xx	Liability for Capital Works		xx

Capital Work in Progress

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
160xxx	Capital Work in Progress	xx	
2515xx	Liability for Capital Works		xx

In case there are capital advances given then the Capital Work in Progress account may be debited with credit to Advance for Capital Works. Upon Completion of the project/Capital Work the balance in the Capital Work in Progress account should be transferred to the relevant Fixed Asset head

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
160xxx	Capital Work in Progress		xx
15xxxx	Fixed Assets	xx	

Depreciation of Fixed Assets

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
49xxxx	Depreciation	xx	
155/158	Depreciation Reserve		xx

Physical Verification

The Management has to carry out physical verification of fixed assets at appropriate intervals in order to ensure that they are in existence. What is appropriate interval may vary from industry to industry. However such verification should be based on written instructions issued to the staff and backed by relevant working papers. Such working papers should be compared with the fixed asset register/record to detect discrepancies such as shortage/excess and those are in-operative. Necessary adjustments are to be effected in the books for the variations recorded. In case of significant variations, investigations/ survey must be carried out and based on the findings adjustments in the books shall be carried out after necessary approval from competent authorities.

Account Name
Investments

Purchase of Investments

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
17xxx	Investments	xx	
2010xx	Bank		xx

Sale of Investments

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2010xx	Bank	xx	
17xxx	Investments		xx
4230xx	Profit on sale of Investments		xx

In the case there is a loss accounting sub head 4111xx has to be debited.

Provision for Diminution of Value of Investment

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2533xx	Provision for Obsolescence/Impairment and Bad Debts and Investments		xx
4771xx	Write offs and Provisions	xx	

Account Name
Inventories

This section deals with the Coal and Fuel accounting:

Payment of Advances to the Colliery - At Head Office

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
22xx/2299xx	Branch Adjustment a/c – Fuel	xx	
2010xx	Bank Balances		xx

The record of the transactions of the payments and the receipts against these payments shall be maintained at the Head Office Material Accounts section in a sub ledger.

Upon receipt of Intimation at the Units in the books of the units

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2300xx/2302xx	Advances for Fuels	xx	
2299x	Head Office Account		xx

Receipt of Coal at the Unit with the invoice reference

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
180xxx	Fuel Stock Accounts	xx	
1830xx	Material shortage pending adjustment	xx	
	Sundry creditors		xx

Receipt of Coal at the Unit without the invoice reference

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
180xxx	Fuel Stock Accounts	xx	
250xxx/	Sundry Creditors		xx

The valuation of the materials to be taken into stock has to be done based on the Coal Purchase Agreement and the other related agreements for freight and other costs. Upon receipt of bills, actual amounts of the bills have to be adjusted to the previous entry so passed.

The same scheme of entries shall be passed with reference to the railway freight and other direct expenses related to the movement of coal and fuels.

The methodology for accounting the transit losses are described in detail in the Inventories section of Part I.

The same scheme of entries needs to be passed for all fuels.

This section deals with the purchase and Inventory related accounting entries other than fuels

On receipt of invoice/bill from supplier along with SRB by the Accounts Section of the respective unit it shall pass the following entries.

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
181xxx	Stock of Stores and Spares	xx	
2511xx	Sundry Creditors		xx

The same entry is to be passed where there are no bills available but the same needs to be adjusted immediately upon receipt of bills.

After approval of the bill by the designated authority the following entry has to be passed.

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2010xx	Bank		xx
2511xx	Sundry Creditors	xx	

Advance Payment for Materials

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2301xx/2303xx	Advances for Stores, Spares and Others	xx	
2010xx	Bank Balances		xx

Adjustment of Advance upon receipt of materials

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
181xxx	Stores and Spares	xx	
2301xx/2303xx	Advances for Stores, Spares and Others		xx

Receipt of Materials at the Unit without the invoice reference

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
180xxx	Stores and Spares a/c	xx	
2511xx/2512xx	Sundry creditors		xx

STORES ACCOUNTING INCLUDING FUELS

Function of Stores Accounts Section

The main functions are:

- To maintain Priced Stores Ledger (PSL) for the stores receipts and issues in the prescribed form.
- To check the initial documents of stores receipts, issues, stores returns notes, their pricing, preparation of issue summary abstracts, forwarding abstract to technical department.
- Checking of SRB values with receipts, receipt of summary abstracts as furnished by Stores Section.
- Balancing of PSL periodically.
- To list out balances of PSL and reconcile total balances of PSL with balances of the control accounts in General Ledger.
- Periodical Reconciliation of quantitative balances as in PSL with bin card balances / Stores ledger maintained in the sub stores department and main stores department.
- To carry out the physical verification at least once in a year and prepare adjustments of records for differences in physical stocks when compared with the books.
- To compile required statements at the end of the year for balance sheet purposes.
- Compilation of any other return required to be submitted to the management or outside authorities.
- Forwarding monthly abstract of drawals of stores and spares to unit heads for confirmation.
- Adjustment of goods in transit and goods under inspection at the time of closing of Annual Accounts.

Pricing of SRBs and SIBs

Stores Receipt Book (SRB)

The stores section after inspection of materials forwards a copy of the SRB to the Accounts Section for valuation of materials. The SRB is the document evidencing the receipt and acceptance at the stores.

Stores Issue Book (SIB)

The stores section upon issue of the materials raises a SIB and forwards a copy to the accounts section for valuation of materials.

Weighted average issue rate

With every fresh receipt of material under an item, the average price per unit is worked out for the total quantity inclusive of the new receipts in the PSL. This rate is known as "Weighed Average Rate" The rate is revised as and when there is fresh receipt of the item. The subsequent issues are valued accordingly.

Accounting of Material Return Notes (MRN)

The excess quantities of materials may be returned back to the stores section. This is done through a material return note and. The MRN contains the code number; description of material, quantity, name of work contractor, reference to original Requisition under which the material was drawn. A certificate signed by the competent authority will be attached to the MRN to the effect that the materials returned are in good condition. These materials are taken back into stock at the original rate of issue.

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit(Rs.)
44xxxx	Other Generation Expenses		xx
1821xx	Stores and Spares at Stores	xx	

Priced Stores Ledger

The PSL will be maintained on a running basis for all receipts and issues of stores materials in the prescribed forms. A separate ledger is maintained for each category of material as per financial code numbers. Separate folios are allotted in the ledger for each detailed item as per stores code numbers allotted for items falling under the same category. A list of balances is extracted from the PSL category wise and the total value of all such items under each category is reconciled with the closing balance in the control account for that category in the general ledger.

Inventory Adjustment

The stores section will prepare inventory adjustment in the prescribed form for items of real shortages and excesses. Thereafter the sanctions of competent authority will be obtained for adjust them in the books.

ACCOUNTS PAYABLE SECTION - BILLS

The above section is responsible mainly for the following item of work.

- Receipt and custody of Purchase orders.
- Scrutiny and passing of bills of suppliers for indigenous and imported materials.
- Scrutiny of bills for ocean Freight, stevedoring charges, Adjustment of port & customs dues from deposit kept with them, settlement of bills of clearing agent, transport bills, insurance bills.
- Maintenance of suppliers accounts for advances.
- Adjustment of goods-in-Transit and under inspection at the time of closing of annual accounts.
- Scrutiny and passing of Sundry bills for administration and General Expenses.
- Maintenance of suppliers ledgers and other subsidiary records.
- Summary of all payments (Payment Memo) made to suppliers are to be maintained for each purchase/supply/work order.

Documents required for processing suppliers bills

The main documents required for processing of suppliers bills/invoices are:

- Purchase order together with any amendments thereto.
- Bill of suppliers
- Inspection cum receiving reports.

Purchase order

A copy of each of the purchase orders together with any special conditions attached thereto are received through the purchase department

Separate files are opened for each purchase order. The amendment letters are also filed in the same P.O. file after carrying out amendments in the P.O. The P.Os files are arranged serially yearwise and partywise.

The P.O. generally contain the information as below

- Name of the party
- Description of material and quantity and rate.
- Terms of delivery, mode of transport
- Terms of payment, Discounts.
- Taxes or any other entry charges payable.
- Other general and special conditions.

Suppliers Bill

The suppliers may prefer claims for advances against P.Os before supply or may raise debit invoices after despatch / delivery of stores in accordance with the terms of purchase order.

All the Bills received from suppliers are entered in control register in the prescribed form which are required to be maintained in the section for watching disposal of bills. Separate registers may be maintained for different category of bills as under.

- Advance Bills of suppliers for payments through banks.
- Advance Bills to be paid direct to suppliers.
- Direct final payment to suppliers on receipt of material etc.
- Miscellaneous bills.

Pricing of SRBs

The quantities receipted in the SRBs are priced as per the rates given in the original P.O and any subsequent amendment letter issued. While pricing, the rebates, if any allowed are taken into account.

The excise duty, sales tax, will be taken as claimed and admissible provided P.O stipulates where these are not known due to non-receipt of bills, the approximate amounts may be worked out and added to the cost as per respective tariff.

The packing and forwarding charges, if any, payable should also be added to the cost as per details in the P.O. or bills of the supplier.

Any direct costs such as freight, Insurance etc, incurred for the particular consignment should be added to the cost of the material.

The taxes, and other incidentals referred to in are proportionately distributed on all the items shown in the SRBs.

All the SRBs so priced will be suitably accounted according to the nature of purchases and the following entry is passed.

Processing of Bills of Indigenous suppliers

The suppliers' claims are broadly classified under the following categories:

- Payment of advance with order against submission of bank guarantee.
- Payment of advance against proof of dispatch.
- Final payments made direct on receipt and acceptance of material.

Advance against Bank Guarantee

There may be instances where the suppliers insist for some percentage of the value of the order as advance for taking up the supplies. The payment may be made against the firms furnishing a bank guarantee for equivalent amount. The payment can be released on receipt of the bank guarantee in the prescribed form and if it is found in order. The payment should be debited to "Advances to Suppliers" account. Subject to the terms of the purchase order, the advance should be adjusted in one lump or in installments as may be stipulated in the P.O / Agreement against the subsequent claims made by supplier.

The bank guarantees should be entered in the prescribed register, and its validity should be extended from time to time till the advance is adjusted in full. The BG so received should be sent to the cash section for safe custody.

Payment against proof of despatch

The suppliers may claim payment either through the bank or direct as per terms of the P.O. The suppliers raise debit invoices after the dispatch / delivery of the material for payment the R.R. / L.R. etc are sent through the bank.

An advance copy of the bill is also sent to the company for arranging payment. Immediately, on receipt of intimation from the bank about the arrival of documents and advising for payment, the same should be linked up with the advance copy of the bill, and purchase order for scrutiny. After retirement of documents through bank, it may be ensured that the supplier has forwarded the following documents.

Invoice

- Delivery challan acknowledged by authorised officer of the sub stores if material is delivered at site.
- RR / LR where the material is sent by Rail / Road.
- Inspection certificate, if inspection is a pre-condition before despatch.
- Material test certificate, if any required.

The following checks are required to be exercised:

- The description of material despatched as shown in the invoice tally with the specifications as shown in the purchase order.
- That the quantity despatched has not exceeded the ordered quantity, where it has exceeded, it is within the permissible limits as stipulated in the P.O.
- That the rates claimed are as stipulated in the purchase order.
- That the claim for excise duty, sales tax is in accordance with terms or P.O. and supported by necessary documentary evidence wherever called for.
- That the freight has not been claimed where the terms of delivery are F.O.R. destination.
- That in the case of delivery ex-works the reasonableness of the claim for packing and forwarding has been checked.
- That there are no extra charges in the bill which are not contemplated in the P.O.
- That the payment for 100%, 95%, 90%, 85% of the value of the supply is admissible as per P.O. and payable through bank subject to the margin maintained by them.
- That the bank commission, if any, charged by the bank is recovered from the supplier.
- That the amount towards discount has been deducted.
- That the amount due towards security deposit has been deducted as per terms of P.O.
- The arithmetical accuracy of the bill is correct.
- That the despatch documents viz., Railway receipt / lorry Receipt / Delivery challan duly acknowledged by an officer of the stores department are sent to bank or received direct.
- That the net amount claimed in the invoice tally with the amount claimed by the bank.
- That the bill is passed within the time limits for payments stipulated in the P.O. to avoid any payment of penal Interest.
- Interest recovery for early payment shall be made at applicable rate.

Adjustment of advances of receipt of SRBs

It is the responsibility of Accounts Payable Section(APS) section to watch the receipt of Inspection cum receiving report for all advances paid for supply of stores and spares etc.

The Purchase department should be reminded in all cases in respect of outstanding advances periodically.

On receipt of SRB the Accounts Payable Section (APS) should link up with the purchase order and duplicate copy of the bill of the supplier. The following points may be kept in view while adjusting the advance.

The Nomenclature and quantity of the material shown in the SRB should tally with the particulars in the supplier's invoice for which advance is paid.

In the case of any discrepancy either in description, quantity, and quality due to manufacturing defects where the same has been brought to the notice of the supplier for replacement etc.

In the case of any rejections due to transit damages etc. Wherever the cost is recoverable from the carriers / insurance in the case of ex-works delivery and whether claim has been lodged.

Scrutiny of final Bills of Suppliers :

The following additional checks may be exercised in the scrutiny of bills for the payments.

- The Bill has to be linked up with P.O., SRBs. and checked in regard to nomenclature, quantity, values, discounts etc. and found correct in all respects.
- If any discrepancy is found between the order and SRBs. the Bill is to be returned to the purchase department for necessary clarification.
- It may be noted that objections on bills should not be raised in piece-meal. In the first instance itself bill should be carefully scrutinized and all objections raised at that stage.
- That in the case of delayed supplies, liquidated damages are recovered from the Bill for the period of delay beyond the stipulated date of delivery / extended date with right to impose liquidated damages.
- That any recoveries due on account of Bank charges, Freight, Demurrage, any other incidentals incurred on consignments, rectification charges, if any, which are recoverable from the party are deducted from the Bill.
- Any advance paid should also be deducted from the Bill.
- That deductions are effected in the bill for any short supplies.
- After the Bill has been thoroughly checked, a bank payment voucher duly indicating the particulars of Bill, Name of the party, Amount payable written in figures and words, supplier code No. etc. will be prepared by the concerned person.
- The Bank payment voucher after approval will be sent to the cash section along with party's Bill for arranging payment.

Intimation of passing of Bill to supplier

Intimation in the prescribed form should be sent to the supplier giving full details of Bills Number, Date, Amount passed, Amount disallowed, with reasons for such disallowance etc. for their information and collect payment.

Extension of Delivery Dates

If the materials are not supplied within the delivery period stipulated in the purchase order, the company may at its discretion extend the delivery date at the request of the supplier as per the terms and conditions of the Purchase Order.

Liquidated Damages (L.D)

The purchase order stipulate recovering of liquidated damages for any delay in delivery of material. If the delivery is effected after expiry of delivery date, liquidated damages are recoverable as per the terms and conditions of the Purchase Order.

The date of delivery in the case of ex-works shall be the date at which it leaves the premises of the supplier. In case of F.O.R. destination, the date of arrival of goods at the destination Railway station shall be taken as the delivery date. If the terms of delivery are at Project site, the date on which the goods have arrived at the project site shall be taken as the date of delivery.

Bills for Fabrication of Equipment

The company may place order on supplier for fabrication of equipment for which certain raw materials like mild steel, stainless steel etc may be supplied to the contractors. The contractor / fabricators may return the finished products and submit account for the materials supplied giving account also for the wastage if any allowed as per purchase order.

- That the fabricator has furnished a Bank Guarantee and an Insurance policy etc.
- That the Purchase Order contemplates supply of materials free of cost.
- That the cost of the material is recovered from the Bill, if it is stipulated in the Purchase Order.
- That the material consumption account has been received checked and accepted by the competent authority.
- That the unused / wastage materials are returned by the fabricators and received by the stores at site.
- That wastage claimed is within the limits prescribed in the Purchase Order and the recovery for excess wastage has to be made as per the terms of contract.

Where surplus materials have not been returned, then cost of the material, departmental and other incidental charges thereon should be recovered from the Bill of the fabricator at such rates as prescribed in the Purchase Order.

Payments procedure for Imported Supplies

Payments to foreign suppliers arise on account of:

- a) Supply of Technical know how under any collaboration agreement.
- b) Import of plant & Machinery, stores and spares etc.
- c) Expenses of personnel deputed for Training abroad.
- d) Salaries & Allowances paid to foreign technical experts.

Opening of letter of credit

The Foreign Suppliers may insist for opening an irrevocable letter of credit in their favour for full value of the order. A requisition is sent to Accounts Section by the purchase / contracts section for opening of a letter of credit.

The application form addressed to the Bank for opening of letter of credit contain full details such as name and address of the party, amount in Foreign / Indian currency, Description of Material, date of Delivery, port of shipment, Date of shipment and validity of letter of credit etc. The application also stipulates the conditions under which the letter of credit to be operated and the documents that are to be furnished by the suppliers for obtaining payment.

Scrutiny by Finance (Accounts Section)

The Foreign Exchange section scrutinises the proposals for opening of letter of credit and if they are found in order, the application form will be signed by the designated authority and forwarded to the Bank with all required documents.

On opening of letter of credit, the Bank intimates the supplier by E-mail / Fax regarding opening of the letter of credit and also by a special letter the conditions etc.

A copy may be sent to Foreign Exchange section for Record.

Register of Letter of Credit

All the proposals for opening of letters of credit sent to Bankers are noted in a separate Register. The letter of credit number, Payment particulars etc. are also noted in the same register.

Retirement of document from the Bank

Immediately after the materials are shipped, the supplier presents the shipping documents etc. to their Banker who in turn forwards them to the Company Bankers. On receipt of documents, the company Bankers would verify the same that they are in accordance with the conditions stipulated in the letter of credit.

If they are found in order, they would debit the company's account with the value of invoice, and release the documents to Accounts Section.

The Accounts Payable Section thereafter forwards one set of the Negotiable copy of the Bill of lading, Invoice, Packing list etc. to the stores department for clearance of goods from the customers / port.

Pricing of Imported SRBs

The pricing of Imported Inspection cum Receiving Report is done as per value of Invoice, ocean freight customs duty, port dues, Indian Agents commission, Bank charges paid, clearance charges and inland freight.

Import register

An Import register will be maintained for recording imported materials received shipment-wise against various purchase orders and letter of credits opened. This shows the name of the Vessel, Bill of Lading, Material, Quantity, Value Freight, and Customs Duty etc. This facilitates to know the actual expenditure incurred in each consignment and valuation of SRBs etc.

Adjustment of Advance payment

The Advance payment if any made to the foreign suppliers against Bank guarantee etc. should be adjusted in the subsequent Bills for supplies made in terms of Purchase Order. It should also be ensured that the validity of the Bank Guarantee is kept alive till the whole of advance is adjusted.

Deferred Payments:

Both the indigenous and foreign suppliers may extend facility of payment in installments for the value of equipment etc. supplied. Under such deferred payments contracts, a portion of the value may be made in lump sum initially and the balance in such number of installments spread over an agreed period of years.

The payment dates of each installment with interest thereon are fixed in advance and arrangements made through Bank for prompt remittance on the due dates.

Bills for Ocean Freight/Stevedoring Charges:

Ocean freight is payable by the Company in case of all Incoming F.O.B. Consignments. The Steamer Agents releases delivery order of the consignment only on payment of freight. As soon as the freight bills are received the same should be checked up with purchase order in regard to the terms of delivery (i.e), C.I.F. or F.O.B. The correctness of freight to be checked up with freight schedule of rate; if any, bill of lading etc. The weight particulars may be verified from the Invoice. Any discrepancies noticed should be taken up with Steamer Agents. The Bankers issue Certificate for freight and duly endorsing on the exchange control copy of the Import Licence. After the admissibility has been verified, the bill will be passed for payment. A note of the payment should be made in the P.O. Shipments Register etc. to avoid double payment. The demand draft and the freight certificate should be forwarded promptly to the Steamer Agents who will cause to issue necessary delivery order.

The same procedure applies in case of Air Freight.

Similarly the claim for Stevedoring charges are to be paid at such authorized rates at each port.

Filing of Bill of Entry with customs:

The Agents will fill in the Bill of Entry and file with customs with all supporting documents for assessment of duty. The documents should be filed well in advance of the arrival of the ship so that the customs formalities may be completed in time to take delivery of material without demurrages.

Deposit A/c with customs & Port authorities:

Usually personal deposit accounts are maintained with the concerned customs and port authorities for clearance of consignments. An approximate amount of duty payable are estimated in advance and kept as deposit with the customs and port authorities so as to enable them to debit the deposit account towards duties payable. The remittances are made by cheques to the personal deposit A/c with customs/port authorities.

Accounts Section shall maintain a separate subsidiary register with individual folios allotted to customs/port authorities with whom the accounts are maintained. The concerned customs/port authorities will furnish an extract of the deposit account with them along with the required vouchers for debits and credits. A certificate of balance is furnished at the end of each year for Accounts Finalisation.

Adjustment of Customs Deposit Account

On receipt of extract of customs deposit account with supporting voucher, bill of entry etc. It should be checked to ensure:

- That there are no erroneous/excess debits not pertaining to the company.
- That the customs duty levied is in accordance with customs tariff.
- That in the case of project import, concessional rate of duty has been levied.
- That the refunds, if any, credited after final assessment are in order.
- That the debits on account of difference in duty between provisional and final assessment are in order.
- That in the case of excess claims/double claims the clearing agents have preferred claims for refund in time. After the account is checked, the amount of debit should be adjusted.

Adjustment of Port dues:

As and when the materials are cleared, the port authorities debit our deposit account towards their dues and forward the account to the company. The adjustment account received from the concerned port authorities should be checked with port tariff and in the same lines as that of customs deposit account.

Bills of clearing Agents:

The company appoints agents for clearance of material from ports under an agreement after observing the prescribed procedure. The Agents will be responsible for processing of bills of entry in customs, obtaining delivery of goods from Port authorities; clearance of goods from port wharfs expeditiously, safe custody and despatch by rail or road as per instructions. They are paid agency fee for such services and also reimbursed any other incidental charges incurred by them on behalf of the company.

Scrutiny of clearing Agent bills:

All the bills received should be entered in a separate register in a prescribed format and their disposal watched.

The following checks may be exercised before passing the claims of clearing agents:

- That the claim for Agency fees and handling charges are verified with Invoices of suppliers and SRBs.
- That the rates claimed for, are in accordance with the Agreement.
- That there is no shortages in the material received by them and despatched.
- That the computation of the bill is correct.
- That any claim for incidental charges incurred is supported by vouchers and is in order.
- That if any transit dues are incurred at ports on cargo lying uncleared due to the negligence of the clearing agents, the amount of such transit dues incurred will have to be recovered from them.
- The payments should be noted in the SRBs as well as shipment register to avoid double payment.

Indian Agents Commission Bills:

Some contracts for imported materials stipulate payment of commission to local agents after supplies are effected etc. This may be stipulated in foreign currency in Purchase Order, but may be payable in equivalent Indian currency. For this, the Agents prefer bills after the supplies/services are made and fulfilling the obligations under the contract. The bills are to be checked with reference to the purchase order and payment effected if otherwise in order.

Scrutiny of bills for lorry freight payments:

The following checks are required to be exercised while passing the bills for transport charges:

- That the bills for transport charges have been passed by the Stores Department.
- That the quantity and weights, certified as transported should be checked with receipted delivery challans / consignments / SRBs
- That the materials have been delivered in good condition.
- That the rates claimed are in accordance with those in the Agreements.
- Where the terms of delivery are Ex-works (other than F.O.R destination), the freight if any paid by the supplier has to be reimbursed on the basis of money receipts for payment of freight furnished by the supplier.
- Where the terms of delivery are F.O.R. destination, but the consignment is sent freight to pay the amount paid by the company will have to be deducted from the amount payable to the supplier.
- That the arithmetical calculations of the bills are correct.
- That in the case of private transport contractors for small consignments sent by suppliers where there are no agreement, the reasonableness of the freight charges claimed has been checked.

- After the admissibility has been thoroughly checked, the bill may be passed for payment. The transport charges may be debited to the Head of Account “Stores incidentals” or lorry freight on indigenous raw materials or imported machinery/raw materials etc” as the case may be. The expenses incurred in this regard shall be included in the valuation of the inventory.

Register of demurrage/wharfage:

The demurrage/ wharfage incurred for delays in taking delivery of consignments from ports/railways or transport carriers should be debited to specific heads distinctly. The payments should be examined in depth to see whether they are incurred due to the fault of clearing agents, transport carriers or the suppliers or of the company where the amounts are incurred due to the negligence of the agents/carriers they should be debited to them and recovery watched. Any demurrages and wharf ages paid by company due to delay in forwarding and receipt of documents, the amounts have to be debited to the supplier and recovered from their balance bills.

In cases where the demurrages etc. are incurred for reasons beyond the control of the company for want of funds, non-submission of documents, non-availability of wagons etc. the sanction of competent authority has to be obtained for write-off. If such sanction from the competent authority is not received before the end of the accounting periods, adequate provision shall be made in respect of the above .

The register of demurrages/ wharfages should be reviewed by the concerned authority on monthly basis.

MAINTENANCE OF ACCOUNTS OF SUPPLIERS:

Register of advances paid to suppliers:

A subsidiary ledger shall be maintained for indigenous and foreign suppliers for monitoring the operations of the suppliers and adjustments carried out in the ledger.

Subsidiary Register of Sundry Creditors for purchases:

When any transactions of purchases are made then the sundry creditors account is operated. Though the accounts of advances and the liabilities are segregated the Sub-Ledger has been merged to give the details of the advances, receipts of materials, Security deposits and Earnest Money Deposits.

The individual accounts are balanced monthly and total balance outstanding in all the account should be reconciled with the balance in the control accounts in the general ledger.

This detailed ledger shows all individual accounts of suppliers for whom advances are paid:

If the value of materials supplied is less than the amount of advance paid, the reasons for the difference should be investigated.

If any materials supplied by the party are not accepted due to manufacturing defects/shortages or transport damages, the matter has to be taken up with the party for replacement of material or refund of advance.

In the case of rejections due to transit damages or shortages, claims have to be preferred with carriers/insurance authorities as per the agreement. Such claims shall be accounted for only on payment / settlement.

The subsidiary ledger account of suppliers should be reviewed monthly to ensure that the parties to whom advances are paid for supply of material have affected the supplies and the advances are cleared.

Earnest money & security deposits:

Any amount received from tenderer for purchase may be initially credited to E.M.D. of suppliers for successful tenderer.

At the end of the year, the balance outstanding in the EMD in the Creditors Sub Ledger should be reconciled with the balance in the control account in the General ledger.

The amounts will be refunded only after the supply is complete and all obligations under the contract are discharged and a performance condition has been fulfilled.

The total of balances outstanding of all the individual accounts should be reconciled with the balance in the control account in the general ledger. The confirmation of the balances has to be obtained from parties concerned.

Account Name
Contracts

There are certain categories of services, which would give on contract basis. This may be of Capital or Revenue nature such as turn-key projects, Civil constructions, Erection of Machinery and repairs and maintenance etc.

Register of Contracts:

A Register of contract agreements should be maintained by Contracts Section and Accounts Section of the respective unit.

Amendments to Contracts:

All amendment to the contract agreements proposed by the Engineering Department require scrutiny by the Accounts Section of the respective unit. These amendments have to be approved by Competent Authorities as per Delegation of Powers after finance concurrence. All these amendments should also be numbered and noted in the Register of Contracts against the original item.

Deviations:

After award of the work, some modifications may be necessary in the contracts due to changes in drawing, design or specifications or any other reason. Deviation orders are to be issued after approval of Competent Authority and after due concurrence by Finance.

It is to be examined whether the extension of time is granted either at Contractors request or of Administrative exigencies. That extension of time is due to genuine reasons beyond the control of contractor. It is to be ensured that there is no additional financial outflow due to extension of time. Where the deviations result in exceeding the amount of administrative/technical sanctions beyond the prescribed limits, approval of Competent Authority should be obtained.

Approval and Accounting of Bills:

The broad details of work to be done in Accounts Section (Contracts) at the respective units are:-

- Checking of Measurement books.
- Scrutiny & passing of Contractors bills for payment.
- Accounting of EMD/Security deposits.
- Maintenance of records and registers.
- Capitalisation of Works expenditure in consultation with the Cost Accounts Section.
- Capitalisation of Fixed Assets in consultation with the Cost Accounts Section.

CHECKING OF MEASUREMENT BOOK:

All the entries made in Measurement books are recorded by the competent authority of the works. The Measurement Book is, therefore, a very important basic record, which forms the basis for the work done.

Each set of measurement to be recorded should commence with entries stating :-

- a. Full name of the work as in agreement situation.
- b. Name of the contractor.
- c. Reference to Agreement.
- d. Date of commencement of work.
- e. Name & Designation of Officer taking and recording measurement.
- f. Due date of completion.
- g. Actual date of completion.

Entries should be recorded continuously and no page should be left blank in the book. Any pages left blank should be cancelled in ink by diagonal lines. All entries should be made in Ink. It is very important that the person taking the measurements, record the measurements accurately and clearly. There should be no over-writing, erases in the Measurement book. Any corrections in the Measurement Book should be attested by the Competent Authority.

Test check of Measurements:

The Divisional Officers/Senior Engineers like Project Engineer/Chief Engineer should personally inspect all works before authorizing final payments. The required test checks should be carried out before the payment is made.

A collective record of all the checks carried out from time to time will be prepared in each Measurement Book in the following form:-

- a. Date of check.
- b. Page recording measurements subject to test check.
- c. Value of measurement checked.
- d. Result of check exercised.
- e. Dated initials and designation of the Checking Officer.

Generation of Contractors Bills:

The bills of the contractors will be prepared in the Engineering Department in one of the suitable forms prescribed. The bills are prepared from the entries in the Measurement Book, with full description the cross reference to page numbers of Measurement Book will be given in Bill, item of work, quantity etc.

The rates are taken from the Agreement etc. All recoveries on account of materials, Income Tax, Security Deposits, Retention money and advances etc. will be shown therein.

Scrutiny of Contractors bills at Accounts Section (Contracts).

The bills will be scrutinized in the Accounts Payable Section, before making payments:-

- That the bill has been prepared in the prescribed form giving reference to the name of the work, contract reference/work order, value of work, due and actual date of completion.
- That the quantities in the bill are compared with those recorded in the Measurement Book, that the quantities as recorded in the Measurement Book are thoroughly checked for arithmetical accuracy.
- That in case of running Account bill, the work done and payments made upto previous bill are taken into account.
- That the lump-sum payment without Measurement has the approval of the Competent Authority.
- That in case of percentage, contracts where the agreement provide for payment at the agreed percentage below (or) above the scheduled rate, it should be checked that the bill has been prepared with reference to the schedule of rates as adopted for preparing the Bill of quantity of the tender.

- That the rates for each item of work are strictly as per agreement and no higher rates are allowed without sanction of Competent Authority.
- That full rates are allowed only if the items of work are done completely as per specifications.
- That the quantities billed for are within the quantities mentioned in the Agreement and that for all excess quantities and supplemented items, sanction of Competent Authority has been obtained.
- That the value of each item of work is correctly calculated to the nearest price as per approved rules. That necessary cost of materials issued to the contractor, hire charges of any construction machinery, testing charges, water and electricity charges if any, security deposits, secured advances, Income tax any other recoveries etc. effected as per rules.
- That the method of measurement adopted is correct.
- That the quantities executed are according to the sanctioned estimates/plans.
- That the bill is in accordance with terms of contract and necessary approval of Competent Authority obtained for deviations.
- That is has been certified by the competent authority that the work has been executed as per schedule, specifications and drawings satisfactorily.

Passing of Contractors bill for payment:

After exercising the checks as prescribed, the net amount due will be worked out and noted in the contractors sub -ledger. Recoveries on account of stores, security deposits, I.T., advances etc. shall be adjusted. All payments to the contractors should be made through "Account Payee" cheques only.

The aspects concerning EMDs and Security Deposits have been covered in detail in the Maintenance of accounts of suppliers section above.

Accounting Entries

On an on going basis preferably on a monthly basis and based on the Measurement Book certification the accounting section shall pass an entry for the work completed on an accrual basis.

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
160xxx	Capital Work in Progress	xx	
2510xx	Sundry Creditors – Contractors		xx
2523xx	Tax Deducted at Source Payable		xx

This entry needs to be passed based on the work completion recorded in the M Book and based on the rates specified in the Contract Order. Where the bills are received the previous entry needs to be checked and based on the M Book as at the date of the bill passing only the incremental charge in the

form of the same entry over the previous provision passed. In the case the contract is of revenue nature then the respective expenditure head needs to be debited instead of CWIP.

After approval of the bill by the designated authority the following entry has to be passed.

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2010xx	Bank		xx
2510xx	Sundry Creditors	xx	

Advance Payment

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2303xx /2305xx	Advances to Contractors	xx	
2010xx	Bank Balances		xx
2523xx	Tax Deducted at Source Payable		xx

Adjustment of Advance upon completion of job or based on monthly provision

Account Sub Group/Account Code	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
160xxx	Capital Work in Progress	xx	
2303xx /2305xx	Advances to Contractors		xx

New Payment Scheme - Forms

The system of payment has been prescribed as working instructions to field under APSEB Regulations which would govern all payments made by the units/headquarters. All payments relating to the following items will be made by the respective units by applying for Letter of Credit (LOC).

- Purchase orders placed at field level
- Works contracts entered into at field level
- All employee related payments
- Administration & General expenses
- Miscellaneous payments
- Remittances to outside agencies
- Loans & Advances to staff.

Complete methodology as regards payments by FA&CCA (A/Cs) and also at the field units should be as per the new system of payments circular.. Various forms have been prescribed for different types of payments.

For example,

Form No.1. for payments against Letter of Credit (LOC)

Form.No.11 for payments made by FA&CCA (A/cs) against LOA.

Form No.13 for items like settlement of coal bills, Railway freight, advances for supply of steel and payments to suppliers.

The formats of various prescribed forms (for use at the time of making payments) are given under New Payment Structure – Forms.

Account Name
Cash and Bank

Main Functions:

To receive and disburse money on vouchers passed by competent authorities and to maintain records of such transactions and make available documents.

Safe custody of cash and valuable documents like cheque books, bank guarantees, call deposits, earmarked FDs of the contractors or third parties, etc.

Organisation set up of Cash / Bank section at units:

The cash section is headed by AO / AAO who is the overall in charge of the cash operations. He is assisted by a cashier. In the absence of the cashier, cash operations shall be done by a panel cashier.

Duties and responsibilities of Cash / Bank section:

- Preparation of request for funds from Corporate Office for payments to be made at the Units.
- Applying the funds so received for various requirements at the Units.
- Ensure usage of proper forms duly approved by the competent authority.
- Arrange drawal of cheque books from banks.
- Drawing of cash from the bank for day-to-day operations.
- Deposit of surplus cash, cheques / drafts in bank.
- Payments to contractors / suppliers, employees related expenditure, statutory payments and others.
- Maintenance of cash book and other subsidiary registers.
- Safe custody of cash and other valuables.
- Any other miscellaneous work like submission of daily return of cash and bank balances, unpaid bills etc.

Books maintained in cash section:

- a. Cash book for cash transactions.
- b. Cheque Books for use.
- c. Cheques / Demand drafts inward register.
- d. Register for cheques issued.
- e. Register of valuables.
- f. Register of unpaid salaries.

- g. Cashiers daily chitta book for cash receipts and payments.
- h. Register of bank guarantees and call deposits.
- i. Receipt books.

The cash office will close all cash transactions at least one hour in advance daily before close of office to enable the section to record the transactions and tally the actual closing cash balance with book balance.

Cash Transactions

Daily cash requirement:

The cash section will assess every day in the forenoon their probable requirement of cash for payment. The total requirement of cash for the day will be determined by taking the demands of each section and also bills on hand in the section awaiting payment in cash. The net requirement will be arrived at after deducting the cash balance in the chest.

Drawal of cash :

The cashier will prepare a bank voucher supported by the detailed cash requirement statement and obtain orders of the concerned authority for drawal from bank.

Cashiers daily chitta book for cash receipts and payments:

The cashier will maintain a daily chitta book for cash receipts and payments. As and when transactions take place he will make a note in the daily chitta book immediately. At the end of each day, he will total up the receipts and payments column and strike the closing balance of cash. He should reconcile the physical balance with the chitta book balance and put up to the section head along with chitta book and vouchers. Denominations of the closing cash balance shall be recorded in the chitta book.

Check of chitta book by the section head in charge of cash:

The Section Head will thoroughly verify the receipts and payments with vouchers and ensure that payments are made correctly and that the closing balance struck is correct. The various denominations of closing balance should be recorded in the chitta book daily. Both the cashier and officer in charge of cash shall sign the chitta book daily to attest the correctness.

Annual closing balance of cash:

The cash balance at all locations has to be physically verified on 31st March every year. If Internal Auditor opts to witness such year-end cash verification, the same shall be done in their presence. A certificate of Annual closing cash balance shall be recorded in the chitta book for the purpose of Annual closing of Accounts, duly signed by the participants.

The cash balance as on the last working day every year is to be remitted into the Bank Account (receipt account). In the event of not depositing the cash balance as said above, the balance is to be kept in the chest and a certificate of annual closing cash balance shall be recorded in the chitta book for the above purpose.

Payment & Adjustment of Imprests and Temporary advances:

The unit heads may be sanctioned permanent advance up to the limits prescribed by the Competent Authority to meet urgent petty payments for cash purchases etc. The cash section maintains a Register of Imprest for the amount received, expenditure incurred and recouped and balance available from time to time.

It should be ensured that the imprest holder renders account for imprest expenditure when the balance falls below 50% of the imprest amount or 25th month, whichever is earlier so as to book the expenditure within the month.

In the case of temporary advances a sub-ledger shall be by cash section against the respective employee name and the temporary advances adjusted within a maximum period of 15 days so that the expenditure is accounted for within the same month of incurrence.

At the end of the year, the imprest holder / temporary advance holder should close the account by remitting the cash to the cashier.

Register of Bank Guarantees:(BG)/Call Deposits

Separate registers should be kept in cash section for any BG, earmarked FDRs from contractors or third parties and Call Deposit received from private parties as security deposit. The register should be reviewed every month to ensure that the BGs are renewed before its expiry date and time-expired BGs are returned to the concerned section for further action.

Receipts:

All receipts by cheques / DDs shall be entered with details in the Cheque Inward Register. The cheques shall be deposited in the bank for collection on the same day or next day.

It should be ensured that there is no delay in bringing into the books all the demand drafts / cheques etc and in presenting the same to the bank for clearance. No bank draft / cheque should be kept on the last working day of the financial year in the cash section. They should invariably be deposited on the last day, if any, so as to bring all the receipts into account.

Post dated cheques, if any, shall be entered in a register meant for it with all details. Bank section shall watch presentation of all postdated cheques on due dates.

The bank pay-in slip forms are to be filled in for the cheques / drafts to be deposited in the bank for collection.

While preparing the pay-in slips, the cheques / drafts should be crossed Account Payee if not already done. The Section head will sign the bank pay-in slips and send to the bank for collections. After depositing the cheques for collection, the amount should be entered in the bankbook.

The receipts shall be accounted by the concerned section officers by crediting the appropriate detailed GL codes and also the sub-ledger codes, where applicable.

Bank Book (Receipt):

All the deposits into receipt Bank and transfers to the Head Office shall be recorded in the Bank Receipt. The Section Head on a daily basis should confirm these deposits. The transfers to the Head Office shall be recorded weekly or fortnightly with the help of debit bank voucher/bank scroll.

Drawal of cheque book from bank:

The concerned authority to operate on the company's bank account would obtain cheque books of 100 / 500 leaves as per requirement on requisition from the bank. On receipt of the cheque books the leaves should be physically counted to ensure that nothing is missing.

A certificate should also be recorded to that effect on the cover of each cheque book whenever new cheque books are obtained.

Safe custody of cheque books:

The cheque books should always be kept under lock and key in safe custody of the Section Head.

A number of demand drafts, cheques from outside parties may be received in the bank section daily. These are to be initially entered in a separate register. The same should be deposited thereafter in the bank on the same day (or on the following working day) for clearance.

Receipt books:

A receipt has also to be raised to the party. Receipt forms are printed and serially numbered. Printed receipts under the signature of authorised officer should be issued to concerned parties for all amounts tendered to the company. (Both in cash and by cheque)

Register of passed bills received for payment:

All the bills received from various accounts sections for payment by cheques will be entered daily in the order of their receipt in a separate register. The particulars of payment will also be noted thereafter. This would facilitate to ensure that no bill is left unpaid for long time.

Preparation of cheques:

The Cash section head would submit the register of bills and also funds position statement to the Concerned Authority as the case may be for marking the bills for payment daily.

The concerned finance executive would go through the funds position, bills pending and mark the bills to be paid that day as per priorities etc.

The Section Head would arrange preparation of cheques as per the instructions passed by the concerned authority.

The following precautions are to be taken in the preparation of cheques.

- All payments to suppliers / contractors are made by cheques only.
- One cheque is prepared for each party individually.
- One consolidated cheque will be made for one or more bills of the same party paid on a day.
- The name of the party and place should be written correctly.
- The amount payable is written both in words and figures.
- The cheques should be crossed account payee and marked "Not over Rs."
- There should not be any over writings and erasures in cheques.
- All incorrect words / figures should be neatly scored out and correct word / figure written under attestation of concerned authorized signatories.
- Cheques shall be prepared with carbon to ensure safety.
- The counterfoil of the cheque should also be filled in.
- Brief details of payments may be noted on the counterfoil for future reference.
- The cheque number should be noted on the bank voucher and also on all sub-vouchers to avoid double payment. Alternatively, all the vouchers be stamped as paid or identified otherwise.
- All cancelled cheques should be kept in the concerned cheque book itself for easy reference in future.
- Vouchers, counter foils of the cheques and challans etc. shall be preserved in good order for 8 years.

Register of cheques:

A register of cheques issued should be maintained in the cash section. All the cheques drawn should be entered in the register serially and submitted to the authorized signatory along with the cash book, vouchers and cheque book for authorisation.

The concerned authorized signatory after verifying the correctness of the cheques, will sign the cheque, initial the counterfoil, attest the entries in the register of cheques, cash book and voucher. Thereafter the cash book, cheque book and vouchers are returned to the cash section for further action.

Movement of cheque books:

In sending the bank vouchers and cheque book to the authorized signatories, utmost safety measures shall be ensured to avoid tampering or misplacement. It is the responsibility of the cash section to ensure safety of the cheque book and vouchers in transit.

Delivery of cheques to parties:

After the cheques are signed by the authorized signatories, the cheques will be delivered to the concerned parties on identification after obtaining stamped acknowledgement.

Despatch of cheques to outstation parties:

The cheques intended for outstation parties should be despatched with a covering letter to correct address by registered post / courier duly entered in a despatch register.

Watch of receipt of acknowledgement:

The cash section should ensure receipt of payees' acknowledgement for the cheques sent by post / courier. On their receipt, the same should be attached to the concerned vouchers.

Bank Book:

All the receipt and payment vouchers shall be the input documents for the bankbook. The Section Head on a daily basis should confirm these vouchers.

Closing of Bank Book and verifications:

The bankbook should be closed at the end of every day and balance struck. The AM should verify the entries in the bankbook with reference to receipt and payment vouchers. The entries and the closing balance should be attested.

Bank reconciliation statement:

At the close of every month, the bank statements should be obtained from each bank with whom the company has account. The entries in the bank statement should be verified with those in the bankbook both for receipts and payments. The payments and receipts, if any, directly accounted first by the bank are to be analysed and concerned section advised to put up adjustment vouchers. After the vouchers are passed by competent authorities the transactions should be booked in the bankbook in the subsequent month. Any wrong debits / credits should also be taken up with the bank for necessary rectification in the subsequent month. Bank advices for bank charges, commission etc. shall be collected and necessary entries passed in the subsequent month. The variations between the bank book and bank statement should be analysed as under.

- a Cheques deposited awaiting clearance.
- b Cheques not presented to bank by parties for encashment.
- c Debits / Credits – if any, given by bank directly.
- d Cheques deposited but dishonoured.
- e Cheques entered in cash book but yet to be deposited.

A statement shall be prepared to reconcile the difference between the bank balance as per books and as per the statement. This bank reconciliation statement shall be prepared every month before the prescribed date. It is the responsibility of the officer in charge of the cash section to prepare this statement. It shall be delegated to a person other than the person writing the cheques.

Checks to be exercised in scrutiny of bank statements:

The following checks may be exercised in scrutiny of bank statement and in preparing the bank reconciliation statement.

- Check the payments by cheque numbers in bank statement.
- Check the receipts in the bank statement with cash book.
- Prepare list of un-presented cheques.
- Check the un-cleared cheques at the date of reconciliation and subsequently credited in bank statement.

All the cheques un-presented over 6 months shall be transferred to the Stale Cheque Account and grouped under Current Liabilities. The following entries shall be passed for the same.

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2010xx	Bank Balances	xx	
2514xx	Stale Cheques		xx

The unpaid amount under the stale cheque account for over 3 years shall be transferred to Miscellaneous Income account under sanction of competent authority through the following entry.

Account Sub Account Group	Account Sub Head Description	Debit (Rs.)	Credit (Rs.)
2524xx	Stale Cheques	xx	
	Write Back of Provisions		xx

A register shall be maintained to record the details of Stale Cheque Account.

Lost cheques / DDs:

In respect of lost cheques, the bank should be advised to stop payment of the lost cheque, if presented before the issue of a second cheque. In the case of DD's, the paying bank shall be advised to stop payment against lost DD. The second cheques\DD shall be issued after obtaining a declaration from the payee to safeguard the company against claim for first cheques\DD. Where amount involved is high, an indemnity bond from the payee shall be insisted upon.

Certificate of Bank balances:

It is the responsibility of the cash section to obtain a certificate of bank balance in duplicate from all bankers as on 31st March every year as they are required to be furnished to auditors along with annual accounts for certification.

Safe custody of Pay-in slips, counter foils of cheques, receipt books:

The receipt books, bank pay-in slips, vouchers for cheques and cash deposited, counterfoils of all cheques drawn on banks should be very carefully arranged serially and date-wise and preserved for production to audit etc. These are to be kept for a minimum period of 8 years.

Retirement of documents from bank:

Details of the documents such as Lorry Receipt / Railway Receipt shall be entered in a register, along with the date of going to the bank first and the actual date of collection of the documents.

On collection of the document from the bank, they shall be immediately passed on to the concerned department daily after entering in the said register and on acknowledgement to facilitate timely clearance of material.

Any demand drafts purchased should also be passed on to the concerned section for onward transmission to the parties concerned.

Revalidation of Cheques issued:

When a time –expired cheque is presented for revalidation it should be destroyed and a fresh cheque should be issued in lieu thereof. Under no circumstances should he same cheque be re-issued with a revalidation order.

Account Name
Sales Accounting

Revenue Recognition

Revenue from sales or service transactions should be recognised when the requirements as to performance are satisfied, provided that at the time of performance it is not unreasonable to expect ultimate collection. If at the time of raising any claim it is unreasonable to expect ultimate collection, revenue recognition should be postponed.

In a transaction involving the sale of goods/services performance should be regarded as being achieved when the following conditions have been fulfilled:

The seller of goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership has been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership;

No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods.

A company should disclose the circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

Objectives:

The main objectives of the sales accounts function are: -

- To make prompt claims on the customer for the supplies made/amounts due as per agreements.
- To ensure prompt collection of dues from customers.
- To ensure correct pricing of products.

Functions:

Sales accounts section will deal mainly with the following items of work:

- Invoicing for sales/advance or progressive payments.
- Accounting of sales invoices, debit notes, receipts from customers etc.
- Maintenance of subsidiary records like sales journal, sundry debtors ledger, advances from customer ledger etc.
- Preparation/submission of connected Management Information reports to the Top Management.

Review of Debtors Ledger:

Consolidated debtors ledger shall be prepared and reviewed on a monthly basis by the Commercial Section as to recoverability and other adjustment in the debtors ledger.

A MIS report may be prepared based on review and forwarded to the Top management for Information. In the year-end, debtors outstanding may be reviewed and debts due more than 3 years may be provided accordingly with the approval of the Competent Authority.

Write-Off Sanction

After necessary provision, if the outstanding remain still uncollected for more than 5 years and there is no chance of recovery the same should be written-off with the approval of the Competent Authority.

Confirmation of Balances:

Debtors confirmation of balances should be obtained from the customers once in a year and the same should be reconciled accordingly for year end Accounts Finalisation purpose.

Account Name
Pay-Roll Accounts

This section deals with all establishment accounts matters like pay and allowances, traveling advance, leave travel concession, leave, medical benefits, gratuity, bonus, advances etc. relating to industrial and non-industrial employees of the corporation and stipends to trainees and apprentices.

Functions of Payroll Section:

- Computation of salary earnings and deductions there from.
- Preparation of consolidated salary bill.
- Data preparation for feeding into the computer.
- Verification of computerised salary bills, passing of the salary bill and arranging for disbursement.
- Issue of pay slips to employees
- Preparation of journal entries for pay and allowances
- Timely recovery of advances.
- Periodical review of unpaid salaries and their adjustments.
- Collection of data from employees and computation of Income Tax for recovery as per I.T Act.
- Preparation of annual return of I.T and their submission to authorities on due dates.
- Passing of production incentive and bonus.
- Passing of over time and overdue gratuity bills.
- Regulation of leave encashment claims.
- Passing of claims for cycle, motorcar, scooter, house building, festival, salary advances and monitoring their recovery.
- Passing of Traveling Allowances and Leave Travel Conveyance claims.
- Passing of claims for reimbursement of medical expenses of employees.
- Computation and remittance of leave salary and pension contribution of deputationists.
- Preferring claims for recovery of leave salary and L.T.C claims of company employees on deputation to other government department.
- Passing of claims for House Rent Allowances.
- Preparation and issue of Last Pay Certificate of employees transferred to other units of the company or on deputation to other Organisations.
- Making provisions for liability at the end of the year for incorporating in the annual accounts and watching their subsequent adjustment.
- Maintenance of registers for rent, water and electricity charges of quarters let out to employees and others.

- Maintenance of all statistical and subsidiary ledgers and their reconciliation with financial books.
- The establishment section is required to maintain a very close liaison with Personnel department and Time office.

Monthly Payroll Processing

Controlling Officer will send the “Change Return” to the Accounts Wing on or by the due date. “Change Return” contains the attendance details of the employees for the current month incorporating any leaves applied for and sanctioned before the due date. The Section heads forward this document to the Payroll Section (PRS) of the Accounts Department for processing. It is assumed that the employee is available for duty for the rest of the month in case there are no pending or sanctioned leave applications before the due date. In case the employee takes leave for the month say after the due date then the same is intimated by a Supplementary Change Return. In case the Supplementary Change Return is received before the final processing of payroll by the PRS then the leave is reckoned for computation of the payroll. In case the Supplementary Change Return is received after the final processing of payroll (on the 21st of each month) by the PRS then the leave is marked in the Fixed Cost Register (FCR) by the concerned PRS clerk for action in the next month.

Accounts Department breaks up the leave of each employee into Earned Leave and Half Pay Leave depending on the number of days of leave standing to the credit of the employee. If the leave credit has expired then it is marked as “Loss of Pay”. The “Change Return” with the leave segregated as explained above is now processed manually by the Accounts section and entered into the Fixed Cost Register (FCR). The PRS now generates another “Change Return” documenting the leaves segregated, Loans disbursed, Loans to be deducted, Advances to be deducted. The PRS processes the pay bill manually and enters the data into the Fixed Cost Register. This forms the base document for all comparisons to be made with the computer processed pay bill. The leave details as regards the credit available and the avilment of leave are recorded in the credit of the service register. The Service Register is the total record of the employee and contains all details regarding his service with AP Genco. The Service Register record also gets transferred with the employee in the case an employee is transferred from one location to another.

The “Change Return” after incorporating the leave segregation and entry made in the Fixed Cost Register is then sent to the Computer Section for Data Entry.

The Computer Section processes the data based on the data sent and generates the "Rough Pay Bill". The pay bill will contain employee wise salary and deduction details and schedules for all deductions. This Rough Pay Bill is then sent to the accounts sections (PRS)

The Rough Pay Bill generated by the Computer Section is compared with the FCR and Sanction Register and is approved by the Accounts Department. The sanction register contains the details of the advances and Loans availed by the employee. The Rough Pay Bill is then corrected wherever required and then sent back to the Computer Section for final processing.

The Computer Section processes the Final Pay Bill incorporating the changes made by the accounts section and sends it back to the accounts section.

This final output is again checked by the accounts section and indent for LOC is prepared.

The indent is sent to Cash Section for conveyance to the HO. The indent will be for the net salary payable and for deductions, which are to be paid by the company.

All the salary Disbursements are made through Bank. There are no cash payments.

After receipt of the LOC the cash section prepares a payment advice to the various banks in which the employee maintains an account.

Transfer of Employees

In case of an employee is transferred to the unit, the accounts department (PRS) will receive a copy of transfer order from HO. After employee joins the unit, the controlling officer will send the joining report to the Accounts Department (PRS). The Accounts Department will receive the Service register and Last Pay Certificate (LPC), of the employee from the unit from which the employee is transferred. The LPC will contain all the pay details of the employee along with dues to be recovered from the employee. On the basis of LPC, the accounts department (PRS) will include the details of employee into FCR and sanction registers. In case an employee is transferred out of the unit, the accounts department will receive the copy of transfer order. After the receipt of transfer order, the accounts department will send the LPC and SR of the employee to the unit in which he is transferred. In case of inter unit transfer; the transfer order will be issued by head office, whereas Chief Engineer concerned will issue the same for intra unit transfers.

Superannuation / Retirement of Employee

The employee before one month of Retirement/Superannuation is expected to submit an application to the PRS indicating the Retirement/Superannuation date in the specified format. PRS Section closes the FCR based on the application. This closure is intimated to the Computer Section through the Change Return. The Computer Section will delete the records of the employee based on the Change Return.

PF, ESI AND OTHER EMPLOYEE STATUTORY DEDUCTIONS AND REMITTANCES

Employees Provident Fund (EPF)

The EPF deductions out of the salary of the employees are made and the sum of the deductions together with the employer's contribution are remitted to the Regional Provident Fund Commissioner accompanied by the monthly return. In this connection Form 9 which is a statement furnishing details of all employees in the establishment is to be submitted to the Regional Provident Commissioner on coverage of the employees.

Tax Deducted at Source

The PRS section provisionally calculates the monthly deduction of TDS, which is based on the previous years total TDS deduction of the respective employee plus an additional 10% as contingency to cover for any increments etc. This is divided into 12 equal installments and the same is deducted from the salary of the employee.

TDS schedule is generated by the computer section and forwarded to the PRS.

PRS section will cross verify this schedule with the FCR and prepare the TDS challan for payment.

The PRS section also maintains an employee wise Income tax remittance register to record the TDS remittances of employees. This register will be updated with the TDS remittances of the employees.

This challan is forwarded to the Cash Section who in turn will remit the amount.

In December the TDS is recalculated on the basis of the salary drawn and savings made by the employee during the past nine months and any incremental or decremental TDS deducted is adjusted in the subsequent months i.e. Jan – Mar.

The Annual TDS return is also processed by the PRS section with the help of Income tax remittance register and filed.

Form 16 is prepared by PRS utilising the Income tax remittance register and is distributed to the employees.

Advances

Interest Free Loans

Name of the Advance	Frequency of Granting of Advance	Maximum Limit in Rs.	Recovery Period in months
Education Advance	Yearly once (*)	2000	10
Festival Advance	Any number of times during the year (*)	Class IV - Rs. 900	10
		Class III - Rs. 1500	10

(*) – Subject to clearance of prior advance taken if any.

Note: (The above are subject to and to be read with AP Genco Rules)

Sanction of Interest Free Loans

Employee will send the application to the controlling Officer. The Festival Advance is granted based on an application.

Controlling Officer forwards the application to the Accounts Department (PRS).

The Accounts Department will sanction the requisition after verifying the sanction register and FCR. The new advance if approved is entered in the sanction register and the FCR. The sanctioning Authority is given below:

Staff Grade	Sanctioning authority
O&M staff	Assistant Accounts Officer
Provincial staff	Accounts Officer

The accounts department (PRS) will prepare a voucher for the sanctioned amount and forward the same to the cash section.

Cash Section prepares a cheque for the same and hands over to the concerned employee.

Interest Bearing Loans

House Building Advance

Basic Pay (Rs.)	Loan Limit	Rate of Interest
Up to 7970	2.50 Lakhs or 60 times of basic whichever is less	Class IV – 7.50 % Others – 8.50 %
7970 – 12645	3.00 Lakhs or 60 times of basic whichever is less	
12645-18575	3.75 Lakhs or 60 times of basic whichever is less	
Above 18575	4.50 Lakhs or 60 times of basic whichever is less	

Those who have not availed House Building Advance Rs. 90000 or 15 times of Basic Pay whichever is earlier can be availed as Loans for Repairs of House. The Loan recovery period is determined by HO. The employee is supposed to give self-declaration stating that he requires a loan for repairs of the house.

(Note : The above are subject to and to be read with AP Genco Rules/ sanction letters)

Vehicle Advance

Name of the Advance		Basic Pay (Rs.)	Maximum Limit in Rs.	Rate of Interest in diminishing Balance Method	Recovery Period in months
Bicycle advance		All employees	1800	6.5%	Decided by HO
Motor Cycle Advance	Moped	4300 and above	13500 or Cost of the Vehicle whichever is less	Class IV-6.50 % Class III-7.50 % Others 8.50 %	
	Motor cycle/scooter	5320 and above	30000 or Cost of the Vehicle whichever is less		
Motor Car Advance		12265 and above	200000		

(Note : The above are subject to and to be read with AP Genco Rules/ sanction letters)

Marriage Advance

Employee	Eligibility	Rate of Interest
Male Employee or Employee Son's Marriage	Grade IV – Up to Rs. 7500 Others - Up to Rs. 12500	Class IV–6.50 % Class III-7.50 % Others 8.50 %
Female Employee or Employee Daughter's Marriage	Grade IV – Up to Rs. 15000 Others - Up to Rs. 25000	

The employee makes a self-declaration and gives the Marriage Invitation Card as proof for the advance

(Note : The above are subject to and to be read with AP Genco Rules/ sanction letters)

Sanction of Interest Bearing Loans:

Employee will send the application to the Controlling Officer.

Controlling Officer forwards the same to the Accounts Department.

The Accounts Department will forward the same to the Head Office. The Application copy along with the Salary Certificate is sent to HO. The Salary Certificate contains all the details of the employee like loans availed, deductions and pending Loans in addition to the pay details.

Once the sanction is received from HO a voucher is prepared by PRS and entry is made in the Sanction Register. This voucher is then sent to HO for payment. HO makes the payment by sending a cheque to PRS and the PRS disburses the cheque to the concerned employee. Along with the cheque the principal and interest recovery terms are also sent by HO. These terms are entered into the sanction register and FCR. In addition, sanction and satisfaction of long terms are recorded in the Service Register.

Pension and Pensionary Benefits

The different types of Pensions given to the employees are as given below:

- Superannuating Pension
- Retiring Pension
- Invalid Pension

- Family Pension

Superannuating Pension:

Superannuating Pension is for employees who retire after the attainment of the retirement age, which in this case is:

Employee Grade	Age of Retirement in Years
Class IV	60
Others	58

Process when an Employee attains the Superannuation age: (those settled at field level)

The retiring employee should submit the application for pension at least one month before the retirement date to the concerned Payroll Section. The payroll section along with application, will forward NDC (No Due Certificate), LPO (Last Pay Order) to the pension section. In case the employee has any advances/loans due to the company, this will be mentioned in the NDC. The LPO contains the details of last pay given to the employee.

The pension section prepares the eligibility note on the basis of application submitted by the retiring employee. The eligibility note contains the calculation of Superannuation Pension, Gratuity and Commuted Value of Pension to be paid to the retiring employee. The stepwise calculation methodology is given in the format of the Eligibility Note. Any dues from the employee are adjusted in the Eligibility Note and a final Sanction letter is generated. The sanction letter will contain the net amount payable as gratuity (i.e. after deducting the dues), commuted value of pension and monthly pension payable to the employee.

In case of any dues remaining from the employee, the same will be deducted from the gratuity payable and Commuted Pension to the retiring employee.

On the basis of Eligibility Note prepared, the pension section applies for LOC through cash section for the gratuity amount and commuted pension value.

Before the retirement date, the pension section will obtain the final NDC & LPO and Service Register of the retiring employee from payroll section.

The Pension Section will also prepare a service history.

After the sanction, the pension section will prepare Pension Pay Order (PPO), Gratuity Pay Order (GPO) and Commuted Value of Pension (CVP) for the retiring employee. The pension section maintains a PPO, CVP & GPO Register, which contains all the details of payments made as gratuity & commuted pension and monthly pension to be paid to the retiring employee.

This PPO, CVP and GPO Register contains the following details along with the employee's photograph and a joint photograph of the employee and the first nominee.

- Name of the Employee.
- Code allotted to the Employee
- Date of Birth & Date of Retirement
- Date of Appointment
- Personal Identification Marks
- PPO No, GPO No & CVP No.
- Payment details of PPO, GPO & CVP

The PPO, GPO and CVP will be sanctioned by the SAO on the basis of the sanctioned eligibility note.

After the sanction of PPO, GPO & CVP, the pension section will prepare the payment voucher for gratuity and commuted pension and will be sent to cash section. The cash section will prepare a cheque for the voucher amount and handed over to the retiring employee.

The pension section obtains the cheque numbers for the above-mentioned payments from cash section and records it in the PPO, CVP and GPO Register and Payment register. The Payment Register contains the amounts paid to the retiring employee and the cheque numbers.

The pension section obtains a declaration in the prescribed format from the retiring employee for remitting the monthly pension by crediting the bank account mentioned in format.

Superannuation Pension is payable to the employee till his death and after the employee's death to the spouse as Family Pension for the next seven years or upon the spouse attaining 65 years of age whichever is earlier succeeding the death of the employee at the same rate as was paid to the employee. Thereafter the pension payable to the spouse is 30% of the last drawn pay of the employee till the death of the spouse or re-marriage whichever is earlier.

To ensure the above mentioned conditions the retiree has to submit the following declarations:

Declaration Frequency	Declaration Type	Type of Pensioner
Bi-Annual	Life Certificate	All Pensioners
Annual	Non - Employment Certificate	All Pensioners
Annual	Certificate of Non – remarriage	Family Pensioners
Annual	Physical Appearance and Signature in the Pensioners' Address and Signature Register	All Pensioners

Pay roll accounting Entries:

Monthly Payroll Processing

Account Head	Account Sub Head	Debit	Credit
Basic Pay		xx	
FPP	4500xx/4510xx/4520xx	xx	
VDA		xx	
PHC Allowance		xx	
Generation Allowance		xx	
Uniform Allowance		xx	
Boiler Allowance		xx	
Non Prct Allowance		xx	
Coal Allowance	4501xx/4511xx/4521xx	xx	
Special Allowance		xx	
Shift Allowance		xx	
HRA		xx	
Cycle Allowance		xx	
Conveyance Allowance		xx	
Other Allowances		xx	
Motorcycle Advance	2330xx		xx
Motor Car Advance			xx
Cycle Advance			xx
House Building Advance			xx

Account Head	Account Sub Head	Debit	Credit
Marriage Advance			XX
Festival Advance	2332xx		XX
Education Advance			XX
Income Tax	2523xx		XX
EPF Contribution	2521xx		XX
GPF Contribution			XX
GPF Advance			XX
APGLI Recovery			XX
APGLI Loan			XX
GSLIS Recovery			XX
Finance Loan			XX
CC TV Recovery			XX
Court Attachment			XX
LIC Recovery	2521xx		XX
Co-Op Society			XX
Co-Optex / APCO			XX
Profession Tax			XX
Colony Welfare Fund Contribution			XX
Death Relief Fund			XX
GPF Contribution			XX
GPF Loan			XX
Cycle Interest			XX
Motorcycle Interest			XX
Motor Car Interest			XX
House Building Interest			XX
CC Charges			XX
House Rent Recovery			XX
Pay Adv (O & M)			XX
To Bank	2010xx		XX

Loan/Advances Grant

Account Head	Account Sub Head	Debit	Credit
Motor Car Advance		xx	
House Building Advance		xx	
Marriage Advance		xx	
Motorcycle Advance		xx	
Cycle Advance		xx	
Festival Advance		xx	
Education Advance		xx	
GPF Advance		xx	
GPF Loan		xx	
Tour Advance		xx	
Bank Account	2010xx		xx

Interest Recognition Entry

Account Head	Account Sub Head	Debit	Credit
Motor Car Interest		xx	
Interest on Staff Loans			xx

Pension and Pensionary Benefits**Initial Disbursement**

Account Head	Account Sub Head	Debit	Credit
Gratuity	2532xx	xx	
Commutated Value of Pension	2532xx	xx	
Bank Account	2010xx		Xx

Monthly Disbursement

Account Head	Account Sub Head	Debit	Credit
Bank Account	2010xx		xx
Pension		xx	

Account Name
Inter unit accounting entries

All entries covered in this section relate to transaction between Head Office and the respective units as well as transactions between various units. The balances in these accounts have to be squared off and the balance appearing in the final consolidated Trial Balance should be NIL.

The Sub account Groups are divided into Head office control accounts (2299) and Branch Adjustment Account (22xx).

Transactions between Head Office and Unit

Entries to be passed at Head Office – (Payment by Head Office)

Account Head	Account Sub Head	Debit	Credit
Branch Adjustment Account	2299xx	xx	
Bank	2010xx		xx

Entries to be passed at Receiving Unit

Account Head	Account Sub Head	Debit	Credit
Advances for Materials	230xxx	xx	
To HO Control Account	2299xx		xx

Transactions between Units

Entry to be passed by transferor unit

Account Head	Account Sub Head	Debit	Credit
Head Office Control account	2299xx	xx	
Inventory	18xxxx		xx

Entry to be passed by transferee unit

Account Head	Account Sub Head	Debit	Credit
Inventory	18xxxx	xx	
Head Office Control account	2299xx		xx