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KERALA WATER AUTHORITY

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FOR COMMUNITY WATER SUPPLY AND
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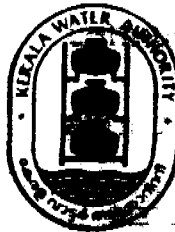
for

1. REVENUE ACCOUNTING SYSTEM
2. PERSONNEL COST ACCOUNTING
3. CASH AND FUNDS ACCOUNTING
4. FINAL ACCOUNTING SYSTEM

202.8-93Co-12229

KERALA WATER AUTHORITY

TRAINING CENTRE



LIBRARY, INTERNATIONAL REFERENCE
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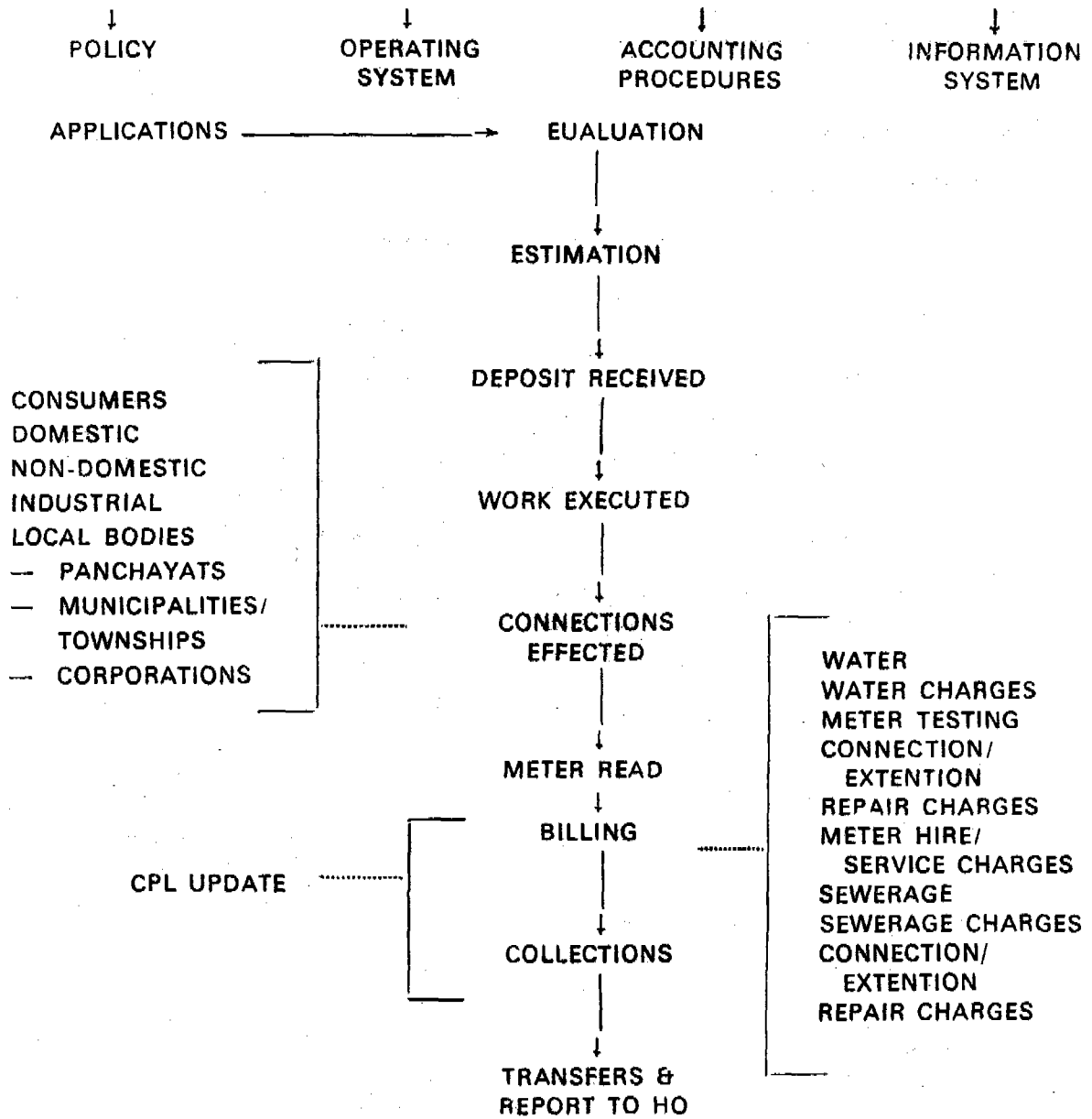
for

1. REVENUE ACCOUNTING SYSTEM
2. PERSONNEL COST ACCOUNTING
3. CASH AND FUNDS ACCOUNTING
4. FINAL ACCOUNTING SYSTEM

CONTENTS

	Page No.
REVENUE ACCOUNTING SYSTEM	1--20
PERSONNEL COST ACCOUNTING	21--54
CASH AND FUNDS ACCOUNTING	55--74
FINAL ACCOUNTING SYSTEM	75--88

REVENUE ACCOUNTING OVERVIEW



REVENUE ACCOUNTING
ACCOUNTING POLICIES

- ★ **RECOGNITION OF REVENUE**
 - On Raising of Bills
 - Provisional Income For Water Supplied And Ascertained But Not Billed

- ★ **WATER/SEWER TAX COLLECTED BY LOCAL BODIES**
 - As And When Due. If Not Quantifiable Then An Estimate

- ★ **Deposits for work, Treated as Income, on completion of such work and where assets are not handed over to the Depositor, in the year of such completion, if.**
 - (1) The Individual Deposit Amount is Less than Rs. 1 Lakh.
 - (2) At specified % as Determined by the Authority, In other cases.

- ★ **FINES & PENALTIES**
 - As and When Collected / Raised

- ★ **GRANTS AND SUBVENTIONS**
 - Revenue Grants and Subventions are Income in the Period of such Receipts.

- ★ **PROVISION FOR DOUBTFUL DEBTS**
 - As per policy, provide for debts which are doubtful.

- ★ **WRITE-OFFS**
 - Period in which board Authorises such write-off's.

**REVENUE ACCOUNTING
INFORMATION SYSTEM**

FORMS TO BE USED FOR INFORMATION/ACCOUNTING-TRANSMITTED TO H.O.

<u>FORM</u>	<u>PERIOD</u>	<u>NATURE</u>
RA 25	Monthly	Demand, Collection & Balance for all types of consumers
RA 28	..	Water/Sewer connection work order Issue report
RA 29	..	Water/Sewer connection work completion report
RA 30	..	Connection Statistics
RA 31	..	Status of Meter reading/Billing etc. - Internal Position Reporting
RA 32	Quarterly	Agewise analysis of Sundry debtors
RA 33	Monthly	Bad and doubtful Debts Report
RA 35	..	Abstract of Register of maintenance charges
RA 36	..	Statement of completed Deposit work of others
RA 37	Annual	Details of unbilled Income at the year end - Income Recognition

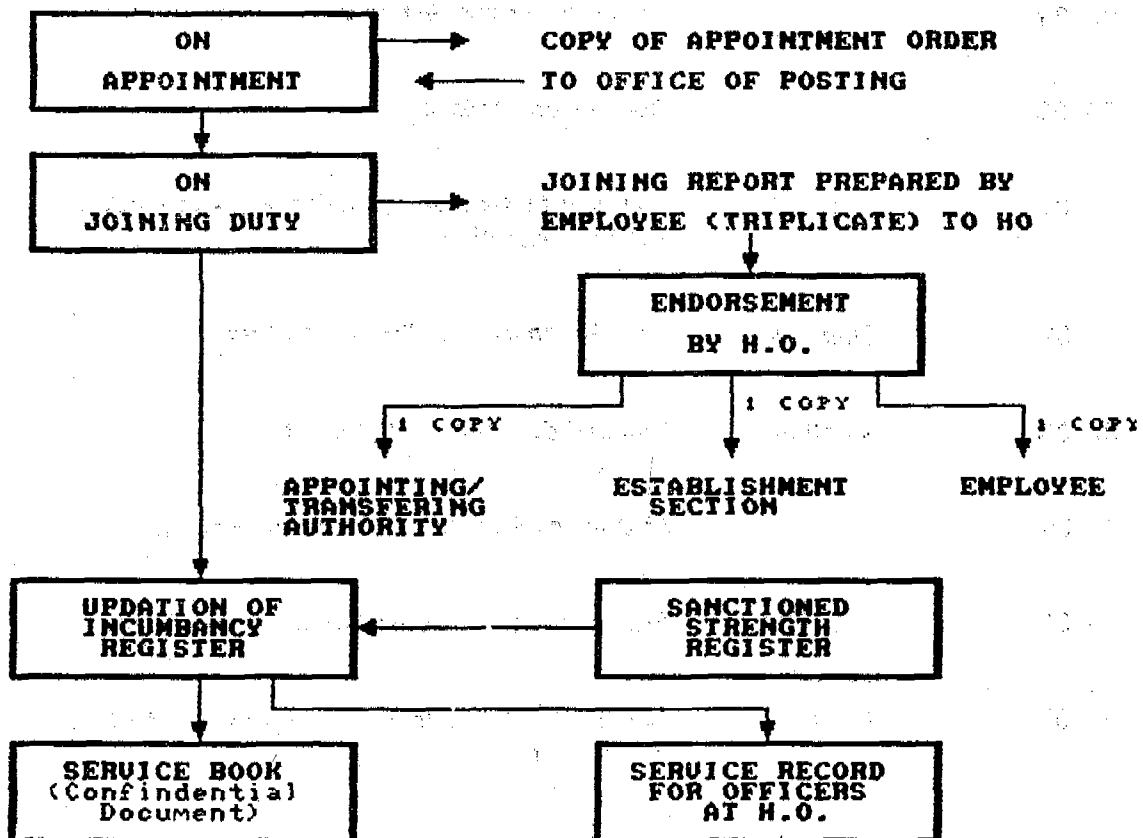
**PERSONNEL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

A. GENERAL

ESTABLISHMENT SECTION IS RESPONSIBLE FOR MAINTENANCE OF ALL EMPLOYEE RELATED DETAILS SUCH AS PERSONNEL RECORDS, AUTHORITY'S GUIDELINES AND RULES (INCLUDING AMENDMENTS), PAYBILL PREPARATION AND CLAIMS.

B. ESTABLISHMENT PROCEDURES

B-1. APPOINTMENT AND JOINING DUTY



**REVENUE ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

(Continued from Chart - 4)

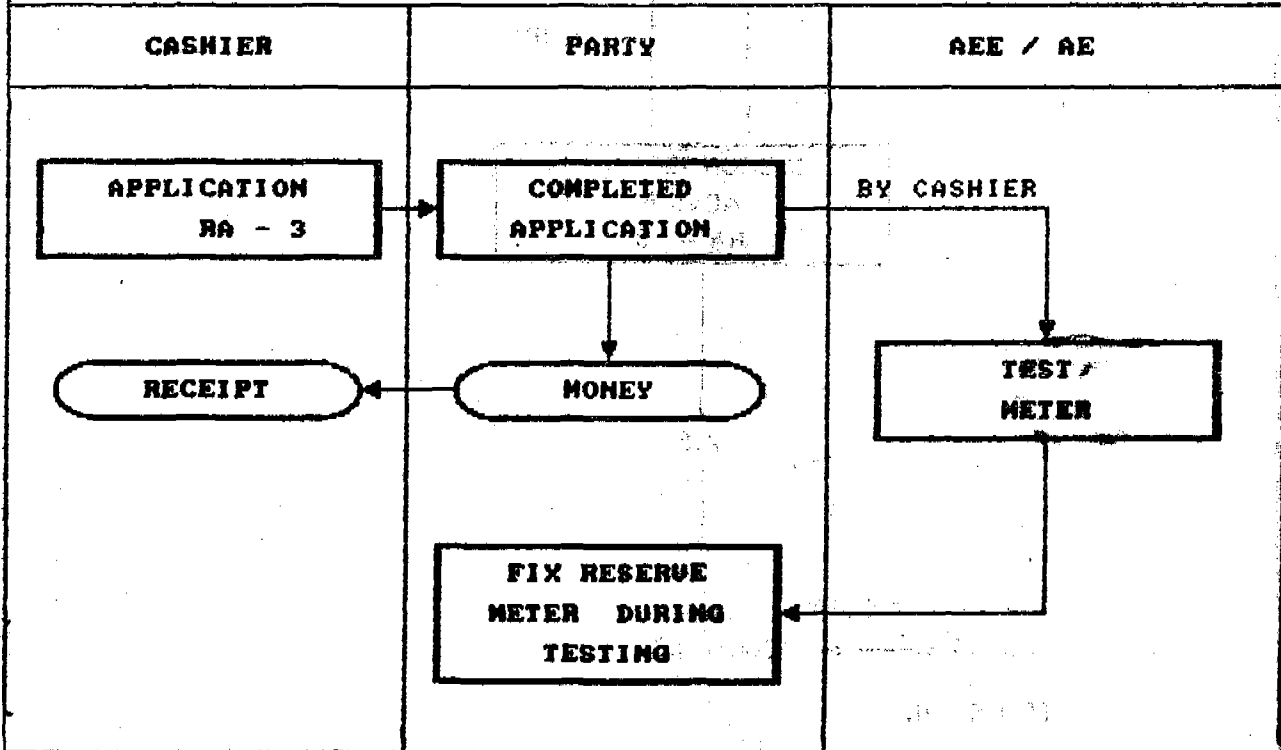
A. CONNECTION

RE-CONNECTIONS

SAME PROCEDURE AS IN CHART - 4 EXCEPT THAT BEFORE GIVING RE-CONNECTION ENSURE

- (i) DISCONNECTION CHARGES
- (ii) OUTSTANDING DUES FOR WATER/SEWER SERVICES HAVE BEEN PAID

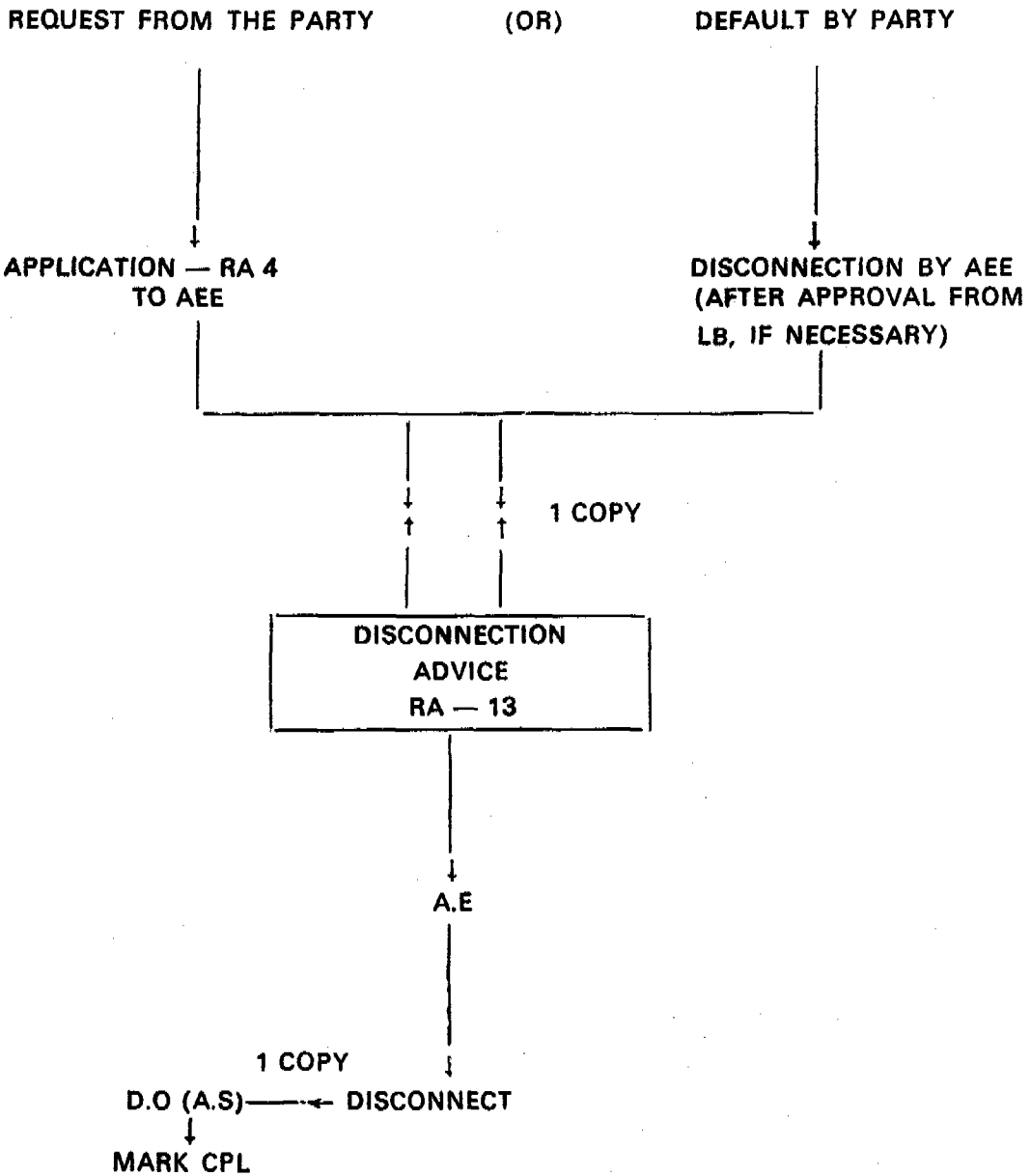
METER TESTING



**REVENUE ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

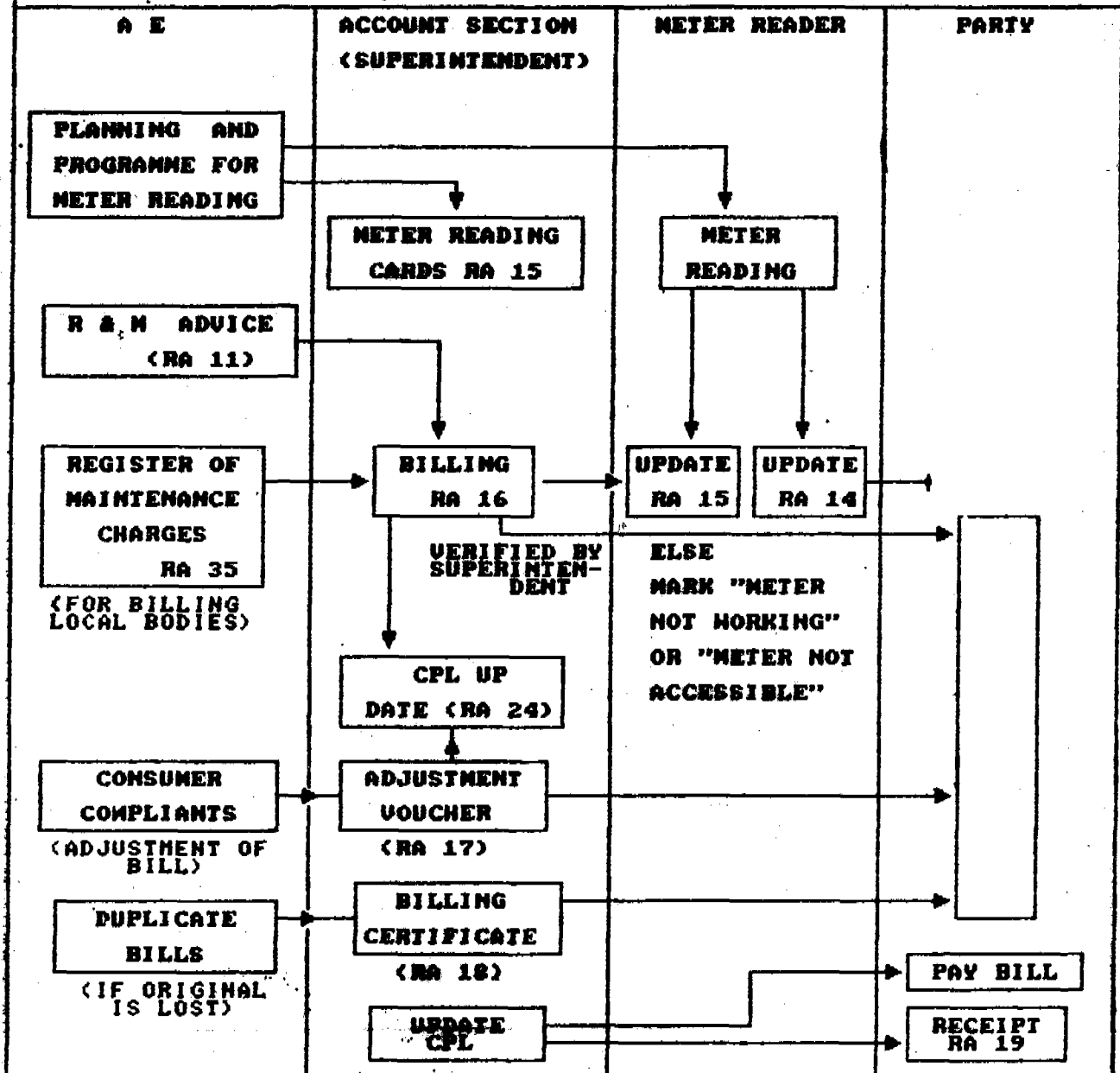
CHART No. 6

B. DISCONNECTIONS



**REVENUE ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

C. BILLING

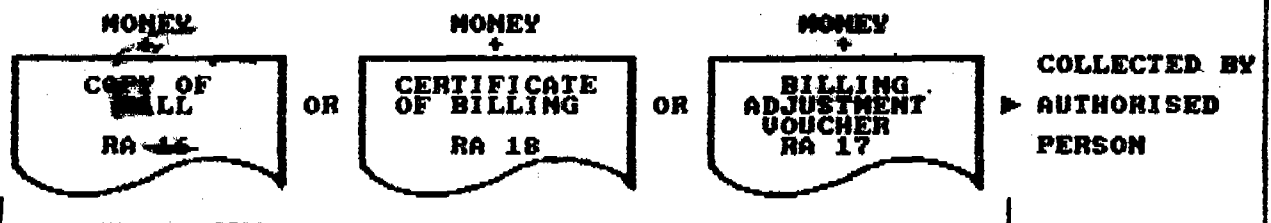


**REVENUE ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

D. COLLECTION

ALL COLLECTIONS → COLLECTED BY → EG. BILL COLLECTOR/
AUTHORISED PERSONNEL ONLY CASHIER

CASH/DD/CHEQUES/MONEY ORDER/
IN PERSON / BY POST



RECEIPT (RA 19) HANDED TO CONSUMER

UPDATE
CPL

IF RECEIVED LATER
THAN DUE DATE
COLLECT FINES & PENALTIES
AS AUTHORISED AND APPROVED
IF NOT COLLECTABLE AT THAT POINT OF
TIME, NOTE IT ON CONSUMER CARD,
COLLECTABLE IN SUBSEQUENT
PERIOD

**REVENUE ACCOUNTING
ACCOUNTING PROCEDURES**

B. CONNECTION

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
* MONEY RECEIVED ON			
— Sale of application Form & Estimate fee	— Update Cash Book receipt side 'Miscellaneous Income'	CB 8	7299
— Deposit for connection	— Update Deposit work register	RA 7	
	— Update Cash Book Receipts side	CB 8	
	"Deposit work for water supply/ Sewerage works" (DWWS / DWSS)		2761 to 2779 (As may be)
	"Centage Charges"		6511
	"Supervision Charges"		6513
	"Special Deposits-WCD/SCD" (Refundable)		2741 to 2756
— On completion of work (RA 9)	— Update Deposit work register	RA 7	
— On receipt of completion Notice (RA 10)	— Update Deposit work register If cash is received	RA 7	
	— Update Cash Book Receipt side DWWS/DWSS		2761 to 2779 (As may be)
	"Centage Charges"		6511
	If Cash is refunded	CB 8	
	— Update Cash Book Payment side "DWWS/DWSS"		2761 to 2779 (As may be)

**REVENUE ACCOUNTING
ACCOUNTING PROCEDURES**

B. CONNECTION

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
* Meter testing charges (Money received Along with KA 29)	— Update Cash book Receipt side "Meter testing charges from....."	CB 8	6112/ 6212/ 6412/ (As may be)
* Details of work Completed (Consolidated For the Division RA 29) Accounting at HO	— Update deposit work Reserve register Column 5A - Total of Actual cost of connections Less than Rs. 1 Lakh. Column 5A - Total of Actual cost of connections More than Rs. 1 Lakh. Dr. "DWWS / DWSS" Cr. Reserve for deposit Work (Totals of 5A+5J)	RA 27	2761 To 2779 (As may be) 2115
At the year end	— Divide each column with No. of years to be Carried forward total Up the amount for one Year. This should de Accounted as Dr. Reserve for Deposit work Cr. Water/Sewer connection (DOM/NON-DOM/IND) The balance to be carried In a new Register		2115 6113/ 6122/ 6213/ 6222/ 6413/ 6422 (As may be)

REVENUE ACCOUNTING
ACCOUNTING PROCEDURES

B. CONNECTION

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
* In cases where Assets have been Handed over (On Receipt of Form RA 36)	Dr. DWWS / DWSS		2761 TO
			2779
	CR. CWIP		1111 TO
			1189 (As may be)

C. BILLING AND COLLECTION

* Connection Notice	— Create a Folio in Consumer Personal Ledger (CPL)	RA 24	
* On Receipt of Bill (RA 16)	— Update CPL	RA 24	
* On Receipt of Money	— Update CPL	RA 24	
	— Update the Cash Book Receipt Side "Control Account-Collections"	CB 8	9211
* On Dishonour of Cheques	— Update CPL	RA 24	
	— Update the Cash Book Payment Side "Control Account-Collections"	CB 8	9211
* On Receipt of Write-off	— Update CPL	RA 24	
* Provision for Unbilled Income	— Prepare "Details of Unbilled Income at The Year End".	RA 37	

**REVENUE ACCOUNTING
ACCOUNTING PROCEDURES**

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
EXTRACT CPL (RA 4A) INTO DEMAND COLLECTION BALANCE FORM RA 25 TO BE SENT TO HO			
HO Accounting			
* Columns of billing (Water Charges etc) (Consumer category- wise) for the month	Cr. Income accounts		6111 to 6423 & 7211
	Dr. Sundry debtors		1411 to 1416
* Collections (Consumer category- wise)	Dr. Control account- collection		9211 1411 to 1416
	Cr. Sundry debtors		
* Cheques returned/ dishonoured	Dr. Sundry debtors		1411 to 1416
	Cr. Control account- collection		(Aa may be) 9211
* Unbilled fines & penalties collected	Dr. Control account- collection		9211
	Cr. Fines & penalties		7211

REVENUE ACCOUNTING
ACCOUNTING PROCEDURES

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
* Receipt of Cheques/ DD'S (Revenue Collections only)	— Update mail inward Register		
	— Update Cheque Register Receipt side Under relevant Account code	CB 4	
	— Update revenue Collection scroll	CB 5	
	— Prepare Receipt Water/Sewer/ maintenance	CB 1	
	— Others	CB 2	
* Grants and Subventions (Revenue nature) (For other types Refer Cash & Funds)	— Update Cash Book Receipt side (Appropriate Account Code)	CB 8	7241 to 7245 (As may be)
* Sub Division Accounting (Receipt of Cash & summary scroll Inldg. Direct collection)	— Update Cash Book Receipt side "Control Account Collections"	CB 8	9211

REVENUE ACCOUNTING
ACCOUNTING PROCEDURES

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
★ Return/Dishonour Of Cheques	— Update Cash Book Payment Side "Control Account- Collections"	CB 8	9211
	— Update CPL	CB 24	

D. DEBTORS

- ★ Accounting for Debtors will be done Through RA 25 only (Entries Processed At H. O.) But CPL should be Maintained at Divisions only.

The Entries for RA 25 has Already been shown in Chart 11.

- ★ Provision for Doubtful Debts will be made at H. O. only.
- ★ Write-Offs should be Incorporated in CPL And Accounting will be done at H. O. Only.

**REVENUE ACCOUNTING
INTERNAL CONTROL**

- * Ensure that before any work for connection is started, that the Estimate amount has been Deposited.
- * Ensure, on Completion of work, proper collection of excess cost / Refund of excess deposit.
- * Control issue of Materials for the works.
- * Control meter reading, Billing and Collection.

- * Update CPL Regularly.
- * Control revenue collection scroll.

- * Verify cash with summary scroll.
 - If surplus / Defecit is moted
Record these in Appropriate Registers (CB 17)
And Investigate.

- * Ensure that return of cheques / Dishonour is properly Accounted.
- * Reconcile CPL with General Ledgers.
- * Follow up Outstandings regularly to reduce bad debts.

REVENUE ACCOUNTING

The following are the events that have taken place in the division.

Date	Particulars
02.05.91	M/s. TM Medical College deposited Rs. 9,800/- for laying some pipes. The breakup of Rs. 9,800/- is as follows Rs. 2,000/- for centage, Rs. 1,000/- for supervisory charges the rest is deposit. Pipe laying, once completed, will not be handed over to the TM Medical College.
12.05.91	The pipe laying work has been completed. The total cost has come to Rs. 12,000.
14.05.91	During the period April 90, certain industrial consumers did not pay their dues. Hence they were levied a penalty whose details are x-600, y-400, z-1000.
16.05.91	The billed amount of Rs. 200/- for water charges from Mr. R became bad as he had vacated his place and could not be traced.
17.05.91	Collection from A - Rs. 3,000/-.
17.05.91	Purchase of cement 1000 bags @ Rs. 100/- per bag on credit from B & Co.
18.05.91	The cheque from G Industries for Rs. 20,000/- was received and deposited.
18.05.91	Refund made to ABC & Co. Rs. 200/- (ABC & Co. originally deposited Rs. 1000/- for Deposit work water supply which has since been completed).
18.05.91	A demand draft was issued to FEG & Co. contractors. The Bank charges amounted to Rs. 100/-
18.05.91	Mr. G who is expected to pay his bill by 16.05.91 has failed to pay. Consequently, the penalty leviable on him is Rs. 100/-
19.05.91	10 reams of paper @ Rs. 100/- per ream purchased by North Division.
19.05.91	A water meter chamber was constructed for Rs. 1000/- with the help of Mr. O, contractor.
20.05.91	The following were the status during 5/91. Mr. A - Rs. 50,000/- billing, M/s. G. Industries- Rs. 10,000/- billing, ABC Corporation Ltd. - Rs. 1 lakh billing, DEF Municipality Rs. 300/- billing.
20.05.91	The cheque from G Industries was dishonoured.
23.05.91	Sale of scrap to Mr. H for Rs. 10,000/- but received only Rs. 8,000/-
24.05.91	This water meter chamber was sold to Mr. A, customer, for Rs. 1,200/-
26.05.91	A complaint was received from Mr. J that his water meter was not working, but billing was made to the extent of Rs. 1,000/-. The EE caused AE to check the complaint after which a refund was given to the extent Rs. 300/- for water charges.
30.05.91	The office car get fuelled at A & Co., authorised dealers of Hindustan Petroleum, and the bills are settled on a monthly basis. During 5/91 : 1000 litres of petrol @ Rs. 18/- per litre was billed. — Bill for 800 litres was received. — The bill was settled to the extent of 750 litres.
30.05.91	Electricity charge is billed for once in 2 months. The billing on every occasion come to Rs. 7 lakhs.
30.05.91	Swimming pool receipts for the period amounted to Rs 1,000/-
30.05.91	Scrap stock recovered from Fabrication Rs. 1,000/-
30.05.91	Cheques issued for payment of printing charges Rs. 200/-
30.05.91	Mr. X, an employee, was given medical reimbursement to the extent of Rs. 5,000/- relating to his expenditure incurred during the previous year.
30.05.91	Advertisement made for tender works Rs. 1000/- but not yet paid.
30.05.91	While updating CPI, a mistake was made by way of excess accounting for Rs. 500/-. But in RA 25, it was correctly written.

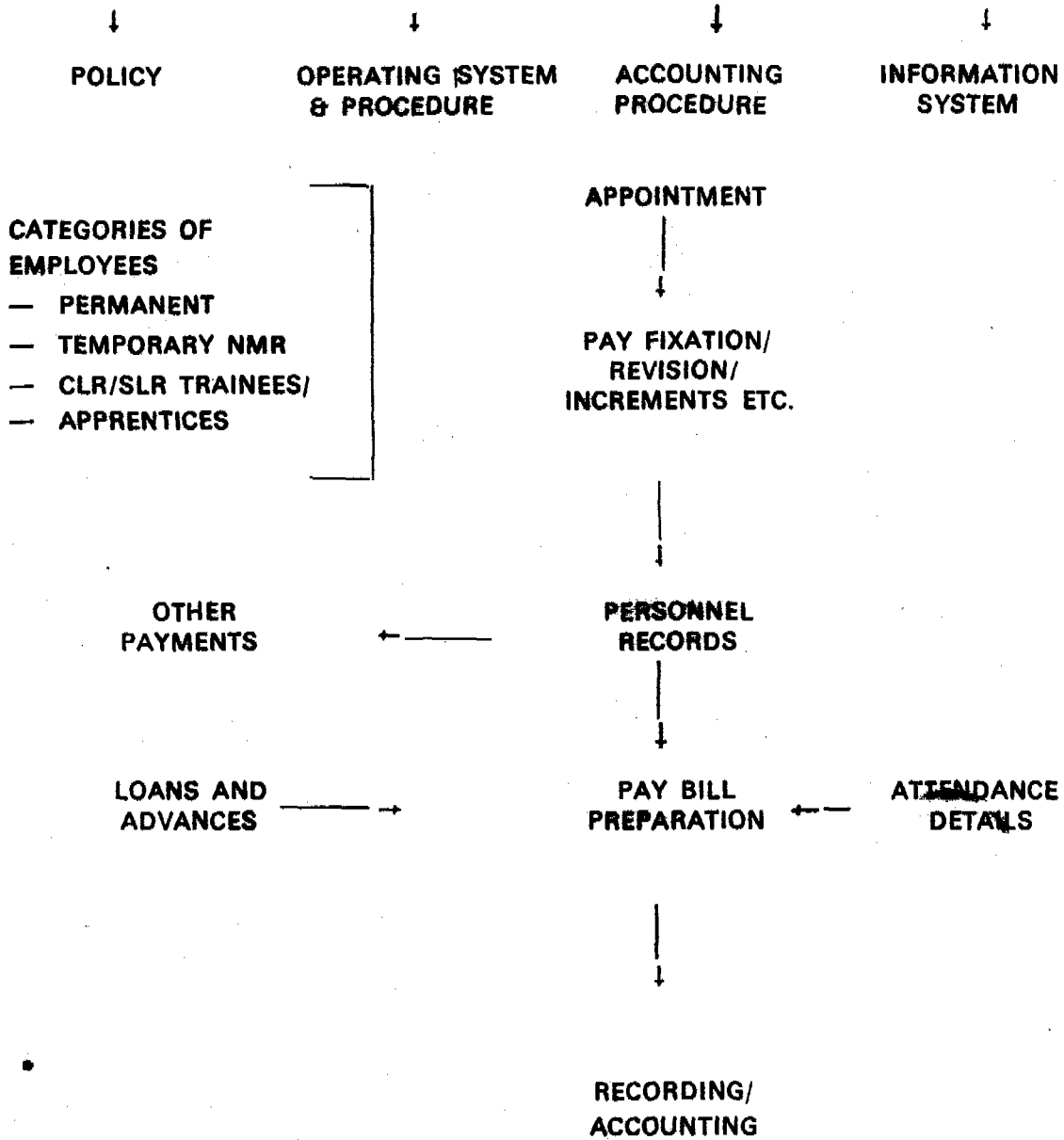
OBJECTIVE TYPE QUESTIONNAIRE FOR REVENUE ACCOUNTING

- 1 Revenue is recognised for a period, if it is
 - (a) billed
 - (b) unbilled
 - (c) services rendered but not yet billed
 - (d) a, c
- 2 Water / Sewer tax chargeable by local bodies is income for a particular period if.
 - (a) it is quantified
 - (b) it is billed
 - (c) Where it is not quantified, an assessment is made
 - (d) a, c.
- 3 Deposit received against water / sewer Deposit works shall be considered as income if.
 - (a) the work is effectively completed
 - (b) assets so created are not handed over to Depositors
 - (c) assets so created are handed over to Depositors
 - (d) a, b.
- 4 Penalties and fines will be considered as income when
 - (a) it is due
 - (b) it is collected
 - (c) it is billed and relating to previous billing cycle
 - (d) a, c.
- 5 Provision for Doubtful debts shall be made by Head Office as determined by
 - (a) Executive Engineer
 - (b) Board
 - (c) A. E. E.
 - (d) None
- 6 Debts to be written off shall be made by Head Office as determined by
 - (a) Board
 - (b) Executive Engineer
 - (c) A. E. E.
 - (d) FM & CAD
- 7 When household consumers utilise water for construction purposes, they are classified as
 - (a) Domestic Consumers
 - (b) Non-domestic consumers
 - (c) Industrial consumers
 - (d) Local bodies
- 8 Application by consumers for connection will be given in
 - (a) RA 5
 - (b) RA 6
 - (c) RA 1
 - (b) RA 10
- 9 Completed application forms from consumers will be accompanied by
 - (a) Local body's approval, wherever required
 - (b) Plan and estimate prepared by licenced plumber
 - (c) EE's approval
 - (d) a, b.

- 10 A work order in RA 6 shall be prepared only on receipt of
- (a) RA 1
 - (b) RA 5
 - (c) a, b
 - (d) EE's approval
- 11 The actual cost of connection will be intimated by the Accounts section to the consumer only on receipt of
- (a) completion advice RA 9
 - (b) board approval
 - (c) local body's approval
 - (d) none of the above
- 12 When excess deposit is repaid to depositor after completion of work, the following will take place
- (a) updation of cash book
 - (b) updation of deposit register
 - (c) a, b
 - (d) None of the above
- 13 The water supply will be disconnected on
- (a) consumer's request
 - (b) consumer's default of contractual obligation
 - (c) a, b
 - (d) None of the above
- 14 Keeping track of consumer's dues is enabled by
- (a) Customer's statement
 - (b) Consumer personal ledger
 - (c) Deposit Register
 - (d) Cash Book
- 15 Billing of maintenance charges on local bodies shall be based on
- (a) RA 1
 - (b) RA 25
 - (c) RA 35
 - (d) None of the above
- 16 Water/Sewer Tax chargeable by local bodies and due to Authority will be based on
- (a) Board's advice
 - (b) Agreement between local bodies and Authority
 - (c) Local body
 - (d) None of the above
- 17 Where a bill has been lost, upon representation, the consumer shall be given
- (a) Duplicate bill
 - (b) Credit card
 - (c) Billing Certificate in RA 18
 - (d) Billing adjustment voucher RA 24
- 18 When an excess billing complaint is confirmed, it shall be adjusted in consumer personal ledger through
- (a) Credit card
 - (b) Duplicate bill
 - (c) Billing adjustment voucher
 - (d) None of the above

- 19 Collections for the period is treated as
- (a) Income
 - (b) Debtor's adjustment
 - (c) Expenditure
 - (d) None
- 20 When a consumer's cheque is dishonoured, the following takes place in cash book to the extent of dishonour
- (a) Bank account entered in Receipt side, Cash account entered in payment side
 - (b) Cash account entered in receipt side, Bank account entered in payment side
 - (c) Debtor's accounts entered in Receipt side, collection account entered in payment side
 - (d) Collection account in the payment side
- 21 When cash on hand differs from Receipts & Payments and Revenue scroll, the difference is entered in
- (a) Cash book
 - (b) Surplus/deficit register
 - (c) RA 25
 - (d) RA 1
- 22 Consumer personal ledger is maintained with a view to ensure
- (a) correctness of debtor's balances
 - (b) correctness of cash book
 - (c) correctness of RA 5
 - (d) correctness of RA 10
- 23 Form RA 37 (details of unbilled income at the year end) is Important to accounts because it ensures
- (a) Completion of accrual accounting cycle
 - (d) Completion of cash cycle
 - (c) a, b
 - (d) None of the above
- 24 Deposit received to the extent of 5 lakhs for a total period of 4 years; The annual income for the authority will be
- (a) Rs. 1 lakh
 - (b) Rs. 1.25 lakhs
 - (c) Rs. 2 lakhs
 - (d) Rs. 2.25 lakhs
- 25 Deposit received by Cheque will be deposited in
- (a) Treasury account
 - (b) Non-operative Bank account, unless otherwise authorised
 - (c) Drawing account, if authorised
 - (d) None of the above

**PERSONNEL COST ACCOUNTING
OVERVIEW**



PERSONNEL COST ACCOUNTING
ACCOUNTING POLICIES

CHART No. 2

CHAPTER II

- * Liability towards salaries, wages and bonus to be provided for in the period when such charges accrue. E.g. April pay to be accounted in April.

- * Liability towards interest on General Provident Fund to be recognised at the end of Financial Year.

- * Provision for Gratuity and Pension to be accounted on accrual basis. i. e. to be recognised as Liability even if not paid.

- * Personnel costs such as medical reimbursement, encashment of earned leave etc., to be accounted as and when paid.

- * Interest Income on Loans and Advances given to employees to be accounted in the period in which such interest accrues (ie) whether due for recovery or not.

**PERSONNEL COST ACCOUNTING
INFORMATION SYSTEMS**

CHART No. 3

CHAPTER IV

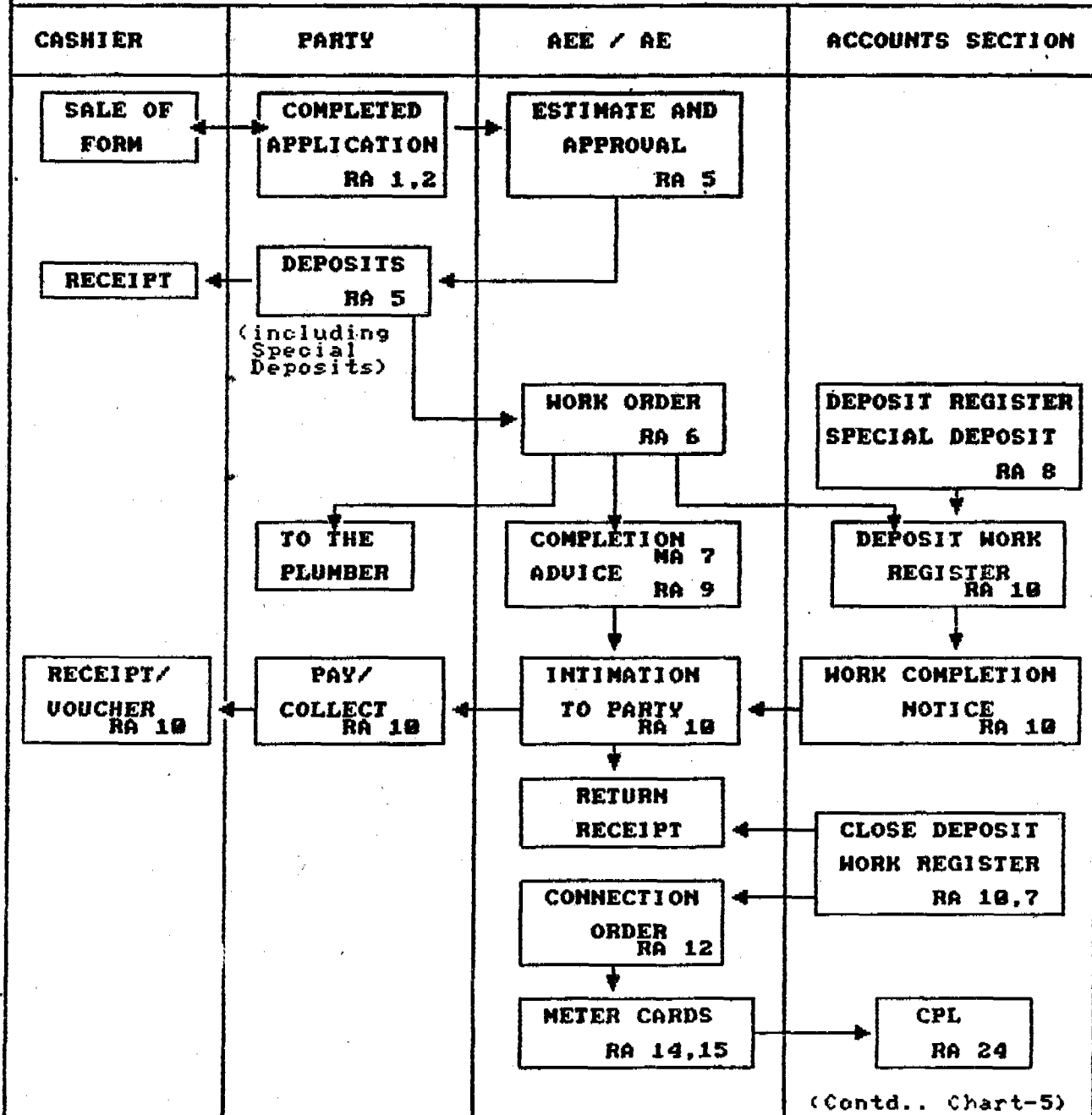
FORMS TO BE USED FOR INFORMATION / ACCOUNTING-TRANSMITTED TO H. O.

<u>FORM</u>	<u>PERIOD</u>	<u>NATURE</u>
PA 2	As & When Required	Last pay Certificate
PA 11	Monthly	GPF Schedule (Recoveries) including advances)
PA 12	Monthly	GPF Schedule (Payment of advances both refundable and Non-Refundable advances)
PA 13	Monthly	House building advance schedule advance paid & Recoveries towards interest & advance
PA 14	Monthly	Motor Conveyance advance schedule advance Paid & Recoveries towards interest & advance
PA 15	Annual	Bonus Calculation sheet
PA 17	As & When Required	Liability Certificate
PA 26	Annual	Salaries and wages outstanding for the month of March.

REVENUE ACCOUNTING OPERATING SYSTEM & PROCEDURES

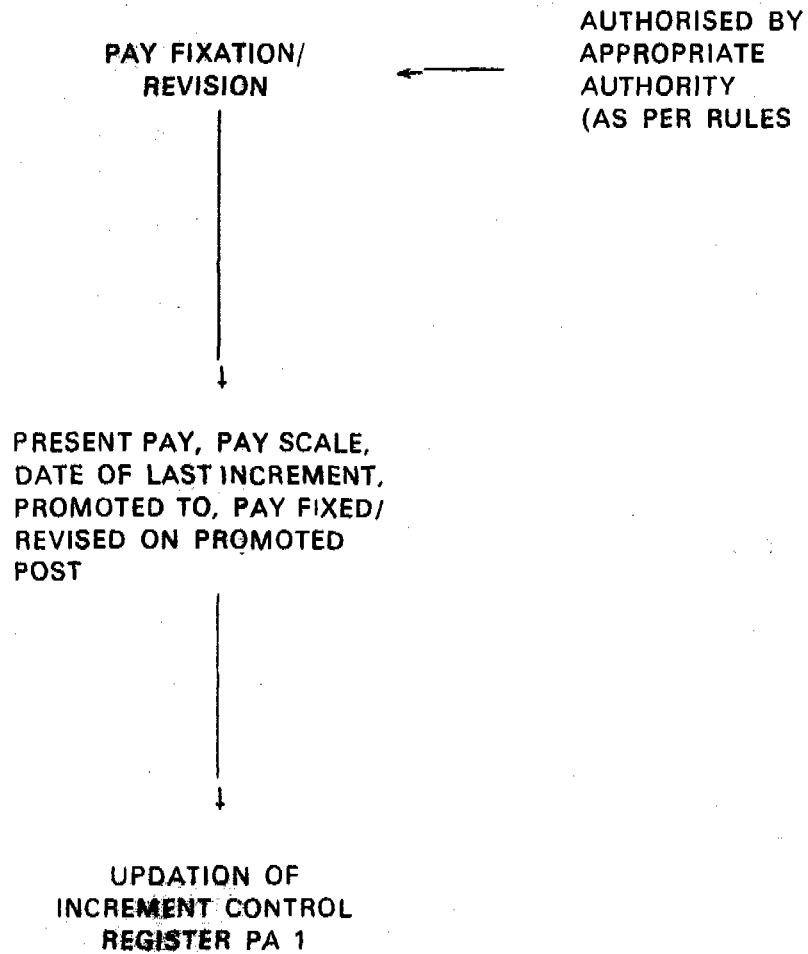
CHART NO. 4

A. CONNECTIONS



**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

B-2. PAY FIXATION, REVISION & INCREMENT



**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

B-3. TRANSFERS

TRANSFEROR OFFICE

TRANSFeree
OFFICE

HEAD OFFICE

→ TRANSFER OF EMPLOYEE

— PREPARE RELIEVING ORDER

→

→

↓

↓

EMPLOYEE

OFFICE COPY

→ RECORD TRANSFER IN PAYBILL REGISTER (PA 3), SERVICE BOOK INCREMENT CONTROL REGISTER (PA 1) INCUMBANCY REGISTER SEND LAST PAY CERTIFICATE (PA 2)

→

→

↓

OFFICE COPY
SERVICE BOOK, IF ANY
GPF PASS BOOK, INSURANCE
PREMIUM DEDUCTION ETC.

→

→

EMPLOYEE SUBMIT
COPY OF RELIEVING
ORDER, JOINING REPORT/
CERTIFICATE OF TRANSFER
OF CHARGE, IF ANY
CERTIFICATE OF TRANSFER
OF CHARGE (3 COPIES)

→

←

↓

OFFICE COPY

**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

B--5. NOMINAL MUSTER ROLL (NMR) EMPLOYEES

- Departmental Order, Maintenance of Service Records ETC.
As Per Rules of Authority.

B--6. CASUAL/SEASONAL LABOUR

- Employment Guided by Availability of Work and Other Approval

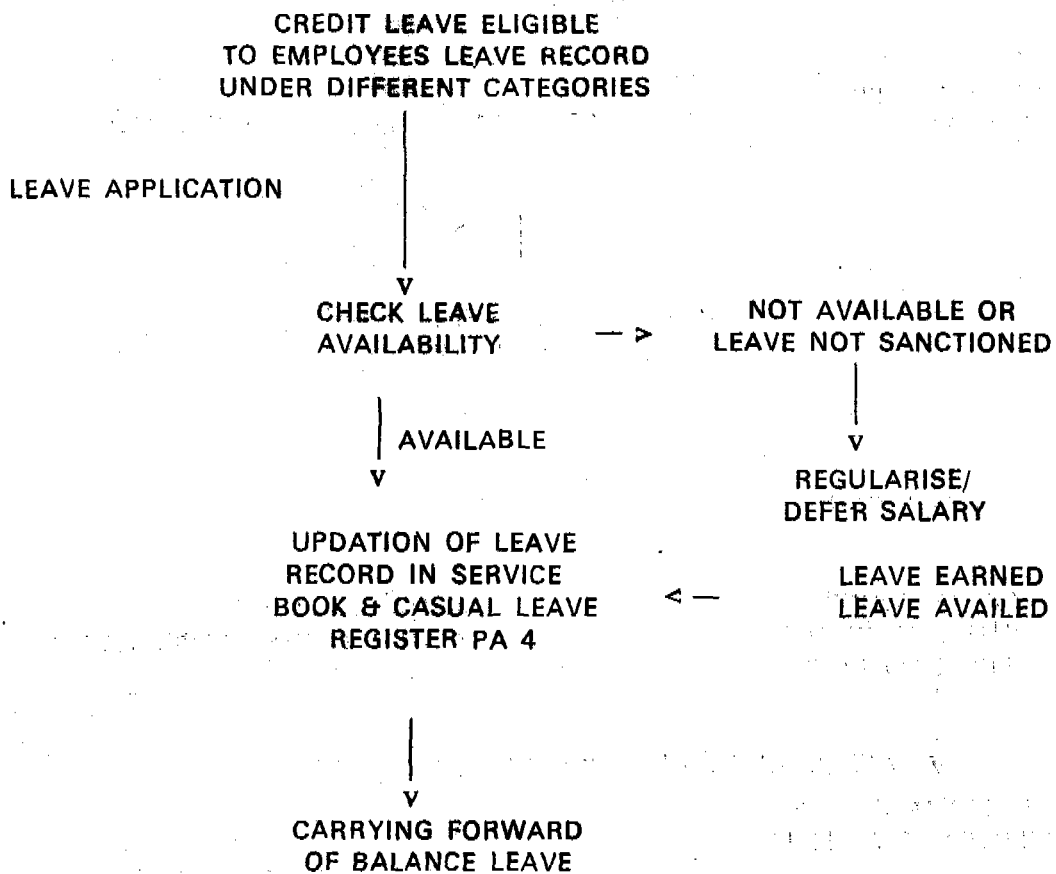
B--7. TRAINEES/APPRENTICES

- ENGAGED FOR TRAINING ON FIXED STIPEND
- Details of Stipend Paid
- To be Recorded in PA 28.

**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

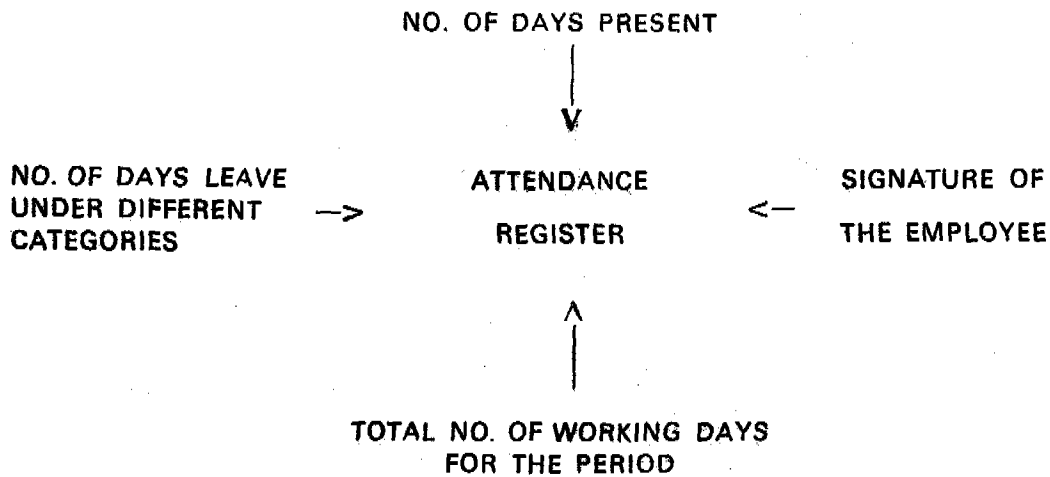
C. PAY BILL AND RELATED PROCEDURES

C-1. LEAVE

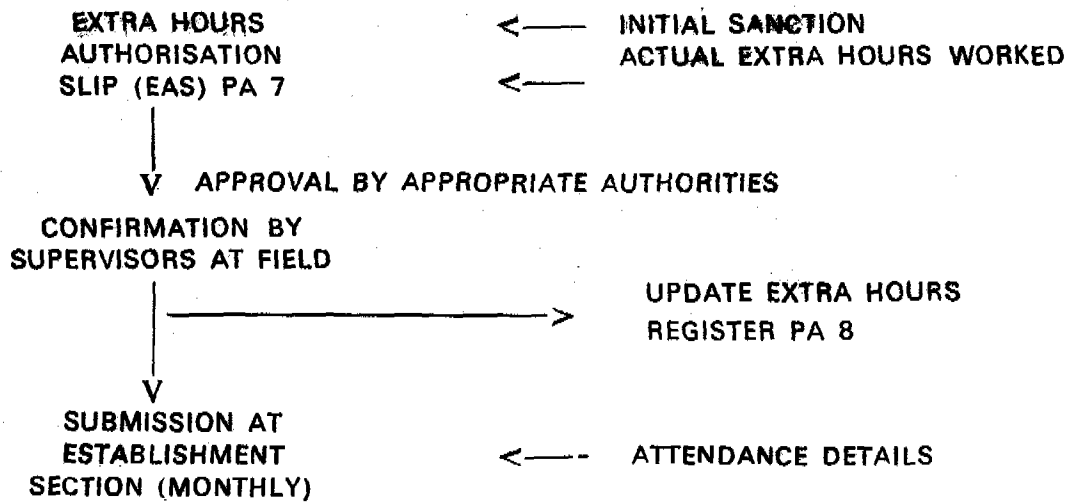


**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

C-2. ATTENDANCE



C-3. EXTRA HOURS



**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

C-4, PAY BILL PREPARATION

ESTABLISHMENT SECTION

DETAILS OF ATTENDANCE -- > VERIFY LEAVE RECORDS, IF ANY



COMPUTE PAY (PAY BILL REGISTER PA 3)



PREPARE PAY BILL (PA 9) — FOR EACH CATEGORY



VERIFIED AND AUTHORISED

**SERVICE BOOK
INCREMENT CONTROL REGISTER PA 1
HO ORDERS (DA ETC.,)**

INFORMATION FOR GROSS PAY

**SUBSCRIPTION TO GPF, FBS
ESI, LIC PREMIUM,
CTD PAYMENTS, REPAYMENT OF
LOANS AND ADVANCES
COURT ATTACHMENTS
INCOME TAX, OTHERS**

**INFORMATION FOR DEDUCTIONS
(SUBJECT TO MAXIMUM
PERMISSABLE DEDUCTIONS AS
PER RULES)**

**CASUAL LABOUR ROLL (PA 29) TO BE PREPARED AS PER RULES AND
TO BE APPROVED/AUTHORISED.**

PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE

C-6. PAYMENT OF DEDUCTIONS

DEDUCTIONS

- INCOME TAX
- INSURANCE PREMIUM ETC.,

PAYMENT TO OUTSIDE AGENCIES

- GPF SUBSCRIPTION PA 11
- GPF ADVANCE PA 12
- HOUSE BUILDING ADVANCE,
INTEREST PA 13
- CONVEYANCE, PURCHASE
ADVANCE, INTEREST PA 14

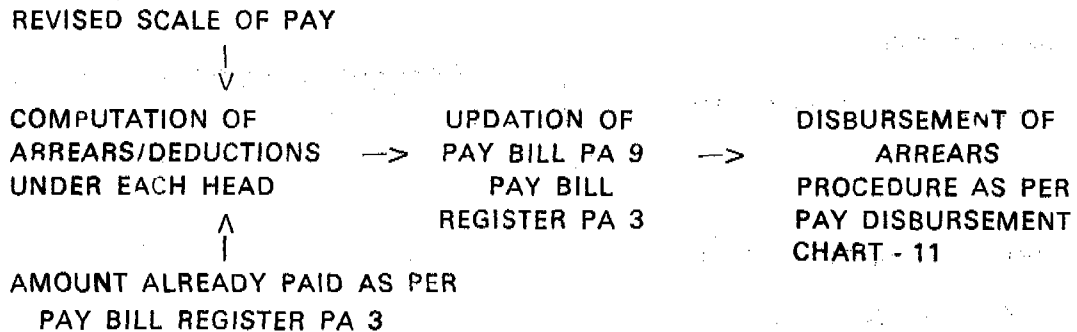
**THROUGH NON-OPERATIVE TO
HEAD OFFICE, IF ANY**

**REMITTANCE OF ALL DEDUCTIONS TO BE MADE BEFORE 5TH OF THE MONTH
IN WHICH SALARY IS MADE.**

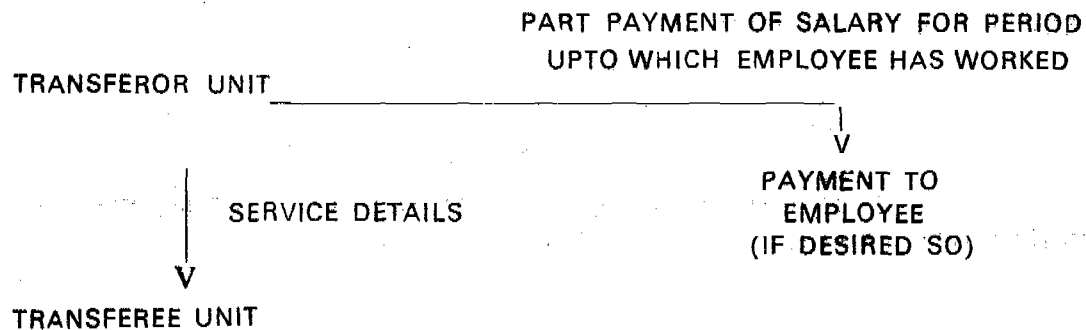
**ALL SCHEDULES PA 11, PA 12, PA 13, PA 14 TO BE SENT TO
HEAD OFFICE FOR RECORD / UPDATE.**

PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE

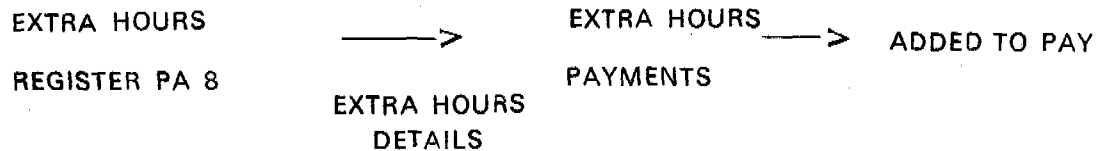
C-7. ARREARS OF SALARIES & WAGES



C-8. PART PAYMENT OF SALARIES



C-9. OVERTIME PAYMENTS



**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

- C-10. Casual Labour Register (PA 24) Abstract To Be Sent To Division By Sub - Divisions

- C-11. Every Year, Details Of Salaries and Wages For The Month Of March To Be Sent To Head Office In Form PA 26

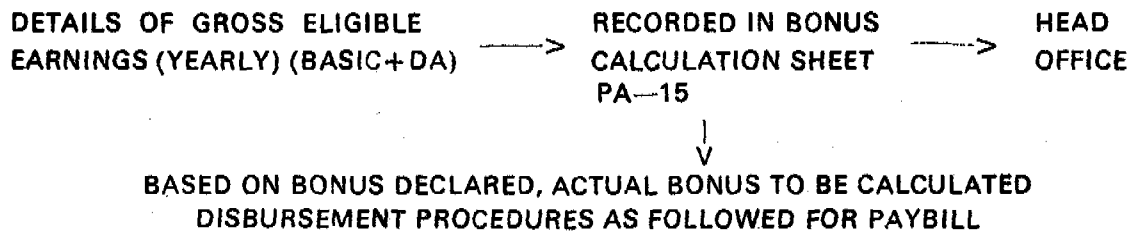
- C-12. Head Office To Maintain Registers For Provident Fund, Gratuity And Pension

- C-13. All Personnel Related Expenses Incurred On Maintenance Shall Be Allocated To Individual Schemes On An Appropriate Basis. Entries To Be Made In 'Register Of Maintenance Charges' - RA 35 Under 3 Digit Account Codes.

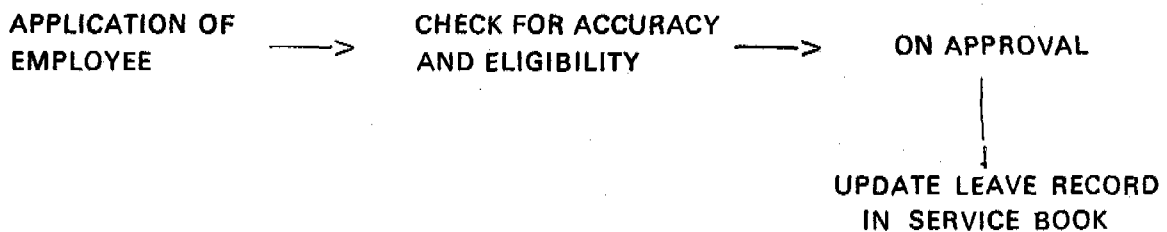
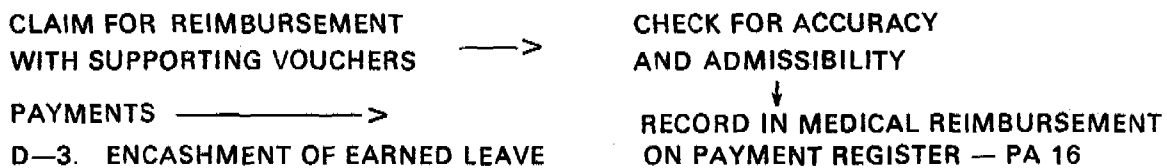
**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

D OTHER PERSONNEL PAYMENTS

D-1. BONUS



D-2. MEDICAL REIMBURSEMENT



**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

D-4. CESSATION OF EMPLOYMENT

LIABILITY CERTIFICATE - PA 17
& SERVICE BOOK



TO HEAD OFFICE



PREPARATION OF FINAL SETTLEMENT
— PA 18 INCLUDING LEAVE ENCASHMENT



APPROVAL



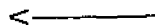
PAYMENT OF DUES
FROM DIVISION
OFFICE



ACQUITTANCE FROM
EMPLOYEE

CESSATION TO BE NOTED IN PAYBILL
REGISTER - PA 3, INCUMBANCY
REGISTER, INCREMENT CONTROL
REGISTER - PA 1, SERVICE BOOK -
MARK 'CLOSED'.

PENSION FOR ELIGIBLE
EMPLOYEES



OBTAIN LIFE CERTIFICATE
PERIODICALLY

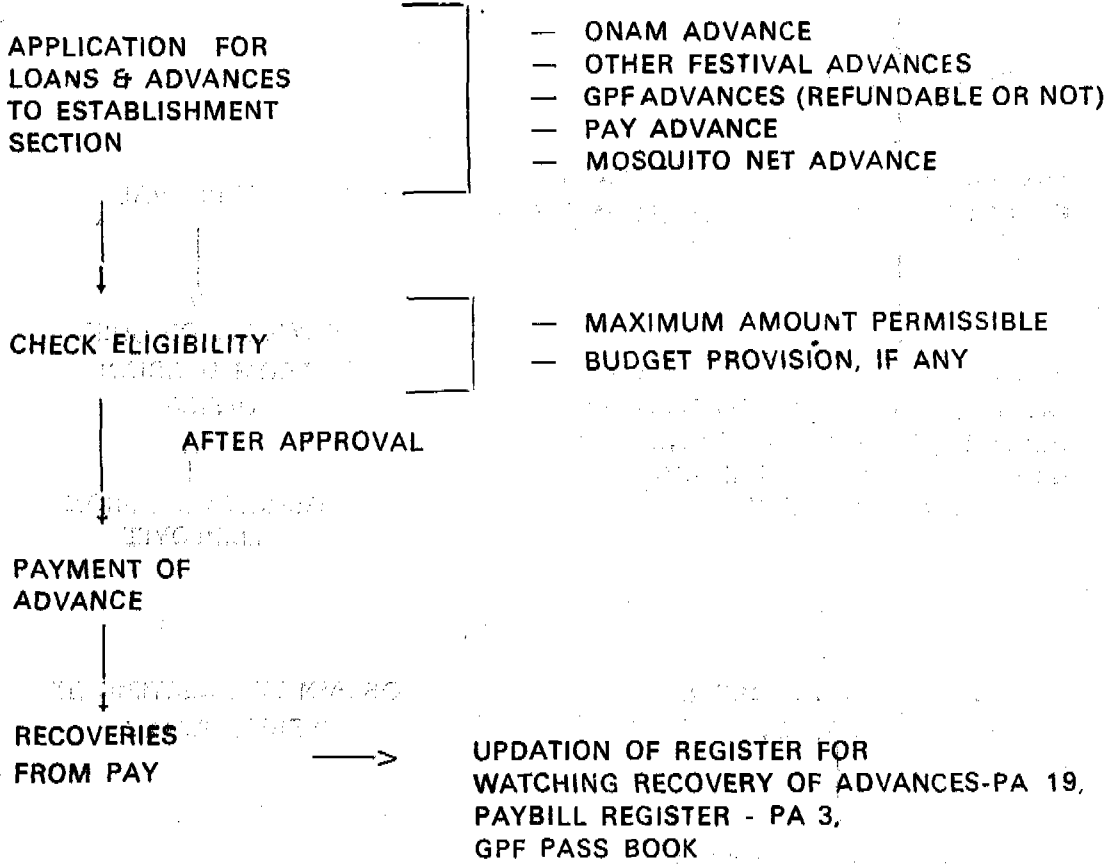


PAID FROM RELEVANT OFFICES

**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

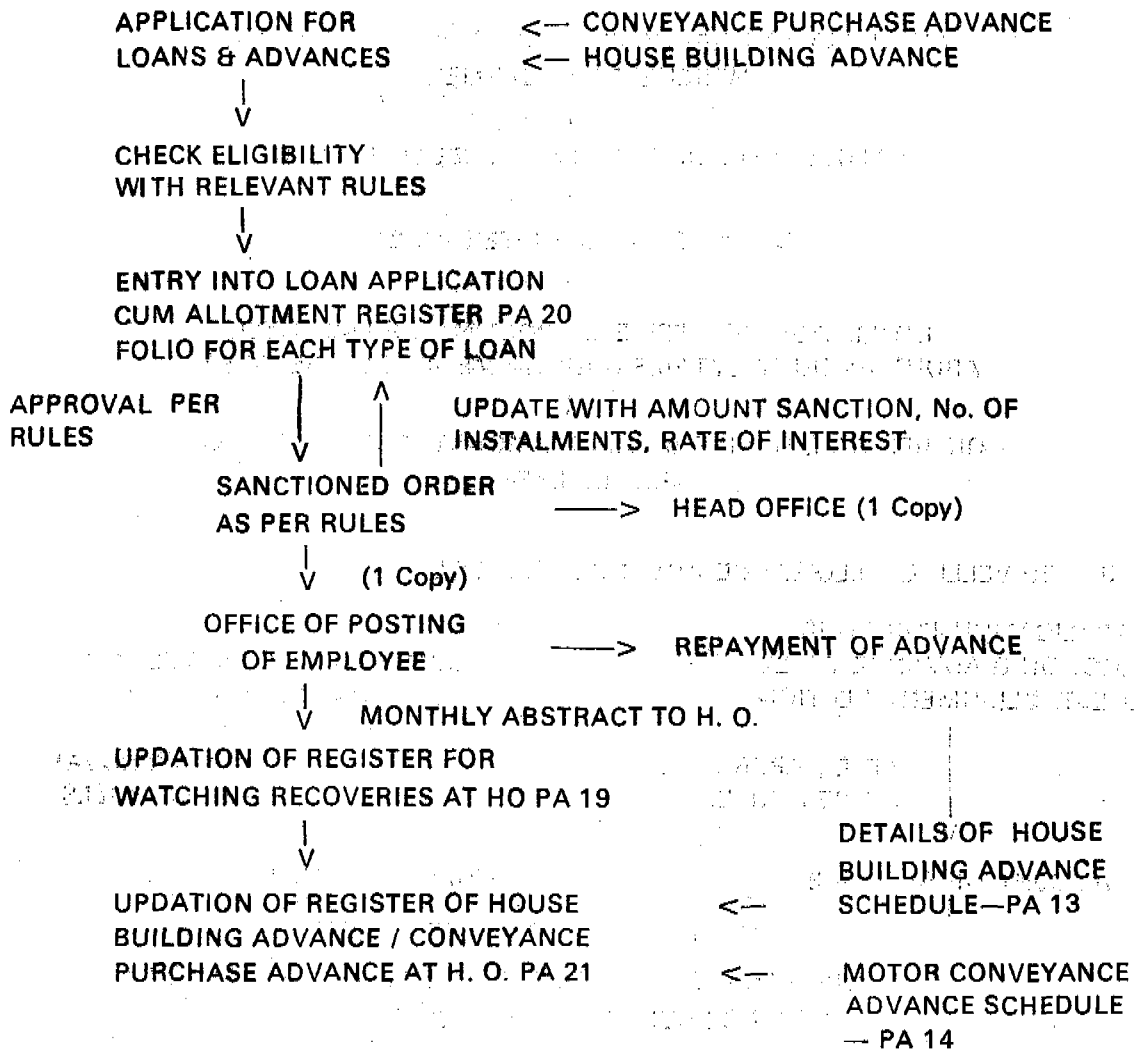
E. LOANS & ADVANCES

E-1. LOANS & ADVANCES NOT BEARING INTEREST



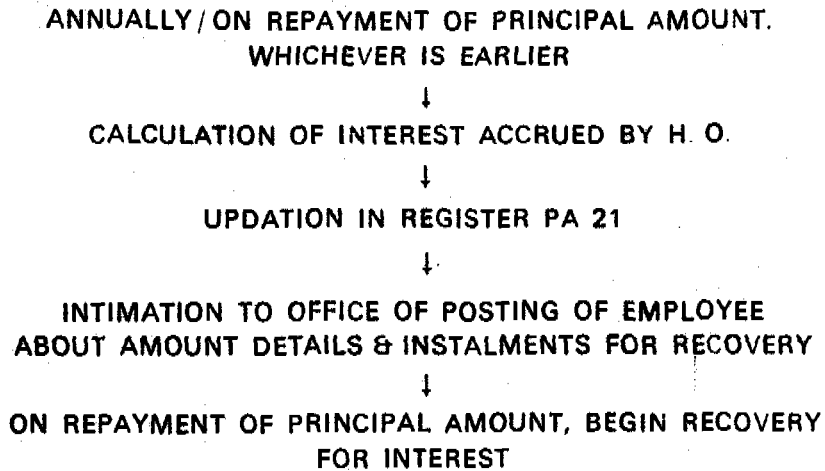
**PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE**

E-2. LOANS & ADVANCES BEARING INTEREST

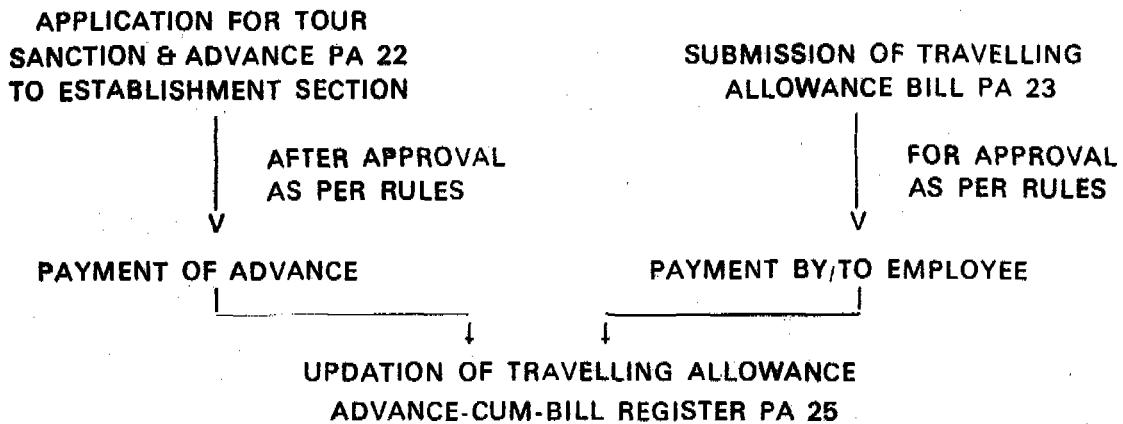


PERSONAL COST ACCOUNTING
OPERATING SYSTEM AND PROCEDURE

E-2. LOANS & ADVANCES BEARING INTEREST (CONTD.)



E-3. TRAVELLING ALLOWANCE ADVANCE AND BILL



**PERSONAL COST ACCOUNTING
ACCOUNTING PROCEDURE**

CHART No. 21

A. ACCOUNTING AT ACCOUNT RENDERING UNITS

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
1. PAYBILL & RECOVERIES			
PAYMENT OF SALARIES & WAGES	GROSS AMOUNT OF SALARIES & WAGES UPDATE CASH BOOK PAYMENT SIDE RELEVANT ACCOUNT CODES OF SALARIES OF EMPLOYEES, WAGES OF NMR EMPLOYEES AND CASUAL LABOURERS WAGES (Eg. BASIC, DA ETC.)	CB 8	3311 - 3319 3321 - 3329 3351 - 3359
	<u>DEDUCTIONS</u>		
	UPDATE CASH BOOK RECEIPT SIDE RELEVANT HEADS UNDER STATUTORY EMPLOYEE DEDUCTIONS Eg. HOUSE RENT DEDUCTIONS ETC. LOANS & ACVANCES REFER CHART No. 22	CB 8	2821 - 2829
DEDUCTIONS DEPOSITED WITH OUTSIDE AGENCIES	UPDATE CASH BOOK PAYMENT SIDE FAMILY BENEFIT SCHEME INSURANCE PREMIUMS OTHERS	CB 8	2824 2825 2829

**PERSONAL COST ACCOUNTING
ACCOUNTING PROCEDURE**

A. ACCOUNTING AT ACCOUNT RENDERING UNITS (CONTD.)

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
2. UNPAID SALARIES & WAGES			
a) At the end of the disbursement day, unpaid net amounts	Update Cash Book Receipt side "Employees unpaid Salaries & Wages"	CB 8	2814/2815
b) Subsequent payment of unpaid Salaries & Wages	Update Cash Book payment side "Employees unpaid Salaries & Wages"	CB 8	2814/2815
3. BONUS			
Payment of Bonus	Update Cash Book Payment side "Bonus"	CB 8	3318/3328
4. MEDICAL REIMBURSEMENT			
Payment of Medical Reimbursement	Update Cash Book Payment Side "Medical reimbursement- Permanent employees, Temporary Employees - NMR"	CB 8	3331/3341

PERSONAL COST ACCOUNTING**ACCOUNTING PROCEDURE****A. ACCOUNTING AT ACCOUNT RENDERING UNITS (CONTD.)**

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
5 FINAL SETTLEMENT			
a) PAYMENT OF TERMINAL BENEFITS	UPDATE CASH BOOK PAYMENT SIDE	CB 8	
	"PROVISION FOR GRATUITY/ PENSION"		2942/2943
	"GPF SUBSCRIPTION/ NMR PF SUBSCRIPTION"		2822/2823
b) IN CASE OF LOANS AND ADVANCES OR INTEREST THEREON DEDUCTED FROM AMOUNT OF GRATUITY PAID	UPDATE CASH BOOK PAYMENT SIDE	CB 8	
	"PROVISION FOR GRATUITY/ PENSION"		2942/2943
	RECEIPT SIDE		
	"LOANS TO EMPLOYEES"/		1611-1617/
	"ADVANCES TO EMPLOYEES"/		1641-1649
	"INTEREST ACCRUED ON LOANS TO EMPLOYEES" TO THE EXTENT OF DEDUCTIONS.		1625-1627

PERSONAL COST ACCOUNTING
ACCOUNTING PROCEDURE

A. ACCOUNTING AT ACCOUNT RENDERING UNITS (CONTD.)

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
6. LOANS & ADVANCES			
a) DISBURSEMENT OF LOANS & ADVANCES	UPDATE CASH BOOK PAYMENT SIDE	CB 8	
	"LOANS TO EMPLOYEES"/ "ADVANCES TO EMPLOYEES"		1611 — 1618/ 1641 — 1649
b) RECOVERY TOWARDS PRINCIPAL AMOUNT OF LOANS/ ADVANCES THROUGH PAYBILL	UPDATE CASH BOOK RECEIPT SIDE	CB 8	
	"LOANS TO EMPLOYEES"/ "ADVANCES TO EMPLOYEES"/		1611 — 1618/ 1641 — 1649
c) RECOVERY OF INTEREST ACCRUED ON LOANS/ADVANCES THROUGH PAY BILL	UPDATE CHSH BOOK RECEIPT SIDE	CB 8	
	"INTEREST ACCRUED ON LOANS TO EMPLOYEES"		1625 — 1628

**PERSONAL COST ACCOUNTING
ACCOUNTING PROCEDURE**

A. ACCOUNTING AT ACCOUNT RENDERING UNITS (CONTD.)

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
7. TRAVELLING ALLOWANCE ADVANCE & BILL			
a) PAYMENT OF TRAVELLING ADVANCE	UPDATE CASH BOOK PAYMENT SIDE "ADVANCE FOR EXPENSE- TRAVELLING"	CB 8	1651
b) BILL AMOUNT GREATER THAN ADVANCE PAID			
i) NET AMOUNT ie. BILL AMT. LESS ADVANCE	UPDATE CASH BOOK PAYMENT SIDE "TRAVELLING AND CONVEYANCE EXPENSES"	CB 8	3511-3529
ii) ADJUSTMENT OF ADVANCE PAID	RECEIPT SIDE "ADVANCE FOR EXPENSES- TRAVELLING PAYMENT SIDE "TRAVELLING & CONVEYANCE EXPENSES"		1651 3511-3529

**PERSONAL COST ACCOUNTING
ACCOUNTING PROCEDURE**

A. ACCOUNTING AT ACCOUNT RENDERING UNITS (CONTD.)

7. TRAVELLING ALLOWANCE ADVANCE & BILL (Contd.)

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
c) BILL AMOUNT LESS THAN ADVANCE PAID			
i) ADJUSTMENT OF ADVANCE PAID	UPDATE CASH BOOK RECEIPT SIDE "ADVANCE FOR EXPENSES- TRAVELLING PAYMENT SIDE "TRAVELLING AND CONVEYANCE EXPENSES"	CB 8	1651 3511—3529
THE BALANCE OF ADVANCE, IF RECOVERED FROM EMPLOYEE			
	UPDATE CASH BOOK RECEIPT SIDE "TRAVELLING AND CONVEYANCE EXPENSES"	CB 8	1651
d) IN CASE OF NO ADVANCE GIVEN			
ON RECEIPT OF BILL	UPDATE CASH BOOK PAYMENT SIDE "TRAVELLING & CONVEYANCE EXPENSES"	CB 8	3511—3529

**PERSONAL COST ACCOUNTING
ACCOUNTING PROCEDURE**

ACCOUNTING AT HEAD OFFICE

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
ON RECEIPT OF FORM FA 26 AT YEAR END	DEBIT SALARIES OF EMPLOYEES AND WAGES OF NMR EMPLOYEES" WITH GROSS AMOUNT	PA 26	3311-3329
	DEBIT "CASUAL LABOURER'S WAGES" WITH GROSS AMOUNT		3351-3359
	CREDIT "STATUTORY EMPLOYEES DEDUCTIONS" WITH AMOUNT OF DEDUCTIONS		2821-2829
	CREDIT "LOANS TO EMPLOYEES" WITH AMOUNT OF DEDUCTIONS		1611-1618
	CREDIT "INTEREST ACCRUED ON LOANS TO EMPLOYEES" WITH RELEVANT AMOUNT		1625-1628
	CREDIT "ADVANCES TO EMPLOYEES" WITH RELEVANT AMOUNT		1641-1649
	CREDIT "EMPLOYEE DUES- SALARIES & WAGES" WITH NET AMOUNT OF SALARIES & WAGES		2816

PERSONAL COST ACCOUNTING**ACCOUNTING PROCEDURE**

ACCOUNTING AT HEAD OFFICE (Contd..)

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
PROVISION FOR BONUS AS PER DECLARED PERCENTAGE	DEBIT - "BONUS"	PA 15	3318/3328
	CREDIT - "PROVISION FOR BONUS"		2941
BONUS PROVISION TO BE REVERSED AT THE BEGINING OF NEXT YEAR ACCOUNTS			
INTEREST ACCRUED FOR THE YEAR ON LOANS TO EMPLOYEES	DEBIT "INTEREST ACCRUED ON LOANS TO EMPLOYEES"	PA 21	1625/1628
	CREDIT "INTEREST RECOVERABLE FROM EMPLOYEES"		7123
INTEREST ACCRUED FOR THE YEAR ON GENERAL PROVIDENT FUND, PROVIDENT FUND-NMR	DEBIT "INTEREST ON GPF/ INTEREST ON NMR-PF"		4291/4292
	CREDIT "GPF DEDUCTION/ NMR-PF DEDUCTION"		2822/2823

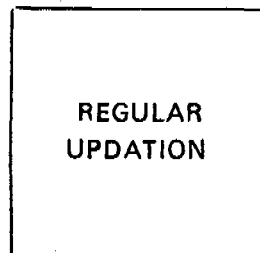
**PERSONAL COST ACCOUNTING
ACCOUNTING PROCEDURE**

ACCOUNTING AT HEAD OFFICE (Contd.)

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
	BOOKS OF TRANSFEROR OFFICE		
RECEIPT OF COPY OF LAST PAY CERTIFICATE FOR AMOUNTS RECOVERABLE FROM EMPLOYEE	DEBIT "INTER OFFICE ACCOUNT-OTHER ASSETS" CREDIT "LOANS TO EMPLOYEES"/ "INTEREST ACCRUED ON LOANS TO EMPLOYEES"/ "ADVANCES TO EMPLOYEES"	PA 2	9144 1611-1618/ 1625-1628/ 1641-1649
	BOOKS OF TRANSFEREE OFFICE		
	DEBIT "LOANS TO EMPLOYEES"/ "INTEREST ACCRUED OR LOANS TO EMPLOYEES" CREDIT "INTER OFFICE ACCOUNT- OTHER ASSETS"		1611-1618/ 1625-1628/ 1641-1649 9144
ACCRUED LIABILITY ON GRATUITY & PENSION AT THE YEAR END	DEBIT "GRATUITY OF EMPLOYEES/NMR-EMPLOYEES" "COMMUTED/SERVICE/FAMILY PENSION" CREDIT "PROVISION FOR GRATUITY/PROVISION FOR PENSION"		3381-3385 2942 / 2943

INTERNAL CONTROL

- 1 ▷ INCUMBANCY REGISTER →
- ▷ SANCTIONED STRENGTH REGISTER →
- ▷ INCREMENT CONTROL REGISTER →
- ▷ SERVICE BOOK →
- ▷ PAY BILL REGISTER →



→ OFFICIAL
CUSTODY

- 2 Sanctioning of Loans and Advances within budget limits
- 3 Checking of Pay Bill Register And Pay Bill by person other than the one preparing them
- 4 Periodic Verification of Attendance Records By Officers
- 5 Unpaid Salaries to be paid only after identification. obtain Acquittance. Update Unpaid Salaries Register.
- 6 Verify 'Register For Watching Recovery of advances' before preparation of pay bill
- 7 Periodic Checking of 'Travelling Allowance Advance-cum-bill Register' by responsible officer. Verify budget allocation vs actual Expenditure
- 8 Checking of Engagement of Labour / Temporary Employees to be Done By Responsible Official

PERSONNEL ACCOUNTING

The following are the events that have taken place in the division.

<u>Date</u>	<u>Particulars</u>
01.6.91	Mr. X joined as Assistant Engineer (in Regular Cadre) at P. H. Division, Karamana.
01.6.91	Mr. X prepares "joining report" addressed to H. O.
01.6.91	Mr. Y, Executive Engineer in charge of P. H. Division West gets an increment of Rs. 250/- per month. His existing gross pay was Rs. 4,200/- per month.
02.6.91	Mrs. A - Divisional Accountant of P. H. Division, West is transferred to P. H. Division North in the same post.
02.6.91	Mr. B, Junior Superintendent at P. H. Division, West gets promoted as Divisional Accountant of the same division.
02.6.91	Mr. C, Junior Superintendent at P. H. Division North gets suspended for 1 week.
02.6.91	Mr. D, a CLR employee, gets dismissed. He worked at P. H. Division, North.
04.6.91	Terminal benefits amounting to Rs. 1 lakh are standing to the credit of E's account has been paid to his son on receipt of Heirship Certificate.
05.6.91	Mr. A, Divisional Accountant, joins on duty at P. H. Division North.
05.6.91	Stipend paid to 30 Apprentices for the month of May '91 amounts to Rs. 12,000/-.
06.6.91	Stipend paid to 25 trainees for the month of May '91 amounts to Rs. 7,500/-.
07.6.91	Mr. Y, Executive Engineer, P. H. Division West has applied for earned leave for 1 month for personal reasons from 9.6.91.
08.6.91	Mr. B, Junior Superintendent, applies casual leave for 2 days.
09.6.91	Mr. Y, goes on leave.
10.6.91	Mr. Y, has only 25 days leave to his credit and the Balance 5 days shall be on loss of pay.
11.6.91	P, Q & R, 3 NMR employees, are authorised to work for extra hours from 12-6-91 to 20-6-91 at 20 hours each.
12.6.91	Arrears of salary amounting to Rs. 2,000/- paid to Mrs. A, Mr. F. Mrs. G. Mr. H each Rs. 500/-. Their existing pay was Rs. 1,000/- which was revised to Rs. 1,100/-with effect from January '91.
13.6.91	The judicial court of North has issued a directive to the Executive Engineer North to deduct a sum of Rs 2,000/- in 10 equal installments from the salary of Mr. C, Junior Superintendent, P. H. Division North.
14.6.91	Mrs. G, Executive Engineer at P. H. Division South Communicates her intention to resign from the services of the authority.
26.6.91	Mr. J. Senior Superintendent has been granted Conveyance Advance Rs. 20,000/- to purchase an Ind-Suzuki Motor Cycle.

26.6.91 Mr. K, Divisional Accountant, has been granted Rs. 2 lakhs towards House Building Advance.

28.6.91 Pay roll is being prepared for Mr. K, Divisional Account —West particulars as under :

<u>Pay</u>		
	Basic	Rs. 1,200
	Dearness Allowance	Rs. 1,500
	House rent Allowance	Rs. 700
<u>Deductions</u>		
	G. P. F.	Rs. 240
	F. B. S.	Rs. 24
	E. S. I.	Rs. 12
	H. B. A.	Rs. 200
	LIC Premium	Rs. 24
	I. T. D. S.	Rs. 200
Net Pay		Rs. 2,700

30.6.91 The following salary payments were disbursed to Mr. B - Rs. 2000/-, Mr. K - Rs. 2,700/- Mr. C - Rs. 1000/-.

The following were salaries unpaid :

Mr. D - Rs. 2000/- Mr. Q - Rs. 400/-.

30.6.91 Remitted the following to the relevant authorities

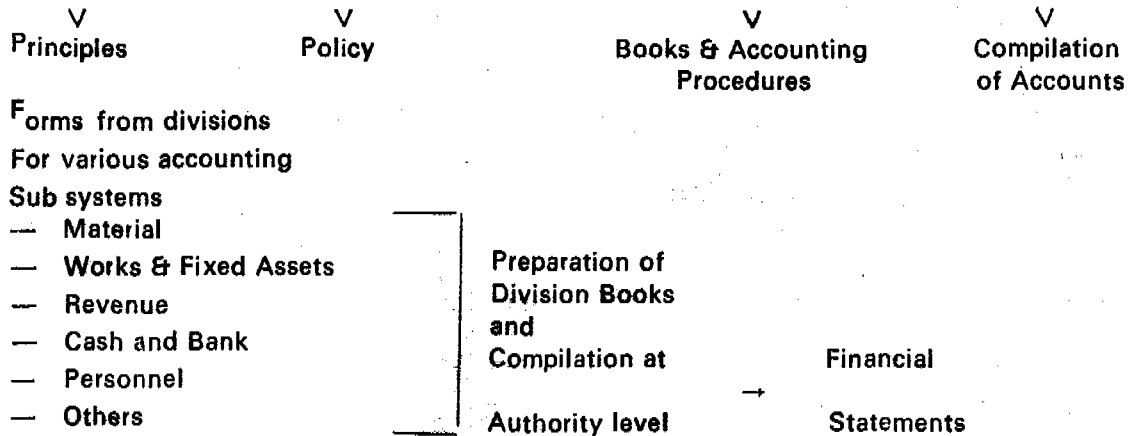
G. P. F.	Rs. 10,000/-
E. S. I.	Rs. 894/-
L. I. C.	Rs. 656/-
Court direction	Rs. 600/-

OBJECTIVE TYPE QUESTIONNAIRE FOR PERSONNEL ACCOUNTING

- 1 Record containing employees particulars, pay record, leave record and major loans & advances availed by employee is called.
 - a) Incumbency register.
 - b) Service book
 - c) a, b
 - d) None of the above
- 2 Particulars of increment are entered in
 - a) Increment control register
 - b) Incumbency register
 - c) a, b
 - d) None of the above
- 3 Compensation paid to Trainees/Apprentices is termed as
 - a) Salaries
 - b) Wages
 - c) Stipend
 - d) None of the above
- 4 Extra hours sanctioned shall be entered in
 - a) Extra hours Register PA 8
 - b) Extra hours Authorisation slip (PA 7)
 - c) a, b
 - d) None of the above
- 5 Extra hours authorisation slip (PA 7) is required for
 - a) Supervisor's confirmation for actual extra hours worked
 - b) Initial sanction for extra hours
 - c) a, b
 - d) None of the above
- 6 The details as to components of Gross pay such as Basic, DA etc., could be obtained from
 - a) Service book
 - b) Increment Control Register
 - c) H. O. Orders regarding allowances
 - d) a, b, c
- 7 A pay bill will contain details as to
 - a) Gross pay
 - b) Deductions
 - c) Net pay
 - d) a, b, c
- 8 Pay disbursement shall be evidenced by signature of receiver in
 - a) Acquittance Register
 - b) Extra hours Authorisation slip
 - c) a, b
 - d) None of the above
- 9 When an employee is not available on the pay disbursement date, the salary and wages details shall be entered in
 - a) Acquittance Register
 - b) Upaid salaries register
 - c) a, b
 - d) None of the above

- 10 Repayment of Advances by employees and interest thereon is remitted to H. O. through
- Drawing Account
 - Non-operative Account
 - Treasury Account
 - Cash Account
- 11 Particulars of GPF Advances to employees shall be entered in schedule
- PA 10
 - PA 11
 - PA 12
 - PA 13
- 12 Particulars of recovery of GPF Advances shall be entered in
- PA 10
 - PA 11
 - PA 12
 - PA 13
- 13 GPF non refundable advance carries interest
- True
 - False
- 14 Part payment of salaries is possible when
- The employee is transferred
 - The employee desires so
 - a, b
 - None of the above
- 15 Bonus is calculated in the format of
- PA 12
 - PA 13
 - PA 14
 - PA 15
- 16 Bonus, on payment is debited to the following account.
- Bonus
 - Provision for Bonus Account
 - None of the above
- 17 Salaries and Wages pertaining to March of every year is reported in form
- PA 13
 - PA 14
 - PA 26
 - PA 16
- 18 Medical reimbursement register is maintained
- Employee wise
 - Division wise
 - None of the above
- 19 Liability certificate is issued on the occasion of
- Appointment of employee
 - Cessation of employment
 - a, b
 - None of the above
- 20 Payment and recovery of Advances to an employee shall be entered in
- Incumbency Register
 - Acquittance Register
 - Register for watching recovery
 - T A Register

**FINAL ACCOUNTS
OVERVIEW**



**FINAL ACCOUNTS
ACCOUNTING CONCEPTS**

**BASIC ACCOUNTING
PRINCIPLES**

- ENTITY CONCEPT
- HISTORICAL COST CONCEPT
- GOING CONCERN CONCEPT
- CONSISTENCY CONCEPT
- ACCRUAL CONCEPT
- CONSERVATISM CONCEPT
- TRUE AND FAIR VIEW

FINAL ACCOUNTS ACCOUNTING PRINCIPLES

ENTITY CONCEPT

- Financial statements are based on the premise that the authority is a distinct entity

HISTORICAL COST CONCEPT

- Authority's Accounts, Assets, Liabilities, Expenses and Revenue to be recorded at the amounts at which transactions took place
- No Revaluation of assets or liabilities for Adjustment purposes
- Depreciation to be provided on original cost of assets only

GOING CONCERN CONCEPT

- Financial statements to be drawn up keeping in mind that operations will continue for foreseeable future

CONSISTENCY CONCEPT

- Uniform policies to be applied from year to year

ACCRUAL CONCEPT

- Financial statements of the authority shall recognise its income only when accrued

CONSERVATISM CONCEPT

- Financial statement to take into Account all prospective losses & the prospective gains only on realisation

TRUE AND FAIR VIEW

- Authority to provide a True & Fair view of its financial position and operation results

FINAL ACCOUNTS ACCOUNTING POLICIES

- CLASSIFICATION OF EXPENDITURE
- INTEREST ON BORROWINGS
- COST RELATING TO BORROWING
- DISCOUNT ON BOND'S ETC.
- REDEMPTION PREMIUM ON BONDS
- INCOME FROM INVESTMENTS
- COST OF INVESTMENT
- LOSS DUE TO FIRE, FLOO, CYCLONE ETC.
- PROVISION FOR INCOME TAX
- PRIOR PERIOD ITEMS
- OTHERS

FINAL ACCOUNTS
ACCOUNTING POLICIES (Contd)

CLASSIFICATION OF EXPENDITURE

- All Revenue expenses shall be reflected under Natural Heads (E.g. Employee cost, Repair & Maintenance, Depreciation etc.) Revenue and Capital expenditure should be classified properly.

INTEREST ON BORROWINGS

- Annual provision shall be made for all interest bearing borrowings whether paid or not and due or not due, including borrowings from State Government. This interest should be charged to revenue subject to capitalisation of any portion.

COST RELATING TO BORROWINGS

- All charges such as commitment charges, Legal fees etc., should be charged to revenue, in the year of due of such charge whether paid or not.

DISCOUNT ON BONDS

- Discount on issue of Bonds, debentures or other Securities offered by the authority to be charged to the revenue in the year of issue.

REDEMPTION PREMIUM ON BONDS

- Premium, if any on Debentures/Securities to be charged to the revenue, in the year when such amount is payable.

INCOME FROM INVESTMENTS

- Income from Investment, Gain on sale of Investment/Redemption premium received on maturity to be credited to 'Income and Expenditure Account' in the year of receipt.

FINAL ACCOUNTS
ACCOUNTING POLICIES (Contd.)

INCOME FROM INVESTMENTS (Contd.)

- Income from Investments for specific fund should be credited to such fund.
- Provision to be made for income from Investments, Accrued but not received.
- Losses from Investments needs to be Provided in the year in which such losses arise.

COST OF INVESTMENT

- Investment shall be recorded in Accounts Books at actual 'Cost' of acquisition, including Stamp Transfer charges.

LOSS DUE TO FIRE, FLOOD, CYCLONE ETC

- All losses on Account of Fire, Flood, Cyclone shall be charged to Revenue, in the year of such occurrence
- The above charges to be reduced by
 - * Insure claim granted, where assets are insured with an outside insurer
 - * The amount of Reserve Created, In case the Authority follows self Insurance practice
 - * Government subsidy, if received, to specifically meet the loss

PROVISION OF INCOME TAX

- Every year, provision to be made for Income Tax in accordance with Income Tax act, 1961

FINAL ACCOUNTS
ACCOUNTING POLICIES (Contd.)

PRIOR PERIOD ITEMS

- All prior period expenses or income below rupees one lakh shall be charged or credited to current year's expenses/income.

OTHERS

- General principles of accrual accounting system to be adopted in case of transactions for which no specific policy has been prescribed.

BOOKS

- Journal day book
- Ledgers—Account Rendering unitwise/consolidated
- Registers, as mentioned under various accounting sub systems

Registers to be maintained by finance wing (Head Office) over and above other registers mentioned elsewhere

- 1 Deposit work reserve register RA 27
- 2 Asset register-FA 15
- 3 Register for house building advance/Motor conveyance Advance-PA 21
- 4 Register of Loans and advances CB-20
- 5 Investment Register CB-24
- 6 Control Registers for
 - Funds Transfer - CB 30
 - Budget control - CB 31
 - Non-operative Transfers - CB 32
 - Monitoring flow of monthly accounts etc.

FINAL ACCOUNTS ACCOUNTING PROCEDURES

1. JOURNALS

All adjustment journal entries are to be prepared using Form CA 1 and needs to be verified, Authorised and posted.

2. ACCOUNTING SUB SYSTEMS

<u>SUB SYSTEM</u>	<u>SCOPE OF ACCOUNTING</u>	<u>CHART REF</u>
Journal entries for various AAS Forms are as follows :		
Material	Receipts, Issues, Write-Off, Sale of Scrap, Claims and Adjustments	
Works & Fixed Assets	Work-in-progress, Capitalisation, Depreciation, Sale, Scrapping Transfer of Assets, Maintenance contract charges and IPD Expenses	
Revenue	Reserve for Deposit work, year end Transfer to Income, Billing and Collection, Recognition of Unbilled Income, Provision for Doubtful Debts and Write-Off.	
Cash and Funds	Cash Abstracts, Funds-in-Transit from HO to Divisions and Vice-Versa	
Personnel	Salaries & Wages Accounting Provision for Bonus, Loans and Advances to Employees & Interest thereon and Gratuity & Pension	
Others	Outstandings as on March 31 (Payables/ Receivables), Provisions, Borrowings & Investments, Closing stock adjustments and compilation of accounts.	

FINAL ACCOUNTS
ACCOUNTING PROCEDURE - MATERIALS

A. RECEIPTS

DETAILS OF DEBITS TO STOCK FORM MA 11 - MONTHLY

* Column 3	Materials received from Suppliers Grand Total	Credit SCRS-Suppliers 2812
* Column 4	Materials Recd. from other Divisions Sub Total A Sub Total B Sub Total C	Credit IOA - Materials 9111 9112 9113
* Column 5(a)	Materials Recd. from works Capital works Grand Total	Credit Control Account- Capital Expen. 9212
* Column 5(b)	Materials Recd. from works Revenue works For each individual item of Stock	Credit Consumption of Stores; Tools & Spares; Consumables 3111 to 3139 (as applicable)
* Column 7	Total of 3+4+5(a)+5(b)+6+7 Individual items	Debit Stock of stores; Tools & spares; Consumables 1311 to 1339 (as applicable)

Rowwise and columnwise total of 3, 4, 5(a), (b) & 7 should tally

**FINAL ACCOUNTS
ACCOUNTING PROCEDURE — MATERIALS**

A. RECEIPTS (Contd.)

* Column 8	Materials Recd. at site from Suppliers Individual Items of stock Grand Total	Debit Stock of stores; Tools & Spares; Consumables 1311 to 1339 Credit Scrs-Suppliers 2812
* Column 9	Free Receipt of materials Individual Items Debit as Mentioned for Column 8 Grand Total	Credit Donated Capital Assets 2022

B. ISSUES

Detailed Account of Issues sent to HO form MA 15 — Monthly

* Column 3(a)	Issues to site — Capital Works Grand Total	Debit Control Account — CAP Expenditure 9212 Debit
* Column 3(b)	Issues to site — Revenue Works Individual Items	Consumption Stores; Tools and Spares Consumables 3111 to 3139 (as applicable)

**FINAL ACCOUNTS
ACCOUNTING PROCEDURE — MATERIALS**

B. ISSUES (Contd...)

* Column 4	Issues to other divisional Stores, stock of stores Items: Tool & Spares: Consumables	Debit IOA-Material 9111 To 9113 (as applicable) Credit
* Column 5	Total of 3 (a) + 3 (b) + 4 Individual Items of stock	1311 to 1339 (as applicable)

Rowwise and columnwise totals of 3 (a), 3 (b), 4,5 should Tally

C. OBSOLETE / DAMAGED

Statement of excess/shortage of materials, obsolete/damaged stores, form MA 20-As & when applicable

Column 5	Obsolete/Damaged Materials Individual Items of stock	Debit Stock W/off 5331 to 5339 Credit Inventory code 1311 to 1339
----------	---	--

E. SALE OF SCRAP

Abstract of scrap sold - Form MA 21 - As & When applicable.

Column 8	Total amount (Basic Value + sales Tax)	Debit Sundry debtors-others- Dues from others 1499 Credit Sale of scrap 7292 Credit Sales Tax Collections- Scrap 2831
Column 6	Basic Value	Credit
Column 7	Sales Tax	Credit

FINAL ACCOUNTS
ACCOUNTING PROCEDURE — MATERIALS

F. VALUATION OF CLOSING STOCK/CLOSING STOCK ADJUSTMENTS

Valuation of physical closing stock - Fifo basis this should be balance arrived in PSL. Physically verify the quantity details of closing stock to ascertain Excess or Shortage, Obsolete/Damaged. Treatment for Obsolete/Damaged items has been covered under Chart No. 11. Here the treatment for Excess/Shortage has been shown

Accounting for Form MA 20 - Statement for closing stock Adjustments - Annual

* Column 3	Excess	Debit
		Inventory Account 1311 To 1339
		Credit
		Consumption Account 3111 To 3139
* Column 4	Shortage	Entry to be Reverse of Column 3

G. RAILWAY AND OTHER CLAIMS

Abstract of claims register Form MA 22 - As & When Applicable.
 Claim Preferred

Debit
Claim Recoverable 1672 or 1679
Credit
Scrs. Suppliers 2812

**FINAL ACCOUNTS
ACCOUNTING PROCEDURE — MATERIALS**

CONSOLIDATION OF ENTRIES PASSED FOR FORM - MA 20

* Column 3	Excess	Debit Inventory Account 1311 to 1339 Credit Consumption Account 3111 to 3139 Entry to be Reverse of Column 3
* Column 4	Shortage	Debit Stock W/Off 5331 to 5339 Credit Inventory code 1311 to 1339
* Column 5	Obsolete/Damaged Materials	Debit Inventory Account 1311 to 1339 Credit Consumption Account 3111 to 3139 Reverse of Column 6
* Column 6	Excess	Debit Inventory Account 1311 to 1339 Credit Consumption Account 3111 to 3139 Reverse of Column 6
* Column 7	Shortage	Debit Inventory Account 1311 to 1339 Credit Consumption Account 3111 to 3139 Reverse of Column 6

**FINAL ACCOUNTS
ACCOUNTING PROCEDURE - MATERIALS**

IOA - ACCOUNTS - ANNUAL

At year end match Form MA - 13 "Inward Register of IOA - Materials" and Form MA-17 "Outward Register of IOA - Materials" of all divisions. The following entries shall be passed for closing Inter Office Account - Materials (Codes 9111 to 9113)

Unmatched values Of column 7 in Form MA 13 and MA 15	Debit Cheque-in-Transit 1521
Unmatched values Of column 10 of Form MA 17 and Column 11 of form MA 13	Debit Materials-in-Transit 1351 to 1353 (As the case may be)
The total of above Two	Credit IOA - Materials 9111 to 9113 (As the case may be)

FINAL ACCOUNTS
ACCOUNTING PROCEDURE — WORKS & FIXED ASSETS

ABSTRACT OF WORKS REGISTER - FORM FA 11 - MONTHLY

Materials and Equipment (Grand Total For The Month)	CR 9212 Control Account Capital Expenditure
Contractor Charges (Grand Total For The Month)	CR 2811 Sundry Creditors — Contractors
Labour Charges (Grand Total For The Month)	CR 3351 / 3359 Casual Labour Wages / Other Casual Wages
Other (Grand Total For The Month)	CR 9219 Control Account Capital Expenditure - Others
Asset Accountwise (Total For The Month)	DR 1111 to 1189 (As the Case May Be)

*** YEAR END PROJECT OVERHEAD ALLOCATION (BY HO)**

Transfer of Certain Administrative Over Heads	DR. 1191 "Revenue Expenses Transferred Pending Allocation"
10 % For Bilateral Schemes	CR. 3911
22 % Others	"Transfer of Revenue Expenses To Capital Work in Progress"

(This is Done Because all the Expenses when Originally
 Incurred, is Booked to Natural Account Ccdes only. The
 Amount is Proportionately Appropriated over individual Schemes/Assets)

FINAL ACCOUNTS
ACCOUNTING PROCEDURE—WORKS & FIXED ASSETS

Transfer of Interest Expense
 Dr. 1191

“Transfer of Revenue Expenses
 To Capital Work-In-Progress”
 CR 4911
 “Transfer of Revenue Expenditure
 To Capital Work-In-Progress”

(Treatment similar to yearend project overhead allocation)

* Completion
 of Scheme/
 work

— Prepare ‘Capital Work
 cost analysis’

FA 13

Cost of
 Asset

MATERIAL
LABOUR
CONTRACTOR CHARGES
OTHERS
IPD COST
SHARE DEBIT
INTEREST

▷ FA 11

▷ Accounts

▷ FA 14

* Accounting for Form FA 13 - As & When Applicable

Dr. Fixed assets

1011 to 1089

Cr. Capital Work-In-Progress

1111 to 1189

(As may be)

Cr. Revenue Expenses Transferred

1191

Pending allocation

FINAL ACCOUNTS
ACCOUNTING PROCEDURE-WORKS & FIXED ASSETS

DETAILS OF ASSETS PURCHASED - FORM FA 7 AS & WHEN APPLICABLE

* Column "Amount"	Dr. Fixed Assets Account	1011 to 1089 (as may be)
	Cr. Control Account - Capital expenditure-others	9219
* Capital Expenditure By one unit(Project Unit) For another (Benefitting unit)	— Transfer of FA 1 work Register Folio (Marking "IOA-Capital expenditure")	
* HO Accounting	— Books of project unit Dr. IOA - Capital exps. Cr. Cwip	9129 1111 to 1189 (as may be)
	— Books of benefitting unit Dr. Cwip	1111 to 1189 (as may be)
	Cr. IOA - Capital exps.	9129
* IPD expenses Receipt of Form FA 20 By HO	Dr. IPD expenses Cr. Preliminary project Expenses	1821 3912
(Transfer of expenses from Natural Heads to a particular Accounts. Hence, expenses when incurred should be booked to Natural Account Code only)		

FINAL ACCOUNTS
ACCOUNTING PROCEDURE — WORKS & FIXED ASSETS

* On Projects Approved & Taken up	DR. IOA - IPD Expenses CR. IPD Expenses (Taken for Capitalisation)	9124 1821
Books of Division Taking up The Project	DR. Control Account - Capital Expenditure Others CR. IOA - IPD Expenses	9219 9124
(To be Recorded in FA 1	Under other charges)	
* If Projects Are Not Approved and Taken up	DR. Investigation & Planning Expenses CR. IPD Expenses (Expenses Charged off)	3193 1821
* Receipt of Bill from Contractor For Maintenance Contract Charges - FA 19 Head Office Accounting	DR. Maintenance Expenses CR. Sundry Creditor Contractor	3211 to 3229 (As May be) 2811
* Lease hold Assets (With no or Negligible Premium)	Value at fair Market value DR. Asset Account CR, Reserve for Leasehold Asset	1011 to 1089 (As May be) 2116

FINAL ACCOUNTS
ACCOUNTING PROCEDURE-WORKS & FIXED ASSETS

* Donated Assets	Letter to H. O. Dr. Asset Account Cr. Donated Capital Assets	1011 to 1089 2022
* Depreciation For each Year	Dr. Reserve for Leasehold Asset Cr. Depreciation charge	2116 5112 to 5189 (as may be)

PARTICULARS OF ASSETS SOLD - FORM FA 16 AS & WHEN APPLICABLE

Dr. Depreciation Reserve	2212 to 2289
Cr. Fixed Asset Account	1011 to 1089 (as may be)
Dr. 'IOA - Other Liabilities'	9143
Dr. Loss on sale of fixed Assets-Extent of Loss, if any	5341
Cr. Profit on sale of Fixed asset, Profit, If any, to the extent of Accumulated Depreciation	7221
Cr. Capital Reserve Profit exceeding accumulated depreciation	2111
Cr. Fixed Asset Extent of written down Value	1011 to 1089 (as may be)

FINAL ACCOUNTS
ACCOUNTING PROCEDURE WORKS & FIXED ASSETS

* Transfer of Asset	Transferor Unit Books Dr. IOA - Capital Expenditure Fixed Assets Cr. Fixed Assets Transfer Unit Books Dr. Fixed Assets Cr. IOA - Capital Expenditure Fixed Assets	9121 to 9123 1011 to 1089 1011 to 1089 9121 to 9123 (as may be)
* SCRAPPING OF ASSET	Dr. Depreciation Reserve Cr Fixed Assets Extent of accumulated Depreciation Dr. Assets Written off Dr. Reserve for Leasehold Assets Cr. Fixed Assets Extent of Written down value	2212 to 2289 1011 to 1089 5411 to 5489 2116 1011 to 1089 (as may be)

FINAL ACCOUNTS
ACCOUNTING PROCEDURE — REVENUE

A. DEPOSIT WORK

Work Completion — Form RA 29
 Actual Cost of Connections
 (Less than Rupees One lakh
 And more than Rupees One
 Lakh subdivided into various
 Categories such as Domestic.
 Non-Domestic etc.)

DR. Deposit work Account
 2761 — 2775
 (As Applicable)
 CR. Reserve for Deposit work
 2115

Year end Transfer of Deposits to Income (Form RA 27, which has been updated by RA 29)
 Total up each column (5A to 5J).
 Divide by the Number of years
 Specified in that Column.
 Eg. Column 5E (5 years).
 Divide the total of 5E by 5.
 Add up all the Quotients.
 This will be Income for the
 Year Income.

DR. Reserve for Deposit
 Work - 2115
 CR. Appropriate Income
 Account 6111 - 6426

FINAL ACCOUNTS
ACCOUNTING PROCEDURE — REVENUE

B. DEPOSIT WORK ON BEHALF OF OTHERS

STATEMENT OF COMPLETED DEPOSIT WORKS OF OTHERS

Total amount (Each Categorywise, such as
 Domestic, Non-Domestic etc.)
 Total amount (each WIP accountwise)

Dr. Appropriate Deposit
 Account 2761—2775
 Cr. Appropriate work-in-progress
 Accountwise
 1111 — 1189

C. BILLING AND COLLECTION

DEMAND COLLECTION BALANCE—RA 25

(i) BILLING

Individual columns under each category,
 such as Domestic, Water Charges,
 Fines and penalties etc.

Rowwise Total

i. e. Total of billing for
 domestic consumer

Cr. Appropriate income
 Account 6111—6426

Dr. Sundry Debtors-
 1411 to 1416
 (As the case may be)

(ii) COLLECTION

Amount for each category

Cr. Sundry Debtors-
 1411 to 1416
 (As the case may be)

Total for all categories

Dr. Control Account
 Collection 9211

FINAL ACCOUNTS
ACCOUNTING PROCEDURE—REVENUE

C. BILLING AND COLLECTION

Demand Collection balance - RA 25 (Contd...)

- (iii) Cheques Dishonoured
 Amount for each category

Dr. Sundry Debtors -
 1411 to 1416
 (As the case may be)

Total for all categories

Cr. Control account
 Collection 9211

- (iv) Unbilled Fines & Penalties
 Total for all categories

Cr. Fines & Penalties
 7211

Amount for each category

Dr. Sundry debtors-
 1411 to 1416
 (As the case may be)

D. UNBILLED INCOME

Details of Unbilled Income - RA 37

Amount for each category
 Such as Domestic water charges,
 Fines etc.

Cr. Appropriate Income
 Account 6111 to 6423
 (As may be)

Rowwise total

Dr. Sundry debtors -
 1411 to 1416

i.e. Total of columns for
 Domestic consumers

(As the case may be)

FINAL ACCOUNTS
ACCOUNTING PROCEDURE — REVENUE

E. PROVISION FOR DOUBTFULL DEBTS

Bad and Doubtful Debts Report RA 33
 Amount each Category

DR. Doubtful Debts-
 Consumers
 5211 to 5216
 (As may be)

CR. Provision for
 Doubtful Debts - Consumers
 2911 to 2916
 (As may be)

F. WRITE-OFF OF BAD DEBTS

Write-off order - RA 26
 Amount Each Category

DR. Provision for
 Doubtfull Debts-Consumers
 2911 to 2916 (As may be)

CR. Provisions Written back
 73 - Series

DR. Debts Written-off-Consumers
 5311 to 5316 (As may be)

CR. Sundry Debtors - Consumers
 1411 to 1416 (As may be)

FINAL ACCOUNTS
ACCOUNTING PROCEDURE - CASH & FUNDS

A. MONTHLY CASH ABSTRACT OF CASH BOOK-CB 27

RECEIPTS

Row amounts in individual columns
 (e.g. stock in cash column, salary deductions
 in drawing column) Total of each column

Cr. Appropriate account
 codes
 Dr. Appropriate column account
 (Cash/Non-operative/
 drawing/Treasury)

PAYMENTS

Total of each column

Cr. Appropriate column
 Account (cash/non-operative/
 drawing/Treasury
 Dr. Appropriate account codes

Row amounts in individual columns
 (e. g. salary gross, power, etc. in drawing a/c.

B. IN - TRANSIT ACCOUNTS

FOR FUNDS-IN-TRANSIT IN DIVISION LEDGER

To the extent of funds-in--transit

Dr. Cheques-in-Transit
 Account 1521
 Cr. IOA-Banks drawing A/c
 / Treasury account 9132

FOR FUNDS-IN-TRANSIT-H. O. LEDGERS

To the extent of funds-in-transit

Dr. Cheques-in-transit
 Account 1521
 Cr. IOA-Bank-
 Non-operative account 9134

FINAL ACCOUNTS
ACCOUNTING PROCEDURE - PERSONNEL

A. DETAILS OF SALARIES AND WAGES OUTSTANDING FOR MARCH - PA 26	
GROSS SALARIES AND WAGES	
Individual amounts of Salaries permanent Employees (Eg. Basic, DA, Adhoc allowance etc.)	Dr. Appropriate Account 3311 to 3319
Salaries of NMR Employees	Dr. Appropriate Account 3321 to 3329
Casual Labour Wages	Dr. Appropriate Account 3351 to 3359
DEDUCTIONS	
Individual Amounts of statutory Employees deductions	Cr. Appropriate Account 2821 to 2829
Loans to Employees	Cr. Appropriate Account 1611 to 1617
Advances to Employees	Cr. Appropriate Account 1641 to 1649
Interest accrued on Loans to Employees	Cr. Appropriate Account 1625 to 1627
Net Salaries and Wages Payable (Gross Salaries and Wages Less Deductions)	Cr. Employee Dues-Salaries and wages 2816
B. PROVISION FOR BONUS	
BONUS CALCULATION SHEET - PA 15	
Bonus Amount (Permanent and NMR Employees)	Dr. Bonus 3318, 3328
	Cr. Provision for Bonus 2941

FINAL ACCOUNTS
ACCOUNTING PROCEDURE - PERSONNEL

C. INTEREST ON LOANS AND ADVANCES CALCULATED AND RECORDED IN 'REGISTER OF HOUSE BUILDING/CONVEYANCE PURCHASE ADVANCE' - PA 21	
Interest amount for each Type of loan	Dr. Interest accrued on loans To employees 1625 to 1628 (As may be)
	Cr. Interest Recoverable From employees 7123
D. INTEREST ON GPF/NMR-PF	
Interest amount for the Year	Dr. Interest on GPF/NMR-PF 4291 / 4292
	Cr. GPF/NMR-PF Deductions 2822 / 2823
E. LIABILITY FOR GRATUITY AND PENSION	
Accrued liability for the Year	Dr. Gratuity of Employees / Temporary Employees 3381 / 3382
	Commuted / Service / Family Pension 3383 / 3384 / 3385
	Cr. Provision for Gratuity 2942
	Provision for Pension 2943

**FINAL ACCOUNTS
ACCOUNTING PROCEDURE — OTHERS**

A. ACCOUNTING FOR OUTSTANDINGS

Statement of outstanding as on March 31, - Final forms Journalise
Outstanding Liabilities for Expenses, Claims Recoverable, Prepaid Expenses

B. PROVISION FOR OTHER DOUBTFULL DEBTS

(E. G. Dues from Contractors, Employees, Supplier etc.)

For the value of Doubtful Amounts DR Doubtful Debts - Others
5291 to 5299

CR. Provision for other
Doubtfull debts 2921 to 2929

C. WRITE - OFF OF OTHER DEBTS

For the Value of
Bad Debts

Dr. Provision for other
Doubtful Debts 2921 to 2929

Debts Written-off-others
5321 to 5329

Sundry Debtors - Others 1421 to 1429
CR. Provisions written back 73 Series

D. PROVISION FOR INCOME TAX

Amount of Income Tax

DR. Income Tax 5511
CR. Provision for Income Tax 2931

**FINAL ACCOUNTS
ACCOUNTING PROCEDURE — OTHERS**

1. DISCOUNT ON ISSUE OF BONDS/DEBENTURES, IF ANY

Discount Amount Dr. Discount on Debenture/Bond
Issue 3721 / 3722

Cr. Debentures / Bonds
2521 / 2522

2. INTEREST DUE ON BORROWINGS

Interest amount due Dr. Interest on Secured/Unsecured
Loans 4111 to 4119 / 4211

Cr. Interest accrued and due
2581/2584/2589/2681

3. INTEREST ACCRUED BUT NOT DUE

Interest amount accrued Dr. Interest on Secured/Unsecured
Loans 4111 to 4119/4211

Cr. Interest accrued but not due
2851 to 2859

4. REDEMPTION PREMIUM ON DEBENTURES/BONDS

Premium Amount Dr. Premium on Debenture/Bond
Redemption 3731/3732

Cr. Debentures/Bonds 2521/2522

5. INTEREST ON INVESTMENT

Interest amount Dr. Investment major code 12

Cr. Income from investment
7111/7112/7119

FINAL ACCOUNTS

COMPILATION OF ACCOUNTS

PROCESS MONTHLY ACCOUNTS RECEIVED FROM DIVISIONS

PREPARE CONSOLIDATED ACCOUNTS AT THE AUTHORITY LEVEL

PROCESS YEAR END ENTRIES FOR THE FOLLOWING

- * Stock adjustment
- * Transfer of deposit for works to income
- * Unbilled income / interest on investments
- * Depreciation / Share debit
- * Interest on loans/Advances/Borrowings
- * Interest on GPF/NMR-PF
- * Provisions for liabilities / outstandings
- * Adjustment for prepaid expenses
- * Write-offs

PREPARE TRAIL BALANCE

i. e. Ledger balances including cash and bank balances
Trial balance should tally

FINAL ACCOUNTS

COMPILATION OF ACCOUNTS

Prepare Income and Expenditure Account from the trial
Balance by closing all Income and expenses Accounts
Arrive at Surplus / Deficit of Income over expenditure

Transfer to Reserve Account from surplus, If any, as per norms of Authority

OR

Adjust deficit with free reserves

Prepare Balance Sheet from the trial balance after taking into Account the net
Surplus/Deficit and Transfer/adjustments arising out of Income and Expenditure Account

Prepare detailed Schedules for line items of Balance Sheet and
Income and Expenditure Account

FINAL ACCOUNTS

COMPILATION OF ACCOUNTS

ANNUAL ACCOUNTS FOR AUTHORITY SHOULD BE COMPILED FOR A

PERIOD OF 12 MONTHS FROM APRIL TO MARCH.

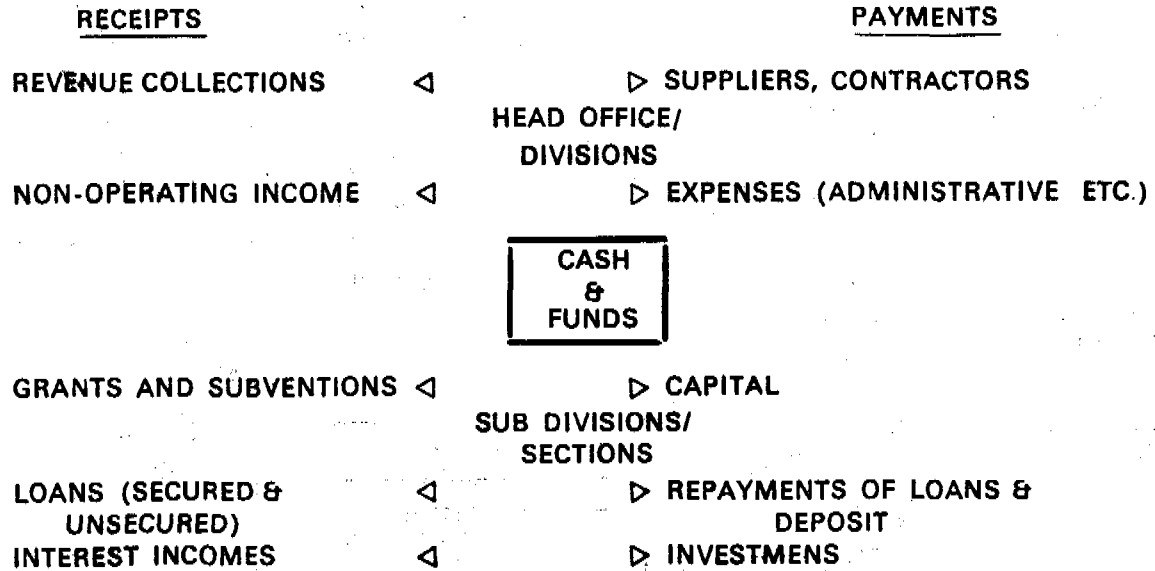
FINANCIAL STATEMENTS SHALL COMPRISE OF

- * Balance Sheet**
- * Income and expenditure account**
- * Schedules for balance sheet and income and expenditure accounts**
- * Notes on Accounts**
- * Statement of changes in financial position (Funds Flow) and**
- * Other statements, as prescribed**

Financial statements shall be in the forms prescribed by the authority and shall present a true and fair view of the financial position of the Authority.

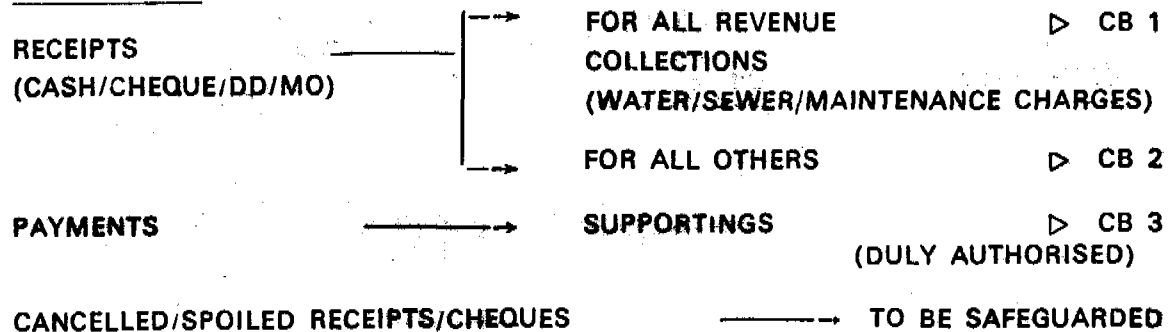
These statements shall be based on the accounting policies of the authority and deviations should be highlighted:

**CASH AND FUND ACCOUNTING
OVERVIEW**



**CASH AND FUND ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

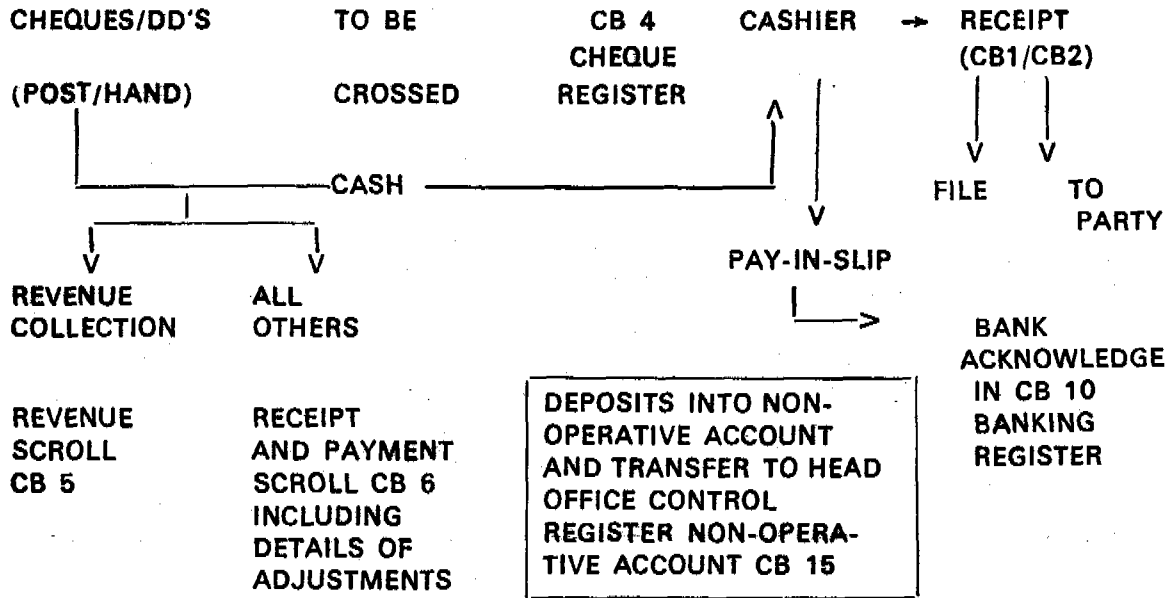
A. GENERAL



ALL CASH / BANK / TREASURY RELATED TRANSACTIONS SHOULD BE RECORDED IN CASH BOOK FORM CB 8. AT ALL ARU'S AND SUB DIVISIONS

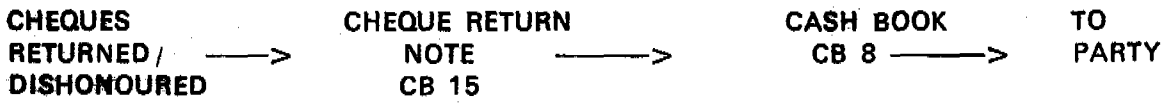
**CASH AND FUND ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

B. RECEIPTS



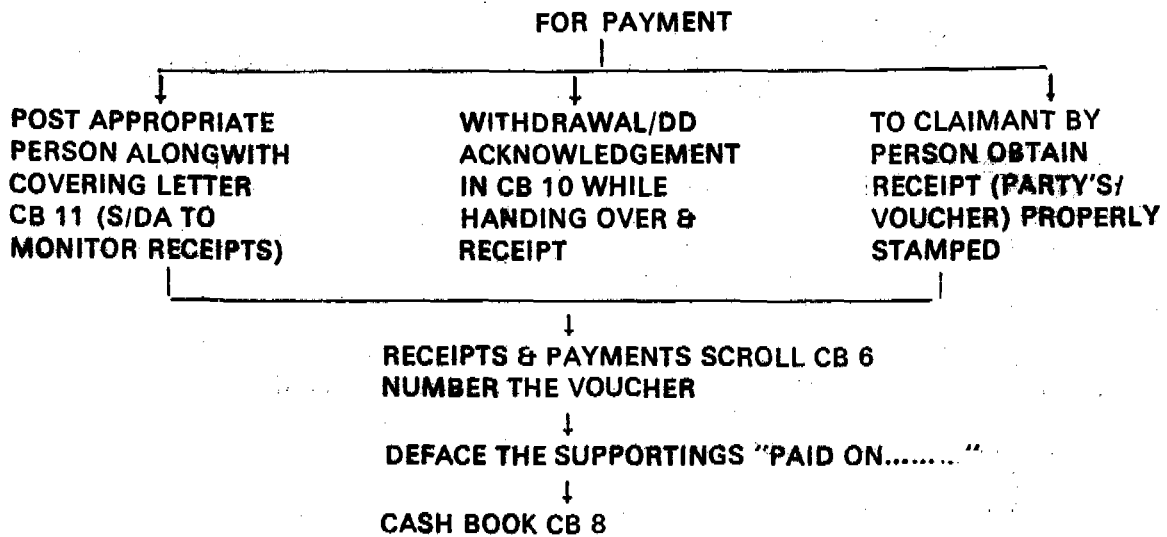
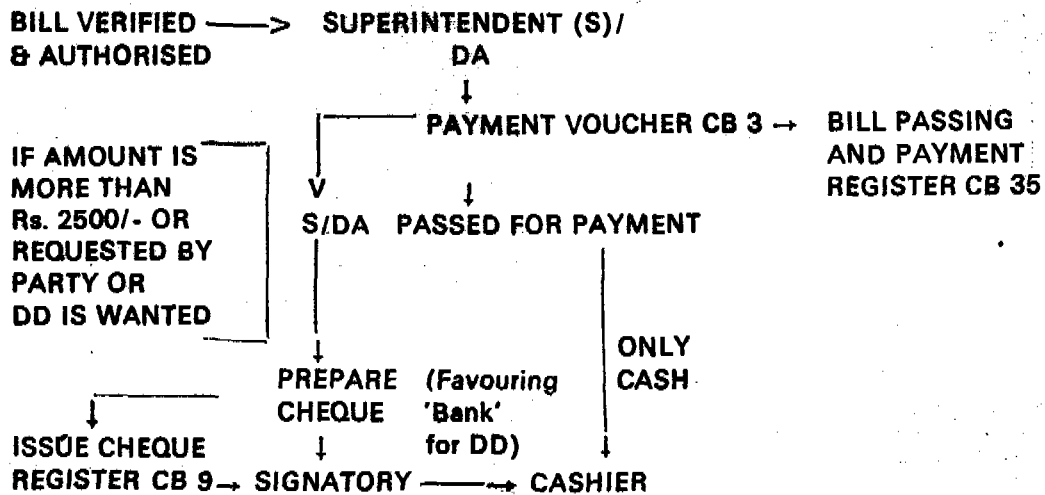
DEPOSITS INTO NON-OPERATIVE ACCOUNT AND TRANSFER TO HEAD OFFICE CONTROL REGISTER NON-OPERATIVE ACCOUNT CB 15

ALL RECEIPTS TO BE BANKED INTO NON-OPERATIVE ACCOUNT EXCEPT THOSE SPECIFICALLY ALLOWED BY THE AUTHORITY (E. G. DEPOSIT WORK-OTHERS)



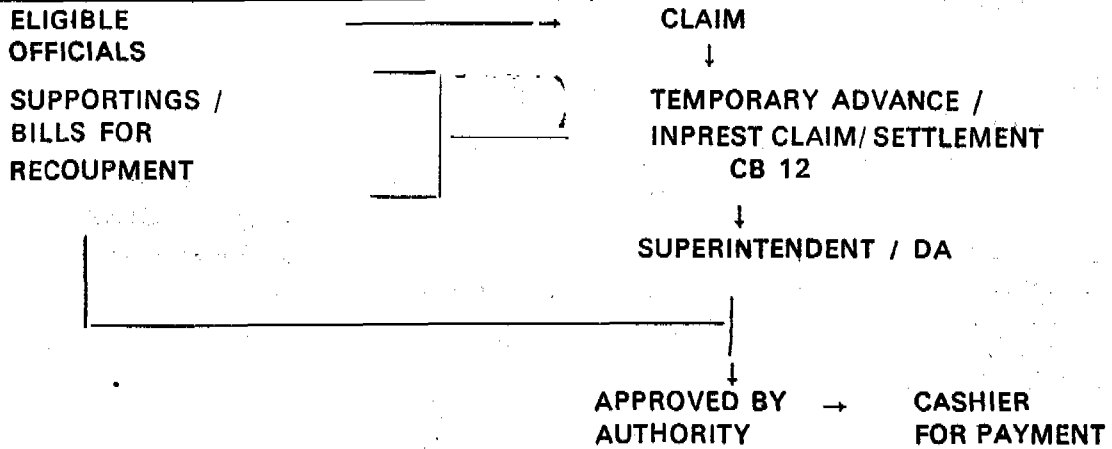
**CASH AND FUND ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

C. PAYMENTS



**CASH AND FUND ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

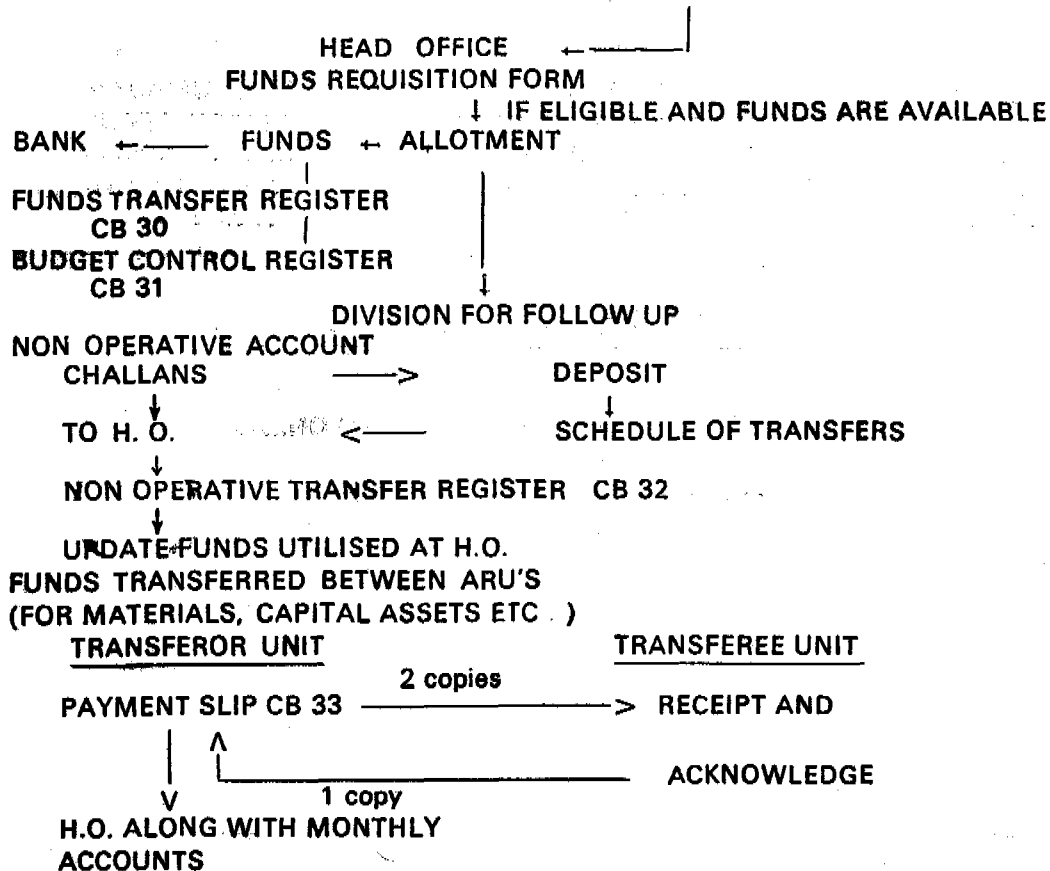
D. TEMPORARY ADVANCE / IMPREST CLAIM



**CASH AND FUND ACCOUNTING
OPERATING SYSTEM & PROCEDURES**

E. FUND TRANSFER

SUB DIVISION → REQUIREMENTS → DIVISIONS (CONS.)



**CASH AND FUND ACCOUNTING
ACCOUNTING PROCEDURES**

A. RECEIPTS

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
* Revenue Collections	— Update Revenue collection Scroll	CB 5	
	— Prepare Collection Summary	CB 7	
	— Update Cash Book Receipts side "Control Account - Collection"	CB 8	9211
	COLLECTED THROUGH BANKS ON RECEIPT OF COLLECTION SCROLL		
	— Update Cash Book Receipts side "Control Account - Collection"	CB 8	9211
* Other Receipts and all Payments	— Update receipts and payments Scroll (Sequence of Receipts & Payments used for numbering the vouchers)	CB 6	
	— Update Cash Book receipt side under relevant Account Codes E. G. 'Sale of Gunny Bags'	CB 8	7293

**CASH AND FUND ACCOUNTING
ACCOUNTING PROCEDURES**

A. RECEIPTS

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
* Receipts of Cheques / DD	— Update Cheque Register	CB 4	
	— Update Cash Book Under Relevant Account Heads & Column	CB 8	
	i. e. All Items to be Shown Under Non-Operative or Drawing Account		
* Cheques Dishonoured/ Returned	— Update Cash Book Payments Side Under the Original Account Booking	CB 8	
	E.G. Original Booking Receipts Side		
	'Sale of Gunny Bags' On Dishonour/Return Payments Side		7293
	'Sale of Gunny Bags'		7293

CASH AND FUND ACCOUNTING ACCOUNTING PROCEDURES

B. PAYMENTS

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
* Bills Passed for payments	— Update Receipts & Payments Scroll under relevant columns	CB 6	
	i. e. Cash or cheques with Relevant Account Codes Number the vouchers serially		
	In case of Cheque Issued		
	— Update cheque issue register	CB 9	
	— Update Cash Book (Voucher numberwise serially) Under Relevant Columns	CB 8	
	i. e. Cash or Drawing column Relevant Account Codes		
	In case of payments for maintenance charges		
	— Update Register of maintenance charges under relevant schemes Under 3 digits	RA 35	

CASH AND FUND ACCOUNTING ACCOUNTING PROCEDURE

B. PAYMENTS

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORMS</u>	<u>ACCOUNT CODE</u>
* Withdrawal of Cash	— Update Cash Book Receipts side 'CONTRA'	CB 8	9139
	Payments side Drawing Account column 'CONTRA'		9139
* Deposit of Cash into Non-operative Account	— Update Cash Book Receipt side Non-operative Account column 'CONTRA'		9139
	Payment side Cash column 'CONTRA'		9139
C. IMPREST * Payment of Imprest	— Update Imprest Register	CB 13	
	— Update Cash Book Payment side 'IMPREST ACCOUNT BALANCES'	CB 8	1532

**CASH AND FUNDS ACCOUNTING
ACCOUNTING PROCEDURES**

C. IMPREST

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
* Payment Temporary Advance	— Update Register of Loans and Advances	CB 20	
	— Update Cash Book		
	○ Payment Side Relevant Temp. Advance Account Code	CB 8	
* Recoupment of Imprest/ Settlement of Advance	— Update Imprest Register	CB 13	
	Or		
	— Update Register of Loans and Advances	CB 20	
	— Update Cash Book		
	○ Payment side Cash Column		Relevant Expenditure Code
	○ Receipts side Cash Column Incase of Imprest 'Imprest Account Balance' Incase of Advances Temp. Advance		1532 Relevant Account Code

**CASH AND FUNDS ACCOUNTING
ACCOUNTING PROCEDURES**

CHART No. 12

D. FUNDS TRANSFER

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
* Transfer of Fund from Head office To division/ Sub-division Division to Sub-Division	○ H.O. Books		
	— Update funds transfer Register	CB 30	
	— Update budget control Register	CB 31	
	— Update cash Book Payments side Cash/Bank/Treasury column 'IOA-Cash/Bank/Treasury'	CB 8	9131 To 9133 (As may be)
	○ Division Books		
	— Update cash Book Receipts side Cash/Bank/Treasury column 'IOA-Cash/Bank/Treasury'	CB 8	9131 to 9133 (As may be)
* Transfer of Fund from Division/sub-Division to Head Office	○ Division Books		
	— Update cash book Payment side 'IOA - Banks Non-operative'	CB 8	9134
	— Update 'Control Register Non-operative Account'	CB 14	
	○ Head office books		
	— Update Non-operative Transfer Register	CB 32	
On Receipt of challan	— Update cash book Receipt side 'IOA-Banks Non-operative'	CB 8	9134

CASH AND FUNDS ACCOUNTING ACCOUNTING PROCEDURES

D. FUNDS TRANSFER

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
* Funds Transfer From collection Accounts with Banks into Non-operative Account	— Update collection Bank Book Payment side — Update Cash Book Receipts side Non-operative column	CB 8A CB 8	
* Transfer between ARU's Reg. Material, Assets, Liabilities etc.,	Sender Division Books — Update Cash Book Payments side Relevant IOA Account Receiver Division Books — Update Cash Book Receipts side Relevant IOA Account	CB 8	9111 to 9113 9121 to 9123 9141 to 9143 (As may be)

All inter office transactions should be entered in Form CB 36 and sent to head office along with monthly accounts. Head Office shall periodically reconcile these and take necessary action.

CASH AND FUNDS ACCOUNTING ACCOUNTING PROCEDURES

D. OTHERS

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
* Cash Verification	Cash on Hand to be Verified with Revenue Collection Scroll And Receipts And Payments Scroll		
In Case of Unresolved Surplus / Deficit	— Update Surplus / Deficit Register — Adjust as per Authority's Rules In Force	CB 17	
* Adjustments (E. G. Supplier Payment Adjustments Imprest Settlement etc.)	Should be Carried out in the Cash Column in Both Receipts and Payment Sides. Such Entries Should be Balanced Properly. Total on Receipt and Payments side be Equal.		
* All Capital Receipts / Payments Should Also Be Updated In	<input checked="" type="radio"/> Other Deposit Register <input type="radio"/> Register of deposits made <input type="radio"/> Register of loans and advances <input type="radio"/> Sales tax Register <input type="radio"/> Register of ITDS <input type="radio"/> Other claims Register <input type="radio"/> Investment Register (At H. O.)	CB 18 CB 19 CB 20 CB 21 CB 22 CB 23 CB 24	

CASH AND FUNDS ACCOUNTING ACCOUNTING PROCEDURES

D. OTHERS

<u>ACTIVITY</u>	<u>ACTION</u>	<u>FORM</u>	<u>ACCOUNT CODE</u>
* Bank Reconciliation	— Prepare Statement	CB 25	
* Post Reconciliation Entries	— Update Cash Book Receipt side Under Relevant Column and Account Codes Amount credited by Bank including interest But not recorded in Cash Book Payment side Amounts debited by Bank (i.e. Interest, Bank charges, Commission, Cheques dishonoured etc.)	CB 8	
* Preparation of Monthly abstract	Abstract sheet (CB 28) to be used in preparing account wise abstracts in which voucher wise details are to be recorded Post the abstract sheets CB 28 into monthly Abstract sheet CB 27. The opening balances contra Account transactions and closing balances also should be filled. Receipt side and payments side (including opening and closing balances) Total should be equal.	CB 27	

CASH AND FUNDS ACCOUNTING INTERNAL CONTROL

- * All cheques / DD's shall be crossed
- * Daily cash to be balanced with revenue collection scroll and receipts and payments scroll
- * Periodically cash count should be done by persons other than cashier
- * Payments should be done on the basis of duly passed bill/voucher
- * All payments supporting documents should be properly defaced to avoid duplicate payments
- * Cheques (Unused) should be in custody of authorised person
- * Banking register to be maintained and scrutinised regularly
- * Bank Reconciliations should be done regularly
- * Special care should be exercised in monitoring unrepresented cheques, stop payments, dishonoured etc.

CASH AND FUND ACCOUNTING

The following are the events that have taken place in the division

Date	Particulars		
	Opening Balance : Cash	Rs.	2,000/-
	Bank	Rs.	200,000/-
	Non-operative Bank	Rs.	80,000/-
	Treasury	Rs.	5,000/-
1.6.91	Receipt of water charges from Mr. A for June '91 in cash Rs. 1000/-		
2.6.91	Received refund of Rs. 300/- vide cheque no. 102103 of M/s. Nedungadi Bank from Mr. A, supplier of cement towards price differential (charged excessively by Mr. A.)		
2.6.91	At the close of the day the cash on hand was lower than the books to the extent of Rs. 10/-		
3.6.91	Advance payment made for the purchase of Steel Almirah Rs. 100/- to Mr. B.		
4.6.91	Payment of casual labour wages Rs. 2000/- for repairing office building.		
8.6.91	The Head office sent Rs. 10 lakhs to Northern division for meeting its day-to-day expenses in the form of DD.		
9.6.91	The Northern division received the amount of Rs. 10 lakhs referred above and deposited it into Bank the same day.		
10.6.91	The Northern Division withdraw Rs. 1 lakh from Drawing account.		
11.6.91	A new imprest for subdivision 1 was created to the extent of Rs. 1000/-		
14.6.91	Imprest expenses for the period 10-6-91 to 13-6-91 to the extent of Rs. 200/- recouped details as under :		
	Stationery	Rs.	100/-
	Staff Welfare	Rs.	75/-
	Postage	Rs.	25/-
15.6.91	A cheque received from Mr. A towards water charges May '91 got dishonoured. The intimation of the same was obtained today.		
16.6.91	Northern division has transferred funds collected on account of water & maintenance charges etc for the week ended 15-6-91 amounting to Rs. 1 lakh to the Head office.		
17.6.91	An advance payment was made to Mr. Z, contractor to the extent of Rs. 1 lakh through Cheque No. 100001 date 16-6-91.		
18.6.91	Mr. Y, Contractor, was fully settled and the final payment amounted to Rs. 2 lakhs paid by DD No. 100111 date 18-6-91. As on this date, the advance to Mr. Y was to the extent of Rs. 8 lakhs.		
19.6.91	Mr. X, Steel dealer, was paid an advance of Rs. 4 lakhs for delivery of 10000 kgs of steel at site 1.		
20.6.91	Electricity charges for the month of May '91 amounted Rs. 4 lakhs by Northern division. This was paid this day vide cheque no. 100002.		
24.6.91	Cross checking of Electricity consumption May '91 revealed that the amount paid by the authority was excess to the extent of Rs. 1 lakh. A protest has been lodged today.		
26.6.91	The Electricity Board admitted the correctness of the protest and agreed for a refund of Rs. 1 lakh.		
27.6.91	A Deposit has been received from CD Engineering College to the extent of Rs. 80,000/- for laying sewerage links.		
27.6.91	The CAG Auditors sent their bill for Audit fees for 89-90 amounted to Rs. 8 lakhs and were issued for that amount the same day, vide Cheque No. 100004.		
28.6.91	A Bill for Rs. 2180/- towards paper & magazines supply etc relating to the year 1989-90 (a provision was created in year 1989-90) was paid by cash.		
28.6.91	A sum of Rs. 20,000/- was deposited with PWD for road cutting.		
28.6.91	A self cheque for 10000/- for meeting various expenses was made.		
29.6.91	The self cheque (for Rs. 10000/- was encashed.)		
29.6.91	A sum of Rs. 25000/- was received from AB Municipality towards maintenance charges.		
30.6.91	A cheque for Rs. 400/- received from M/s AB, a non-domestic consumer towards settlement of water charges got dishonoured to day (as per the advice of the banker)		
30.6.91	Received Steel Almirah on 28-6-91 (advance Rs. 100/- given on 3-6-91) and made the final payment of Rs. 900/-.		

OBJECTIVE QUESTIONNAIRE FOR CASH AND FUNDS ACCOUNTING

- 1 Bill collector will be issued receipt books relating to
 - a) Grants and subventions
 - b) Treasury
 - c) Revenue Collections
 - d) None of the above
- 2 Payments for expenditure will be made through voucher in form
 - a) CB 3 b) CB 8 c) CB 12 d) CB 27
- 3 Cancelled and/or spoiled Receipts or Cheques shall be
 - a) Destroyed
 - b) Not destroyed but clipped with receipt copy or counter foil
 - c) Deposited in Treasury
 - d) None of the above
- 4 Cheques/DDs received by mail shall be entered in
 - a) Mail inward register
 - b) Cheque register
 - c) a, b
 - d) Non of the above
- 5 Receipt for water/sewer charges shall be in form
 - a) CB 1 b) CB 2 c) CB 3 d) CB 4
- 6 Receipts other than water/sewer charges shall be in form
 - a) CB 1 b) CB 2 c) CB 3 d) CB 4
- 7 Revenue collection shall be entered in
 - a) Revenue Collection Scroll (CB 5)
 - b) Receipts and Payments Scroll (CB 6)
 - c) a, b
 - d) None of the above
- 8 Cheque payments will necessarily be made if
 - a) If payment exceeds Rs. 2,500/-
 - b) If payment is upto Rs. 2,500/-
 - c) If payee so desires
 - d) a, c
- 9 Cheque payments shall be recorded in
 - a) Cash Book
 - b) Cheque issue register
 - c) a, b
 - d) None of the above
- 10 Imprest claim/Temporary Advance shall be in form
 - a) CB 2 b) CB 4 c) CB 6 d) CB 12
- 11 Dishonoured cheques as advised by bank shall be accounted in Cash Book under
 - a) Receipts side
 - b) Payment side
 - c) None of the above
- 12 Transfer of funds to Head office from Division/Sub-division shall be transacted in
 - a) Cash account
 - b) Drawing account
 - c) Treasury account
 - d) Non-operative account

- 13 The order of entries in Cash Book abstract shall be
- Datewise
 - Account code wise
 - a, b
 - None of the above
- 14 When Final payment is made, as per recommended practice it is entered in cash book to the extent of :
- Gross value of Bill in payment side and advance payments in receipt side.
 - Net value of Bill in payments side.
 - Net value of Bill in payments side and advance paid is entered in both receipts and payment side.
 - None of the above
- 15 All revenue receipts are entered in cash book under :
- Revenue head
 - Debtors account
 - Control account-collections
 - None of the above
- 16 When imprest is recouped, it shall be accounted in cash book as
- Imprest account
 - Expenditure account
 - None of the above
- 17 When a self cheque is drawn in the previous day for with drawing cash in the succeeding day, it is entered in cash book under code :
- Cash
 - Cash in transit
 - Cheque in transit
 - None of the above
- 18 Receipt of draft from Head office by Division shall be accounted in divisional cash book under :
- IOA Cash account
 - IOA Bank drawing account
 - IOA Treasury account
 - None of the above
- 19 Entries relating to adjusting individual Sundry debtors for collections shall be made in
- Head office only
 - Division only
 - Circle only
 - None of the above
- 20 Asset purchases shall be entered in cash book under
- Natural head
 - Control account-Capital Expenditure others
 - Expenditure head
 - None of the above
- 21 Unpaid salaries of earlier years when paid during current year, it shall be accounted in cash book under :
- Natural head of Expenditure
 - Provision account
 - a, b
 - None of the above

