

APS RTC

No MA1/5(14)/91 AD

O/o the VC & MD Finance Wing
Mushirabad Hyderabad
Dated 27 Mar 92

ACCOUNTS CIRCULAR No 20 / 1991

Sub ACCOUNTS Stock Adjustment Account Instructions to maintain
uniformity Issued - Reg

Ref Item No 3 of Minutes of the meeting of SMs(F) held on 17 SEP 91 with FA &
CAO

Stock Adjustment Account is under operation which exhibits balance being the differences in stock due to (i) physical verification conducted either by Dy Superintendent(Audit) or Stores Department Officials (ii) differences due to re valuation of stock and (iii) differences in value of Stock of Kardex balance (Priced Ledgers) and Financial Ledgers

The differences are reviewed to ensure that

- 1) all receipts are accounted for
- 2) all issues are accounted for
- 3) that there are no errors in re valuation of receipts or issues

After carrying out necessary reviews adjustments are earned out duly obtaining sanction/approval of the competent authority As a rule such reviews and adjustments are to be carried out in the same financial year so as to Debit / Credit the relevant final heads of consumption and to exhibit proper balances

But due to various factors, the adjustments are not being earned out within the same financial year and is being earned out after a lapse of few years Therefore, Debiting / Crediting the Stores final heads in the Current year for the transactions that took place few years back is not appropriate As the Stores key-parameter is being critically analysed by the Top Management it is also felt quite in-appropriate to Credit to Stores consumption heads in the current financial year for the values

of previous years as the CPK of the current month as well through out the year gets affected rendering the review in accurate It is also seen that different systems on adjustments are being adopted by different Regions some are Crediting to AH 86 and some are crediting to AH 88 and some to Stores consumption heads

To have uniform procedure the clearances for the differences noticed in earlier year be made adopting the following prescribed Account Heads

AH No NOMENCLATURE

263	Loss on Stores due to physical verification
264	Loss on Stores due to revaluation or on Sales
88	Excess stock or excess value in Inventory

For this purpose the nomenclature of the AH 88 be read as "Excess Stock or Excess value in Inventory"

Sd/ (A AnandaRao)
CHIEF MANAGER (FINANCE)