

APS RTC

No PA5/548(15)/91-AD

O/o the VC & MD Finance Wing
Mushirabad Hyderabad
Dated 31 Dec 91

ACCOUNTS CIRCULAR No 21/1991

Sub ACCOUNTS Booking of expenditure on account of Leave Encashment
Proportionate amount every month - Reg

Encashment of Leave Wages are mostly claimed and paid during JAN & FEB of every year and accordingly the total expenditure is reflected in the Accounts of JAN - FEB as the case may be Since the total expenditure is around Rs 8 9 crores, such a heavy booking of expenditure in a months Account badly affects the Profit & Loss Account of that month, It is therefore desired that the expenditure of Leave Encashment be evenly distributed and booked in the monthly Accounts from APR MAR of the year Therefore, it is necessary to make a provision for Encashment of Leave Wages monthly and the provision be cleared as and when the actual payments are made by units In this connection AH No 553 styled as "Provision for Expenditure on Encashment of Leave Wages" is now prescribed and shall come into force with immediate effect

Provision to be made and Debited to AH No 553 is at the rate of 1/24 of the Wages ("PAY + DA + CA + HRA + IR and Equalisation of Allowances") duly Crediting to AH No 291 Demands payable at Regional level in respect of Units and at HO evel in respect of HO Units and BBU

The actual Encashment of Leave Wages paid to Employees at Units is debited to respective AHs viz 1001(A) to (F) in the months of JAN - FEB of the year Therefore the provision made under AH No 553 be cleared to the extent of amounts debited to AH Nos 1001(A) to (F) by debiting to AH 291 - Demands Payable and crediting to AH 553 It shall also be ensured that while compiling of MAR Accounts AH No 553 remains with Nil balance

The above instructions be implemented from DEC 1991 Accounts 1/24 of total Wages from APR - NOV 91 be worked out and proportionately included in DEC 91 to MAR 92 Accounts From APR 92 the proportionate expenditure be booked in every months accounts Please ensure that the above instructions are carefully carried out so as to result in booking of correct expenditures in Profit & Loss Account statements of each month AH No 553 be exhibited under "M - Provisions in the group in Accounts"

Sd/- (P Jeer)

FA & CHIEF ACCOUNTS OFFICER