

APS RTC

No C&B/AB/114(l)/94-95/FD

O/o the VC & MD Finance Wing
Mushirabad Hyderabad
Dated 20 Apr 94

C I R C U L A R

Sub MONTHLY ACCOUNTS Contribution to Depreciation Fund - Change in
Accounting Procedure Reg

Instructions were given vide letter No MA/5(2)/94 AD dated 05 MAY 1994 to provide for Depreciation in monthly Accounts for the Financial Year 1994 95 @ 80 paise per kilometer operated by each vehicle

With a view to reflect a realistic picture of depreciation chargeable in the accounts of the Depot and to have the performance/profitability of the Depot correctly measured it is decided to charge specific CPK on Depreciation for each depot in place of uniform CPK This is worked out with reference to the fleet and age of the vehicles in each depot as at 31st March 1994 and based on the volume operated by each Depot in 1993 94

The CPK to be adopted for the purpose of charging Depreciation in the monthly Profit and Loss Account is specified Depot wise at Annexure A This rate would be in force for the year 1994-95 Based on the volume operated in 1994-95 and the fleet position as at 31st March 1995 in respect of each Depot the rate as applicable for the period from April 1995 to March, 1996 would be revised and communicated by Head Office Depot-wise

At present the cost of complete overhaul (C O) of vehicle is charged to the accounts of the Depot which receives the vehicle after C O amounting to Rs 1 50 lakhs (approximately) On the same lines whenever a new vehicle is allotted to a depot it is decided to debit to accounts of the Depot receiving the new vehicle an amount in one lumpsum at the following rates in addition to the normal CPK to be adopted as shown in Annexure-A

	Rs In lakhs
Per DELUXE / LUXURY VEHICLE	2 25
Per Vehicle other than the above	2 00

This lumpsum addition will be made in the month of account in which the new vehicle is allotted representing the difference between present cost of the new vehicle and the original cost of the vehicle replaced In the case of C O (including conversion) the cost of C O would be to the account of the depot to which the Vehicle is allotted after C O

The above method of charging Depreciation in the Profit and Loss Account will come in to effect from JULY 1994 accounts Accounts of April 1994 to June 1994 need not be recast and the uniform depreciation already provided will stand

The CPK for Depreciation and the additional amount to be charged on receipt of a new vehicle will be provided in the respective Depot accounts by the Regional Office In case any new Depot is opened in the course of the year for which CPK is not fixed till such time the same is done by the Head Office taking into account the vehicles transferred from existing depots to the new Depot Depreciation is to be charged in the Accounts of that Depot at 80 paise per KM

MED in Head Office will send the particulars of new vehicles allotted to a Depot as and when they are despatched to the RM concerned to enable the Accounts Officer/Dy Chief Accounts Officer of the Region to provide additional Depreciation in respect of these vehicles The list of new vehicles received by the Depots will be provided to the AO/Dy CAO (Region) by the MIS Wing of the Region also in the month end This is to facilitate counter check whether all the new vehicles received by the Depots have been incorporated in the accounts

The revised depreciation accounting procedure is aimed at reflecting reasonably correct picture of financial performance of the Depot month wise, and it is not intended to deter the Depot Managers/RMs/ED(Zone) from replacing the old vehicles where found justified as prescribed in the MED circular ED (Zone)/RM should ensure that the vehicles are sent for complete overhaul as per guidelines Similarly when a vehicle has to be replaced ED (Zone)/RM/DM has to ensure that the new vehicle is asked for and put to operation

Thus the aim is not only to ensure realistic exhibition of financial performance of each depot but also to enable depots obtain replacements in time and provide reliable service to commuters

Encl Annexure

Sd/ (C Anjaneya Reddy)
Vice-Chairman & Managing Director

Note - Enclosure not printed