

APS RTC

No SA(HO) 7/4(10)/95 96/AW

O/o the VC & MD Accounts Wing  
Mushirabad Hyderabad  
Dated 23 Mar 96

**ACCOUNTS CIRCULAR No 3 / 1996 AD**

Sub STORES Accountal for Materials in Transit - Reg

In the Corporation materials received are accounted for only when they are inspected and accepted by preparing Receipt orders In order to clear the suppliers Advances Account to the maximum extent possible and also create liability for all purchases under appropriate heads of account before closing the Accounts every year it is requested that the process of inspection and accountal be expedited in case of all materials received upto 31st March every year

Not withstanding special efforts taken to quicken the process of accountal some materials physically received before 31st March may be lying in the Receipts Section under accountal Similarly materials received before 31st March and rejected in inspection may be lying in the premises of the Corporation awaiting return to the Suppliers

At present the Kardex value of material held on 31st March in only the Wards of all the Stores in the Corporation is shown as Inventory on the Assets side of the Balance Sheet but the MATERIALS IN-TRANSIT as above is escaping accountal and this has been objected to by the AG

Keeping the objectives of preparing a true and fair Balance Sheet and Opinion expressed by the Expert Advisory Committee of the Institute of Chartered Accountants of India in respect of items forming part of Materials in Transit in view it is decided to account the following material as MATERIALS-IN TRANSIT for the purpose of Annual Accounts

01 Material received and lying in Receipts Section as on 31st March under Accountal irrespective of whether advance payment has been made or not

02 Material rejected but not returned to the Supplier as on 31st March irrespective of whether advance payment has been made or not

At the end of every financial year the SO(R) shall prepare a detailed statement of the Materials in-Transit as above and also indicate the value against each adopting the same principles on which Receipt orders are valued If no Purchase Order has been raised the valuation may be done adopting the latest Kardex rate and at a fair rate in consultation with the Purchase Officer where Kardex rates are also not available

The Dy CAO/AO, on receipt of the said information from SO(R) shall pass a Journal Entry debiting AH 2164 and crediting AH 0829 in the accounts of March. The Journal Entry shall be reversed in the April accounts of following financial Year.

This has the approval of CCoS and CAO

Sd/  
ACCOUNTS OFFICER (STORES)