

## ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

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No MA1/4(1)/2002 AD

Dated 9<sup>th</sup> Jan 03

### **ACCOUNTS CIRCULAR NO 2 / 2003**

Sub ACCOUNTS - Compilation of Annual Accounts for 2002 03 Reg

#### 01 STATUTORY OBLIGATIONS

Under Section 33 of the RTCs Act 1950 'The Corporation shall maintain proper accounts and other records and prepare an annual statement of accounts including the Profit and Loss Account and the Balance Sheet in such form as may be prescribed by the State Government in consultation with the Comptroller and Auditor General of India The accounts of a Corporation shall be audited annually by the Comptroller and Auditor General of India or his nominee

Under Rule 29 of the APSRTC Rules 1958 Within six months of the close of each financial year the annual accounts shall be drawn up showing the financial results of the Undertaking These accounts shall take into account all income received as also accrued but not received all liabilities for the year incurred but not liquidated and all expenditure incurred in the year in advance of the period to which it pertains

#### 02 TIME SCHEDULE

In order to fulfil the statutory obligations the following time schedule is adopted for compilation consolidation and submission of our Annual Accounts for every financial year (Apr to Mar) to the A G

- |   |                      |
|---|----------------------|
| (a) Submission of Mar Accounts Current by all Units (except C&B and WA) to the Dy CAOs/AOs        | 27 <sup>th</sup> Apr |
| (b) Submission of Mar consolidated Accounts Current of Regions to Head Office with accompaniments | 05 <sup>th</sup> May |
| (c) Submission of Mar consolidated Accounts Current of Zones to Head Office with accompaniments   | 10 <sup>th</sup> May |
| (d) Submission of Mar Account Current by C & B and W A  | 20 <sup>th</sup> May |
| (e) Submission of Annual Accounts of the Corporation to Board for approval                        | 12 <sup>th</sup> Jun |
| (f) Submission of the Board approved Accounts to A G  | 26 <sup>th</sup> Jun |

One Sr Resident Audit Officer and his staff of the AG s Office are housed in our Head Office After certification by the AG s Office our accounts are laid before the State Legislature

### 03 CONVENING MEETINGS

- (a) As soon as Feb accounts are over the Dy CAOs/AOs of all the Consolidation Centres shall conduct Annual Accounts Meetings of all the Accounts Supervisors of their constituent Units to review —
- ◆ Irregular balances
  - ◆ Abnormalities in balances
  - ◆ Unusual operation of AHs
  - ◆ Infrequent Transactions
  - ◆ Compliance of Accounts Circulars issued during the FY and
  - ◆ Omissions and Commissions pointed out in AG s audit etc
- (a) The Dy CAOs/AOs shall scrutinise the Mar accounts of all their constituent Units at draft stage before finalisation They shall also submit their consolidated accounts to the Corporate Office for scrutiny at draft stage along with the data in cartridges At this stage, the Dy CAOs/AOs have to assess and intimate the approximate amount of income and expenditure yet to be booked in accounts
- (b) The Consolidation Centres shall ensure submission of consolidated Accounts Current for Mar in entirety and after carrying out all required adjustments by the due date Three copies of MAR Accounts Current are required to be kept ready for submission to the Audit parties at the time of audit

### 04 ACCRUAL BASIS

- (a) Carry out all required adjustments for (I) Outstanding Expenses (II) Income accrued but not received (III) Pre paid Expenses and (IV) Income received in advance
- (b) With regard to Outstanding Expenses if figures of actual expenditure are known before passing provision JE exact amounts have to be taken into consideration If figures of actual expenditure are not known probable expenditure has to be estimated based on past experience correspondence etc using best judgment in the circumstances There should not be any omissions in identifying Items of expenditure
- (c) Consolidation Centres should incorporate required adjustments to regulate credit balances for Provisions towards Exgratia Encashment etc as per the HO directive

### 05 PRIOR PERIOD TRANSACTIONS

Checkwhether Previous Year(s)Transactions are correctly distinguished from Current Year s Transactions as follows

- (a) When any payment or receipt relating to Previous Year(s) is made or received in Current Year
  - (i) If provision was NOT MADE in Previous Year(s) operate AHs prescribed for Previous Year(s) Transactions
  - (ii) If provision WAS MADE in Previous Year(s) operate AHs prescribed for Current Year Transactions for the difference amount
- (b) Provisions for expenditure are made on assumption basis After making payments
  - (i) Excess of Provision over Payment has to be credited to expenditure heads of account of Current Year only and
  - (ii) Excess of Payment over Provision has to be debited to expenditure heads of account of the Current Year only
- (c) Provisions made in Previous Years may have become superfluous on account of liability not materialising for any reason Or in respect of Provisions made in Previous Year(s) actual Payments would have been made by wrongly debiting to final heads of account at the time of actual payment in subsequent year (which is previous to the current one) without connecting credit In such cases outstanding Provisions have to be withdrawn by debiting the Account in which Provision is unnecessarily held and crediting AHs prescribed for Previous Year transactions

## 06 SUBSIDIARY REGISTERS

- (a) Update Subsidiary Registers for all the Balance Sheet items with sufficient details
- (b) In case of certain AHs such as 1001 etc some Accounting Units may not be maintaining Subsidiary Registers since either no balances are held at all or balances held relate to transactions of latest one month If any balances are held in such AHs and Subsidiary Registers are not maintained in conventional form or by using Computers Transaction wise composition of Mar balances shall be reviewed by the Dy CAOs/AOs of the Consolidation Centres
- (c) Carry out all required adjustments for items in AHs under Purchases Advances Deposits Sundry Debtors Other Recoverable amounts Other Suspense Accounts etc
- (d) Check whether balances outstanding in Accounts are corresponding to the information in Administration Files with regard to Property Tax (AH 1140) Stall Rents (AH 2317) MACT Deposits (AH 2458) Thefts and Embezzlements (AH 2813) Cost of Damages (AH 2816) Loss of Tickets (AH 2833) Refund of Fares (AH 2834) etc
- (e) Review balances of AHs under Groups 25 26 and 27

## 07 CONTINGENT LIABILITIES

- (a) Contingent Liabilities are possible liabilities which may or may not crystallise into actual liabilities and which if they do become actual liabilities give rise to a loss or an expense or an asset of doubtful

value Ensure that there are no omissions in disclosure of Contingent Liabilities towards Claims for (I) Accident Compensation (excess of Claim amount over and above the amount already charged off to expenditure under AH 6901 or 6904) (II) Damages to Property (III) Property Tax and (IV) Back Wages etc All claims against the Corporation which are in dispute shall be included in the list of Contingent Liabilities

- (b) If there is certainty of making payment book provision in accounts and where provision is booked the item shall not be included in the list of Contingent Liabilities For instance if Property Tax is revised and an Appeal is filed or being filed against revision provision has to be made in accounts at the old rate of tax and the difference amount has to be shown in the list of Contingent Liabilities

#### 08 STORES OBSOLESCENCE FUND

Confirm that any loss due to disposal of Obsolete Stores is debited to AH 0322

#### 09 BUS PASSES ETC

- (a) The validity of monthly Bus Passes and Season Tickets issued in March extends to certain period in April Two JEs have to be passed in Mar accounts for (I) Reversal of previous FY Mar JE for booking proportionate amount relating to Apr of current FY and(II)Booking proportionate amount relating to Apr of ensuing FY (Ref Cir No MA1 / 4 (1) / 96 97 / AD dtd 26 02 97)
- (b) With regard to CAT Cards all the Regional Offices have to pass JE towards Income received in advance (Ref Accounts Cir No 1 of 2003) for and on behalf of all their Units

#### 10 ASSETS VERIFICATION

Complete physical verification of Fixed Assets (Land Buildings Vehicles Plant & Machinery Furniture & Fittings Electronic Equipment etc) and Stores

#### 11 CIVIL WORKS

EEs Offices have to capitalise the Works which are partly completed and put into use with expenditure incurred till the date they are put to use to AH 1628 After issue of Completion Report the entire amount be capitalised and booked to the respective capital Asset Head (Ref Lr No W1/152(2)/96 AD dt 15 06 96 at Page 112 of the Finance Accounts and Audit Circulars 1991 2000 book)

#### 12 MATERIALS IN TRANSIT

Assess the value of material received and lying in Receipts Section as on 31<sup>st</sup> Mar under accountal irrespective of whether advance payment has been made or not and material rejected but not returned to the Supplier as on 31<sup>st</sup> Mar irrespective of whether advance payment has been made or not and bring to book(Dr AH 2164 and Cr AH 0829 in Mar accounts every year The JE shall be reversed in the following Apr accounts (Ref A/cs Cir No 3/1996 AD at Page 107 of the Finance Accounts and Audit Circulars 1991 2000 book)

### 13 PERSON WEIGHING MACHINES

Open Cash Boxes of Person Weighing Machines on 31 Mar otherwise assess and book License Fee and Share of Revenue upto 31<sup>st</sup> Mar to AH 9105 on accrual basis (Ref A/cs Cir No 2/1998 AD at Page41 of the Finance Accounts and Audit Circulars 1991 2000 book)

### 14 BILLS RAISING

Raise bills for Police Warrants Postal Bills Inter State Oil supplies Special Hire etc upto Mar In case of dis allowances made for bills raised already make proper adjustments duly obtaining orders of the competent authority

### 15 ACCIDENT COMPENSATION

Review correctness of accountal for payments towards Accident Compensation with reference to Accounts Cir No 12/2002 dt 27<sup>th</sup> Sep 02

Further as we maintain our accounts on accrual basis Provision for Outstanding Expenses shall be booked in respect of Motor Accident Claims pending as on 31<sup>t</sup> Mar every year as detailed below

- (a) In respect of Claims for which Compensation amounts are awarded in Lok Adalat or MACT or Court on or before 31<sup>st</sup> Mar Provision has to be made for the awarded amount if ALL the following conditions are fulfilled
  - (I) Award or Judgment is pronounced on or before 31<sup>t</sup> Mar
  - (II) Decision is taken to accept the Award or Judgment and
  - (III) Payment could not be made on or before 31<sup>t</sup> Mar for want of communication or order or sanction etc
- (b) In respect of other Accidents which occurred on or before 31<sup>st</sup> Mar provision has to be made at rates prescribed (Rs 50000 for each death case and Rs 25000 for each permanent disability case) in the M V Act This provision has to be made for all pending Accident cases irrespective of whether Claims are received or not
- (c) Provision calculated as above shall be booked (Dr AH 6901 and Cr AH 1141) in Mar accounts every year of all Regional Offices for and on behalf of their constituent Depots The Provision JE has to be just reversed in Mar accounts of the ensuing year Thus in Mar accounts of all Regional Offices two JEs have to be passed one for reversing the Provision JE in Mar accounts of Previous Year and making Provision for Outstanding Expenses as on 31<sup>t</sup> Mar of Current Year

### 16 DRAWING ACCOUNT

- (a) If Mar salaries are disbursed on or before 31<sup>st</sup> Mar propose the Journal Entry (Dr AH 0909 and Cr AH 2527) in the Accounts of Mar
- (b) If Mar salaries are disbursed on or after 1<sup>t</sup> Apr propose the Journal Entry (Dr AH 0909 and Cr AH 2527) in the Accounts of Apr
- (c) Ensure that balance in AH 2527 relates to drawals for disbursement of salaries only (Ref Accounts Cir No 13 / 2002 dtd 29<sup>th</sup> Oct 02)

## 17 IMPREST ACCOUNTS

Close Imprest Accounts on 31 Mar otherwise assess and book expenditure upto 31<sup>st</sup> Mar into accounts on accrual basis (Ref A/cs Cir No 1/1998 AD at Page 39 of the Finance Accounts and Audit Circulars 1991 2000 book)

## 18 STOCK ADJUSTMENT ACCOUNTS

- (a) Ensure one hundred per cent clearance of all amounts booked in AH Nos 2801 and 2802 in Accounts upto the end of Previous Year With regard to Inventory Reconciliation for Current Year do not wait till year end to commence reconciliation work Take up review of transactions relating to Receipt Orders Issue Notes Transfer Issue Notes Last Sheets Sale Issue Notes Departmental Stock Reports Audit Stock Reports etc immediately The un reconciled inventory difference as on 31<sup>st</sup> Mar should be only a meagre amount
- (b) Ensure that at the end of Mar no balances remain in AHs 2803 to 2808 (Stock Adjustment Accounts)
- (c) Clearance of balances in Stock Adjustment Accounts (AHs 2801 to 2808) has to be made by operating AH 7507 PROV- Stock Adjustment Account after obtainmg competent sanction (Ref Accounts Cir No 15 / 2002 dt 26<sup>th</sup> Nov 02)

## 19 CASH RETRENCHMENTS

Cash Retrenchments from Salary Bills towards Excess Drawal or Short Recoveries shall be debited to AH 2814 "Payments Pending Classification and credited to the respective Account Heads The debit given to AH 2814 shall be cleared when the amount is remitted into Bank It has to be ensured that except March Cash Retrenchment no balance shall remain outstanding at the end of March

## 20 OUT DEPOT REMITTANCES

Ensure that at the end of Mar no balances remain in AH 2844 relating to ODR Like wise there should be only credit balance in AH 2843 representing remittances made at out depots at the fag end of Mar for which debits are booked through TRR in Apr

## 21 INTER UNIT TRANSACTIONS

- (a) Debit and Credit Advices shall not be issued in the accounts of Mar except for transfer of Out Depot Remittances (ODR) Police Warrants Funds Stores and Workshops Profit/Loss on sale of scrap and Non Departmental Recoveries (NDRs) only
- (b) If any of the Debit or Credit Advices raised in Mar accounts for specified purposes against Units WITHIN the Consolidation Centre could not be dispatched before 20<sup>th</sup> Apr the same should be handed over to the AO of the Consolidation Centre who should get them incorporated in accounts of Responding Unit before closing Accounts at the Consolidation Centre level Before closing Mar Accounts the Dy CAO/AO shall ensure one hundred percent clearance of all Advices exchanged between Units WITHIN the Consolidation Centre
- (c) With regard to Debit or Credit Advices raised in Mar accounts for specified purposes against Units OUTSIDE the Consolidation Centre that could not be dispatched before 20<sup>th</sup> Apr —

- (i) For Stores Workshops expenditure and Income towards sale of scrap vehicles and materials the Dy CAOs maintaining Stores Accounts shall book expenditure and income to final heads of account and hold in their books of account only In such cases Region wise break up has to be furnished by way of letters to the Dy CAOs/AOs of the respective Regions as well as to the AO (MA&IT) in name cover and appropriate adjustments will be made at the Corporate Office while compiling Region wise Profit & Loss Account for Mar However in respect of Stock Transfers to other Zonal Stores Advices should be sent per bearer and got accepted else Inventory Reconciliation would be affected
- (II) In case of Mar Advices for other specified purposes Originating Units should send Advices in original to the AO (MA) HO for further action
- (d) In cases where issuance of Advices for purposes other than those specified at (a) above becomes necessary in the calendar month of Mar the same may be issued booking their issue in Apr accounts Responding Units should accept such Advices in Apr accounts only but not in Mar accounts

## 22 WORKSHOPS

Ensure that especially in the last week of Mar every year drawals of stores are restricted to the minimum extent possible so that not more than one two days requirements are held on shop floor on the last working days of the financial year (Ref Cir No COSCII/CMC/17/98 99/SPD dtd 14 10 98)

## 23 OTHER ADJUSTMENTS

Propose required Journal Entries for all other required purposes including Value of Depot Stores (MTD 27) Difference between Expenditure and Income for Production Units Stale Cheques and Bank Charges etc and Value of Closing Stock at TRS PP and BBU

## 24 OMISSIONS AND COMMISSIONS

Some instances of misclassification omissions and commissions etc may come to light inspite of best efforts after closing Mar accounts at Consolidation Centre level also In such cases, the Unit has to prepare JE vouchers, in duplicate These JEs should not be incorporated in Accounts at local level Hence send both copies to the AO (MA) through the concerned Consolidation Centre Main Accounts Section will assign number to the JE incorporate the same in the Accounts of Head Office and return one copy to the concerned Unit for record with specific instructions wherever considered necessary However sincere efforts should be made to incorporate all required JEs at Unit level itself before closing Mar accounts

## 25 ACCOMPANIMENTS

Following are the important Statements required to be submitted along with Annual Accounts

- (a) Age wise break up of Suspense Balances {More than 3 years (Upto 1999 00) Between 3 years to 1 year (2000 01 to 2001 02) and Below 1 year (2002 03)} for the balances exhibited in Mar Account Current (AHs 0329 0330 0331 all

AHs in 06 08 09 Groups AHs 1045 1047 1050 and all AHs in 11 12 23 24 28 Groups) Before submitting Age wise Break up of Suspense Balances to the Head Office ensure that it does tally with the Closing Balances of Account Current

- (b) Deposits Details of Transaction wise break up for the balance outstanding under AH 0618 - Deposits - Others
- (c) Contingent Liabilities Nature of claim wise I e Accident Compensation Claims for damages to Property Back wages Property Tax Bus Stand Fee etc
- (d) Prior Period Income and Expenditure Details of amounts booked towards Prior Period Income (AH 92s of respective groups) and Expenditure (AH 91s of respective groups except Pay & Allowances)
- (e) Receipt on Capital Account Details of the amount credited/debited to AH 0321 - Receipt on Capital Account Summarised statements for the Consolidation Centre have to be accompanied by first copies of the statements received from the constituent Units This information has to be furnished only for the amount debited/ credited during the year but not for the Closing Balances
- (f) Exgratia Details of Ex gratia provision as per Guidelines in Cir Lr No MA1/5(1)/95 96/AD dtd 13 11 96

## 26 A U D I T

As soon as the Annual Accounts are got approved by the Board the A G will be requested to take up audit The Dy CAOs and AOs of all Consolidation Centres shall extend necessary cooperation to Audit Parties in collecting information/data required by them

Any objection raised/memo received from the Audit shall be attended to on priority basis One copy each of all Audit Enquiries Replies given to A G and Provisional Comments on accounts be filed in a separate file and forwarded to the AO (MA)

As far as possible JEs shall be proposed to rectify instances of misclassification involving other than Revenue AHs on both sides and produced to the AG before completion of the Audit

When Memos are issued in case of subjects such as Land Acquisition etc dealt in the HeadOffice the concerned Officials have to fax Memos get replies from concerned Section and furnish to the AG Audit Parties since primary responsibility for furnishing replies lies on the Auditee Units

In cases where matter of principle is involved the subject should be referred to the HO for directive so that uniformity could be ensured

## 27 APRIL ACCOUNT CURRENT

Mar Closing Balances in respect of AHs for which balances are required to be carried forward from year to year shall be adopted as Opening Balances in Apr Accounts Current by all the Accounting Units The consolidated Apr Accounts Current shall be



submitted to reach the Corporate Office by 12<sup>th</sup> May through concerned Accounts Supervisor for scrutiny at the Corporate Office with specific reference to carrying over of balances

Sd/ (K V Subba Rao)  
CHIEF ACCOUNTS OFFICER

To  
All the Dy CAOs and AOs  
All the Executive Engineers  
All the Depot Mangers  
ATM (MGBS) and ATM (DBS)  
A P S R T Corporation

Copies to the FA all the EDs RMs and HoDs  
Copies to all the WMs CoSs CSTO and LAO  
Copy to the Sr Audit Officer AG RTC Branch