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No MA1/4(1)/2003 AD

Dated 12th May 03

ACCOUNTS CIRCULAR NO 8 / 2003

Sub ACCOUNTS - Accountal Procedure for Encashment - Revision of - Reg

- Ref (1) Accounts Cir No 21 / 1991 dt 31st Dec 91
(2) Lr No MA1/5(1)/95 96/AD dt 15th Apr 96
(3) Accounts Cir No 5 / 2003 dt 27th Jan 03

Accountal procedure for Encashment relating to Operating Units as well as Production Units is detailed in the first two references printed at Pages 109 and 239 of Finance Accounts & Audit Circulars and Instructions (1991 2000) Book Accountal procedure for Encashment relating to Production Units has been revised recently in the reference third cited Now accountal procedure for Encashment relating to Operating Units is also revised as follows with effect from Apr 03 accounts in order to know the actual payments and provisions for outstanding expenses separately

- 01 All the Consolidation Centres have to work out monthly Provision separately for each of the categories (instead of for all categories put together) at prescribed percentage of Pay+DA booked during the month to AHs in respective Groups
- 02 All the Consolidation Centres have to book Provision m accounts every month by debiting the following new AHs prescribed (instead of one AH 7519) and crediting AH 1131

AH 4561	DRI	Prov for Encashment
AH 4661	CON	Prov for Encashment
AH 4761	MCE	Prov for Encashment
AH 4861	GEN	Prov for Encashment
AH 4961	OPD	Prov for Encashment
AH 5161	MEDI	Prov for Encashment
AH 5261	OFF	Prov for Encashment
AH 5361	D/V	Prov for Encashment

03 As and when payments are actually made—

- (a) *All the Units* Debit AH 60s of respective Groups as at present (No change)
- (b) *All the Consolidation Centres* Debit AH 1131 and Credit AH 61s with the total amount of actual payment (instead of to the extent of only availability of balance in AH 1131) in the accounts of the months in which actual payments are made

04 In Mar accounts every year all the Consolidation Centres have to assess the requirement of credit balance in AH 1131 and regulate as follows

- (a) If credit balance in AH 1131 is above the requirement debit AH 1131 and credit AH 61s of respective groups
- (b) If credit balance in AH 1131 is below the requirement debit AH 61s of respective groups and credit AH 1131

To sum up following changes are brought in for accountal of Provisions for Encashment—

- (a) Monthly provision amount has to be worked out separately for each Category or Group instead of for all Categories or Groups put together
- (b) For the purpose of creating and clearing Provisions (both Expenditure and Liability) for Encashment AH 61s of respective Groups have to be operated instead of AH 7519
- (c) For the purpose of adjusting or setting off Payments against Provision JE has to be passed for full amount of Payment irrespective of whether balance in AH 1131 is more or less than the Payment amount

With the above revision—

- (a) AH 7519 stands withdrawn from operation from Apr 03 accounts
- (b) AH 61s of Groups 45 47 and 52 which were operated for KMPL Awards upto Dec 02 accounts and withdrawn from operation vide Accounts Cir No 6/2003 from Jan 03 accounts are now revived for a different purpose that is booking Provision for Encashment So Consolidation Centres should ensure that AH 61s are not operated to book payments towards KMPL Awards
- (c) Balances in AH 60s represent actual payments and Balances in AH 61s represent Provision for Outstanding Expenses towards Encashment from FY 2003 04 onwards

There is no change m booking Payments to AH 60s of respective Groups

Further Software has been modified to provide (a) Category wise amount to be debited every month to AH 61s for creating monthly provisions and (b) Category wise amounts paid every month for reversal purpose All the Consolidation Centres are advised to collect the modified Program from the Dy CAO (Computers) before processing Apr 03 accounts

The AO (P &A) HO and the AO (BBW & PP) are advised to adopt the same procedure for their respective Units

Sd/ (K V Subba Rao)
CHIEF ACCOUNTS OFFICER

To
The Dy CAOs and AOs
of All the Regional
Offices The AO (P & A)
HO
The AO (BBW & PP)
A P S R T Corporation

Copies to the FA and CA
Copies to all other Dy CAOs and AOs
Copy to the Sr Audit Officer AG RTC Branch