

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

O/o Managing Director: Audit Wing,
Musheerabad: Hyderabad - 20

No.SA(HO-08)/HSD/2010-AW,

Dated: 23-03-2010

ACCOUNTS CIRCULAR NO. 03/2010, Dated: 23-03-2010

Sub: HSD Oil - Accountal of Shortage/Excess of HSD Oil as on 31st March 2010 in March Accounts to reflect actual physical balance as on 31st March of the year - Instructions issued - Reg.

Ref: 1) Accounts Circular No.25/2008-MED, Dated:11-12-2008.
2) Accounts Circular No.14/1995-MED, Dated:21-07-1995.
3) Accounts Circular No.32/1998-MED, Dated:14-12-1998.

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It is observed that the shortages/Excess of HSD Oil at depots is not being adjusted once in a year as per the existing norms. There is a long gap between one adjustment to another adjustment resulting in improper disclosure in the Statements of Accounts which is commented by AG.

The existing procedure as laid down through the circulars referred above is -

1. If the shortage is below 0.25% of the issues, during the two audit periods, • Audit Inspector should adjust the book balance with that of the physical balance of HSD Oil at depot in the MTD-29/R. Write off sanction has to be obtained from the competent authority after accountal of shortage.
2. If the shortage is more than 0.25% of the issues, a committee consisting of Dy. CAO/AO, Dy. CME and Depot Manager has to investigate and give the report. Based on the report, write off sanction has to be obtained by the Depot from the competent authority for adjustment of shortage. After obtaining the write off sanction the shortage is to be adjusted in MTD 29/R of the depot and necessary accountal is done at Head Office in AO/Stores based on 29/R and debit/credit advice sent to concerned region.

P.T.O

Due to the above system huge shortages of HSD Oil are continuing unadjusted in the books of Account. While verifying annual accounts the AG observed that the physical HSD Oil stock is not correctly reflected in the books of Accounts due to unadjusted HSD Oil variations as on 31st March of the year. In order to ensure proper accountal of physical inventory balance of HSD Oil, it is proposed to account the shortages/excess of HSD Oil as on 31-3-2010 by passing JEs as detailed below in the Accounts of the depots based on the latest invoice rate.

1 JE for Accountal of shortage of HSD Oil.

Debit. 2821 Inventory Shortage- HSD Oil (New AH)
Credit 2101 INV-HSD Oil

2. JE for Accountal of excess of HSD Oil: -

Debit 2101 . INV-HSD Oil
Credit 2822 Inventory Excess-HSD Oil (New AH).

The above entries are only meant to incorporate into the books of Accounts at depots for the variance in physical balance with that of book balance as per MTD 29/R. The balances in MTD 29/R also shall not be altered due to above JEs The existing procedure of adjusting the HSD Oil shortage shall continue

The Regional Dy.CAO/AO shall ensure the incorporation of JEs in the March 2010 accounts without fail.


CHIEF ACCOUNTS OFFICER

To
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