

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

O/o the VC & MD: Accounts Wing,
Bus Bhavan: Hyderabad,
Date: 14th March, 2011.

No: MA1/4(1)/2010-11-AD

ACCOUNTS CIRCULAR NO: 2/2011

Sub: ANNUAL ACCOUNTS - Maintenance of proper Books of Accounts and
Compilation of Statement of Accounts for the year 2010 -11 so as to reflect Correct,
True and Fair view of Profit and Loss Account & Balance Sheet - Reg.

I. 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 the form prescribed by the State Government in consultation with the Comptroller and Auditor General of India. The accounts of the Corporation shall be audited annually by the Comptroller and Auditor General of India or his nominee..."

II. 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", under Rule 29 of the APSRTC Rules 1958,

III. In the Audit Report for the year 2009-10, the AG commented on Under / Overstatement of Expenditure / Income / Liabilities / Assets, adequacy of Internal control system including internal audit and also on repeated irregularities noticed, making it clear that the management shall attend the deficiencies pointed out, in the next accounts.

The concerned officers have been communicated with the copy of the AG observations for necessary action.

The VC & MD desired to have the Annual Accounts submitted to the Board at the earliest. All EDs/RMs/Dy.CAOs/AOs/DMs and other officers are requested to extend necessary co-operation in submitting the necessary information

IV. In this connection, the following Instructions are also issued:

1) Accident Compensation: Overstatement / Understatement of Liability.

Correctness of Accountal for payments towards Accident Compensation shall be ensured with reference to the Accounts Letter No. MA1/4(1)/2003-04-AD dated 16-04-2005. A copy of which is also enclosed herewith.

The Correctness-of Provisions / Accountal in this regard depends upon the correctness of the information provided by the Personnel Officers / Law Officers of the Regions / Zones / Head Office. The Personnel Officers / Law Officers in the Regions/Zones and Chief Law Officer in Head Office are advised to give complete information on the outstanding claims of MACT and others as on 31.03.2011 to the Accounts Officers / Dy. CAOs concerned by 2nd Apr'11.

As per our past experience, this is the area of accounting where the AG Audit parties are observing omissions and commissions in their audit reports resulting in Under / Overstatement of liabilities affecting true and fair view of Profit and Loss Account & Balance Sheet. The Dy.CAOs / AOs shall verify the original records and make provision accurately without giving any scope for AG's comments. Detailed guidelines issued vide Cir. Lr No. MA1/4(1)/2003-04 -AD, dt.16-04-2005 (copy enclosed) shall be followed scrupulously.

(2) All the required adjustments for

(i) Outstanding Expenses, (ii) Income accrued but not received, (iii) Pre-paid Expenses and (iv) Income received in advance shall be carried out scrupulously.

With regard to the Outstanding Expenses, if the figures of actual expenditure are known before passing provision JE, exact amounts have to be taken into consideration. If the figures of actual expenditure are not known, probable expenditure has to be estimated based on the past experience and correspondence etc., using best judgment in the circumstances.

(3) Physical verification of Assets:

Physical verification of Assets i.e. Land, Buildings, Vehicles, Plant & Machinery, Furniture & Fittings and Electronic Equipment etc and Oils / Stores shall be carried out at least once in a year. During the year 2010-11, the Dy. CAOs/AOs of the Zones shall ensure verification of Land, Building in the Zone with the co-operation of Executive Engineers, and other Assets of the Non-Operating units of the Zone. Regional Dy.CAOs/AOs shall ensure physical verification of the units under their Regions.

(4) Bills Receivables.

For all the amount receivables in respect of Police Warrants, Postal Mail Bags, Interstate Oil Supplies, Special Hires etc. claims shall be preferred by 31.03.2011 by raising bills. In case of the disallowances made for the bills raised already, proper adjustments shall be made duly obtaining orders of the competent authority.

(5) Accountal of HSD OIL Shortage or Excess as at 31st March:

The Accountal of Shortage or Excess stock of HSD Oil as at 31st March in lieu of variance between Physical balance Stock and Book balance stock has to be taken into Accounts as explained in Accounts Circular No.3/2010 dt.23.03.2010. (copy enclosed).

Hence, Two JEs have to be passed by all the Depots in Mar 11 accounts for

(1) Reversal of JE passed in March 2010 Accounts, accounting the value of shortage / Excess of HSD Oil.

(2) Accounting Shortage or Excess stock of HSD Oil as at 31st March 2011.

(refer Accounts Circular No.3/2010 dt.23.03.2010)

(6) CAPITAL GRANTS:

EEs' Offices have to ensure compliance of instructions in Accounts Circular No 14 dt 6th Sep 03 (at page 60 of Accounts Circulars Book for 2001-2003) for

- a) Booking Capital Grants on receipt, to AHs 0320 or 0321 as the case may be and
- b) Transferring the Capital Grants to the HO along with information in the prescribed proforma after completion and capitalization of relevant Work.

Also Confirmatory Certificate that "all the Capital Grants received against which Works are completed have been transferred to the AO (W), HO has to be sent along with the Mar 11 Account Current.

(7) CASH RETRENCHMENTS:

Cash Retrenchments from Salary Bills towards Excess Drawals 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 the Cash Retrenchment pertaining to the month of Mar 11 salaries and remitted to the bank in the month of April 11, no balance shall remain outstanding at the end of Mar 11.

(8) CIVIL WORKS:

Capitalization and submission of Works Expenditure statements and Schedule - F: EEs' Offices have to capitalize the Works, which are partly completed and put into use with the expenditure incurred till the date they are put to use to AH 1628. After issue of Completion Report, the entire amount be capitalized and booked to the respective capital Asset Head. (Ref. FA Lr. No: W1/152(2)/96-AD dt 15 06 96 (at Page 112 of the Accounts Circulars Book for 991-2000).

Works Expenditure statement containing the details of -

- (a) Works sanctioned and completed during the year
- (b) Works sanctioned earlier but completed during the year,
- (c) Works sanctioned during the year but still in progress
- (d) Works sanctioned earlier but still in progress,
- (e) Further Expenditure incurred on the works earlier completed and
- (f) Works partly completed and put into use during the year,

shall be compiled and furnished by EEs' offices to the concerned Zonal Dy.CAO. After verification with the relevant Accounts Current / Ledger the Zonal Office shall submit Schedule-F to Works Audit section at Head Office and Works Audit Section of Head Office" shall furnish consolidated Schedule-F - Fixed Assets to the Main Accounts Section at Head Office.

(9) CONTINGENT LIABILITIES:

"Contingent Liabilities are those claims, which are in dispute and may or may not crystallise into actual liabilities".

It shall be ensured that there are no omissions in disclosure of Contingent Liabilities towards Claims for

- (a) Accident Compensation (excess of Claim amount over and above the amount already charged off to expenditure under AH 6901 or 6904),

- (b) Back Wages,
- (c) Monetary Benefit and
- (d) Property Tax
- (e) Service Tax
- (f) Land compensation claims.
- (g) MV Fines.
- (h) Others.

If there is certainty of making payment, provision shall be booked in accounts and if the provision is booked, the item shall not be included in the list of 'Contingent Liabilities'. For instance, if the Property Tax is revised and an Appeal is filed or being filed against the 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.

The Personnel Officers / Law Officers / Senior Law Officer / Administrative Wings of the units shall furnish the above information to the concerned Accounts Sections / Offices.

(10) DRAWING ACCOUNT:

(a) If Mar 11 salaries are disbursed on or before 31st Mar 11, the Journal Entry (Dr AH 0909 and Cr AH 2527) shall be proposed in the Accounts of Mar 11.

(b) If Mar 11 salaries are disbursed on or after 1st April, the Journal Entry (Dr AH 0909 and Cr AH 2527) shall be proposed in the Accounts of April.

The effect of the above is that there should not be any balance under the AH 2527 at the end of year. Any unpaid Salaries should be reflected as balance in the AH 0909.

(11) IMPREST ACCOUNTS:

Imprest Accounts shall be closed on 31st Mar 11, otherwise the expenditure upto 31st Mar 11 shall be assessed and booked into Accounts on accrual basis (Ref: A/cs. Cir. No. 1 / 1998-AD at Page 39 of the Accounts Circulars Book for 1991-2000)

(12) CLEARANCE OF INTER UNIT ADVICES:

(i) If any of the Debit or Credit Advices raised in Mar 11 accounts against the Units WITHIN the Consolidation Centre could not be despatched before 2nd April, the same should be handed over to the AO of the Consolidation Centre who should get them incorporated in accounts of the Responding Unit before closing Accounts at the Consolidation Centre level. Before closing Mar 11 Accounts, the Dy CAO/AO shall ensure clearance of all the Advices exchanged between Units WITHIN the Consolidation Centre.

(ii) With regard to Debit or Credit Advices raised in Mar 11 accounts against the Units OUTSIDE the Consolidation Centre that could not be dispatched before 2nd April, it shall be arranged to send the same per bearer and get them accepted.

(13) MATERIALS-IN-TRANSIT:

Zonal and Regional Offices maintaining Stores Accounts have to assess and book the value of

(a) material received and lying in the Receipts Section as on 31st Mar 11.

(b) material rejected but not returned to the Supplier as on 31st Mar 11 by debiting AH 2164 and Crediting AH 0829 in Mar 11 accounts. The JE shall be reversed in April 2011 accounts.

(Ref: Accounts. Cir. No. 3/1996-AD at Page 107 of the Accounts Circulars Book 1991-2000)

(14) Accountal of Depot Stores:

The Dy. CAOs/AOs shall ensure booking of the stock balances as on 31.03.2011 certified by the Depot Managers as per 27 / R by debiting AH 2166 and crediting relevant AHs in Group 41 of the respective Depots. The existing balances in the accounts of Regional Accounts Office under AH 2166 shall be reversed by the Dy.CAO/ AO at Regional Accounts Office itself.

(15) MONETARY BENEFIT:

- > All the Dy. CAOs /AOs shall provide towards Additional Monetary Benefit in all cases of deceased employees irrespective of the claim received or not pending for disposal as on 31 Mar 11.
- > Personnel Officers shall list out in detail the names, designation of the employees deceased and the Additional Monetary Benefit not arranged as on 31.03.2011 and inform the Dy. CAOs /AOs of the Region by 02nd April' 2011.
- > Dy. CAOs /AOs of the Region shall work out the liability at rates prevailing as on 31st Mar 11 for the different categories of the employees and to provide liability in the books of Accounts of March'11.
- > Provision made in the Mar'10 Accounts shall be reversed in the Mar'11. And to reverse the Provision made in Mar 10 accounts.

Specimen JE for making Provision towards Additional Monetary Benefit Fund	
Debit AH 6061 Monetary Benefit Scheme	XXXX
Credit AH 1132 C/L Pay and Allowances etc.,	XXXX

(16) OUT DEPOT REMITTANCES:

It shall be ensured that no balance remains in AH 2844 relating to ODR at the end of Mar 11. Like wise, there should be only credit balance in AH 2843 representing remittances made at out depots at the fag end of Mar 11 for which debits are booked through TRR in April 11.

(17) PRIOR PERIOD TRANSACTIONS:

It shall be checked whether Previous Year(s) Transactions are correctly distinguished from Current Year's Transactions as under:

- (a) When any payment or receipt relating to Previous Year(s) is made or received in the Current Year:
- (i) If the provision was NOT MADE in Previous Year(s), AHs prescribed for Previous Year(s) transactions shall be operated.
 - (ii) If the provision WAS MADE in Previous Year(s), AHs prescribed for Current Year transactions shall be operated for the difference amount.

- (b) When provisions for expenditure are made on assumption basis and the actual Payments vary with the provisions made:
 - i. excess of the Provision over Payment has to be credited to the expenditure heads of account of the Current Year only; and
 - ii. excess of Payment over the Provision has to be debited to the expenditure heads of account of the Current Year only.
- (c) The Provisions made in Previous Years may have become superfluous on account of
 - (i) the liability not materialising for any reason, Or
 - (ii) actual Payments in the subsequent year would have been wrongly debited to final heads of account without connecting the provisions made in previous year (s). In such cases, outstanding Provisions have to be withdrawn by debiting the Account in which Provision is unnecessarily held and crediting the AHs prescribed for Previous Year transactions.

(18) CLEARANCE OF STOCK ADJUSTMENT ACCOUNTS:

- (a) Hundred percent clearance shall be ensured in respect of all the amounts booked under the AH NOs 2801, 2802, 2803, 2804, 2807, 2808 up to the end of Previous Year by COS / Dy.CAOs of the Zones.
- (b) The amounts booked under AHs 2805 and 2806 towards Shortage / Excess of HSD Oil noticed during physical verifications shall also be cleared by the Depot Managers/ Dy, CAOs / AOs duly obtaining the necessary sanctions.

(19) STORES OBSOLESCENCE FUND:

Zonal and Regional Offices maintaining Stores Accounts have to confirm that any Loss due to disposal of Obsolete Stores is debited to AH 7687.

(20) MAINTENANCE OF SUBSIDIARY REGISTERS:

Subsidiary Registers for all the Balance Sheet items shall be updated upto 31.03.2011 with sufficient details tallying with Ledger/Account Current balances by all the Account Centers and this shall be ensured by AOs / Dy. CAOs.

(21) WORKSHOPS:

Offices maintaining Accounts for Production Units have to ensure that, especially in the last week of Mar 11, 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. This shall be checked by the concerned Dy.CAOs / AOs in view of the directive from the Committee on Public Undertakings to the Corporation and consequential Circular instructions by ED(E) vide his Cir Lr. No COS CII/CMC/17/98-99/SPD dt 14 10 '98 not to stock the materials in the Workshops since the Stores is located adjacent to the workshops.

(22) OTHER ADJUSTMENTS:

Journal Entries required for nullifying the difference between Expenditure and Income for Production Units, for account of Stale Cheques, Bank Charges and Value of Closing Stock at TRS, PP and BBU shall be proposed and accounted for in March, 2011 Accounts without Fail.

(23) OMISSIONS AND COMMISSIONS:

Any instances of misclassification, omissions and commissions that may come to light at the units after submission of the Account Current, the Unit should only propose JE vouchers in duplicate without incorporating the same in their Accounts already submitted and to submit to the concerned Consolidation Centre which will assign number to the JE, incorporate the same in the Accounts of Regional Office and return one copy to the concerned Unit for record with specific instructions wherever considered necessary.]

After submitting of consolidated Account Current, no entries shall be made by the consolidation centres also, without the permission of the Dy.CAO(MA) / Head Office.

(24) ACCOMPANIMENTS:

Following are the statements required to be submitted along with the Annual Accounts:

(a) Age-wise break up of Suspense Balances: More than 3 years (Upto 2006-07), Between 3 years to 1 year (2007-08 to 2009-10) and Below 1 year (2010-11) for the balances exhibited in Mar 11 Account Current for all AHs in 11, 12, 23, 24, 28 Groups. Before submitting Age-wise Break up of Suspense Balances to the Head Office, it shall be ensured that it does tally with the Closing Balances of Account Current.

(b) Contingent Liabilities: Transaction-wise break up i.e.

- (i) M.V Fines & M.V Taxes,
- (ii) Motor Accident Compensation claims,
- (iii) Property Tax,
- (iv) Land Compensation and
- (v) Others. Court payments shall be categorized clearly basing on the nature of transaction.

(c) Receipt on Capital Account:

Details of the amount credited/debited to AH 0321-Receipt on Capital Account.

Summarized statements for the Consolidation Center 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. Para on Capital Grants may also be referred.

(d) The list of Bank guarantees for the Bank Guarantees held with us as on 31-03-2011

(e) The list of Bank Guarantees given by us as on 31st March'11.

V. Conducting of Review Meetings:

After submission of Feb'11 Accounts Current to Head Office, the Dy CAOs/AOs of all the Consolidation/Account Centers 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,
- ❖ Compliance of Accounts Circulars issued and
- ❖ Omissions and Commissions etc.

All the Dy.CAOs/AOs of ZONES / REGIONS are advised to send a copy of the minutes of the meeting to Dy.CAO (MA & IT)/HO.

VI. Submission of March 11 Accounts & Accompaniments.

The Dy CAOs / AOs shall scrutinise the Mar'11 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 soft copy.

The Consolidation Centres shall ensure submission of consolidated Accounts Current for Mar'11 entirety with all accompaniments after carrying out all the required adjustments by the due date. Three copies of MAR 11 Accounts Current are required to be kept ready for submission to the Audit Parties at the time of audit.

VII. TIME SCHEDULE:

In order to fulfil the above statutory obligations, the following time schedule is prescribed for compilation, consolidation and submission of our Annual Accounts for the financial year 2010-11 to the A.G.

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|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| (a) Submission of Mar 11 Accounts Current by all Accounts centers in Regions / Zones to the Regional / Zonal Dy. CAOs/AOs and HO units to Dy.CAO (MA) | : 7th Apr" 11 |
| (b) Submission of Mar 11 consolidated Accounts Current of Regions/ Zones to Head Office with accompaniments. | : 8th Apr'11 |
| (c) Submission of Annual Accounts for 2010-11 to the Board for Approval | : 30th Apr" 11 |
| (d) Submission of the Board approved Accounts to A.G. | . 7th May'11 |

After, certification by the C & AG, our accounts are laid before the State Legislature.

VIII. AUDIT:

The RMs, POs, Dy.CAOs, AOs and other unit officers are advised to extend necessary Co-operation to AG Audit Parties in submitting the required information / records / explanations while auditing the Annual Accounts of the unit so as to complete the audit in time.

IX. SUBMISSION OF APRIL'11 ACCOUNT CURRENT:

Mar 11 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 April '11 Accounts Current by all the Accounting Units. The consolidated April Accounts Current shall be submitted to reach the Corporate Office by 7th May 2011 invariably through the concerned Accounts Supervisor for scrutiny at the Corporate Office with specific reference to carrying over of the balances.

Further, from April, 2011 onwards the .lfp files of Current Year i.e Current Month, Previous month and Corresponding month of Previous Year shall be submitted along with Account Current after taking HO Overhead and ZO Overheads into account while preparing P&L account every month.


CHIEF ACCOUNTS OFFICER

Encl: As above

To
All the EDs / RMs.
All the Dy. CPMs/ POs/ LOs
All the Dy.CAOs and AOs,
All the Executive Engineers,
All the Depot Managers,
The ATM (MGBS) / (DBS),
All other Officers,
APSRT Corporation.

Copy to FA, CFM, CA for information.
Copy to the Sr. Audit Officer, AG RTC Branch.

