



**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO.LTD.**  
**Corp. Accounts Section**  
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Ref. No. MSEDCL/CAS/F.A./2009-10/176

Date: 09/03/2010

### **CIRCULAR**

**Sub: - Closing of the Accounts for the year 2009-10**

- 1) Programme for submission of Accounts alongwith various information.**
- 2) Instructions/guidelines for preparation of Final Accounts/Information.**

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The Annual Accounts are required to be placed in the **Annual General Meeting of the Company** within the scheduled time frame. Further, various returns such as Income Tax Return, Wealth Tax Return etc are required to be filed within stipulated scheduled time frame. It is also to inform that the Cost Audit is compulsory and Cost Audit Report is also required to be submitted to Cost Audit Branch of Government of India, Ministry of Company Affairs within scheduled time. Hence, it has become essential to finalise the Annual Accounts as per time schedule given in Annexure 'A'.

Detailed instructions for the Divisions/Accounting units are given in the Annexure 'B' for guidance and for ensuring complete and proper accounting. While preparing the Annual Accounts following points shall be observed so that the accounts shall be prepared properly and shall also avoid comments from the Statutory Auditors/Govt. Auditors.

1. The audit of the Annual Accounts for the period 01.04.09 to 31.03.10 will be conducted by the Statutory Auditors for all the Accounting units. Moreover, there will be supplementary audit by the CAG after completion of the statutory audit. The name of Statutory Auditors who will conduct the Statutory Audit of the concerned circle are being intimated separately.
2. While compiling Annual Accounts for the period 01.04.08 to 31.03.09 it was observed that Accounts submitted by most of the Accounting Units were not compiled properly and were corrected only when corrections were pointed out during scrutiny at Corporate Accounts Section level. The important areas where proper attention is required are given below: -
  - i) Reconciliation of revenue from sale of Power with I.T. Records shall be done and the same shall be furnished alongwith Annual Accounts.
  - ii) Accounting of concessions extended by the GoM to Agriculture/Powerloom Consumers as per IT Reports and under proper Account Head/Code should be done.
  - iii) Various Provisions/Outstanding liabilities, Unbilled revenue, Interest Payable on consumer's S.D. and adjustment of the same through energy bills of the consumers is required to be done properly.
  - iv) There should not be IBA Difference, Within and Outside Circles.

- v) Inter Company Transactions should be reconciled.
- vi) Electricity Duty and Tax on sale of Electricity payable should be reconciled with figures intimated to WM Section.
- vii) The details of Transfer in (+) Transfer of assets out (-) from\to other accounting units shall be furnished.
- viii) Unbilled provision for previous year if not withdrawn shall be withdrawn properly.
- ix) Clearance of remittances to H.O. in Transit A\c and transfer from H.O. in transit A\c i.e. A\c 245003 and 24600.9.
- x) IBA for project management consultancy should be booked to WIP (Sch. 21) only and not for consultancy charges (sch.10). It was also noticed that certain audit enquiries/comments, which otherwise would have been complied with and dropped before finalising accounts at circle end were not complied. It is as such important and necessary that every care is taken and provisional accounts itself are prepared properly.
- xi) The provision for capital liabilities (i.e. work completed but payment of which was not released upto 31<sup>st</sup> March) was not made by most circles during previous year. The provision of such liabilities needs to be ensured during the year 2009-10.
- xii) Electricity duty recovery & Tax on sale of E.D. Contra should be tallied.
- xiii) The Foot note Shown under Sch.11, Sch. 15, Sch.19(B), Sch.22, Sch.23, Sch.26(B), Sch.26(E), Sch.27, Sch.28 and Sch. 32 may be strictly observed, otherwise Accounts will not be accepted.
- xiv) Proforma 'D' from A to M information to be given with Final Accounts.
- xv) Assets (Sch.19a) is to be depreciated upto 90% of its value and there should be always 10% residual value (sch.19b) of original cost of Assets which may be strictly observed.

**It may be noted that 90% comments of Govt. Auditors (under supplementary Audit ) for the year 2008-09 were not make correct provision for unbilled revenue and outstanding liabilities. Hence, it needs to be ensured by all the concerned that there should not be repetitive comments either of statutory Auditor or Govt. Auditors.**

3. Final Accounts should be submitted to Corporate Accounts Section alongwith various information on or before **05-05-2010 positively**. The Statutory Audit shall start from **17-05-2010** and as such it is quite necessary that scrutiny of Accounts by the Corporate Accounts Section shall be completed by **5<sup>th</sup> May 2010** and Accounts can be ready for submission to Statutory Auditors for audit. Every care shall be taken to avoid the recurrence of same audit comments on which observations were made by the Audit earlier. Further, considering replies given to Statutory/Govt. Audit during last year for compliance of certain points/works, action should be taken to comply the same before commencement of the audit. It should also be ensured that the audited accounts are submitted to Head Office within 4 days period after completion of audit alongwith compliance of audit comments with due correction in the accounts wherever necessary.

4. The Incharge i.e. General Manager(F&A), Manager (F&A) or Dy.Manager (F&A) as the case may be of the Zone shall scrutinise Final Accounts alongwith various information before its submission to Corporate Accounts Section. This exercise shall be completed by the General Manager (F&A) in such a manner so that the Asstt. Manager will be able to submit Accounts alongwith all information an or before **5<sup>th</sup> May, 2010.**
5. The IBA pertaining to transfer of assets and depreciation reserves are to be raised on or before **16<sup>th</sup> March, 2010.** It will be the responsibility of IBA raising unit to ensure to obtain and keep on record the acceptance JV NO.& Date of the corresponding unit. No such IBA shall be raised by any accounting unit after **15<sup>th</sup> March, 2010.** General Manager(F&A) Zone shall ensure the compliance by respective units within time limit.
6. Zonal Incharge of F&A shall ensure the clearance of the IBA differences by conducting the meetings with the concerned accounting units. In no case, the accounts with IBA difference will be accepted at Head Office. Two floppies of IBA details generated in Circle viz XXXXMMYYIBA are to be submitted to Corporate Accounts Section alongwith printed copy of FC 95 report duly tallied with figure shown in statement 3. (Refer Circular No.AD/BA/FABC/5263 dt.19.12.2002)
7. Further, before submission of Final Accounts to Corporate Accounts Section, all accounting Units shall carry out I.B.A. reconciliation with Head office and W.M. Section and then submit the Final Accounts to C.A. Section alongwith copy of reconciliation statement so as to avoid subsequent changes in the Accounts. MSEDCL H. O. Accounts Section and W.M. Section in-charge shall ensure the completion of IBA reconciliation of all the units well within the time schedule of Final Accounts and the reconciliation programme shall be chalked out accordingly. It shall also be ensured that there shall not be any IBA difference within Circle/Inter Circle units. Zonal Incharge of F&A should keep a watch on this and pursue for clearance of IBA differences within the time schedule.
8. Inter Company Transactions :- The instructions regarding Accounting of Inter Company Transactions are issued vide Circular No.11 issued under No.MSEDCL/CAS/Inter Co.Trans/74/5225 dated 28.02.2006. However, it should be ensured that there should not be any unreconciled transactions at the time of Closing of Accounts. It should also be ensured by the circle Assistant Manager (F&A) that instructions given in the above Circular are followed scrupulously. Further, amount payable/receivable in respect of MSPGCL, MSETCL and MSEB Holding Company net balance should be carried out (refer schedule 26 E and 28) and the balance confirmation of above said Companies shall be attached while submitting the provisional Accounts.
9. Prescribed Proforma for additional informations required with the Final Accounts are enclosed.
10. The necessary Schedules, Statements and additional information (Proforma I to XXXIII ) etc. should be submitted alongwith the Final Accounts. Similarly the following information should also be submitted alongwith Final Accounts.
  - a) Power purchase and Units sold (Categorywise) along with comparison with the targets set.
  - b) Agewise and categorywise break-up of Arrears. (This is a Statutory Requirement)

c) Statement of voltagewise Assets as per Circular No.200 dtd.30-08-05.

11. It is observed during previous years, that there was large variation between the Provisional Accounts and the Final Accounts. This was mainly due to non-provision of various items, such as provision for expenses, provisions for revenues, non-acceptance of IBA's of other offices etc. in the Provisional Accounts. All the required provisions should be incorporated in the **Provisional Accounts only** so as to avoid huge variations in the Final Accounts. If there is significant variation, the reasons for the same should be given alongwith the Final Accounts.
12. It is noticed that though the works are completed and commissioned long back, the cost of such completed works are not transferred to the Fixed Assets Account but are lying in WIP Accounts. Due to non-conversion of WIP into assets, the interest is unnecessary capitalised, less depreciation is claimed and proper return on equity can not be claimed. This is essential from Income Tax view also. MERC Authority is taking serious views for non-clearance of WIP. In this regard attention is invited to Circular No. 34 issued under No. Dir (Op)/MSEDCL/CAS/WIP/Clear/15/2529 dated 2/2/2007 issued under the signature of Director (Operations). The WIP Account should, therefore, be thoroughly reviewed and necessary entries are accounted for in the provisional Accounts for the year 2009-10 only. Moreover, Circular No. 65 dt. 02-08-2008 should be strictly followed so that the interest is capitalized properly.
13. The proper accounting of tariff concessions granted to Agricultural consumers, and Power loom Consumers needs to be done as per Circular No. 225 issued vide No.ADM/BA/50/511 dated 08.03.2004. and Circular No.241 issued under No.AD/BA/50/855 dated 23.03.2005. Further, it should be ensured that the amount of such concessions to Agricultural, and Powerloom consumers are matching with the I.T. Reports. The details of the aforesaid concession i.e. J.V. No., Date of J.V., Account Codewise amount of concessions duly certified by officer-in-charge & Accounts Officer are to be furnished alongwith copy of IT reports to C.A Section alongwith Provisional Accounts.
14. It is requested to submit the list of arrears H.T consumers (alongwith agewise details) to be considered for provision for Bad & Doubtful Debts alongwith your comments.
15. It should be ensured that all the expenses pertaining to repairs and maintenance shall be accounted for and the same should be compared with previous year expenditure and if there is a major variation, the reasons for the same shall be submitted.
16. If any correction is made in soft copies while submitting Accounts at H.O. the said correction is also to be carried out in hard copy with signature of the Asstt. Manager. Otherwise the Accounts will not be accepted.
17. The bank reconciliation of A&B Accounts of all the banks and post office shall be completed. The facts of completion of all banks reconciliation be submitted alongwith Final Accounts.
18. Loss to fixed asset pending investigation for A/c. Head 17.250 should be reviewed by all Incharge of concerned unit and correct entries shall be passed after obtaining the approval of C. A. before closing of Accounts for March 09.

- 19 Physical verification of all types of assets/property shall be carried out by the concerned officer-in-charge at such interval as laid down in Accounts Code volume No. 3 of Section XVI.

All concerned are, therefore, directed to follow the instructions scrupulously and ensure timely submission of Final Accounts alongwith various informations. This Circular alongwith proformae is available on web site [www.mahadiscom.in](http://www.mahadiscom.in) and as such the same may be referred to for ready reference.

Encl: - As stated above.

Chief General Manager (C.A.)

To

**All as per mailing list upto Divisional level including Major Stores, Civil Offices  
C.f.w cs to :**

- 1) The Chief Engineer MSEDCL, Zone Office, Bhandup/Kalyan/Konkan Zone Ratnagiri/ Kolhapur/Beed Zone Latur/Nasik/Pune /Jalgaon/Nanded/Aurangabad/ Latur / Nanded / Jalgaon / Amravati/ Nagpur (R) / Nagpur ( U )/M.M. Cell Prakashgad.
- 2) The Chief General Manager (IT), MSEDCL, Corporate Office, Mumbai.

He is requested to instruct all computer centres under his control in the field to prepare and handover statements showing amount of concessions adjusted in the energy bills of Agriculture/Powerlooms Consumers and also reports showing consumerwise security deposit held, interest payable, amount of TDS and net payable Amount immediately so that Circle Office will be able to submit Provisional/Final Accounts well before the due dates as indicated in the Annexure 'A' enclosed herewith. **He is further requested to ensure that there will be no difference between the figures incorporated in the reports prepared by the local IT Centres with that of consolidated statement prepared and forwarded by you to Corporate Accounts Section.**

- 3) The Chief General Manager (F&A), Internal Audit MSEDCL, Corporate Office, Mumbai.

**Copy to :**

- 1) The General Manager (Comm.) MSEDCL, Mumbai.

He is requested to instruct the Manager (F&A) (WM) Section, Mumbai to complete inter branch accounts of all circle offices in such a manner so that circle offices will be able to locate difference if any and shall be able to account for the same in the provisional accounts only. The Final IBA reconciliation programme shall also be completed well before due date of submission of accounts.

- 2) The General Manager (C.A.), MSEDCL, Mumbai.

He is requested to instruct the Manager (F&A) (HO A/c) Section, Mumbai to complete inter branch accounts of all circle offices in such a manner so that circle offices will be able to locate difference if any and shall be able to account for the same in the provisional accounts only. The Final IBA reconciliation programme shall also be completed well before due date of submission of accounts.

- 3) The General Manager, Computer Centre, MSEDCL.  
Mumbai/Pune/Nagpur / Aurangabad/Akola/Nasik/Vashi/Bhandup/Kalyan /Kolhapur.
- 4) The General Manager, MSEDCL, Capex / Power Purchase / S.B.
- 5) The General Manager,(F&A) MSEDCL, Aurangabad Zone/Kolhapur Zone/Kalyan Zone/ Nasik Zone/Nagpur Zone/Pune Zone.
- 6) The Manager (F&A), MSEDCL, Akola Zone/Bhandup Zone/Aurangabad Zone/ Corporate Office (WM) Mumbai/SB.
- 7) The Dy.Manager, MSEDCL, Aurangabad Zone/Kolhapur Zone/Kalyan Zone/ Bhandup Zone/Nasik Zone/Nagpur (R) Zone/Nagpur (U) Zone/Pune Zone/Latur Zone/ /Nanded Zone/ Jalgaon Zone /Ratnagiri Zone/Amaravati Zone, Akola/TRD, Nasik/Corporate Office (Corp. A/cs) Mumbai/Loan Section, Corporate Office, Mumbai/Inspection, Corp. Office, Mumbai /S.M. wing, Prakashgad, Bandra.
- 8) The System Analyst, Computer Centre, MSEDCL  
Bhandara/Buldhana/Dhule/Jalgaon/Latur/Nanded/Satara/Solapur/Pen/Konkan Zone, Ratnagiri.
- 9) The Programmer, Computer Centre, MSEDCL,  
Ahmednagar/Amaravati/Chandrapur/Palghar/Ratnagiri/Sangli/Yeotmal.
- 10) The Asstt. Manager, MSEDCL, CCCM Bandra/CCCM Nagpur Circle, for necessary action as above.

**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO.LTD****ANNEXURE "A"****Time schedule of submission of Provisional and Final Accounts for the  
Year 2009-2010**

Sr. No	Particulars	Provisional Accounts	Final Accounts alongwith Returns and various information
1	Submission of Revenue Assessment by Sub-Division to Division	9 <sup>th</sup> April 2010	20 <sup>th</sup> April 2010
2	Submission of JV and Cash Abstract by Division to Circle Office	16 <sup>th</sup> April 2010	26 <sup>th</sup> April 2010
3	Preparation and submission of Final Accounts alongwith Schedules/Statements and information to Corporate Accounts Section, HO Mumbai.	21 <sup>st</sup> April 2010	5 <sup>th</sup> May 2010

**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO.LTD****ANNEXURE "B"****Instructions for Finalisation of Accounts for the year 2009-10  
(For Divisions and Accounting Units Proper)**

The following provisions which are required to be made at the end of each quarter should be made in the Annual Accounts.

Sr. No.	Description
<b>A)</b>	<b>PROVISION TO BE MADE</b>
i)	Provision for interest payable (other than interest on security deposit from consumers)
ii)	Provision for unbilled revenue under Account Code 23.400 under Schedule No. 26(b) shall be done on the basis of data compiled in the proforma prescribed in Annexure 'C'.
iii)	Electricity duty and tax on sale of Electricity reconciliation upto 31-3-2010 should be attached as per proforma given.
iv)	Revenue booked in Sch.1 supporting JV with IT Report should be attached.
v)	Provisions for materials in transit.
vi)	Provision for outstanding liabilities (Capital and Revenue).
vii)	Provision for material received in store/ Material pending inspection.
viii)	Provision for prepaid expenses.
<b>B)</b>	<b>In addition to the above, following provisions should also be made in the Annual Accounts.</b>
i)	Liability for gratuity of employees who have retired on or before 31 <sup>st</sup> March 2010 but payment has not been released to these employees should be provided as per circular No.94 dtd.16/02/2010.
ii)	Provision for outstanding liability in respect of reimbursement towards medical expenses to the Board's employees. In terms of C.S.No.71 dt.25.05.98 to G.O.No.20 (P) dated 17.06.1963 issued under No. GAD/Gr.VIII-O&M/F.No.617 dt.25.05.98 the balance of admissible amount of medical reimbursement not claimed by the employee shall be payable to him on the date of retirement, if he desires and opts to claim it without production of medical certificate. Since the "year" for the said reimbursement is calendar year i.e. from January to December, the annual provision for the amount of medical reimbursement not claimed by the employee shall be made considering the unavailed balance as on 31st December 2009 in the annual accounts for the period / year 01-04-09 to 31-03-10. Further, the withdrawal of said provision made during the last year should be ensured.
iii)	Provision for interest (Receivable) accrued but not due on staff loans. The amount of interest on the advance given to the staff for Scooter/Motor Cycle/Motor Car/Cycles, House Building/Computers and any outstanding at the end of the year (which are interest bearing advances) may be obtained from the GAD immediately and provided for in Accounts by credit to Account head 62.210 (Interest on Loans and Advances to Staff) and debit to account head 28.360 (Income accrued but not due on staff loans and advances). Interest recoverable towards these advances from employees should be debited to Income accrued and due A/c on staff Loans and Advances (28.260) with corresponding credit to Income accrued but not due on staff loans and advances (28.360). Interest recovered/received from the employees be credited to Account head 28.260 and not to account head 28.360. Since all the interest accrued and due in the period 31-03-2010 is likely to be recovered in the same financial year there will be nil balance at the end of the year under account head 28.260. Interest accrued and not due/interest accrued and due on staff loan and advances should not be transferred if the employees are transferred.



iv)	<p>Provision for interest payable on Security Deposit from consumers having a Security Deposit of Rs.50/- and above shall be done on the basis of reports generated by the I.T. Section. While accounting this provision, the provision in respect of H.T. consumers should be made on actual basis. In case of L.T. consumers the provision made upto 31.3.2009 should be reviewed and actual provision required shall be incorporated in the Accounts for the period ending 31-03-2010 by withdrawing the excess provisions of earlier years, if any. At the same time it is to be strictly ensured that the interest is passed on to the consumers as per the instructions given in Section-IV of Account Code Volume-II. Also refer this office Circular No.27 issued under No. MSEDCL/CAS/1863 dt.03-11-2006.</p>
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v)	Provision for adjustment of shortages and excesses on Account of physical verification of stock and fixed assets.
vi)	Provision for amount of interest due to Licensees, if any, should be obtained from Chief Engineer, Commercial Section, Bandra; Mumbai and provision should be made in Accounts for the period ending 31-03-2010.
vii)	Provision for other Interest/Other income receivable. After making above provisions as on 31.3.2010, a review should be taken to ensure that the balances under provisions and corresponding revenue income/revenue expenditure Accounts are correctly exhibited. Particularly, following items be reviewed for making provisions.
1)	Rents, Rates and Taxes, etc.
2)	Provision for Power Purchased and amount due to various agencies/parties including MSPGCL and transmission charges payable to MSETCL.
3)	Hire charges due on equipment given on hire.
4)	Cash in transit with full details.
5)	Amount of salaries, wages, bonus, pay fixation arrears etc. not paid/settled upto 31.3.2010 (i.e. outstanding only).
6)	Any other provisions.
7)	<b><u>The provision for Bonus/Ex-gratia/Additional D.A./gratuity for the period ending 31-03-2010 should not be made by field accounting units. The provision for the Company as a whole will be made at H.O. by Corporate Accounts Section.</u></b>
<b>C)</b>	<b><u>FIXED ASSETS AND CAPITAL EXPENDITURE IN PROGRESS:-</u></b>
a)	For Civil Engineering and electrical works executed through outside contractors, portion of the work executed but not paid for before 31.3.2010 should be brought into Account. At the year-end there may be some Capital works which are completed but for which either contractor's bills are not received or contractor's bills are received but not passed for payment. A provision is to be made on the basis of contractors' bills as certified by the Engineer or on the basis of Engineer's Certificate for physical parameters of work as valued at Work Order rates whenever the bills are not received.
b)	In respect of Assets commissioned during the year full cost including provisions for all pending bills and balance bills should be transferred to fixed Assets Account.
c)	Cost of the Assets acquired before 31.3.2010 from the Licensee should be incorporated in the Accounts. In case valuation is completed, the cost of the Asset should be shown separately under the Major/Minor heads of Account and not in lump sum under the Head "Assets taken over from Licensees pending final valuation" (Account Code 11.500). If the valuation or account head-wise details of assets taken over from the Licensees are not available at the time of preparing the Final trial balance, valuation should be obtained from the Superintending Engineer, Commercial Section, H.O., and accounted for by debiting to "Assets taken over from the Licensees pending final valuation" (Account Code 11.500) and crediting "Amount owing to Licensees" (Account Code 46.600). Any accounting thereof should be specifically brought out in the Notes.
d)	It should be ensured that the Work Completion Reports for the Assets commissioned upto 31.03.2010 have been prepared and reconciled with the Construction / Financial Ledgers and Assets Register prepared for all Assets transferred to Fixed Asset Account.
e)	Necessary entries after preparing work transfer note should be passed before preparing the Final Accounts as per Accounts Code Volume V Section VIII (2.2), regarding preparation of part Work completion reports and transfer of expenditure.
f)	Interest is to be capitalized at division level as per Circular No.70 dt.23-12-2008 issued by Corporate Account Section.Average rate of interest to be obtained from W.M. section.The rate of interest will be intimated separately.

g)	<b>15% of addition to WIP during the year will be</b> added to WIP towards employees cost and administration and general expenses. Amount so calculated shall be debited to WIP and credited to Employeee costs charged to capital works (75900) and Administation & General expenses charged to capital works (76900) in the ratio of 87:13 as Circulated vide Circular No.68/3-11-2008. Additional information in this regard may be furnished as per enclosed Proforma No.XXIII attached herewith.
h)	<p>As per circular No.RE/ST/MASA/12337A dated 31.03.1990 read with circular No.AD/BA/50/3931 dt.25.10.1990 drawal of materials in respect of following schemes under MASA is suspended w.e.f. 01.04.1990.</p> <p>i) All Distribution Schemes ii) Maintenance work</p> <p>Instructions for drawal of materials under various schemes such as 33KV Schemes, Urban renovation. O.R.C., maintenance civil work etc. are given in the circular. Further, as per circular where materials are not drawn against particular estimate but against schemes such as S.P.A., N.D.etc. monthly usage account estimate-wise is required to be submitted and work completion reports are finalised expeditiously.</p> <p>Physical inventory of such material drawn from stores and remained unutilised out of WIP is required to be taken and the same should be intimated to H.O. However, it is necessary to ensure that there should not be heavy balance of unutilised materials in this regard.</p> <p>Moreover Circle/Division should furnish break-up of unutilised balance of materials directly debited to W-I-P during 01.04.2009 to 31.03.2010 as additional information (item XX).</p>
i)	<p>In respect of Assets which are commissioned upto 31st March 2010 but for which work completion reports have not been received should invariably be prepared and finalised and accounted for. Only in exceptional cases where it is extremely difficult to finalise WCR, the cost of these Assets should be transferred to Fixed Assets Account after obtaining a Certificate from the Executive Engineer. The entry in Asset Register for these assets should however be made on receipt of work completion reports.</p> <p><b>Under any circumstances cost of assets which are commissioned should not appear under work-in-progress account. This is essential for claiming correct depreciation under Income Tax Act 1961 and also for MERC while finalisation of Tariff.</b></p>
j)	The Assets, which are purchased, wherein formal conveyance is pending and the Company has at the same time put the Assets in use, the cost of such assets shall be shown as fixed Assets. The fact of pending conveyance of the Asset is to be disclosed by way of a note to the Balance Sheet.
k)	The details of schemewise/stagewise addition to assets during the year in the prescribed proforma No. XX attached herewith should be given.
l)	<p>The details of Assets. /Depreciation Reserve received/transferred from/to other Circles.</p> <p>In this connection it shall be ensured that no IBA transaction for whatsoever reason shall be kept open i.e. all IBA's should be accepted &amp; accounted for invariably. Further accepting unit shall accept the IBA &amp; account for the same account code, to which the transferor unit has given debit/credit while raising IBA. The accepting unit if required then shall account for the said IBA to appropriate account code in A/c. Group No. 10 &amp; 12 respectively. The aforesaid details shall be given in Proforma (XXXI) &amp; (XXXII).</p>
<b>D)</b>	<b><u>DEPRECIATION:-</u></b>
a)	<p>Provisions for depreciation should be made on straight-line method on the assets from the actual date of acquisition /completion/commissioning of the assets. Depreciation should be calculated at the rates as prescribed by the Govt. and intimated vide Circular (1) No.AD/BA/31/1152 dt.10.6.1994, (2) No.AD/BA/31/1155 dt.10.6.1994 and (3) No.AD/BA/31/95-96/4822 dt.12.12.95. Asset will be depreciated upto 90% of its value and <b>there is no concept of providing advance depreciation at the beginning of the financial year.</b></p>
<b>E)</b>	<b><u>INTER UNIT TRANSACTIONS:-</u></b>

	<p>It should be ensured that all the pending Inter Branch Advises are raised/accepted and accounted for in the books before closing of the provisional Accounts. There should not be any difference under this Account at the end of the year <b><u>either within Circle and/or outside Circle transactions</u></b>. It is observed that the I.B.A's.in respect of transfer of assets/depreciation raised by one Accounting Unit against another have remained unaccepted resulting in understatement of Company's Assets and Depreciation Reserve. It should therefore be, ensured that the accounting unit raising such I.B.As. should obtain acceptance and J.V. No. and date of such I.B.As. should obtain acceptance and J.V. No. and date of such date IBAs. before closing its account. <b>In case such I.B.As are not accepted, those IBA's should invariably be withdrawn by the accounting Unit raising I.B.A's. before finalising its Accounts.</b></p>
<b>F)</b>	<b><u>SUSPENSE ACCOUNTS:-</u></b>
a)	<p>Balances under various Advance Accounts/Deposits/Retention money etc. (i.e. Suspense Accounts) in the financial ledgers should be reconciled with the balances shown in the various suspense registers. The balances under Suspense Accounts should be compared with those appearing in the last year's account and broad reasons for increase in balances should be given. <b><u>Under no circumstances, adverse balance should appear in these accounts.</u></b> It is to be ensured that old balances are cleared so as to avoid repetitive comments of Auditors</p>
b)	<p>It should be ensured that the recoveries made from salaries of employees in respect of Income Tax, Small Savings, Insurance and other such recovery upto March 2010 are paid to the concerned on or before the prescribed date/time limit. It is also presumed that TDS Certificate in Form No. 16, 16-A are issued and TDS returns are filled before the due Dates.</p>
c)	<p>The compliance regarding of MVAT filling of periodical returns, purchase Register and MVAT Audit is completed as per instructions/Guidelines issued by the S.B. Section from time to time.</p>
d)	<p><b>Balance under Account Head "Recovery from employees Notice Pay" Account Code 46.951 and amount of fines recovered from the employees Account Code 46.952 should be transferred to H.O. These IBA's should be received to H.O. on or before 10<sup>th</sup> April 2010. Unpaid salaries &amp; wages of employees drawing wages above Rs.2,500/- if remained outstanding for more than three years should be specified in items to be transferred to H.O. Accounts.</b></p>
e)	<p><b>Amounts under Account Head "Unpaid Salaries" (A/c Code 44.210), "Unpaid Bonus/Ex-gratia" (A/c Code 44.220/44.230), which are more than three years and amounts under "Notice Pay" (A/c Code 46.951) and "Fines" (A/c Code 46.952) are required to be transferred to The Bombay Labour Welfare Fund/Staff Welfare Fund as per modified Circular No.LIR/SWFC/33481 dated 05.10.1989 issued by C.I.R.O.</b></p>
f)	<p><b>The amounts paid on account of scholarships, prizes as declared by the Company should be transferred to Head Office by raising I.B.A. on or before 10-04-2010. No field office shall book this expenditure to Revenue Account in its books.</b></p>
g)	<p>It should be ensured that the provision for interest on Security Deposit of H.T. &amp; L.T. consumers should be made on 31st March 2010 and the T.D.S. on such amount should be deducted and paid to I.T.Department within one week from the last day of the month in which the deduction is made (section 194A of I.T.Act 1961). The T.D.S. certificates should be issued within one month from the end of the month during which credit/payment is made (section 194A of I.T. Act 1961). It should be also ensured that the provision for interest payable on consumer S.D. is reviewed and exact amount payable is provided. <b>At the same time the provision appearing in "Interest payable on Consumer's Deposits" (A/c Code 48.300) as on 31-03-2010 shall be reviewed and the interest due to the consumers shall be passed on to the consumers and excess provision, if any shall be withdrawn so as to avoid repetitive</b></p>

	comments of Auditors. Model JV and proforma of reconciliation is given and same is to be submitted alongwith F.A.
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<b>G)</b>	<b><u>CASH AT BANK AND IMPREST ACCOUNTS:-</u></b>
a)	In order to avoid repetitive comments of auditors it should invariably be ensured, that all Permanent Imprest Accounts and Temporary Imprest Accounts are closed and accounted for by remitting balance cash to the office before 31.03.2010.
b)	In exceptional circumstances, if any Permanent/Temporary Imprest advance is not closed by remitting balance amount as on 31.03.2010 and/or Imprest accounts are not submitted for adjustment before closing of the accounts, a separate information should be given as per Proforma No. XI of the proforma for Additional Information.
c)	Bank balances as on 31.03.2010 should be reconciled with the balances in the cashbook and entries for Stale cheques, Bank charges etc. are accounted for immediately. Bank balance certificate/s should be obtained and kept on record.
d)	In case of cheques which are drawn before the end of year but not dispatched on or before 31.03.2010, the same should be taken into Account Head "Liability for unissued cheques" (A/c. Code 46.931) and debited to Bank A/c.
e)	It is observed that the reconciliation of Cash Remittances Account particularly in respect of D.C.C.Bank (and Post Office Collection Centres) is lagging behind for long period in respect some of the Offices. It is also observed that some offices have carried out reconciliation, however remedial action for necessary follow up with the Bank is not done in respect of items for which no credit is received or received in short or no interest is claimed for late receipt of credit. It is, therefore, instructed that reconciliation of cash Remittances A /c is completed expeditiously. It shall also be ensured that wherever funds are transferred by the WM Section upto 31/3/2010, but not received by the field office, necessary entry for cash in transit is taken before closure of provisional accounts only. Entry if any remained to be reversed for the previous year shall also rectified accordingly.
f)	The balances under Account Code 28.930, 28.932, 28.935 ' <u>Securities other than cash</u> ' as per financial ledger should be tallied with the securities physically existing and also tally with the Account Code 46.102, 46.122, 48.200 respectively.
g)	It should be ensured that cost of balance of postage stamps/ stamped agreement forms/stamp papers as on 31.03.2010 are properly accounted for. This entry should be reversed on 01.04.2010. Prepaid Expenses – Expenditure / portion of expenditure pertains to next F.Y. but paid in advance during current F.Y. should be identified and accounted for under account code 288209 (Sch. 26C)
<b>H)</b>	<b><u>REVENUE BILLING:-</u></b>
a)	The entry for proportionate revenue accrued but not due is to be passed on estimated basis under Account Head "Provision for unbilled revenue" (A/c. Code 23.4) The corresponding assessed units for unbilled revenue accounted need to be included in the additional information submitted with the accounts in respect of units sold. The unbilled amount shall be worked out as per proforma and J.V. shall be passed as per model entry given.
b)	H.T./L.T. Assessment for March 2010 billed in April 2010 (categorywise) is required to be submitted as per Proforma No. XXII of the proforma for Additional Information.
c)	<b>Bills raised upto 31.03.2010 over a period of years for theft of power and where the supplementary bill/s are issued and disputed by the consumer in Court of Law may not be accounted for till the final outcome of Court case. However, name of the consumer, period for which bill is sent / assessed and break up of amount billed such as Electricity charges / Demand charges/ Fuel Cost Adjustment/Electricity Duty etc. shall be given as additional information in the proforma XXX to enable C.A.Section to disclose the same by way of a note to the Balance Sheet.</b> Further, where Court has passed interim order to pay deposit against total claim, such bills be necessarily accounted for and dues payable to Govt. are also settled as per rules in light of Circular No. 115 issued vide AD/BA/50/94-95/4846

	dt.24.01.1995.
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e)	The calculation and accounting of the interest on arrears should be done as per method given in circular No.128 issued vide No.AD/DOA/95-96/4126 dated 16.11.1995. The interest shall be calculated as per directives of MERC considering periodicity of outstanding arrears and rate applicable.
f)	Balance Under Temporary Service Connection Deposits should be cleared by issuing the bills for Temporary Service Connections and adjusting the deposits paid by the consumers. It should be ensured that all bills pertaining to old period are finalised. All concerned should give special attention for adjusting the deposits taken for Temporary Service Connection. Where the Temporary Connections are disconnected, bills should be finalised and the amount due or recoverable from the consumer may finally be transferred to Account Code 46.976/23.730 respectively as the case may be.
g)	The details of Electricity Duty/Tax on Sale of Electricity and other levy assessed should be given in Proforma No. XXII of additional information attached herewith duly tallied with figures shown in Schedule-1.
h)	Please ensure that accounting of incentive on the amount of monthly H.T. bills paid within 7 days should be accounted strictly as per Circular No.199 issued vide AD/BA/50/01 dt.01.01.2002 to Account Code 78.820.
i)	Please ensure that Power incentive allowed to consumers' is accounted for to the proper account code as per Circular No.206 issued vide No.AD/BA/50/5036 dated 02.12.2002 and circular No.242 issued vide No. AD/BA/50/840 dated 21.03.2005.
j)	"Tax on sale of Electricity" :- Accounting to be insured as per Circular No. 238 issued under No.AD/BA/50/4399 dt.31-12-2004 and Circular No.33 issued under MSEDCL/CAS/2381 dt.16-01-2007. Tax on sale of Electricity may be furnished in the Enclosed Proforma at Annexure 'C'.
k)	Arrears due from Permanently disconnected consumers as per I.T. Reports shall be accounted for to respective account codes in F.L. under Schedule No. 26(b). In other words that balance under Account Code 23.500 shall be accounted for to respective account codes from 23.501 to 23.599 in light of Circular No. 255 issued under No. AD/BA/50/1811 dated 30/8/2005.
<b>I)</b>	<b>OTHER ITEMS RELATING TO FINAL ACCOUNTS:-</b>
a)	In respect of position of W.I.P., Division/Circle Office shall furnish additional information in the prescribed proforma as per Circular No.AD/BA/91-92/2613 dated 07.09.1991. Agewise analysis of closing balance of WIP may be furnished.
b)	All bad debts, excesses/shortages and other losses for which approval from the Competent Authority has been received should be incorporated in the accounts. Attention is invited to Departmental Circular No.19 issued vide No.AD/BA/50/24135 dated 18.11.1986 on the subject "Accounting of material lost/stolen etc." wherein it is clarified in the last para to account for all loss cases whether approved or not. In view of this it should be ensured that no loss case remain to be accounted for.
c)	<b>The accounting procedure for write off of individual consumer-wise L.T./H.T. arrears and to transfer the amount written off at field units to Corporate H.O. Accounts Section should be scrupulously followed as per H.O. letter No. AD/BA/Write off/1354 dt.29.4.1999 and ensure that amount written off by Circle in respect of Ag. LT/HT, Residential, Industrial H.T., P.W.W. consumers is transferred to H. O. Account before closing of account. In this respect Circular No.201 issued vide No.AD/BA/50/ Writeoff/1090 dt.07.03.2002 may also be referred.</b>
d)	Stores in transit/material pending inspection is to be accounted for.
e)	Entries in respect of excesses and shortages as per inventories taken shall be passed in Accounts by all Major Stores. Balance under the stock ledger and financial ledger as on 31.03.2010 should be reconciled.
f)	The Asstt. Manager/Jr. Manager of Major Stores/Stores Centre should verify that all adverse balances appearing in stock ledger have been rectified and adjusted in provisional Accounts only.
g)	It should be noted that all S.R.Notes for material received upto 31.03.2010 for



	material purchased by H.O./Field Offices are valued and necessary Inter Branch Advises are sent to Head Office/Field Offices before 05.04.2010. Inter Branch Advises for nil value S.R.Note under Direct Debit to Works procedure be sent to the concerned construction units before cut-off date i.e. 05.04.2010.
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h)	Major Stores shall confirm that the rounding off to monetary transactions is carried out as per the Circular No. SM/A/c./2213 dt. 06.12.1994 and No. SM/A/c/INV/626 dtd.15.04.1995.
i)	Accounting as prior period items should be done as per Circular No.75 dated 06-02-2009.
j)	<b><u>INSTRUCTIONS REGARDING AUDIT AND SCRUTINY OF ACCOUNTS:-</u></b>
a)	It should be ensured that mistakes pointed out by the Statutory Auditors/Govt Auditors during Statutory Audit and supplementary audit of Accounts for last year are rectified before closing the Accounts.
b)	In the case of A.Es. /POMs issued by Statutory Auditors, the replies should be given to the audit party during the course of audit only and wherever necessary accounts shall be rectified immediately and as far as possible in no case reply be given to audit as "being/will be done" and or "noted for future". Where any AE/POM relates to any specific policy in the existing accounting system, the same shall be brought to the notice of the Corporate Accounts Section specifically at the time of submission of accounts.
c)	Replies to all AE's/POM's shall be given to Auditors promptly during course of Audit only and excluding where specific direction is required from the Corporate Accounts Section. As far as possible where specific direction is required from Corporate Accounts Section, the matter shall be referred immediately to C.A.Section for necessary action. At the time of submission of Final Accounts, a separate file containing each AE/POM, its reply alongwith supporting photocopy/POM of CV/JV shall be prepared and submitted to Corporate Accounts Section.
d)	Reasons for variation between the actual capital/revenue expenditure/revenue receipts and the revised budgeted figures for the period should be furnished alongwith the Accounts.
e)	Account Head-wise revenue expenditure/receipts should be compared with the figures for last year and reasons for increase or decrease in each case should be explained in detail. Comparison of increase/decrease in revenue from sale of electricity, power purchased during the current year with the figure of the last year should be done on the basis of units sold and purchased etc.
f)	If the Company passes a resolution either during the preparation of accounts and or thereafter but before finalising the accounts and which will have a bearing on the Accounts for said period, necessary action for making provision in the accounts as per Company's resolution shall be taken before the final Accounts are submitted to C.A.Section. A certificate to the effect that this has been done should be recorded in the Final Accounts.
g)	Instructions given in Circular No.AD/BA/89-90/5256 dated 18.11.1989 should be followed and test check should be exercised before submission of Accounts.
h)	The information for Wealth Tax & Income Tax Returns (Tax Audit Report) as asked for from time to time should invariably tally with the related figures appearing in final Accounts.
i)	Ensure that the information regarding Major Asset/s commissioned during the year unit-wise/scheme-wise is given with Accounts.
j)	All O&M Circles are requested to furnish details regarding category-wise units sold, category-wise realisation per unit sold during the period. This will also help to compare correctness of the revenue earned during the year. Further confirm the information with respective account codes referred in Final Accounts and ensure the co-relation between revenue and units sold. O&M circles shall give the full details in respect of sale and purchases of power to inter-state consumers (i.e. unit, rates and revenue etc.) and others alongwith comparison with revised budget.
k)	<b>The Additional Information to be furnished.</b>
i)	The details of gratuity paid during the year 2009-10 in the format enclosed.
ii)	Categorywise details of bad debt written off (A/c. code 79410)
iii)	Agewise clearance of WIP (A/c. code 14.100) as per format enclosed.
iv)	Statement of contingent liability (for all liabilities)
v)	Agewise details of cash in transit (A/c. code 24500 & 24600)

vi)	17 schemewise details of capital Expenditure duly reconciled with final accounts in the format given by CAPEX Section.
vii)	Asset register for stock audit purpose.
viii)	The details of frauds / embezzlements occurred during the financial year 2009-10 and current status thereof.
ix)	Inter Company reconciliation statement for the Balance of Inter Company account appearing in the circle schedule should be furnished.
x)	Itemwise details of Prior Period Expenditure to be submitted alongwith Final Account.
l)	The figures in col.No.5 of schedule 31 i.e. "Becoming due during the year" should tally with the corresponding figures in column No. 6 of Schedule 32 i.e. "Repayments due during the year".
m)	As per Circular No.78 dtd.24-03-2009 capitalisation of interest the information as per Annexure 'B' should be submitted in excel format with Final Account.
n)	As per Circular No. 74 dt.27-01-2009 i.r.o. Asset clearing Account, Financial ledger to be maintained.
o)	The Corporate A/c. Section letter No.MSEDCL/CAS/2009-10/776 dtd.20-11-2009, must be strictly observed before preparation of Final Account.
P)	As per Circular No.106 dt.8-12-2009, separate Audited Register for recovery should be maintained & recovery may be intimated alongwith submission of Final Accounts.