



MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO.LTD.
Corp. Accounts Section
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Ref No: Dir (Proj) MSEDCL/CAS/WIP/152

Date : 13 NOV 2009

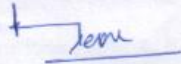
Sub : **Transfer of Cost of Completed Work to Asset Account-need for expeditious action for preparation of Work Completion Report for clearance of Work In Progress.**

Ref : **Dir (Op)/MSEDCL/CAS/WIP Clear/15/2529 dated 2nd February, 2007**

Various circulars have been issued from time to time on above subject. Further, the said issue has been discussed in various forums including MD review meeting. However, fact remains that there is no desired output and capital work in progress is increasing day by day. The Audit committee members and Board of Directors have shown displeasure in the meeting held on 22.10.2009 for the non conversion of Work In Progress into capital asset. As most of the work being carried out by O&M units require not more than 12 months time limit to complete work. It means work more than one year should not remain in Work In Progress. However, Work In Progress of earlier period also has not been capitalised.

Due to non conversion of Work In Progress into capital asset return on equity cannot be claimed. This affects the tariff of the company and payment of Income Tax has to be made due to less provision of depreciation.

Considering above you are hereby directed to instruct all the concerned to expedite submission of work completion reports to Accounts Section and in turn on the strength of same transfer the cost of Work In Progress to Fixed Asset Account. The issue needs to be treated as extremely urgent, as the Statutory Auditors have been qualifying the report every year and the company has been losing additional depreciation and return on equity.


Director (Project)

To :

All Chief Engineers of MSEDCL at Head Office and Field Offices
All Superintending Engineers of MSEDCL in Field Offices/SE (Civil) HO, Bandra
All Executive Engineers of MSEDCL in Field Offices
All General Managers (F&A), Managers (F&A), Dy. Managers (F&A) of Zones

C.f.w.cs:

The Director (Finance), MSEDCL

Copy to :

The Chief General Manager (C.A./C.F./I.A.)

Urnala/Amishina of work

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