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**CHECK LIST FOR PREPARATION OF TRIAL BALANCE
FOR THE YEAR 2014-15 ONWARDS**

- i) Financial tallies of Purchases and Sales of all commodities rate-wise, month-wise WHICH should tally with the Trial Balance. No JEs are to be passed.
- ii) All advances such as TA, Miscellaneous and other contingency advances drawn and paid during the financial year have to be nullified by 31st March, 2015.
- iii) All Bank accounts i.e. Current Account and Depository Accounts operative and non-operative should be reconciled with Bank balance as per cash book and Bank Closing Balance Certificates and Reconciliation Statements should be appended to the Trial Balance. The transactions such as excess credit/debit which were rectified in the subsequent months should be exhibited with the date of rectification. Cheques issued but not presented for payment by 31.03.2015 and DDs/Cheques deposited but not credited by Bank by 31.03.2015 should be shown with date of subsequent debit/credit by Bank.
- iv) Self adjustment accounts like IOG, IOCPF, IOR should be nullified for the accounting year by 31st March, 2015. Cash Sales Control should also be nullified month-wise.
- v) Stock Ledger Summary (SLS) should be prepared commodity-wise, variety-wise and MLS Point-wise for the accounting year duly incorporating the Opening Balances and submitted in excel format in addition to NIC Stock report. Similarly the Paddy accounts should be prepared (as per the guidelines issued by the Marketing Section) along with gunnies. Separate Stock Ledger Summary for new gunnies and once used gunnies should be prepared and annexed to the Trial Balance.
- vi) A separate schedule for the margins payable to the FP Shops on Annapurna Rice, NPNSPE rice, ICDS Rice etc., should be appended to the Trial Balance with details of quantity, rate and amount for the accounting year ended by 31st March, 2015.
- vii) Confirmation certificates for inter-district IOGs, IORs, IOCPF and inter-district transfer of commodities (stocks) etc. i.e. OE-VI & OE-VII should be appended to the Trial Balance.
- viii) Separate Certificates for OYT deposits and other contingent deposits made out by the districts should be appended duly obtaining from the concerned departments.

- ix) Schedule for miscellaneous income should be furnished with full details of income by operating Code No.7801. The Account Code 78 should not be operated at district level.

1. **TRIAL BALANCE:** Trial Balance should be furnished as per e-Accounts package only (HTML Print).

2. **MAINTENANCE OF ASSETS REGISTER:**

- a. **The Asset Register in the District Offices / Zonal Offices has to be maintained as per the proforma communicated by HO as the depreciation is calculated on straight line method for 2014-15 onwards which requires date of acquisition for calculation of depreciation based on useful life of the assets** so as to produce the same to Statutory Auditors/AG Auditors and for office record also. Therefore, District Managers/Zonal Managers are directed to maintain the Assets Register properly and see that all assets purchased/received from other districts should be entered in the Assets Register (Part I).

Assets Schedule should be entered in the proforma prescribed in the e-Accounts and the same should be enclosed to the T.B.

i. **Assets Register (Part I):**

S.No.	Name of the Asset	Date of purchase	Bill No. & OE II No.	Description	Qty.	Amount	IOAT recd. from	IOAT sent to	Location	Sign.of the Inspecting Officer at the year end

ii. **Assets Register (Part II):**

Classification :

Name of the Asset:

Invoice No. & Date:

Location:

Date of acquisition:

Rate of depreciation:

PO No. & Ref:

Date of disposal & Ref:

Year	Cost as on	Addition	Total Value	Depreciation	Net Value

In respect of assets received from other districts, the Invoice No. & Date, Date of acquisition, Name of supplier etc. shall be collected from the concerned District Office and entered in the Asset Register.

A Certificate signed by the District Manager as well as Zonal Manager to the effect that all the assets purchased and received are entered in the Assets Register and the bills relating to these purchases should be enclosed. The location, condition and physical verification certificate of Assets as on 31.03.2015

are to be appended to the I.B. duly signed by the DM/ZM and in H.O. by GM(A&V and Fin.).

- b. **DEPRECIATION:** Depreciation should be calculated on Straight-line method as per Companies Act, 2013. For calculation of Depreciation on Straight line method useful life of an asset shall be taken into consideration. Depreciation has to be calculated on each of the asset. Useful life of an asset is the period over which an asset is expected to be available for use by an entity.

$$\text{Rate of Depreciation} = 1/\text{useful life} \times 100\%$$

OR

$$\text{Rate of Depreciation} = \text{Annual Depreciation}/\text{Actual Cost} \times 100.$$

For example an Asset (Furniture) is purchased on 30.10.2013 which costs 227880. WDV (Written Down Value as on 01.04.2014) is 223195 calculate Depreciation.

First Step:

Sl.No.	Particulars	Rs.Ps.
1	WDV on 01.04.2013	2,23,195.00

Second Step:

Calculate number of days expired from purchase of asset

Asset is purchased on 30.10.2012

No. of days = (from 30.10.2012 to 01.04.2014) 518 days

Life of the Asset is 10 years convert into days i.e. $10 \times 365 = 3650$

Remaining life of the asset is $3650 - 518 = 3132$

Depreciation for the year = $223195/3132 \times 365 = 26010.91$

LIST OF ASSETS AND LIFE OF ASSET

Sl.No.	Code No.	Asset Name	Life of Asset in Years
1	110101	Land	0
2	110102	Buildings	60
3	110201	Electric Fans & Installation	10
4	110202	Furniture	10
5	110203	Refrigerators & Air-conditioner	5
6	110301	Accounting Machines	5
7	110302	Duplicators	5
8	110303	Computers	3
9	110304	Typewriter	5
10	110305	Xerox Machines	5
11	110306	Intercom	5
12	110307	Fax Machines	5
13	110401	Weighing Machines	5
14	110402	Generator	5
15	110403	Other Equipments	5
16	110501	Trucks	8
17	110502	Motor Cars & MV	8
18	110503	Jeeps	8
19	110504	Motor Cycle	8
20	110506	Mini Bus	8

21	110507	Auto Rickshaw	8
22	110103	Work in Progress	0
23	110505	Cycle	0

WDV of assets as on 01.04.2014 which have expired their life period as above shall be completely written off by debiting to expenditure for the year.

3. **SUNDRY DEBTORS:** Sundry Debtors are the parties from whom certain amounts have to be recovered/due to the Corporation. Sundry Debtors have been classified differently depending upon the parties such as Government Institutions, other parties and Food Corporation of India (head of account-wise). Accordingly, Account Code numbers are available in e-Accounts. All District Managers and Zonal Managers are hereby instructed to record the Sundry Debtors accordingly depending upon the nature of debtor and should submit schedules category wise in the following proforma along with an abstract of Sundry Debtors so as to submit the same to the Statutory Auditors and AG Auditors:

Schedule for Sundry Debtors

S.No.	Name of the party	Nature of debt	Date & Year	Amount	Remarks (good/bad/doubtful)

Abstract:

S.No.	Age of debt	Amount	Good Debts	Bad Debts	Doubtful Debts
1	Below 6 months				
2	6 months to 1 year				
3	Above 1 year and below 2 years				
4	Above 2 years and below 3 years				
5	Above 3 years				

The District Managers should carefully examine the nature of debt while categorizing the debt as good, doubtful and bad and proposals should be submitted to the VC & MD for taking suitable action in the continuity of the debt.

In regard to the debtors arising on account of misappropriation of stocks, the value of the debt for accounts purpose should be raised for single/double economic cost as determined by the concerned authority and the same have to be incorporated in the accounts for the year.

Photostat copies of the confirmation certificates obtained from the concerned debtor parties against the dues as on 31.3.2015 should be enclosed.

Similar details & Proforma as above shall be furnished in respect of advances also.

- a) Out of the total Sundry Debtors, the particulars of court cases, amount involved in RR Act and the present stage of cases may be furnished in the following proforma:

S.No.	Name of the party	Amount involved		Brief history of the case	Latest stage of the case
		Court Cases	RR Act		
1	2	3	4	5	6

4. **BANK RECONCILIATION:**

All Bank Accounts i.e. Current Account and Depository Accounts which are in operation during the current year and also the accounts which were operation in earlier years and are inoperative should be reconciled with Cash Book and Bank Balance Certificates and the reconciliation statements should be appended to the Trial Balance. The transactions such as excess credit/debit which were rectified in the subsequent months should be exhibited with the date of rectification to avoid confusion. The cheques issued but not presented for more than 3 months should be treated as Stale cheques and listed in the Sundry Creditors after duly ensuring that another cheque was not issued to the party for the amount.

5. **DETAILS OF LIABILITIES:**

The amounts payable to the parties, institutions from whom services are received by the Corporation on the date of closure of accounts should be listed as liabilities. These liabilities are categorized as Sundry Creditors, Security Deposits, Estimated Liabilities and Outstanding Liabilities. Besides, some amounts are received from parties and adjustable/refundable as in the case of Earnest Money Deposit, Security Deposits, Excess collections, Advances against sales etc. Further, amount recovered from employees/parties towards various kinds of recoveries from salaries. TDS and Statutory liabilities like VAT etc. are also liabilities. Account Code Numbers duly earmarking each kind of liability has been provided in the e-Accounts. The District Managers / Zonal Managers while finalizing the estimated liabilities and also outstanding liabilities should take proper care to ensure that all expenditure pertaining to the year is taken into consideration with accuracy. **It is observed that some of the districts while releasing the payments during the year against the liability already provided are directly debiting to the expenditure head instead of debiting the same to the respective liability for setoff.** Due to this the liabilities are accumulated years together boosting the current year expenditure. Therefore, the District Managers / Zonal Managers are instructed to note that if any payments are made during the year which are related to the previous years against the liability already provided, should debit the same to the provided

liability. If any excess or short payments are made that may be accounted for under prior period income / expenditure adjustments. Schedule for liabilities and excess collections should be furnished in the following proforma:

Schedule for Liabilities:

SI.No.	Name of the party	Nature of liability	Date & Year	Amount	Remarks

Schedule for Excess collection:

SI.No.	Commodity	Opening Balance	Additions during the year	Adjustment during the year	Closing Balance
1					
2					
3					

Age-wise analysis for Excess Collections shall be furnished.

All EMDs of successful tenderers are adjusted against Security Deposits payable by them, but no such adjustment is observed to be carried out in accounts. At the time of refund of security deposits, a portion of the amount refunded has to be adjusted from EMD Account, where such amounts lie unadjusted. This is not correct practice. In all such cases of adjustment of EMD against SD made so far and where the SD is not yet refunded, such EMDs should be transferred in accounts to SD. They should be included in SD schedule and deleted from EMD Schedule.

6. TRADE DEPOSITS:

The Trade Deposits are collected from the F.P. Shop Dealers towards Security by the District Supply Officer and the same are forwarded to the District Manager for proper accounting. The Trade Deposits are fixed by the District Administration depending on the location of FP Shop i.e. rural/urban and category of the FP Shop i.e. at Rs.1,000/- / Rs.500/- or Rs.2000/- / Rs.1000/-. A schedule on Trade Deposit should be furnished/appended to the Trial Balance in the following proforma:

Opening Balance	Receipts during the year, if any	Payments during the year, if any	Closing Balance

7. PREPAID EXPENSES:

The expenditure incurred/paid towards insurance premium, advance rents, vehicle/municipal taxes etc., determines a specific period as indicated by the Government/Institutions in accordance to the procedure. Such expenditure

covers the period of current year and partly subsequent financial year. The expenditure pertains to the subsequent financial year but incurred in the current financial year has to be listed in the Prepaid Expenses. Similar procedure has not been followed in certain districts and the Statutory Auditors has objected for the same seriously. Therefore, the District Managers are requested to segregate the current year expenses and prepaid expenses properly and to book the expenses in appropriate head of account. For example, if the insurance premium paid to LPG for the period from 01.10.2014 to 30.09.2015 i.e. for 12 months, the expenditure from 1.10.2014 to 31.3.2015 will be treated as current year expenditure and the proportionate balance from 1.4.2014 to 30.9.2015 will be treated as prepaid expenses. Item wise prepaid expenditure should be furnished in the following proforma:

S.No.	Nature of expenditure	Period for which paid	Amount	Prepaid expenses

8. **DECENTRALIZED PROCUREMENT OPERATIONS (DCP):**

The main objective of Decentralized Procurement (DCP) is to encourage local procurement to the maximum extent thereby extending the benefits of MSP to local farmers as well as to save on transit costs. The scheme of DCP of Rice was introduced by the GOI with a view to enhancing the effective distribution under PDS.

DCP operations are extended to all the districts in the State except Hyderabad. All the District Offices (except Hyderabad) are directed to furnish information related to procurement operations of DCP rice during the year 2014-15 in the following format. Separate statement should be prepared for each variety.

S.No.	Month	Variety	Opening Balance (Qty.)	Purchases (Qty.)	Sales under PDS (Qty)	Closing Balance (Qty)
1						
2						
3						

11. **PADDY:**

The Corporation, as a State Government Agency to implement MSP operations is purchasing paddy directly from farmers. The paddy so procured is being sent to authorized rice mills for custom milling and to deliver CMR raw rice to the Corporation for issues under PDS and Boiled rice to Food Corporation of India. These entire transactions are taken up under the control of District Administration. The expenditure incurred for purchase of paddy and for custom milling has to be realized through FCI under CMR claims to the extent of Boiled Rice delivered. Regarding Raw Rice issued under PDS, such expenditure over

and above central (FCI) issue price has to be realized through subsidy claims submitted to GOI. The expenditure incurred over and above provisionally approved rates of Government of India has to be claimed separately with Gol. Under these circumstances the entire expenditure incurred under different heads of accounts should be accounted in e-Office.

In order to derive accurate accounts in both quantitative and financial aspects separate SLS for 'Grade-A' and Common' variety of paddy should be prepared. Similarly separate Stock Ledger Summary for Custom Milled Rice for Gr-A and Common variety should also be prepared duly observing whether the rice miller delivered proportionate CMR to the extent of paddy released. All the expenditure pertaining to paddy procurement should be shown separately component wise and should not be clubbed with other commodities or components. Paddy account and milling account should be furnished in the prescribed proforma while submitting TB. In addition to the Stock Ledger Summary proforma communicated in the e-Accounts, the following additional information has to be furnished at the time of reconciliation of accounts at Head Office separately crop year-wise and financial year-wise.

S.No.	Month	Purchases			Transfer-in			Storage gain	Total		
		No. of gunnies	Gr-A	Common	No. of gunnies	Gr-A	Common		No. of gunnies	Gr-A	Common
1	2	3			4			5	6		

Issued for milling			Transfer out			Storage Loss	Closing Balance		
No. of gunnies	Gr.A	Common	No. of gunnies	Gr.A	Common		No. of gunnies	Gr.A	Common
7			8			9	10		

In the Paddy SLS in e-accounts and in the above proforma, **only the quantity of Paddy equivalent to the CMR (Boiled and Raw) actually received during the year shall be shown under Paddy issued for milling.**

In respect of paddy supplied to millers during Rabi season, CMR delivered against that paddy in next season i.e. after 1st October shall also be considered and any excess/short deliveries of CMR as compared to the quantity to be delivered against the paddy supplied during the season shall be booked under storage gain/storage loss in paddy SLS and in the above proforma in terms of equivalent paddy.

Similarly, in respect of paddy supplied during Kharif season, equivalent paddy of CMR delivered against that paddy in the next season i.e. after 1st April shall be treated as closing balance with millers as on 31st March 2015. Any excess/short deliveries of CMR as compared to the proportionate quantity to be delivered against the paddy

The District Managers shall furnish particulars of :

- a) Payment/recovery of grade wise difference cost depending upon the actual CMR delivered by the millers.
 - b) Booking of head-wise expenditure as required by the GoI exclusively for paddy s per the account codes provided in the 'e' accounts.
 - c) Creation of proportionate liabilities as on 31st March for custom milling charges, transport charges and other incidentals pertaining to paddy MSP operations.
13. Separate SLS for new gunnies and once used gunnies should be furnished (separate code numbers are available) as it is essential for calculation of Closing Stock value of gunnies. Gunny SLS should contain the following particulars.
- 1) Opening Balance :
 - 2) Receipts:
 - a) Purchases
 - b) Transfer-in from other districts (specify the name of the district)
 - c) Received from Millers (to be entered in once used gunnies SLS)
 - 3) Issues:
 - a) Sales
 - b) Transfer-out to other districts (specify the name of the district)
 - c) Issued along with stock (paddy)
 - 4) Closing Balances (Receipts – Issues)
 - a) Gummies with stocks
 - b) Empty gunnies
 - c) With miller

14. **QUANTITATIVE AND FINANCIAL TALLY:**

Month-wise, rate-wise and variety-wise abstract of financial tallies for purchase and sale of all commodities should be enclosed to the T.B. (HTML point only). However, as yearly abstract of rate-wise quantitative financial tally for the year should be shown in the financial tally schedule. In this regard, the Trial Balance amount and Financial Tally Amount should invariably be one and the same. OE IV & OE V updation is made available in e-accounts to make use of it.

Further, it is observed that some of the District Offices are booking hostel sales in different heads causing inconvenience for consolidation at HO level. Therefore, DMs are instructed to book rice sales other than PDS as detailed below:

<u>Rate per MT</u>	<u>Category of Sale</u>
Rs.1,000/-	Welfare Hostels
Rs.9,000/-	Non-Subsidy Rice
Releases between above Rs.4,000/- and below Rs.9,000/-	Other Institutions

15. **LPG:**

Regarding LPG, concerned District Managers are requested to furnish financial tallies separately for purchases made from outside the State and within the State, for domestic and commercial cylinder. Similarly separate SLS shall be furnished for all LPG purchases duly adopting the OBs for each time. During the previous year audit the statutory auditors have pointed out that the Accounting Treatment of defective cylinders is not properly accounted for. Therefore, if any defective cylinders are received from the oil companies and not replaced by the oil companies the purchases should be reduced by debiting 'advance to oil companies' account to the extent of value of defective cylinders.

16. VAT provision need not be exhibited in District Office accounts, as this subject is centralized at HO. Other commodities purchases from outside the State should be shown separately in excel format and CST if any should be included in the cost. VAT on purchases/VAT on sales should be shown separately. CST on gunnies, Purchases, VAT on Rice purchased from FCI and on PDS Kerosene purchases should be included in the cost. VAT on CMR delivered to FCI shall be provided in full as per the rate in the approved cost sheet, irrespective of the amount actually received from FCI.

17. Commercial Tax Dept. in order to allow input tax credit on purchases is insisting to submit purchase details along with purchase invoices for all commodities on which 5% and 14.5% tax is paid by the Corporation in the following format for 2014-15 which should tally with month-wise Purchase Financial Tallies and total of Trial Balance figures for each commodity. Sale of Tender forms should be shown under 5% category of sales on which VAT is also to be shown.

S.No.	Month/ Year. Bill-wise	Name of the dealer from whom purchased	TIN	Invoice No. & Date	Qty.	Rate	Cost inclu- ding VAT	Cost exclu- ding VAT	VAT amount

The District Managers and Zonal Managers are requested to submit the VAT report for 5% & 14.5% in **Excel format** and the same may be enclosed in the Trial Balance. The information in the above proforma along with copies of the invoices should be bound separately and handed over to the VAT Section at HO at the time of reconciliation, so as to furnish the same to the Commercial Tax Authorities for assessment purpose. It should also tally with the monthly VAT Returns submitted by DM.

18. **TRANSPORT CHARGES (Commodity-wise & Variety-wise):**

The statements showing commodity-wise month-wise transport charges for Stage-I and Stage-II for Rice (scheme-wise), Sugar, Wheat, P.Oil, Salt, Redgram Dall, etc. paid to the contractors (including amounts payable) to be furnished in the Trial Balance in the following proforma:

S.No.	Month	Name of the commodity	Qty. Purchased	Transport charges Stage-I	Qty. sold	Transport charges Stage-II

19. **SALE OF SCRAP / GUNNIES / BARRELS:**

Sale proceeds of scrap/torn-out and once used gunnies other than paddy and old drums etc. should be shown under miscellaneous income. Such sales attract the provision of VAT @ 5% (2014-15). Therefore, a separate schedule with details of item-wise sales indicating the VAT amount should be furnished in the Trial Balance.

20. **RECOVERY / REMITTANCE OF T.D.S, AND SERVICE TAX:**

It is the Statutory obligation to collect / recover service tax and also income-tax deducted at source. During the inspection of districts by M/s. Lakshminiwas & Jain, Chartered Accountants, Statutory Auditors, it was observed that some of the District Managers are not following the TDS rules and Service Tax guidelines communicated by HO. Therefore, District Managers are instructed to follow these rules without any lapse and see that deducted amounts are remitted to the concerned Dept. within the stipulated time. Similarly the amounts recovered under TDS, remitted to the IT authorities and balance to be remitted as at 31st March should be furnished in a statement enclosed to Trial Balance. In regard to recovery / collection of service tax guidelines issued in the matter should be followed scrupulously.

21. **INTER-OFFICE REMITTANCE (I.O.R):**

IOR statement in duplicate should be furnished month-wise and bank-wise. The horizontal and vertical totals should be tallied. **Both debit and credit (i.e. amount received from HO and amount sent to HO) should be shown in the Trial Balance separately.**

22. **SELF ADJUSTMENT ACCOUNTS:**

Self adjustment accounts such as IOG, IOCPF, IOCCS should be nullified for the financial year as at the end of 31st March every year. A statement showing month-wise transactions separately for IOG, IOCPF, IOCCS in the proforma already communicated should be appended to the Trial Balance. The figures and facts of these statement should be reconciled and confirmed with HO at the