



PUNJAB STATE TRANSMISSION CORPORATION LIMITED

(Regd. Office: PSEB Head Office, The Mall, Patiala-147001)

Corporate Identity Number: U40109PB2010SGC033814

O/o Chief Financial Officer (A&R, Compilation Section), Shakti Sadan, Patiala

www.pstcl.org e-mail: ao-comp@pstcl.org

Accounts Circular No. 3/2020/PSTCL

To

All Addl. SEs/Sr. Xens/AOs (All Accounting Units)
under PSTCL

Memo No. 693-738/CFO/A&R-20

Dated: 14.05.2020

Subject: Procedure for booking of Employee Cost, R&M Expenses, Depreciation Expenses and A&G Expenses to Capital works (i.e. capitalisation of expenses) by the Construction accounting units from FY 2019-20 onwards.

As per the requirement of Ind AS 16, the following directly attributable expenses of construction units/TS organisation relating to Employee cost, R&M, Depreciation and A&G be capitalized i.e. booked to capital works from FY 2019-20 onwards:

Capitilisation of Employee Cost:

(A) To be capitalized:

- (i) Employee cost (Work Charged/Daily labour) which has exclusively/directly been employed on capital works be booked/charged to concerned works executed by respective construction accounting unit (TLSC/Civil Works/Grid) for capitalization.
- (ii) Employee cost of Technical staff (including Driver/Vehicle Supervisor) posted at Circle/Divisions/Sub-Divisions of Construction Accounting units (TLSC/Civil Works/Grid) be booked/charged to concerned capital works executed by respective accounting unit for capitalization.
- (iii) Pay & allowances of Technical Gazetted establishment i.e. Dy. CEs/SEs, Sr. Xens, AEEs and AEs posted at Circle/Divisions/Sub-Divisions of Construction Accounting units also be booked/charged to concerned capital works executed by respective construction accounting unit for capitalization (on the basis of details collected from AO/Pay & Accounts, PSTCL, Patiala).
- (iv) As regards the expenditure of employee cost of Technical staff (Gazetted and non-gazetted) posted at Chief Engineer/TS Office - percentage intimated by Sr. Xens(Works)/AO/TS concerned be charged for capitalization of capital works.

(B) Not to be capitalized:

Employee cost of accounting & clerical staff (i.e. AO/AAO/Divl. Acctt./Circle Supdtt./Sr. Asstt./UDC/LDC/Steno-Typist/Telephone Attendant, Sweeper/Chowkidar etc.) posted at Circle/Divisions/Sub-Divisions of Construction Accounting units **is not to be booked/charged** to concerned capital works (i.e. not to be capitalised) being indirect support services costs.

(C) To be capitalized proportionately:

On the above said pattern of construction accounting units, at the year-end, employee cost of Technical staff (Work charge/Daily Labour/Gazetted and non-gazetted) posted at Store accounting units (including different stores) will be apportioned by S&D accounting unit in the ratio of Material issued to construction units as well as P&M units by store accounting unit. Further the amount relating to construction units be transferred

to respective units for capitalisation of portion of employee cost relating to stores used for construction activities.

Capitlisation of R&M Expenses:

R&M expenses of Construction accounting units only related to material handling equipments like Cranes etc. and other Plant & Machinery used for construction purpose booked under GH-74.1 and Vehicles (i.e. Trucks/Jeeps/Cars etc.) exclusively used for construction purpose booked under GH-74.6 be capitalised by the concerned accounting unit executing the capital works.

At the year-end, the Store accounting unit will apportion the R&M expenses relating to above said Heads (as mentioned for construction units) of their unit on the basis of material issued to construction units as well as P&M units. Further the amount relating to construction units be transferred to respective units for capitalisation of portion of relevant R&M expenses relating to above said items of stores used for construction activities.

Capitlisation of Depreciation:

Depreciation expenses of Construction accounting units only related to material handling equipments like Cranes etc. and other Plant & Machinery used for construction purpose and Vehicles (i.e. Trucks/Jeeps/Cars etc.) exclusively used for construction purpose booked under GH-77.1 be capitalised by the concerned accounting unit executing the capital works.

At the year-end, the Store accounting unit will also apportion the Depreciation expenses relating to above said Heads (as mentioned for construction units) of their unit on the basis of material issued to construction units as well as P&M units. Further the amount relating to construction units be transferred to respective units for capitalisation of portion of relevant Depreciation expenses relating to above said items of stores used for construction activities.

Capitlisation of A&G Expenses:

Only the following A&G expenses of construction accounting units be capitalised by the concerned accounting unit executing the capital works treating as directly attributable expenses:

Account Code	Account Head
76.104	Insurance on Trucks/Delivery Vans used for Construction
76.131	Conveyance expenses including Hiring charges of outsourced vehicles - Motor Cars and Jeeps used for construction purpose
76.132	Travelling expenses of Technical staff engaged in construction activites.
76.141	Vehicle running exp. petrol and oil (cars)- used for construction purpose
76.142	Vehicle running exp. petrol and oil-(jeeps)- used for construction purpose
76.143	Vehicle running exp. (petrol and oil)-others- used for construction purpose
76.155	Advertisement expenses- relating to construction activities.
76.158	Electricity Charges of separate connection for construction sites

76.160	Water charges-relating to construction activities.
76.240	Vehicle expenses trucks/delivery vans- used for construction purpose
76.241	Hiring of Vehicle Expenses - Trucks, Delivery Vans- used for construction purpose
76.260	Advertisement of tenders etc. – Capital works
76.270	Incidental store exp.- Capital equipments

On the same pattern, at the year-end S&D accounting unit will apportion the expenses of these heads relating to their unit in the ratio of material issued to construction units as well as P&M units. Further the amount relating to construction units be transferred to respective unit for capitalisation of portion of relevant A&G expenses relating to above said items/heads of stores used for construction activities.

Further, it is also informed that all the above said expenses be booked to relevant head/sub-heads -74,75,76 & 77 in the first instance by the concerned unit. At the time of booking/charging of these expenses to capital works (i.e. Capitalisation), the relevant head/sub-heads -14/15.1 (CWIP) be debited with contra credit to relevant head/sub-heads -74.9,75.9,76.9 & 77.9 as per prevailing practice.

This issues with the approval of Director/F&C, PSTCL, Patiala.

Harminder Singh

Accounts Officer/A&R,
PSTCL, Patiala.

Endst. No. 739-782/CFO/A&R-20

Dated: 14.05.2020

Copy of the above is forwarded to the following for information and further necessary action please:

1. Chief Engineer/TS, PSTCL, Patiala.
2. Chief Engineer/P&M, PSTCL, Ludhiana.
3. Chief Engineer/SLDC, PSTCL, Patiala.
4. Chief Engineer/HIS & D, PSTCL, Patiala.
5. CAO/F&A, PSTCL, Patiala.
6. Company Secretary, PSTCL, Patiala.
7. All Dy.CEs/SEs under PSTCL.
8. All Dy. CAOs/Dy. CAs /Dy. FAs under PSTCL.
9. All AOs under PSTCL (except DDOs).
10. RAO, PSTCL, Patiala.

Harminder Singh

Accounts Officer/A&R,
PSTCL, Patiala.

CC:

1. Sr. PS to Director/F&C, PSTCL, Patiala.
2. Dy. Secy. to Director/Admn., PSTCL, Patiala
3. Sr. PS to Director/Technical, PSTCL, Patiala

} for kind information of
worthy Directors please.