

CHAMUNDESHWARI ELECTRICITY SUPPLY CORPORATION LIMITED
(Government of Karnataka undertaking)

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Hinkal
Mysuru – 570 017

No: CESC/A/c's/02/F-18/22-23/CYS-1694

Date:20.02.2023

To,

The Chief Engineer (EI),
O&M Zone Mysore / Hassan,
The Controller of Accounts,
O&M zone Mysore / Hassan,
All the Superintending Engineers (EI) O&M Circles,
All the General Manager (Tech/Project/Commercial /
A&HR/Procurment/B&R,
All the Deputy Controllers of Accounts, O&M Circles,
All the Executive Engineers (EI), O&M Divisions,
All the Accounts Officers, O&M Divisions, & Internal Audit / Circle office /
Zonal Office / Corporate office, CESC.

Sir / Madam,

**Sub:- Preparation and Submission of Annual Accounts for FY 2022-23
(March 2023 Final Accounts)-reg.**

As per statutory requirement, Annual Accounts of all the Companies has to be finalized within 6 months from the closure of Financial Year. Accordingly, Annual Accounts of CESC for the year 2021-22 has been finalized and printed copies of Annual Accounts have been sent to Energy Department for placing the same in both the houses of Karnataka Legislature within the stipulated time. This task was achieved for the year with 'Nil' comments from Comptroller & Auditor General of India which is achieved only with the full co-operation of both Executive and Finance officers / Staff of all the Accounting Units of CESC. This achievement is highly appreciated by the management and **all the Accounting Units are to be congratulated.**

The responsibility of all the Accounting Units of CESC has further increased by this achievement as the management expects further improved performance during the year 2022-23 also.

As Accounts of CESC are to be drawn-up at Head Office as per Companies Act, 2013, all Accounting Units have to submit Accounts for the period from 1-4-2022 to

IMPORTANT
March 2023
Final Accounts

31-03-2023 immediately after closure of the financial year. Action plan to **finalise Annual Accounts of CESC by 30th April 2023**, has been drawn up by the Corporate Office so as to facilitate completion of Audit and all process before the stipulated period as prescribed under the Companies Act, 2013. We have to achieve this target by putting all our efforts. Therefore, **all the Accounting Units have to submit their Quality Accounts in FAMS latest by 5th April-2023 for Circles & Zones and for Divisions 15th April 2023 (This include the time to be given to the Internal Audit for auditing & to issue necessary Certificates.**

EEEs / AOs of accounting units shall take note that there cannot be any delay on their part in submission of Accounts, as Accounts of the Corporation has got two stages of audit, i.e., Statutory Audit and Test Audit by AG's. The Audited Accounts has to be placed before Annual General Body Meeting before 30-09-2023 as stipulated under Companies Act, 2013. It is mandatory on the part of the Corporation to conform to the stipulated time schedule. **Section 99 of Companies Act, 2013 stipulates levy of fine of Rs 1,00,000/- and Rs 5,000/- per day in case of continuing default on the Company and every officer of the Company who is in default on the provision spelt out in section 96 of the Act. No delay in complying with statutory requirement will be condoned under any circumstances.**

Accounts Officers (Internal Audit) should personally watch preparation of Final Accounts right from 1st Week of March 2023 invariably. They shall verify the Statements, Annexure and Appendices concurrently to avoid delay in submission of Accounts. The format in which DCA / AO and EEE of the unit and AO and AAOs of Internal Audit have to give exclusive certificate is also enclosed to this Circular. Since the work of verifying the Final Accounts is a concurrent activity, the AOs / AAOs (Internal Audit) should conduct **the audit more efficiently and furnish certificate immediately after the compilation of Final Accounts. There should not be any delay on their part under any circumstances. To ensure, they have to coordinate with all the activities related to March Final A/C's, well in advance. It is hereby noted that only after the certification of the Accounts of the Units by Internal Audit, Statutory Auditors will take up the work of auditing.**

Checks to be exercised on monthly Trial Balance and March Final Trial Balance along with the list of Advance Action to be taken for preparation of March Final Accounts are available with all the CAs, DCAs, AOs and AAOs vide pages 261, 273 and 277 of Compendium of Circulars, Volume-1, supplied to each of them exclusively by the then Chief Controller of Accounts, KPTCL. Apart from this, general guidelines and

instruction for preparation of Final Accounts are also enclosed herewith, which should be studied thoroughly to note the changes and specific instructions applicable for March Final 2023 Accounts.

All the Accounting Units shall strictly comply the following instructions:

1. Invariably to complete the postings / updating entries in all prescribed registers, ledgers and schedules as per rules and shall not be kept pending, for whatever reason it may be.
2. Get it audited and certified from Internal Audit (i.e., March 2023 final Accounts) (along with all Annexures with certificates prescribed and submit **to corporate office on or before 5th April-2023 for Circles & Zones and for Divisions 15th April 2023** [This include the time to be given to the Internal Audit for auditing & to issue necessary Certificates.
3. Only after the Internal Audit certificate of the Accounts of the Units, Statutory Auditors will take up the audit. Hence, **Accounts Officer Internal Audit** shall conduct the audit concurrently duly verifying the transactions / books of Accounts strictly as per rules and furnish certificate without any delay. CGM (IA) will issue necessary instructions to all AO's (IA) to conduct qualitative audit.
4. **While auditing Annual Accounts for the year 2021-22 of the accounting units, the Statutory Auditors have commented upon improper maintenance of prescribed Register & Schedules by most of the Units. CA, DCA's, AO's and AAO's should therefore ensure that all records are maintained properly and posted up-to date and quality in Accounts rendered by the units, so that audit observations can be minimized.**
5. Heads of offices including EEEs and AOs shall strictly ensure that all transactions are recorded as per Company's rules / regulations / circulars and also are accounted in books correctly without any deviation / misclassification. All records are maintained properly and posted up-to date and also ensure that quality in Accounts is rendered by the units so that audit observations could be minimized and a true & fair view of Accounts of the Company is presented.
6. In the event of old balances remaining un-cleared as in the case of liabilities for more than 3 years, the possibility of crediting the same to Miscellaneous Revenue by Adopting General Law of Limitation shall be explore.

It is observed in the previous years that, some of the accounting units are blindly transferring the amounts outstanding under payable heads such as Security Deposit / Retention Money, which are aged for more than THREE years to

miscellaneous revenue at the year-end without making proper analysis of the balance. **Hence it is directed that, only the amounts which are eligible for refund and remained unclaimed for more than three years from eligible refund due date shall only be transferred to miscellaneous revenue. Any deviation will be viewed seriously.**

In the case of debtors / debits outstanding for more than 3 years the items should be scrutinized and if necessary, proposals may be put up through Competent Authorities after obtaining Internal Audit certificate on write off proposals. Items identified for write off but not written off yet in accounts for want of approval shall be considered for making provision for Bad and Doubtful Debts.

GUIDELINES FOR PREPARATION OF MARCH 2023 FINAL ACCOUNTS

A: GENERAL

1. Ensure that the provisional entries for outstanding liabilities and prepaid expenses of March-2022 Final Accounts **are reversed and incorporated in the March 2023 Final Accounts.**
2. Ensure correct accounting of all cheques issued and funds transferred from Resource Section during the year. Differences, if any, shall be reconciled prior to submission of March Final Accounts by the Accounting Units.
3. Within **two days from closure of the financial year 2022-23**, the Accounting Units shall prepare the prescribed Annexure and obtain certificate from the Resource Section, Corporate Office, CESC. There shall not be any delay in submission of March 2023 Final Accounts on this reason by any Accounting Unit. It shall also be noted that without the certificate from the Resources Section, March 2023 Final Accounts of the Units will not be taken up for scrutiny. The AGM (Resource), CESC shall keep the figures pertaining to each unit ready immediately after closure of accounting year i.e., 31.03.2023, for reconciliation and ensure that all the Units have accounted the transactions properly. **The AGM (Resource) shall issue clearance on the prescribed Annexure after reconciliation on or before 5th April 2023. This work shall not be delayed under any circumstances.**
4. Taking the cut-off date as 31st March, the Accounting Units shall go ahead with compilation of March-2023 Final Accounts immediately after closure of accounting year **making provisions for all known outstanding liabilities as on the date of finalization of the accounts.** (i.e for all the Know liabilities under Power purchase cost, R&M expenses, Employee cost, A& G expenses etc. & towards other debits)

5. In respect of T.A bills the accounting units are requested to take actual bills for the month of March-2023.
6. Notes under the Annexure should be thoroughly studied before preparing each Annexure.
7. March Final Accounts shall be verified by AO's and AAO's with reference to checklist available on page 227 and 281 of Compendium of Circulars - Volume-I issued to all the Officers exclusively.
8. In addition to the checks prescribed in the above said Check-List, AO's and AAO's shall devote special attention to observations made on the Accounts of their Units at the time of verification of March 2023 Final Accounts at Head Office. All discrepancies, mistakes, omissions pointed out shall be complied with promptly.
9. It is to be ensured that there should not be any balance under account codes **27.101, 27.102, 27.103, 27.106, 46.103.**
10. No balance shall be exhibited under account code 28.907 in March Final T.B., as the amount recoverable from P&G Trust is to be transferred to resource section of corporate office for preferring claim on P & G Trust, Balance under account code 44.110 and 44.120 be transferred to resource section via 28.907 Receivable from pension & Gratuity Trust.
11. The compounding fee collected should be remitted to the Government within the prescribed date as per rules.

Sl No	R.R No	Name of the Sub division	Name of the division	Opening Balance	Compound ing fee demanded	Compound ing fee collected	Closing Balance should tally with MF TB

12. Provisions for outstanding liability in respect of completed works, civil and capex works only under account code 15.500 and 42.501 but bills not passed for payment, for whatever reasons, (Like bills not received from suppliers / contractors etc.) shall be made without fail, duly furnishing details along with March 2023 Final Accounts.

Note:- Provision for completed works should be done only for the bills in hand. Including civil bills. Without the bills no provision should be made.

13. **Income Tax-TDS / TCS**

Tax deducted at source (TDS) from the concerned as per statutory laws and credited to account code 46.924, 46.925, 46.905, 46.906,46.927 and 46.929 should

have been remitted to the concerned authority within the time stipulated in the relevant Act. Balance against the said account code should pertain to deductions made in the month of March 2023 only. Break up for balance shown in the Trial Balance shall be furnished with details of deductions, Payment Challans and reason for not remitting the amount to concerned Authority, if any not paid.

14. Sections 194A, 194C, 194I, 194J, 194H, 194Q, 192B and other sections of the Income Tax Act, deals with Deductions of Tax at source out of payment of Interest to Consumers, payment to Contractors, Payment of Rent, Fees for professional Services / Technical Services, payment of Commission, payment towards Supply of materials and Salaries respectively. TDS on the amount provided as per OSL on account of above payments towards services/goods received in the Books has to be remitted to IT Department duly accounting the same as recoverable from Contractors/Party/Firm as the case may be. Hence, funds required for remittances of TDS amount shall be obtained from Resource Section on priority and shall be remitted to IT Department before 7th April 2023. It shall be specifically noted that the TDS so remitted has to be recovered out of the amount payable to payee, during 2023-24 and credited to Receivable Account code. Any **lapse / delay** in complying with the above statutory requirement would be **attributable to the concerned**. As TDS has to be remitted to IT department out of CESC's funds, even though the bill amount is not paid to the party in such cases, provision / OSL shall be made meticulously with utmost care in respect of crystallized liabilities only.
15. The TDS officers of Income Tax Department have issued notices to the accounting Units of the company raising demands towards delay in filing of returns and for short deduction of taxes, which was commented by the Auditors during audit of accounts for earlier years. The details can also be seen in the Traces login ID's of the Units. Action to be taken to clear the demand by taking necessary action, if such demands are not yet settled action has to be taken towards clearing the demand before submission of MF-2023 accounts without fail.

The Accounting units shall ensure the filing of TDS returns from the deductors and correctness of the entries in Form 26AS.

16. Officer's should ensure that Accounting of TDS Receivables from Supervision Charges (194C), Energy Bill (194Q) and Others should be Accounted to account code 28.821 & 28.824 as per circular No: FA/A/Cs/C-1219/15-16/CYS-290 Dated: 23.07.2015.
17. TDS receivables on any income reported in 26AS should be reconciled with the books.
18. Income tax defaults as per Traces have to be tackled on priority by filing revised returns with necessary corrections. It is observed that some accounting units have not taken appropriate action in clearing of defaults amount. Hence immediate action to be taken to clear the defaults.
19. Officers shall ensure that collection & Payments of **TCS** on Supply of goods & purchase of goods where the aggregate value of goods during previous year exceeds Rs.50 Lakhs as per section 206C (1H) of IT Act in compliance & section 206AB, 206CC & 206CCA (Vide letter No.CYS805 Dtd:29.09.2020 & CYS450 Dt:28.06.2021), TCS collected has to be remitted to Govt under **FORM 6CR** within due date, and TCS Paid to the suppliers has to be booked as TCS receivable under account head **28.822, 28.823**. And TCS on Goods sold by CESC under Buy back scheme has to be remitted to Govt under **FORM 6CE** within due date and the same has to be tallied with annexure provided.
20. **GST MATTERS / ISSUES:-**

As per the provision of Section 52(1) of CGST Act 2017 with effective from 01.10.2018 if any contractual value which is more than Rs 2.50 Lakhs, there is need for making TDS at prescribed rates. The accounting units are instructed to obtain TAN based GST TDS registration and make effect of implementation of GST provisions. This GST TDS should have been remitted to the concerned authority within the time stipulated in the relevant Act. Balance against the said account code should pertain to deductions made in the month of March 2023 only. Break up for balance shown in the T.B shall be furnished with details of deductions and reason for not remitting the amount to concerned Authority. Funds required for remittances of GST TDS amount shall be obtained from Resource Section on priority basis and shall be remitted to GST Department before 10th April 2023.

On verifying the trial balance of the previous year, the accounting units have not tallied the taxable amounts with the balance under respective heads of accounts in the March Final Trial Balance. In respect of 61 and 62 series of

account heads, wherever GST is applicable, the taxable amount as shown in the Annexure should match with the balances under respective sub-account heads in the Trial Balance. The details of sale of scrap materials, Buyback shall be furnished in GST-Scrap & GST-Buyback Annex1 & 2.

Note:

1. Officers should ensure that the GST Liability booked under the A/c Heads of 46.994, 46.995 should be reconciled towards concerned bill passed amount which are booked under 76.121, 76.137, and 46.997, 46.998 should be reconciled with JV/CASH transactions. The balance if any should pertain to payable due amount of March-2023. The same should be sent for payment within 5th April 2023.
2. Under Sec.9 (3) of CGST Act, payment of GST under Reverse Charge Mechanism (RCM) in respect of Legal, Transport, Rent-a-Cab, Security Services has to be made within 60 days of the supplier's invoice. The delay in payment attracts interest @ 18%. Hence, officer's should ensure that the payment of GST under RCM should be sent in Annexure-7 to Corporate Office within 60 days from the date of the invoice to pay GST with in the stipulated time.

As required by the Statutory Auditors of the corporation, assets categorized, assets decommissioned, depreciation provision made and withdrawal of depreciation provision (Annexure iii and v respectively) from 01.4.2022 to 30.9.2022 and from 1.10.2022 to 31.3.2023 shall be separately exhibited.

Provision for outstanding liability in respect of completed works but bills not passed for payment, (For whatever reason, including bills not received from suppliers / contractors) shall be made without fail. A detailed statement showing the work wise completed works as on 31.3.2023 for which bills are not passed and accounted in the division shall be insisted from the concerned A.E.E (Ele.) and based on this, provision for completed works shall be made. Here, it may be noted that date of completion of work is the main criteria for making provision.

Further a detailed statement of unrecouped vouchers on hand before 31st March 2023 shall also be furnished along with concerned Annexure.

A: PROVISIONS

- 1) **Depreciation Provision:** Depreciation provision has to be made as per the guidelines issued vide this Office Circular NO. CESC/FA/A/Cs/C-1275/09-10/19929-75 dated 20.02.2010 from 01.04.2009 and onwards. It shall be ensured that **depreciation is charged on released assets considering the opening balance available in each asset folio in the pricing Ledger.** Withdrawal and depreciation provision shall be computed correctly in respect of all assets released from service during the year. During FY23 there is no change in depreciation policy or in the depreciation rates.

1.1) Depreciation shall be computed in the following manner, namely:

- i) The value base for the purpose of depreciation shall be the historical cost of the asset.
- ii) Depreciation shall be calculated monthly based on straight line method over the useful life of the asset and at the rates prescribed in the above Circular.
- iii) The residual value of the asset shall be considered as 10% and depreciation shall be allowed upto maximum of 90% of the historical capital cost of the asset, Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset.
- iv) In respect of Leasehold land and site development, depreciation shall be provided every year equally on the basis of lease period and value (Depreciation shall be arrived at by dividing the total value / expenditure on leasehold land and site development by the Period of lease).

2. **Provision for withdrawal of Revenue Demand:**

Provision for withdrawal of Revenue Demand in respect of all cases wherever withdrawal statements are already prepared and sent for approval to Competent Authorities, and which are to be prepared for withdrawal also shall be made duly taking into consideration points mentioned under Note in the prescribed Annexure and accounted. **The Units shall also bring Register of Withdrawal of Revenue Demand for verification along with Accounts.**

3. **Provision for doubtful debts:**

Provision for doubtful dues shall be made at the Accounting Units. To treat the quantum of actual arrears outstanding under Long disconnected installations

under LT1 (BJ installations consuming more than 40 units), LT2, LT3, LT5 and HT tariff, wherever action has been taken under "Recovery of dues Act", as the provision for Bad and doubtful of recovery.

Not to consider the dues of IP (irrespective of disconnection), water supply & streetlight dues which comes under Govt department as bad and doubtful of recovery".

4. **Provision for Bonus / Ex-gratia**

Provision towards Bonus and Ex-gratia shall be made by all the Accounting Units without fail. For computing the Ex-gratia amount, the Number of Employees who are drawing more than Rs.21,000/- (Basic + DA) p.m. shall be multiplied by Rs.7000/-. The Bonus shall be calculated in respect of employees who are drawing less than Rs.21,000/- (Basic + DA) p.m., provision for Bonus / Exgratia shall be made as per the existing orders for the entire year. The following entry shall be passed for making provision. Copy of JV shall be enclosed to Annexure-9.

75.510 Dr.

75.530 Dr.

To 44.320 Cr.

To 44.330 Cr.

Note: - Current year provisions has to be created after adjusting previous years Excess / Deficit provision amount).

5. **Out Standing Liabilities:**

It is to be ensured that all outstanding liabilities crystallized on the date of closure of Accounts by the Units are brought into Accounts by provision entry. Apart from this, the Units shall ensure that there are no liabilities of previous years raised during April. If at all the Unit notices any such liabilities of previous years, the provision for such liabilities must be made duly revising the March-2023 Final Accounts. The penalties recovered from the contractors / suppliers bill and subsequently ordered for refund shall be thoroughly examined and brought into Accounts. This will help to avoid further comments by AG.

6. Copies of JVs passed in respect of outstanding liabilities and prepaid expenses shall be submitted with all details along with March Final Accounts.
7. Copy of last Journal Voucher passed shall be enclosed to March Final 2023 Accounts.

B : D.C.B. STATEMENT :

- 1) All Five Statements in respect of consolidated consumption, Revenue Demand, Revenue Collection, Tax Demand and Tax Collection for the year, i.e., 1.4.2022 to 31.3.2023 should invariably be prepared and enclosed to March 2023 Final Accounts.
- 2) Tariff- wise / Account code wise opening balance as at 1.4.2022 shall invariably be tallied to the closing balance as on 31.3.2022
- 3) Provision for unbilled Revenue shall be made in respect of HT & 40HP & above in LT5 Tariff Installations at the Divisions. The O&M Divisions are familiar with the method to be adopted for making provision towards Unbilled Revenue in respect of HT and 40HP & above in LT5 Tariff installations and ensure the correctness of the provision with reference to the April-2023 HT Bills & LT5 (Above 40HP) bills. Apart from HT & LT5(Above 40HP) the UBR in respect of other tariff is to be made as per the annexure prescribed. (which will be e-mailed along with DCB Annexures)

Note:- Provision for Unbilled Revenue J.V has to be submitted after duly incorporating DCB JV in the MF TB.

- 4) B & E Statements for March Final DCB, if any, shall be separately submitted.
- 5) All cases of withdrawals of Revenue and Tax approved by various authorities should be accounted. Provision for "withdrawal of revenue demand" has to be made at the Divisions. (Refer to CCA, KPTCL, B'lore circular Cys-6 dated 5.5.2001 and Cys -136, dated 21.01.95). It shall be ensured that provisions made during March 2022 Final Accounts in respect of the above items are reversed before making provision for 2022-23.
- 6) Under Companies Act 2013, age wise breakup of Sundry Debtors is to be disclosed in the Accounts. The disclosure is required to be done for each category of installations with Total No. of Installations in the Division and total amount outstanding. Therefore, the O&M Divisions have to collect this information from Subdivisions/ Sections in their jurisdiction and send the statistics along with March 2023 Final Accounts in Annexure - 17(A).

However, the O & M Divisions shall obtain the information in the following pro-forma from each Sub division/Section for consolidation and preparation of Annexure- 17(A) and also to form a base for the information sent to Head Office in Annexure - 17(A). It shall be noted that the consumer-wise details shall be furnished to Head Office, along with March 2023 Final Accounts.

Statement showing arrears outstanding for more than six months against Consumers Ledger Accounts. Proforma to Annexure – 17(A)

Name of the Sub division / Section:

Tariff:

Name of the Division:

L.C :

Sl. No.	RR No.	Name & Address of the Consumer	Arrears in Rs.			Date of Disconnection	TA No.	Date	A Form No.	Date	Remarks
			Reve	Int	Tax						

It is to be noted here that the Statutory Auditors will be verifying the statements prepared by the Subdivisions / Sections. Therefore, due care must be taken in preparing the statements. Suitable instructions are to be issued to the Staff of the Subdivisions / Sections in this regard, by the Divisions.

Breakup for Closing Balance must be shown, as it is prescribed to meet the requirement of KERC. Apart from this Analysis on Sundry Debtors is put up in "NOTES to Accounts" in the Annual Report, hence authenticity for correctness must be ensured.

7) **Interest on consumers' security deposit:**

As intimated vide this office Circular No. CESC/Revenue/02/2021-22/ CYS-1670 dated 14.02.2023, divisions are required to work out the interest accrued on consumer's security deposit for 2022-23 and create provision in 2023 March Final Accounts. The interest has to be credited to the consumers' monthly electricity bills during 1st quarter of FY-24 and income tax as applicable may be remitted before 30.4.2023 to comply with the statutory requirement of the company. These details shall be furnished in the annexure i.e., **Appendix.**

8) **Confirmation for balances of Sundry Debtors & Sundry Creditors**

The Statutory Auditors as well as the A.G Auditors are repeatedly commenting for not having confirmation of the receivables and payables as per the accounts of the company. Therefore, all the accounting units are instructed to obtain confirmation for all the items appearing under account code 23, 25, 26, 28, 41 & 42 immediately after closure of the Financial Year. The confirmation so obtained may be presented before the auditors to avoid the comments from the auditors

during FY 2023. Soon after the closure of the accounts, letters shall be addressed to all the concerned parties to conform the balances duly intimating the balance as per accounts of CESC

- 9) Ensure maintenance of movement register for prepaid meters at O&M Office as the prepaid meter will be surrendered and reissued for prospective prepaid consumers.
- 10) Ensure 100% billing efficiency is achieved during the month of March-2023 (Including IP Sets), so that complete revenue of the company for FY-2022-23 is accounted in the same year.

C: Property Plant & Equipment's and CWIP:

Capital Work In Progress

- 1) Capital works play major role in the infrastructure development of the company. In spite of repeated instructions from this office to capitalize the assets as and when the works are completed and assets are put into use the balances under work in progress has accumulated to the extent of Rs.73.88 Crs as at the end of 31.01.2023. Since the company is now engaged only in distribution business, low cost projects are only being taken up by the company in which the currency of the estimates does not exceed 2 years. It is evident that work in progress shall not be carried forward for more than 2 years.

Instructions have already been issued from this office while reviewing capital budget of FY23 to complete the ongoing projects which are sanctioned in the earlier years on priority, and categorize the cost. The Executive Engineers and Accounts officers of the Divisions are requested to ensure that, the list of ongoing work as on 31.03.2023 will not include any of the work orders sanctioned prior to 31.03.2021.

- 2) Under no circumstances the expenditure incurred on projects which are not put into use shall be categorized. It may please be ensured that, the CWIP balance as on 31.03.2023 shall include only the cost incurred in respect of ongoing works.
- 3) Divisions should put forth their sincere efforts to prefer account code wise and age wise analysis of work in progress balance and ensure that, consolidated balance as per cost register shall tally to the balance as per March 2023 (Final) Trial Balance under respective account codes and divisions has to furnish this information in Annexure designed for this purpose to identify the works not capitalized for a long time.

- 4) Complete information in respect of capital expenditure incurred under each CWIP head should be made available in Annexure to the Statutory Auditors as well as A.G Auditors during their visit to the respective accounting units. This Annexure is also designed to facilitate the preparation of documents required to be submitted to Hon'ble KERC for prudence check of capital works. Therefore, the accounting units are requested to fill all the information in the Annexure and use only this information in preparation of the prudence check details without fail so that the details submitted to KERC will match with the audited accounts.
- 5) The works completed under Deposit Contribution Works, Self-execution scheme and meters purchased by the consumers etc., shall be incorporated in the accounts by categorizing such works.

Property Plant and Equipment's:

- 1) The balances under Account group 10 series including Account code 10.7 Vehicles shall be tallied between Trial Balance and Asset Register. **(Also Physical possession of the Vehicles must be tallied to Asset Register)**
- 2) It shall be ensured that vehicles, tools and tackles, Furniture and Fixtures which have been put to use are immediately categorized under 10 series and there shall not be any balance in the series as these items are procured for specific purpose for use of the departmental works. In exceptional cases, items remaining under vehicles, Furniture & Fixtures as balance in 14 series that have not been put to use should be supported by details of each item.
- 3) Intangible assets are recorded at the consideration paid for acquisition of such assets. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives i.e., period of agreement or license term and in the absence of license (Software), the cost is amortized in 3 years period. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.
- 4) Intangible Assets under development represent amount paid towards development of software intended for future use and will be capitalized on receipt of completion / commissioning. These are valued at cost.

- 5) It shall be noted that, Company is not charging depreciation on the assets created out of Govt. Grants and Consumers Contribution. However, the accounting units shall work out the depreciation as usual. The adjustment in respect of depreciation on assets created out of Govt. grants and consumer contribution will be done at Corporate Office.
- 6) The cost of Works completed under DCW, self-execution such as energisation of layouts, cost of meters purchased by consumers etc. shall be incorporated in the accounts by categorizing such works. Copy of JV and register shall be brought along with March Final 2023 accounts for verification.
- 7) Asset Register shall be maintained in accordance with the prevailing principles. Account code wise original value of assets and accumulated depreciation as per asset register require agreeing with the March Final trial balance under relevant account Heads. Ensure that all the Individual / Scrap assets shall be disclosed in the relevant Asset Registers.

In case, any instance of non-maintenance / non-posting / improper maintenance of Asset Registers is found or any report is received from Auditors, personal responsibility will be fixed on the concerned.

D: SUSPENSE ACCOUNTS :

- 1) Balances under the following Account Codes shall be brought to barest minimum: 22.710, 22.720, 22.731, 22.810, 22.820, 26.601, 26.602, 26.604, 28.749 and 27.205 and there should be NIL Balance under account code 22.450.
- 2) Balance under Account Code 28.401 & 28.409 shall be minimized as comments on this item are made repeatedly by Auditors.
- 3) All efforts should be made to obtain paid vouchers for all payments made till 31.03.2023 and to charge-off the same in cash Book of the Division Office invariably before closure of Cash Book for the year, in view of reducing cash suspense to the minimum.
- 4) It may be noted that huge balance is outstanding under Advances to Contractors/Suppliers (A/c. 25.501/26.602 pertaining to advances to Turn Key contractors of various project works. This balance must be reduced by obtaining Final Bills and cost of completed projects transferred to 10 series.

E: SPECIFIC ITEMS:

In March 2023 Final Accounts, following items shall be specifically verified by Accounts Officers before submitting the accounts.

- 1) Correct accounting of transfer of funds / cheques by Resource section of Corporate Office and remittance to Head Office by divisions. It should be ensured that no balance exist under account code 24.6 (Transit A/c) which is transferred from Head Office in Transit account.
- 2) Closure of Stock related Accounts and correct' depiction of closing balance under Material Stock Account duly reconciling the balances between Pricing Ledger, Stock Ledger and General Ledger.
- 3) All obsolete materials to be added as scrap after proper verification.
- 4) Incorporation of results of Annual Store counting in account codes 22.810 and 22.820 the current investigation results of any excess or shortages in stores shall be produced during the course of audit.
- 5) Correct booking of Corporation contribution to Labor Welfare Fund in the month of DECEMBER 2022. Balance under Account Code 75.763 should be in multiples of Rs.40/-
- 6) Balance under Account Code 75.880 Compensation Life Covers Scheme should be in multiples of Rs.10,500/-
- 7) Correct classification of Family Benefit fund payments in case of retirement / death, between provision account and Revenue expenditure, as per new policy on FBF.
- 8) Tallying of debit and credit balances under the following Contra Account Codes:
 - a) 22.660 / 42.301
 - b) 22.680 / 42.301
 - c) 15.500 / 42.501
 - d) 28.930 / 46.102
 - e) 28.932 / 48.200
- 9) There shall not be any adverse balances. If there are any adverse balances in exceptional cases, action shall be taken to rectify the same and necessary explanations should be furnished.
- 10) Recovery of contributions from Pensioners / Family Pensioners towards Family Benefit Fund.

- 11) Breakup for expenses under 75.769 Subsidized/ free Supply of Power shall invariably be furnished for employees of KPTCL / MESCOM / HESCOM / GESCOM / BESCOM / CESC who availed free lighting in the jurisdiction of CESC Units.

F: SPECIAL ITEMS :

- 1) In IUA Account code to be reconciled & balance to be Nil.

- 2) **INTER COMPANY TRANSACTIONS:**

Attention is drawn to Ltr. No: KPTCL/B5B/22/2003-04 dated: 25.10.2004 of Managing Director, KPTCL & Chairman of all ESCOMs, where in Cash basis transaction between ESCOMs and KPTCL is banned w.e.f. 1.11.2004. All Inter Company cash basis transactions carried up to 31.10.2004 shall be settled in cash only. **The Units shall ensure that no balance is outstanding against – Cash basis Account Codes.** The March Final 2023 Trial Balance of any Unit carrying balances under these Account Codes will not be accepted which may be noted.

The Inter Company transactions carried between CESC and KPTCL / other ESCOMs on T.D basis in exceptional cases as referred in M.D KPTCL & Chairman of ESCOMs letter No: KPTCL/B5B /22/2003-04 dated: 02.09.2004 should be got confirmed with the transferee / transferor Unit before 31.03.2023 and the details be furnished to the Corporate Office along with March 2023 Final Accounts.

- 3) In view of the closure of IPDS phase-II Project Works, the outstanding balance under A/c Codes 14.392 / 14.992 shall be paired off duly ensuring that assets are categorized under appropriate account codes.

G : STATUTORY AUDITOR'S / A.G's OBSERVATIONS :

Common observations of audit on accounts are listed below. The Unit Officers shall pay special attention and see that such comments are absolutely avoided this year.

- 1) Excess / short provision in respect of Depreciation, Outstanding Liabilities, Unbilled Revenue, Doubtful dues from consumers.
- 2) Non- Accountal of Withdrawal of Revenue Demand.
- 3) Non-Categorization of Assets even though Capital Works are completed.
- 4) Non-transfer of certain outstanding amounts for more than three years to Miscellaneous Revenue.

- 5) Difference in Cash / Cheques on Hand between Trial Balance and Cash Book.
- 6) Difference in Stock Balance between Trial Balance and Pricing Ledger.
- 7) Non-Posting of Fixed Asset Registers.
- 8) Non remittance of Tax Deducted to the concerned Tax Authorities within due date.
- 9) Non-maintenance of land owned records at each unit Offices. Title deeds pertaining to Land and Buildings of CESC which were hither to running in the name of KPTCL shall be got transferred to CESC.
- 10) No uniformity in accounting of project related transactions.
- 11) Excess credit afforded by Bank pending reconciliation.
- 12) Accounting of Lease hold Lands into operating Lease or Finance Lease.

Apart from the above the Corporation has committed in writing to the Deputy Accountant General (Inspection Commercial) B'lore for compliance of the following during 2021-22:

- a) Reconciliation of Deposit contribution works under A/c 47 Series
- b) Pending reconciliation of security deposits from customers as per general ledger and subsidiary ledger maintained on a software.
- c) Disposal of Scrapped assets under A/c 16.1 series.
- d) Reconciliation of Credit balance under sundry debtors.
- e) Reconciliation of Balance under A/c 46.9717 & 46.9727 (RTGS/NEFT)
- f) Reducing of heavy balance under A/c code 28.749 by pursuing recoveries through speedy judicial proceedings and also by pursuing complaints with the police authorities. Creating provision for such of the outstanding under A/c Code 28.749 which are considered irrecoverable / doubtful in the March-2023 Final Accounts. For creating provision, the following journal entry is passed.

79.480 Bad & Doubtful Debts provided for others	Dr.
To	
28.749 Claims for loss / damage to capital assets – others	Cr.

- g) The above entry shall be reversed during April-2023.
- h) The estimated amount of contracts remaining to be executed on capital account and not provided for will be disclosed by way of note to Balance Sheet. The Units shall furnish the desired information vide Prescribed Annexure.
- i) Non-transfer of assets pertaining to KPTCL.

- j) Clearance of balance under account code 25.501/26.601-Advance to Supplier.
- k) Clearance of balance under A/c Code 28.401 & 28.409

The compliance of the above comments / observations is a must. Therefore, the Units shall see that the above requirements are complied with, during 2022-23 itself.

H: OTHER ITEMS :

1) Outstanding Liability:

Outstanding liability in respect of T.A to Employees shall be debited to 76.133 and credited to Account code 46.410.

All other provisions relating to Employee costs shall be debited to respective account codes under account Group 75, and "credited to Account Code 46.430 only" and not to 44.310.

Outstanding liability in respect of other Revenue Expenditure shall be credited to Account Code 46.430 as usual. If any expenditure provided for in earlier years but not paid even at the end of this financial year, the same shall be considered for making provision during this financial year also.

2) Budgetary Control over Capital Expenditure / Revenue Expenditure :-

Budgetary Control over Capital Expenditure has to be meticulously exercised. Authorities vested with powers of incurring expenditure are strictly prohibited from exceeding the Budget allotted. Statement showing details of Capital Expenditure as per March 2023 Final Trial Balance shall be prepared in Annexure prescribed for March 2023 Final Accounts. No Unit shall incur Revenue Expenditure exceeding the Budget allotted to each Unit. If there is any excess expenditure, etc., Re-appropriation/Additional sanction should be obtained before submitting the Accounts & it may be noted that no re- appropriation will be given at the time of finalization of accounts.

3) Capitalization of interest on fresh borrowings (Capex)

Capitalization of interest on fresh borrowings for the ongoing works / projects shall be accounted by the concerned section (i.e., Loan & Budget and Project Section) and the same shall be transferred to divisions based on the capital expenditure incurred during the FY-2022-23.

4) Micro, Small, Medium Enterprises Development Act 2006

To comply with the provisions of Micro, Small, Medium Enterprises Development Act 2006, The Company needs to disclose the details of Micro, Small, and Medium Enterprises-both manufactures and service providers. For this purpose, all the accounting units, have to obtain the details of the supplier/service providers in the prescribed form as to whether they are small suppliers / service providers, Micro supplier/Service provider or Medium supplier / service provider or not. Further they are also required to submit documentary support of their claim along with the memorandum under the said act. All the accounting units are directed to collect such details and the necessary information has to be consolidated and submitted in the prescribed Annexure in the March Final account.

INSTRUCTIONS FOR PREPARATION OF MARCH FINAL TRIAL BALANCE

March 2023 Final Trial Balance shall be prepared on the lines of instructions issued for preparation of 'March Final Trial Balance in four parts during previous years. However, gist of these instructions is reiterated below for guidance of the Accounting Units.

- 1) Trial Balance shall be prepared in Hard Copy as well as Soft Copy.
- 2) Trial Balance shall be prepared in four parts, contents of which are noted below:
 - i. **Part A:** All Assets and Liabilities under Account Group 10 to 55 with exceptions to Account Codes under part C.
 - ii. **Part B:** All Income and Expenditure under Account Group 61 to 83.
 - iii. **Part C:** Balances under Account Codes, 31.3107, 32.3007, 32.3107, 33.0007, 33.7617, 33.7907, 33.7927, 33.7937, 34.0007, 34.7197, 34.7617, 34.7907, 34.7927, 36.3107, 37.3007, 37.3107, 44.1107, 44.1207, 44.1417, 44.1427 and 44.1437
 - iv. **Part D:**
 - a) Abstract of all three parts of Balance.
 - b) Debit and Credit totals in Part A, B and C should be tallied with each other.
- 3) Arriving at closing Balance of Account code 37.820 & 37.821 to be accounted as per letter wide CYS-1248 dated 13.12.2018.

Mandatory disclosures to be made in Annual Accounts of FY-2023 as per the notification issued by Ministry of Corporate Affairs, New Delhi dated:24.03.2021

1) Trade Receivables aging schedule for as on 31/03/2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 Years	Total
(i) Undisputed trade receivables - Considered good						
(ii) Undisputed trade receivables - Considered doubtful						
(iii) Disputed trade receivables - Considered good						
(iv) Disputed trade receivables - Considered doubtful						

2) Trade payables aging schedule for as on 31/03/2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME					
(ii) Others					
(iii) Dispute dues-MSME					
(iv) Dispute dues-Others					

3) Title deeds of Immovable property not held in name of the Company as at 31.03.2023

Relevant line item in the balance sheet	Description of items of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative # of promoter / director or	Property held since which date	Reason for not being held in the name of the company**

				employee of Promoter / director		
PPE	Land Building	-	-	-	-	**also indicate if in dispute
Investment Property	Land Building					
Non-current asset held for sale	Land Building					
others						

4) Capital Work in Progress ageing Schedule for as on 31/03/2023

CWIP aging schedule

(Amt in Rs.)

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Project in progress					
Projects temporarily suspended					

Particulars	<u>To be completed in</u>				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Project-1 Project-2""					

Particulars	<u>Others</u>				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total

**CERTIFICATES TO BE FURNISHED BY THE AO (O & M) ON THE LAST PAGE OF MARCH 2023
FINAL TRIAL BALANCE.**

CERTIFICATE

- 1) Certified that I have carefully examined all the documents pertaining to the Trial Balance and other returns, for the period from April-2022 to March 2023 and have satisfied myself that they are correct in all respect and that all Balances have been correctly brought forward.
- 2) Certified that the:
 - i) Cash and Bank (Account Group 24) balances as per Cashbook tally with actual physical balance and balance as per Bank pass book (after Bank reconciliation) respectively.
 - ii) Material stock related accounts (Account Group 22) are properly maintained and that all receipts and issues are correctly classified and balance struck.
 - iii) Certified that the accounts of postage stamps and revenue receipt stamps are separately maintained and balances under the Head of account 24.120 Postage Stamps on hand agree with physical balances.
 - iv) Certified that online payments are reconciled.
- 3) Certified that classification of Receipts and Expenditure under capital and revenue has been done correctly.
- 4) Certified that I have attended all the audit observations made by IA/ AG / Statutory Auditor and set right the discrepancies in March 2023 Final Trial Balance.
- 5) Certified that provision for outstanding liability in respect of price variation bills has been made and accounted in March 2023 Final Trial Balance.
- 6) Certified that all Corporation vehicles, furniture & Fixtures and Office Equipment's have been counted during the year 2022-23 and final orders for shortage/excess have been passed by the competent Authority, & the same are accounted in the Books.
- 7) Certified that the Fixed Asset Register and all prescribed schedules are being maintained and posted up to date and the balances tally to balance as per Trial Balance.

- 8) Certified that I have attended all internal audit observations and set right the discrepancies in March-2023 Final Trial Balance. Further certified that the observations of statutory auditors and shortcomings pointed out by them on the closed accounts of 2021-22 have been taken care and rectified in the accounts of 2022-23 so as to avoid their recurrence in 2022-23.
- 9) Certified that I have verified Registers as per Corporate Office OM No. CYS-34 Dated 10.04.2017.
- 10) Certified that all FAMS Annexure are tallied with MF TB.
- 11) Certified that MEP process is successfully run in FAMS & I have verified the MEP reports and the same tallied with the relevant annexures in FAMS.

Accounts Officer
O & M Division, CESC,

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**CERTIFICATE BY INTERNAL AUDIT ON THE LAST PAGE OF MARCH 2023
FINAL TRIAL BALANCES**

Certified that I have carefully verified all journal vouchers, ledgers, Division/Sub Division registers (Corporate Office OM No. CYS 34 Dtd: 10.04.2017) and statements etc., and satisfied myself that they are correct.

I have verified all the FAMS annexures submitted by the division and found correct. The following discrepancies/observations pointed out by audit are rectified and brought on to March Final Trial Balance of 2023 only.

Accounts Officer
(Internal Audit)
O & M Division, CESC,
.....

Certificates by Internal Audit of the Accounting Units on the following items which has to be mandatorily submitted to Statutory Auditor (in separate sheet).

Sl. No	Items in Check List
1.	Whether all the Banks Accounts / Fixed Deposits have been opened with banks / proper authorization and approvals as per the aforesaid delegation of powers?
2.	Whether there was a periodical system of preparation of Bank reconciliation statement and whether they were produced for verification to audit?
3.	Whether Bank Reconciliation of the Main account and all subsidiary bank account were done?
4.	Was the authorization to operate the bank accounts were given to a single signatory?
5.	Whether the interest for the entire duration of Fixed Deposits was accounted in the books of accounts?
6.	Whether physical verification of cash has taken place periodically?
7.	Whether the cash in hand as shown in the Balance sheet tallies with the certificate of physical verification of Cash?
8.	Is there a register of Fixed Deposits showing amounts, maturity dates, rates of interest and dates for payment of interest?
9.	Is there a follow-up system to ensure that interest on Fixed deposits is received on the due dates?
10.	Is there a follow-up system to ensure that transfer of matured amount of Fixed deposits is done without any delay?
11.	Whether Bank confirmation statements are obtained periodically from the banks for all the accounts: SB account, Current account and Fixed deposits?

Sl. No	Items in Check List
12.	Whether Confirmations balances in respect of all bank balances tally with the bank statements?
13.	Whether Fixed Deposits and Interests as per Fixed Deposits Register tally with the confirmation / certificate issued by the bank?
14.	Whether the confirmation statements received from banks are authenticated and in the letter head by the bank?
15.	In case of any difference observed in the above check, whether the same was adjusted in the subsequent year?

Accounts Officer
(Internal Audit)
O & M Division, CESC,

**CERTIFICATE TO BE FURNISHED BY THE EXECUTIVE ENGINEER (ELE) ON A
SEPARATE SHEET**

Certified that plant and machinery in all the stations of the Division are counted for the year 2022-23 and relevant entries made in the equipment register maintained for this purpose and final orders passed for shortages / excesses observed.

Executive Engineer (EI)
O & M Division, CESC,
.....

**CERTIFICATE TO BE FURNISHED BY DEPUTY CONTROLLER OF ACCOUNTS (ON A
SEPARATE SHEET)**

Certified that I have verified all the parameters mentioned vide Corporate Office OM No. CYS 1141 Dt. 22.11.2018 and I have test checked all the FAMS annexures submitted by the division. I have satisfied myself and I also certify that the accounting unit has cleared all the observation pointed out by me. Hence, I certify that the accounts of the division are true and fair.

Deputy Controller of Accounts
.....**O & M Circle**
CESC.....

"Important Note"

All the Heads of Accounting Units of CESC shall read and follow the instructions/guidelines as detailed above scrupulously and Qualitative March Final 2023 Accounts in complete manner in FAMS is to be submitted (Including hard copy) to this office **on or before 05.04.2023 for Circles / Zone / Administrative offices & for Divisions 15.04.2023 positively.** [This includes the time to be given to the Internal Audit for auditing & **to issue necessary Certificates.**

Yours faithfully,


Chief Financial Officer.

To:

1. Chief Engineer (Ele), CESC, Zone Office, Mysore / Hassan.
2. Chief General Manager (Internal Audit), Corporate Office, CESC, Mysore.
3. General Manager (T) / HRD / Projects / A&R, Corporate office, CESC, Mysore.
4. Controller, Zone Office, CESC, Mysore / Hassan.
5. Deputy General Manager, A&R / B&R / Tax / A&HR / EBC, CESC, Corporate Office, Mysuru
6. All the Deputy Controller of Accounts, O & M Circles, CESC.
7. All the Accounts Officers, Corporate Office, O&M Divisions and Internal Audit, CESC, Mysore.
8. PS to Managing Director / Director (Tech) / Chief Financial Officer, Corporate Office, CESC, Mysore
9. M/F.