



*Manual on
Commercial Accounting System*

VOLUME V – FINANCE

KERALA STATE ELECTRICITY BOARD

FOREWORD

1. Purpose and Scope

The purpose of the manual is to establish consistent and effective policies and procedures to ensure proper financial management at all levels in the Board. The policies and procedures contained in the manual will be followed in the Board unless specific exception is given under certain peculiar circumstances and the deviation has been approved in writing by Financial Adviser & Chief Accounts Officer.

2. Structure and Coverage

This volume is sub divided in to VI parts with chapters with in each part.

Part I - General

Accounting policies are stated in this Part

Part II - Cash and Bank

Operating, Accounting, Auditing and Reporting procedures are included in this part.

Part III - Funds Management

Funds raising, Repayments, Working and Capital management are mainly included in this part.

Part IV - Plans and Budget

Budgeting and Performance Evaluation are the main contents in this part.

Part V - Forms and Registers

Part VI - Banks Circulars

Banking arrangements, miscellaneous Acts and Rules etc, are included in this part-

3. Lay out of each Chapter

General lay out for each chapter is in the following manner:

Operating procedure

Accounting procedure

However there are deviations depending on each chapter.

Accordingly some contain definitions, illustrations etc.

4. Updating

A system being dynamic, it is necessary to update procedures etc. Hence recommendations and suggestions are to be sent to the Financial Adviser & Chief Accounts Officer (FA & CAO).

5. Deviations

Deviations are not normally entertained. However there can be occasions where deviations are a must, to suit local conditions/requirements etc.

Requests for deviations should be prepared in writing stating clearly the following:

- nature of deviation
- the reason for deviation
- the time span for which deviation is required
- procedure that will be followed if deviation is authorised.

Requests for deviations are to be submitted to FA&CAO who in turn decides the necessity of deviation.

A register of deviations granted will be maintained at the Head Office.

6. Security of Manuals

The Manual is the property of the Board and it should be used only by authorised employees, authorised auditors and other authorised persons.

The Manual is issued to the Head of the Account Rendering Unit. He should see that it is always kept in the ARU/Subordinate Offices for use by authorised person. The Manual should be received back from its holder on his leaving the office consequent on leave/retirement/transfer.

ACCOUNTS MEMBER

ABBREVIATIONS USED IN THE MANUAL

AO	Accounts Officer
CB	Closing Balance
CC	Cash Credit
EHT	Extra High Tension
FA & CAO	Financial Adviser and Chief Accounts Officer
HO	Head Office
HT	High Tension
IOB	Indian Overseas Bank
MO	Money Order
MRCF	Monthly Rolling Cash Forecast
OB	Opening Balance
OD	Over Draft
SBT	State Bank of Travancore
SOR	Special Officer (Revenue)

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VOLUME V FINANCE

PART I GENERAL

CHAPTER I ACCOUNTING POLICIES

(A) *Policies as stated in the Annexure III of the Electricity (Supply) (Annual Accounts) Rules 1985 are reproduced below:*

FOREIGN CURRENCY TRANSACTIONS

2.122 When a foreign currency transaction is being first recorded in the Board's books of accounts, the assets, liabilities, income or expenses arising from the foreign currency transaction shall be translated at the official exchange rate in force on the transaction date

2.123 All amounts owed to the Board or owed by the Board in foreign currency outstanding at the balance sheet date (including liability in relation to acquisition of fixed assets) shall be translated at the official exchange rate in force as on the balance sheet date. If the amount derived on such translation is different from the amount at which the receivable or liability is appearing in the books of account, the difference shall be recorded in the books as under.

- (1) Increase in the amount of receivable or decrease in the amount of the liability shall be treated as a gain and be credited to "Exchange Variance Reserve".
- (2) Decrease in the amount of receivable or increase in the amount of liability shall be treated as a loss and shall be debited to "Exchange Variance Reserve". If as a result of such debit, the net balance in reserve account is a debit balance, the amount of debit balance shall be charged to revenue for the year as "Loss on Exchange Rate Variation".

Gain or loss arising on account of difference between actual amount received/paid and the amount at which the items is appearing in books shall also be treated in the same manner as above.

2.124 Where any revaluation or devaluation of rupee vis-à-vis the currency in which the liability is to be discharged is more than 10% at one time, the same shall not be treated in accordance with the above mentioned policy. The policy relating to treatment of such situation shall be as follows:

- (1) The increase or decrease in the amount of foreign currency liability shall be accounted for as an increase or decrease in the cost of the assets financed by the liability.
- (2) The depreciation for the past years shall also be reworked for the assets where the conditions laid down in paragraph 2.65 for retrospective reworking of depreciation are fulfilled.

Policies relating to the capitalisation of finance related costs is dealt in the *Manual on Capital Expenditure and Fixed Assets*

CHEQUES RECEIVED AND IN HAND TO BE REGARDED AS CASH

2.130 Cheques and bank drafts received will be treated as cash until they are deposited in bank and will be included as cash on hand in the accounts. Banking of such cheques and drafts will, therefore, be considered as deposit of cash in the Bank Account.

2.131 Subsidies which are receivable to assist the Board to meet, partly or fully, shortfall of revenue as compared to cost of operations of a specific type or of a specific activity carried out or being carried out by the Board on its own or under the directive of the body from whom the subsidy is receivable shall be credited to Revenue Account.

(B) *Procedural matters as stated in the annexure V of the Electricity (Supply) (Annual Accounts) Rules 1985 as applicable to this manual are reproduced below:*

3. BORROWINGS AND INVESTMENTS

3.1 The procedural matters regarding accounting of borrowings and investments are laid down in this section.

DEFERRED CREDIT USANCE BILLS

3.2 Usance bills may be issued by the Board under Deferred Credit Scheme. Such bills may include even the interest for future years. In a balance sheet, such interest portion should be shown as a deduction from the amount of outstanding usance bills.

DEBENTURES ISSUED AS COLLATERAL SECURITY

3.3 Debentures or any other debt certificates issued as a collateral security shall not be recorded in the books as a liability but be disclosed by way of a note.

PROVISION FOR DEPRECIATION OR APPRECIATION IN VALUE OF INVESTMENT

3.4 No provision need be made for the depreciation in the market value of securities (bonds and debentures or Government Promissory Notes) held by the Board as investments (i.e. market value being lower than the cost of the investments) since it would be a fair assumption in the case of such securities that the securities would be held till maturity when full value of the security would be realised. However, there may be securities in respect of which such an assumption about holding till maturity does not hold good. No provision shall be created even in such cases for depreciation in the value of investments. Similarly no provision for any appreciation in the market value of investments shall be made by the Board.

4. OTHER ACCOUNTING AREAS

4.1 The procedural matters relating to other accounting areas are laid down in this section.

PROVISION FOR DOUBTFUL DUES FROM CONSUMERS

4.2 A fixed percentage of dues from consumers (except for a slight variation in the case of large consumers discussed later) shall be maintained as a provision for meeting debts which turn bad. This will eliminate the need for case wise investigation at the time of creating a provision. Such investigation can be conducted independently and in depth at the time of actually writing off a debt. A detailed study should be conducted periodically to ascertain the appropriate percentage of bad debts for the Board and to update the percentage so determined. One exception to the above rule is the case of doubtful debts of high tension/large supply consumers. In such cases, individual bad debts can sometimes be large enough to affect the overall percentage. Doubtfulness of balances due from such consumers should be reviewed casewise and if the doubtful amount exceeds the fixed percentage, the amount of such excess should be additionally provided for. However, if the doubtful amount so determined is less than the fixed percentage, the fixed percentage should be nevertheless provided as a measure of conservatism.

ACCOUNTING FOR WRITE-OFF OF BAD DEBTS

4.3 Any receivables for sale of power to be written off shall be charged to the Revenue Account as bad debts written off, without adjusting the general provision for doubtful debts.

DISCLOSURE OF UNISSUED CHEQUES

4.4 Cheques which are prepared, with authorised payment vouchers but remain un-issued at the year end (i.e. not yet issued to payee) will, in accordance with the prescribed accounting policy, be debited to relevant liability account on preparation of such cheques. However, since such cheques have not been issued to the payee, and liability not actually discharged, the total amount of such cheques shall be disclosed in Board's Accounts under a separate account "Liability under Unissued Cheques". Correspondingly, the bank balances shall be restored to the level existing before debiting such unissued cheques.

PROVISION FOR OBSOLESCENCE

4.5 Provision shall be made every year to cover the loss arising from technological obsolescence, to the extent of loss determined. This will be in respect of fixed assets in use, construction stores or operating stores in stock and assets under construction. Such provision shall be treated as a charge against the revenue for the year.

INSURANCE

4.6 If the Board have not got its assets insured with an outside insurer the fact shall be disclosed in the Board's accounts.

4.7 Under the practice of self-insurance (where the Board sets aside an amount as an insurance premium, so that the amount so accumulated can be used for meeting loss of assets on account of fire, flood, cyclone, etc) the amount set aside every year shall be treated as a charge against revenue. However, it needs to be ensured that the amount of insurance premium for this purpose is scientifically established.

REFUNDS OF CUSTOMS DUTY/PORT TRUST CHARGES

4.13 Refunds of customs duty or port trust charges if unidentifiable to a particular item shall be credited to revenue. In cases where amounts are identifiable to import of capital assets, it shall be deducted from the cost of these assets.

(C) OTHERS

C.1 FUNDS IN TRANSIT

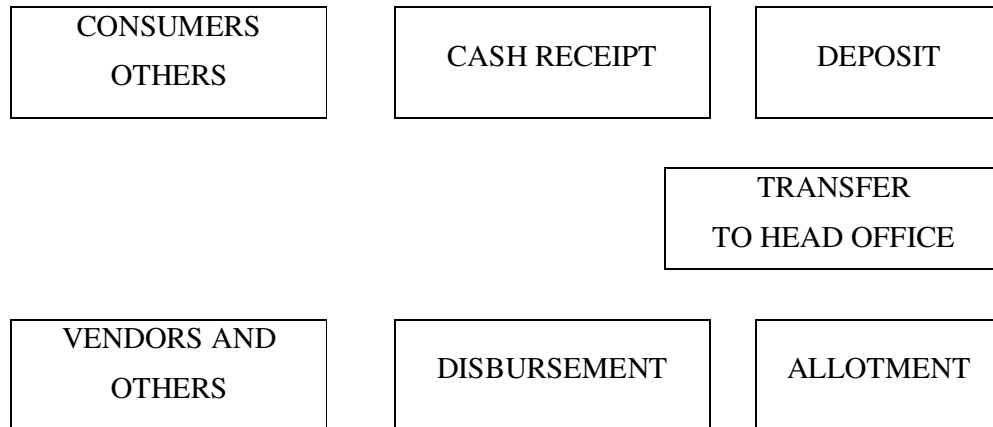
Collections made by collection centres and deposited in the Banks will be regarded as remittance- in-transit till the transferee unit receives the funds in its Bank account and accounts for the same. The system provides for correct representation of remittance-in transit to be reflected in the accounts. The accounting system provides for timely reporting of remittances at different stages in the funds flow.

C.2 BANK/TREASURY BALANCES AS PER BOOKS

Bank balances in the books of accounts will be increased by funds deposited in the bank account or on receipt of advice from Banks in case of funds that have been transferred directly to the bank account. The balance will be decreased on transfer advices in case of inter bank transfers or on preparation of any other authorising documents for payments as per commercial practices.

VOLUME	V	FINANCE
PART	II	CASH AND BANK
CHAPTER	I	HIGH LIGHTS

1. CASH CYCLE



This manual aims at structured and accurate information flow through recording and reporting. The reporting forms the main basis for planning and controlling the affairs of the Board.

2. Main emphasis are for the following:

2.1 Following the accepted principles of accounting.

2.2 Uniformity in reporting.

2.3 Independent control over collection and disbursement.

(a) Collection and disbursement will remain independent of each other in all locations including H.O. Location will have no access to the funds collected by them. The collection bank accounts, into which collection will be deposited, will as per the standing instructions be directly remitted to H.O. Disbursements will be made by locations from funds transferred by H.O. to them from time to time.

b) This centralised system will ensure effective monitoring of the overall finance availability and the channelisation of the funds in the right direction.

2.4 Formal recognition of Remittance-in-transit through Accounting System to monitor funds flow.

The system provides for correct representation of remittance-in-transit to be reflected in accounts. The Accounting system also provides for timely reporting of remittance-in-transit to aid in monitoring of remittances at different stages in the funds flow.

2.5 Formal Role of the Account Rendering Units/Locations in Monitoring Funds.

Account Rendering Units/Locations remitting the funds will be required to ensure prompt action on the part of the bank in transferring the funds. In the same way, the locations receiving remittances (mainly transfer from H.O) will have to follow up with the bank (based on independent communications of funds transfers) to avoid delays in obtaining the remittances.

2.6 Rigorous Control over Funds at the Locations:

Adequate steps have been built into the system to ensure that funds made available by H.O. to locations is commensurate with their requirements to the extent possible. Requirements, intimated by locations will be based on estimation of expenditure to be incurred.

3. ORGANISATION

3.1 The two principal functions of Cash and Bank Section are 'collection' and 'disbursement'. In the Board these two functions are distinctly organised. The cash and bank sections at each location is responsible for actual execution of various cash and bank disbursements. This section will monitor transfer of funds by Bank and request for necessary funds transfer to effect disbursement. In addition it will perform necessary accounting tasks and maintain necessary control over cash and banking operations.

At Head Office this function would have much wider responsibility involving total funds management functions for the Board as a whole.

3.2 Existing organisation structure (as on 01-04-1986)

(1) Collection:

- Location collects and accounts for the same
- Controlling Unit (eg: B.S Unit, Division etc) also accounts for collection and is responsible for transfer of funds to Head Office
- Bank physically transfers funds to Head Office.

(2) Disbursement

- Disbursing locations request for funds.
- Head Office authorises transfers.
- Banks physically transfer money to the location.

VOLUME	V	FINANCE
PART	II	CASH AND BANK
CHAPTER	II	COLLECTION

1. The bulk of collections are made by Sections/Locations under Distribution Circles either on their own or through various collecting banks acting as collecting agents. Special Officer (Revenue) collects cash on account of EHT and HT consumers. Other type of collections which are largely of a miscellaneous nature are also made by Divisions, Circle Offices, Stores and other Administrative Offices. All these collections are deposited into non-operative collection bank account specified for each location where from the funds will be transferred to H.O Bank account.

2. OPERATING PROCEDURE FOR COLLECTIONS:

2.1 Two modes of collection exist for the Board:

- collection by locations directly
- collection by collecting Banks.

2.2 Collection by Locations:

Sections collect money on account of sale of power or of miscellaneous nature. Sale of power collection is on behalf of Accounts Officer, Billing Supervision Unit while others are normally on behalf of Executive Engineer or Deputy Chief Engineer or others.

Collection on behalf of 'Accounts Officer, Billing Supervision Unit' are as follows:

- Energy charges
- Fixed charges
- Electricity Duty
- Inspection Fee
- Penalties. Interests etc
- Reconnection Fee (RF)
- Testing Fee (TF)
- Surcharge
- Deposits etc

Collection on behalf of Executive Engineer/Deputy Chief Engineer etc are as follows:

- Consumer contribution
- Deposits
- Sale proceeds of Tender forms
- Sale proceeds from sale of scrap

- Sale proceeds from sale of assets
- Application fee etc.

Billing Supervision Unit controls many sections. However, Billing Supervision Unit does not receive any money directly.

Office of the Executive Engineer/Deputy Chief Engineer collects cash directly as well as through Sections.

2.3 Operating Procedure for collection of Energy charges.

- Cashiers receive cash directly from consumers (and others) which are properly authorised.
- Cashier records all collections primarily in a receipt book. Details have been given in the volume on Sale of Power.
- Cashier is responsible for providing necessary inputs to the Billing Branch for writing various registers, ledgers etc.
- Cashier also accounts for money received through mail and handed over to him.
- Collections of satellite Sections are banked separately.
- Collection hours and days are fixed by the Board from time to time.
- At the end of the day collections are summarised as detailed in the volume on Sale of Power.
- As per the predetermined policy and guidelines Cashier also collects money on account of reconnection fee, penalties etc. for which no formal demand (bill) exists.

2.4 Collection by SOR and its accounting:

- EHT & HT Consumers are billed from Head Office and collected at Head Office.
- Collections are to be recorded in cheque received register.
- Collections are deposited in the separate collection bank account maintained for SOR.
- Cash Book/Collection Remittance Register is to be maintained showing receipt, deposit and transfer of funds. Balances are to be reconciled.

2.5 Operating procedure for collection of money other than energy charges:

- Cashier (or other nominated persons) at Sections, Divisions, Stores, Circles and other offices collects money which are of miscellaneous nature.
- Separate receipt book is maintained. Receipt is written in triplicate/ duplicate. Interim copy to payee in cases where the original cannot be issued immediately - original to payee after formal acceptance and the 'Duplicate' retained as book copy.
- Collections are summarised at the end of the day and deposited in the Bank.

- Summary statements are sent to concerned offices. Sections will send the details to Divisions (or other offices) by sending the original of Cash Receipt Statement (CRS) along with pay-in-slips.

2.6 Collection through 'Cash Register' or other Mechanised Devices:

- Locking key of such a system should be with a responsible Officer.
- Daily collection print out and collection are to be reconciled. Print out are to be preserved.
- If programmable, safety of the programme is to be ensured.

3 REMITTANCE TO BANK:

- 3.1** Every location (Section/Division/Circle etc.) should deposit to Bank all collections received by them.
- 3.2** Pay-in-slip is prepared in triplicate for depositing - third copy for Bank, duplicate for Cashier to be attached with the Book Copy of receipt book/CRS, original for Controlling Office such as Billing Supervision Unit, Division etc.
- 3.3** Depositing cash according to consumer category and type of collection (by using different pay-in-slips) is recommended, as further reconciliation process becomes easier.

4. COLLECTION BY COLLECTING BANKS

- 4.1** In certain areas, Banks are authorised to collect energy charges.
- 4.2** Bank acknowledges such collections. The scrolls, specifying consumer number and amount collected are sent to concerned Section Offices for further accounting process.

5. ACCOUNTING PROCEDURE

5.1 Collection by the Offices of the Board:

- Collections made by Sections (Major and Satellite) will be recorded in Collection Remittance Register if the collections are related to Sale of Energy.
- Collections of miscellaneous nature (other than energy and related charges collected by Section on behalf of Controlling Offices) are to be taken in Collection Remittance Register by Controlling Office. Sections will provide the necessary inputs to Controlling Office.
- When scrolls are received from banks, other parts of the Collection Remittance Register is filled up.

5.2 Miscellaneous Collections:

- There can be certain miscellaneous collections of small amounts but paid by many parties in a day. These details are often given by Section to the Division. Recording of all these transactions in a Collection Remittance Register may be unnecessary duplication. So right judgment has to be applied bearing in mind the principles of writing a Cash Book and information required statutorily and other wise.

e.g. If the receipt is of miscellaneous nature and where identification of the party is not required and the money collected need not be paid back, summarised posting can be done in Collection Remittance Register.

5.3 Remittance to Bank - Date in C. R. R

Date in C. R. R. is very important and also date of remittance and amount remitted. This will facilitate in arriving at the daily balances and in carrying out bank reconciliation.

5.4 Collections by Satellite Section:

Collections made by Satellite Sections are to be remitted in the bank on the following day and the particulars of collections are to be given to the Major Section on the following day of collection. The Major Section shall incorporate the collection and remittance of the Satellite Sections in the Collection Remittance Register (separately maintained for them) and Revenue Collection Ledger.

5.5 Collection by Banks:

- (1) Collection by Banks are accounted on the receipt of scrolls which are to be collected regularly.
- (2) Such scrolls are to be summarised daily or periodically and taken in Collection Remittance Register. When bank transfers the money, transfer columns are to be filled. For all practical purposes the same scroll can be used to fill both columns but the correctness must be ensured at the end of the month by checking with bank statements.

5.6 Dishonoured Cheques:

When cheques are dishonoured, the fact of dishonour should be noted against the original entry in the Register of Cheques/Drafts Received. The cheque dishonoured shall be shown in Revenue Collection Ledger as a separate item in the Billing Branch, and the Consumer Personnel Ledger is updated. The effect of dishonour shall be brought in the books through a journal entry (Please refer the portion dealing with journal entries).

5.7 Miscellaneous:

- 1) Amount received through mail should be recorded in M.O/Cheque Registers
- 2) Receipts have to be prepared for each and every receipt, irrespective of whether the party requires the receipt or not.
- 3) Limits of balances of cash on hand fixed by the Board are to be strictly followed. If the total collection is less than ₹250/- including cheques etc. for a week, then the amount need be deposited on the first working day of the following week. However, if the banking facility is available at a very close place, then such amount should be deposited on the following working day itself and collection on the last working day of a month should be deposited as far as possible on the same day itself.

5.8 Collection at Head Office and its accounting:

- (1) Receipts at H.O. involve very large amounts as they involve receipts of Institutions and Government finances. This is in addition to the funds transferred by other locations.

- (2) Transfer from other locations will be taken in collection account.
- (3) From collection accounts, funds are transferred to an interim account or current account.
- (4) Cash book, bank wise and bank account wise are to be maintained.
- (5) Sundry Debtor's ledgers are to be maintained wherever necessary.
- (6) Security Deposit Registers are to be maintained.

6. **CASH FORECAST**

Collection Units should send a monthly cash forecast of cash collection to be made. The details are discussed in Disbursement Section.

7. **TRANSFER OF FUNDS**

- 7.1 All collections made by locations are deposited in Non-operative collection Bank account attached to each location where from they will be transferred to H.O. Currently funds are to be transferred daily by mail transfer. If the amount exceeds ₹1 lakh, a telegraphic transfer should be arranged.
- 7.2 Banks will prepare daily scrolls showing amount received and transferred. Scroll is prepared in triplicate - 2 copies are sent to controlling office and one copy to H.O. through H.O. Bank. Besides these Banks will furnish Bank statement (Pass sheet) monthly.
- 7.3 Register of Funds Transfer to H.O. shall form the basis for preparation of Inter Unit Transfer note for funds transfer.

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PART	II	CASH AND BANK
CHAPTER	III	DISBURSEMENT

1. Disbursements comprise of transfer of funds and payments. Transfer of funds between two locations should not be done (this is totally discouraged).

2. CASH FORECAST

2.1 Request for funds:

- (1) Cash forecast will be prepared by every Account Rendering Unit monthly in the Monthly Rolling Cash Forecast (MRCF) Form. MRCF normally contains forecast for 3 months ahead with positions of actual against forecast for previous two months
- (2) MRCF has to be linked with annual cash budget/plan.
- (3) MRCF has to be sent sufficiently early to Head Office. Head Office will scrutinize the same and consolidate it.
- 4) Based on MRCF, location will send specific request (Fund Requisition) for getting funds from Head Office.
- (5) For preparing MRCF the following points are to be kept in mind:

Revenue Side

- Collection Trend
- Additional Connections
- Pattern of Consumers
- Any extra consumption due to seasonal fluctuations
- Pattern of payments by consumers - timely, delayed, deferred.
- Average monthly consumption and realisation rate.
- Any other receipts (Deposits etc.)

Disbursement Side

- Identify fixed expenses
- Bills payable
- Advance payments

- Payment to employees (such as salary, P.F. Loan)
- Retirement benefits
- Crash Programmes

2.2 Evaluation of Fund request and other reports:

- (1) MRCF will be consolidated at Head Office to assess the flow of funds.
- (2) Date-wise Forecast Statement is prepared taking into account commitments and Fund Requisition
- (3) Daily allotment is done after ascertaining the bank balances, and commitments
- (4) To watch the progressive assignment to units, an Assignment Analysis Sheet is maintained (Location wise and Bank wise).
- (5) Daily and Monthly Cash flows and Scheme wise Cash flows are prepared as highlight reports.

3. TRANSFER OF FUNDS

- 3.1 Head Office will transfer funds after scrutinising MRCF and Fund Requisition. Such transfers will be done telegraphically and an intimation will be sent to the concerned location. But for salary payments Board has arranged with the Bankers for most of Disbursing Offices to make funds available to locations on a fixed day. This arrangement is normally known as Standing Credit/Fixed Credit. In some other cases banks are instructed to pay cash on production of KSEB cheques at par even though there is no bank account of KSEB (for this signature of certain persons are filed in the Banks where cheques are encashed. Often the successor's signature is attested by the predecessor and the signature is filled in the Bank).
- 3.2 Transfers from Head Office Bank are first transferred to a Bank Account called Assignment Account using a Cheque. For further transfers from Assignment Account, Head Office gives a Bank intimation and not a Cheque.
- 3.3 There will not be any inter unit transfer of funds. All required funds are transferred from Head Office.

4. ACCOUNTING PROCEDURE FOR TRANSFER OF FUNDS

- 4.1 Payment voucher will be prepared to transfer funds to Assignment Account.
- 4.2 Head Office authorises the Bank to transfer funds from Assignment Bank Account through a Bank intimation.
- 4.3 Two copies of the Bank intimation is sent to the concerned unit while a copy is kept at Head Office
- 4.4 Units on receipt of Bank intimation copy, account for the funds transferred in Cash Book and necessary credit will be given to Inter-unit-(Head Office). A separate Receipt book is maintained for entering funds received from H.O.
- 4.5 Head Office will receive back the Receipts issued by the Units and watch the numerical sequence of receipts as well as receipts of total funds.

5. PAYMENTS

5.1 Payments are usually categorised as follows:

(1) **Loans & Borrowings:**

- Principal
- Interest

(2) **Government:**

- Levies
- Taxes
- Others

(3) **Capital Expenditure:**

- Supply of material
- Contractors
- Others (Land compensation, tree cutting compensation etc.)

(4) **Operation and Maintenance:**

- Supply of material
- Contractors
- Others

(5) **Staff payments:**

- Salaries
- Loans and Advances
- Bonus, Overtime, Holiday Wages
- Pre-requisites like medical etc.
- Other Staff payments

(6) **Other payments:**

- Rent, Rates, Taxes
- Printing and Stationary
- Communication (Postage, Telephone etc.)
- Vehicle maintenance
- Office maintenance
- Miscellaneous

5.2 General Guidelines of payments

(1) Payments for all items shall be made by cheque/draft except for staff payments and payment for miscellaneous purchases made through imprest. Even staff payments and other cash payments, if they exceed ₹2,500/-, have to be made by cheque/draft.

- (2) A standard format - Payment Voucher - is used for all payments. Proper authorisation should be made on this Payment Voucher. Numerical sequence has to be maintained for Payment Vouchers.

5.3 Cheque Preparation

(1) Based on the receipt of payment vouchers (duly authorised and approved) and on the availability of funds cheques are prepared.

(2) Cheques are prepared carefully and cheque book should be under safe custody of a responsible official.

(3) Amounts written on cheque leaf (both in words and figures) should be closed to the printed instruction on leaf i.e. there should not be any space between what is printed and what is written.

(4) Particulars of cheques are to be entered on the payment vouchers.

(5) As far as possible cheques are to be crossed marking 'Account Payee'.

(6) After getting the approval of the authorised personnel cheques are forwarded to the party.

(7) All payments are serially numbered.

5.4 Payee's Acknowledgement:

(1) Payee's acknowledgement must be obtained as a proof of payment (if cheques are collected by a person, acknowledgement or an official receipt for payment collected is to be obtained).

(2) Copy of the covering letter, if cheque is sent by post, may also be kept along with Payment Voucher.

(3) Revenue Stamp (20 ps) shall be affixed on receipts for value exceeding ₹20/-. Indian Stamp Act, 1899 has defined a Receipt as follows:

Sec. 2.25 - "Receipt" includes any notes, memorandum or writing,

- (a) whereby any money or any bill of exchange, cheque or promissory note is acknowledged to have been received, or
- (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or
- (c) where by any debt or demand or any other part of a debt or demand is acknowledged to have been satisfied or discharged, or
- (d) which signifies or imports any such acknowledgement and whether the same is or is not signed with the name of any person.

5.5 Cash Payments:

(1) Cash is withdrawn whenever cash payments are to be made.

(2) Payment voucher is prepared for every cash payment which are supported by evidences/claims. Payment vouchers should have numerical sequence.

(3) Cash payment can be made to any person other than the payee if proper authorisation from payee is produced.

6. CASH

6.1 Cash on hand with an employee shall only be in the following forms:

- (1) Imprest
- (2) Temporary Imprest
- (3) Undisbursed salary
- (4) Unremitted balance of cash

6.2 Postage Stamps:

(1) Postage stamps are normally purchased in bulk and kept under the custody of a nominated person. He will maintain a postage register to account the consumption of postage stamps. Balance shown in the Postage Register and Stamp on hand should agree.

(2) For buying stamps in bulk the following factors are to be considered:

- (a) Average postage expenses
- (b) Special requirements
- (c) Availability of stamps

(3) The Board is normally using 'On India Government Service' stamps.

(4) Besides service stamps the Board is also using Franking Machine. Franking machines are purchased by the Board but are set by postal authorities for the number of franking purchased, for which payment will be made by cheque, and meters show the number of franking used and the balance in hand. Here also a Postage Register is to be kept as a record of the despatch of letters.

(5) Wherever Franking machines are used it is necessary to hand over the letters in person to the stipulated post office (as these letters cannot be posted in mail boxes). Besides what is franked on a particular day has to be handed over on that day itself in time, if not special permission from postal authorities would be required.

7. IMPREST:

7.1 Imprest is given to various officers of the Board. Imprest is of two types:-

- (1) Permanent Imprest:

This indicates an amount which is given at the beginning of the accounting year or otherwise for meeting expenses on account of miscellaneous purchases of minor nature throughout the year. The expense made from the imprest is reimbursed periodically (usually monthly) to restore the original amount.

(2) Temporary Imprest:

This is an amount given to a particular employee of the Board to meet certain specific expenditure. The imprest is taken immediately before meeting the expenditure and the expenditure must be accounted for immediately thereafter. The balance, if any, should be refunded. Further advances shall not be given till the accounts for the first advance is submitted. However, temporary advance should be cleared as soon as possible and should not extend beyond a reasonable period, preferably 30 days

7.2 Operating Procedure for Permanent Imprest:

(1) Board will authorise certain employees/officers who will be entitled to hold permanent imprest and the amount to be given to them. The authorised person is the custodian of funds. Based on this authorisation and nomination, money is handed over. Such a payment will be debited to Permanent Imprest Account.

(2) A Permanent Imprest Register shall be maintained in the disbursing office to watch the payments to imprest and recoupment of imprest of each imprest holder.

(3) Imprest holder will fill up Imprest Sheet as and when he incurs expenditure, Imprest Sheet (IS) shall be prepared in triplicate providing details of the expenditure.

(4) All payments made out of Imprest should have appropriate supporting documents.

(5) Periodically (preferably monthly) the imprest holder will furnish the Imprest Sheet duly totalled and signed and enclose with it the relevant vouchers (duly stamped as PAID) to the concerned officers. The officer will acknowledge the receipt of the same in duplicate copy of Imprest Sheet and hand over the same to Imprest Holder. This acknowledgement is a mere indication of receipt of the Imprest Sheet. Third copy is the book copy of holder.

(6) The Officer will verify the IS along with the enclosed vouchers and accordingly authorise reimbursement to the extent of the exact money spent. The reimbursement will also be debited to Permanent Imprest Account. Besides the details are noted in Permanent Imprest Register. Balance in this register will give details of imprest sanctioned, amount reimbursed and balance in imprest account. This register is a subsidiary book to the general ledger. It should be ensured at the end of each month, that the balances in this register agree with the balance in the general ledger.

(7) Journal entries have to be passed to record the expenditure met out of imprest. Through these journal entries various expense accounts are debited and Permanent Imprest Account credited.

7.3 Operating procedure for Temporary Imprest:

(1) Based on specific requirement, sanction is given for temporary imprest.

(2) While granting Temporary Imprest, Temporary Imprest Account is debited. A Temporary Imprest Register is to be maintained as in the case of the Register for Permanent Imprest.

(3) Imprest holder will settle the imprest by filling up an Imprest Sheet (IS) in triplicate as in the case of Permanent Imprest. A competent Officer will acknowledge the receipt of the same on the duplicate copy of the Imprest Sheet and hand over the same to the Imprest Holder. This acknowledgement is a mere indication of receipt of the Imprest Sheet. Besides this, the balance amount if any has to be settled by refunding the same.

(4) Imprest Sheet duly supported by appropriate vouchers as submitted will be classified and it will be journalised debiting concerned head of account and crediting Temporary Imprest Account.

(5) Balance in the Temporary Imprest Register should tally with Temporary Imprest Account in the General Ledger at the end of each month. Details of the balance should accompany monthly returns.

7.4 Imprest and Year end Operations:

At the year end - 31st March - it is recommended that all the balances are cleared in the Imprest account by obtaining vouchers indicating the amount. This amount should be deposited in the bank. Imprest account should not be made nil by transfer entries to other accounts for making the balance NIL.

8. BANK RECONCILIATION:

Bank reconciliation has to be carried out on a monthly basis and appropriate action has to be taken to dispose the real issues involved in it. Please refer to Chapter on Banking also.

9. STALE CHEQUES:

(1) Stale cheques (cheques not encashed during the period of validity-normally 6 months) should be traced immediately on expiry of the validity period.

(2) An entry is made by debiting Bank Account and crediting stale cheque account.

(3) A stale cheque register has to be maintained and the balance in this register should tally with stale cheque Account in the general ledger.

(4) When a fresh cheque is issued for the same purpose, stale cheque account will be debited and credit will be given to the bank account.

(5) Besides, necessary entry has to be made in stale cheque register also.

(6) It is suggested that the number and date of the new cheque may be recorded on the counterfoil of the stale cheque or cheque issue book.

(7) The stale cheque should be destroyed and the fact of destruction should be recorded in the stale cheque register.

10. CHEQUES LOST:

(1) Inform the Bank and obtain STOP PAYMENT CERTIFICATE from the Bank.

(2) When a new cheque is issued, the number and the date of the new cheque should be recorded on the counterfoil of the lost cheque.

(3) The issue of the new cheque must be entered in the body of the cash book, but not in the columns for payment.

(4) Corresponding noting has to be made against the original entry in the cash book.

11. CANCELLATION OF CHEQUE:

(1) When it is necessary to cancel a cheque, the cancellation should be recorded on the counterfoil of the cheque, if available, or on the cheque issue book.

(2) If it is in the drawer's (Board's) possession it should be defaced.

(3) If the cheque is not in possession, the Bank should be intimated to stop payment of the cheque.

(4) Entry for cancellation has to be made in Cash Book by showing the cancelled cheque on the receipt side of the Cash Book.

(5) A cross reference should be given in the Cash Book against the original entry.

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PART	II	CASH AND BANK
CHAPTER	IV	BANKING

1. Board is having arrangements with banks for carrying out the various financial and related transactions. Accordingly, the various accounts operated with the banks can be classified into the following categories:

1.1 Collection account - popularly known as Non-operative Collection Account. This account is used for depositing and transferring money to Head Office. No withdrawal is permitted from this account

1.2 Disbursement account - popularly known as Drawing Account. This account is used for meeting various payment obligations of the Board.

1.3 The other accounts which are operated at Head Office level are as follows:

- Current account - depositing and withdrawals are permitted.
- Cash Credit account- operated when Board avails overdrafts from Bank.
- Assignment account - before transferring funds to various locations, funds are transferred to this account from current account.
- Collection account - funds transferred from various banks are collected in this account, and later transferred to current account.
- Treasury - (a) Locations have limited transactions.
(b) H.O. operates through a Savings Bank Account and Working Fund Account.

2 HIGHLIGHTS OF ARRANGEMENTS WITH BANK:

2.1 Arrangements:

- Non-operative collection accounts for collection of funds.
- Disbursing accounts for payments.
- Collection and encashment of cheques.
- Transfer of funds from one account to another and deposits to Board's accounts.
- Standing Credit (or Fixed Credit) - Various drawing accounts are credited with certain amount as per prior arrangements.

- Facilities for opening letter of credit.
- Facility for giving bank guarantee.

2.2 Terms and Conditions:

- Immediate credit for deposits including cheques, drafts etc.
- Use of special pay-in-slips for depositing money.
- Use of remittance scrolls for each account and bank statements.
- When cheques are dishonoured banks can debit the account of the Board.
- Bank balances are to be transferred in the following day either telegraphically or by Mail Transfer.
- Drawing accounts are operated by concerned drawing officers and banks will provide monthly statements of drawing accounts.
- The charges for these services rendered would be as per the agreement with the Banks.

Certain original Circulars issued by Bank and by Board are included in the last part.

3. BANK ACCOUNTS AND RECONCILIATION

3.1 The types of transactions carried out with the banks can be classified as:

- depositing cash/cheques etc., by Board's employees or others.
- withdrawing cash
- issue of cheques/drafts
- standing instructions to debit bank account
- internal transactions - paying or receiving

Since numerous transactions take place, it becomes necessary to reflect these transactions classified account-wise, bank-wise, transaction nature-wise in the location where it takes place. Accordingly banking transactions are disclosed separately in Cash Remittance Register/Cash Book and Disbursement Cash Book. It is a must to write banking transactions as authorised/carried out by the Board and not as and when banks carry out the transactions. The exception to this principle is only for certain limited cases like bank charges

3.2 Bank will send statements (monthly statement of account or pass sheet or daily scrolls) showing the transactions carried out by them. It becomes essential to reconcile the bank account written by the Board and as provided by bank. There could be differences which could arise due to various factors:

- errors in addition
- certain transactions not accounted for either fully or partially.
- certain authorised transactions that have been carried out by the Bank but not recorded in the accounts prepared by the Board.

3.3 Bank Reconciliation is to be done monthly.

3.4 Head Office should collect directly from the Bank, Certificates for all bank accounts atleast once in a year. Reconciliation statements should accompany monthly accounts and the differences are to be disposed off in the succeeding month itself, if not immediately. Disposal of the differences is one of the purposes of the bank reconciliation.

4. OPENING AND CLOSING OF BANK ACCOUNTS AND APPOINTMENT OF BANKS SIGNATORIES:

4.1 Board will open bank accounts only when it is required for the conduct of Board's business and close the accounts when they are no longer needed. The Bank accounts are to be used only for the purpose to which it is established.

4 FA. & CAO at Head Office is the regulating authority for opening and closing of bank accounts.

4.3 Opening of Accounts

For opening a bank account, the following details should be provided to the FA. & CAO

— The name and address of the Bank being recommended.

— The type of account that is being requested i.e. specifying the purpose for which it is to be used.

— Distance between office and the Bank.

— The designation and name of persons designated for operating the Bank Account.

4.4 Closing of Bank Accounts:

Similarly for closing of a Bank Account, the following details should be provided to the FA & CAO.

— The name and address of the Bank

— The title of the account

— Reason for closure

— Name and designation of the persons operating the Bank Accounts.

4.5 Signatories

(1) Signatories for operating the Bank Accounts will be decided by the Board from time to time.

(2) A list of bank signatories and a file of their specimen signatures will be maintained by each location securely.

(3) When a signatory leaves or is transferred or ceases to be a signatory for any other reason, bank should be advised immediately.

5. GUARANTEES AND LETTER OF CREDITS

5.1 Issuing of Guarantees and opening of letter of credit are done at Head Office within the limits prescribed by the Board.

5.2 Operating procedure:

- Formal request to Head Office should be made for issuing guarantees and opening letter of credits.
- Head Office will arrange with banks for issuing of guarantees/opening letter of credits. While bank issues guarantees, counter-guarantees/indemnities are given to banks by the Board.
- Head Office will maintain a register of these operations

6 SECURITY DEPOSITS OTHER THAN IN CASH

6.1 Board may receive Bank Guarantees, fixed deposit receipts etc. as security deposits. They are not in the form of cash.

6.2 The validity of these documents should be ensured. These are recorded by an entry in a register.

6.3 Monthly accounting entries are to be made for these deposits. There should be distinction between those deposits received for 'Capital Works' and those received for 'Operation and Maintenance Works'.

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PART	II	CASH AND BANK
CHAPTER	V	INFORMATION SYSTEM

1. ACCOUNTING REPORT AND REGISTERS

The returns, reports and other information required by Head Office are as follows:

- 1.1 M.R.C.F - Due on 20th of every month
- 1.2 Inter-unit summary cum reconciliation statement along with monthly accounts
- 1.3 Cash Balance particulars
- 1.4 Copies of Collection Remittance Register and Disbursement Cash book with Account Code wise Abstract.
- 1.5 Copies of Revenue Collection ledger
- 1.6 Bank reconciliation statements (Drawing and Collection Account).
- 1.7 Holder-wise details of balances under Permanent Imprest and Temporary Imprest.

2. HIGHLIGHT REPORTS

- 2.1 An Analysis of Cash Receipts and Disbursements are essential for effective funds management. Information pertaining to these areas are to be collected at fixed intervals (daily, weekly, monthly etc.).
- 2.2 A report on cash receipts should show atleast the following information:
 - Source of receipt
 - Time lag between demand and receipt of money
 - The banks involved
 - The time lag for cashing the cheques.
 - The time lag for transfer and credit in the H.O accounts.
- 2.3 A disbursement summary should show the same type of information classified as follows:
 - Where the money goes
 - How long it took to issue the cheques
 - The banks involved (especially payment bank)
 - How long it took to cash the cheque by payee
 - How long it took to transfer and credit the disbursement accounts.
- 2.4 Steps to improve collection:
 - Billing Float - Prompt billing and delivery of bills
 - Collection Float - Encourage consumers or others for paying money promptly.
 - Remittance Float - Delay in depositing money into the bank is to be avoided.
 - Bank Float - delay in crediting and transferring money to Head Office by banks is to be closely watched and action to be taken to avoid delay.

- Bank information Float - This can occur in any location but with greater gravity in H.O. So a constant follow up is essential.
- Others
 - (a) discount for advance payment as per Board's policies existing from time to time
 - (b) evaluating of services rendered by the Banks.
 - (c) telegraphic/telex transfer of funds
 - (d) spread out banking arrangements.

All the above mentioned floats are to be constantly monitored through report, verification, auditing and by improving the system whenever necessary. Reports on billing float and collection float will be dealt in sale of power manual. The others are included in this volume.

2.5 Improving cash disbursements:

— Knowing the exact daily cash balance is important. It facilitates decisions for temporary investments and arranging cash transfers. Week-end transfer of funds requires special attention. Fund transfers at the week end or before holidays are normally transferred/credited by the banks to the units on the following working day only. So it is preferable to transfer the funds during the beginning or middle of the week. The week end float may be avoided as far as possible.

— Maximize use of cash does not mean delay in payment to suppliers, as this can lower the Board's credit rating.

— Discounts offered by vendors must be considered in relation to average current interest rates paid by the Board and other factors.

2.6 Cash Budget – MRCF:

(1) Forecasting cash receipts and disbursements improves cash control.

(2) Comparing this years cash position to the previous year's, high lights areas of change. Action can be taken to improve and minimize adverse trends such as:

- increasing effort to collect money
- reducing expenses
- deferring capital expenditure
- reducing purchases
- deferring selected liability payments etc.

2.7 Reporting formats are included in this manual

2.8 List of highlight reporting formats:

MRCF	-	Due on 20 th of every month
Bank Transfer float	-	Due on 5 th of every month.
Cash flow report (Memoranda entries)	-	Due on 10 th of every month.
Scheme-wise cash flow Report.	-	Due on 10 th of every month
Daily Cash flow	-	Following day
Daily commitments	-	Daily

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CHAPTER	VI	INTERNAL CONTROL AND INTERNAL AUDIT

- I. INTERNAL CONTROL - GENERAL OUTLINE
 - 1.1 Independent control over collection and disbursement.
 - 1.2 Centralised Funds Management.
 - 1.3 Recognition of Remittance-in-Transit.
 - 1.4 Funds Monitoring both by locations and Head Office.
 - 1.5 Collections receipted and remitted.
 - 1.6 Receipt Forms/Books/Cheques.
 - Pre-numbered and used as per numerical sequence
 - Kept in safe custody
 - Controlled by a register/log book
 - All copies are retained/accounted for (including original) when receipts are cancelled.
 - 1.7 Bank accounts

Opening of all bank accounts is done by Head Office.
 - 1.8 Cash and Bank Control in a nutshell
 - (1) All receipts are properly listed and entered in Collection Remittance Register/Cash book.
 - (2) All sums are deposited properly and in time.
 - (3) Numerical sequence of cheques issued is kept to ensure that all numbers are accounted for.
 - (4) Un-issued cheques are kept under safe custody, accessible only to authorised personnel.
 - (5) Records of all specimen signatures of authorised signatories are kept upto date.
 - (6) Bank statements are reconciled with cash book/ledger/other registers.
 - (7) Un-reconciling items are investigated and cleared.
 - (8) All petty cash is controlled by imprest system.

- (9) Imprest balance is reconciled every month with balance in the general ledger.
- (10) All petty cash payments and advances are made against properly authorised vouchers.
- (11) All petty cash payments are marked “PAID” when payment is made

2. INTERNAL AUDIT

2.1 Scope:

Audit of Cash and Bank means the examination of receipts, disbursements and balances.

2.2 Auditor’s objective:

To ensure the accuracy and validity of the cash and bank transactions and balances and also to ensure that the procedures are followed.

2.3 Auditing Standards:

Errors & Irregularities:

Audit of Cash and Bank is concerned primarily with the validity and accuracy of transactions and balances. To put it differently, internal audit ordinarily is concerned with possible errors and irregularities. Errors are regarded as being unintentional and irregularities as intentional.

2.4 Evaluation of Internal Control:

(1) General:

Internal control is evaluated in three phases - a preliminary survey of prescribed procedure, test of compliance with the procedures, and evaluation of the system based on the survey and test.

The survey of the internal control over cash balances and transactions (including bank) will focus on:

- the handling and custody of funds
- preparation and maintenance of records
- the controls exercised over these functions by way observations, checking.

Besides, the internal auditor should consider the possible effect of any apparent lack of alertness, competence, independence or integrity of employees and the possible effect of any changes in procedures or duties. Internal control is strengthened by having other collateral procedures or methods such as the use of cash fore-casts, budget, standards etc. Hence, cross verification with these collateral procedures is also a must.

(2) Records and Functions

Records (such as receipt book, payment vouchers etc.) are basic documents. They are classified as Intermediate Records and Final Records. This classification of the records is indicated so as to identify (to the extent possible) different employees who are involved in writing these records

(3) Cash Receipts

Broadly the following points should be considered in the evaluation of internal control procedure for cash receipts.

- Receiving only what is authorised
- Prompt recording of the receipts
- Depositing of collections in time
- Cash/Cheques received through Mails are opened promptly and recorded and handed over.
- Use of pre-numbered receipts.

(4) Cash Disbursement:

- Cheques should be under safe custody
- Availability of proper supporting documents
- Payments are made only to legitimate parties

(5) Cash balance:

- Periodical physical verification
- Reconciling with records
- Balance adequate or excess?

2.5 AUDITING PROCEDURES

(1) Cash Receipts:

- a) Who receives the cash, who opens the mails and records the receipts, who receives the M.O. Are they all authorised persons?
- b) Whether all what is received is properly authorised? Whether the discounts rebates etc. given are properly authorised?
- c) Whether all the receipts are responded by using official Receipt?
- d) Whether all the Receipt Books and Invoices/Bills are under lock and key? Whether the numerical sequence for the receipts books and bills/Invoices is strictly adhered to?
- e) Whether the receipts are properly banked and the pay-in-slips are preserved.
- f) Test the footings and postings of cash receipts records.
- g) Check the postings from initial records to other records.

(2) Cash Disbursements:

- (a) How are the payments made? Whether the payments are by Cheque or Cash?
- (b) Whether the cheque books are under safe custody?
- (c) Who is signing the cheque? Is he the authorised person?
- (d) Whether the cancelled cheques are properly defaced?

- (e) Who is preparing the cheque? How is it prepared?
- (f) Whether all the payments have sufficient supporting documents? Whether they are defaced by affixing a rubber stamp showing 'PAID' and identified by a Cheque number?
- (g) Whether the payees acknowledgements/receipts are obtained for all payments?

(3) **Cash balances**

- (a) Periodical and surprise verification of balances which are to be certified by verifier and holder. Verification as far as possible should be done in the presence of holder of cash
- (b) Reconcile the balances with records.
- (c) Verify the bank reconciliation statements and obtain periodically bank balance certificate from the bank directly.
- (d) Funds in transit account needs special attention - i.e. from unit to Head Office and HO to unit. Verify the receipt of the same as well as the accounting of the same.

(4) **Other Areas**

- (a) Audit all records-Cash Book and related documents. Check the posting with supporting vouchers. Verify the totals, carry forwards etc.
- (b) Make sure the records are written as per the accepted principles of accounting e.g. Cash Book written with due emphasis for date
- (c) Whether the banks are following the instructions and policies issued by Board Eg. The treatment of cheques deposited, are they transferring funds properly, are they giving scrolls, bank statements in time etc?
- (d) Who has opened the bank accounts ?
- (e) Cash inflow and cash out-flow
 - Examine the possibilities of accelerating inflow and decelerating outflow
 - Is this possible by having different kind of banking arrangements?
 - Is it possible to increase inflow by reducing consumer balances ?
 - Is it possible to decrease outflow by availing credit from Vendors?
 - Whether there are any unnecessary locking up of funds in areas like scraps, spare parts, etc. etc.

(5) **Inter Unit Account**

- Verify the balances with special care
- Ensure the balances are reconciled and confirmed.

2.6 ADMINISTRATIVE CONTROLS

(1) An internal auditor is also concerned about the Administrative controls concerned with the operations. Hence an internal auditor should evaluate operational efficiency and adherence to managerial policies. Thereby an internal auditor renders a great service to the management. Certain areas of administrative control is given below as illustration. Hence an internal auditor's coverage is very wide.

(2) Cash forecasting

Cash forecasting is one of the tools of Administrative controls. An internal auditor should review the data and find out the shortage and excesses. He may suggest a change in timing of receipts and disbursements for proper management of cash.

(3) Procedural Efficiency

Internal auditor during his review should consider the efficiency of procedures. Often cash procedures can be streamlined some hints are given below:

Is it possible to collect money earlier ?

Is it possible to deposit cash at early dates ?

Is it possible to reduce transfer time ?

Whether there is any possibility of reducing the billing time ?

(4) Utilising cash/funds

As the Board is having number of locations, an internal auditor should be aware of the possibility of funds remaining idle. Hence the internal auditor should make sure the average disbursements and match it with funds drawn by units. He should also match them with cash forecast and annual budgets.

2.7 AUDIT PROGRAMME

A specimen audit programme is given below:

(1) Name of Auditor(s)

(2) Date

(3) Unit

— Name

— Person in charge

— Cashier

— Others

(4) Cash, Stamps etc.

— Balance (Physical)

— As per records

— Receipt Book(s) No.

— Signature

Holder

Auditor

- (5) Mails
 - Who receives and records Mails?
 - M.O. Register/Cheque Register update or not?
 - Properly handed over for depositing?
- (6) Records
 - Footing
 - Carry forward
 - Proper posting
 - Complied with principles and procedure (classification, head of accounts etc.)?
- (7) Banking:
 - Depositing
 - Transfers
 - Statements
 - Certificate
 - Reconciliation and disposal of differences
 - Returns of cheque dishonoured
 - Accounting of Bank charges
- (8) Receipts
 - Numerical Sequence
 - Linking with appropriate ledgers
 - tallying daily
- (9) Disbursements
 - Voucher audit
 - Imprests
- (10) Administrative controls
 - Cash forecasting
 - Procedural improvement, if any
 - Others
 - Safety of cash
- (11) Returns/information system
 - Sent in time?
 - Is it complete?
 - Whether returns have adequate supporting details/schedules?
- (12) Supervision
 - Properly carried out?
 - Periodic cross verification

(13) Other Comments

CurrentPrevious

- Audit commenced on
- Audit completed on
- Explain increase/decrease in time

14) Auditor's Name and Signature

2.8 Pre-Audit / Pre-Check

Certain units are required to send their bills for pre-auditing and accordingly all their payments are to be pre-audited. However fund transfers from H.O. is not pre-audited. Besides payments to suppliers / Contractors from Civil Division exceeding specified limits are to be pre-checked.

2.9 Report of Auditors

- (1) Audit Report as far as possible should be in a tabulated form
- (2) Routine reports are to be submitted to the section nominated by Accounts Wing at Head Office. If the report is of serious nature specific report to be given to F. A. & C .A. O. (and others, if necessary).
- (3) Before submitting the reports to Accounts Wing auditors should give a chance to the unit to rectify these points. However all observations are to be reported to Accounts Wing and include all the items that have been corrected by the units.
- (4) Audit programme duly filled in should also be submitted to the Accounts Wing.

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CHAPTER	VII	SWITCHING OVER

1. SWITCHING OVER

As the Board has introduced the new Accounting system from 01-04-1986 onwards, the past balances are to be re-stated to conform to the new account heads (codes). Where the balances cannot be restated, Board will transfer these balances to the Restructuring Account. These balance are to be cleared in course of time as prescribed by the Electricity (Supply) (Annual Accounts) Rules 1985.

2. Circular issued in this respect is appended below:

CIRCULAR No. F. A. & C. A. O. 8/89

“To switch over to the Commercial Accounting System, it is necessary to bring forward the opening balances and prepare trial balance as per the principles of accounting.

The Trial Balance, in vogue is only a receipt and payment account. Actually the trial balance should show the balances under each head of account as on a particular date. To prepare trial balance for 4/86 in the commercial system of accounts the units have to arrive at the opening balance as on 1-4-1986 which will be the closing balance for 3/86. For correctly recording the opening balance as on 1-4-86 the following points may be taken note of

- (1) Extract the balances as on 31-3-86 under all heads of account from the various schedules, ledgers and other records after closing the annual accounts, excluding those account heads falling under the Income and Expenditure heads.
- (2) Add up the debit side as well as the credit side of the statement to arrive at the aggregate.
- (3) Find out the difference and enter the difference as “Head Office Balance Account” (Code 37.010) Head Office will take this entry as ‘Unit Office Balance Account’.
- (4) Two copies of the statement may be prepared and sent to this office and one copy got back after verification together with a “*Transfer Note*” of balances from Head Office.
- (5) Based on the transfer note the unit office may pass a journal entry under the Head “Re-structuring Account” (Ref. JE.I. of the Illustration). A Ledger may be separately maintained for “Re-structuring Account” with separate folios for each account head. The old account head may be used in ledger
- (6) The balances in respect of each head in the Re-structuring Account Ledger will be re-stated to match the new Chart of Accounts. Re-stating must be done by passing journal entries (Ref. JE. II of the illustration). After re-statement is effected the balance in the Re-structuring Account Ledger will become NIL except the Head Office Balance Account (A/c. Code 37.010).

- (7) There may be certain accounts with balance for which there are no Transfer Note from Head Office but subsequently detected. Such instances may be brought to the notice of Head Office (Annual Accounts Branch) and the Transfer Notes obtained.

Such items subsequently detected by unit offices have to be watched periodically (say quarterly) and sent to the Head Office for obtaining transfer note before final adjustment in the unit accounts are effected.

- (8) From the re-stating journal, opening balances, Debit or Credit as the case may be under various CAS chart of accounts will be taken into corresponding ledger folios. Head Office balance will also be brought forward. Further transactions will be posted in the respective folios from the cash books and journal and the ledger accounts will be balanced every month and a trial balance prepared, strictly on commercial principle, from 4/86 onwards.
- (9) In case on bifurcation/decentralisation or merging/amalgamation of unit offices the transactions between units on account of that event should be routed through the Head Office- The newly formed units will begin with only the balances transferred from Head Office through a Transfer Note.
- (10) To make the above points clear, the following illustration is given.

Statement of balances as on 31-3-1986 of 'X' Division

1.	505	(g) Deposit		5000
2		Uncleared balances and AECD-Account Group		2000
3-	641	(b) Sundry debtors -	10000	
4.	642	(a) Sundry Creditors- purchase		15000
5.	642	(b) ii Sundry Creditors-Contractors	1,000	
6.	643	(a) Stock O & M	30,000	
7.	643	(d) Materials Suspense	10,000	
8.	701	(a) (1) drawing account. S. B. T.	500	
9	702	Cash		100

JE. I *Based on the above statement and transfer note received from H.O.*

641	(b)	Dr.	10,000	
642	(b) ii	Dr.	1,000	
643	(a)	Dr.	30,000	
643	(d)	Dr.	10.000	
701	(a) i	Dr.	500	
702		Dr.	100	
	505g	Cr.		5000
	AECD	Cr.		2000
	642 (a)	Cr.		15000
	H.O. (Balance)	Cr.		29600
			<hr/>	
			51,600	51,600

All these balances will be posted in the "RESTRUCTURING ACCOUNT LEDGER".

JE. II. To Re-state the balance in the Re-structuring Account Ledger

1.	26.501	Adv. To contractor	Dr.	2500	
	28.104	Sundry Debtors – Rental	Dr.	1000	
	28.108	Sundry Debtor for Misc. Income		4000	
	28.401	Sundry Debtor – Amount Recoverable from employees	Dr.	2500	
	To 641 (b)				10000
				<hr/>	<hr/>
				10000	10000
2.	43-200	Dr.		1000	
	To 642 (b)	ii			1000
3.	22-621 to 22-639	Dr		30000	
	(22 - 601 to 619 if capital)				
	To 643 (a)				30000
4.	22-640/22-650	Dr.		10000	
	To 640 (d)				10000
5.	24-401 Disbursement Bank SBT-	Dr.		500	
	To 701 (a) i				500
6.	24-110 Cash	Dr.		100	
	To 702				100
				<hr/>	<hr/>

(Debit aspect of 24-401 & 24-110 (O/B) will be taken in the cash book for 4/86 as well as in the general ledger).

7.	505 (g)	Dr.		5000	
	To 46.121				3000
	To 46.124				2000
8.	46-949 Residual balance of AECD	Dr.		2000	
	To AECD balance a/c.				2000
9.	642 (a)	Dr.		15000	
	To 43.100				15000
				<hr/>	<hr/>

(These re-stating journals may be proposed in a compound journal if found convenient’’).

3. FINANCIAL YEAR

At the beginning of every financial year the closing balance of Assets and liabilities are to be brought forward without any change whatsoever.

Normally opening journal entries have to be prepared comprising of all the balance to be brought forward and this entry will be posted to General Ledger as opening balance using a journal entry.

VOLUME	V	FINANCE	
PART	II	CASH AND BANK	
CHAPTER	VIII	CERTAIN ACCOUNT CODES	
24		CASH AND BANK	
24.1		Cash account	This account will be debited and credited through the cash abstract with the receipts and payments respectively. Cheques drafts etc., awaiting depositing will be treated as cash on hand till they are deposited.
24.110		Cash on hand	
24.120		Postage Stamps on hand	The purchase, usage and stock of postage stamps (including revenue stamps other than service stamps) shall be recorded in this account.
24.2		Cash Imprests with staff	
24.210		Permanent imprests with staff	This account should be operated at all work locations, debited on making payments to the staff on this account and credited on account of expenses met out of this money.
24.220		Temporary imprest with staff.	This will be operated in the same way as permanent imprest to staff.
24.3		Collecting Banks account.	Banks that receive and collect money from consumers and Banks in whose accounts collection moneys are deposited belong to this category. On depositing in these banks account, the ledger accounts are debited. These accounts will be credited on preparation of debit advices for onward remittances to Head Office. At the H.O. debits shall be made when they receive advices from their Banks and credits will be made when they transfer amounts from these banks accounts to the disbursement Bank Accounts.
24.301		Collecting Banks – State Bank of Travancore	
24.302		-do- Union Bank of India.	
24.303		-do- Canara Bank	
24.304		-do- Syndicate Bank	
24.305		-do- Central Bank of India.	
24.306		-do- Union Bank of India, Trivandrum Branch.	
24.351		-do- Deposits in Treasuries	
24.352		-do- Treasury Savings Bank Account.	
24.4		Disbursement Bank Accounts	This account at the disbursement unit will receive money from H.O. to meet the payments.

24.401	Disbursement Bank. – State Bank of Travancore.	
24.402	-do- State Bank of India, Trivandrum	
24.403	Disbursement Bank - Canara Bank, Trivandrum.	
24.404	-do- Syndicate Bank	
24.405	-do- Union Bank of India	
24.406	-do- Central Bank of India	
24.407	-do- Indian Overseas Bank	
24.408	-do- Andhra Bank. Trivandrum.	
24.409	-do- Andhra Bank, Ernakulam.	
24.410	-do- Indian Bank, Trivandrum.	
24.411	-do- Vijaya Bank. Trivandrum.	
24.412	-do- Bank of Baroda	
24.413	-do- Punjab National Bank	
24.414	-do- S.B.T (K.S.E.B. Complex)	
24.415	-do- Syndicate Bank Main, Trivandrum.	
24.416	-do- Federal Bank	
24.417	-do- South Indian Bank	
24.418	-do- S.B.T. Chenthitta, Trivandrum.	
24.451	Drawing account with Treasury.	Payments of interests on bonds and debentures, through interest warrants, implies funds transfer to various banks for payment against interest warrants as and when presented
24.490	Funds transfer for payment of interest on bonds - State Bank of Travancore.	Such transfer of funds are shown under sub- accounts 24.490 to 24.499. On receipt of statements of interest payments the amount paid would be credited to the respective sub-accounts. Balances will imply amounts not yet used for interest payment.
24.491	Funds transfer for payment of interest on RE Debentures – State Bank of Travancore.	

24.492	Funds transfer for payments of interest on R.E.C Debentures – Syndicate Bank.	
24.493	Funds transfer for payment of interest on R.E.C. Debentures - Canara Bank.	
24.5	Remittance to H.O. in - Transit accounts.	(Operation suspended)
24.501 to 24.549	Remittances from Division Account (The sub-account will be division wise and or circle wise. For Consolidation of Boards accounts the total amount may be shown under the main head 24.5 at different locations - (H.O. will have different sub-accounts in use).	This account will be operated by the H.O. and will be debited for booking debit advices raised by the division B.S.U. on the H.O. On actually receiving the money in its collection bank account the H.O. will debit this account. The balance will denote remittances in transit from Division and B.S.U. to H.O.
24.551 to 24.599	Remittances from Circle account The sub-accounts to be operated circle-wise by the H.O.	Operated by the H O. and is debited when the circle raises a debit advice for remittances made by the circle and on actual receipt of the amount in the Head Offices bank account it is credited. The balance will indicate remittances in transit to the H.O.
24.6	Transfer from H.O. in transit account	This account is operated by the Division and Circles. This account is debited on receipt of debit advice raised by the H.O. on the respective divisions or circles. This account will be credited on receipt of the money at the office (Divisions & Circles).
24.9	Cash inflow and outflow accounts.	These sub accounts are used to record cumulative receipt and payments on consolidation of the Boards accounts.
24.911	Cash inflow (capital receipts account-credit account Borrowing other than Bank OD/OC.	The consolidated balance of these accounts shall reflect the overall total cash inflow and outflow for the Board.
24.913	Cash inflow (capital receipts account credit account capital Subsidy/Grants/Subventions.	Both credit and debit of an accounting entry shall be booked under this group i.e. these are memorandum accounts.
24.914	Cash inflow (capital receipts account credit account capital Subsidy/Grants/Subventions. – consumers contributions.	Receipts and payments are to be analysed into Capital & Revenue group.
24.915	- do- deposit for deposit works.	
24.919	Other receipts on capital account	

24.921	Cash outflow (Capital payments) Account (Debit Account). Advance to suppliers/Contractors against capital suppliers/capital work.	At the month end, the cash receipts and payments account (given under 24.911 to 24.959 are credited and debited respectively and total cash outflow account are debited and credited respectively. All the accounts under 24.9 are closed at the entries.
24.922	Cash outflow (Capital payments) Account (Debit Account). Other payments to suppliers/contractors.	i) Dr total cash inflow account: Cr. various accounts showing cash receipts.
24.923	Cash outflow (Capital payments) Account (Debit Account). Repayment of Capital liabilities.	ii) Dr various accounts showing cash payment Cr. total cash outflow. Thus the accounting entries will not have effect outside 24.9.
24.929	Cash outflow (Capital Payments) Account. (Debit Account) other payments on Capital Account.	
24.931	Cash inflow (Revenue	
24.939	receipts) Account (Credit)	
24.931	Cash inflow (Revenue Receipts) Account (Credit account). Collection from consumers on sale of power.	
24.932	Cash inflow (Revenue Receipts) Account (Credit Account). Increase in balance in Bank OD/CC.	
24.933	Cash inflow (Revenue Receipts) Account (Credit) Revenue subsidies.	
24.939	Cash inflow (Revenue Receipts) (Credit account). Other receipts on Revenue account.	
24.941	Cash outflow (Revenue Payments)	Such analysis can be easily done with
24.959	Account (Debit) Account.	the help of monthly cash and bank abstracts.
&		
24.991	Total Cash inflow account (Credit a/c)	
24.995	Total cash outflow account (debit a/c).	
24.941	Cash outflow (Revenue Payments) Account (Debit). Advance to fuel suppliers.	

- 24.942 Cash outflow (Revenue payments) Account (Debit). Other payments for O & M supplies.
- 24.943 Cash outflow (Revenue payment) A/c. (Debit). Advance to suppliers for O & M Suppliers.
- 24.944 Cash outflow (Revenue payments) A/c. (Debit). Other payments for O & M Suppliers.
- 24.945 Cash outflow (Revenue payments) A/c. (Debit).
- 24.946 Cash outflow (Revenue payments) A/c. (Debit) Electricity Duty payments.
- 24 947 Cash outflow (Revenue payments) A/c. (Debit). Interest and other finance charges.
- 24.948 Cash outflow (Revenue payments) A/c. (Debit). Decrease in Bank OD/CC.
- 24.949 Cash outflow (Revenue payments) A/c. (Debit) Staff/Costs payments.
- 24.950 Cash outflow (Revenue payments) A/c. (Debit)-Administration and General Expenses payments.
- 24.959 Cash outflow (Revenue Payments) A/c. (Debit). Other payments on revenue account.
- 33 Inter Unit Accounts remittances to H.O.
- 34 Inter Unit Accounts Funds transfer from H. O.
- 46.910 Stale Cheques
- 46.931 Liability on un-issued Cheque.

VOLUME	V	FINANCE
PART	II	CASH AND BANK
CHAPTER	IX	ACCOUNTING ENTRIES

1. It is possible to post entries to General Ledger based on Cash Book. But in the new system every entry in General Ledger will be posted through a journal entry. To facilitate this, a scheme of standard journal entries have been evolved. So it becomes necessary to summarise and classify Cash Book entries at every month end as per the account codes. Based on this journal entry is passed. The posting to the subsidiary ledger/register shall be made from the voucher but if made otherwise the agreement with the General Ledger balance should be ensured

2. Journal

2.1 Journal is a primary record of accounts to record at one place all the accounting transactions before they are posted into the different folios for different account heads in the ledgers.

2.2 Journal is split into two sections

- (a) Standard Journal Entries (SJE) and
- (b) Non-standard Journal Entries (NSJE)

2.3 Standard Journal Entries (SJE)

Standard Journal Entries are used for recording the transactions which are of recurring nature and/or otherwise pre-determinable. By Standard Journal Entry it is meant that a pre-defined set of account heads shall bear credits/debits for a certain type of transaction.

2.4 Major advantage of SJ Entries are:

- (1) the work can be delegated
- (2) control can be exercised over accounting for all transactions merely by ensuring that the specific standard journal entries are passed.

2.5 Scheme of operation

- (1) Each section of the accounting work (such as sale of power, material accounting etc.) will have SJ with different serial number.
- (2) The same serial number is to be used by all Account Rendering Units every month. And these numbers should not be used for recording transactions other than those for what it is meant for.
- (3) Even if there is no transaction, 'NIL' SJ is to be kept.
- (4) In a SJ sub numbers can be given so as to divide same type of transactions to certain convenient groups i.e. one SJ may contain more than one entry but of same type.

2.6 Non Standard Journal Entries (NSJE)

If an ARU has to propose any Journal Entry which is not standardised and included under Standard Journal Entries, such entries may be treated as Non-Standard Journal Entries (NSJE) and numbers assigned from 2001 onwards. Any of such NSJEs if found of recurring nature will be standardised subsequently. NSJEs are to be prepared only in Compilation Section.

3 Standard Journal Entries

3.1 Serial Number Blockings

(1)	CB	101 onwards	-	Regular Journal Entries
(2)	“	301 “	-	Inter Unit Journal Entries
(3)	“	401 “	-	One time Journal Entries
(4)	“	501 “	-	Rectification Journal Entries
(5)	“	701 “	-	H.O. Journal Entries
(6)	“	901 “	-	Memoranda/Contra Journal Entries
(7)	“	1001 “	-	Year end/beginning Journal Entries
(8)	“	2001 “	-	Non-standard Journal Entries

I STANDARD JOURNAL ENTRIES
(A) REGULAR JOURNAL ENTRIES

SJE C& B 101 FOR CLOSING COLLECTION REMITTANCE REGISTER (CRR)

On closing the CRR for the month the figures shall be abstracted and SJE passed for incorporating in the General Ledger.

PART I - On analysing the receipt side of the CRR the following entry shall be made.

Account Code	Particulars	Dr.	Cr.
24.110	Cash	XX	
Various heads of Account	Various receipts		XX

PART II - On analysing the payment side of the CRR the following entry shall be made.

24.301 to

24.306	Collection Bank	XX	
24.110	Cash		XX

Note:- Opening balance and closing balance need not be journalised.

SJE C&B 102: FOR ADJUSTING PERMANENT IMPREST VOUCHERS

DATA SOURCE: IMPREST SHEET AND SUPPORTING VOUCHERS

Account Code	Particulars	Dr.	Cr.
Various Heads of accounts	Various expenses / payment	XX	
24.210	Permanent imprest with (staff (staff wise))		XX

SJEC&B 103 : FOR ADJUSTING TEMPORARY IMPREST VOUCHERS:
DATA SOURCE : TEMPORARY IMPREST SHEET AND SUPPORTING VOUCHERS.

Account Code	Particulars	Dr.	Cr
Various Heads of accounts	Various expenses Payments	X X	
24.220	Temporary imprest with staff (staff wise)		X X

SJE C&B 104: ON CLOSING THE DISBURSEMENT CASH BOOK FOR THE MONTH THE FIGURES SHALL BE ABSTRACTED AND JE PROPOSED FOR INCORPORATING IN THE GENERAL LEDGER.

PART I On analysing the receipt side of the Disbursement Cash Book the following entry shall be made:

Account Code	Particulars	Dr.	Cr.
24.401 to 24.418	Disbursement Bank (SBT, Canara Bank etc.)	XX	
34.999	Inter-unit A/c - Fund Transfer from H.O.		XX
46.910	State Cheque - A/c. etc.		

PART II On analysing the payment side of the Disbursement Cash Book the following entry shall be made:

Various Head of Account	Various expenses / payments	XX	
24.401 to 24.418	Disbursement Bank (SBT, Canara Bank etc.)		XX

Note:- The credit for the head “various expenses/payments” shall appear when there is a cancellation of cheque.

SJE C&B 105 : TREATMENT FOR DISHONOUR OF CHEQUE
DATA SOURCE : BANK INTIMATION

Account Code	Particulars	Dr	Cr.
Various head of accounts	Various Revenue/ Deposit/ Party/Contractor/Supplier etc.	XX	
24.301	Collection Bank A/c.		XX
to			
24.306			
24.351			
and			
24.352			

SJE C&B 106: FOR RECOVERABLE BANK CHARGES / COMMISSION
DATA SOURCE: INTIMATION FROM BANK

Account Code	Particulars	Dr	Cr.
28.109	Recoverable Bank Charges / commission (Party wise)	XX	
24.301	Collection Bank		XX
to			
24.306			
24.351			
and			
24.352			

**SJE C&B 107 : FOR RECORDING NON-RECOVERABLE BANK CHARGES/
COMMISSION**
DATA SOURCE : INTIMATION FROM BANK

Account Code	Particulars	Dr	Cr.
78.883	Bank Charges	XX	
24.301	Collection Bank		XX
to			
24.316			
24.351			
and			
24.352			

SJE C&B 108: FOR ENTERING THE RECEIPT OF SECURITY DEPOSITS OTHER THAN CASH.

DATA SOURCE: SECURITY DEPOSIT REGISTER

Account Code	Particulars	Dr.	Cr.
28.930	Security deposits of suppliers/ contractors	XX	
46.102	Security deposits other than cash (Capital)		XX
46.122	- do - (O&M)		XX
46.920	- do - Employees		XX

SJE C&B 109: FOR RETURNING SECURITY DEPOSIT OTHER THAN IN CASH

The above entry shall be reversed

Refer Accounting Entries under Inter-Unit Journal Entries – Material Accounting Manual (Vol. 2) also.

(B) INTER-UNIT JOURNAL ENTRIES

SJE C&B 301 : FOR TRANSFER OF FUND TO HEAD OFFICE

DATA SOURCE : REGISTER OF FUNDS TRANSFER TO HEAD OFFICE

PART I Originating Unit

Register of Funds Transfer to Head Office shall be closed for the month and should agree with total of the column 'Transfer' in the C. R. R.

Account Code	Particulars	Dr.	Cr.
33.999	Inter unit account - remittance to Head Office	XX	
24.301 to 24.306	Collection Bank Account (SBT, Union Bank etc)		
24.351			
24.352			XX

PART II	Responding Unit (Head Office)		
24.301	Collection Bank account		XX
to	(SBT, Union Bank etc.)		
24.306			
24.351			
24.352			
33.xxx	Inter unit account-Remittance to Head Office		XX

SJE C&B 302 : FOR PAYMENT ON LETTER OF CREDIT EFFECTED FROM HO

PART I Originating Unit (HO)

Account Code	Particulars	Dr.	Cr.
37.xxx	Inter-Unit Account-Other transactions/ adjustments	XX	
24.401	Bank		
to			
24.418			XX

Note: Location code of the Unit should be furnished.

PART II RESPONDING UNIT

DATA SOURCE : IUTN

42.2/43.2	Suppliers	XX	
37.999	Inter-Unit Account – Other transaction/ adjustments		XX

- C) ONE TIME JOURNAL ENTRIES
- D) RECTIFICATION JOURNAL ENTRIES
- E) HEAD OFFICE JOURNAL ENTRIES

F) MEMORANDA / CONTRA JOURNAL ENTRIES

 SJE C & B 901: FOR CAPITAL RECEIPTS

DATA SOURCE : C.R.R. SUMMARY

Account Code	Particulars	Dr.	Cr.
24.991	Total cash inflows	XX	
24.911	Borrowings		XX
24.913	Subsidy, grants, subventions		XX
24.914	Consumers contributions		XX
24.919	Other capital Receipts		XX

 SJE C & B 902 : FOR REVENUE RECEIPTS

DATA SOURCE : C.R.R. SUMMARY

Account Code	Particulars	Dr.	Cr.
24.991	Total cash inflows	XX	
24.931	Cash inflow -		
to	Revenue Receipts		XX
24.939			

 SJE C & B 903: CASH OUTFLOW – FOR CAPITAL PAYMENTS

DATA SOURCE : DISBURSEMENT CASH BOOK SUMMARY

Account Code	Particulars	Dr.	Cr.
24.921	Cash outflow	XX	
to	Capital Payments		
24.929			
24.995	Total Cash outflow Account		XX

 SJE C & B 904: CASH OUTFLOW – FOR REVENUE PAYMENTS

 DATA SOURCE : DISBURSEMENT CASH BOOK SUMMARY

Account Code	Particulars	Dr.	Cr.
24.943	Cash outflow	XX	
to	Revenue Payments		
24.959			
24.995	Total Cash outflow A/c.		XX

G) YEAR END / BEGINNING JOURNAL ENTRIES

 SJE C & B 1001 : FOR INTEREST ACCRUED ON LOANS AND OTHER
 BORROWINGS BY THE BOARD

 DATA SOURCE : INTEREST COMPUTATION SHEETS

Account Code	Particulars	Dr.	Cr.
PART I AT THE YEAR END			
	Interest Account	XX	
	Interest accrued but not due		XX
	Interest accrued and due		XX
PART II BEGINNING OF THE NEXT YEAR			
	Interest accrued but not due	XX	
	Interest account		XX

 SJE C & B 1002: FOR EXPENSES ACCRUED BUT NOT PAID

PART I AT THE YEAR END

Expenses account	XX	
(Including losses)		
Expenses accrued account		XX

PART II – BEGINNING OF THE NEXT YEAR

Reversal of the above entry

SJE	C&B	1003	FOR BAD DEBTS WRITTEN OFF
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Bad debts written off account	XX	
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Sundry Debtors a/c		XX
(including advances and others)		

SJE	C&B	1004	FOR PROVISION FOR BAD DEBTS
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Provision for bad debts a/c	XX	
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Provision for doubtful dues		XX
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VOLUME	V	FINANCE
PART	II	CASH AND BANK
CHAPTER	X	RECONCILIATIONS

I. CASH AND BANK

- (1) Physical cash balance and cash balance as per records, have to be reconciled.
- (2) Bank reconciliation - Collection accounts and Disbursement accounts.
- (3) Imprest (temporary & permanent) reconciliation with recoupment statement and general ledger balances. When several imprest holders exist, a subsidiary imprest ledger is to be maintained for each holder. A trial balance of imprest subsidiary ledger should agree with General ledger Imprest Balances.

2. INTER UNIT RECONCILIATION:

The unit which has raised Debit Note should get confirmation from the other unit under cash and bank. The group code operated are 33 and 34.

(See Chapter on Inter Unit Reconciliation in the Information System Manual)

VOLUME	V	FINANCE
PART	III	FUNDS MANAGEMENT
CHAPTER	I	HIGHLIGHT

Finance function envisages the function of raising funds and their effective utilisation. It can be classified into Higher Finance function and incidental finance function. Higher Finance function (Executive Finance) includes asset management, allocation of surplus, controlling of cash flows, sources of finance, negotiations with suppliers of finance and related bodies and evaluation of financial performance while incidental finance mainly deal with day to-day operations such as cash collection, disbursements, custody of cash balances etc. In this part higher finance function is dealt with which include funds management and working capital management.

VOLUME	V	FINANCE
PART	III	FUNDS MANAGEMENT
CHAPTER	II	FUNDS RAISING AND REPAYMENT

I. SOURCES

1.1 Sourcing (acquisition) of funds and investment/rationing of that are quite important functions of Board. Sources of capital can be internal or external.

1.2 Internal Sources

The main Internal Source is through the generation of cash from Board's operations. The factors contributing to this internal generation are earmarked funds retained by the Board, disposal of assets etc.

1.3 External Sources

(1) External sources are Debt Capital and Equity Capital and other loans. Debt Capital and loans can be again classified into Short Term Funds and Long Term Funds.

(2) Borrowings

Board is having the following types of Debt Capital and/or loans:

- Loans from State Government

- Public Borrowings

- Institutional finances

- Scheme loans

- Deferred Credits

(3) Other Sources

Board may receive funds from consumer towards capital as consumer contribution and also from Government in the form of grants/subventions

2. BORROWING LIMITS

Power to borrow is regulated by Section 65 of the Electricity (Supply) Act. Accordingly overall borrowing limit sanction vests with the State Government.

3. GUARANTEE

Some of the borrowings are guaranteed by State Government for which Guarantee Commission is levied. So it is necessary to provide for this expense.

4. FUNDS FROM GOVERNMENT

4.1 Loans

(1) Loan under Section 60 of the Act:

Assets, obligation, debts etc. transferred to the Board by the State Government at the time of formation of the Board falls under this category. This attracts interest as prescribed by the Government of Kerala.

(2) Loan under Section 64 of the Act:

Every year the budget estimate of Government provides funds for the capital outlay of the Board.

(a) Operating Procedure:

Based on the above, Board obtains sanctions for the release of the funds. On receipt of the sanction, the amount is transferred to Board account by presenting the Bill for Miscellaneous payment (Form No. TR 42 of the Government). Rate of interest is fixed by the Government.

Repayment of the principal and payment of interest is also prescribed by the Government.

(b) Accounting Procedure:

On receipt of the funds, the amount is to be credited to State Government Loans under Section 42.

Provision is to be created annually for the interest payable while payment is to be made only if there is a surplus (Sec 67 A).

4.2 Subsidies, Grants etc.

As per the economic plans Government may also provide funds in the forms of subsidies, grants etc., for specific programmes. Periodic returns, if any, has to be furnished to the Government.

4.3 Pension Fund

Government has undertaken to contribute for the pension of the staff who were with the Government but later transferred to the Board, on its formation.

5. OPEN MARKET BORROWING BY ISSUE OF BONDS

5.1 Overall borrowing limit is fixed by State Government. However for borrowing from open market at the reduced rate of interest the limit is fixed by Government of India, specifically by Reserve Bank of India. To fix the gross and net market borrowing the particulars of capital outlay and amount required for the repayment of loans for an year have to be paid up to the State Government in advance. In its turn, State Government will furnish details to Government of India and Reserve Bank of India. Besides this, the Board may also intimate Reserve Bank of India, its preference of timing of market issues, after taking into account the maturities of loan and inflow and outflow of funds.

Reserve Bank of India, besides fixing the overall limit for an year for borrowing by way of market issues, intimates the following:

— Amount of Issue

- Number of series
- Currency
- Issue price
- Brokerage & Underwriting Commission
- Excess subscription retainable
- Tap period

5.2 Operating Procedure

- As per advice given by Reserve Bank of India, Board approaches State Government for sanction and guarantee of the loan. This is required as per Sections 65 & 66 of Electricity Supply Act.
- Sanction of the Board is sought for raising the loan, appointment of Registrar, execution of agreement, signing of bonds etc.
- For raising the loan, Board prepares a prospectus and Application Form. Wide publicity is given using various media like press. Appeals to financial institutions are also made.
- Issue and management of the loan is entrusted with the Registrar after execution of agreement. Normally State Bank of Travancore acts as the Registrar.
- The securities are in the form of Promissory Notes issued in various denominations. Printing and supply of bonds are done at the Security Press. It is normally done by India Security Press of Government of India.
- Bonds are issued by Registrar and unused bonds are kept in the safe custody of Registrar.
- Interest is normally payable half yearly and Board provides funds at appropriate time to the Registrar. Registrar disburses the interest payment to the Investors for which the Bonds are to be presented. If any income tax has to be deducted at source, Registrar will comply with the necessary formalities.
- Brokerage and commission payable, if any, will be settled by the Board directly with the Investors.
- Bonds are redeemable on the dates of maturity - normally at par. Board provides funds to Registrar who in turn redeems the bond after duly receiving the discharged bonds from Investors.
- Unused bonds and Matured bonds are to be cancelled and destroyed officially.

5.3 Accounting Procedure

- On receipt of loan, Board will credit the Public Loan Account. If necessary, subsidiary ledger is to be maintained.

- Interest has to be computed periodically and be charged to operations. However at the end of the year provisions has to be made for the accrued interest which should be adjusted in the subsequent year. The repayment and interest Payment Schedule is to be maintained.

6. LOANS FROM LIFE INSURANCE CORPORATION (L.I.C.)

6.1 Operating Procedure

- Life Insurance Corporation is one of the Institutions from which Board borrows for meeting expenses under plan outlay.
- The loan amount and the repayment of principal, interest and rate of interest are on such terms and conditions as mutually agreed to between Board and Life Insurance Corporation.
- Currently Board is availing loan by execution of a deed mortgaging assets worth thrice the value of loan outstanding on the date of drawal. These assets are to be kept under Insurance cover. For mortgaging the assets, Government sanction is to be obtained.
- Life Insurance Corporation loans are normally for specific projects. Periodic returns showing the progress of the project are to be furnished to LIC. Government normally undertakes that the extra cost, if any, will be financed by them.

6.2 Accounting Procedure

- For availing the loan, Board incurs expense such as stamp duty, registration fee etc. Such charges shall be charged to revenue in the year in which the costs are incurred.
- Amount received is to be credited to LIC loan account.
- Subsidiary ledger is to be maintained to find the balance in each series.
- Repayment schedule (Principal and interest) is to be maintained.
- Provision is to be made for accrued interest at the end of the year which may be adjusted in the subsequent year.

7. LOANS FROM RURAL ELECTRIFICATION CORPORATION (R.E.C)

7.1 REC advances loans to Board for various schemes such as rural electrification, energisation of pump sets for agricultural purposes, Lineman Training Centre etc.

7.2 Operating Procedure

(a) Availing of loan

- Board submits an annual programme for rural electrification to REC to obtain their approval.
- Based on the above, Board procures the material from various suppliers and avail funds from R.E.C. in the form of Inventory Loan.

- Account Rendering Units have to pass the bills of suppliers in the normal manner and specifically making a noting that the bills are payable under REC inventory loan. It is one of the conditions of REC that payment to suppliers may be made only in Rupees and 50 paise and above be rounded off to the next Rupee and less than 50 ps. ignored. Those bills are forwarded to Head Office through Chief Engineer (MM). No accounting entries need be passed at this stage in the ARU.
- Chief Engineer (M.M.) will countersign the bill and forward the same to Head Office (FA & CAO's Office).
- Head Office will countersign and forward the bills to Chief Project Manager, REC., Trivandrum who in turn forwards the bills to bank (currently it is to State Bank of Travancore, Trivandrum). REC provides detailed instructions to the bank for the settlement of the bills.
- Banks will prepare the demand draft in favour of the suppliers and forward it to Head Office.
- Head office will hand over the Demand Draft to supplier after complying with payment formalities. This will be accounted as Inventory loan (attracting the rate of interest specified by REC) by debiting the ARU concerned. A debit note along with copy of the suppliers bill will be forwarded to the ARU concerned for acceptance
- REC also entertains payments to suppliers through letter of credit (LC) operations. In such cases supplier's invoices along with way bill etc. are received in the bank where the LC is operated. Then payment is made and the Bank will adjust it as Inventory Loan after complying with their internal formalities. In such cases Head Office will debit the concerned units through a Debit Note. This will enable the units to match the payment to suppliers with the receipt of goods.
- Schemewise progress has to be periodically submitted to REC in order to convert Inventory Loan into scheme loan. Scheme Loans carry a lower rate of interest. If value of the work is greater than the Inventory loan, REC bridges this difference by providing Inventory loan to the extent of the difference

(b) Repayment Procedure

- Normally principal is paid annually while interest is paid half yearly. Interest payments are due on 20th March and 20th September of every year. Number of instalments for repaying the loan varies from scheme to scheme.
- REC raises demand at the appropriate time for the principal and interest dues. The Board has to make money available at their specified Bank accounts.

(c) Accounting Procedure

- Head Office on receipt of Credit Note along with supporting invoices from the units will account for the transactions.
- For prompt payments of dues REC may give a rebate. Such rebates are to be accounted on receipt of money by crediting cash discounts.

- Periodic Inter Unit reconciliation has to be done.
- Inventory Loans and Scheme Loans are to be separately accounted. Subsidiary ledgers are to be maintained for both loans.
- Subsidiary ledgers should show loan details, interest details, repayments etc.
- In an accrual accounting system and where monthly accounts closing is practised it is better to pass entries for the interest accrued for every month. However to match with REC practices half yearly interest as detailed by REC is to be computed and accounting entries are to be passed. This means at the year end approximately 12 days' interest are ignored but compensated by previous year. Materiality concept is applied here (RECs date for interest is September 20 & March 20).
- Quarterly trial balances are to be prepared.
- R.E C. Repayment Schedules (both principal and interest) are to be maintained.
- The statement of Accounts sent by REC is to be used for reconciling the balances.

6. INDUSTRIAL DEVELOPMENT BANK OF INDIA (I.D.B.I)

6.1 Certain Definitions

Bill of Exchange

Bill of exchange is an unconditional order in writing addressed by one person to another signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a certain sum of money to or to the bearer of the Bill of Exchange.

Promissory Note (Pro. Note)

A promissory note is an unconditional promise in writing made by one person to another signed by the executor assuring to pay on demand at a fixed or determinable future time a certain sum of money to, or to the order of a specified person or to the bearer of the Promissory Note.

Discounting of Bills

It is a transaction whereby a bill of exchange is endorsed specially to a bank and the bank makes an immediate payment to the endorser equal to the face value of the bill less an agreed sum in respect of bank charges.

6.2 Operating Procedure

- Normally bill of exchange is used in connection with the IDBI Bill rediscounting scheme. Under this scheme Board has to pay the money to IDBI in a deferred manner while the manufacturer / seller will get the money immediately. Normal deferred payment period has been restricted to 5 years under the scheme.
- The minimum amount of transaction covering a set of bills eligible under the scheme has been fixed at ₹10,000/- while the maximum amount under this scheme is also fixed (₹2 Crores for SEBs).

- Cost of finance includes discounts, guarantee commission and stamp duty. Discount rates are published by IDBI from time to time.
- Guidelines for operating the scheme are issued by IDBI.

6.3 Accounting Operations

- The ARU will pass the bills payable at the office of the FA & CAO, specifically noting that the bills are payable under IDBI - Bills Rediscounting Scheme and forward them to the FA & CAO. No accounting entries need be passed at this stage.
- Head Office will credit IDBI rediscounting account by debit to ARU concerned and forward the Debit Note to ARU for acceptance. The HO will maintain supplier-wise subsidiary ledger. This subsidiary ledger (IDBI - Rediscounting Ledger) will ensure the balances to supplier, party wise cumulative balances, interest particulars, payment details etc. Quarterly trial balance is to be extracted to reconcile with main ledger balance account.
- Monthly statement is to be prepared well in advance to watch the monthly payments to IDBI. On this basis, monthly entry in journal and cash book is to be passed. At the year end, yet another statement is prepared to provide for the accrued interest.
- Besides watching the party-wise balance an IDBI Rediscounting Limit Register is maintained to watch the progressive borrowing made from IDBI.
- Bill of Exchange (Usance Bills) issued by the Board include even the interest for future years. But in the balance sheet, such interest portion should be shown as a deduction from the amount outstanding against usance bills.

7. NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD)

7.1 Operating Procedure

- NABARD is a refinancing agency. They refinance the loan advanced by Commercial Banks. Commercial Banks reimburse the expenses incurred by Board on approved schemes mainly for agricultural development like energisation of pump set etc.
- To avail the facility Board has to enter into an agreement with the lending institutions.
- Board submits claims. Based on the claims lending banks release funds to the Board.
- Loans are repayable within a period of five to nine years in annual instalments. However, interest is payable half yearly due on 1st of July and 1st of January. These loans are not covered under guarantees. In certain cases NABARD gives an initial grace period of 2 years for repayment of the principal amount.

7.2 Accounting Procedure

- Loans received are to be credited in the loan account.
- Annual interest provision has to be created for interest accrued.

- Detailed subsidiary ledger (scheme-wise) has to be maintained to reflect the loan details in each scheme. Quarterly trial balance have to be prepared to reconcile the main ledger account.
- Repayment Schedule (Principal & interest) is to be maintained.

8. **LOAN FROM WORLD BANK**

- World Bank has entered into an agreement to advance loan for Kerala Power Projects. The bank finances for imported goods, locally manufactured goods and others as per the agreed terms. The loan will be routed to the Board through the State Government. The due dates for repayment are June and December 1st and beginning on December 1, 1990 through June 1, 2005.
- Withdrawal of the funds is made by providing the prescribed details to Department of Economic Affairs of the Central Government.
- Expenditure against World Bank loan has to be booked in the prescribed account codes and specific returns are to be provided to Head Office for claiming reimbursement of loan.

9. **RURAL DEBENTURES**

- Similar to the open market borrowing, Board had raised funds by having issued 'Rural Debentures' for its capital outlay under 'Distribution and Rural Electrification Scheme'. For this also, interest provision has to be made every year.

10. **BORROWINGS IN A NUTSHELL**

- Borrowings are centralised at Head Office. Funds are obtained from various sources.
- Account codes have been provided for various types of borrowings and similarly for all type of costs - cost of funds and cost of Raising Finance. Cost of funds include interest, penal interest, guarantee charges and service charges while the cost of raising finance include stamp duty and discounts on bonds etc.
- All costs are accounted for on an accrual basis. The treatment of interest on funds earmarked for capital work in progress, cost of raising finance etc., are dealt in the manual on Capital Expenditure and Fixed Assets.
- Subsidiary Records for all type of borrowings are to be maintained furnishing particulars of tender, scheme (especially in the case of REC), particulars of interest, rate, due date of interest, due dates of repayments etc. In the case of scheme loans particulars of expenditure on each scheme, reimbursements claimed, reimbursements received etc. should also be recorded in subsidiary records/files.
- Repayments - interest and principal should be properly watched.

VOLUME	V	FINANCE
PART	III	FUNDS MANAGEMENT
CHAPTER	111	WORKING CAPITAL MANAGEMENT

1. Funds required for short terms are mainly for working capital and accordingly Board has to provide funds for materials, establishment expenses etc. These obligations are met by having liquid cash, credit availed from suppliers etc. Short terms funds are often represented as current assets which are in the form of cash, Bank balances, material stocks, accounts receivable etc. The obligation - current liabilities - will be in the form of creditors and other liabilities. Net working capital of the Board is the difference between the Current Assets and Current liabilities. Working capital management is carried out by using the following guidelines.
 2. Current Assets
 - 2.1 Materials
 - Minimum stock
 - Buying is matched with actual requirement and project/work implementation schedule.
 - Ordering economic order quantity
 - A B C Classification and analysis.
 - 2.2 Accounts Receivable
 - Timely meter reading and inspection
 - Timely billing
 - Disconnection procedures, if not paid, and other follow up
 - 'Slab system' of collection
 - Discounts for advance payments
 - Collection reports and analysis
 - Collection of contributions, deposits etc
 - 2.3 Cash and Bank
 - Short term Investments
 - Maintenance of Savings Bank accounts with Treasury
 - Speedy Bank Transfers
 - Follow up with Banks for transfers (local & Head Office level).
 3. Current liabilities
 - 3.1 Accounts payable
 - Availing Credit from suppliers
 - Availing deferred credit from institutions on account of materials purchases
 - Effecting payment as per terms

4. Other financial Tools

Other financial tools used by the Board like financial ratio analysis is described in Planning and Budget Section.

5. Operating procedure for monthly cash forecast, assignments of funds etc. are described in Part II Cash and Bank.

6. Operation of the Information System is dealt in Cash and Bank.

VOLUME	V	FINANCE
PART	III	FUNDS MANAGEMENT
CHAPTER	IV	INTERNAL CONTROL AND INTERNAL AUDIT

1. Internal control

The function of the internal control is to provide control and to ensure that procedures are followed at each phase of every transaction and that the accounting records are reliable.

2. Internal Audit should cover the following points:

(1) General

- Borrowing limit
- RBI directions or other agreement particulars and compliance of the same
- Government approval/guarantee

(2) Authorisation

- Approval of Board

(3) Issuance obligation

- Bond's security and Numerical Sequence
- Safe custody of Bonds
- Rate of Interest

(4) Accounting Records & other transaction

- Detailed subsidiary ledgers showing amount, interest, due dates, maturity dates etc.
- Interest Accrual and Payment.
- Redemption/Repayment of principal
- Timely conversion (eg. Inventory loan to scheme loan in the case of REC)
- Quarterly Trial Balance of subsidiary ledgers and tallying with general ledger.
- Availing payment and accounting cash discounts and penal interests on commitment charges
- Bank Reconciliation
- Balances with Registrars
- Work progress reports
- Periodic returns to Investors

(5) Agreement Provision

- Insurance coverage

- Ratios that are to be maintained such as self financing ratio, Debt Equity Ratio etc.
 - Use of funds and other limitations.
 - Any other specific directions.
- (6) Fund Assignment Audit
- Receipt of MRCF and its compilation
 - Daily Fund Balance
 - Daily Request
 - Assessing the request of units
 - Assignment
 - Unit - wise assignment Ledger
 - Unit - wise payments as against requests
 - Average requirement of units and Cash Balance of Units (utilisation)
- (7) Plans and Budget
- Long term plans and budget are also to be audited for its assumption, feasibility and its relatedness to growth in system and demand.

VOLUME	V	FINANCE
PART	IV	PLANS & BUDGET
CHAPTER	I	HIGHLIGHTS

Planning is a very important activity of the Board. In the planning process Board has to take into consideration various factors such as:

1. Performance History
2. The current and future situation that would affect the relevant areas.
3. Technical and Financial summary.
4. Methods for review and evaluation.

Accordingly in this section guide lines are given for Long Term Planning, Budgeting and performance Evaluation and Financial Analysis. Formats are given to prepare these reports.

VOLUME	V	FINANCE
PART	IV	PLANS AND BUDGET
CHAPTER	I	LONG TERM PLANS

Board prepares Long term plans (5 to 10 years) with a view to find out (a) Form and size of assets and (b) Composition of liabilities. The components of this include setting of financial objectives, planning of ongoing operations, capital budgeting, tariff structure and financial structure. Following statements are prepared by Board regularly:

1. Derivation of Average Tariff
2. Revenue Account (Income Statement)
3. Balance Sheet
4. Source and uses of Funds (Fund Flow Statement)
5. Key Financial indicators
6. Other working papers

Over and above information required by Central Electricity Authority/Governments will also be prepared in their prescribed formats. Normally this will have a link with plans of the Government.

VOLUME	V	FINANCE
PART	IV	PLANS AND BUDGET
CHAPTER	III	BUDGET

1. CONCEPTS

Budgeting is a tool for planning and decision making and control. Accounting helps in the process of controlling and planning.

For effectively managing the affairs of the Board, budgeting is essential. Here the budget acts as a communication medium and thereby co-ordinates various levels of management. Budgeting is normally done within the accounting frame work but without ignoring other factors.

Participation, realism and flexibility are the fundamentals of budgeting.

2. TYPES OF BUDGETING

2.1 On the basis of time period:

2.1.1 Continuous Budgeting

It results in a 'rolling' budget constantly covering a time interval. Monthly Rolling Cash Forecast (MRCF) is an example of this.

2.1.2 Periodic Budgeting/Operating Budget:

It is for a specific time period. Annual Budgeting is an example of this. This is also called Operating Budget as it shows planned operations for the forthcoming period.

2.2 On the basis of Expenditure

Here the emphasis is for a project rather than a time period.

2.2.2 Capital Budget

It shows the planned changes in fixed assets

2.3 On the basis of Timing of Cash Flow:

2.3.1 Cash Budget

Budgets are also made to find flow of cash. So cash budget shows anticipated sources and uses of cash. MRCF is a cash budget where timing of cash inflow and outflow is stated.

3. ANNUAL FINANCIAL STATEMENTS (BUDGET ESTIMATES)

3.1 Legal Requirement

Board as per Section 61 of the Electricity (Supply) Act, 1948 shall submit to the State Government the Annual Financial Statements (Budget Estimates) containing Capital Expenditure, Revenue and Expenses for the ensuing year.

As per Section 16 (6) of the said Act the Board shall place before the State Electricity Consultative Council the annual financial statement and supplementary statements, if any.

Board's approved budget is submitted to the State Government.

The State Government shall place the Budget on the table of the State Legislature for discussion. The Board shall take into consideration any comments made on the Budget.

3.2 Project/Capital Outlays

Board carries out work out of outlays provide in (a) Plan Outlay (b) Centrally Sponsored Schemes and (c) Outside Plan Works.

3.2.1 Plan Outlay:

- Plan outlays are the ones for which the resources are allocated by Central Government Plans.
- Project Outlay Statements are submitted by the Board to State Government (Planning Board). Working group of the Planning Board will evaluate the project and submit it to the Planning Board with their remarks. Planning Board in turn recommends for clearance of the Finance Department.
- Finance Department of the State Government in consultation with the Planning Board appraises the Central Electricity Authority (CEA) and the Planning Commission.
- Planning Commission after discussion with the concerned bodies (such as CEA, State Government, Board etc.) decides the plan outlay. For deciding the Plan Outlay Board has to provide detailed physical and financial targets to all the apex bodies. The details of the targets are given in the proforma prescribed for the purpose.
- The resources for funding the plan outlay comprises of the internal resources of the Board, Government Loan, Loans from Financial Institutions and Public loans.

3.2.2 Centrally Sponsored Schemes:

- In addition to the State Plan Outlays there can be Central Schemes mainly for Construction of Inter State Transmission Lines. These are normally known as Centrally Sponsored Schemes, financed by Central Government.

3.2.3 Outside Plan:

- The works other than plan outlays are known as Outside Plan works. Funds for these works are to be raised or found by the Board from other than the 'Planned Sources'.

4. OPERATING PROCEDURE

4.1 Capital Budget:

- The total capital Outlay of the Board for every year is based on Plan Outlay, Centrally Sponsored Schemes and Outside Plan works.
- Based on the overall plan of the Board Capital Expenditure Budget has to be prepared in a detailed manner.
- Field will render the detailed budget taking into consideration the physical targets and progress of the project/work. The nature of expenditure classification to be followed is given in the Chart of Accounts.
- Concerned Chief Engineer will compile and match the same with the approved outlays. Later they will be forwarded to Head Office for consolidation.
- Names of certain units required to do project budgeting are given in the Capital Expenditure and Fixed Assets Manual.

4.2 Revenue Budget

- Board's income is mainly from sale of power. To arrive at the sale value the following factors are considered:
 - generation potential
 - transmission capacity and loss
 - distribution pattern and loss
 - auxiliary consumption
 - consumer category
 - purchase of energy
 - Sale of energy to other states
 - tariff structure
 - previous history
 - other elements
- Based on these assumption Head Office will work out the projected revenue.
- Field Offices should render consumer category-wise (and/or tariff-wise) sales (both in rupees and units) to Head Office in the month of November. For compiling this information field offices will consider the following factors among other things:
 - Type of consumers, tariff, tariff enhancement, expansion plans etc.
- Field offices should also render the details of other incomes that they expect to earn.
- Head Office compiles/consolidates the details given by Field offices/and match them with the Revenue Budget already prepared at the Head Office.

4.3 Duty Budget

- A detailed statement showing various duties, inspection fee, surcharge etc. are to be prepared by field offices and to be compiled/consolidated at Head Office.

4.4 Material Budget

Based on the capital outlay and repairs and maintenance, material budget is prepared.

- Key factors such as economic order quantity, payment terms, lead time for delivery, project time schedule etc. will have to be taken into account for framing this budget.

4.5 Expense Budget:

- Board's expenses mainly consists of employee costs, repairs and maintenance (Operation and maintenance), taxes/duties to be borne by the Board, interest charges etc.
- Detailed estimates have to be prepared by units/field offices considering the following elements: head of accounts, previous history, changes in the expenditure pattern etc.
- Employee cost statements may be given directly to Head Office while other expenses statements are to be routed through concerned Chief Engineers.
- Head Office will compile these statements to have the expense budget of the Board.

4.6 Cash Budget:

- Head Office will prepare a Cash Budget considering the following:
- Revenue Receipts (Maintaining 2 months Sales Debtors ratio)
- Duty details
- Capital Expenditures
- Interest on loan
- Repayments
- Depreciation
- Profitability
- Internal generation/consumption of funds (such as pension fund, provident fund, advances to staff, deposits from consumer and contractors, payments etc.).
- Consumer Contribution
- Grants, Subventions, subsidies etc.
- Share costs from other agencies

Cash budget will have two parts. One part will show sources and the other part will show application. Statement 7 appended in the Annual Statement of Accounts may be used by Head Office.

4.7 Budget Compilation:

- Head Office will co-ordinate budget compilation.
- Head Office will closely follow the chart of accounts for classification of head of accounts and annual financial statements prescribed by the Act in preparing and compiling the Budget. Expenses to be allocated over capital project will also be taken care of.

4.8 Other Factors:

- Chart of Accounts will give detailed nature of financial classification which is to be used in preparation of the Budget. This applies even for Capital Expenditure.
- Budgetary statements will comprise of the actuals of previous years, revised estimates for the current year and estimates for the ensuing years.
- Budgetary figures are rounded to nearest thousand.
- Variations are to be properly explained especially for the current year and for the ensuing years.

4.9 Budget Time Table

- | | | | |
|----|----------------------------------------------------------------|---|------------------|
| 1. | Return from field offices to the Controlling Officer | - | Mid November |
| 2. | From Controlling Offices to Head Office / Chief Engineer | - | End of November |
| 3. | Chief Engineer to Head Office | - | December |
| 4. | Discussion & Finalisation | - | December/January |
| 5. | Submitting to Board | - | End of January |
| 6. | Board's consideration and discussion with Consultative Council | - | February |
| 7. | Rendering to Government and Accountant General. | - | February |

4.10 Appropriation:

- It is not possible to appropriate expenditure from revenue expenditure to capital or vice versa. However re-appropriation between the accounts group within capital or revenue expenditure can be done at Head Office (F.A. & C.A.O) at extraordinary circumstances.
- Non-budgeted expenditure are governed by Electricity (Supply) Act 1948.

VOLUME	V	FINANCE
PART	IV	PLANS AND BUDGET
CHAPTER	IV	PERFORMANCE EVALUATION AND FINANCIAL ANALYSIS

FINANCIAL TOOLS

1. BUDGET VARIATION

Performance report through monthly accounts and other reports are to be prepared to watch the budgetary variations. Variations are to be watched in the areas of revenue collection, expense and capital expenditure.

2. FINANCIAL ANALYSIS

2.1. Financial indicators

To evaluate the performance, Board has evolved financial indicators in the form of ratios and other indices.

They are classified into following categories

Liquidity Ratios	}	Balance sheet ratios
Debt Ratios	}	
Profitability Ratios		
Coverage Ratios		

2.11 Liquidity Ratios:

1. Current assets to current liabilities
2. Receivables in months

This tells us the average number of months' receivables outstanding.

$$\frac{\text{Accounts receivable} \times 12}{\text{Total Revenue}}$$

3. Accounts Payable — Months

Aging of accounts payable: The average age of accounts payable is found out by taking average accounts payable balance for the year, purchases and month, i.e.

$$\frac{\text{Accounts payable} \times 12}{\text{Total purchase}}$$

4. Self Financing Ratios

Cash available from Operations

Average Investment

2.1.2 Debt Ratios:

$$\text{Debt/Debt plus Equity} = \frac{\text{Borrowings} \times 100}{\text{Net worth} \times \text{Borrowings}}$$

Net worth = Retained earnings X consumer contribution X equity capital.

2.1.3 Profitability Ratio:

$$1. \quad \text{Rate of return} = \frac{\text{Surplus}}{\text{Net fixed assets in use}}$$

(As per Act)

$$2. \quad \text{Operating Ratio} = \frac{\text{Revenue expense}}{\text{Total Revenue}}$$

2.1.4 Coverage Ratio:

$$1. \text{ Debt service coverage} = \frac{\text{Cash available from Operation}}{\text{Total Debt Service}}$$

$$\text{Cash available from operation} = \text{Internal cash generation \& Net working capital}$$

$$\text{Debt Service} = \text{Interest charged and principal repayments}$$

2.2 Sources and uses of Funds:

This statement shows the sources from which the funds are received and how they are used in each period. Statement 7 of Annual Accounts is a guideline for preparing this statement.

2.3 Other Financial Tools

Other financial tools for analysis are Cash Budgets and progressive comparison statements.

OPERATING PROCEDURE

1. Operating procedure for Budgetary Comparisons:

The Budgets make projections for a year. The projections are to be compared with actuals. To facilitate this, accounting data are to be gathered in line with the Budgetary formats. So the system is evolved in such a way that comparison is easily possible. However units which carry out multiple capital jobs or capital and O&M job, it is necessary to analyse certain data. Some of the examples for such analysis and consolidation is given below:

(1) Employee costs:

While preparing the Salary, in addition to the classification envisaged in the chart of accounts the following grouping also may be done for each project (Capital and O.M), salary for officers and others. This classification will facilitate accumulating employee cost for each project. If necessary a subsidiary register (project-wise) may be maintained. This operation is only for budgetary comparison

(2) Material cost:

Material issues project/work wise (Capital and O&M) may be collected through a work in progress register to facilitate budgetary comparison.

VOLUME	V	FINANCE
PART	V	FORMS & REGISTERS
CHAPTER	I	CASH AND BANK

CONTENTS

Sl.No.	Name	C&B No.
1.	Collection Remittance Register	C&B 1
2.	OPEN	
3.	Disbursement Cash Book	C&B 3
4.	OPEN	
5.	Collecting Bank Remittance Analysis sheet	C&B 5
6.	Payment voucher	C&B 6
7.	OPEN	
8.	Scroll Summary Register	C&B 8/SOP 23
9.	Cheque Payment Register	C&B 9
10.	Stale Cheque Register	C&B 10
	FUNDS MONITORING	
	<i>Planning Report</i>	
11.	Monthly Rolling Cash Forecast	C&B 11
	Cash Inflow - C&B 11/1	
	Cash Outflow - C & B 11/2	
12.	Fund Requisition	C&B 12
13.	Daily Fund Position	C&B 13
14.	Daily Commitment Forecast	C&B 14
15.	Fund Allotment Statement	C&B 15
	<i>Actuals Report</i>	
16.	Bank Assignment Analysis Sheet	C&B 16
17.	Unit Assignment Analysis Sheet	C&B 17
18.	Daily Cash Flow Report	C&B 18
19.	Monthly Cash Flow Report	C&B 19
20.	Scheme wise Cash Flow Report	C&B 20
21.	Assignment Ledger	C&B 21
22.	Collecting Bank/Treasury-Reconciliation	C&B 22/SOP 22
23.	Disbursement Bank/Treasury-Reconciliation	C&B 23
24.	Application for Interim Credit	C&B 24
25.	Credit Assignment Slip	C&B 25
	State Bank of Travancore	C&B 25/1
	Other Bankers	C&B 25/2

FORM: COLLECTION REMITTANCE REGISTER (CRR)

C & B 1

PREPARED BY : Cashier/Senior Assistant (in duplicate).

ISSUED : One copy to Financial Adviser & Chief Accounts Officer along with monthly accounts - one copy (original) retained in the Account Rendering Unit.

PURPOSE : For recording the details of receipt of cash and its remittance in to Bank

ACTION : Transactions are posted in this register daily in the order of occurrence. In other words it is prepared date wise, and location wise. At the end of each month, closing balance of Cash is struck and an abstract of Collection and Remittance is prepared in the Collection Remittance Register it self.

FORM: DISBURSEMENT CASH BOOK

C&B 3

PREPARED BY: Cashier/Senior Assistant (in duplicate)

ISSUED: One copy to FA & CAO along with monthly Accounts. One copy (original) retained in the ARU.

PURPOSE: For recording the details of receipt of transfer of funds from H.O. and disbursements.

ACTION: Transactions are posted in this Book daily in the order of occurrence. At the end of each month closing balance of cash is struck and an abstract of disbursements and fund transfer from H.O. etc. is prepared in Disbursement Cash Book itself. The book is maintained Treasury-wise/Bank-wise/Account-wise.

**FORM COLLECTION BANK (BRANCH) REMITTANCE ANALYSIS
SHEET**

C&B 5

PREPARED BY: Cashier/Senior Assistant (in duplicate)

ISSUED: One copy to FA & CAO along with monthly accounts, one copy retained.

PURPOSE: For analysing the remittances made into various Bank Branches by the Board Officers. This would facilitate to check whether the scroll amount of each such branches would match with the amount of each remittance.

FORM PAYMENT VOUCHER

C&B 6

PREPARED BY: Bill passing section-in duplicate.

ISSUED TO: Cashier/Assistant who deals with cash-in duplicate.

PURPOSE/ACTION: This is a standardised format and all payments should be supported by a payment voucher approved by the Disbursing Officer. Standard payment voucher is a convenient medium to authorise payments. It should have chronological serial number. Cash payments and Bank payments will have different serial numbers. If different banks are involved different serial numbers are used.

KSEB

COLLECTION BANK (BRANCH) REMITTANCE ANALYSIS SHEET

C&B 5

Location:

Name of Bank

Location Code

Date	Remittance Ref.	Collection Bank Branches						Total	Remarks

KSEB

PAYMENT VOUCHER

CASH / BANK

C&B 6

LOCATION

DATE

VOUCHER No.

Sl.No.	Account Code	Particulars	Amount		Cash / Cheque Particulars	Remarks
			Rs.	Ps.		
		Total				

Amount in words

Amount in words				<div style="border: 1px solid black; width: 100px; height: 80px; margin: 0 auto;"></div> Received Payment
Prepared by	Certified correct	Approved for payment Authorised Signatory	Audited by	

FORM SCROLL SUMMARY REGISTER (FUND TRANSFER REGISTER)**C & B 8/SOP 23**

PREPARED BY: Cashier/Senior Assistant in triplicate

ISSUED TO: F.A. & CAO (in duplicate) along with the monthly accounts. One copy will be returned along with the Debit advice after acceptance by H.O. Third copy retained.

PURPOSE IN UNIT: For recording the details of Fund transferred to H.O. and for intimating the details, using the copy of this Register as a supporting document of the Debit advice sent from the Unit.

PURPOSE IN H.O: For matching the Debit advice amount with the amount furnished in the respective scrolls received directly from the Headquarters Bank and for journalising the Debit advice to the concerned Head of Accounts.

FORM: CHEQUE PAYMENT REGISTER**C & B 9**

PREPARED BY: Cashier/Assistant

ISSUED TO: None

PURPOSE: For recording the details of cheque payments against the credit established by the Head Office. This register also gives account code wise details of cash outflow with regard to cheque payments.

FORM STALE CHEQUE REGISTER**C & B 10**

PREPARED BY: Cashier/Assistant-in duplicate

ISSUED: One copy to Financial Adviser and Chief Accounts Officer along with monthly accounts.

PURPOSE: For recording the details of Stale Cheques and fresh Cheques issued in lieu of them.

KSEB**SCROLL SUMMARY REGISTER (FUND TRANSFER REGISTER)**

Location & Code:

C&B 8/SOP No. 23

Name of Bank

Sl. No.	Date	Scroll No.	Scroll Amount	Adjustment if any	To be filled in H.O (unmatched items)		Remarks
					(+)	(-)	

KSEB**CHEQUE PAYMENT REGISTER****C&B 9**

Location Code:

Date	Party Name	Capital Payment A/c.			Revenue Payment A/c.			Cheque No.	Cheque Amount	Cumulative Total	Balance and receipt of credit	Initial
		24.921	24.922	etc	24.941	24.942	etc					
		Rs. Ps.	Rs. Ps	Rs. Ps	Rs. Ps	Rs. Ps	Rs. Ps					

KSEB**STALE CHEQUE REGISTER****C&B 10**

Location Code:

Month

Sl. No.	Stale Cheque		Amount		P.V.		Particulars	Fresh P.V. No.	Fresh Cheque			Initial of the Officer
	No.	Date	Rs.	Ps.	No.	Date			No.	Date	Amount	

FORM MONTHLY ROLLING CASH FORECAST (MRCF) C & B 11

Cash Inflow - C& B 11/1 and Cash Outflow - C& B 11/2

Procedure:

- Prepare Monthly Rolling Cash Forecast (MRCF) in duplicate as per the details given.
- MRCF is to be prepared after scientifically estimating the payments and receipts i.e., how much cash is going to be received and how much is to be paid. Drawing Offices will forecast expenses while revenue collection offices prepare receipt forecast.
- Forecast month's details are analysed for each week. Monday to Saturday is considered as a week and calendar month is followed.
- Figures will be in Rupees & in lakhs.
- MRCF is to be signed by Drawing Officer or Revenue Accounts Officer or Executive Engineers as the case may be.
- Send the original forecast to Corporate Finance Section in the office of the FA & CAO and retain the duplicate.
- MRCF should reach the Corporate Finance Section on or before 20th of current month.
- Drawing Officers will continue to send their applications for interim credit in form C&B 24

Certain Clarifications

Current month is the month in which statements are prepared. However, the estimate is made for coming 3 months. Out of the 3 coming months, the 1st month (one following the current month) is called "forecast month".

To illustrate, if March is current month, April is the Forecast month while previous month is February. And the details for the forecast month and subsequent two months are given in current month on or before 20th.

Year to Date Actual (YTD) is the cumulative expenses incurred from the beginning of Financial Year (April).

KSEB**MONTHLY ROLLING CASH FORECAST (MRCF) IN FLOW**

C&B 11/1

Month

Rupees in lakhs

Location

Particulars	Previous Month		Y.T.D	Current Month	Forecast month's weeks					Subsequent months		Remarks
	Actual	Forecast	Year-to-date actual		1	2	3	4	5	Total		
Domestic												
Commercial												
Public lighting												
Agricultural & Dewatering												
Public Water Works												
Industrial EHT & HT												
Industrial LT												
Railway Traction												
Bulk Supply												
Miscellaneous												
Inter State												
Sub Total (A)												
Deposits												
Contribution												
Others												
Sub Total (B)												
Total Revenue												

SIGNATURE

DATE

KSEB

MONTHLY ROLLING CASH FORECAST (MRCF) OUT FLOW

C&B 11/1

Month

Rupees in lakhs

Location

Particulars	Previous Month		Y.T.D	Current Month	Forecast month's weeks					Subsequent months		Remarks	
	Actual	Forecast	Year-to-date actual		1	2	3	4	5	Total	1		2
PAYMENT													
I. ESTABLISHMENT													
Salary													
P.F.													
Pension													
Others (specify)													
Sub Total (A)													
II. ADMINISTRATION													
Rent													
Vehicles													
P&T													
Others (specify)													
Sub Total -B													

contd

III.	WORK Tree cutting Land compensation Vendors Contractors Imports Customs Others (specify)													
Sub Total - C														
IV.	STATUTORY I.F. Duty													
Sub Total - D														

contd

V.	COMMITTED													
	L.I.C													
	Bonds													
	Schemes													
	I.D.B.I													
	Interest													
	Sub Total - E													
	TOTAL (A to E)													
	Opening Balance													

Current Month's Receipt from H.O.

Date	Amount
(1)	
(2)	
(3)	
(4)	
(5)	

SIGNATURE

DATE

Location:

Date:

Particulars	Amount	M R C F			Remarks
		Forecasted	Total availed	Balance	
I. Employee Cost	Salary				
	Holiday Wages				
	Leave Surrender				
	Provident Fund				
	Pension				
	Medical				
	Others				
	Deductions Payable				
	Sub Total (A)				
II. Administration	Rent				
	Vehicles				
	P&T				
	Others				
	Sub Total (B)				
III. Works	Tree Cutting				
	Land Compensation				
	Vendors - Bank				
	-Discount Bills				
	-Others				
	Contractors				
	Imports				
	Customs				
	Others				
	Sub Total (C)				
IV. Statutory	Taxes				
	Duties				
	Sub Total (D)				
V. Others (specify)					
	Sub Total (E)				

Total (A to E)

Opening Balance of the Month:

Current Month's Receipts

Total:

Less: Utilised

Balance

Signature with Designation

KSEB**FUND ALLOTMENT STATEMENT (Rs. in lacs)****C&B 15**

Head Office:

Date:

Sl. No.	UNIT	Purpose or other Information	AMOUNT				Remarks
			Requested	Proposed	Allotted	Disallowed	

KSEB**BANK – ASSIGNMENT ANALYSIS SHEET FOR / 19****C&B 16**

Head Office:

Date	SBT	CANARA	SYNDICATE	UBI	OTHER (Specify each)	TREASURY
------	-----	--------	-----------	-----	-------------------------	----------

OB

Collection

TOTAL

Assigned

Balance

Collection

TOTAL

Assigned

Balance

K S E B – H.O (999)

UNIT ASSIGNMENT ANALYSIS (₹in lacs)

C&B 17

Month

EB No.	Units & Bank	CALENDAR MONTH																																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31		

K S E B – H.O (999)

DAILY CASH FLOW REPORT

C&B 18

Date	Balance	Inflow	Total	Outflow	Balance	Revenue Collection	Other Receipt	Remarks

To

FA & CAO

K S E B – H O (999) - MONTHLY CASH FLOW REPORT (₹ in lacs)

	Previous Month	Current Month	Y.T.D	Previous Year		Remarks
				Corresponding month	Cumulation	

RECEIPTS

Sale of Power

Consumer Deposits

Other Deposits

Consumers Contribution

Loan

1.

2.

3.

Miscellaneous Receipts

Total

PAYMENT

Employees Cost

Administration

Materials

Contractor's Work

Duties / Tax

Loans / Interest

1.

2.

3.

OR

Assignment

Total

Opening Balance

Net of Receipts and Payments

Closing Balance

To

All Concerned

Board Members

**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

K S E B - HO (999)

SCHEME WISE CASH FLOW REPORT (₹ in lacs)

C&B20

Month

Sl.No.	Scheme	Budget		Cumulative Cash Flow	Current Month Cash Flow	Y.T.D	Remarks
		Year	Pro-rate Y.T.D				

TOTAL

To

The Chief Engineers
Members

FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER

KSEB-HO (999)

ASSIGNMENT LEDGER

C & B 21

(Subsidiary to General Ledger)

Date	Particulars	R. No.	Total	Establishment	Administration	Works	Statutory	Capital Repayment		Others
								Principal	Interest	

FORM: COLLECTING BANK / TREASURY – RECONCILIATION C&B 22/SOP 22

PREPARED BY: The Assistant - in triplicate

ISSUED : Two copies to Financial Adviser and Chief Accounts Officer along with monthly accounts. One copy retained in the Account Rendering Unit.

PURPOSE:

- PART I. For Reconciling Collection and remittance into Bank.
- PART II. For Reconciling remittance into Bank and 'Periodical' transfer of Funds to Head Office
- PART III. In this part, bank balance as per PART II is matched with the balance as per monthly statement received from the Bank. The difference between balance as per Boards records and Bank's record is analysed.

(EXTRACTS FROM CIRCULAR No. 18/5-7-88 OF FA & CAO)

With a view to streamline the Bank Reconciliation work, a modified form of Bank Reconciliation statement is introduced. The form consists of three parts as explained below:

- PART I - This part deals with cash balance in hand. The cash in hand should agree with the balance as per General Ledger Folio 24.110. If there is any difference, analysis should be done and appropriate action taken to clear them. In normal case there should be no such difference between CRR balance (cash in hand) and General Ledger balance.
- PART II - is a statement of account of the General Ledger Folio 24.3XX collecting bank account. The various transactions with collecting bank taken place and adjustment made in the units account for bank charges, dishonour of cheques etc., are detailed in the form itself.
- PART III - In this part bank balance as per Part II is matched with the balance as per monthly statement received from the Bank. The ARUs should invariably obtain the monthly statement (statement of account OR pass sheet) from the concerned bank. This is in addition to the scrolls given by the bank. In this part difference between balance as per Board's record and bank's record is also analysed. It is a must to take appropriate action to clear the difference.

Even though the forms are self explanatory, an illustration is appended for an easier understanding.

The following points may also be noted.

- 1) Difference arrived at in Part I and Part III should be cleared at the earliest.
- 2) Transfer of Fund from Bank/Bank Branches to Trivandrum is as per understanding with banks. Delay in transferring should not be tolerated. If any delay is noticed, appropriate action should be taken.
- 3) Inter unit adjustments should be done immediately. It is the unit which receives wrong credit that should send the IUTN (credit) to the unit to which it pertains.
- 4) For Item No. 1 to 9 under Part III branch wise analysis should be given by the Bank. While furnishing the analysis under Item Nos. 2, 3, 6 and 7 the no. and date of scroll and the amount (Pay in slip wise) and for Item No. 5 Pay in slip no, date and amount should be furnished. The total of each such analysis should agree with the respective items in the statement under Part III.

ILLUSTRATION ON BANK RECONCILIATION (PART II & III)

Following are the remittances made during 8/87 by Electrical Division, Trivandrum.

2-8-1987	500.00
5-8-1987	400.00
6-8-1987	200.00
19-8-1987	200.00
29-8-1987	600.00
31-8-1987	700.00
TOTAL	2,600.00

The details of the scrolls from State Bank of Travancore, Chalai Branch are given here under:

Date	Scroll No	Amount	
1-8-87	110	100.00	
2-8-87	111	500.00	A cheque for ₹90/- remitted during 7/87 and given credit by the Bank during 7/87 is now dishonoured. This amount has not been adjusted during 8/87.
5-8-87	112	310.00	
6-8-87	113	200.00	This amount pertains to B.S. Unit, Trivandrum adjusted during 8/87
10-8-87	114	75.00	
19-8-87	115	200.00	Bank commission of ₹25/- is levied on the remittance made on 19-8-87. Not adjusted during 8/87.
29-8-87	116	575.00	This pertains to other Department but not transferred to the Department.
30-8-87	117	300.00	
31-8-87	118	700.00	Not transferred to SBT, Vidyuthi Bhavanam Branch, Trivandrum as per Bank monthly statement.
		<u>2960.00</u>	

The bank account (24.301) of the Division shows opening balance of ₹150/-. This is due to non-receipt of scroll for a remittance of ₹50/- made on 20.07.87 vide pay-in-slip No. 14 and a remittance made on 31.07.87 for ₹100/-.

- A cheque for ₹500/- received from contactor B as deposit and remitted during 7/87 was dishonoured by the bank in scroll no. 109 dt. 31.07.87. This is to be adjusted during 8/87.
- An amount of ₹400/- pertaining to B.S. Unit, Trivandrum was credited to Electrical Division, Trivandrum by the bank vide scroll no. 105 dt. 20.07.87. This has to be adjusted during 8/87.
- Scrolls for ₹50/- (pay-in-slip no. 14) remitted on 20.07.87 and ₹100/- (pay-in-slip no. 20) remitted on 31.07.87 have not yet been received.

BANK RECONCILIATION STATEMENT – COLLECTION ACCOUNT

Month: 8/87

Location: Electrical Division, Trivandrum.

PART I (CASH ACCOUNT AS PER CRR)

	<u>Amount</u>
1. Opening Balance	.....
2. Add: Collection during the month	.....
	Total

3. Less: Remittance during the month	.....
4. Closing Balance	.....
5. Closing Balance as per General Ledger	.....
	<hr/>
	Difference

	<hr/>

Difference Analysis

.....
.....

PART II (BANK A/C AS PER GENERAL LEDGER – 24.301)

	<u>Amount</u>	<u>Amount</u>
1. Opening Balance		250
<u>Add</u>		
2. Remittance during the month	2600	
3. Inter Unit Transfers (Amount pertaining to another unit transferred through credit IUTNS)	475	
4. Other debits (to be specified)		
.....	
.....	
.....	.....	3075
TOTAL		3325
<hr/>		
<u>Less:</u>		
5. Bank Scroll Amount (Amount transferred to HO).	2960	
6. Inter-unit adjustments (Amount pertaining to this unit transferred by another unit through credit IUTNS).	.....
7. Dishonour of cheques adjusted	500	3460
8. Bank charges/commission adjusted	.....
9. Other credits (to be specified)	.....
.....	
.....	
.....	
<hr/>		
10. Closing Balance (General Ledger Balance 24.301)		
(+) OR (-)		(-) 135
<hr/>		

PART III (RECONCILIATION STATEMENT)

	<u>Amount</u>	<u>Amount</u>
1. Closing Balance as per General Ledger (Part II – Item 10)		(-) 135
<u>Add:</u>		
2. Amount credited by Bank but not accounted by the unit	300	
3. Balance amount to be transferred by the Bank to SBT, Vidyuthi Bhavanam Branch as per Bank's Monthly Statement.	700	
4. Others (to be specified)		
.....	
.....	
.....	.....	1000
TOTAL		865
Less:		
5. Amount remitted by the unit but not accounted by the Bank.	50	
6. Dishonour of cheques pending adjustment in the unit's accounts.	90	
7. Bank charges / commission pending adjustment in the unit's accounts.	25	
8. Others (to be specified)		
.....	
.....	
.....	.....	165
9. Closing Balance as per Bank's monthly statement.		700

.....
Signature	Signature
DA/SS/FO/AAO	(Head of Office)

- Note:-** 1. For Item Nos. 2 to 9 Bank Branch-wise details should be furnished separately.
2. While furnishing the differences under Item Nos. 2,3,6 and 7 the No. and date of scroll and the amount (pay-in-slip wise) and for Item No. 5, pay-in-slip No., date and amount should be furnished.

ANALYSIS OF DIFFERENCES

Item 2. Amount credited by Bank but not accounted by the Unit.

Sl. No.	Name of Bank Branch	Scroll No. & Date	Amount	Remarks
1	SBT, Chalai.	117/30-8-87	300	
Total			300	

Item 3. Balance amount to be transferred by the Bank to SBT,
Vydyuthi Bhavanam Branch as per Bank's monthly statement.

Sl. No.	Name of Bank Branch	Scroll No. & Date	Amount	Remarks
1	SBT, Chalai.	118/31-8-87	700	

Item 5 Amount remitted by the Unit but not accounted by the Bank

Sl. No.	Name of Bank Branch	Pay in slip No.	Amount	Remarks
1	SBT, Chalai.	14 dt: 20-7-87	50	

Item 6 – Dishonoured cheques pending adjustment in the Unit's Accounts

Sl. No.	Name of Bank Branch	Scroll No. & Date	Amount	Remarks
1	SBT, Chalai.	112/5-8-87	90	

Item 7 – Bank Charges / Commission pending adjustment in the Unit's Accounts

Sl. No.	Name of Bank Branch	Scroll No. & Date	Amount	Remarks
1	SBT, Chalai.	116/29-8-87	25	

Item 9 - Closing Balance as per Bank's monthly Statement

Sl. No.	Name of Bank Branch	Scroll No. & Date	Amount	Remarks
1	SBT, Chalai.	118/31-8-87	700	

Explanations on working

1. Opening Balance of ₹250/- is arrived as detailed below:

Amount remitted on 20-7-87 but scroll not received	50
-do- 31 -7-87 but scroll not received	100
Dishonour of cheque pending adjustment in the unit during 7/87.	500
Total	650

Less: Amount pertaining to B. S. Unit, Trivandrum not adjusted during 7/87

Op. Balance	250
	=====

2. ₹400/- and ₹75/- pertaining to B.S.Unit, Trivandrum transferred through credit IUTN by proposing J.E as shown below:

Dr. 24.301	Collecting Bank - SBT	475	
Cr. 37	Inter Unit Transaction other transaction / Adjustments		475

3. Dishonour of cheque of Rs.500/- adjusted as shown below:

Dr. 46.101/46.121	Security Deposit in cash capital / O&M Contractor A	500	
Cr. 24.301	Collecting Bank SBT		500

FORM: DISBURSEMENT BANK/TREASURY RECONCILIATION C&B 23

ISSUED: Two copies to FA. & C.A.O along with monthly accounts. One copy retained in the Account Rendering Unit.

PURPOSE: For Reconciling transaction relating to Disbursement Bank.

K S E B Name of Office..... Location Code..... Month... ..C&B 23

DISBURSEMENT BANK / TREASURY-RECONCILIATION

Name of Bank:..... Branch:..... A/c. Code.....

	<u>Rupees</u>
1. Opening balance (as per cash book/ledger)	
2. Transfer from HO	
3. Total	_____
	=====
4. Less payments	
5. Balance as per ledger/cash book	_____
6. Balance as per bank records	
7. Difference (5 ± 6)	_____
	=====
8. Analysis of differences	
8.1 Transit account from HO (Not credited by Bank)	_____
8.2 Cheques not debited by bank	

	Date	Particulars	Amount
8.3		Others, if any	

KERALA STATE ELECTRICITY BOARD

C & B 24

APPLICATION FOR INTERIM CREDIT FOR THE MONTH OF /19.....

Location & Code

1.	Latest credit taken into account	Amount
		Date:
		Advice No and date.
2.	Balance available as on the date of this application	Rs..... (in figures)
		Rupees..... (in words)
3.	Credit required	Rs..... (in figures)
		Rupees..... (in words)
4.	Break-up of the present requirement	Amount
	(As per bills passed and kept ready for payment).	Rs.
	1. a) Establishment (including Medical reimbursement, contingency etc.)	
	b) Holiday Wages	
	c) Leave Surrender	
	d) Others (Establishment)	
	2. Remittances	
	3. P.F.	
	4. Pension	
	5. Purchases:	
	a) Retiring of documents	
	b) Rebate bills	
	c) Other bills	
	6. Work bills	
	7. Tree cutting compensation / Land Compensation.	
	8. Inspection Fee	
	9. Other items (to be specified)	
5.	Remarks, viz. special urgency, due date, loss involved etc.	
6.	Indicate whether this is in confirmation of request already made over phone.	
	No.....dt:	Total _____
		Signature (with date) of Drawing Officer _____
		Designation
		Name of Office

KERALA STATE ELECTRICITY BOARD

C & B 25/1

From The Financial Adviser & Chief Accounts Officer, K.S.E. Board, Trivandrum.	To The Manager, State Bank of Travancore, Trivandrum (K.S.E.B. Complex) Pattom Branch.
No. LCB/SBT/	Dt. Trivandrum

Dear Sir,

Please assign by Mail/Telegraphic transfer the amount detailed below debiting Account No. III under advice to this office and to the officer(s) concerned quoting the reference number.

A/c. No.EB	In the name of	Name of the Branch	Amount Rs.
TOTAL Rupees			

Yours faithfully,

FINANCIAL ADVISER AND CHIEF ACCOUNTS OFFICER

Copy to :-

The Drawing Officer (s) concerned for information and necessary action.

KERALA STATE ELECTRICITY BOARD

C & B 25/2

From The Financial Adviser & Chief Accounts Officer, K.S.E. Board, Trivandrum.	To (Banks other than State Bank of Travancore)
No. LCB/	Dated, Trivandrum .....19

Dear Sir,

Please effect the following transfer (by T.T) for which Cheque No..... dt: for Rs.....drawn in your favour is enclosed.

Sl.No.	In the name of	Name of the Branch	Amount Rs.
TOTAL Rupees			

Yours faithfully,

FINANCIAL ADVISER AND CHIEF ACCOUNTS OFFICER

Copy to :-

The Drawing Officer (s) concerned for information and necessary action.

VOLUME	V	FINANCE
PART	V	FORMS AND REGISTERS
CHAPTER	II	PLANS AND BUDGET

CONTENTS

Sl.No.	Name	FB	No.
1	Revenue Budget	FB	1
2	Duty Budget	FB	2
3	Expense Budget	FB	3
4	Material Budget	FB	4
5	Capital Budget	FB	5
6	Capital Expenditure	FB	6
7	Cash Budget	FB	7
8	Open	FB	8
9	Open	FB	9
10	Open	FB	10
11	Derivation of Average Tariff	FB	11
12	Income Statement	FB	12
13	Flow of Fund Statement	FB	13
14	Balance Sheet	FB	14
15	Key Financial Indicators	FB	15
16	Annual Investment Programme	FB	16
17	Capitalisation Values	FB	17
18	Fixed Asset Formation	FB	18
19	Financing of Investments	FB	19
20	Capital Structure	FB	20
21	Interest Parameters	FB	21
22	Borrowing Statements	FB	22
23	Sales and Generation – Technical Data	FB	23
24	K.S.E.B Overheads	FB	24
25	Account payable	FB	25

KSEB - HO

REVENUE BUDGET (Excluding Duties)

Budget Year

Rs. in thousands

Consumer Category	Previous Year (Actuals)	Current Year			Budget Year	Remarks
		Actuals for the first 6 months	Original	Revised		
1. Domestic						
2. Commercial						
3. Public lighting						
4. Irrigation & Dewatering						
5. Public Water Works						
6. Industrial LT						
HT						
EHT						
7. Railway Traction						
8. Bulk Supply						
9. Inter State/Outside Supply						
10. Miscellaneous						
Sub Total (A)						
Other Revenues (Specify)						
1						
2						
3						
Sub Total (B)						
Total (A & B)						

Date:

Approved by

Budget Year

Rs. in thousands

Nature of duty	Previous Year		Current Year Estimate		Budget Year			
	Billed	Paid	Original	Revised	Billing	Collection	Commission	Balance
Section 3 duty								
Section 4 duty								
Self generating								
Surcharge								
I.F								
Total								

Date:

Approved by

KSEB - HO

EXPENSE BUDGET

FB -3

Budget Year

Rs. in thousands

Nature of Expenses	Previous year	Current year			Budget year	Remarks
		Actuals for the first 6 months	Original	Revised		
1. Employee costs Sub Total						
2. Repairs and maintenance Sub Total						
3. Other expenses (specify) Sub Total						
4. Less expenses to be capitalised						
Total						

Date:

Approved by

KSEB - HO

MATERIAL BUDGET

FB-4

Budget Year

Rs. in thousand

Material group	Previous year purchase	Current year purchase			Budget Year					Remarks
		Actuals for 6 months	Original	Revised	Opening Balance	Purchase	Total	Consumption	Balance	

Date

Approved by

KSEB - HO

CAPITAL BUDGET (PROJECT / WORK WISE)

FB-5

Budget Year

Rs. in thousand

Nature of Expenditure (Functional classification as per group no. 14 of Chart of Accounts)	Previous Year	Current Year		Budget Year	Cumulative Expenditure
		Original	Revised		
Total					

Date:

Approved by

KSEB – HO

CAPITAL EXPENDITURE

FB - 6

Budget Year
Rs. in thousands

Nature of Expenditure (Natural classification) as per Chart of Accounts	Previous Year Actuals	Current Year			Budget Year	Cumulative (if applicable)
		Actuals for the first 6 months	Original Estimate	Revised Estimate		
10.1 Land & Land Rights						
10.2 Buildings						
10.3 Hydraulic Works						
10.4 Other Civil Works						
10.5 Plant & Machinery						
10.6 Lines, Cables net work etc.						
10.7 Vehicles						
10.8 Furniture & Fixtures						
10.9 Office equipment						
11.2 Spare Units / Service Units						
11.3 Capital spares at generating stations						
Sub Total						
Expenses for capitalisation (Specify)						
Sub Total						
Total						

Date:

Approved by

KSEB – HO

CASH BUDGET

FB - 7

Budget Year

Rs. in thousands

Receipts	Previous Year	Current Year		Budget Year	Remarks
		Original	Revised		
Sale of Power					
Consumer Deposits					
Other Deposits					
Consumer Contribution					
Loans, Interest etc.					
Misc. Receipt (Specify)					
Total					

Payments					
Employee Cost					
Administration					
Material					
Contractors & Work					
Duties, Taxes etc.					
Loans, Interest Repayment etc.					
Others					
Total Outflow					
Opening Balance					
Net of Receipts & Payments					
Closing Balance					

Date:

Approved by

Year
Rs. in thousands

Particulars		Previous 3 years	Projection 10 years
EXPENSES:	Power Purchases		
	Employees Costs		
	Operation & Maintenance		
	Others		
	Depreciation		
TOTAL OPERATING EXPENSES			
INTEREST	Interest charged to operation		
	Interest during construction		
TOTAL INTEREST			
REVENUE NEEDED: OPERATIONS			
NET FIXED ASSETS – BEGINNING OF THE YEAR			
Minimum Rate of Return			
Minimum Surplus Revenue			
Total Revenue Requirement			
POWER SALES			
AVERAGE TARIFF (Paise/KW)			
Tariff Increase (%)			
Self Financing Ratio			
Cash available for investment			
(After net working capital increase)			
AVERAGE ANNUAL INVESTMENT PROGRAMME			

Year

Rs. in thousands

Particulars	Previous 3 years	Projection 10 years
Total Generation (MKWh)		
Losses (%)		
Power Sold (MKWh)		
Average Revenue (Paise/KWh)		
OPERATING REVENUE		
EXPENSES Power Purchased		
Employees Cost		
Operation & Maintenance		
Others		
Depreciation		
Total Operating Expenses		
NET OPERATING INCOME		
OTHER ITEMS		
Non operating Income		
NET INCOME BEFORE INTEREST		
INTEREST Total interest payments		
(Less) Interest Capitalised		
INTEREST CHARGED TO OPERATIONS		
Amount of Intangible Assets		
Extra ordinary income (Loss)		
SURPLUS		

KSEB – HO

FLOW OF FUNDS STATEMENT

FB – 13

Year

Rs. in thousands

Particulars	Previous 3 years	Projection 10 years
INTERNAL CASH GENERATION		
Net Income before Interest		
Depreciation		
Consumer Contribution & others		
Staff Superannuation Fund		
OPERATING CASH FLOW		
(Less) Working Capital Increase		
CASH AVAILABLE FROM OPERATIONS		
DEBT SERVICE		
Interest charged to operations		
Principal Repayment		
CAPITAL INVESTMENT		
Kerala State Power Project		
Other Projects		
Capitalised interest		
Additions to Fixed Assets		
BALANCE TO BE FINANCED		
SOURCE OF FINANCE		
On Lent World Bank Funds		
Government of Kerala Loans		
Other Loans		
Govt. of Kerala investment		
TOTAL FINANCE		
CASH INCREASE / DECREASE FOR YEAR		
OPENING BALANCE		
CLOSING BALANCE		

Year

Rs. in thousands

Particulars	Previous 3 years	Projection 10 years
ASSETS		
FIXED ASSETS Gross Fixed Assets in Operation		
(Less) Accumulated Depreciation		
Net Fixed Assets in Operation		
Work in Progress		
TOTAL FIXED ASSETS		
CURRENT ASSETS Cash		
Inventories		
Accounts Receivable		
Other Current Assets		
TOTAL CURRENT ASSETS		
INTANGIBLE ASSETS		
TOTAL ASSETS		
LIABILITIES AND NET WORTH		
EQUITY		
Consumer Contribution		
Govt. of Kerala Investment		
Retained Earnings		
TOTAL NET WORTH		
BORROWING		
Accrued Interest		
Govt. of Kerala Loans		
On-Lent World Bank Funds		
Other Loans		
TOTAL BORROWINGS		
TAXES PAYABLE		
STAFF SUPERANNUATED FUND		
CURRENT LIABILITIES		
Account Payable		
Consumer Deposits		
TOTAL CURRENT LIABILITIES		
TOTAL LIABILITIES AND NET WORTH		

KSEB - HO**KEY FINANCIAL INDICATORS****FB – 15**

Year

Rs. in thousand

Particulars	Previous 3 years	Projection 10 years
RATE OF RETURN		
SELF FINANCING RATIO		
DEBT SERVICE COVERAGE		
DEBT/DEBT PLUS EQUITY		
OPERATING RATIO		
ACCOUNTS RECEIVABLE – MONTH		
ACCOUNTS PAYABLE - MONTHS		

KSEB - HO**ANNUAL INVESTMENT PROGRAMME****FB – 16**

Year

Rs. in thousand

Projects	Total Cost	Expenditure till date	Balance	Year wise break up – 10 years

Escalation Factor

PROJECTS (Specify)

Project Base Cost

Physical Contingency

Price Contingency

TOTAL COST – OTHER PROJECTS

TOTAL CONSTRUCTION COSTS

**KSEB -
HO**

CAPITALISATION VALUES

FB – 17

Year

Rs. in thousand

Projects	Total Cost	Expenditure		Year wise break up – 10 years
		Till date	Balance	
PROJECTS (Specify)				
Total Hydro Generation				
Transmission Lines				
Distribution Works				
Other Investment				
<hr/>				
TOTAL COST - OTHER PROJECTS				
<hr/>				
TOTAL CONSTRUCTION COSTS				
<hr/>				

Note:- Physical contingency and price contingency are allocated to arrive at the capitation value

KSEB - HO**FIXED ASSET FORMATION****FB – 18**

Year

Rs. in thousand

Particulars	Previous 3 years	Projection 10 years
GROSS FIXED ASSETS		
Opening Balance		
Additions:		
Construction		
Interest Capitalised		
Yearly Increase		
GROSS FIXED ASSETS		
Cumulative Depreciation		
Opening Balance		
Annual Depreciation		
ACCUMULATED DEPRECIATION		
NET FIXED ASSETS IN OPERATION		
WORK IN PROGRESS		
Opening Balance		
Additions:		
Construction		
Interest capitalised		
Yearly increase		
WORK IN PROGRESS		

KSEB - HO**FINANCE OF INVESTMENT****FB – 19**

Year

Rs. in thousand

Particulars	Previous 3 years	Projection 10 years
TOTAL DISTRIBUTION COST		
INTEREST CAPITALISED		
TOTAL INVESTMENT		
SOURCES OF FINANCE		
Internal Generation		
Consumer Contribution		
Internal Sources		
EXTERNAL LOANS		
LIFE INSURANCE CORPORATION		
PUBLIC DEBENTURES		
RURAL ELECTRIFICATION CORPORATION		
OTHER LOANS (Specify)		
General External Loans		
On-lent World Bank Financing		
Government of Kerala		
Loans		
Investment		
Total Government Financing		
TOTAL FINANCE		

KSEB - HO**CAPITAL STRUCTURE****FB – 20**

Year

Rs. in thousand

Particulars	Previous 3 years	Projection 10 years
LIABILITIES & NET WORTH		
EQUITY		
Consumer Contributions		
Government of Kerala Investment		
Retained Earnings		
TOTAL NET WORTH		
BORROWINGS		
Accrued Interest		
Government of Kerala Loans		
On –lent World Bank Funds		
Other Loans		
TOTAL BORROWINGS		
TOTAL CAPITAL		
DEBT/DEBIT PLUS EQUITY		
Equity/Debt plus Equity		

KSEB - HO**INTEREST PARAMETERS****FB - 21**

Year

Rs. in thousand

Particulars	Projection 10 years
Interest Charges	
LIC	
PUBLIC BONDS	
REC	
ARDC / NABARD	
POWER FINANCE CORPORATION	
HOUSING DEVELOPMENT FINANCE CORPORATION	
RURAL ELECTRIFICATION BONDS	
GOVT. OF KERALA RURAL LOANS	
ON LENT WORLD BANK FINANCE	
GOVT. OF KERALA POWER LOANS	
TOTAL INTEREST CHARGES	
Capitalised Interest	Aggregate
Project related	FY - FY
On lent World Bank Finance	
Other Capitalised Interest	
TOTAL CAPITALISED INTEREST	
TOTAL INTEREST EXPENSE	
Aggregate Capitalised Interest	
Opening Balance	
Additions	
Transfer to Fixed Assets	
Closing Balance	

KSEB - HO**BORROWINGS STATEMENT****FB – 22**

Year

Rs. in thousand

Particulars	Previous 3 years	Projection - 10 years
(Source wise)		
Opening Balance		
Additions		
Repayment		
Closing Balance		
TOTAL		

K S E B - HO SALES AND GENERATION – TECHNICAL DATA FB – 23

Year.....

Particulars		Projection 10 years
CATEGORY OF CONSUMER	Domestic Commercial Public Lighting Public Waterworks Agriculture Low Tension Industrial High Tension Industrial EHT Industrial Licensees Exports	
TOTAL SALES		
GENERATION STATIONS	Pallivasal Sengulam Neriamangalam Panniar Poringalkuthu Sholayar Sabarigiri Idukki Kuttiadi Idamalayar Sabarigiri - Extension Idukki IIrd Stage Kallada Kakkad Isolated Mini Hydel Lower Periyar Pallivasal Replacement Pooyamkutty Poringalkuthu Right Bank Adirappally	
KSEBs Gross Generation		
(Less) Auxiliary Consumption		
KSEB's Net Generation		
Purchase		
TOTAL GENERATION		
Percentage Losses		
(Less) T D Losses		
GENERATION AVAILABLE FOR SALE		

Year

Rs. in thousand

Particulars	Previous 3 years	Projection 10 years
ESTABLISHMENT CHARGES		
Existing Manpower Requirement		
Existing General Charges		
Basic Establishment Charges		
Additional Manpower Required		
1. Transmission & Distribution (Projection for 10 years)		
19..... – 19.....		
to		
20 - 20.....		
2. Generation (Projection for 10 years)		
19..... – 19.....		
to		
20 - 20.....		
Additional Manpower Base Cost		
TOTAL ESTABLISHMENT CHARGES		

K S E B - HO

ACCOUNTS PAYABLE

EB - 25

Year

Rs. in thousand

Particulars	Projections 10 years
TOTAL COSTRUCTION COST	
Number of Months	
CONSTRUCTION PAYABLES	
ESTABLISHMENT CHARGES	
Number of Months	
ESTABLISHMENT PAYABLES	
COSTS OF OPERATING	
Power Purchase	
Operation and Maintenance	
Others (Duties etc.)	
TOTAL COSTS OF OPERATING	
Number of Months	
OPERATING PAYABLES	
TOTAL PROJECTED PAYABLES	
TOTAL CASH EXPENSES	
ACCOUNTS PAYABLE TURNOVER	

VOLUME	V	FINANCE
PART	VI	BANKS CIRCULARS

BANKING ARRANGEMENTS
STATE BANK OF TRAVANCORE
CIRCULAR NO. 238 OF 1978

MEMORANDUM OF INSTRUCTIONS

The Kerala State Electricity Board are having the under noted banking arrangements with our Bank:

- i) Non-Operative Collection Accounts
- ii) Drawing Accounts
- iii) Collection /encashment of cheques
- iv) Transfer of funds

The terms and conditions for conduct of the above arrangements are detailed below:-

2. NON-OPERATIVE COLLECTION ACCOUNTS

2. A. Separate Collection Accounts:

Separate Non-Operative Collection Accounts are maintained in the Current Account Ledger in the names of:

- i) Field Officers of the Board viz. Executive Engineers and Deputy Chief Engineers.
- ii) Accounts Officers of Billing Supervision Units, and
- iii) Special Officer (Revenue). Trivandrum (for the purpose of direct remittances by industrial consumers of high tension and extra high tension power) Refer Circular letter Acts/GA. 22/85 dt: 13-6-1985 copy attached.

As and when requests are received by us from the Kerala State Electricity Board for opening Non-Operative Collection Accounts in the name of their officials, branches are being advised by us the nomenclature of the collection accounts to be opened in their Current Account Ledger and also other particulars. No cheque books will be given for these accounts and no debits other than those stated in paragraph 2. H and 2.1 of this memorandum (regarding daily transfer and dishonour of cheques) be allowed in the accounts. These instructions should be recorded at the head of the relative account.

2. B. Immediate Credit:

Immediate credit will be given for all cheques and drafts tendered for credit of the collection accounts. No charge will be levied for collection of cheques. In respect of outstation cheques, however, immediate credit will be given to the accounts with only the NET PROCEEDS, after deducting exchange at the following rates:

Outstation cheques/drafts tendered for credit of Non-Operative Collection Accounts	Rate of exchange
Instruments drawn on centres where State Bank Group is established	Nil
Instruments drawn on other centres	at 10 % minimum Re.1/-

2.C. (i) Special Pay-in-Slips and Remittance Scrolls:

Special pay - in - Slips in triplicate for cash and transfer (vide Annexure I and 2) will be used and branches will have to maintain a Remittance Scroll (vide Annexure 3) for each non-operative collection account. Branches will obtain their requirements of the pay-in-slips and remittance scrolls from our Stationery Department at Kottayam. Branches should supply pay-in-slip books to the respective officials of the Board at their request and ensure that adequate stocks of the pay-in-slip books and remittance scrolls are held by them at all times. In order to minimise the charges for packing and forwarding these items, branches should place their indents on our Stationery Department together with their annual indent for other stationery taking into consideration their requirement of items for at least one year.

2.C. (ii) Rubber stamps relating to the collection account for affixing the names of the Board's officials maintaining the accounts should be made locally by branches.

2.D. The Board's officials maintaining the Non-Operative Collection Accounts will use separate pay-in-slips for each cheque or at least for each class of cheques namely:-

- a) Cheques drawn on our branch
- b) Local clearing cheques
- c) Local non-clearing cheques
- c) Government treasury cheques
- e) Out-station cheques drawn on centres where State Bank Group is established, and
- f) Out-station cheques drawn on centres where a Bank of the State Bank Group is not established

Branches should guide local officials of the Board in classifying the instruments in the above manner. Branches should also advise the officials of the Board:

- i) to enter the correct and complete particulars in the pay-in-slips for cash and transfer.
- ii. to affix on the pay-in-slips a rubber stamp impression of the correct designation of the account to which the remittance is to be credited.

- iii) to ensure that the pay-in-slips are signed in full by themselves or other authorised officials.
- iv) to tender the remittances in cash/cheques early during the business hours.

Remittances are to be accepted by branches only if the relative pay-in-slips are duly completed and signed by the Board's officials as stated above.

2. E Separate remittance scroll is to be maintained for each collection account. Each scroll will be written up in quadruplicate. At the commencement of the day each scroll will be affixed with rubber stamp showing the correct designation of the account and will be serially numbered for each financial year, starting from 1st April and ending 31st March.

The original and triplicate sheets of the scrolls are intended for despatch to the concerned official of the Board with a covering Memo (vide Annexure-4) daily. The duplicate copies of the scrolls are intended for despatch to our Trivandrum KSEB Administrative Complex, Pattom Branch with a covering Memo along with the daily mail transfer/Telegraphic Transfer advice (vide Para 2.1 (i) below). The quadruplicate copies of the scrolls will be branch records and serve as a supplement to the ledger account concerned as only the total of the cash column and total of the transfer column in the scrolls will be posted in the respective account in the ledger, with a view to minimising the work. It is, therefore, imperative that the quadruplicate copies of the scrolls are preserved as permanent record of the Branch and their proper custody as for current account ledgers is ensured at all times.

2. F.(i) Procedure for remittance by cash:

The receiving cashier will verify the entries in the cash pay-in-slips in triplicate accompanying the cash remittance, enter the amount received in his receipt scroll, put his serial number on all the three copies of the pay-in-slips, sign them and brand them with "Cash Received" date stamp. The pay-in-slip will then be sent to the clerk maintaining the Electricity Board Remittance Scroll who will enter the amount in cash column of the scroll and the cashier's receipt scroll number in the column 'Cash Scroll Number' and send the pay-in-slip and the scroll to the passing official. The passing official will cheque and initial against the entry in the scroll and sign in full the original and duplicate of the pay-in-slip and initial the triplicate. The original and duplicate copy of the pay-in-slip will be handed over to the remitter.

2. F (ii) At the end of the day, the total of the cash column in the remittance scroll will be posted by the ledger keeper in the ledger account with the particulars 'aggregate cash remittances'. This total of the cash column of the remittance scroll will also be entered by the Manager in his scroll. The official checking the ledger will check the entries in the scroll with the vouchers and cancel the vouchers and check the total posted in the ledger with the total of the scroll.

2. G. (i) Procedure of remittances by cheques/drafts:

Particulars of cheques tendered for immediate credit of the collection account will be entered by the Board employees (or the industrial consumers as the case may be) on the reverse of the transfer pay-in-slips except the exchange (for outstation cheques) and net amount columns therein. If the cheques are drawn in favour of the Board, endorsement of the Board's officials need not be insisted upon. The clerk receiving the cheques accompanied by the pay-in-slip will verify the entries on the reverse of the pay-in-slip, calculate the exchange payable in respect of outstation instruments in terms of paragraph 2.B above and enter the net amount column on the reverse of the pay-in-slip and extend the amount of all instruments for which no exchange

is payable to the net amount column. He will also enter the exchange amount and the net amount for which credit is to be given at the appropriate places on the obverse of the pay-in-slips.

2. G (ii) The clerk will then enter the net amount of the pay-in-slip and exchange, if any, under the appropriate place marked 'Chalan Number' in the pay-in-slip. The pay-in-slips and the remittance scroll will then be sent to the passing official who will scrutinise the instrument to ensure that the Bank is prima facie in order in crediting them to the Board's account and also check the entries of exchange, gross amount and net amount of the instruments on the pay-in-slip and also, the corresponding entries in the place provided (marked 'entered in the remittance scroll'). He will also initial against the relative entries in the remittance scroll for having given immediate credit. The original and duplicate pay-in-slips will be handed over to the remitter, and the triplicate copy of the pay-in-slip and the instruments will be sent to the section (DDP/clearing/LCC etc.) concerned.
- 2- G (iii) The Board's officials will tender clearing cheques well in time in the morning. The managers should advise the local officials of the Board, the time before which clearing cheques are to be tendered for immediate credit. If, however, clearing cheques are tendered too late for the day's clearing, the original and the duplicate pay-in-slips will be branded with "too late for today's clearing" stamp and as the credit could be given only the next day, the pay-in-slip should be entered in the Scroll under the next day's date and dealt with as indicated in the previous paragraph. All the other cheques which are not realisable on the same day on which they are tendered, should be treated as Bills purchases. The official passing the debit will also pass the triplicate of the pay-in-slip. The receipted triplicate pay-in-slips will be dealt with in the same way as cash vouchers.
2. G (iv) The total of the 'transfer' columns (Cheques on Branch Clearing/LCC' and the net amount of the outstation cheques) of the scroll will be posted in the ledger account with the particulars by aggregate of transfer credits.
2. G (v) The cheques and triplicate pay-in-slips will be entered in the transfer scroll in the usual course. The official checking the ledger will check the entries in the scroll with the vouchers, cancel the vouchers and check the entries in the ledger with the totals of the scroll.
2. H Dishonour of Cheques,

When a cheque, in respect of which immediate credit has already been afforded to the account of the Board, is dishonoured, the amount thereof will be debited to the relative account (even if there is no balance in the collection account at the time of the debit). The cheque will be entered in the 'cheques referred and returned register'. The cheque amount, handling charges claimed by collecting bank and our ACTUAL OUT-OF-POCKET EXPENSES will be debited to the ledger account and will also be indicated in the scroll at the appropriate place giving full particulars of the cheques returned and the handling charges claimed by the collecting bank and out-of-pockets expenses, in the remarks column. The cheque then be sent with the cheque return memo and debit advice showing the amount of the cheque, the handling charges and other expenses debited to the official to whose account immediate credit has been given earlier.

2.1. (i) Transfer of Balances:

The balances in the collection accounts as at the end of day's transactions will be transferred for credit of the Board's No. IV Account maintained at our Trivandrum K. S. E .B. Administrative Complex, Pattom Branch, the *next day morning positively*, in the following manner;

- a) At par by Telegraphic Transfer, if the balance is ₹1 lakh (Rupees One lakh only) or above.
- b) At par by Mail Transfer if the balance is below ₹1 lakh.

A covering Memo (vide Annexure - 4) should be prepared for each collection account entering the particulars of the daily totals of the scroll for the relative day and the duplicate copies of the scrolls with the corresponding covering memoranda in respect of all the non-operative collection accounts if maintained at the branch should be securely fastened to the Mail Transfer/ Telegraphic Transfer Advice.

2.1 (ii) The official signing the Mail Transfer/Telegraphic Transfer advice should ensure that:

- i) the entries in the covering memoranda tally with the corresponding totals in the duplicate scrolls.
- ii) the aggregate of the totals of the covering memoranda agrees with the amount of the mail Transfer/Telegraphic Transfer.
- iii) the duplicate copies of all the scrolls for the relative period and the corresponding covering memoranda are securely fastened to the Mail Transfer/Telegraphic Transfer Advice before releasing the Mail Transfer/Telegraphic Transfer Advice for despatch.

2. J. The originals & triplicate of the scrolls will at the same time be sent to the officer of the Board to whose account the scrolls relate with a covering Memo (Annexure 4) entering therein the daily totals of the scrolls and the grand total. The quadruplicate copies of the scrolls will be carefully filed date-wise and preserved as a supplement to the ledger concerned in the Branch safe/strong room overnight and the relative vouchers will be kept with the Current Account Vouchers.

2. K. ACCOUNTING OF MAIL TRANSFER TELEGRAPHIC TRANSFERS AT TRIVANDRUM K.S.E.B ADMINISTRATIVE COMPLEX, PATTOM BRANCH:

2. K (i) The Trivandrum KSEB Administrative Complex, Pattom Branch on receipt of the advices of Mail Transfers/Telegraphic Transfers accompanied by the full set of the covering memoranda and duplicate copies of the relative scrolls will ensure that the amounts in the scrolls and Mail Transfer/Telegraphic Transfer advices tally. If full set of the scroll copies and covering memoranda are not received or if there is discrepancy in the amounts, no action will be taken by our Trivandrum KSEB Administrative Complex, Pattom Branch, who will at once refer to the remitting office. Only on receipt of clarification, the Mail Transfer will be credited to the account. In the case of Telegraphic Transfers, the account will be immediately credited with the amount of the Telegraphic Transfer, but on receipt of the relative scrolls, if the amounts do not tally, the matter will immediately be taken up with the remitting branch. As any such difference in the amounts etc. will entail considerable difficulties to the Board, the remitting branches will particularly ensure that the instructions contained in the earlier paragraphs are meticulously followed.

2 K (ii) Our Trivandrum KSEB Administrative Complex, Pattom Branch will enter the Mail Transfer advices accompanied by full set of the scroll copies and covering memoranda in a separate opening in the Mail Transfers Received Register and pass a single credit voucher for the day's total. A credit advice will be prepared independently from the copies of the scrolls and this advice will be signed by an official only after satisfying that the amount shown therein agrees

with the credit voucher. The scroll copies and covering memoranda will then be securely fastened to the advice and will be despatched to the Financial Adviser & Chief Accounts Officer, Kerala State Electricity Board, Trivandrum. The scrolls relating to the Telegraphic Transfers received will be separately sent to the Financial Adviser & Chief Accounts Officer of the Board under a separate covering letter indicating the dates on which the relative Telegraphic Transfers have been credited to the No. IV account.

2. K. (iii) A statement of the No. IV Account will also be furnished to the Board by Trivandrum KSEB Administrative Complex, Pattom Branch every fortnight.

Apart from this, branches will prepare monthly statements in duplicate in respect of each Collection Account and submit it to the concerned officers of the Board. This procedure will take effect from the month of June 1980.

3. DRAWING ACCOUNTS:

3. A. Some of our branches are maintaining the Drawing Accounts of the Board. When a new drawing account is required to be opened by the Board, our Trivandrum KSEB Administrative Complex Branch will suitably advise the branch concerned and forward the attested specimen signature of the drawing officials and also place the account in funds by effecting Mail Transfer/ Telegraphic transfer at the instance of the Board. The opening of the drawing account should be advised to the AGENCY SECTION at this office both by KSEB Administrative Complex, Pattom (Trivandrum) Branch as well as the branch at which the account is opened. When there is a change in the incumbency of the post of the drawing official tin specimen signature of the new incumbent will be furnished to the Branch duly attested by the outgoing official.

3. 8. Special cheque forms with the name of the Kerala State Electricity Board printed thereon will be supplied by the branch to the official concerned.

3. C. No remittance, by way of cash or cheques or demand drafts etc. are to be accepted for credit of these Drawing Accounts unless specifically authorised to do so by our Trivandrum KSEB Administrative Complex, Pattom Branch. These accounts are intended only for the purpose of issue of cheques for payment to the employees of the Board and third parties. Opening of letters of credit (inland and foreign, will continue to be arranged by the Head Office of the Kerala State Electricity Board, Trivandrum. No incidental charges will be recovered in respect of these drawing accounts. In special circumstances, transfers will be permitted from one drawing account to another at the instance of the Financial Adviser & Chief Accounts Officer of the Board and such transfers will be made at par.

3. E. FIXED CREDIT - STANDING ARRANGEMENTS:

With a view to ensuring that the Drawing Accounts of the Kerala State Electricity Board are kept in funds on the last working day common to the Bank and the Board each month to facilitate payment of wages by the Board to their staff promptly, Branches maintaining these, accounts will follow the under noted procedure:

- i) On the last working day (which is common to the Bank and the Electricity Board) of each calendar month, branches will debit our Trivandrum KSEB Administrative Complex, Pattom Branch through SBTG account 'H' Memo with the amount/aggregate of the amounts to be given credit to the drawing accounts by the standing arrangement and credit the respective Drawing Accounts with the amounts noted there against.

- ii) Debit advices should NOT (repeat, should not) be sent to Trivandrum KSEB Administrative Complex, Pattom Branch (who will on the same working day credit the respective branch with the amount/aggregate of the amounts to be credited to the branch by the standing arrangement without any advice). This arrangement is to facilitate reconciliation and to avoid double debit to the Board's account (the debit to Trivandrum KSEB Administrative Complex, Pattom Branch will however appear in the respective day's SBTG Memo).
- iii) The drawing officials should be advised of the credits a usual by a credit advice.
- iv) The amount of fixed credit to be given to each drawing account of the Board at present have already been advised to the respective branches. Any increase/decrease in the fixed amounts of credits will be advised by us /our Trivandrum KSEB Administrative Complex, Pattom Branch sufficiently early.
- v) The amounts of fixed credits so advised to the branches with the instructions in this regard should be prominently noted at the head of the ledger account as a standing instruction and carried over to the new folios under proper authentication. On receipt of advices effecting any change in the amount of fixed credits the fixed amounts noted at the ledger head should be altered under authentication by Manager/Accountant citing a reference to the written advice from us/our Trivandrum KSEB Administrative Complex, Pattom Branch and credits should be afforded in future accordingly.
- vi) The due dates for affording credits to the Drawing account (the last working day in a calendar month common to both the Bank and the Board) should be ascertained and duly diarised every month and credits should be afforded promptly on the specified day. There should be no lapse whatsoever in this regard.
- vii) The staff concerned should be instructed of this procedure and it should be ensured that no debit advice is sent to Trivandrum KSEB Administrative Complex, Pattom Branch in this regard.

3. F. ENCASHMENT AT PAR OF CHEQUES DRAWN ON DRAWING ACCOUNT:

- 3. F. (a) The Kerala State Electricity Board have been extended the facility of encashment, at par, of cheques drawn on their Drawing Accounts in favour of the employees of the Board at any specified branch in Kerala State as described by the drawing officer. For this purpose, the drawing officer will intimate the branch maintaining the Drawing Account the names of branches where cheques drawn on his account are desired to be encashed at par and also furnish sufficient number of his specimen signatures to enable the branch maintaining the Drawing Account to forward a copy of the specimen signature duly attested, to the respective branches authorising then to encash cheques drawn on that branch at par. When there is a change in the incumbency of the drawing officer, specimen signature of the new incumbent duly attested should be promptly forwarded to the branches authorised to encash the cheques at par. If the drawing officer desires to stop payment of any cheque issued by him, advice of countermand will be forwarded by him promptly to the drawn branch as well as to the specified branch authorised to encash the cheque at par. The Bank will not accept responsibility if instructions stopping payment of a cheque is received at the specified branch subsequent to the encashment of the cheque. No ceiling has been prescribed for encashment of cheques at any branch on any one day.
- 3. F. (b) Specimen signature of the person receiving payment will be obtained on the reverse of the original cheque. No stamped receipt is necessary. The drawer's signature should be cancelled by

the paying cashier if paid in cash and by the passing official if paid by transfer and the cash/transfer paid date stamp will be affixed on the cheque by the encashing branch. Full particulars of encashed cheque and the date of encashment will be entered on the reverse of the debit voucher and the encashed cheque will be forwarded by Registered Post (no charges will be recovered from the Board) to the drawee branch, for reimbursement. The entries in the debit voucher should be duly authenticated by the passing official. The entries relating to these transactions should be routed through SBTG 'B' Memo.

4. TRANSFER OF FUNDS:

4. A. ISSUE OF DEMAND DRAFTS:

4.A.(i). Demand Drafts may be issued on account of the Board in favour of Government or Quasi-Government at par.

4.A.(ii) Demand Drafts may be issued on behalf of the Board in favour of third parties at the rate of 10P % (10 Ps. per 100 Rupees) minimum Rs.0/50.

4.A.(iii) Demand Drafts may be issued at par on behalf of the Board in favour of the India Cements and other Cement manufacturing companies in respect of settlement of payments for cement as and when a request to that effect is received from the officials of the Board.

Demand Drafts at par may be issued at various centres in favour of M/s. Tata Iron and Steel Company and other Steel manufacturing Companies including Steel Authority of India Ltd. (SAIL) for procurement of steel provided a notation over the signature of the official that the draft is purchased for bonafide purposes of the Board is given in the application form itself

4.B TELEGRAPHIC TRANSFERS:

4.B.(i) Telegraphic Transfers may be issued in favour of third parties at the rate of 10 P % minimum Re.1/- plus telegram charges (such postal charges should not be recovered from the Board at the time of issue of the Telegraphic Transfer but should be included in their half yearly statement of postages incurred by them on behalf of the Board submitted to this office for reimbursement).

4.B.(ii) Transfer of funds by Telegraphic Transfer between the drawing accounts and between the collection accounts should be effected at par, and the telegram charges therefore should be included in the half-yearly statement of postage submitted to this office for obtaining reimbursement.

4.C. ISSUE OF MAIL TRANSFERS;

4.C.(i) Transfer of funds by Mail Transfer between the Collection Account and between the Drawing accounts may be effected at par

4.C.(ii) REMITTANCE BY ASST. ENGINEERS/ASST.EXECUTIVE ENGINEERS/DY. TAHSILDARS FOR LAND ACQUISITION:

The Mail Transfer remittance facility at par will be available at all our branches to be used exclusively by Asst. Engineers/Asst. Executive Engineers/Dy. Tahsildars for Land Acquisition of the Kerala State Electricity Board for transfer of Boards funds for credit of the Non-operative Collection Accounts maintained in the name of the Executive Engineers/Dy Chief Engineers concerned at specified branches. The procedure is as detailed below:

- i) A Mail Transfer application form will be duly completed by the Asst. Engineer /Asst. Executive Engineer, Dy. Tahsildar for Land Acquisition concerned indicating the branch to which the mail transfer is applied for with a rubber stamp impression of the correct designation of the account to which the amount is to be transferred
- ii) The Mail Transfer application form will be signed in full by the Asst. Engineers /Asst. Executive Engineers/Dy. Tahsildar for Land Acquisition under his official seal.
- iii) The remitter will be supplied with Cost Memo IN DUPLICATE by the branch issuing the Mail Transfer.
- iv) At the receiving branches, the remittances will be entered in the respective remittance scroll relating to the Non-operative Collection Account of the Executive Engineer/Deputy Chief Engineer maintained with them and dealt with as per procedure outlined in paragraph 2 E above.

5. COLLECTION OF CHEQUES

5. A. Cheques drawn in favour of the Kerala State Electricity Board on centres where a Bank of the State Bank Group is established may be collected at par.
5. B. Cheques drawn by the officials of the Kerala State Electricity Board in favour of their employees, including Dy. Tahsildars, Land Acquisition. Special Dy. Collectors, Land Acquisition etc. may be collected at par.

6. RECOVERY OF POSTAGES AND OTHER OUT - OF - POCKET EXPENSES:

All out-of-pocket expenses such as postages/registration/telegram telephone and the cost of printing/stationery/rubber stamp etc- are recoverable from the Kerala State Electricity Board. Branches should, therefore, maintain a Kutch register to enter the postage registration. telegram telephone charges etc in respect of the despatch of scroll copies receipted pay-in-slips and encashed cheques and such charges in sending the Telegraphic Transfers, Mail Transfers etc., and forward to AGENCY SECTION a statement, as per Annexure 5 relating to the half year ending the 30th June/31st December on or before the 15th of the succeeding month to enable us to consolidate and recover the expenses from the Board.

NOTE: Instructions contained in previous circulars have been consolidated in Circular No. 238 of 1978 dated: 10—1—1978 of General Manager, State Bank of Travancore, Trivandrum. Subsequent instructions issued by the bank through the following Circulars are incorporated at the appropriate places in this circular.

- | | | | | |
|----|--------------|-----------------|------|------------|
| 1. | Circular No. | 139 of 1980 | dt | 18-06-1980 |
| 2. | „ | No. 27 of 1982 | dt: | 03-02-1982 |
| 3. | „ | No. 118 of 1984 | dt : | 25-05-1984 |
| 4. | „ | No. 240 of 1984 | dt: | 26-10-1984 |

The procedures relating to (1) the Special Officer, Revenue, KSEB, Trivandrum is contained in Circular Letter No. Acts/GA 22/85 dated: 13-06-1985 & (2) Direct Collection from Consumer is contained in Circular No. Accts/GA. 22/83 dated: 22-03-1985 and Accts GA. 22/942 dated: 27-03-1985.

KER ALA STATE ELECTRICITY BOARD

Vaidyuthi Bhavanam,
Pattom, Trivandrum-4,

No WAD GL.1/18/84

Dated: 1-4-1985.

C I R C U L A R

Sub:- Procedure for collection of current charges from 1-4-1985.

Consequent on allowing the consumers in Trivandrum Divisions to remit Current charges either in the Section or in prescribed Banks in their locality from 1-4-1985 the following procedure for accounting cash collection may be followed.

1. In respect of persons making remittances directly to the Bank, the procedure has been prescribed by the Bankers in the Circular No. ACTS/GA.22/83 dated: 22-3-1985. The relevant portion of the Bank's circular relating to the procedure for accounting in bank is given below:

“The branch should maintain a separate scroll supplied to them in which the following details should be recorded.

1. Serial Number
2. Number of the consumer
3. Amount remitted in cash/amount remitted by cheque.
4. Total

In respect of cash remittances, the amount should be entered in the column No. I relating to cash. In respect of cheques tendered, after the cheques are realised it should be entered in column II ‘Transfer’. As at the close of business every day, the total amount of cash collected and cheques credited, should be separately indicated in this scroll. One copy of the scroll along with duplicate copy of the chalan should be handed over to the authorised representative of the Board, who will collect if from branches, on a daily basis”.

2. The cashiers in the section will receive payments as usual and receipt should be given as is being done now. However for payment of current charges against invoices the receipts in form R.D. should be given. The M.Os should be continued to be accepted by the Senior Superintendent.
3. The pay-in-slip and remittance scrolls in respect of direct remittances made in the Banks may be collected from the concerned banks the next day at 10.00 a.m. by the person duly authorised by the Assistant Executive Engineer/Asst. Engineer. The Bankers have been advised to give one copy of the scroll to the AAO, B.S. Unit, concerned. This copy may also be collected by him. On receipt of the scroll and pay-in-slip, the section Jr. Supdt. should check the slips with the scrolls and ensure that all pay-in-slips as per scroll have been received. The discrepancy as between pay-in-slip and scroll if any should be immediately taken up by the Senior Superintendent/Junior Superintendent with the Banks and the difference got rectified the same day.

4. The pay-in-slips received from the Banks and the cash receipt/cash abstract statement in respect of collection received by the section, may be distributed the same day to the Senior Assistants, and the Senior Assistant will post the consumer account from these documents on the same day. The Senior Superintendent/Junior Superintendent should ensure daily posting.
5. The list of defaulters should be prepared after the last date prescribed for remittance. The Senior Superintendent will be personally responsible for sending the daily defaulters list got checked by the Junior Superintendent to the concerned AEE/AE. A copy of the defaulters lists showing the amounts due should be given to the cashiers also.
6. The daily abstract of cash receipts should be prepared tariff-wise segregating current charges duty, inspection fee etc divided into two parts showing collection through Banks and through cashiers separately by each Senior Assistant. It should be consolidated tariff-wise by the Junior Superintendent for accounting purpose. A copy of the consolidated daily abstract in the same proforma should be given to the Billing Supervision Unit also, along with the copy of the scroll received from the Banks in respect of remittance directly made to the Bank and the pay-in-slip relating to the remittance made by the cashiers.
7. The Billing Supervision Unit will prepare the monthly accounts and reconcile the Bank account on the basis of daily abstracts and other documents received from the sections. The reconciliation with the Bank should be done with reference to the documents received from the section and the statement of accounts received from the Banks. A certificate to this effect that the bank account has been reconciled should be furnished along with the account.

Sd/-

Financial Adviser & Chief Accounts Officer

STATE BANK OF TRAVANCORE

(Associate of the State Bank of India)

Head Office: Trivandrum

No. ACTS/GA.22/8

13th June, 1985

CIRCULAR LETTER TO ALL BRANCHES

Dear Sirs,

Kerala State Electricity Board - Banking Arrangements Non-operative Collection Account in the name of Special Officer (Revenue) - Change in the existing system.

Please refer to our Circular No. 238 of 1978 dated: the 10th July 1978 and Circular letter No. ACTS/GA.22/2 dated: the 14th January 1985.

2. As per the extent arrangements, branches maintaining Non-operative collection account of the KSE Board, in the name of Special Officer (Revenue) (for the purpose of accepting direct remittance in cash or cheques/drafts (given immediate credit for) by industrial consumers of High Tension and Extra High Tension Power) are required to transfer the balance the next day morning at par, for credit of the Board's Collection Account of Special Officer (Revenue) maintained at our KSEB Administrative Complex Branch, Pattom, Trivandrum.
3. At the request of the Financial Adviser & Chief Accounts Officer, Kerala State Electricity Board Trivandrum the existing system of payment of current charges stands revised as follows effective from 1st June 1985.
 - i) Payment should be made by HT & EHT consumers, direct to the office of the Special Officer (Revenue), Trivandrum by crossed cheque/demand draft payable at Trivandrum in favour of Special Officer (Revenue), Kerala State Electricity Board, Trivandrum. The instruments thus received will be given by Special Officer (Revenue) to the KSEB Admn. Complex Branch to be credited immediately to the Non-operative Collection Account of Special Officer (Revenue).
 - ii) The HT/EHT consumers will be given the facility to payments by telegraphic transfer of dues, through their own bankers or through our branches at normal charges to Trivandrum for credit of the Non-operative Collection Account of Special Officer (Revenue) at KSEB Admn. Complex Branch. Standard exchange and telegram charges can be recovered by our own branches if TT is applied for through us. The Kerala State Electricity Board Administrative Complex Branch should give credit advice to the Special Officer (Revenue) Trivandrum on the very same day of receipt of credit since penal interest is charged on the consumers if the credit advice is not received on or before the due date.
 - iii) Immediate credit should be given for cheques and drafts drawn on Trivandrum favouring the Board tendered at the Kerala State Electricity Board Administrative Complex Branch

4. Branches should also rote not to accept direct remittances to the non-operative collection account of Special Officer (Revenue) by HT & EHT consumers, Branches in non-operative collection account in the name of Special Officer (Revenue) are required to send all pending pay-in-slips and scrolls and statement of account to Special Officer (Revenue) before 25th of June 1985. Branches are advised to bring into force the modifications immediately on receipt of this circular letter.

Yours faithfully,
Sd/
Chief Manager,
Finance & Accounts.

Copy to
Special Officer (Revenue)

STATE BANK OF TRAVAMCORE

(Associate of the State Bank of India)

Head Office: Trivandrum

No. ACTS/GA. 22/893

Date: 22-3-1985

The Manager,
State Bank of Travancore,

Dear Sir,

KERALA STATE ELECTRICITY BOARD - Acceptance of Electricity Charges from Consumers by our branches located in Trivandrum.

The Kerala State Electricity Board is one of our valued constituents and is confining a major portion of its business to our Bank. The Board maintains its main accounts with our Trivandrum Main, Chenthitta and KSEB Adm. Complex branches. The Board has several banking arrangements with us and our Bank has been the registrars of the loan floatations of the Board.

2. The Kerala State Electricity Board has now approached us with a request to accept the electricity charges to be remitted by the consumers, at our designated branches. In terms of the arrangements envisaged, the consumers can remit the monthly electricity charges at the bank's counter, on the prescribed dates, either by cash or by cheques drawn on local banks. For this purpose the consumers are divided into various sections. The consumers in each section will be instructed to remit the electricity bills at the designated branches of our bank. With a view to reducing work load at the branches and to spread the work evenly, specified number of consumers will be asked to remit the bills, on a prescribed date, on each month.

3. The consumer are required to come to the branch and present the slab card/provisional card/invoice indicating the amount payable by them. On presentation of these documents, the branch has to handover the relative remittance chalan to the consumer. For this purpose, the Board has arranged to print the chalans. According to slab-wise, chalans will contain the amount to be remitted duly printed thereon, with the slab number also printed. In other words, when the consumers show the slab card/provisional card, the relative chalan containing the same amount duly printed thereon in the case of slab cards and in other cases blank pay-in-slips will be handed over to the consumer. The consumer will have to thereafter fill up the chalan by incorporating the date of remittance, his name, consumer number and the section to which he belongs. After duly filling up, the chalan is to be handed over along with cash or cheque. The original of the pay-in-slip duly receipted shall be given to the remitter. The duplicate copy shall be forwarded to the Board along with a scroll which will indicate the details of the remittance received at the branch.

4. The Board will arrange to collect the scrolls from the respective branches along with their copy of the chalans on the morning of the next working day when these should be ready and handed over to the Board's messenger after getting proper acknowledgement. The total amount collected on each day should be transferred to the KSEB Adm. Complex Branch as at the close of business of following day.

5. We have examined the proposal of the Board and have agreed to implement this scheme in our selected branches in Trivandrum as per the list enclosed. For this purpose the branches concerned will observe the following procedure:

- (1) Acceptance of remittances from the consumers of electricity will be done at the designated branches only, as per list enclosed.
- (2) The consumers can remit the amount either in cash or by local cheques. In the case of local cheques the consumers have already been instructed to tender the cheques at least three working days in advance of the due dates. However any remittance received in cash or by cheque after the due date should not be accepted at the branch. The consumers will have to tender the cash or cheque, after the due date, only at the concerned Electrical Section offices of the Electricity Board.
- (3) The necessary chalans with all particulars pre-printed will be supplied by the Board to the designated branches. When the consumers report to the branches and produce the slab card/provisional card/invoice, the relative chalan indicating the same amount pre-printed thereon should be handed over to the consumer. It is the responsibility of the consumer to correctly and properly fill up the chalan. The chalan duly filled up should be thereafter tendered by him to the branch, along with the cash remittance or the cheque.
- (4) The Board has prescribed the specific day for a specified number of consumers. For example: in each Section, the Board has instructed the consumers having numbers from 1-300 should remit their bills on the first Mondays of each month. Likewise the specified number of consumers have been instructed to remit the bill amount on specified dates. The list containing the consumer numbers and due dates are being supplied to the concerned branches by the Board direct. Branches should ensure that the remittances are accepted from the consumers only on the due date and not after the due date. After the due dates, the consumers should remit the amount only at the concerned Electrical Section offices of the Board. In respect of consumers tendering cheques drawn on local branches of the bank/other banks, they have been directed to tender the cheques at least 3 working days in advance, so that it should be accounted on the due date, when the chalan is tendered to the bank with the cheques drawn on local branch of our bank or other banks, the original of the chalan should be receipted and returned to the consumer. It has been printed in the chalan that the amount will be credited subject to realisation.
- (5) The branch should maintain a separate scroll supplied to them in which the following details should be recorded.
 - (1) Serial Number
 - (2) Number of the Consumer
 - (3) Amount remitted in cash/amount remitted by cheque
 - (4) Total

In respect of cash remittances, the amount should be entered in the column No. 1 relating to cash. In respect of cheques tendered, after the cheques are realised it should be entered in column II "Transfer". As at the close of business every day, the total amount of cash collected and cheques credited, should be separately indicated in this scroll. One copy of the scroll along with duplicate copy of the chalan should be handed over to the authorised representative of the Board, who will collect it from branches, on a daily basis.

6. It has been decided that the remittance will be accepted on all working days except Saturday and Sunday. In respect of branches working on Sundays (Karamana & Manacaud Branches) remittance may be accepted on Tuesdays to Saturdays. In case of bank holiday during the course of the week, the remittance falling due on such days can be remitted on the next working day.

7. As the system is new and the consumers are asked to remit the amount at the branches, there could be initially operational problems and constraints. It is our desire to rectify the defects in the system to make it workable. Branches may, therefore, advise their controllers about the operational problems.

8. As more than one lakh consumers will be required to remit their electricity charges through our branches, it will be the appropriate time for the branches to sell the idea to the consumers that they should have an account with our branch. By doing so, it will be possible for them to tender the cheque much in advance of the due date and avoid remitting the amount in cash by standing in the queue. Branches may also explain the advantages the consumers will have by having an S.B. Account with them, with a minimum balance of Rs.100/- so that the remittance can be effected through cheques without any inconvenience. If the strategy could successfully be implemented, it should be possible for the branches to mobilise substantial amount by way of deposits. By developing the contacts they could attract more deposits and business from the consumers. At the same time any inconvenience caused to them due to lack of good service can result in serious adverse publicity to the bank. Branches, therefore, should take utmost care in handling this business and ensure that adequate personnel are deployed in respect of the remittance.

9. Please carefully go through the contents of the circular and bring it to the notice of the staff concerned for strict compliance.

Yours faithfully,

Sd/-

GENERAL MANAGER

(INSPECTION & FINANCE)

Sl.No.	Section of KSE Board	Name of Branches suggested to handle the work
1.	Major Section Fort	Chenthitta/Chalai
2.	“ Karamana	Karamana
3.	“ Sreevaraham	Fort Sanghumugham
4.	“ Puthenchanthai	Puthenchanthai/Santhinagar
5.	“ Cantonment	Vikas Bhavan/K.U. Office Campus
6.	“ Vellayambalam	Vellayambalam /Sasthamangalam
7.	“ Thycaud	Vazhuthacaud/Bakery Junction/Jagathy
8.	“ Ulloor	Medical College
9.	“ Sreekariyam	Sreekariyam
10.	“ Kesavadasapuram	Pattom/KSEB Complex
11.	“ Poojappura	Poojappura/Adm. Complex/Pappanamcode
12.	“ Thirumala	Thirumala/Vattiyookavu
13.	“ Peroorkada	Peroorkada
14.	“ Pettah	Pettah/Kaithamukku
15.	“ Manacaud	Manacaud/Poonthura

STATE BANK OF TRAVANCORE

(Associate of the State Bank at India)

Head Office : Trivandrum

No. ACTS/GA. 22/893

The Manager.

State Bank of Travancore,

Dear Sir,

KERALA STATE ELECTRICITY BOARD - Acceptance of Electricity charges from consumers by our branches attached to Electrical Division, Trivandrum.

1. We refer to our letters Nos. ACTS/GA. 22/893 dated the 22nd March 1985 and ACTS/GA. 22/942 dated the 27th March 1985 wherein we had detailed the procedure to be; followed for acceptance of remittances from the consumers.
2. As per the extant arrangement, the consumers can remit the electricity charges either on the day specified in a month, at the selected branch of our Bank or, on the dates prescribed at the office of the Board. In case, the consumer is not able to remit the dues, on the day specified, at the branch he can remit the dues on the dates allotted for remittance at the offices of the Board.
3. It is understood that the response to the scheme is rather poor in as much as only about 5 to 15 consumers are remitting consumption charges at our branches. Perhaps the restriction of the remittances to only one day in a month to any consumer, is one of the reasons for the poor availment of scheme.
4. At the request of the KSE Board, it has been decided to accept effective from 1st June 1985, power consumption charges direct from the consumers on the same dates (instead of the prescribed day as obtaining at present), on which the consumers can remit at the Board's counters, excepting Saturdays and Sundays.
5. In other words, the consumers will have the choice either to remit at the Board's counters on the prescribed dates or remit the charges at our branches (of course accompanied by prescribed chalan in triplicate duly filed in by the remitter together with tariff card/invoice) on the same dates, except Saturdays and Sundays, in suppression the prescribed day now allotted to the consumer for remittance at branch. The necessary chalans, scrolls etc. will be supplied by the Board. All other terms and conditions in our letters stated above will remain unchanged
6. As already stated, the arrangements introduced on 1st April 1985 being amended from 1st June 1985 in terms of this letter, will be on experimental basis. Branches are therefore, advised to maintain separate record, on the lines of the Proforma (Annexure I) enclosed on daily basis from 1st June 1985 and also send review (as per Annexure II for the entire period of 3 months from 1-4-85 to 30-6-1985 immediately

after 30-6-1985 (by suitable diarisation) to reach F & A Department, Govt. and Agency Section on or before 7th July 1985 positively.

Yours faithfully,

Sd/-

Chief Manager,
Finance & Accounts

- | | |
|---------------------|-----------------------|
| 1) Chenthitta | 15) Sreekariyam |
| 2) Chalai | 16) Pattom |
| 3) Karamana | 17) KSEB Adm. Complex |
| 4) KSRTC Fort | 18) |
| 5) Sanghummughom | 19) SBT Adm. Complex |
| 6) Puthenchantai | 20) Pappanamcode |
| 7) Santhinagar | 21) Vattiyookavu |
| 8) KUOC | 22) Thirumala |
| 9) Vikas Bhavan | 23) Peroorkada |
| 10) Vellayambalam | 24) Pettah |
| 11) Sasthamangalam | 25) Kaithamukku |
| 12) Vazhuthacaud | 26) Manacaud |
| 13) Bakery Junction | 27) Poonthura |
| 14) Medical College | 28) Jagathy |

Copy to:

The Accounts Member,
KSEB, Trivandrum.

Sd/-

For CHIEF MANAGER
(Finance & Accounts)

ANNEXURE - I

KERALA STATE ELECTRICITY BOARD REMITTANCE DIRECT BY CONSUMERS

Date	Number of Remittances		Total amount remitted		Out of pocket expenses		Remarks
	Transfer		Cash	Transfer	Details	Amount	
	Standing Instruction	Others					

ANNEXURE - II

KERALA STATE ELECTRICITY BOARD REMITTANCE DIRECT BY CONSUMERS**REVIEW FROM 1st APRIL TO 30th JUNE 1985****SCHEME OF REMITTANCES ON SPECIFIC DAY FROM 1-4-1985 TO 31-5-1985**

No. of remittance		Amount of remittance		Remittance by Standing Instruction	Maximum remittance per day			Minimum remittance per day		
Cash	Transfer	Cash	Transfer		No. of remittance	Cash	Transfer	No. of remittance	Cash	Transfer

AMENDED SCHEME FROM 1-6-1985 TO 30-6-1985

No. of remittance		Amount of remittance		Remittance by Standing Instruction	Maximum remittance per day			Minimum remittance per day		
Cash	Transfer	Cash	Transfer		No. of remittance	Cash	Transfer	No. of remittance	Cash	Transfer