



## PUNJAB STATE TRANSMISSION CORPORATION LIMITED

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

**Chief Accounts Officer, A&R {Compilation} Shakti Sadan, Patiala**

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### Accounts Circular No. 06/2011/PSTCL

To

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

Memo No. 2120/2179 /CAO /A&R

Dated: 02.08.2011

**Subject: Capitalization of R&M Expenses, Employee cost(including terminal benefits) and A&G Expenses to different capital works (400/220/ 132/66 KV) executed by different construction divisions (Grid/Civil/ TLSC) of PSTCL on proportionate basis including 66 KV Works relating to 66KV lines and 66KV sub stations on behalf of PSPCL by PSTCL.**

Reference: In continuation to Accounts Circular No. 05/2011 of PSTCL.

As per last para of the Accounts Circular 05/2011 of PSTCL, for recovery of 20% of cost of 66 KV capital works executed on behalf of PSPCL as establishment/ A&G cost, it was decided that *“all such accounting unit should pass an accounting entry by debiting GH-28.892 (Inter Corporation Transactions – amount recoverable from PSPCL on account of establishment cost incurred on 66KV capital works (both lines & sub stations) per contra credit to GH-75.940 (Recovery/Reimbursement from PSPCL on account of establishment cost) for the 66KV capital works (both lines & sub stations) executed on behalf of PSPCL during 2010-11 in March 2011 account. Similar accounting entries should be made in 2011-12 on monthly basis. In spite of that, while capitalizing the employees cost, it may also be taken care that total employees cost GH- 75 (Debit) (including terminal benefits covered under 75.860 & 75.870) to be capitalized should be reduced by that 20% amount credited to 75.940. So that net employee cost could be capitalized on all other capital works except 66KV works executed on behalf of PSPCL.”*

While implementing the above instructions, it came to the notice that some Grid/Civil/TLSC divisions were facing problem regarding capitalization of R&M Expenses, Employee cost (including terminal benefits) and A&G Expenses under which these expenses (amount to be capitalized) was less than 20 % cost of 66KV Capital works executed on behalf of PSPCL so the amount to be capitalized after reduction of 20% of cost of 66 KV capital works comes to negative.

Therefore, the matter was again reviewed by higher authorities of PSPCL and PSTCL and decided that R&M Expenses, Employee cost (including terminal benefits) and A&G Expenses of construction divisions (Grid/Civil/TLSC) on actual basis be apportioned amongst all capital works (including 66 KV works on behalf of PSPCL) by the respective divisions of PSTCL instead of charging provisionally 20% on cost of 66 KV capital works executed on the following basis/criteria as per previous pattern of capitalization of such expenses to different capital works:-

1. Employee Cost (Work Charged/Daily labour) which has exclusively/directly been employed on capital works be booked/charged to concerned works executed by respective division for capitalization/recoverable from PSPCL in case of 66 KV capital works.
2. Regular employee cost, R&M expenses and A&G Expenses of divisions and sub divisions be apportioned on proportionate basis to all works executed by respective division for capitalization/recoverable from PSPCL in case of 66 KV capital works.
3. Pay & allowances of Gazetted establishment i.e. Sr. Xens, AEEs and AEs (including terminal benefits – leave salary & pension contributions) also be apportioned on proportionate basis to all works executed by respective division as intimated by AO/Pay & Accounts, PSTCL, Patiala for capitalization/ recoverable from PSPCL in case of 66 KV capital works.
4. As regards the expenditure (employee cost and A&G expenses) of Circle and Chief Offices - Revised percentage intimated by Dy. CAO/Sr. Xens works concerned be charged for capitalization/recoverable from PSPCL in case of 66 KV capital works. Apart from this, as regards expenditure of Chief Office and Design Directorate office of TL Organization only be chargeable for 400 KV capital works relating to Evacuation system of Talwandi Sabo (turnkey basis) being supervision made by these offices. So special/separate percentage intimated for this purpose by Dy. CAO/Sr. Xen works concerned be charged for capitalization on this 400 KV works.
5. As regards Head Office employee cost @ 0.70% of capital works be charged for capitalization/recoverable from PSPCL in case of 66 KV capital works.

This is similar on the lines instructions already contained in Basic Accounting Principle and Policies regarding booking of employee cost and issued for 2010-11 through Accounts Circular No. 03/2011 dated 16.02.2011 of PSPCL.

So the portion of amount to be capitalized on the above basis relating to 400/220/132 KV works be booked to GH – 14 (Capital work in progress) per contra credit to GH – 75.9 (Employee cost capitalized) sub head wise as per previous pattern. The portion of amount to be capitalized on the above basis relating to 66 KV Capital works (Lines & Sub Stations) be booked/charged to GH – 28.892 (Inter Corporation Transactions – amount recoverable from PSPCL on account of R&M Expenses, Establishment cost and A&G Expenses incurred on 66KV capital works (both lines & sub stations) per contra credit

to GH-74.940/75.940/76.940 (Recovery/ Reimbursement from PSPCL on account of R&M Expenses, Establishment cost and A&G Expenses).

Apart from the above, actual expenditure incurred on 66 KV works be charged to 28.891 (Inter Corporation Transactions – Amount recoverable from PSPCL on account of Capital Expenditure on 66KV capital works (lines & sub station) on behalf of PSPCL) instead of GH – 14 (Capital work in progress) as already explained in Accounts Circular 05/2011 of PSTCL.

After charging the expenditure under GH – 28.891 and booking the amount on account of such expenses (R&M Expenses, Establishment cost and A&G Expenses) - Recoverable from PSPCL regarding 66KV capital works under GH – 28.892 on above basis, each such construction (Grid/Civil/TLSC) division should also intimate/send the detail/claim to the concerned accounting unit of PSPCL for each 66KV work for adjusting the amount in their March 2011 account under GH – 46.946 (ICT- amount payable to PSTCL) for proper accountability in the accounts of both corporations i.e. PSPCL & PSTCL.

The following New Accounts Codes/Heads are added/opened in the booklet of “Chart of Accounts” (Commercial Accounting System Vol. 1 Part 1).

<b>Account Code</b>	<b>Account Head</b>
28.891	Inter Corporation Transaction – Amount recoverable from PSPCL on account of Capital Expenditure incurred on 66KV works (lines & sub station) on behalf of PSPCL
28.892	Inter Corporation Transaction – amount recoverable from PSPCL on account of R&M Expenses, Establishment cost and A&G Expenses incurred on 66KV capital works (both lines & sub stations) executed on behalf of PSPCL .
74.940	Recovery/Reimbursement from PSPCL on account of R&M Expenses for the 66KV capital works (both lines & sub stations) executed on behalf of PSPCL.
75.940	Recovery/Reimbursement from PSPCL on account of Establishment cost for the 66KV capital works (both lines & sub stations) executed on behalf of PSPCL.
76.940	Recovery/Reimbursement from PSPCL on account of A&G Expenses for the 66KV capital works (both lines & sub stations) executed on behalf of PSPCL.

This issues with the approval of Director/Finance & Commercial, PSTCL.

Accounts Officer/A&R (Compilation),

Endst No. 2180/2310 /CAO/A&R/20

Dated: 02.08.2011

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

- 1 Er. in Chief/ TL, PSTCL, Patiala.
- 2 Chief Engineer/Sub Station, PSTCL, Patiala.
- 3 Chief Engineer/P&M, PSTCL, Ludhiana.
- 4 Chief Engineer/SO&C, PSTCL, Patiala.
- 5 Financial Advisor, PSTCL, Patiala.
- 6 CAO/A&R, PSPCL, Patiala for issuing necessary instructions to the concerned accounting units of PSPCL regarding proper accountability of the expenditure and its capitalization.
- 7 All CAOs / CA / FA / Cost Controller under PSPCL.
- 8 All SEs under PSTCL.
- 9 Dy. CAO/A&R, PSPCL, Patiala.
- 10 All Dy. CAOs / Dy. CAs / Dy. FAs under PSPCL / PSTCL.
- 11 Company Secretary, PSTCL/PSPCL.
- 12 All Accounts Officers under PSPCL.
- 13 Accounts Officer/Broad Sheet, PSPCL, Patiala.
- 14 RAO, PSPCL/PSTCL, Patiala.
- 15 SE/IT, PSPCL / PSTCL, Patiala for placing the circular on websites of PSPCL/PSTCL.

Accounts Officer/A&R (Compilation),  
PSTCL, Patiala.

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- 1 Sr. PS to CMD, PSTCL/PSPCL, Patiala.
- 2 Sr. PS to Director/Finance & Commercial, PSTCL, Patiala.
- 3 Sr. PS to Director/Finance, PSPCL, Patiala.
- 4 Dy. Secy. to Director/Technical, PSTCL, Patiala.
- 5 Sr. PS to Director/Administration, PSTCL, Patiala.  
for kind information of the CMD/Directors respectively.