



CENTRAL WAREHOUSING CORPORATION
(GOVT. OF INDIA UNDERTAKING)

By Speed Post / Email
No. CWC/FD-Compilation/An. Closing/15-16

13th October, 2015

Accounts Circular # 07

Subject: Accounting for Provision of Employee benefits...reg

As per practice of the Corporation, provisions for various employee benefits are made on actuarial valuation. Following guidelines may be followed for provisions of various employee benefits w.e.f 01.04.2015:

- 1) Provision for Gratuity, Leave Benefits, PRMS and PLI:** Presently, Corporate office provides a fixed percentage on Basic pay plus D.A for making provisions for Gratuity, Leave Benefits and PRMS and a fixed rate per employee for PLI. All the field units create provisions as per these rates.

At the end of the year, final adjustment to the provisions is made as per the report of actuarial valuation at corporate office. The same system shall continue to be followed.

- 2) Provision for death compensation:** At present provisions for death compensation is made only at CO level. Now units will create the provision in their books at a fixed percentage. Accounting entries are specified at Annexure-I

At the end of year, final adjustments to the provisions are made as per the report of actuarial valuation at corporate office. The account C108 and C108A being provisions for death compensation and payments will be appearing in Part-B of the Trial Balance in the case of the ROs and in Part-I in case of CCs.

- 3) Provision for LTC:** At present, all the expenses incurred towards LTC or LTC Encashment are debited to R721LTC and R722 LTC-Encashment respectively. Provision if any as per the final report of the actuary is made at corporate office only.

Now, it has been decided that a percentage will be informed to units for making provisions for LTC (Including LTC encashment). The units will create provision as per the rate informed by CO by debiting new account head "R794 LTC Provision", which will be created in part-A (Revenue) in case of ROs and in Schedule-C i.e. overheads in case of CCs, and crediting the another new account head "C126 Provisions for LTC" which will be created in part-B in case of ROs and in Part-I in case of CCs.

It may be noted that payments against the LTC reimbursement and LTC encashment be debited separately under the head C126A and C126B respectively which will be appearing in Part B of the trial balance in case of ROs and in Part-I in case of CCs. Accounting entries are specified at Annexure-I

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The above system is to be followed w.e.f 01.04.2015 and the new account heads will be opened in books of accounts. Entries already debited to R721LTC and R722 LTC-Encashment in the current year 2015-16 will be transferred to account head C126A Provision for LTC (Reimbursement)-Payments and C126B Provision for LTC (Encasements)-Payments as the case may be.

- 4) In other words, the treatment for Death Compensation and LTC Benefits will be similar to the treatment of Gratuity/ Leave Benefit/PRMB at RO/CC level.
- 5) **Provision for PRP:** At present Provision for PRP is made at CO. The payment made by units on the direction of CO is debited to corporate office account. Now, the provision for PRP will continue to be made at CO and payments made by the units as per the direction of CO will be debited to "C128A Provision for PRP-Payments" instead of CO. For this accounts head "C128A Provision for PRP-Payments" will be created in Part-B(to be absorbed at CO) of Trial Balance in case of ROs and in Part-I in case of CCs. Accounting entries are specified at Annexure-I

Accordingly, all payments made w.e.f 01.04.2015 will be debited to above head instead to debiting to CO. Advices already send by units can be reversed.

The Circular may be brought to the notice of all concerned for scrupulous compliance.


(A.S. Gopalan)
DGM(F&A)

Distribution to:

1. All Regional Managers of CWC.
2. All Executive Engineers in-charge of all the Construction Cells of CWC.
3. All AGMs/Managers/ (Sr.) Asstt. Managers in-charge of the Finance, Accounts & Internal Audit Wings of all ROs & CCs of CWC.

Copies for information to:

1. All HODs at CWC, Corporate Office, New Delhi.
2. All DGM/AGMs/Managers/(Sr.) Asstt. Managers/Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi.
3. PPS to Managing Director, CWC, CO, New Delhi.
4. AM to Director (Fin), CWC, CO, New Delhi.
5. SAM to Director(Per.), CWC, CO, New Delhi.
6. PS to GM (F&A), CWC, Corp. Office, New Delhi.
7. PS to GM (Systems), CWC, CO, New Delhi with a request to place this Circular on CWC's Website.
8. Manager (Rajbhasha), CWC, CO, New Delhi with a request to arrange Hindi Version of this Circular.

Annexure-1

1) Entries to be made in respect of Death Compensation:

A) While creating provisions:

R793A Death Compensation Provision-Ex(GRP-A)	Dr.	xxx	
R793B Death Compensation Provision-NU Supervisors(GRP-B)	Dr.	xxx	
R793C1 Death Compensation Provision-U Supervisors(JS/TA) (GRP-C1)	Dr.	xxx	
R793C2 Death Compensation Provision-U Workers (Other GRP-C2)	Dr.	xxx	
R793D Death Compensation Provision- U Workers (GRP D)	Dr.	xxx	
To C108 Provision for Death Compensation	Cr.		xxx

B) While making payments for Death Compensation

C108A Provisions for Death Compensation-Payments	Dr.	xxx	
To Bank	Cr.		xxx

2) Entries to be made in respect of Provision for LTC

A) While creating provisions:

R794A LTC Provision-EX(GRP-A)	Dr.	xxx	
R794B LTC Provision- NU Supervisors(GRP-B)	Dr.	xxx	
R794C1 LTC Provision- U Supervisors(JS/TA) (GRP-C1)	Dr.	xxx	
R794C2 LTC Provision- U Workers (Other GRP-C2)	Dr.	xxx	
R794D LTC Provision- U Workers (GRP D)	Dr.	xxx	
To C126 Provisions for LTC	Cr.		xxx

B) While making payments for LTC (Reimbursement)/LTC (Encashment)

C126A Provisions for LTC (Reimbursement)-Payment	Dr.	xxx	
C126B Provisions for LTC (Encasement)-Payment	Dr.	xxx	
To Bank	Cr.		xxx

3) Entries to be made in respect of PRP

While making payments for PRP

C128A Provisions for PRP-Payments	Dr.	xxx	
To Bank	Cr.		xxx