



CENTRAL WAREHOUSING CORPORATION
(GOVT. OF INDIA UNDERTAKING)

By Speed Post / Email

No. CWC/FD-Corporate A/cs/An. Closing/16-17

30th June, 2017

Accounts Circular # 14

Subject: Allocation/absorption of Engineering overheads to repairs, capital works and deposit works...reg

- 1.0 As per the accounting procedure, the construction overheads are absorbed on works of Repairs & Maintenance, construction of warehouses and deposit works.
- 2.0 After the merger of Construction Cells with the Regional Offices, the cost of Repair & Maintenance and cost of construction of Warehouses (WIP) is being accounted for by the respective Regional offices..
- 3.0 Henceforth, the absorption of construction overheads to repairs and the construction works shall be done by the respective Regions. For this purpose, Corporate Office, shall inform the standard overhead rate based on the average engineering overheads of last five years. In case the actual overhead rate of the Region is less than the standard overhead rate, the actual overheads shall be absorbed to the works of Repairs & Maintenance and construction of warehouses. Where the actual overheads are more than the standard rate of overheads, the overheads shall be absorbed at the standard rate. In such a situation, the unabsorbed overhead, shall be charged to expenses. The standard overhead rate for the F.Y. 2017-18 shall be informed in due course
- 4.0 After the completion of works, the amount lying in work in progress shall be capitalized in the Region. If after completion of work, the warehouse has been commissioned i.e. the handing over/taking over has taken place, the depreciation shall be charged as per Accounting policy No. 8.
- 5.0 Construction Cells in Delhi, Navi Mumbai, Chennai and Kolkata Region are advised that the value of work done upto 30/6/17 be transferred to the concerned Regional Offices after allocation of their overheads upto 30/06/2017 on proportionate basis by way of a debit advice dt. 30/06/2017.
- 6.0 Corporate Office engineering overheads shall not be transferred to Regions for absorption as it shall attract GST. Necessary amendments in Accounting Policy No. 13 on allocation of overheads is being made and shall be informed in due course of time.

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ANNEXURE-I

1. C220 CONSTRUCTION OVERHEAD(ESTABLISHMENT)

Following expenditures in respect of engineers or other staff posted in your regions in CC Cell for Construction/up gradation/ARMO work shall be debited to this ledger. However item wise details be kept. This is also clarified that the while computing the provisions for employe benefits, Basic pay and DA of engineers debited to this ledger shall also be taken in to consideration.

R705 ESTT. BASIC PAY
R707 ESTT. DA
R709 ESTT. HRA
R715 PERKS & ALLOWANCES
R719 ESTT. HONORARIUM /OTA
R720 LEAVE SALARY & PENSION CONT.
R723 ESTT. CONSOLIDATED PAY TO MANAGEMENT TRANEES
R725 CONTRIBUTION TO P.F.EMPLOYERS
R753 PRP/PLI-PROVISION
R754 LEAVE BENIFIT -PROVISION
R755 GRAUITY-PROVISION
R759 PAY REVISION- PROVISION
R766 SCHOLARSHIP
R792 POST RETIREMENT MEDICAL SCHEME-PROVISION
R793 DEATH COMPENSATION-PROVISION
R794 LTC-PROVISION
R795 EMPLOYERS CONTRIBUTION TO PENSION FUND
R811 INCENTIVE ON DESS
R812 LIVERIES
R815 MEDICAL FACILITY
R821 STAFF WELFARE
R830 RENT FOR RES. ACCOMODATION
R837 REFRESHMENT TO STAFF
R796 VRS EXPENDITURE

2. C222 CONSTRUCTION OVERHEAD(OTHERS)

Following expenditures in respect of engineers posted in your regions shall be debited to this ledger. However item wise details be kept.

R732 TRAVELLING ALLOWANCE-OTHERS
R733 WAGES
R735 REPAIRS & MAINTNANCE-EQUIPMENT
R736 OFFICE RENT

R738 RATES & TAXES
R739 INSURANCE OTHERS/STOCKS
R740 PRINTING & STATIONERY
R741 BANK CHARGES
R760 TA/DA TRAINING
R800 ADVERTISEMENT EXPENSES
R801 CONVEYANCE CHARGES
R803 COMPUTERISATION CHARGES
R807 ENTERTAINMENT
R808 FREIGHT & OCTROI
R813 LEGAL EXPENSES
R814 MISCELLANEOUS EXPENSES
R816 NEWSPAPERS,BOOKS & PERIODICALS
R817 POSTAGE/TELEGRAM & TELEX
R818 PAISE ROUNDING OFF
R823 STAFF CAR EXP.-PETROL
R824 STAFF CAR EXP.-MAINTENANCE
R825 TELEPHONE EXPENSES
R827 WATER & ELEC. CHARGES
R829 PROFESSIONAL CHARGES
R833 ESTT.OTHERS
Any other expense directly related to CC cell

Note: After allocation of above Construction overheads to Construction/Deposit/repair works, both the above ledgers must show NIL balance at year end.

ANNEXURE-II

A) Accounting by Construction cell as on 30.06.2017.

Entries for transfer of C220/C222 Construction Overhead as on 30.06.2017 by Construction cells before merging the trial balance in ROs.

- a. Construction overhead incurred up to 30.06.2017 shall be allocated to repair & maintenance, Work in progress(Capital works) and Deposit works i.e. Engineering Consultancy Services Expenses (R787)(As per schedule C prepared by CCs).
- b. Prepare the RO wise and center wise details and pass the following entries as on 30.06.2017 to transfer the balance to each RO for which the work has been done:

Dr	Regional Office-Interunit Accounts	XXX	
Cr.	R734 Repair & Maintenance Building		XXX
Cr.	F331 Work In Progress (Capital Works)		XXX
Cr.	R787 Engineering Consultancy Service Expenses		XXX
(Being the transfer of Repairs, WIP and Deposit works to each RO to which it belongs)			

- c. It is to be ensured that before merging the Trial balance of CCs in RO, the above accounting heads must become NIL in trial of CCs since all balances have been transferred to Regional Offices.

B) Accounting by Regional Office

- a. Regional Offices shall pass the following entry on receipt of above balances from CC as on 30.06.2017.

Dr	R734 Repair & Maintenance Building	XXX	
Dr.	F331 Work In Progress (Capital Works)	XXX	
Dr.	R787 Engineering Consultancy Service Expenses	XXX	
Cr.	To Construction Cell		XXX

- b. With effect from 01.07.2017 each RO shall maintain the ledgers C220 Construction overhead(Estt.) and C222 Construction Overhead-Others and pass the following entries:

- i) While incurring/paying any amount against the construction overhead:

Dr	C220 Construction Overhead-Estt.	XXX	
Dr.	C222 Construction Overhead-Other	XXX	
Cr.	To Bank/ payable		XXX
Being Construction overhead incurred.			

- ii) While absorbing the construction overhead on Repair/Capital/Deposit works:

Dr	R788 Repair & Maintenance Buildings-ARMO/Special Repair	XXX	
Dr.	R789 Repair & Maintenance Buildings-Up-gradation Work	XXX	
Dr.	F331 Work In Progress (Capital Works)	XXX	
Dr.	R787 Engineering Consultancy Service Expenses	XXX	
Cr.	To C220 Construction Overhead-Estt.		XXX
Cr.	To C222 Construction Overhead-Other		XXX
Being Construction overhead charged to repair/capital/deposit work.			

- iii) On capitalization of assets i.e. Transfer of Work in Progress in to Assets:

Dr	Assets	XXX	
Cr.	To F331 Work In Progress (Capital Works)		XXX
Being Assets capitalized			

- iv) Entry for transfer of construction overhead in to unabsorbed overhead i.e. in case actual overhead incurred is more than the overhead to be absorbed at standard rate:

Dr	R826 Unabsorbed Overhead	XXX	
Cr.	To C220 Construction Overhead-Estt.		XXX
Cr.	To C222 Construction Overhead-Other		XXX
Being unabsorbed overhead charged to revenue.			

c. Accounting for Deposit work:

- i) Any overhead incurred for deposit work is debited to R787 Engineering Consultancy Service Expenses as mentioned in above entries.

- ii) Bills for CWC commission raised to party for whom deposit work is done

Dr	P570 Deposit Work (Others) Recoverable	XXX	
Cr.	To R923 Income From Engineering Consultancy Service		XXX
Being income for Engineering Consultancy booked.			

- iii) Any amount payable/paid to contractor for Deposit work is debited to P570 Deposit Work (Others) Recoverable and following entry is passed:

Dr	P570 Deposit Work (Others) Recoverable	XXX	
Cr.	To Contractor/Bank		XXX
Being Amount paid to contractor for deposit work.			

- iv) Any amount received in advance from contractor for Deposit work is Credited to P435 Deposit Work (Others) Payable and following entry is passed:

Dr	Bank	XXX	
Cr.	To P435 Deposit Work (Others) Payable		XXX
Being advance received			

- v) Adjustment of Deposit work Recoverable/Payable on receipt of payment and

Dr	Bank	XXX	
Dr.	P435 Deposit Work (Others) Payable	XXX	
Cr.	To P570 Deposit Work (Others) Recoverable		XXX
Being Deposit work recoverable/payable adjusted.			