



75
Azadi Ka
Amrit Mahotsav



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



No. CWC/FD-Taxation/WA/2021-22

6th January 2022

Works Accounts (CO) – Advisory 2

Sub: Guidelines for Capitalization of amounts appearing in Work in Progress A/c (Ledger Code 25010, 25020, 25030 & 25040)- Civil Works with respect to (a) Capacity addition (Warehouses & Godowns) and (b) Upgradation work i.e. Replacement of Road, Roof & Floor)

Ref: (i) Instructions issued vide letter No. CWC/CO-Engg./Timelines/2021-22 dated 05/01/2022 by Chief Engineer (I/c) with respect to timelines for closing of contract works(copy enclosed)

(ii) Accounting Policy No 10 & 11 of CWC

1. This is with reference to the instructions issued vide above referred letter at (i) by Chief Engineer (I/c), CO with respect to **timelines for closing of contract works**. In these instructions, the format for Handing Over/Taking Over of godowns (**along with the date from which the godown is ready for use of storage purpose**) and the format for handing over/taking over of upgradation work (i.e. road, roof and floor) **along with specific date of Handover has been given**.
2. For capitalization of godowns of the Corporation, Accounting Policy No. 11 may please be referred which is as under:
“Capitalization of godowns is based on completion certificate of storage-worthiness and depreciation is charged on the basis of certificate of commissioning of the godowns.”
3. Further, may also refer Accounting Policy No. 10 of the Corporation wherein it is mentioned that the *“Depreciation on such assets shall be calculated based on useful life on pro-rata basis from the month the asset is available for use”*.
4. From the above, it is clear that for passing the accounting entry for capitalization of godowns, we have to follow the Accounting Policy No. 11 and for the capitalization of upgradation work i.e. road, roof and floor, we have to follow Accounting Policy No. 10.
5. While reviewing the “Work in progress” civil works in Tally ERP, it has been noticed that the above Accounting Policies are not being followed and the capitalization is **kept pending for want of final completion certificate or final bill of the contractor, which is incorrect**. In case we do not follow the above Accounting Policies, it will

निगमित कार्यालय: 4/1, सीरी इंस्टीट्यूशनल एरिया, अगस्त क्रांति मार्ग, हौज़ खास, नई दिल्ली-110016.

CO: 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016.

टेलिफोन/Landline:011-40810544, ई-मेल/Email: puri.amit@cewacor.nic.in



75
Azadi Ka
Amrit Mahotsav



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



result in non-capitalization of completed civil works and non-charging of depreciation thereon resulting in understatement of expense and over statement of profit.

6. Accordingly, it is advised to adhere to following process:

- a. As per the instructions issued by Chief Engineer (I/c), CO vide letter referred to in (i) above, once the construction of godowns is completed, a handing over/taking over certificate in the prescribed format shall be issued by the engineering division. In terms of accounting policy, date of capitalization in this case shall be the **date from which the godown is ready for use for storage purpose** as mentioned in the certificate.
- b. In case of other construction works, a handing over/taking over certificate in the format prescribed shall be issued. Date of capitalization in this case shall be the **date from which the said asset has been handed over for use** (i.e. road, roof and floor).
- c. In case the final bill of contractor is pending, **but work is completed**, then the provision for Capital works (Ledger code 13800) may be made, based on amount certified by the concerned Head of Engineering in RO.
- d. Further there can be a situation that on settlement of final bill of the contractor (after the issue of handing/over taking over certificate), some additional amount becomes payable to him. In such a case, the said additional amount shall be capitalized in the books and depreciation shall be charged in books from the date from which the godown is ready for use for storage purpose of godown / asset is available for use so that there is no discrepancy in calculation of depreciation. The amount of additional depreciation should not be treated as a prior period item as this is not error /omission of past and is only a change in estimate.

7. Accordingly, based on above, necessary accounting entries be passed for all the assets where the handing over/taking over is completed and asset is available for use and depreciation be charged on same from the date of capitalization.

(Amit Puri)
GM (Tax & A/c)

Distribution to:

1. All Regional Managers of CWC.
2. All DGMs/AGMs/Managers/ (Sr.) Asstt. Managers in-charge of the Finance, Accounts & Internal Audit Wings of all ROs.

निगमित कार्यालय: 4/1, सीरी इंस्टीट्यूशनल एरिया, अगस्त क्रांति मार्ग, हाज़ खास, नई दिल्ली-110016.
CO: 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016.
टेलिफोन/Landline: 011-40810544, ई-मेल/Email: puri.amit@cewacor.nic.in



75
Azadi Ka
Amrit Mahotsav



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



Copy for information to:

1. All DGM/AGMs/Managers/ (Sr.) Asstt. Managers/Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi.
2. The Head of Engineering, all ROs for information and necessary action.
3. GGM (F&A), CWC, Corp. Office, New Delhi.
4. Dir. (Fin.), CWC, CO, New Delhi.
5. Dir.(M&CP), CWC, CO, New Delhi.
6. MD, CWC, CO, New Delhi
7. PPS to GGM (Systems), CWC, CO, New Delhi 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

निगमित कार्यालय: 4/1, सीरी इंस्टीट्यूशनल एरिया, अगस्त क्रांति मार्ग, हाज़ खास, नई दिल्ली-110016.

CO: 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016.

टेलिफोन/Landline:011-40810544, ई-मेल/Email: puri.amit@cewacor.nic.in



75
Azadi Ka
Amrit Mahotsav



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



No.CWC/CO-Engg./Timelines/2021-22/

Dt.05.01.2022

The Head of Engineering

Central Warehousing Corporation

Regional Office// Ahmedabad/Bangalore/Bhopal/Chandigarh/Chennai/Delhi

Guwahati/ Hyderabad/Jaipur/Kolkata/Kochi/Lucknow/Mumbai/Patna

Sub: Timelines for closing of Contract works.

Please refer to previous correspondence regarding capitalization of completed construction works within the required period as mentioned in the tender document. It has been noticed that there is substantial delay towards preparation of the RA /Final bills for different works like construction of road, roof, floor, creation of capacity, electrical installation etc. Also it has been noticed that the Regions are not able to capitalize the works due to non-issuance of final completion certificate by Competent Authority. Your attention to clause 9 of tender document is drawn wherein timeline for finalization of the RA & final bills has been mentioned but it is not being adhered in many cases and consequently disputes are arisen with Contractors and also Handing over process /Capitalization of the godown/Roof, Floor & Road works is delayed.

In view of above, following advisory is being issued for strict compliance by Engineers at RO and CO:

- Handing/ taking over with storage worthy certificate by the HOE /Concerned field AE should be Timely issued.
- Concerned HOE at RO should ensure timely handing over of assets available for use in case if upgradation works.
- Concerned HOE at RO should ensure that work completion certificate are timely issued by CA as per the tender condition. proper intimation should be done well within time.
- RA/final bills of contractor should be timely settled to avoid dispute.
- There should be no considerable gap in the date of handing/taking over of warehouses and date of release of final bill. The value of final bill is also required to be capitalized w.e.f. original date of handing/taking over of the godowns.

Above shall be ensured such that final bills are closed (paid) within following timeline mentioned in Work contract document.

- | | |
|---|------------|
| (i) If the tendered value of work is upto Rs. 1 crore | : 2 months |
| (ii) If the tendered value of work is more than Rs. 1crore and up to Rs. 10 crore | : 3 months |
| (iii) If the tendered value of work exceeds Rs. 10 crore | : 6 months |

Further it is advised that past dues payable in the form of RA/Final bills, withheld amounts etc and Security deposit should be released for completed works by considering appropriate recovery if any so that long pending contracts are closed within next two months.

The handing/taking over format has been modified and shall be named as "**Handing/Completion certificate of storage-worthy-ness.**"

The above is issued with the instructions of Competent Authority and for strict compliance.


Digitally signed by ROOPENDRA
KUMAR SHARMA
Date: 2022.01.05 18:32:02 +05'30'
CHIEF ENGINEER (I/C)

Copy to:

1. Regional Managers with request to ensure compliance.
2. The GM(Fin.),CWC,CO,New Delhi.

निगमित का0: 4/1, सीरी इंस्टीट्यूशनल एरिया, अगस्त क्रांति मार्ग, हौज़ खास, नई दिल्ली-110016

CO: 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016 📞 011-49857894 ई-मेल: engg.cwhc@cewcor.nic.

HANDING OVER/TAKING OVER OF GODOWN/

Name of work:.....

capacity..... **MT**

Contract Agreement /Work order No.....

The newly constructed Godown is storage worthy and has been handed over by Contractor /Engg and taken over by Warehouse Manager on.....

The Godown is ready for use for storage purpose from date.....

The details of the work completed in the Godown is given below:

1.	Flooring (CC Floor with Joints)	
2.	Masonry walls with Plaster /Sheet Cladding all around up to eave (in case of industrial Godown)	
3.	Doors and Ventilators	
4.	Roof	
5.	Roads (Internal and approach road connecting all Godowns are operational and motorable)	
6.	Verandah with Platform and roof on docking sides.	

**Other Allied and mandatory Infrastructure:
(Either existing or newly added with Godown)**

7.	All around Boundary wall/fencing and security gate	
8.	Ancillary building Like office block, store room, laboratory	
9.	Public Toilet, Labor Hut.	
10.	Fire water storage reservoir	
11.	lorry weigh bridge	
12.	Have electrical and water facilities been provided and are in working condition	
13.	Is the drainage system in order	
14.	In the case of base depot have been inspected by FCI officers and if so, their observations	
15.	List of minor items of works pending completion/ likely date of completion.	
16.	Any other relevant information.	

HANDED OVER
AE/HOE

TAKEN OVER
Warehouse Manager

Place:

Date:

Copy to:

1. The Regional Manager, CWC, RO.....
2. The Chief Engineer, CWC, CO, New Delhi.
3. The EE (concerned), CWC, CO, Engineering Division, New Delhi.

HANDING OVER/TAKING OVER OF UPGRADATION WORKS

Name of work:.....

Contract Agreement No./ Work order Number:

Following Works has been handed over by Contractor /Engg and taken over by Warehouse Manager (WHM) for use

Item	Area	Unit	Particular/Location/ Godown no.	Date of completion by Contractor	Date of Handing over /Taken over by WHM.
1.	Flooring	Sqm			
2.	Roof	Sqm			
3.	Internal Roads	Sqm			

Remarks:

HANDED OVER
AE/HOE

TAKEN OVER
WAREHOUSE MANAGER

Place: -

Date: -

Copy to:

1. The Regional Manager, CWC, RO.....
2. The Chief Engineer, CWC, CO, New Delhi.
3. The GM (Finance), CWC, CO Finance.