



# केन्द्रीय भण्डारण निगम

(भारत सरकार का उपक्रम)

**CENTRAL WAREHOUSING CORPORATION**  
(A Govt. of India Undertaking)

**जन-जन के लिए भण्डारण/Warehousing for Everyone**



CWC/CO-FD/CORPA/C/Annual Closing/2021-22

04.03.2022

## ACCOUNTS CIRCULAR NO. # 58

**Subject: Closing Guidelines for Finalization of Annual Accounts for the FY 2021-22**

**Ref: Accounting Circular # 55 dt 03.02.2022 on Schedule of activities along with timelines to be followed for achieving the target date of 16<sup>th</sup> April, 2022 for finalization of Accounts of FY. 2021-22**

1. Accounting Circular No 55 dt 03.02.2022 as referred above be seen as per which Annual Accounts of FY 2021-22 are to be prepared and finalized by 15.04.2022. For preparation and finalization of Accounts , the guidelines for closing of annual accounts for FY 2021-22 are enclosed as **Annexure- 1** which are required to be followed.
2. The Annual accounts at Regional Office level of FY 2021-22 shall consist of following:
  - Balance sheet
  - Profit & loss A/c
  - Schedules forming part of Accounts
  - Trial Balance
  - Notes Forming Part of Accounts consisting of Significant Accounting Policies as adopted for FY 2021-22.
3. Time schedule is as under:

S.No.	Activity	Timeline
1.	Finalization of trial balance and accounting of the advices received from Corporate Office/other regions	05.04.2022
2	Preparation of Schedules & Notes forming part of accounts and sending an advance copy to CO for simultaneous consolidation	10.04.2022
3.	Submission of annual accounts along with notes forming part of accounts & schedules after final review to Statutory Auditor and Corporate Office, CA Section	15.04.2022

4. Regional Office shall keep and maintain GST No. wise accounts in Tally ERP and are required to send GST No. wise Trial balances and consolidated accounts of the region. Schedules and Annexures should contain the GST No. wise details wherever required and separate GST No. wise schedules need not be prepared. The format for Trial Balance should not be deviated.

5. 5(Five) Sets of Annual Accounts are to be prepared and are to be signed by the Accounts Incharges, Regional Manager and the statutory auditors. They are to be distributed as under:
  - One copy for Central Auditors
  - One copy for Auditors doing the Audit
  - One copy for Corporate Office
  - One copy for Regional Office
  - One copy for C&AG
6. Apart from above, certain additional Other Schedules which cannot be extracted out of TALLY ERP like Bank Reconciliation, Land Details, GST (Input Credit & Output Liability), Stock Valuation (Chemicals/ Stores) etc needs to be prepared and signed by the Accounts In charges and Regional Manager (**Signature of auditors is not required**). One set of signed schedules shall be retained at RO and one set shall be sent to corporate office. These are not required to be sent to C&AG Office.
7. Auditors are to be requested to put their seal and full signatures (Ink Signed / DSC Signed) on 5 sets of accounts along with the Unique Document Identification Number (UDIN),
8. The soft copy of accounts in “Excel format” be sent by email to:  
  
[jessy.jacob@cewacor.nic.in](mailto:jessy.jacob@cewacor.nic.in) , [amitpuricwc@gmail.com](mailto:amitpuricwc@gmail.com) , [casachin.gupta@cewacor.nic.in](mailto:casachin.gupta@cewacor.nic.in)  
[md.rizwanullah@cewacor.nic.in](mailto:md.rizwanullah@cewacor.nic.in) , [sana.92sam@cewacor.nic.in](mailto:sana.92sam@cewacor.nic.in)
9. After audit of accounts, one set of Accounts may be sent to Director of Audit(Food), C&AG Office having jurisdiction over your Region.
10. All Regional Managers, CWC, RO are advised to assist the Finance & Accounts team in getting the required information/documents from all the warehouses and the Divisions of region (e.g Technical, Business, Personnel, Establishment etc.) so that finalization of accounts can be completed as per schedule mentioned above.

**(Amit Puri)**  
**GM(Tax & A/Cs)**

Copy to:

1. The Accounts Incharge, CWC, RO, All
2. GGM ( F&A), CWC, CO for kind information
3. Director ( Fin)/ Managing Director, CWC, CO, New Delhi for kind information
4. DGM(IA)/ DGM-I & II(CA)/ AGM & SAM(RMS)/ Manager & AM(Cash & Bank)/Manager & SAM(GST&WA)/ Manager(CA) (I & II)/ SAM (CA)/ Manager & AM( Salary)/ Manager & Accountant (Payments), Manager(Direct Tax),SAM(Employee Welfare Cell), AM(Insurance) ,CWC, CO, New Delhi.

5. Central & Branch Auditors.

M/s. J K Sarawgi & Company, 91 Siddhartha Enclave Near Ashram Chowk, New Delhi-110014	M/s. Chhajed & Doshi, 101, Hubtown Solans, N.S.Phadke Marg, Opp. Telly Gali Junction, Near East West Flyover, Andheri east, Mumbai – 400069, Maharashtra
M/s. A V Ratnam & CO. 180/2 RT Upstairs. Opposite Vijay Nagar Colony Park-2 Vijay Nagar Colony Hyderabad – 500057 Andhra Pradesh	M/s. M C Bhandari & Co., 4 Synagogue Street No. 205, 2nd Floor, Behind Central Bank of India, facing Brabourne Road, Kolkata – 700 001, West Bengal

**GUIDELINES FOR CLOSING OF ACCOUNTS BY REGIONAL OFFICES FOR THE PERIOD ENDING 31.03.2022**

**1.0 INCOME**

For accounting of Income, Accounting Policy No. 16 as mentioned below, may please be referred.

- a) Income from warehousing services rendered is recognized based on agreement/arrangement with the customers as the service is performed using the;
  - (i) Completed service contract method for imported cargo on receipt/release of cargo;
  - (ii) Proportionate completion method for all other services rendered by the Corporation including income from consultancy fee/supervision fee charged on deposit works undertaken by the Corporation.
  - (iii) In respect of time barred bonds/ long standing cargo on its realization out of the sale proceeds.
- b) Income from sale of empties and waste (like old newspapers) are accounted for on realization basis.
- c) Dividend income is recognized when the right to receive dividend is established during the year.
- d) The interest income is recognized when no significant uncertainty as to its measurability or collectability exists. It is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- e) The reward/benefit from the Service Export of India Scheme (SEIS) to the corporation under Foreign Trade Policy 2015-20 is booked in the year of sale of the SEIS scrips issued by DGFT.

**(a) Warehousing Charges**

With the integration of WMS with Tally ERP on PAN India basis, the entries for booking of income are automatically posted in Tally ERP. Same may please be checked and in case of any discrepancy, Manager (CA) can be contacted for further assistance.

**(b) Warehousing Charges on Time Barred Bonds and Long Standing Cargo**

The accumulated warehousing charges on Time Barred bonds and Long Standing Cargo is not to be accounted for due to uncertainty of their realization as per the accounting policy of the corporation. They also need not be disclosed in notes to accounts. However, a demand note should be issued to the customs.

The income should be accounted for on realization of the dues from the Customs/ on disposal of time barred bonds as per the Customs Act.

**(c) Warehousing Charges on DRI Seized Goods**

It is advised to raise the storage charges/Insurance charges bills in respect of DRI Seized goods since the period stored in warehouse and accounts for the same as income

as advised by the MD vide letter dated 26.09.2019 and instruction issued by GGM(F&A) vide letter no. CWC/FD-Rec/Outstanding/2019-20 dated 20.12.2019

Further, where confiscated/seized goods have been deposited by the customs in view of the HCCR 2009 without any reservation and the realization of dues is not certain, a demand note should be issued to the customs. Income, if any, should be accounted for on realization of the dues from the customers.

**(d) Accrued Income- Warehousing & Other Charges**

The accrued income is to be accounted in line with Accounting circular No. 57 issued vide letter No. CWC/FD-CA/Accounts Circular/21-22 dated 03.03.2022 , letter No. CWC/CO-FDORCVY/233/2020 dated 03.03.2021 issued by GGM (Fin) and Accounting circular No. 29 issued vide letter No. CWC-FD/CA-Accounts Circular/2020-21 dated 23.07.2020.

**(e) Warehousing Charges on Auctioned stock**

The proceeds from Auctioned stock may be accounted for in 30631 – Income from Auction Proceeds (General Warehouse) or 30632 – Income from Auction Proceeds (Custom) as per Accounting Circular No. 42 dated 08.03.2021. The adjustments for auction expenses/custom duty may be made in the accounting heads 29419(other auction expenses recoverable), 29420 (freight charges recoverable) and 29421 (custom duty recoverable). Surplus, if any, after auction of stock may be accounted for in the applicable account heads as mentioned in the Circular.

**(f) M. F. Income**

MF Income is to be booked based on the work slips issued and H&T works done. The invoice is generated through “H & T Bill” option of WMS. The accounting entry for the same is presently flowing automatically from WMS to Tally ERP, same is to be verified upto 31.03.2022. Please ensure that for all H&T work done (work slip issued) upto 31.03.2022, the expenses and corresponding income is to be booked.

**(g) Income from CFS/ICD under SAMO**

Income from CFS/ICDs under SAMO where entire billing is done by SAMO partner and CWC is to bill to SAMO is to be booked under account head “Income from CFS’s/ICD’s under strategic alliance- 30400.

However, for other CFS/ICDs where the bills are raised to the customers in the name of CWC, income shall be booked in respective heads of Income i.e. storage charges, MF Charges etc. **Accounting Circular No. 28 ‘Accounting under SAMO’ dated 15<sup>th</sup> April, 2020 and its corrigendum dated 30<sup>th</sup> April, 2020 be adhered.**

**(h) Income from CFS/ ICD / Integrated Check Posts (ICPs) – Operated by CWC**

CFS/ICD where integration of the software and tally is functional for posting of summary daily transactions, entries are directly flowing into Tally & approved on daily basis by Regional Accounts Incharge. It is to ensure that all income upto 31.03.2022 are accounted. In case of any discrepancy Manager (CA) can be contacted.

For ICPs where the bills are raised on customers in the name of CWC, the income from Warehousing, Marketing Facilitation (M.F) and other income whether taxable or exempt is accounted separately under following account heads.

Account head	Code
WH Charges-ICP	33801/33802
M.F. Charges -ICP	35501/35502
Any other income - ICP	30609/30610

ICPs where integration of the software and tally is functional for posting of summary daily transactions, entries are directly flowing into Tally & approved on daily basis by Regional Accounts Incharge. It is to ensure that all income upto 31.03.2022 are accounted. In case of any discrepancy Manager (CA) can be contacted.

**(i) PCS Income**

PCS Income entries are flowing from WMS. Accrued income (where bills have not been raised) is to be accounted for all the job works executed up to 31.03.2022 on the basis of data given by Technical Section/PCS cell.

**(j) Income from Container Rail Transportation-30301 (CRT Operations)**

Income from CRT Operations be booked under account head “Income from Freight Charges (CRT)-30301”.

**2.0 EXPENSES**

**(a) Pay & Allowances**

The Pay and Allowances of the employees up to 31.03.2022 including employer’s contribution to CPF, Pension, PRMB and provision for employee benefits (Gratuity, Leave Benefits and LTC) is to be checked for the monthly entries posted through payroll software by Corporate Office.

**Superannuation Employee Benefits:**

Employee benefits pertaining to superannuation benefits, gratuity, PRMB, Pension benefits, LTC, Leave benefit, employer provision towards CPF is to be posted from Payroll software only. The same is posted from CO as per the following rates:

Sl. No	Employee Benefit	Rate on Basic plus DA
A	Gratuity	4.81%
B	PRMB Contribution	4.19%
C	Pension Contribution	9.00%
D	Employer’s Contribution towards CPF	12.00%
E	Leave benefits	9.09%
F	LTC	1%

**Productivity Linked Incentive:**

PLI for C & D is to be booked @ Rs. 25,200/- per employee per annum who are on the rolls of Corporation as on 31.03.2022. PLI for half yearly has already been booked @ Rs.12,600/- as on 30.09.2021. PLI for the balance amount of Rs. 12,600/- is to be

booked as on 31.03.2022. Accounting entries as prescribed in the accounting circular # 48 dt 20.11.2021 must be adhered.

**(b) Chemical consumption (a/c no. 40201)**

Chemical-wise consumption and closing stock be accounted for based on the data to be given by Technical Section, also accounting the chemicals transferred to/received from ROs, if any, during the year. Chemical consumption is to be accounted cost centre-wise i.e. each warehouse separately.

The valuation of closing stock of chemicals as on 31.03.2022 is to be made as per Accounting Policy No.3 i.e. at lower of the weighted average cost (considering the value and the quantity of opening stock and purchases made during the year) and net realizable value i.e current purchase price.

**(c) Godown Rent (A/c Code- 40802, 40807) & Lease rent (A/C Code- 40803)**

The schedule indicating the amount of Rent for the year is to be prepared in prescribed Format, which would also reflect the liability for Rent.

In the cases where Godown is hired for utilization of Cotton Corporation, **Account Code 40807-GODOWN RENT (COTTON CORPORATION)** and for other hired godowns **Account Code 40802-GODOWN RENT** is to be used. **Lease Rent** (where land is taken on lease) should be accounted in Account **Code-40803-LEASE RENT**.

The Godown Rent for newly hired warehouse where agreement is yet to be executed is to be accounted for as per Rates agreed. Wherever there is a dispute on amount of rent payable, liability is to be provided to the extent Rent payable is accepted by the Corporation and for difference of Rent amount not accepted by Corporation, same is to be disclosed as Contingent Liability. For Rent payable where amount cannot be estimated accurately instead of booking the liability, provision is to be created under the account head **12800 - Provision for expenses**.

It may be ensured that lease rent payable as per the Lease Agreement is provided for, even though no demand for rent has been received. Where payment of rent has been disputed or contested in a court/arbitration, the demand of rent to the extent not agreed upon, is to be disclosed as contingent liability.

For a leasehold land where the land/property is in our possession even after expiry of the lease period and the lease rent has not been decided, the liability for lease rent at rates applicable as on the date of expiry be provided pending renewal of lease/ return of the land/property. The liability is also to be created for the increase in Rent agreed by us and difference between Rent demanded and Rent agreed be disclosed as contingent liability.

Generally, if Corporation has lost the case in the first instance, liability may be created. Regarding cases awarded against the Corporation where liability has not been provided, same is to be justified with reasons and liability is to be provided on merit considering probability of its occurrence as required under AS.29.

**(d) Rates & Taxes (Account Code - 40804 & 40806)**

Centre-wise details of **Rates & Taxes (OTHER THAN PROPERTY TAX) Account Code 40804 and Property Tax (Account Code – 40806)** paid for all the warehouses in the Region be given separately in the prescribed Schedule for Taxes, Duty, Cess & Fee , giving the name of Warehouse, period and the amount.

Where demand has been received for payment of property tax during the current year for the first time pertaining to previous years and same has not been contested, it should be accounted for by debiting to Rent, Rates & Taxes and not to Prior Period Exp. A/c even if it pertains to an earlier period.

**(e) Insurance premium expenses:**

For accounting of expense on account of insurance premium paid/adjustment of advances, treatment of input tax credit/adjustment at the end of policy period, instructions issued vide **Accounting Circular No. # 46 dated 03.08.2021 to be strictly followed.**

**(f) Provision for Bad & Doubtful Debts/ Bad Debts & Bad Debts Written off :**

As per policy no 32 of the Corporation, the provision for Bad & Doubtful debts is to be created as and when any debtors/loans and advances is considered doubtful of recovery. In other cases, the same is to be created after the expiry of 5 years in case of Govt. customers and 3 years in other cases. Please refer guidelines stated in para 5.2(iv) below. Please create provision Depositor wise and cost center-wise. In addition as advised vide **Accounting circular No. # 45** dated 01.06.2021, the bad debts written off is to be routed through profit & Loss a/c in cases where the provision against the recoverable amount existing in the books which be ensured.

**(g) Training and Publicity Expenditure (A/c no. 49102/49103)**

Staff Training and Publicity expenditure incurred by units is to be charged to Revenue at unit level itself in **A/c code 49102 and 49103** respectively. TA/DA for training is be accounted as **TA/DA for training expenses (Account Code 40405).**

**(h) Expenditure on Container Rail Transportation**

Expenses incurred relating to Container Rail Transportation are to be booked under **“Other Expenses (CRT)” 41304.** Please ensure all expenses up to 31.03.2022 are booked correctly.

**(i) Expenditure Relating to PCS Services (A/c CODE 49133)**

Expenses incurred for providing the PCS Services e.g. manpower, wages, misc. be charged to **Other Expenses PCS A/c Code 49133** instead of charging them to Establishment Others or Misc. Expense.

As **“Other Expenses PCS A/c Code 49133”** will be shown on the face of P&L A/c from this year onwards, the corresponding previous year figure may also be removed from the Miscellaneous Expenses schedule and shown in the P&L A/c.



**(j) Unutilized GST Input Credit expense (A/c. Code 49137)**

In line with the instructions issued vide GST circular No. 25 dated 14.05.2020 and corrigendum to GST circular 25 dated 11.11.2021, the expenditure on account of unutilized GST Input Credit is to be correctly booked till 31.03.2022. Same is to be calculated & booked towards exempted services (based on reversal ratio) as per mechanism prescribed in the circular. GST ITC is not to be taken while booking provision of expenses in Ledger Code 12800.

**(k) Impairment Loss**

As per Significant Accounting Policy no.29, an asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. Please review all your assets for this purpose.

**(l) Prior Period Adjustment Account**

The error and omission committed in accounting of income and expenditure in previous years and rectified in the current year is accounted as Prior Period Income/Expenditure. Since as per income tax act, Prior Period Income is added to the profit and Prior Period expenditure is not allowed as deductible expenditure, they are to be minimized by taking proper care.

The income/expense, which has crystallized during the year, though pertains to earlier period, should be booked as the current year income/expense and not as Prior Period Income/Expense. Further, the Prior period income/ expenses for any item up to the limit specified in Significant Accounting Policy no. 7 i.e. Rs.1,00,000 in each case is to be charged to their natural head of account. *The Prior Period Exp./Income be restricted to revenue ledgers only and no non-revenue item be included in this.*

**(m) Travelling Expenses of CO/RO Officials Visiting the Regional Office**

Travelling expenses on account of Hotel charges and Car of the CO/RO officials visiting a regional office shall be borne and accounted by the Regional Office of a state where the Hotel is located in line with the GST circulars issued. For this, no debit advice is to be issued by the RO to CO and vice-versa.

**(n) Depreciation/Amortization**

Depreciation / Amortization is to be accounted asset-wise as prescribed in **Accounting Circular No. # 44 dated 17.05.2021 and amended accounting policy # 9 & 10.**

Units are advised to pass the depreciation/amortization entries as per the useful life, residual value and the manner of charging depreciation/amortization on the assets of the Corporation as mentioned in the relevant Accounting Policy.

In case of transfer of any asset from one unit to another, depreciation/ amortization is charged in the books of the transferor unit upto the month of transfer. The transferee unit shall charge depreciation/amortization from the subsequent month.

### 3.0 Cost center wise accounting

All income and expenses are to be accounted under the appropriate account head with cost centre of relevant warehouse instead of cost centre of RO. RO cost centre shall be used for Regional office expense and other common nature of expense which cannot be allocated to a particular cost centre.

### 4.0 ASSETS

#### 4.1 Property, Plant and Equipment(PPE)

- (a) Gross value and provision for depreciation / amortization (accumulated) of asset is to be separately recorded in Tally ERP. The Accounting entries for purchase of Assets, provision of depreciation/amortization, sale, inter-unit transfer and buyback of assets by employees needs to be made as per the Accounting circular no 21 dated 13.02.2019.
- (b) Fixed Assets Register is required to be maintained for each of the asset which should contain the details of Assets i.e. its Original Cost, Provision for depreciation/amortization, WDV, Location, Purchase Date, Available for intended Use date, Quantity and Asset identification Number etc.
- (c) The depreciation is to be provided strictly as per the accounting policy no 9, 10 & 29 based on the useful life of asset and its residual value.
- (d) Component Accounting and Capitalization of expenditure on Upgradation of warehouses

In line with the Accounting Policy No. 9, significant components of warehouse & godowns i.e. Roof (Pre-coated Galvalume Steel Sheets or equivalent), Road (Cement Concrete) and Floor (Cement Concrete) are to be capitalized and depreciated instead of charging them to repair & Maintenance.

As the above components are capitalized, the cost of original(old) road , roof and floor will have to be derecognized from the Books. The original cost, accumulated depreciation and WDV of old road, roof and floor being replaced need to be deleted from the books. The WDV of asset minus credit value of salvage, if any, is to be charged to P &L Account at the time of derecognition of asset by using account no 41902(asset written off). The Depreciation on the new asset and old asset is to be charged proportionately from/up to the month, the asset is capitalized/ derecognized. Old asset should be derecognized in the month previous to the month when the new asset is capitalized. For detailed mechanism, refer the *letter no. CWC/FD/Comp./2018-19 dated 14.02.2019 and Works Accounts Advisory(CO) # 3 dated 17.02.2022.*

- (e) In respect of the Land for which the execution of title/lease deed is pending, please ensure that the liability for stamp duty has been created as per **accounting policy no. 12** i.e. at the applicable stamp duty rate on the date of purchase/acquisition of land. The stamp duty is to be computed on the market value of the Land on the date of purchase/acquisition or the actual cost of land, whichever is higher. The Land A/c is to be debited while creating the liability for stamp duty.
- (f) In case of lease hold land, the additional liability for stamp duty, if any is to be written off over the remaining lease period.

- (g) For new cases of purchase of land/renewal of lease, the liability of stamp duty is to be capitalized in the year of purchase/ renewal of lease. Please ensure that liability for stamp duty for all lands whose title deed is pending for execution has been created in the books. After making payment of stamp duty, any excess/short liability/provision created for stamp duty is to be written back or charged to the Land account.
- (h) Advances paid for purchase of Land should be accounted for under **A/c Code No.28701**. Similarly, advance paid, if any, for Purchase of Residential Houses / Flats should be accounted for under **A/c Code No.28702**. These advances are to be transferred to Asset A/c immediately on taking over the possession of the Land or Residential Flats/House or finalization of the land lease arrangement as the case may be.
- (i) The advance paid for Leased Accommodation hired for officers or HBA given should not be debited to account code 28702. This is to be booked under “**Advance for Residential Accommodation Officers A/c**” (Code No.28809) and **HBA (Code No 28604)**, respectively.
- (j) Depreciation written back due to errors and omissions in earlier years if exceeding defined limit be credited under the head “Prior period Expenditure Code No.44101 and not to Excess Depreciation Written Back A/c (Code # 30702). Excess depreciation written back A/c be operated only in case the depreciation is to be reversed because of any development during the year or change in the terms and conditions of assets acquired.

Details of Land of which title deed is yet to be executed and Leasehold land of which lease period has expired but lease deed is pending for renewal and land is in possession of the Corporation, details are to be given in **Schedule BS-29**. The land for which title deeds are not required to be executed for any reason, the reason be stated and this fact should be intimated to Planning Division at CO to update their records in respect of title deeds.

(k) **Copy of Title/Lease Deeds**

Copies of the title deeds in respect of land should be kept ready for verification by the Auditors. In case the copies are not available in RO, Planning Division at Corporate Office be requested to send the same.

(l) **Physical Verification of Fixed Assets**

It is to be ensured that Physical verification of Fixed Assets (Movable) as on 31.12.2021 is to be completed and suitable adjustment entries may be passed wherever variances are noticed, as per instructions issued vide **Accounts Circular No. 49 dated 2<sup>nd</sup> December, 2021**

## **4.2 CURRENT ASSETS**

(a) **Sundry Debtors**

Age wise analysis be given in the prescribed Schedule separately for Storage, MF, PCS and other dues respectively. The provision for bad & doubtful debts and bad debts written-off should be linked with the invoice details and recommendations of the committee.

SOP for Accounting of Receivables be adhered to as issued vide Accounting circular # 56 dated 21.02.2022.

**Insurance Claim Recoverable Account(A/C Code 29406)**

Amount recoverable from Insurance Company will be given in schedule of Insurance Claim Recoverable Account. The amount payable to depositor on account of Insurance Claim is to be shown as Insurance Claim Payable A/c. The recoveries made by the depositors are not to be transferred to Corporate Office but to be reduced from claim payable A/c.

**Salvaging Expenses Recoverable(A/c CODE 29405)**

Salvaging expenses recoverable account should include salvaging expenses incurred by the Corporation which are recoverable from the Insurance Company.

**(b) PERSONAL ADVANCES**

All the personal advances be thoroughly reviewed and properly accounted. The debit and credit balances be shown separately in the Trial Balance for proper disclosure of assets and liabilities in the Balance Sheet.

**(c) PREPAID EXPENSES**

The opening balance in prepaid expense account is to be adjusted to the extent the expenses relate to current year. All Revenue Accounts be reviewed to ensure that the expenditure booked pertains to the current year only i.e. up to 31.03.2022. If any amount relates to a subsequent period/year, the same is to be reflected as 'Prepaid Expenses'. The items of Pre-paid expenses up to the limit of Rs. 1,00,000/- specified in Significant Accounting Policy no. 7 are charged to their natural head of accounts instead of debiting to prepaid expenses.

**(d) INTEREST ACCRUED**

The interest accrued is to be accounted debiting account code 29002 Interest accrued (others) and crediting account code 31104 interest received on other deposits. Interest claimed from depositors should be recognized when no significant uncertainty as to its measurability or collectability exists.

**Interest accrued on Personal Advances** are also to be calculated and **debited to 29002 Interest accrued (others) and corresponding credit be made to 31102 Interest receipt on personal advances. Since this is a cumulative interest accrued and not for the year, the balance of interest accrued on personal advances of previous accounting period is to be reversed by debiting 31102 Interest receipt from Personal advances and crediting 29002 Interest accrued account. This exercise is to be done for all interest bearing personal advances.**

For the Employees transferred to other units, the accrued interest is to be taken by the transferee unit(position to be taken as on 31<sup>st</sup> March). If the number of employees having advances and transferred out are more in comparison to number of employees transferred in, the accrued interest income on this account may be negative to be shown on debit side of the trial balance which can be explained to the auditors. It may please

be ensured that deduction made from salary for personal advance is considered for calculation of interest.

The interest accrued on Savings Bank A/c is to be accounted based on the certificate obtained from the bank debiting account code 29002 i.e. Interest Accrued and crediting account code 31101 i.e interest received.

**(e) Sundries Recoverable**

It may be ensured that recoverable accounts like Sundries Recoverable, TA Advance and LTC Advance do *not show credit balances. Such credit balances may be shown as Sundry Payable, TA Adjustment Payable A/c (Code No.13001). Sundries Recoverable from Employees and third parties be shown separately with account code No. 29401 and 29402 respectively in order to know the amount recoverable from Employees and third parties respectively.*

Recoverable from Ex-Employees be shown under Ex-Employees Recoverable A/c (Code No.29409) and should not be mixed up with Sundries Recoverable-Employees Account (29401).

Provision for advances/recoverable other than for personal advance to staff is to be made or written off as per existing policy for creation of provisions for bad and doubtful debts/Writing off of Bad debts.

**(f) Closing Stock of Store items and valuation**

The Physical verification of Store items lying un-issued in stores as on 31.03.2022 such as liveries, stationery, polythene covers, DTR covers etc., be carried out and to be valued at lower of cost (on First-in-First-out basis) and net realizable value (Refer Accounting Policy No.4). These items should be reflected as “Other Stores in Hand” and details given in the prescribed schedule.

**(g) Multilayered cross laminated polythene covers/ polythene covers /polythene films etc.**

The covers (Polythene covers, Multi-layered Cross laminated covers Black Polythene Films) and PVC floor dunnage are to be charged to revenue when put to use for full amount to polythene covers consumed A/c and Dunnage A/c respectively. Accordingly covers and dunnage put to use during the year i.e. up to 31.03.2022 be charged to revenue. The items once issued for use are to be charged to revenue.

**(h) Contractors Securities in Hand**

Some contractors furnish Security Deposit by way of NSCs or FDRs or call deposit receipt and other such securities. In accounts, such securities should not be merged with the Corporation’s own investments in Fixed Deposit but are to be accounted for as ‘Contractor’s Securities in Hand Account’, A/c Code 27300.

Further, the interest earned on such contractor’s securities is not be accounted as corporation’s income.

**Security Deposit received by Bank/E-payment be credited to Security Deposit received from supplier A/c No 12611.**

**(i) Earnest Money, Security Deposit Paid by CWC**

A list of EMD / SD paid by CWC and outstanding as on 31.03.2022 be prepared in the prescribed **Schedule BS 8** (Code 29403) and reason for outstanding be mentioned there against. For all outstanding EMD/SD , the reminder be sent to concerned parties at their given address for its refund.

Review of EMD/SD's paid by CWC should be done and realization be made as per instruction issued vide Letter No. CWC/FD-CA/Annual Closing/2019-20 dated 27.01.2021.

**(j) Reconciliation of Input Tax Credit control A/c (A/c. code 29540, 29550 and 29560)**

As per the instructions in place, Regional Offices are required to monthly reconcile the Input Tax Credit (ITC) to be availed after checking the reflection in their GSTR 2A return on monthly basis. As and when the credit available to CWC in GSTR 2A, same has to be transferred to the requisite SGST, CGST & IGST Input Tax Credit Availment A/c from Input Tax Credit control A/c. This exercise has been advised to be ensured on monthly basis.

Accordingly, the balance lying in Input Tax Credit Control A/c should only reflect the ITC, the credit of which is not available in GSTR 2A of the unit. In addition, the balances lying in CGST, SGCT & IGST Availment account should match the balance appearing in the electronic credit ledger at GSTN Portal.

**(k) Tax Deducted at source-26AS(AVAILABLE) A/Cs (29102)**

Balance under the ledger code 29102 TAX DEDUCTED AT SOURCE-26AS (AVAILABLE) as on 31.03.2022 will be absorbed by CO before closing of accounts and 29102 shall have NIL balance in RO Books as on 31.03.2022. Accordingly, credit availability be verified with 26AS and be transferred as on 31.03.2022 from control (29110) to available account (29102) on or before 08.04.2022.

## **5.0 LIABILITIES & PROVISIONS**

### **5.1 LIABILITIES**

**(i) Classification**

***Sundry Creditors (A/c Code 12401) & Sundry Creditors- Projects (Capital Works (A/C Code- 12405)***

Sundry Creditors represent bills of suppliers, service providers or any other parties who have supplied goods or rendered services but payment has not been made to them.

***Other Liabilities (A/c Code 12608)***

This represents amount recovered and to be remitted to another agency, e.g., GST, TDS, PF, Professional Tax etc.

- (ii)** All known liabilities, where the stores or services have been received, should be provided for. However, if any dispute is there and matter is sub-judice, it may be dealt with as under: -

1. Custom Salary payable to Customs be provided as per their circular. wherever the salary of customs are payable by CWC and then recoverable from the SAMO operator/H&T Contractor, then salary payable to customs shall not be debited to expense but treated as recoverable from SAMO/H&T Contractor. Therefore, debit shall be done to “Recoverable from SAMO/H&T Contractor” and credit shall be made to the “salary payable to customs”. The liability for other items of expense be accounted for as per rates accepted.
2. Liability is to be provided for the awards made against the Corporation based on probability of its occurrence as per accounting policy no.31. In case liability has not been created, justification is to be recorded for verification of the Auditors and amount of claim be disclosed as contingent liability.

**(iii) Liability for Temporary Advances**

Where account has not been rendered till finalization of accounts, the liability for Temporary Advances be created to the extent of amount of advance given. Necessary certificates be obtained from the concerned official/warehouse as far as possible.

**(iv) Sundry Creditors for M.F. Charges bills**

It should be ensured that all work-slips have been issued and liability has been created for the H&T Contractor's bill not received or received but not paid, under the head "M. F. Expenses payable but not yet billed" under Sundry Creditors (M.F.) Code No.12404.

Details of all out-standing amounts with reasons for non-settlement be kept ready for verification of the Auditors. The creditors which are more than three years old and there has been no demand from the party can be written back as per instruction issued by CO vide Letter No. CWC/FD-CA/Annual Closing/2019-20 dated 27.01.2021

**(v) Earnest Money, Security Deposit/Recruitment Deposit Received by CWC (12610/12611)**

EMD is adjusted/ released immediately on acceptance/ rejection of the tender. As such, balance in EMD account should normally represent only such EMDs for tenders which have not been finalized till 31.03.2022.

EMD/SDs received should be reviewed and wherever the amounts are more than three years old are to be written back as Misc. income under “**Account Code- 31309-EMD/SD/SR. CREDITOS/OTHER LIABILITIES/DEPOSITS WRITTEN BACK**” as per instruction issued vide Letter No. CWC/FD-CA/Annual Closing/2019-20 dated 27.01.2021.

*The reason for EMD/SD lying in books be mentioned in the schedule against each amount and documents in support of the same be kept ready for verification of the Auditors.* Details be given in the format prescribed in **BS-14**.

## **5.2 PROVISIONS**

### **(i) PROVISION FOR EMPLOYEE BENEFITS (PRP, PLI, GRATUITY , LEAVE BENEFIT , PRMB AND LTC)**

- a. Please refer para 2.0 (a) regarding provisions against the superannuation benefits and PLI.
- b. Provision for PRP for F.Y. 2021-22 shall be made at C.O. only and no accounting entry shall be passed for provision at RO level for F.Y. 2021-22.
- c. In Trial balance, the debit and credit balances in the relevant Account are to be shown separately and **not to be set off against each other**.

### **(ii) Provision for Income Tax**

Provision for Income Tax shall be made at Corporate Office.

### **(iii) Provision for Audit Fee**

Provision for Audit Fee shall also be made at the Corporate Office. However, provision for TA/DA for the auditors shall be made at Regional office.

### **(iv) Provision for Bad and Doubtful Debts**

- a) Provision for bad and doubtful debts be created as per Accounting Policy No. 32 by debit to Bad & Doubtful Debts Provision A/c Code No. 44000 and credit to provision for bad and doubtful debt A/c Code No. 10751.
- b) Please ensure that provision for Bad & Doubtful debts is also created for advances (other than personal advances) and other recoverable outstanding in different heads of accounts as per guidelines issued by CO.
- c) For accounting of reversal/write back of provision, and creation of additional provision for bad & doubtful debts, accounts circular no.22 dated 13.02.2019 shall be followed and for write off of bad debt accounts circular no.45 dated 01.06.2021 be adhered.

### **(v) PROVISION FOR EXPENSES/CAPITAL WORKS**

#### **a) Provision for Expenses (12800):**

In some cases, the provision for expenses need to be created and the TDS cannot be deposited with the Income Tax authorities due to uncertainty of the liability getting materialized. In such cases, the estimated liability is to be created by debiting the relevant expense account and crediting the Provision for expenses account (code No. 12800) and for such liabilities no TDS need to be deposited with the revenue authorities.

In such case, as and when the payment against the provision gets materialized, necessary TDS should be deducted while releasing the payment and remitted with the Income Tax authority and the Provision for expenses account is to be debited.



It must be ensured that this ledger shall be credited against the expense items only i.e. where Profit & loss accounts is to be debited. In case debit is being given to Work in progress/Assets or any capital item Credit shall be given to new ledger code 13800

**b) Provision for Capital Works (13800)**

This ledger is to be used where, the provisions need to be created and the TDS cannot be deposited with the Income Tax authorities due to uncertainty of the liability for capital works getting materialized.

In such cases, the estimated liability is to be created by debiting the “Work in progress” or assets head or other appropriate head (other than expense head) and crediting the Provision for Capital Works (code No. 13800) and for such liabilities no TDS need to be deposited with the revenue authorities.

**6.0 CONTINGENT LIABILITIES**

As per Significant Accounting Policy No. 31(b), Contingent liabilities in respect of claims against the corporation not acknowledged as debts are determined on the basis of information available and judgment of the management and are disclosed by way of notes to the accounts. However Contingent Assets are neither recognized nor disclosed. *Where recovery has been made by the depositor from our bills and provision for Bad & Doubtful Debts has been created there against, same should not be included in contingent liabilities.*

Following Contingent liabilities shall be disclosed in the notes to accounts:-

- i) **Claims against the Corporation not acknowledged as debts** to be classified as under: -
- a) Storage losses - which remains to be regularized as on the balance sheet date.
  - a) Claim from godown owner for hike in Rent.
  - b) Claim for Property Tax.
  - c) Claim under Arbitration.
  - d) Transit losses.
  - e) Claims of Employees
  - f) Claim for compensation for land acquired.
  - g) Other claims (nature to be specified).

To the extent the claims are acceptable to the Corporation, same is to be recognized as Liability and not to be disclosed as Contingent Liability. In no case, claims in favour of the Corporation i.e Contingent asset is to be disclosed.

- ii) **Depositor’s claim not accepted by Insurance Co.**

The claim raised by the depositor, which has not been accepted by insurance company for settlement and also disputed by the corporation shall be ***disclosed by the Regions*** as contingent liability.

- iii) **Contingent Liability Register:**

Contingent Liability Register be maintained stating the nature of transaction, amount of contingent liability and its latest position. This should be updated by all sections and made available to accounts department. The documents in support of the Contingent

Liabilities may be kept ready for verification of the Auditors, e.g. Advocates certificate for the cases being contested in the court and latest position thereof.

**Concerned Sections be informed of above to ensure its compliance since Corporation is getting number of audit observations on non-disclosure or excess/short disclosure of contingent liability.** The list of legal cases be reviewed to ascertain the amount of liability/contingent liability correctly and be checked with concerned records/ files.

Classification of contingent liabilities (Claims against the Corporation not acknowledged as debts) be ensured as per Accounts Circular # 54 dated 02<sup>nd</sup> February, 2022.

- iv) **Counter guarantee given for Bank guarantee received:** Some of the RO's have furnished Counter Guarantee for Bank Guarantee as Security. The total amount of such Counter Guarantees is to be disclosed in "Notes forming part of Accounts" under the heading "Counter Guarantee for Bank Guarantees".
- v) **Custodian Bonds:** Custodian bonds executed in favour of the customs are required to be quantified in "Notes forming part of Accounts". It is observed that these details are not indicated by some of the Regions which leads to delay in finalization of Accounts at C.O. Please ensure that all types of surety bonds furnished to Customs be included in this, *including those issued by another Regions on your behalf*.
- vi) **Court Attachment:** All payments/deposits made in the court on account of court order pending settlement of the case including attachment of any amount by the court be shown under the head of account '**Court Attachment/Deposit made with Court'**- (Code No.29408).

Wherever the amount is deposited in the Court and the same is allowed to be withdrawn by the opposite party, the liability should be created to that extent. If the claim of the party is more than the amount deposited in the court, the differential amount be disclosed as contingent liability. In case amount cannot be withdrawn, based on merit of the case, the liability be provided considering probability of its payment. In case liability for differential amount is not created, suitable justification be recorded in the file for verification of the auditor.

## 7. MSME Disclosures

Disclosures with respect to the MSME Act need to be made as per Note no.12 of Annual Accounts. Details regarding Dues to MSME vendors, delays in payments made to MSME Vendors and the interest paid/ accrued to these vendors should be provided.

## 8.0 GUIDELINES RELATED TO CONSTRUCTION ACTIVITY AND ABSORPTION OF ENGINEERING OVERHEADS

The important points which require careful attention for finalization of Accounts in relation to construction works (Capital & Deposit works) are as under:

### 8.1 Engineering Overheads

- (i) As per accounting policy no 14, "The construction overheads on the capital works executed are allocated and capitalized as under: (i) Works supervised by

CWC@7% (seven percent) of the cost of work (ii) Works supervised through outside agency-Fee/charges payable to the agency”.

- (ii) Construction overheads shall not be charged on Deposit works and repair works.

In case the warehouse has been commissioned i.e. the handing over/taking over has taken place, the amount lying in work in progress shall be capitalized and depreciation shall be charged by Regional office as per Works Accounts (CO) - Advisory No. 2 issued vide No. CWC/FD-Taxation/WA/2021-22 6<sup>th</sup> January 2022.

- (iii) Credit shall not be given to individual head of expense i.e. Basic Pay, HRA, DA, PF, PENSION etc. The credit shall be done only to “**50000 Administrative overheads**”. In final accounts Administrative overheads shall be shown as reduction in Pay & allowances.

## **8.2 Work in Progress**

Prescribed Schedule be prepared for work in progress i.e work not completed up to 31.03.2022 and hence not capitalized as on 31.03.2022. For allocation of overhead, please follow the instructions in para 8.1 above. Where composite contract has been awarded, the value of the Road, Roof, floor, other part of warehouse and Godown should be shown separately and instructions issued by **Works Accounts (CO) - Advisory No. 3** vide No. CWC/FD-Taxation/WA/2021-22 17 dated 17<sup>th</sup> February, 2022.

- a. In case any asset i.e. Vehicle, Generator Set, Air-conditioner, other equipment etc., is included in the project, the cost of the same should not be included in Warehouse and Godowns while capitalizing and same should be capitalized in concerned asset account.
- b. Please ensure that WIP does not carry any balance for the abandoned project. The cost of abandoned project is to be written off under A/c no “49115 Work in progress written off”.
- c. All expenditure incurred on construction of a warehouse before commencement of operation/commissioning be capitalized and depreciated as per the policy.

## **8.3 Works/Assets Capitalized During the period**

Details of assets capitalized during the year be given for all the assets capitalized (including overheads wherever applicable) during the year ending 31.03.2022 in **BS - 10**.

Depreciation on the assets capitalized and put to use during the year is to be provided as per the rates/method specified in significant accounting policy 9 & 10. No depreciation is to be provided on the assets completed but not taken over/commissioned as on 31.03.2022.

## **8.4 Estimated Liabilities on Civil Contracts/Other capital commitments**

### **a) Estimated Liabilities on Civil Contracts**

Details of estimated amount of civil contracts on Capital accounts remaining to be executed as on 31.03.2022 is to be disclosed in the notes forming part of accounts. The project not awarded upto 31.03.2022 is not to be included under this note.

Further the estimated liability towards the construction works completed up to 31.03.2022, but not billed by the contractor is to be accounted for on the basis of certificate of site engineers.

### **b) Other capital commitments**

In addition, any capital commitments made by the corporation shall also be disclosed such as any agreement/commitment for purchase of any land or any office space, execution of any project for construction of warehouse, Corporation's share for execution of any project for which any grant is received/approved by central/state govt.

## **8.5 Adjustment of Final Bills and Recoverable Amount**

All the final bills and recoverable amounts should be accounted for in the books of accounts.

## **8.6 Withheld Amount**

The withheld amounts should be reviewed and necessary adjustments be passed. No amount of withheld account should be outstanding as on 31.03.2022 in respect of works where final bills of which have been paid/ adjusted unless it is pending due to any dispute or litigation.

## **8.7 The supervision charges on deposit work be accounted for as "income from Engineering Consultancy services (30611)".**

Amount recoverable (29404) and payable (12900) on account of deposit work from different parties are to be shown separately.

## **9 MISCELLANEOUS**

### **9.1 Bank Reconciliation**

No adjustment should appear in bank reconciliation on account of bank charges and interest not accounted for in the books. It should be ensured that there are no unlinked debits or credits in the bank reconciliation and, if there are any, the detail for the same is to be given in bank reconciliation statement indicating the date of adjustment. The certificates of Bank balance are to be enclosed with the Bank Reconciliation Statement. Interest on Savings Bank Account is to be accounted for on accrual basis based on the certificate of the bank.

### **9.2 Inter Unit Advices/Other Advices and Reconciliation**

Please ensure that all inter unit advices for transactions up to 31.03.2022, are issued and adjusted by 05.04.2022. Inter Unit balances are to be reconciled and there should not be any un-reconciled entry. A certificate confirming that the all inter unit balances have been reconciled be enclosed. The inter-unit account for Corporate Office be also reconciled.

The Schedule for inter unit balances **BS-28** should also be prepared and all the inter-unit balance confirmation received from other units be enclosed along with the schedule.

### **9.3 Confirmation of Balances**

The letters of confirmation in the prescribed format as circulated vide letter No.CWC/FD/CA-Confirmation of balances/2021-22 dated 3<sup>rd</sup> November, 2021 be sent to each depositor, contractor and supplier to confirm the balances shown against each party as on 28.02.2022 so that the confirmations are received by 15.03.2022. Please make sure that most of the confirmations are received. *The letters dispatched should be kept ready for verification of the Auditors.*

### **9.4 Imprest Cash Book, Main Cash Book**

Physical Verification of cash should be done on 31.03.2022 and certificate duly signed by account in-charge be kept for verification of the Auditors.

### **9.5 Past Audit Observations/ Errors**

Please review the observations of the Internal Audit/Concurrent Audit/ Govt. Audit/ Statutory Audit and your replies for the previous financial year as well as of the current year. Please ensure that above observations requiring accounting adjustments have been duly taken care of while finalizing the accounts. Wherever, assurance for rectification of errors was given, it must be complied with.

### **9.6 Analysis of Heads of Accounts in the General Ledger**

The Accounts In-charge is expected to review all the heads of accounts in General Ledger before finalizing books of accounts. Errors in accounts shall be viewed seriously by Corporate Office as it causes delay and unnecessary audit queries.

### **9.7 Finalization of Accounts**

The last date for submission of audited accounts to Corporate Office is 25.04.2022. Regional Offices should make every attempt to submit the accounts before this date.

### **9.8 Formats of P&L A/c, B/S & Trial Balance**

To have uniformity, the Formats of Balance Sheet, Profit & Loss A/c, Grouping for Profit & Loss A/c & Balance Sheet, Trial Balance, Schedules, Notes forming part of Accounts, as circulated may please be strictly followed to facilitate easy consolidation of accounts at Corporate Office.

### **9.9 GSTN-wise Accounts**

State-wise accounts are to be maintained at the principal place of business declared in GST registration certificate. Regions are required to Prepare and send State-wise Trial balances of the consolidated accounts. All the schedules and notes to accounts containing state-wise details duly matching with GSTN-wise Trial Balance be given in Annual Accounts.

## **9.10 C&AG of India Observations**

While conducting the statutory audit of accounts for F.Y. 2020-21, C&AG have made certain observations while doing accounts audit of RO-Delhi, RO-Kolkata, RO-Guwahati, RO-Kochi, RO-Ahmedabad and consolidated accounts. It may be ensured that all compliances to the C&AG observations are made while finalizing the annual accounts ended 31.03.2022.

**9.11** All the Accounting Circulars having impact on the financial accounts for the period ending 31.03.2022 must be adhered to, including accounting circulars issued subsequent to the circulation of these closing guidelines for FY 2021-22.

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