



PUNJAB STATE TRANSMISSION CORPORATION LIMITED
(Regd. Office: PSEB Head Office, The Mall, Patiala-147001, Punjab, India)
Corporate Identity No. U40109PB2010SGC033814
O/o Chief Accounts Officer, Shakti Sadan, Patiala
(e-mail: dy-cao-a-r@pstcl.org Tel./Fax No. 0175-2203637)

To

1. SE/P&M, Patiala Circle.
2. SE/P&M, Ludhiana Circle.
3. SE/P&M, Bathinda Circle.
4. SE/P&M, Jalandhar Circle.
5. SE/P&M, Amritsar Circle.

Memo No. 1127-1131/CAO/A&R-20

Dated: 02-06-2014

Subject:- Non-compliance of instructions regarding replacement of damaged power transformer- as per accounts Circulars already issued vide no. 02/1997 and 15/2009

While finalizing the accounts for the year 2012-13, it has come to notice that when a damaged power transformer is replaced with new one or old, then the original cost of damaged power transformer along with accumulated depreciation is not being withdrawn from the books of accounts and fixed assets register as per the procedure already laid down in the Account circulars 02/1997 and 15/2009. Due to non-compliance of these instructions, excess depreciation is being charged by the concerned P&M Divisions. Apart from the above, store construction divisions (Grid Divisions) are taking the value of damaged transformers in their stock, not as per books but at their own basis (estimated book value) resulting loss on sale of damaged transformer by the store division is taken as profit or vice-versa.

The statutory auditor has also pointed out regarding non-compliance of instructions properly by the different accounting units. This has been seriously viewed by the Director/F&C.

You are therefore directed that the procedure laid down in Accounts Circular no. 15/2009 may be followed meticulously and necessary rectification/adjustment be made got incorporated in March 2014 Adjustment Account in respect of damaged transformer replaced/disposed of during 2012-13 & 2013-14. In addition to this, JE concerned of P&M Division shall submit photo copy of asset card related to damaged transformer showing original cost and updated accumulated depreciation up to the date of damage of power transformer and net book value to the Grid Store along with SRW. The Grid Store shall incorporate the value as per values transferred by P&M Division on the basis of photocopy of asset card. Thereafter the concerned JE of P&M will hand over the SRW to the Divisional office (Accounts Section) for adjustment entry regarding transfer of asset/damaged transformer for incorporating the necessary entries as per these instructions.

The brief procedure of these instructions has also been elaborated for proper compliance, which is as under:-

The Divisional Accountant on the receipt of SRW shall incorporate the transfer entry as prescribed in Accounts circular 15/2009 Sr. No. 1 at page 4 and raise the IUT Bill along with asset card to Grid Construction Division for the net value by showing original cost of the asset and accumulated depreciation charged to date which will be settled through U-Cheque. On receipt of IUT Bill from the P&M Division, Grid

Construction Division shall incorporate the entry as prescribed in Accounts circular 15/2009 Sr. No. 4 at page 4 under GH-16 along with accumulated depreciation and issue the U-Cheque for the net value.


Later on when the damaged transformer is repaired then adjustment for repair charges be made by incorporating the entry as prescribed in Accounts circular 15/2009 Sr. No. 4 at page 4. On completion of repair work if old repaired transformer is installed again at another place then it will be transferred to fixed assets account by incorporating the entry at Sr. No. 6 at page 5.

If a damaged power transformer is declared irreparable or beyond economical repairs the same will be surveyed off with the sanction of competent authority and should be accounted for as per Sr. No. 5 at page 5 & 6. Later on when it is disposed/sold then difference under GH 16.105 be adjusted as profit/loss by the concerned Grid Division.

The details collected from disposal cell regarding damaged transformer disposed during 2012-13 and 2013-14 is attached herewith for ensuring the incorporation/adjustment of the same in March 2014 Adjustment Account positively as per the above instructions in addition to the details available in your offices.

This issues with the approval of CAO, PSTCL, Patiala.

Enclosures: As above

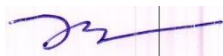

Dy. CAO/A&R,
PSTCL, Patiala.

Endorsement No. 1132-1137/CAO/A&R-20

Date: 02-06-2014

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

- 1 Chief Engineer/TS, PSTCL, Patiala.
- 2 Chief Engineer/P&M, PSTCL, Ludhiana.
- 3 SE/TLSC Circle, Patiala.
- 4 SE/Grid Construction Circle, Ludhiana.
- 5 SE/Civil Works Circle, Jalandhar.


Dy. CAO/A&R,
PSTCL, Patiala.

CC: Sr. PS to Director/F&C, PSTCL, Patiala for information of Director please.

Detail of Obsolete Transformers
FY 2012-13

Sr No	Name of disposed off obsolete material	Name of Sub/Division	P & M Division	Date of Installation	Book Value	Date of Damaging	Credit	Sold Price	e-auction date	Name of Unit Intimate the Value
1	50/75/100/MVA 220/66/11 KV Power T/F Make CG Sr no. 8614/2YOM1998	220KV Ablawal	Ablawal	05.06.201	2,00,02,000	15.05.2006	8,972,326	1,39,01,001	20.09.2012	SE/P&M Circle Patiala
2	16/20MAV 66/11 KV Power T/F Make APEX Sr. No. T-768/45547 YOM 1989	66 KV Narewal	Grand Mte Dira Ludhiana	07.1995	20,00,000 (Approx.)	21.07.2007	1,500,000	31,00,000	20.09.2012	CE/TS Patiala
3	100MVA 220/66 KV Power T/F Make Sr. No. CGNo. 24585 YOM 1995	220KV Barnala	Malerkotla	-	90,00,000	07.03.2010	-	1,16,75,000	20.09.2012	CE/TS Patiala
4	16/20 MVA 220/66 KV Power T/F Make EMCO Sr No. HF 13271/11594 YOM 1997	220KV Dhandari Kalan	Dhandari Kalan	01.05.2002	35,60,810	31.01.2008	1,050,000	35,51,100	30.11.2012	SE/P&M Circle Patiala
5	66KV MOCB Breaker 6 No's	-	-	-	-	-	-	23,00,313	-	-

#1878 P 003/003

D FNC

03/05/2014 15:46 2300734

Detail of Obsolete Transformers FY 2013-14

Sr No.	Description	Book Value	Sale Price	Name of Unit Intimate the Value	Name of P&M Division
1.	10/12.5MVA 132/11 KV Power T/F Make BBL Sr No. 1407/7YOM 1977	6,50,000 (Approx.)	21,25,000	CE/ TS Patiala	Moga
2.	16/20 MVA 132/11 KV Power T/F Make GEC Sr.no B-26358 YOM 1986	20,60,000 (Approx.)	32,50,000	-do-	Lalton Kalan
3.	12.5/16 MVA 132/33 KV Power T/F Make TELK Sr.no 120058/2 YOM 1974	1,19,19,340	31,00,000	-do-	Mahilpur
4.	16/20 MVA 132/11 KV Power T/F Make APEX Sr.no 769/45556 YOM 1990	24,50,000 (Approx.)	28,52,000	-do-	Butari
5.	10/12.5 MVA 132/11 KV Power T/F Make HEL Sr.no 6002317 YOM 1970	4,50,000	32,81,906	-do-	Ferozpur
6.	16/20 MVA 132/11 KV Power T/F Make ECE Sr.no S-61417 YOM 1989	1,69,22,155	35,51,905	SE/P&M Circle Patiala	Grid Const. Lughiana Ropar
7.	12.5/16 MVA 132/33 KV Power T/F Make TELK Sr.no 120058/1 YOM 1974	16,21,829	29,76,000	-do-	Ropar
8.	5MVA 33/11 KV Power T/F Make APEX Sr.no T-472B-28891 YOM 1990	10,80,000	9,85,905	CE/TS, Patiala	Bathinda
9.	4MVA 33/11 KV Power T/F Make NEI Sr.no RY-205614 YOM 1971	4,30,180	9,85,906	-do-	Mahilpur
10.	12.5/16 MVA 132/33 KV Power T/F Make TELK Sr.no 120106/2 YOM 1977	22,66,887	30,55,015	do-	Mahilpur
11.	50/75/100 MVA 220/132 KV Power T/F Make BHEL Sr.no 2010795 YOM 1998	1,46,61,245	30,00,000	-do-	Verpal
12.	CT's, CVT's, PT's	-	-	-	-
13.	5 MVA 66/33/11 KV Power T/F Make HEI Sr.no 6002325 YOM 1970	85,000 (Approx.)	14,51,001	-do-	Jagraon
14.	100 MVA 220/66 KV Power T/F Make EMCO Sr.no HF 1327/11594 YOM 1997	1,80,23,333	1,50,01,002	SE P&M Circle ATA	Malerkotla
15.	50 MVA 132/66 KV Power T/F Make BBL Sr.no 4936/2 YOM 2006	4,45,40,784 (As per PO)	1,11,35,001	CE/TS, Patiala	Jagraon

16.	16/20 MVA 66/11 KV Power T/F Make APEX Sr.no T-792/46064 YOM 1991	15,45,300	29,75,564	SE/P&M Circle, Patiala	Patran
17.	10/12.5 MVA 132/11 KV Power T/F Make TELK Sr.no 120043/4 YOM 1971	80,15,712	30,01,001	-do-	Ropar
18.	CT's/PT's, Circuit, Breaker etc.	-	14,53,787	CE/TS, Patiala	-

PUNJAB STATE ELECTRICITY BOARD
CHIEF ACCOUNTS OFFICER
(WM&G SECTION)

Accounts Circular No. 15
Year: 2009

To

1. All Addl.SEs/Sr.Xens / REs in PSEB (Accounting Units Only)
2. All Accounts Officers in PSEB.
3. All AEEs/AEs/AAEs (op.) in PSEB.

Memo No: 11919/12719 /CAC-37/CAO/WM&G
Dated: 10-12-09

Sub: **Damaged Power Transformer-Non compliance of Instructions-
Accounts Circular No-2/97 & Chapter No. 02 of Manual on
Damaged Transformer (Commercial Accounting Systems Vol-X)**

Please refer to this office Accounts Circular No. 02/97 (circulated vide this office memo No. 1707/2706/CAC-34 dt. 5.2.1997) vide which accounting instructions regarding maintenance of record of damaged transformer were issued. It has been observed that instructions contained in ibid circular are not being followed by the field accounting units. Hence instructions are re-iterated for strict compliance.

It has been noticed that the power transformer when damaged at particular Sub stations is shifted to one of the Crane Bays pending its repairs. The repair takes quite some time and these damaged Power Transformers keep on lying in the Crane Bays for a long time and in some cases over years. Different methods are being followed for accountal of these transformers. In S&T stores of T.S. Organisation the damaged Power Transformers involving huge amount were taken as a part of the stock there by exposing to the risks of huge accumulation of inventory. The issue has been examined and the following guidelines/instructions are issued for preparation of estimates of various activities and correct accountal/booking of expenditure connected with the job of repair/reconditioning of damaged Power Transformers.

PREPARATION OF ESTIMATE

Uniform procedure to be adopted with regard to preparation of estimates of various activities i.e. dismantlement of damaged transformers, its transportation to the workshop carrying out necessary repair/reconditioning and installation of repaired transformer is as under:-

Estimate for replacement of damaged power transformer will provide for the cost of new transformer, labour for erection of new and dismantlement of damaged transformer, transportation of new transformer and credit for the

depreciated cost of damaged transformer etc. The cost of dismantlement of damaged transformer will be booked to Revenue Account, under Group Head-75 'Employee Costs' and Group Head-77 'Assets Decommissioning Cost. The erection and transportation charge in respect of new transformer will be debited to Group Head-14 (14.541) Cost of damaged transformers installed on or after 1.4.86 should be available with the concerned Accounting Units. Depreciation will be calculated at prescribed rate based on number of years the transformer remained in operation excluding year of installation but including year of damage. In case of damaged transformer having been installed prior to 1.4.86, where book value is not known, the same will be estimated and the accumulated depreciation will be taken at 50% of that cost.

<u>Example</u>	<u>Classification</u>	<u>Rupees</u>
a) Cost of New Transformer	14.541/14.542	25,00,000
Erection charges	-do-	8,000
Transportation	-do-	3,000
		<u>25,11,000</u>
b) Cost of Damgaged Transformer	10.541/10.542	17,00,000
Less Accumulated Depreciation @50%	12.541/12.542	8,50,000
Net Depreciated cost		<u>8,50,000</u>
c) Labour for dismantlement	75.133/134	
	75.333/334	4,000
	75.433/434	
Net Estimated cost (a-b+c)		<u>16,65,000</u>
In case Damaged Power Transformer is replaced by a repaired old transformer first part of the estimate will be allocated as under:-		
1. Cost of repaired old transformer (Original book value)	14.541/542	20,00,000
Less: accumulated depreciation	12.541/542	1,80,000
Net depreciated cost		18,20,000
Erection charges	14.541/542	4,000
Transportation charges	-do-	3,000
		<u>18,27,000</u>
2. Second part of the estimate as per (b) above		8,50,000
3. Dismantment charges as per (c)		4,000
4. Net estimated cost (1+2+3)		<u>9,81,000</u>

Transportation charges in respect of dismantled transformer will remain booked under Annual M&R estimate of Truck and no adjustment will be made to the estimate of replacement of the damaged transformer.

The estimate for augmentation of power transformer will be prepared on the same lines as in case of replacement of damaged power transformers.

An additional estimate for repair of damaged power transformer should also be prepared in the concerned workshop. These charges are not to be capitalised as per the Basic Accounting Principles and Policies. Therefore the expenditure incurred against repair estimates shall be debitable to revenue heads GH-74,75,76 and 77.

ACCOUNTING PROCEDURE:

The accounting procedure being followed in the TS Organization is deficient as detailed hereunder:-

- (i) The damaged power transformers are returned to the Store on depreciated cost after replacement with the healthy transformer at site. Afterwards this damaged transformer is issued for inspection/repair or otherwise disposed off, if found irreparable. This process takes 3-4 years for which inventory remains inflated. Also no storage is to be levied on the damaged transformer.
- (ii) Total expenditure for dismantlement, repair/maintenance and improvement of IR value is booked to GH-74 through IUT. The expenditure should be allocated to GH-74,75,76 &77 as the case may be and no debit is required to be raised for revenue head of account.
- (iii) In some cases, the repair charges or dismantlement cost are being capitalized & charged to account 14.541.
- (iv) Neither there is any proper basis for fixing the price of repaired transformer nor there has been any criteria fixed for assessing the depreciated value for raising debits against P&M Distribution Divisions, Resultantly actual expenditure seldom match with the provision in the estimate.
- (v) The cost of damaged power transformer is also not being accounted for resulting in variation of expenditure when compared with the estimated cost. With a view to maintain uniformity in accountal of damaged transformers and replacement thereof, the following accounting procedure is prescribed:-

On receipt of Power transformer malfunction report, departmental procedures for technical examination shall be initiated and inspection report showing extent & nature of damages prepared in the Crane Bay Workshop (under Grid Sub station Divisions). The power transformer should be replaced immediately to maintain continuity of supply. An estimate on the above lines shall be prepared and got sanctioned from the competent authority.

1. The cost of the damaged Power Transformer alongwith the accumulated depreciation is required to be withdrawn from the GH-10/12 and transferred to GH-16- "Assets not in use", through Inter unit Transfers. The following entry shall be passed by the P&M Distribution Divn. concerned:-

Dr.- 32 IUT against the Grid S/S Divn, concerned (Depreciated Cost)
 Dr.- 12.541/12.542 (Amount of accumulated Depreciation)
 Cr.- 10.541/10.542 (Original Value)

On the basis of the GR note prepared by the S&T Store, a U-cheque for the net depreciated cost is required to be sent to the accounting Unit in whose books the value of transformer stands.

2. The expenditure on replacement of damaged power transformer will be booked under GH-14 'Capital works-in-progress account' A/c code 14.541.
3. The cost of dismantlement of damaged power transformers shall be booked to GH-75 for Estt and 77.5 Assets De-commissioning costs. Electricity and Octroi charges are to be debited to GH-76 Administration & General Expenses. The transportation charges incurred for transporting damaged transformer to Store are required to be charged to revenue account head while those incurred for transporting the new transporting for installation are required to be capitalized.
4. On receipt of damaged transformer by the Grid Sub station division, the following entry shall be passed.
- Dr. 16.511 Damaged Power Transformer
 Cr. 16.521 Accumulated depreciation on damaged Power Transformer.
 Cr. 37.000 or
 46.941 As the case may be

The repair charges shall be booked under the Group head-74 (Account Code 74.1). The damaged transformer after repair will be taken on Stock by debit to the account head 22.2 per contra debit and credit to the account head 16.521 and 16.511 respectively. In Grid S/S Division, the cost of new transformer/repared transformer plus erection and transportation charges will be debited to the G.H. 14 per contra credit to 22.3/24.403 or 37 as the case may be.

5. The expenditure incurred for the repair of damaged transformer is required to be classified to the revenue account head 74,75,76 & 77 as the case may be and should not be added to the value of the transformer.

When the damaged Power Transformer is declared irreparable/beyond economical repairs, the same will surveyed off with the sanction of the competent authority. Some expenditure is incurred for checking

the feasibility of repair of the transformer which goes beyond economical repairs. The expenditure so incurred is required to be classified under GH76. On receipt of the survey report the net depreciated value of the transformer is required to be transferred to the Account Head 16.105.

Healthy parts salvaged from the irreparable transformer shall be valued at 50% of their market value and taken on stock and credit given to Account Head 16.105.

6. On completion of work, cost of new/repaired/old Power Transformer installed in place of the damaged transformer will be transferred to Fixed Assets Account as under:-

(a) **Installation of New Transformer:-**

Dr. 10.541/10.542

Cr. 14.541/14.542

(b) **Installation of Repaired/Old Transformer:-**

Dr. 10.541/10.542

Cr. 12.541/12.542

Cr. 14.541/14.542

7. In case the damaged transformer replaced was installed prior to 1.4.86, the book value of the transformer, if not known will be estimated and depreciation provided at 50% of the cost. The following accounting entry will be passed in P&M Divn./Grid Mtc. Divn:-

Dr. IUT 32	Depreciated value of the transformer
Dr. 12.541/12.542	The amount of accumulated depreciation
Cr. 10.541/12.542	Original value of the transformer

On receipt of U cheque from Grid S/S Divn, the P&M Distribution Division/Grid Mtc. DS Division as the case may be will pass the following accounting entry:-

Dr. 37.000	Blank Account code
Cr. IUT 32	Capital expenditure & fixed Assets A/c

Another U-cheque for the net Depreciated cost (the original cost less accumulated depreciation) will be issued by the P&M Distribution Division. in favour of Account Officer/A&R as the Assets Accounts for the period upto 31.3.86 are being kept in the office of Chief Accounts Officer. The following entry will be passed by the P&M Divn.:-

Dr. 10.541/10.542
Cr. 12.541/12.542
Cr. 37.000 Blank A/c Code

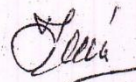
The accounts of works should not be closed unless the cost of new and damaged power transformer has been accounted for.

Especially "Transformer Movement Cards" are not being maintained as per instructions contained in Chapter-02- "**Transformer Movement Card**" of Manual on Damaged Transformer (Commercial Accounting Systems Vol-X) by the field accounting units.

02-Transformer Movement Card		
Responsible	Action	Timing
Junior Engineer (Stores)	1. For each new transformer received in the stores, open Transformer Movement Card (TMC) in duplicate. 2. The Transformer Movement Card (TMC) will be stamped with serial number allotted by the COS and contain the following details: (A) Transformer history (i) transformer name plate details (ii) purchase and issue details (iii) accounting information (iv) details of movement & shortages (v) maintenance particulars (B) Repairs conducted at repair workshop (C) Technical details	As & when
	3. The Transfer Movement Card (TMC) shall be maintained in duplicate. While the original copy of TMC shall move with the transformers, the second one will be preserved in TRW Division.	Monthly
	4. The TMC will accompany the particular transformer. No officer shall either take delivery or issue a transformers without its TMC.	

SDO/JE (Op.)	<p>5. On receipt of transformer, maintain a capacity wise register of transformers to keep a control over the total number of transformers received and installed in field.</p> <p>6. Enter the particulars of external shortages noticed at the time of withdrawing from stores, from the TMC into the register of transformers.</p> <p>7. Pass accounting entry on the basis of SR for actual cost and accumulated depreciation. The accounting entry is provided at serial no. 1 of subject code 27.</p> <p>8. For procedure regarding shortages refer to subject code</p>	As & when
--------------	---	-----------

It is therefore again requested to follow the instructions meticulously. This issues with the approval of Chief Accounts Officer.

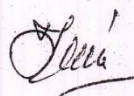


Accounts Officer/WM&G.
PSEB. Patiala

Endst No. 12720/13120/ CAC-37/CAO/WM&G dt. 10.12.09

Copy of the above is forwarded to the following for information and necessary action:-

1. All E.I.C/CEs in PSEB
2. Chief Controller Finance PSEB Patiala
3. All CAOs/CA/FA & CAOs in PSEB
4. All Dy CEs/SEs/Directors in PSEB
5. All Dy CACs/Dy CAs/Dy FAs/ A & FM in PSEB
6. R.A.O. PSEB Patiala.



Accounts Officer/WM&G.
PSEB. Patiala

C.C.

Dy. Secretary to Chairman, Sr. PS. to Members and Secretary, PSEB Patiala for information of the chairman Members and Secretary respectively.