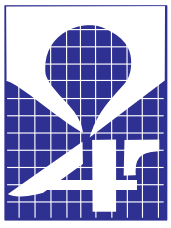
CSER for Conversion to Accrual Financial Statements of NWR Zone, Jaipur



ICAI Accounting Research Foundation

Preamble

Ministry of Railways (MoR) has decided to prepare accrual based financial statements in addition to the existing cash based financial statements as it would help in bringing more transparency, timely availability of information, improved financial performance, advanced decision-making, etc.

To initiate this study, Ministry of Railway entrusted ICAI Accounting Research Foundation (ICAI ARF) to make a comprehensive study at NWR Region of existing accounting system being followed in the Indian Railways and how we can develop financial statement on Accrual basis. The objective of this pilot study is not only to replicate the process at other zones but also to develop a set of recommendations to Indian Railways for maintaining certain records for convergence with GAAP. Initially, Ajmer Division was taken up as the Pilot site. Later on, it was decided to scale-up the study and the North-Western Zonal Railway, Jaipur including Divisions; Traffic Accounts office; Workshops; and Construction office was taken as unit of accountal.

For the purpose a Comprehensive Scope Evaluation Report (CSER) has been prepared. The CSER has been designed to address the task of bringing together in a detailed manner all the components of the existing system. CSER presents detailed description of the accounting system for the recording and processing of revenue and capital receipts and revenue and capital expenditure while prescribing formats for capturing of data relating to fixed assets, current assets, current liabilities required for the purposes of accrual accounting. CSER also provides mapping of the existing processes and identifies the gaps that exist in the present system, and the impact those gaps might have on the proposed double entry accounting system. CSER outlines the changes required for the implementation of accounting reforms and way forwards for implementation of Accrual Accounting.

Thus the CSER would help in understanding of the existing system, information required for accrual accounting, formats of capturing of information on Fixed Assets, Current Assets and Current Liabilities, issues in valuation norms for assets, accounting policies, formats of financial statements and way forward in implementation of accrual accounting. This would further enable preparation of opening Balance Sheet as on 1st April, 2014 and the Financial Statements for the year 2014-15 on accrual basis.

ICAI ARF expresses its deep sense of gratitude to Sh. Suresh Prabhakar Prabhu, Hon'ble Minister of Railways for reposing confidence in ICAI ARF for carrying out this assignment. ICAI ARF is thankful to the officials of Indian Railways for their contribution and inspiring guidance for the preparation of this concept paper. ICAI ARF also acknowledges the contribution of their team on this project.

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1. Chapter-Introduction

1.1 Project Background

The Government accounting system in India, in all three tiers of Governance, i.e., the Union, States and Local bodies including Autonomous or Statutory Bodies, is pre-dominantly on cash based accounting system linked with the budgeting process within the framework of legislative financial control. The basic principles derive its form and substance from cash based procedures that were laid during the British period. The basic principles of the government accounts are enunciated in General Financial Rules and other related legislations, manuals, etc., as prescribed in the '*Operational Guidelines for Accrual Based Financial Reporting*' as issued by *GASAB secretariat,* in recent times, there has been a paradigm shift in the priorities of public finance management from identifying resources for public scheme funding to fiscal prudence, efficiency & transparency in public spending. These shifts in priorities have been reflected in initiatives like the *Fiscal Responsibility & Budget Management Act* and *Outcome Budget*. It is reflected that there is a need for Financial Reporting that is to be in sync with the shift in priorities of Public Finance. To achieve this, accounting systems the world over, are being revisited with an emphasis on transition from rule to standards based accounting and migration from cash to accrual based system of accounting.

On these lines the Ministry of Railways (MoR) has decided to completely switch over to accrual based system of accounting as it would help in bringing more transparency, timely availability of information, improved financial performance, advanced decision-making, etc.

Indian Railway is a huge organization, and therefore, it is not possible to implement any accounting system in a short period of time as it may involve several practical difficulties and challenges. Therefore, it was decided that, as a first step, a study of the existing accounting system is to be undertaken to start the process of transformation of the accounting system in Indian Railways.

Presently, the following accounting units are operating in Indian Railways:

i. Division;
ii. Traffic Accounts office;
iii. Workshop;
iv. Construction office;
v. Zonal Head Quarter;
vi. Production unit; and
vii. Stores Accounts.

To get an in depth overview of the accounting procedures currently being followed, initially Ajmer division was selected as a Pilot Office/Site to study the accounting system being maintained in:

i. Division;
ii. Workshop; and
iii. Traffic Accounts Office.

However, subsequently the MoR decided scale-up the study and requested the ICAI-ARF to make a comprehensive study of existing accounting system being followed in the Indian Railways at the Zonal Head Quarter, Jaipur, including Division; Traffic Accounts office; Workshop; and Construction office.

1.2 Understanding of Accrual Accounting System

The proposed accounting system is accrual based double entry system of accounting. Accrual basis is the method of recording transactions by which revenues, costs, assets and liabilities are reflected in the accounts of the period in which they accrue and arise, whether or not a receipt or payment takes place.

Objectives and Benefits of Accrual Based System

The worldwide trend of shifting from cash based accounting to accrual based accounting is a key building block in progress towards the broader context of public sector accounting reform. This section gives the objectives and the merits of transitioning to accrual based double entry accounting system. The primary objectives of accrual accounting are:

i. Improve decision-making to enhance efficiency and effectiveness of public spending through the creation of more accurate and accessible financial information.
ii. Improve resource allocation due to a better insight into costs of policy and transparency of results.

Benefits

Accrual accounting provides meaningful information both for accountability and decision-making. Financial information prepared on an accrual basis shall allow users to:

i. Make better/balanced comparisons between alternative dispositions of resources;
ii. Better assess performance, financial position and cash flows of the entity;
iii. Better evaluate the Indian Railways ongoing ability to finance its activities and to meet its liabilities and commitments;
iv. Gain clearer insight into how the Indian Railways finances its activities;
v. Better evaluate the Indian Railways performance in terms of its service costs, efficiency and accomplishments; and
vi. Gain more understanding into how successfully the Indian Railways is managing its resources.

In context of Indian Railways, the Accrual Based Double Entry Accounting System would help in achieving the following objectives:

i. The accounting system will be in line with commercial accrual accounting system;

ii. Under the accrual system, revenue is recognised as and when it is earned and the claim of the entity in respect of which such revenue is recognised has become reasonably enforceable. Thus, an item of income would constitute revenue even if cash is not received against it. Currently, the Divisions/TAO/Workshop records the revenues only when they are collected. The monthly accounts also show the revenue on this basis. Any uncollected portion of the revenue is not reflected appropriately in the account current. The financial status of the Division/Workshop or as a whole Indian Railways will be better reflected if the total revenue including any amount receivable is shown appropriately. If done, it will help in understanding the revenue generation possibility, collection efficiency, etc. It is pertinent to note that, for this purpose, accounting policy for revenue recognition is to be laid down first;

iii. Under the accrual system, expenditure is recognised as and when the liability for payment arises even if the payment is not made at that time. The value of services already consumed during the financial year is not recognised as an expense of the period in which the service is received unless and until the payment is made for it. Thus, expenditure incurred on a repairs and maintenance contract, which has been executed and completed during a financial year, shall not be recognised as an expense of the said financial year unless the payment is made in that financial year for the bills received in respect of the services received. This would have an effect of showing a higher financial surplus or a lower financial deficit and thus a better (and unintended incorrect) picture of the entity.

However, in accrual basis of accounting, expenditure incurred on repairs and maintenance shall be recognised as expense of the financial year in which it is incurred even if not paid during that year so that the Income and Expenditure Statement correctly reflects the position in respect of the expenditure. The amount not paid shall be treated as a liability (payable) and be disclosed as such in the Balance Sheet. This will enable the entity to be aware of its obligations towards its creditors;

iv. The accrual basis of accounting matches the expenditures for a year with the income earned in that year. It thus provides a basis for more correctly understanding the true operating performance of the entity;

v. Accrual based accounting system clearly distinguishes between items of a revenue nature and items of a capital nature. This helps in correct presentation of financial statements, viz., the Income and Expenditure Account and the Balance Sheet. Thus, an asset, which is likely to yield benefit of an enduring nature, is shown as such and not expensed. This facilitates an understanding of the asset base of the entity with reference to which services are provided and which revenues are earned;

vi. As the Generally Accepted Accounting Principles (GAAP) are based on accrual basis of accounting, the accounts prepared and the financial statements generated have a much greater degree of acceptability by various stakeholders and interest groups;

vii. One of the distinct advantages of adopting accrual accounting system by the ring fenced entity is ease in financial appraisals by financial institutions. It also facilitates credit ratings through approved credit rating agencies, which is a pre-requisite for mobilising funds in the financial markets through debt instruments.

1.3 Introduction to Comprehensive Scope Evaluation Report (CSER)

As a part of the MOU between ICAI ARF and Indian Railways (IR), an action plan for conceptualizing and implementing the accounting reforms in the Indian Railway has been agreed to. Under this, one of the key deliverables is Comprehensive Scope Evaluation Report (CSER). The CSER is intended to put together all the components of the existing system, identify the gaps and conceptualize the impact of these gaps on the outputs and outcomes expected under the accrual based double entry accounting system. In particular, the CSER is envisaged to cover the following main aspects:

i. To address the task of bringing together in a detailed manner all the components of the existing system and the extent of prudence and propriety of the existing system;
ii. To present detailed description of the present accounting system for the purpose of recording and processing of revenue receipts, capital receipts, revenue expenditure and capital expenditure;
iii. To present detailed internal organization chart of finance and accounts division; and
iv. To present flow of data/information in respect of every kind of assets and liabilities and also the validity thereof.
v. To present the methodology for converting cash based financial statement into accrual based financial statement and roadmap to achieve.

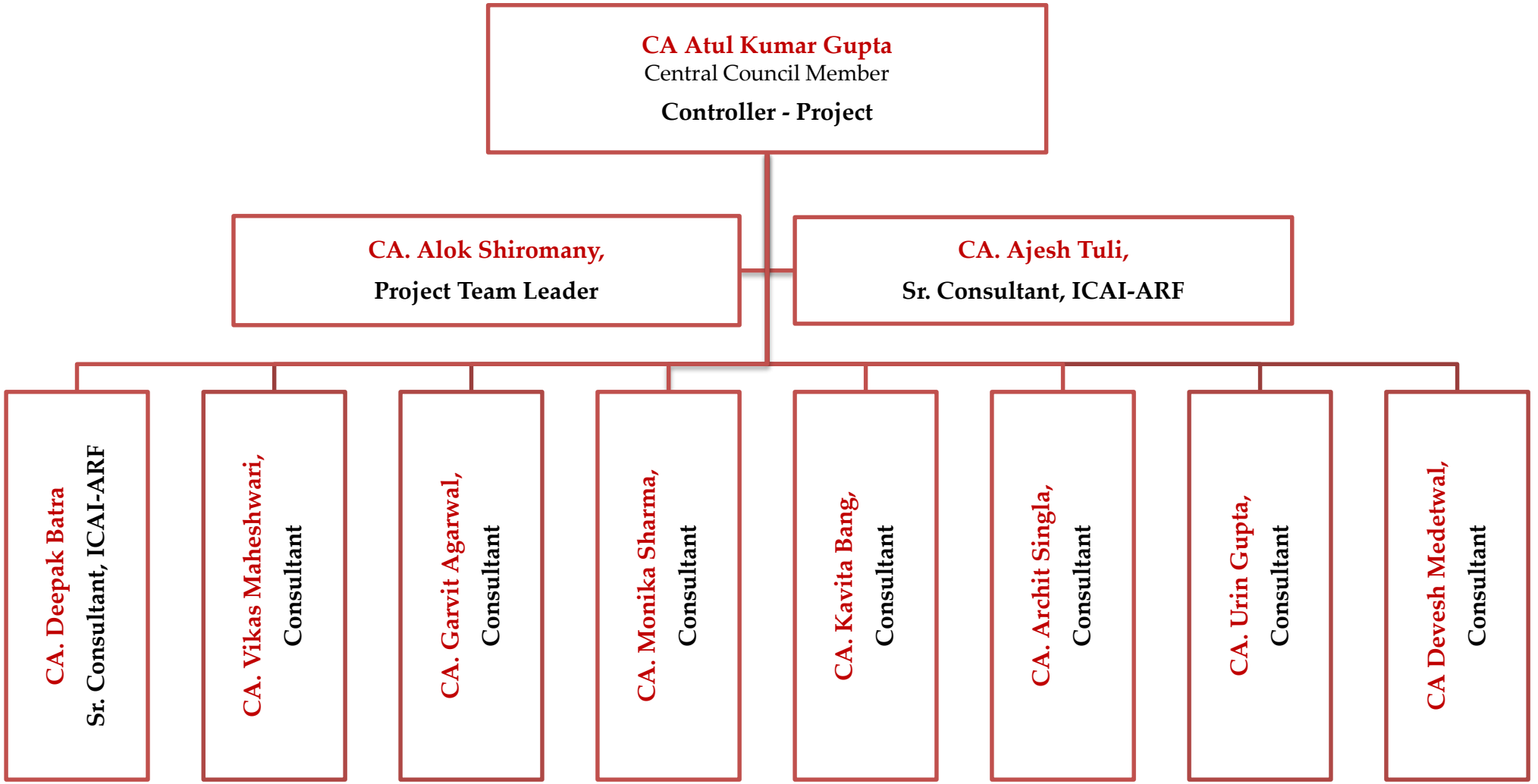
1.4 Structure of the CSER Report

This report is structured as follows:

1. Introduction
2. Understanding of Division
3. Understanding of Workshop
4. North Western Railway – An overview
5. Understanding of Existing Software
6. Observation and Gap Analysis
7. Forms and Formats

1.5 Team Structure for the Assignment

The project team organisation is provided in the below exhibit:

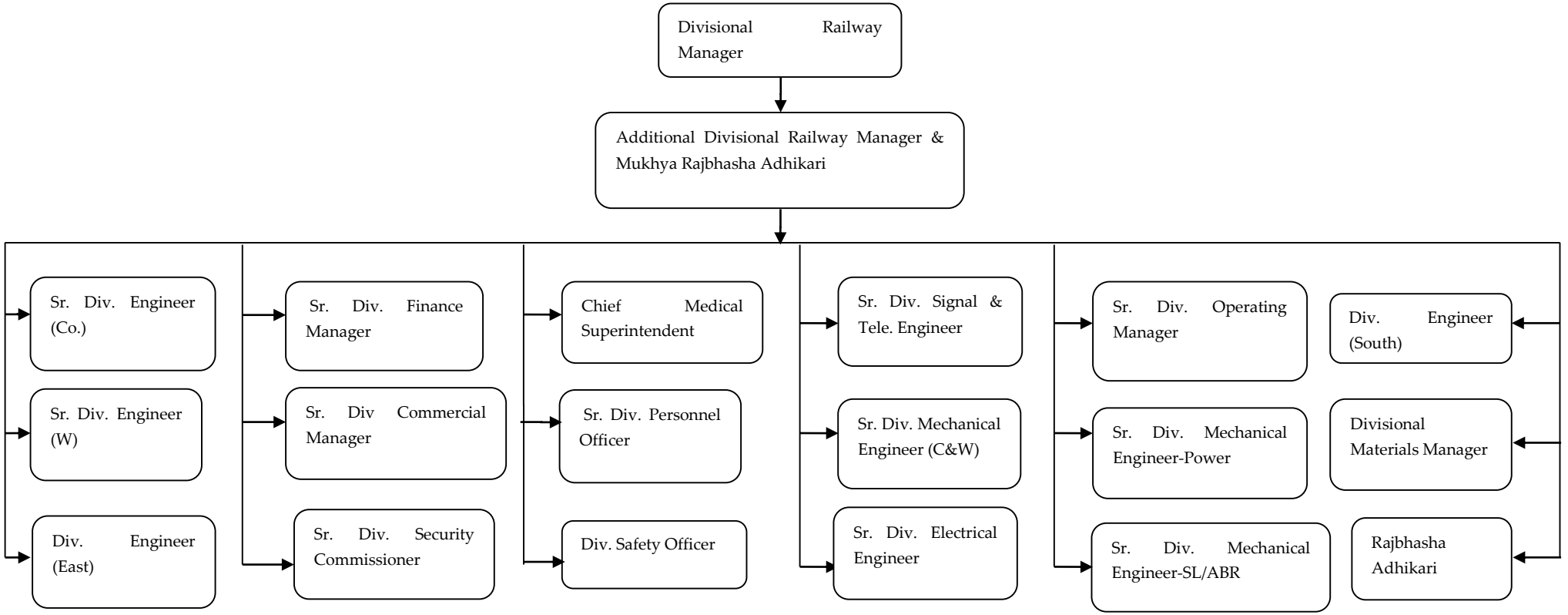


Project ICAI-ARF Team Structure

2. Chapter-Understanding of Division

2.1 Division[1]

Divisions is, primarily, an expenditure unit and responsible for recording of expenditures, The project team had discussed in detail with various officials of the Division to understand the existing organization hierarchy, nature and process of accounting transactions, data capturing mechanism, type of records developed, level of adequacy, and preparation and presentation of financial statements, etc.



[1] Based on pilot study carried out at Ajmer Division

2.2 Function of Various Departments in Division:

i. **Commercial Department**

Commercial department is the interface between the Railways and its customers. It ensures comfortable, safe journey to all the passengers by taking care of passenger amenities at the stations and maintaining friendly relations with the passengers and traders. It also looks after marketing and transportation of goods. Fixing of rates, fares and other charges, and correct collection, remittance of traffic receipts are also amongst its functions.

ii. **Personnel Department**

Personnel Department looks after the staff matters, welfare, industrial relations and personnel policies, rules & regulations, recruitment, training, promotions, transfers, selections, creation of posts and retirement benefits, disbursement of pay and allowances, productivity linked bonus and maintenance of service and leave records of non-gazetted staff except RPF and Accounts departments, also comes under the purview of the Personnel department.

It deals with the recognized unions and arranges meeting of the Permanent Negotiating Machinery for settlement of staff grievances. The department also ensures the compliance of the provisions of various laws and acts promulgated by the Government of India from time to time, such as Industrial Disputes Act, Factory's Act, Workmen's Compensation Act, Wages Act, Disciplinary & Appeal Rules and Railway Servant Service Conduct Rules, etc.

Personnel department is the custodian of all establishment rules and regulations and their interpretation in service matters. Many welfare activities like running of staff canteens, holiday homes, consumer cooperative societies, railway schools and institutes, etc., are also undertaken by this Department.

iii. **Engineering Department**

Civil Engineering Department is responsible for the construction and maintenance of all civil engineering assets, via all buildings including station buildings, residential quarters, hospital, sheds, workshop structures, goods sheds, etc., water supply and sanitary installations, railway tracks, sidings, all allied structures, bridges including road over bridges and road under bridges.

The Engineering Department of Indian Railways has two distinct organizations namely Open Line and Construction. While the Open Line Organization is responsible for maintenance of all fixed assets of Indian Railways, i.e., Tracks, Bridges, Buildings, Roads, Water Supply, etc., the Construction Organization is responsible for construction of new assets such as new lines, gauge conversion, doubling and other expansion and developmental works in Railways.

iv. **Medical Department**

The Medical department primarily performs the following functions**:**

(a) Curative Services: Medical Department provides curative service to the all railway employees, RELHS card holders and their dependants;

(b) Preventive/Promotive Health Services:

1. Environment sanitation surface cleanliness and disposal of garbage at nominated place of municipal corporation in Railway colonies of Bikaner, Lalgarh, Hisar, Sirsa, Bhiwani, Ratangarh, Churu, Sadulpur, Suratgarh, Hamumangarh and ShriGanganagar;
2. Portability of water collection of water samples for bacteriological and chemical examination and testing of chlorination on regular basis;
3. Hygiene at railway stations and Railway colonies;
4. Wellness programs are conducted at workplaces in addition to regular health check-up camps at remote places where employees and their dependents are screened for chronic preventable diseases; and
5. Vaccination and anti natal check-up is performed on stipulated days every week.

(c) Disaster Management;

(d) Medical examination of candidates and employees; and

(e) Reimbursement.

v. **Mechanical Department**

The Mechanical Department assists *the operating control* in smooth and safe operation of trains. The Technicians, Helpers and Carriage and Wagon Supervisors are responsible for maintenance of rolling stock, maintenance and operation of break down equipments. The Key functions of Mechanical Department are:

(a) Maintenance of coaching & freight rolling stock; and

(b) Maintenance & Operation of break down equipments, restoration, relief and rescue work in case of railway accidents.

Functions of Mechanical Department include repairs & maintenance of Diesel Locomotives, Coaches and Wagons. It carries out periodical overhauling (POH) of locomotives, coaches & wagons and other rolling stock in workshops. It also manages the fuel for diesel locomotives and crews; monitors punctuality of passenger trains; undertakes maintenance and operation of break down equipments, restoration; relief and rescue work in case of railway accidents; planning & execution of works, machine & plant and rolling stock programme.

vi. **Electrical Department**

Functions of the Electrical Department include operation and maintenance of electrical power supply for lighting, ventilation, air-conditioning in station areas, residential areas, passenger reservation system (PRSs), offices, hospitals, running rooms, rest house and in AC and Non-AC coaches; water coolers at stations, offices, running rooms, hospitals, etc. It also undertakes operation and maintenance of power supply to stations; water supply pumps for stations and railway residential colonies.

vii. **Signal Department**

Signal Department is responsible for installation and maintenance of signalling system for safe and speedy movement of trains. It undertakes operation and maintenance of panel interlocking/route relay interlocking/electronic interlocking and train warning & protection systems.

viii. **Telecom Department**

Functions of Telecom Department include control over Train Traffic Control System. This system consists of four control centres.

(a) MD-MJ Control – Works on Optical Fibre (OFC);
(b) MJ-Palanpur Control – Works on Optical Fibre (OFC);
(c) MD-Det-Chittor Control – Controls on Quad Cable; and
(d) AII-UDZ-Himmat Nagar - Controls on Quad Cable.

Telecom Department is responsible for maintenance of all telecom equipments of train control circuits and responsible for maintenance of telephone exchanges, associated equipments and underground cable of telephone exchanges at stations. It is responsible for providing telecommunication infrastructure for Passenger Reservation System (PRS), Unreserved Ticketing System (UTS), Freight Operation Information System (FOIS), Crew Management System (CMS), Coaching Operating Information System (COIS). It manages the Railway Information Network (Rail net).

Common functions for Signal & Telecom Department: It provides various passengers amenities for the benefit of travelling public.

Public Address System is provided at various stations to announce the arrival & departure of trains and other information required by travelling passengers.

Train Indication Boards are provided for indicating the train timing and platform numbers.

Coach Indication Board is provided for indicating the coach position of the train on the platform.

ix. **Accounts Department**

Functions of Accounts Department mainly consist of keeping the accounts of the railway in accordance with the prescribed rules; internal check of transactions affecting the receipts and expenditures of railway; prompt settlement of proper claims against railway; advise to administration regarding all matters of tendering and railway finance; compilation of budgets; monitoring the budgetary control procedures from time to time; discharging other management accounting functions such as providing financial data for management reporting, inventory management, purchase/contracting decisions and surveys for major schemes; assessing the financial irregularity (if any) in the transactions of the railways.

x. **Audit Department**

Functions of Audit Department mainly consist of auditing sanctions involving finance; auditing rules and general orders involving finance; auditing tender documents involving finance; auditing accounts maintained by Accounts Department; auditing estimates prepared for projects; checking internal audit mechanism ensuring the accounting system; test check of vouchers; inspections of offices; check of all orders/sanctions issued by GM & other officers.

xi. **Security (RPF) Department**

Functions of Security Department include escorting of passenger trains in vulnerable areas; providing access control, regulation and general security on the platforms, passenger areas and circulating areas; provide protection and safeguard to railway property, passenger area, passenger and his luggage which will ensure better passenger facilitation; removal of any obstruction in the movement of railway property or passenger area. RPF aims at hassle-free train operations. RPF also takes steps for prevention of any cognizable offences against the passengers and also legally empowered to apprehend any person who is involved in such offences. To avoid accidents at the gates RPF launches 'Drive at unmanned level crossing gate' and it take actions against LC gate breakers, roof travellers, trace passers, unauthorized vendors, etc. RPF assists ticket checking staff against without ticket travellers.

Though, the 'Traffic Accounts Office' (TAO) is a distinct department under the Division and is administered by the Divisional Railways Manager (DRM), it is required to prepare its financial statements in the form of 'Revenue Account Current' and Traffic Book: Part-A separately. The purpose of preparation of separate set of accounts is to present its earnings distinctly.

xii. **Operating Department**

The operating department is concerned with the running of both passengers and goods trains and is headed by Chief Operating Manager (COM).The department also arranges multi modal traffic in regular coordination with Container Corporation of India. This includes both traffic for export and traffic for domestic use. The passenger traffic has seen a constant increase over the years, due to increase in population as well as due to increased requirement to travel due to economic development. The freight traffic has also increased simultaneously. The Operating Department has to examine these increasing requirements and has to organize for satisfying the same. This also involves planning for infrastructural development and as such the Operating Department also plays a pivotal role in planning.

2.3 Accounting System at Divisional Level

At present, IPAS software is used for recording the accounting transactions and book keeping in Divisions, Traffic Accounts Offices and Workshops. This software is developed by CRIS. Following is the organizational structure of Accounts Department:



2.4 Divisions Office: Sections in Accounts Department

The Accounts Department comprises of various sections and a separate code is assigned to each section. Each section is headed by a Senior Section Officer (SSO). Following are the sections in the Accounts Department at the Divisions level:

i. **Administration and Co-ordination Section**: This section deals with general administration work, e.g. departmental examination, records of attendance, allotment of residential quarters, etc.
ii. **Inspection and Audit**: Inspection section deals with inspection of various offices for monitoring deficiencies/irregularities in regard establishment, stores and construction. This section is also responsible for periodic verification of stock items, which are maintained in the stock registers. Further, if any objection is raised by auditors, then this section makes necessary arrangement to respond to the Audit objections.
iii. **Finance Section**: Finance section is responsible for vetting of all financial proposals and estimates.

iv. **New Pension Scheme**: This section deals in all matters relating to the new pension scheme. For example, to monitor the employee contribution/Employer contribution, keeping necessary records as applicable, to ensure timely payment of NPS to regulatory bodies, etc.

v. **Provident Fund Section**: This section is responsible for recording all transactions for provident fund. For example, maintenance of PF ledgers, passing entries for PF received from employees, withdrawal from PF, Loan against PF balances, etc.

vi. **Pension Section**: This section maintains all records relating to payment of pension. For example, preparation of PPO, review of pension paid, etc.

vii. **Establishment Section**: This section maintains the service sheet of employees and deals with all service matters.

viii. **Miscellaneous Section**: This section is in charge for Estate Management. For example, supplying of office stationery to every section as per requirement, repair & maintenance of office equipment, computers, printers, etc.

ix. **Expenditure Section**: This section records all types of contractors/suppliers bills, utilities bills, imprest bill, etc. Also have the records of all securities deposit, EMD received from contractors/suppliers.

x. **Budget Section**: Budget section deals with preparation of budget and review.

xi. **Works Accounts Section**: This section reviews the bills of all contractors in respect of works contract with the measurement book before making any payment.

xii. **Books Section**: Books section is the compiling section. Preparation of cheque for payment is done by this section. Books section also prepares monthly account current for revenue expenditure and capital expenditure.

Based on our discussions with the officials of the Divisions, Workshops& Traffic Accounts Offices, it is learnt that, the financial statements (Profit & Loss A/c and the Balance Sheet), are not prepared at Divisions, Workshop & Traffic Account Office level. However, the Divisions prepares following statements as stipulated under the existing accounting manual of the railways:

i. **Account Current**: Account current is a monthly statement of receipts and disbursements of an account circle, duly classified under the prescribed head of accounts. The main principle on which the Account Current are prepared is that all entries should be shown "NET" basis, i.e., after deducting the write back adjustment against each head of account i.e. entries of (-Debits) and (-Credits). The figures are shown for the month as well as for the financial year. The monthly Account Current is prepared at workshop/divisions level and thereafter, is sent to Head Quarters Office where these are consolidated for the entire Zonal Railways.

   The monthly Account Current is supported by various schedules giving the details of the expenses/receipts. Presently, under AIMS, preparation of monthly account current and the connected schedules is computerised. *It may be noted that separate account current is prepared for the revenue expenditure and for the capital expenditure in the prescribed Format.*

ii. **Block Account**: As per Indian Railways Finance Code 1, with effect from 1st April, 1950, two separate accounts are maintained to represent the value of all the physical assets of the railway zone- a Loan Account and a Block Account. The Loan Account represents the loan (share) capital and the physical assets created there from. The Block Account represents all the physical assets of the Zone whether financed from loan capital or the Railways' own generation of funds. Block account includes

plant, property and equipment (Fixed Assets) as the major item on the asset side with a detailed schedule indicating the plan head of assets, source of fund, etc. Block account is maintained in separately for commercial and strategic lines.

2.5 Management Information System (MIS)

The Divisions prepare various reports based on their need and the requirements of higher authorities. Some of the finance and accounts related MIS reports include:

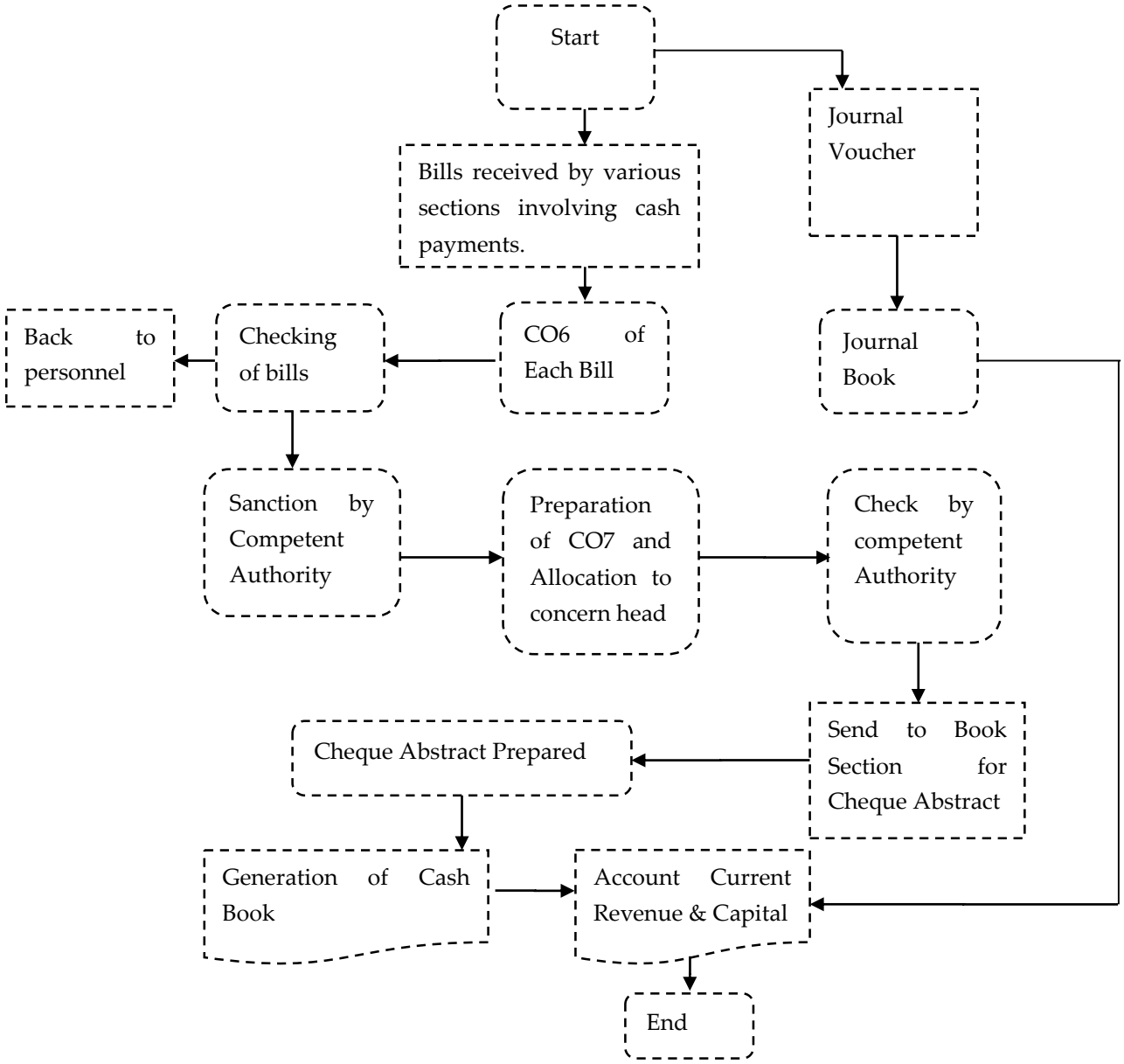
i. CO6 report for 10 days;
ii. Report on balances under suspense heads;

It is pertinent to note here that though accounting is done at Divisions offices, Workshops and Traffic Accounts Offices level, consolidation of accounts is done at Zonal level. While the, on the other hand, is responsible for accounting of all earnings.

2.6 General Understanding of Accounts Department

After having a quick review of existing system and as per the discussion with the IR officials, ICAI-ARF team understood the following things:

i. **General Payment Process**: The payments made by the Divisions include salaries, temporary wages, payments related to works, general administration, etc. All payments are made through the Accounts Branch. We may understand the general payment process through following chart:



ii. **CO6 Registration**: It is the first step, which is to be taken by every section to make a payment of any bill, required to be paid through bank by RTGS/NEFT. After registration, a 12 digit unique registration number is generated and this number is called CO6 no. Basically, the CO6 is a memorandum entry. It is noted that that the CO6 registration of a bill does not results into recognition of liability. After registration of CO6, bills are checked in all respect by the concerned dealing clerk and corresponding senior section officer. Thereafter, it is required to be sanctioned by the competent authority. CO6 no. is structured in 4 tiers in the following manner:

Table 1: Understanding of CO6

CO6 Number : Total 12 Digit											
Accounting Unit Code		Section Code		Financial Year Code		CO6 No.					
2-Digits Code		2-Digits Code		2-Digits Code		6-Digits Code					
Static Code		Static Code		Change with each year		New series starts for each year					
0	3	0	1	1	5	0	0	0	0	0	1

It is to be noted that for each year, CO6 number is started afresh.

iii. **CO7 or Bill Passing**: After completing CO6 registration and checking the bills in all respect, accounting entry is to be passed in books of accounts to record the transaction. The entry is to be recorded after classification under proper head of account. This process is termed as CO7 or bill passing. After generation of CO7, it becomes a liability of the railways and payment is required to be made to settle this liability. Like CO6, it also consists of 12 digits. However, CO7 has architecture of five tiers. This can be understood as follows:

Table 2: Understanding of CO7

CO7 Number : Total 12 Digit											
Accounting Unit Code		Section Code		Financial Year Code		Static Code for CO7	CO7 No.				
2-Digits Code		2-Digits Code		2-Digits Code		1-Digit	5-Digits Code				
Static Code		Static Code		Change with each year		Static Code	New series starts for each year				
0	3	0	1	1	5	7	0	0	0	0	1

2.7 General Process of Recording of Intra-Unit Transactions

Use of (–) Debit and (-) Credit–At present, Indian Railways is using (-) Debit and (-) Credit for recording various transactions including ***intra unit transactions***. Though, from the commercial accounting point of view, these are not standard terms. We can understand the use of the same with the help of following examples:

Example 1

If an employee of any Division is transferred from one Division to other Division and, there is a credit balance of Rs. 50,000 in the employee's PF account. Transferor Division will record this transaction by passing following entry:

Suspense head for PF	- (Credit)	50,000
Suspense head for Transferee Division	Credit	50,000

On the other hand Transferee Division will pass following entry to record this transaction:

Suspense head for PF	Credit	50,000
Suspense Head for Transferor Division	-Credit	50,000

2.8 Application of various Suspense head

In Indian Railways various transactions are recorded with the help of suspense head. A suspense account is an account in which transactions are posted on a temporary basis until their ultimate destination is determined. Suspense accounts sometimes are also used as clearing accounts.

As per the 'Suspense Accounts Manual' issued by Controller General of Accounts (CGA) certain intermediary/adjusting heads of accounts known as 'Suspense Heads' are operated in Government Accounts to reflect transactions of receipt and payments which cannot be booked to a final head of account due to lack of proper information as to their nature, or for other reasons. So, not only Indian Railways but also various other Government department/ministries use suspense heads.

Presently, certain suspense heads are operated in the accounts of the railways to facilitate proper accounting of the various types of transactions which cannot be booked immediately under the final heads for want of allocation or due to any other reason. Suspense heads therefore play a very important role in compilation and maintenance of accounts of the railways. Following is an illustrative list of some transactions for which suspense heads are operated:

i. Tax deducted at source from salary/contractors;
ii. Advance to Employees; and
iii. Inter unit transactions/intra unit transactions, etc.

iv. Treatment of TDS: Currently, the Divisions deduct TDS as per the provisions of the Income Tax Act, 1961. However, same is not deposited directly to the income tax department. A monthly summary is sent to the Zonal Head Quarter. Payment of TDS is made at Railway Board level through '*Inter Government Adjustment*'. Also, the Divisions files quarterly TDS returns with the help of professionals. Further, in the books of the Divisions, TDS amount is accumulated till 31st March in relevant suspense

head corresponding to TDS. This account is nullified by transferring its balance to '*Miscellaneous Government Account*' at the end of the financial year.

As per Indian Railway Code for Accounts Department Part I, "Misc. Government Account is a major head no. 880, under L- suspense and miscellaneous (e) miscellaneous, and is operated along with the following minor heads:

i. Ledger balance adjustment account; and
ii. Write off from heads of accounts closing to balance.

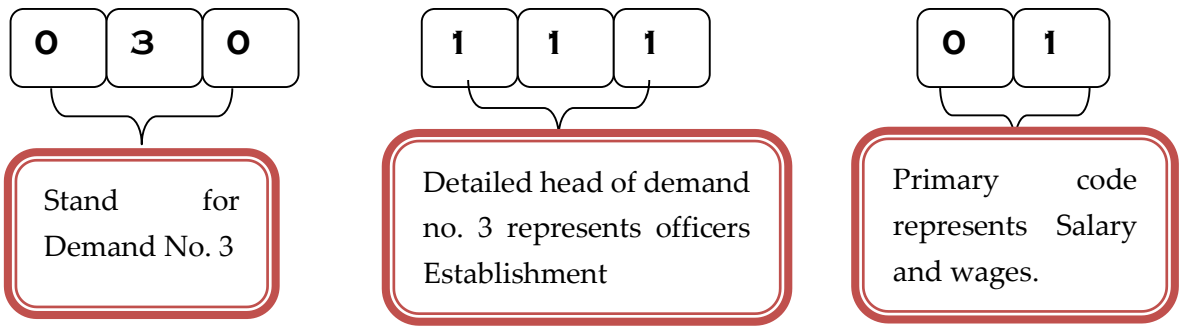
This account will be used for closing of all heads of accounts, which do not record Railway revenue or expenditure. The balances, if any, under the debt and remittance heads, with the exception of 'Transfer Railway', however, are closed to 'Balance'. The transaction under the head 'Transfer Railways' will be closed to minor head of 'Miscellaneous Government Account', in the books of individual railways and to 'Balance' if there is any balance in the books of the Railway board. The transactions under the head 'Deposits with Reserve bank (Railways)' will be closed to minor head of 'Miscellaneous Government Account'."

Sales Tax, which is deducted from the bills of the Contractors and technically known as Works Contract Tax (WCT), is deposited to Government Account on monthly basis through a Challan. At the time of deduction, the sales tax is recorded under relevant suspense head pertaining to sales tax and at the time of payment the same head is debited.

v. Existing Classification and Codification Structure: At present, the income and expenditure are classified under *'Indian Railways Finance Code Volume – II (also known asF-2)'*. In F-2, all the expenditures heads have been segregated on the basis of various demands and as per the nature of expenditure. There are total 16 demands prevalent in the system of accounting, covering all revenue and capital expenditures of the Indian Railways. It is to be noted that budget is also prepared on the basis of demand. The essence of these demands can be understood as follows:

i. Demand 1 and 2 is for policy formulation which covers the expenditure of Railway Board and Miscellaneous Expenditure (General);
ii. All working expenses are covered into Demand 3 to Demand 13;
iii. Appropriation to various Funds like DRF, DF, etc., and Suspense (Demand 14 and Demand 15); and
iv. All capital and other works Expenditure (Demand 16).

At present, all revenue working expenses are denoted by 8 digit numerical code. Out of which first 3 digits stand for demand no., next 3 digits for detailed head corresponding to demand and last two digits denotes primary unit. For instance, salary of General Manager, is will be represented by the following codification:



On the other hand, capital and other works expenditure are classified under Demand no. 16 for Assets acquisition, construction and replacement. The accounting classification of the same is in the form of 8 digits/ 4 tier numerical codes which is as follows:

i. The first tier of *two digits* numerical code indicates the source of fund viz. capital, DRF, OLWR (Revenue) etc., as the case may be;
ii. The second tier of *two digits* numerical code represents the standard plan head. For example, code 11 stands for New Lines (Constructions);
iii. The third tier which is also numerical represents the *two digits* of corresponding to the sub-head and detailed head of classification giving the details of assets acquired, constructed or replaced. For example, 41 stand for rails and fastenings; and
iv. The last tier of *two digits* will depict the primary unit, i.e., object of the expenditure. For Example, PU code 01 stands for pay and allowances of Departmental Establishment.

2.9 Auditing System

i. The Comptroller & Auditor General of India is the final audit authority and its responsibility of audit of Railway accounts is discharged through Deputy Comptroller & Auditor General (DAI). DAI is assisted by Principal Director of Audit (Railways) at headquarters level. The detailed organization chart of Railways Audit Branch is given below:

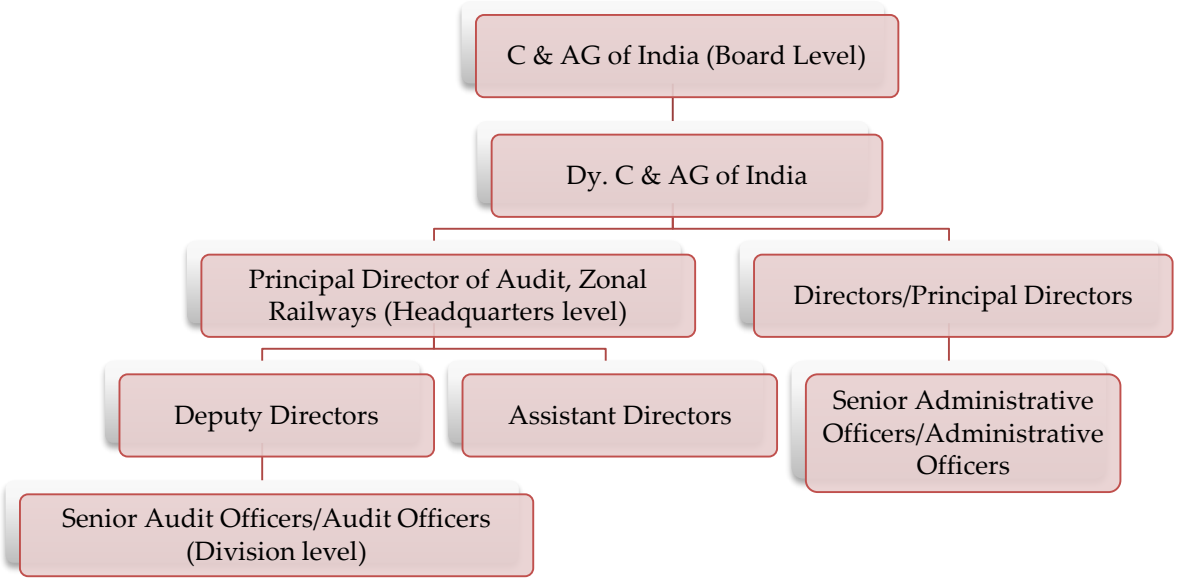


Figure 1: Organizational Structure of Railways Audit Branch

ii. As per instruction contained in Para 132 to 138 of Manual of Standards (Administrative Vol.1) Principal Director of Audit (PDA) are responsible for scrutiny and audit of financial sanctions pertaining to their Railways and offices under their audit control accorded by MoR or the General Manager; estimates sanctioned by same authorities; sanctions pertaining to local traffic; detailed accounts of the railways to ensure that these are prepared correctly and in proper form; internal check system; annual review of balances and appropriation accounts of Railways; proper allocation of expenditure between two or more sections of railway, etc.

iii. Any irregularity which comes to the notice of an officer should be reported to DAI. A report should also be sent of losses and embezzlements of cash or stores exceeding Rs.50, 000/- as required under Para 1102- F (1). PDA also submits a report to DAI in regard to adequacy of action taken by investigating departments.

iv. Directors/Deputy Directors who work under PDA are entrusted with charge of important audit sections and inspections.

v. PDA is further assisted by Senior Audit Officers/Audit Officers, who are entrusted with special investigation/performance audit cum efficiency audit, etc., at Divisions level. SAO/AO work under the personal direction of PDA. AO conducts periodical examination and audit of accounts. He is also expected to carry out independent audit of Railways at Divisions Level and report thereon to PDA.

vi. At the beginning of every financial year Audit officers prepare an Audit Plan. Usually, a test audit of transactions occurring monthly is carried out by the Audit Officer.

vii. The way audit is conducted with one year lag, with half year lag. Audit of Debited Reports and all appropriation accounts is conducted on annual basis. Audit of Suspense balances including store suspense and all arrear reports is conducted on half-yearly basis.

viii. Audit department also carries out an audit of all proposals/tenders before sanction. AO conducts scrutiny all relevant documents, briefing notes, contract agreements, etc., in regard to tenders.

ix. AO reports to PDA any material irregularity which is observed by him at any time during audit of Railway Accounts. Reports made by AO are circulated with supporting documents regarding any irregularity (if any).

x. Government of India can also order a Special Audit of Railway Accounts.

xi. For keeping a proper control over the subordinate units, PDA visits their subordinate formations as well as important units of the Railway Administration like major stations, Workshops and the sites of important works for review from time to time. Important points noticed during these visits/ tours/ inspections are reported to Headquarters office for information of DAI.

xii. The office of Comptroller and Auditor General emphasise on systematic training of newly recruited Audit staff. The course covers all main principles of audit of all the branches of Railway transactions such as Establishment, Engineering Works, Workshops, Stores, etc., and the Code rules regulating them.

2.10 Budgeting System

Preparation of budget is one of the most important management tools for any Government organisation. In Indian Railways, budget plays an important role. There is a laid down system for preparing and approval of budget in the Indian Railways. The process of preparation of budget is as follows:

i. Every year, budget estimation is made by the each Senior Section Officer (SSO)/Senior Section Engineer (SSE) of concerned department for the requirement of funds relating to their section. For example, SSE prepares the budget of engineering department.

ii. Thereafter, it is sent for approval to the competent authority of the department concerned.

iii. After approval of the Competent Authority, the budget is forwarded to the finance department for vetting. The finance department evaluates the Budget Estimate on the basis of various financial parameters.

iv. Once the Budget Estimate is vetted by the finance department, a sanction letter is issued by the finance department in multiple copies, which is forwarded to the various concerned departments who in turn

will send the sanction letter to DRM if it is related to mini law book matters, to Headquarter for matters related to Law book and to Railway Board if it is related to Pink Book for further approval.

v. There is a system of review of the estimates on the basis of an actual expenditure of three months in the month of August, in the month of November based on the actual expenditure of first the Six months and final budget in the month of December.

2.11 Mapping of Current Process at Divisional Office

The mapping of accounting processes refers to the activities involved in defining exactly how an accounting process is carried out in an entity, which are responsible for the authorization of transactions/processes and what records are maintained to capture the transactions. The ICAI-ARF team has carried out the process mapping of current accounting process of Indian Railways separately for Divisions, Traffic Accounts Office and Workshop in order to understand in a detailed manner all the components of the existing accounting system; the extent of prudence and propriety of the system in practice and to find out the gaps in the present system from the viewpoint of implementation of accrual based double entry accounting system.

Following table depicts the accounting process of various transactions at Divisions office:

S. No.	Transactions	Process	Accounting and Records Maintained
Accounting of Revenue Receipts			
1	Railway Recruitment Board (RRB) Receipts	• All recruitment in Indian Railways is made through RRB. • Periodically, RRB publishes advertisement for initiating the recruitment process. • The recruitment process is centralized, i.e., RRB can advertise for recruitment in any Zonal Railways. • Candidates apply to the post applicable/according to their qualifications/age/locations within given time frame along with applicable fees (either in IPO or DD) and necessary relevant documents as applicable. • The application is sent to the RRB concerned as mentioned in advertisement. • RRB office collects all the applications as per their selection criteria. DDs/IPOs are segregated separately. • IPOs/DDs are sent to the designated Cash Office with all the relevant details as applicable. • Cash Office deposits all the DDs to the respective Indian Railways Bank accounts in the designated bank through Treasury Remittance (TR) Note. • IPO is deposited into designated post office. Post office issues cheque for the amount of IPOs deposited after deducting charges (if any). This cheque is also deposited into bank through TR Note. • Cash Office sends details of all cheques/DDs to the concerned books section along with TR note for the purpose of recording and compilation. • Book section passes the following entry to record the transaction :	**Accounting** Accounting entry is passed in Books Section. **Books & Register Maintained** 1. Reconciliation into Bank (RIB) Cash book.

S. No.	Transactions	Process	Accounting and Records Maintained
		<table><tr><td colspan="2">Suspense Head for Remittance into bank</td><td>DR</td><td>xxx</td><td></td></tr><tr><td></td><td>To Suspense Head for RRB</td><td>CR</td><td></td><td>Xxx</td></tr></table> • Finally, amount of this receipt is depicted in 'Revenue Account Current' under the head 'Misc. Receipts'.	
2	Land Licence Fees/Building Rent	• Indian Railways earns revenue by giving its land& Buildings on rent. • Revenue generated from land given on rent termed as Land Licence fees. • Lands & Buildings are given on rent only after approval of competent authority. Licence fees for the Lands are also determined by executive section based on extant rules. • At present, accretion in license fees for land is to be done at @ 7% P.A. • Building rent is revised in every 5 years on the basis of DLC rate applicable for the land on which building is constructed. • Periodically, expenditure section prepares bill in a prescribed format in three copies for recovery of Land licence fee/Building Rent and forwards one copy to the party concerned for payment, one copy to executive section and one copy for their records. • If there is any anomaly in the bill then same is returned by parties to Expenditure section for correction. • Expenditure section makes necessary correction and forwards to party for payment. • Parties make the payment by cheque/DDs to the Expenditure section.	**Accounting** Accounting entry passed in Books Section. **Books & Register Maintained** 1. Bills Recoverable Register. 2. RIB cash Books.

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>

Expenditure section forwards these cheques/DDs to designated Cash Office with CR Note.
Cash Office deposits all the cheques and DDs to the IR Account through TR note.
Subsequently, Cash Office sends details to Books Section for recording.
Books section transfers the earning to Traffic Accounts Office by passing the following journal voucher in their the books of account:

<table>
<tr><td colspan="2">Suspense Head for Remittance into bank</td><td>DR</td><td>Xxx</td><td></td></tr>
<tr><td></td><td>To Suspense Head for TAO</td><td>CR</td><td></td><td>Xxx</td></tr>
</table>

Finally, this amount shown under the head ‘’Transfer Divisional” in Revenue Account Current.
Subsequently TAO books the earning under the relevant accounting head.

</td><td></td></tr>
<tr><td>3</td><td>Way Leave Charges</td><td>

Way leave is the facility given by Indian Railways to other Government Department/Private companies by providing the way over/under track. For example, giving facility to BSNL for laying cables under the tracks.
At present, way leave charges are recovered from party concerned in advance of 10 years.
Engineering section is responsible for monitoring the recovery of way leave charges.
Periodically, engineering section raises demand note for the recovery of way leave charges and forwards this note to Expenditure section.

</td><td><u>Accounting</u>
Accounting entry is passed in Books Section.

<u>Books & Register Maintained</u>
1. Bills Recoverable Register.
2. RIB cash Book.</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>

Expenditure section checks the demand note and sends it to party concerned for the payment.
If parties find any anomaly in the demand note than it is returned to Engineering section via Expenditure section.
Parties make the payment as per the terms and conditions in proper mode, i.e., cheques/DDs.
After receiving the payment from parties, Expenditure section forwards these cheques/DDs to designated cash office through CR Note.
Cash Office deposits all the cheques and DDs in the IR Account through TR note.
Cash Office sends all the details along with TR Note to Books Section for recording.
Books section of the Divisions transfers the earning to Traffic Accounts Office by passing the following journal voucher in their the books of account:

<table>
<tr><td colspan="2">Suspense Head for Remittance into bank</td><td>DR</td><td>Xxx</td><td></td></tr>
<tr><td></td><td>To Suspense Head for TAO</td><td>CR</td><td></td><td>Xxx</td></tr>
</table>

Finally, this amount is shown under the head ‘‘Transfer Divisional” in Revenue Account Current.
Subsequently, TAO records the entry under the relevant accounting head.

</td><td></td></tr>
</table>

S. No.	Transactions	Process	Accounting and Records Maintained
4	Siding Charges/ Foreign Service Contribution (FSC) Charges	• Siding is the facility provided by Indian Railways to third parties in the structure of laying track from any station to their business premises to facilitate loading and unloading of goods. • The cost of siding is either borne by the party or by Indian Railways. However if IR bears the cost then the same is recovered from parties in the mode of siding charges. • In addition to this, if Indian Railways has also provided any personnel for maintenance of tracks, etc., then the salary of such staff is also recovered from parties in the form of FSC charges. • FSC charges are revised as per the revision of salary of personnel engaged on siding. • Divisional Personal Officer (DPO) is responsible for the recovery of FSC charges while Engineering section is responsible for the recovery of siding charges. • Both offices prepare the demand note for the recovery of FSC charges/siding charges and forward it to the Expenditure section. • Expenditure section checks the demand note in every aspect and sends it to party concerned for payment. • If parties find any anomaly in the demand note, then it is returned to the section concerned via expenditure section. • Parties make the payment as per the terms and conditions of the agreement, in the form of Cheque/DD. • Expenditure section forwards these cheques/DDs to designated Cash Office through CR Note.	**Accounting** Accounting entry passed in Books Section. **Books & Register Maintained** 1. Bills Recoverable Register. 2. RIB cash Book.

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>• Cash Office deposits all the cheques and DDs in the respective Railways Account in the designated bank through TR Note.
• Cash Office sends details along with TR Note to Books section for recording.
• Books section transfers the earning to Traffic Accounts Office by passing the following journal voucher in their the books of account:
<table><tr><td>Suspense Head for Remittance into bank</td><td>DR</td><td>Xxx</td><td></td></tr><tr><td></td><td>To Suspense Head for TAO</td><td>CR</td><td></td><td>Xxx</td></tr></table>
• Finally, this amount is depicted under the head ‘’Transfer Divisional” in Revenue Account Current.
• Subsequently, TAO records the entries under the relevant accounting head.</td><td></td></tr>
<tr><td colspan="4">Accounting for Employee Benefits</td></tr>
<tr><td>1</td><td>House Building Advance/Festival Advances/Computer Advances/Scooter advance</td><td>• There are two types of advances granted by Indian Railways to its employees, one is interest bearing advances and second is non-interest bearing.
• At present only festival advance is non-interest bearing.
• Followings are the interest bearing advances:
i. Car Advance;
ii. Scooter advance/motor advance;
iii. House Building Advance; and
iv. Computer Advance.
• The advances are given to employees as per extant rules.</td><td><u>Accounting</u>
Accounting entry passed in Books Section.

<u>Books & Register Maintained</u>
1. Suspense register of civil advance</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>

An employee, who is willing to take an advance, makes an application in the prescribed format to competent authority.
Advance is sanctioned by head of the department concerned. For example, if an employee of Accounts department wants to avail HBA then it will be sanctioned by head of the Accounts department, i.e., FA&CAO. However, in case of festival advance no such approval is required.
On the basis of all application received for advances, Accounts department estimates the total amount required for each type of advance.
This estimation is sent to the Zonal Head Quarter while sending Revised Estimates of Budget.
Zonal Head quarter allots the amount for the disbursement of advances. This grant is called Civil Grant. A separate grant is released for each type of advances. For instance, grant received for HBA cannot be used for payment of car advance or vice versa.
If the amount is adequate for the disbursement towards all applications made then the same is disbursed to all applicants. However, if amount is not adequate then the advance is disbursed on the basis of application first made.
A Pay order is made in the name of the employee for the payment of advance.
Normal payment process is followed for making of payment. Following entry is passed while making payment:

<table>
<tr><td>Suspense Head corresponding to Advance</td><td>DR</td><td>Xxx</td><td></td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td>To Suspense Head for Cheques & Bills</td><td>CR</td><td></td><td>Xxx</td></tr>
</table>

Recovery is initiated from the salary of the following month. In case of interest bearing advance, recovery of interest is initiated after recovery of principle which is restricted to maximum 60 instalments.
At the time of recovery of principle, following entry is passed at the time of passing of salary to record the transaction in the Books of account.

<table>
<tr><td>Salary head for Relevant Demand</td><td></td><td>DR</td><td>Xxx</td><td></td></tr>
<tr><td></td><td>Suspense Head corresponding to adv Advance</td><td>CR</td><td></td><td>Xxx</td></tr>
<tr><td></td><td>To Suspense Head for Cheques & Bills</td><td>CR</td><td></td><td>Xxx</td></tr>
</table>
While at the time of recovery of interest following entry is passed to record the transaction in the Books of accounts:
<table>
<tr><td>Salary head for relevant Demand</td><td></td><td>DR</td><td>Xxx</td><td></td></tr>
<tr><td></td><td>Suspense Head for recovery of interest</td><td>CR</td><td></td><td>Xxx</td></tr>
<tr><td></td><td>To Suspense Head for Cheques & Bills</td><td></td><td></td><td></td></tr>
</table>
</td><td></td></tr>
</table>

S. No.	Transactions	Process	Accounting and Records Maintained
		• In case of transfer of employee, balance amount is transferred to concerned accounting unit through E-REKON and necessary journal voucher is passed in both accounting units.	
2	Payment of Salary	• For the purpose of payment of salary, the Division is divided into Bill units. For example: SSE (PW)-ABR, ENGG Line – AII, S&T – AII, etc. • Each Bill unit is accountable for preparing salary for its employees. • There is also an executive section in each Bill unit. • The personnel are appointed in each Bill unit as per applicable cadre norms/rules. Number of employees in each cadre cannot exceed the specified limit. • The Bill unit prepares salary bills for the payment of salary and forwards it to executive section every month. • Designated personnel of executive section feed all salary bills in IPAS. • CO6 of each salary bill is made. • Concerned personnel of Establishment section as per their responsibility, checks the salary bills in terms of amount of salary, deductions to be made from salaries, etc. • If any anomaly is found in any salary bill, then the same is returned to concerned Bill unit for correction. • If bill is found correct in all respect, CO7 of salary bill is made, i.e., salary bill is passed as per allocation head. • After making CO7, bill is again check by Senior Section Officer concerned in terms of allocation, etc. If any correction is required, bill is returned to	**Accounting** Accounting entry passed in Books Section. **Books & Register Maintained** 1. Salary and allowance register (R.No.69)

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>Establishment section otherwise it is sent to Books section for preparation of cheque abstract.
• After preparation of cheque abstract, this entry is reflected in the Revenue Account Current and as well as Cash Book.
• Generally, payment of salary is made through RTGS/NEFT. However in some cases individual cheque is also issued.
• If payment is made by RTGS/NEFT, a consolidated cheque is prepared and sent to Bank along with Bank accounts details of all employees to whom salary is to be paid.
• If individual cheque is issued then same is sent to Cash Office and from where the cheque is dispatched by appropriate mode.
• Following entry is passed at the time of making payment of salary to record the transaction:
<table>
<tr><td colspan="2">Salary head for corresponding to Demand</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of cheques & Bills section(net Payment Amount)</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To Statutory recovery (TDS)</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To HBA/Car/Scooter Advance Recovery</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To PF Recovery</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To other recovery (if Any)</td><td>CR</td><td></td><td>XXX</td></tr>
</table></td><td></td></tr>
<tr><td>3</td><td>Statutory Railway Provident Fund</td><td>• As per Statutory Railway Provident Fund Rules, all employees after a continuous service of one year are eligible to subscribe the GPF Fund.</td><td><u>Accounting</u></td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>

This fund is non-contributory, i.e., employer does not make any contribution to this fund.
Minimum contribution to this fund is 8.33% of basic salary. However, employee may also make contribution of any amount to this fund in addition to the minimum contribution.
While processing salary for each month, employee contribution for SRPF is deducted. Following accounting entry is passed while deducting the PF amount from salary:

<table>
<tr><td colspan="2">Salary head for corresponding to Demand</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of cheques & Bills section (net Payment Amount)</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To Suspense Head for SRPF</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To other recovery (if Any)</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
<u>SRPF payment</u>

SRPF payment may be divided into two parts:
a) Advances and withdrawal
b) Final Payment

<u>Advances & Withdrawals</u>

Any permanent withdrawals can be made from fund only after completing 15 years of service. Till then, only temporary withdrawal is allowed.

</td><td>
Accounting entry passed in Books Section.

<u>Books & Register Maintained</u>
1. Records of individual employees are maintained in individual files and also in IPAS software.

2. Records are maintained in PF Ledger.

3. Each ledger covers four financial years.
</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>

For making any withdrawal, whether temporary/permanent against SRPF, employee makes an application in prescribed format to the head of the department (HOD).
HOD forwards this application to Divisional Personnel Officer (DPO) for necessary action.
After making necessary verification, eligibility is determined and sanction given by DPO.
After making necessary recording, CO6 is registered for payment and normal payment process is completed before making the payment.
Following entry is passed while making payment to record the transaction:

<table>
<tr><td colspan="2">Suspense Head for SRPF</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of cheques & Bills section (net Payment Amount)</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

Recovery from salary is to be made if the withdrawal is temporary. Following entry is passed at the time of recovery of SRPF advance/loan:

<table>
<tr><td colspan="2">Salary head for corresponding to Demand</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of cheques & Bills section (net Payment Amount)</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To Suspense Head for SRPF recovery</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To other recovery (if Any)</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>
• At present, interest @ 8.70% is paid to employees on their monthly PF balances. Following entry is passed while crediting the interest on SRPF account:
<table>
<tr><td colspan="2">Suspense Head for Head Quarter</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Suspense Head for SRPF</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
<u>SRPF Investment</u>
• At present, investment from PF fund is made at Railway Board level according to the rules applicable.
</td><td></td></tr>
<tr><td>3</td><td>Group Insurance Scheme</td><td>
• Employees ‘Group Insurance Scheme is governed by ‘Central Government Employee Group Insurance Scheme’.
• The benefit of this scheme is available only to regular Railway employees, i.e., benefit is not available to contractual employees/workers.
• While processing the salary for each month, a nominal amount as applicable towards premium is deducted from the salary of employees per month. Following accounting entry is passed to record the transaction:
<table>
<tr><td colspan="2">Salary head for corresponding to Demand</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of cheques & Bills section (net Payment Amount)</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To GIS premium</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
• The amount so collected towards GIS premium is not directly deposited to Government department concerned. This transfer takes place through ‘Inter Government Adjustment’
</td><td><u>Accounting</u>
Accounting entry passed in Books Section.</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>

At the time of death of employees, death benefit is available, which is subject to maximum Rs. 30,000 per employee.
At the time of retirement, employee gets accumulated amount as per the calculation table applicable for this purpose as issued by Central Government.
At the time of making payment either on death or retirement, following entry is passed:

<table>
<tr><td colspan="2">Head for GIS</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To cheques & Bills section)</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

At the end of the financial year, this head nullifies by transferring its balance to ‘Misc. Government Account’ as per codal provision.

</td><td></td></tr>
<tr><td>4</td><td>New Pension Scheme</td><td>

New Pension Scheme (NPS) is applicable with effect from 01.01.2004. It is defined as contributory pension scheme where both, employee as well, employer contribute to the pension fund.
Employees make contribution @ 10% of basic pay and DA which is to be recovered from their salary as per prescribed rules. The Government matches this with an identical contribution into the pension fund.
A unique permanent retirement account number (PRAN) is allotted to each employee.
While processing the salary every month, employee’s contribution towards NPS is deducted from salary. Following entry is passed to record this transaction:

<table>
<tr><td>Salary head corresponding to Demand</td><td>DR</td><td>XXX</td><td></td></tr>
</table>
</td><td><u>Accounting</u>
Accounting entry passed in Books Section.

<u>Books & Register Maintained</u>
1. Employees wise NPS data files
2. Statement of transactions</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td>To suspense head of cheques & Bills section (net Payment Amount)</td><td>CR</td><td></td><td>XXX</td></tr>
<tr><td></td><td>To suspense head for employee Contribution to NPS</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

For employer's contribution to NPS, following entry is passed:

<table>
<tr><td>Corresponding Head of Demand 13</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of employer 's Contribution to NPS</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

Thereafter, payment of employer's contribution as well as employee's contribution is made to designate place. Following entry is passed at the time of making payment

<table>
<tr><td>Suspense Head – Employee cont. NPS</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>Suspense Head – Employer cont. NPS</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of cheques & Bills section (net Payment Amount)</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td></td></tr>
<tr><td>5</td><td>Pension Benefit</td><td>

There is a centralized pension department in Divisions for pension benefit to employees.
There is two type of retirement, one is normal and the other is abnormal. In normal retirement, employee retires after completion of service at the maximum age specified for retirement. However, in abnormal retirement, employee may take retirement as per his convenience.
In case of abnormal retirement, employees would be eligible for pension only when he retires after completing 20 years of qualifying service.

</td><td><u>Accounting</u>
Accounting entry passed in Books Section.

<u>Books & Register Maintained</u>
1. Employees wise pension file</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>

In case of normal retirement, all the relevant documents relating to pension are submitted by employees before 3 months of retirement.
Pension is calculated on basis of Last basic pay plus grade pay.
For payment of pension, Pension Payment Order (PPO) is generated at the Divisional accounting unit and it is counter signed by competent authority.
Commutation of pension is also allowable on the request of employees. However commutation of pension is made according to the prescribed rules.
PPO along with all relevant documents is sent to the designated bank for payment.

Following accounting entry is passed to record the transaction in the Books of accounts:
<table>
<tr><td colspan="2">Concern head of Demand No 13 for Pension</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of cheques & Bills section</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td></td></tr>
<tr><td>6</td><td>Staff Benefit Fund</td><td>

There is also a staff benefit fund in Indian Railways. This fund is used for Railway employees in the following field:
<ol type="i">
Higher education of children
Provide assistance to physically challenged/mentally challenged children
Sports activities, etc.

Employees give applications in prescribed format to competent authority for granting assistance from staff benefit fund.

</td><td><u>Accounting</u>
Accounting entry passed in Books Section.

<u>Books & Register maintained</u>
1. SBF Register</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>• Competent authority determines assistance available to each employee on the basis of number of applications received, availability of fund and applicable norms/rules.
• After determination of amount, Pay order is issued by the competent authority which comes to SBF section for recording.
• Dealing clerk in SBF section makes necessary recording.</td><td></td></tr>
<tr><td colspan="4">Accounting for Liabilities</td></tr>
<tr><td>1</td><td>Indian Railways Deposits</td><td>Indian railways deposit is basically a liability head. There are several deposit heads which constitute Railways Deposit, some of them are:
i. Deposit – E: Salary which is not claimed by employee or otherwise is recorded in deposit E. following entry is passed to record this transaction:
<table>
<tr><td colspan="2">Remittance into bank</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head for unclaimed salary</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
• At the time of claim, after necessary approval and verification, pay order in the name of employee is generated and following entry is passed:
<table>
<tr><td colspan="2">Suspense head for unclaimed salary</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head of cheques & Bills section</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
ii. Deposit W: Indian Railways undertakes various types of deposit works on behalf of other Government institutions/private parties.</td><td><u>Accounting</u>
Accounting entry passed in Books Section.

<u>Books & Register Maintained</u>
1. Deposit E- Register
2. Deposit W- Register
3. Deposit X- Register</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Suspense Head for Deposit W</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To suspense head of Cheques & Bills</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

Before starting any work, cost estimation is prepared by section concerned. This cost estimation also includes departmental charges @12% of cost estimated.
This cost estimation is given to the Institution/Department/Party concerned for payment.
Thereafter, the Institution/Department/Party pays the amount as per the terms & conditions of the contract. Following entry is passed to record this transaction:

<table>
<tr><td>Remittance into bank</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To suspense head for Deposit W</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

Any amount which is incurred on particular deposit work is adjusted against Deposit W received. Following entry is passed while making a payment against a particular deposit work:

<table>
<tr><td>To suspense head for Deposit W</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To suspense head of Cheques & Bills</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
iii. Deposit Expenditure: Deposit expenditure includes Earnest money deposit/security deposit received from contractors/suppliers. At the time of tendering, contractors/suppliers apply along with appropriate EMD/SD as per terms & condition mentioned in the advertisement. Following entry is passed at the time of receiving EMD/SD:
</td><td></td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Remittance into bank</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To suspense head for EMD/SD</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

After completion of work, SD is returned to concerned contractor/supplier upon request. Following entry is passed at the time of making payment of SD/EMD:

<table>
<tr><td>Suspense head for EMD/SD</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To suspense head for cheques & Bills</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

If contractors/supplier does not claim security deposit for more than 3 years then same is transferred to earnings.

</td><td></td></tr>
<tr><td>2</td><td>Sales Tax/Works contract tax</td><td>

Division's deducts WCT/sales tax on the works contract according to the regulatory requirement.
While deducting the sales tax, the following entry is passed:

<table>
<tr><td>Relevant demand corresponding to expenditure</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To suspense head for WCT/Sales tax Deduction</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

The Sales Tax/WCT so deducted is deposited with the designated Government department within prescribed time. Following entry is passed to record the transaction:

<table>
<tr><td>Suspense head for WCT/Sales tax</td><td>DR</td><td>XXX</td><td></td></tr>
</table>
</td><td><u>Accounting</u>
Accounting entry passed in Books Section.

<u>Books & Register Maintained</u>
1. Sales tax/Works contract tax file</td></tr>
</table>

S. No.	Transactions	Process	Accounting and Records Maintained
		Deduction	
		To suspense head for cheques & Bill — CR — XXX	
Miscellaneous Accounting Transactions			
1	Transfer Divisional	• Transfer divisional depicts the transaction within various accounting units in Zonal Railways. • All transfer transaction takes place through Transfer Certificate (TC); all the transfer transactions with in the railways are raised through E-RECON software. All the TCs are raised electronically and also accepted electronically. • To record the transactions in Books of accounts both accounting units passed Journal Vouchers. • All transactions for a particular period are shown under 'Transfer Divisional' in 'Account Current'. • Any inter Zonal transaction between accounting units takes place through Head Quarters. For instance, Any other Divisions except NWR then NWR Division sends the TC to HQ NWR, NWR HQ forwards the same to HQ of that any other Railway and that other HQ transfers the same to concerned Division.	**Books & Register Maintained** 1. TC/ATC Register
2	Transfer Railway Capital	• If any revenue expenditure has been booked initially under capital head or vice versa, then this expenditure needs to be transferred to the correct head of account. Such transfers come under the head Transfer Railway Capital. For Instance, purchase of fuel is revenue expenditure but at the time of purchase it is booked under plan/capital head.	**Accounting** Accounting entry passed in Books Section. **Books & Register Maintained** 1. Journal Voucher file

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>
At present, Fuel is purchased at Head Quarter level, thereafter it is transferred to divisions/workshop and debit is given to concerned unit. The following entry is passed in Head Quarter's books at the time of purchasing fuel:
<table>
<tr><td colspan="2">Store Suspense Head</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head for cheques & Bills</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
Head Quarter raises a debit on Divisions through a TC for fuel used by Divisions. After acceptance of the TC by Divisions, the following entry is passed in Head Quarter's books:
<table>
<tr><td colspan="2">Suspense head for Divisions</td><td>-CR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Store suspense head</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
On the other hand, divisions passes the following entry in their books of accounts to record the transaction:
<table>
<tr><td colspan="2">Store suspense head</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head for head quarter</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
As purchase of fuel is revenue expenditure and initially booked under store suspense, which is a plan head; so journal entry/voucher is required to be passed for transfer from capital to revenue. Following journal entry is passed in capital account:
<table>
<tr><td colspan="2">Transfer revenue (00878292)</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>Store suspense head</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
Following journal voucher will be passed in revenue account:
</td><td></td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Relevant demand</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>Transfer capital (00878291)</td><td>CR</td><td></td><td>XXX</td></tr>
</table></td><td></td></tr>
<tr><td>3</td><td>Imprest</td><td>

Imprest is given by Indian Railways to its officers to meet out petty expenditure as per the prescribed rules.
The officer entitled to an imprest makes an application to the competent authority.
After financial vetting and sanction given by competent authority, a pay order is issued in the name of employee/officer.
A bank account is opened for every imprest holder. Also ATM card is provided to the imprest holder.
At the time of disbursing imprest amount following entry is passed:

<table>
<tr><td>Suspense Head for Imprest (00867201)</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To Cheques & Bills (00867002)</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

Periodically, upon submission of bill imprest amount is recouped to the extent of bill submitted. Following entry is passed upon submission of bill and recoupment of imprest amount:

<table>
<tr><td>Relevant head of concerned demand</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To cheques & Bills</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td><u>Accounting</u>
Accounting entry passed in Books Section.

<u>Books & Register maintained</u>
1. Imprest Ledger
2. Expenditure Register</td></tr>
<tr><td>4</td><td>Demand Payable</td><td>

This is a suspense head, intended to collect all the revenue liabilities of the month and also records the actual discharge of such liabilities, when payment is made subsequently. The balance under this head will always be a credit figure, representing outstanding revenue liabilities.
A separate account is kept for each month. However, at present Divisions operates demands payable only in the month of March. This head is

</td><td><u>Accounting</u>
Accounting entry passed in Books Section.

<u>Books & Register maintained</u>
1. Demand Payable register</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>operated in the month of March in order to bring the liabilities towards of salary in the same financial year.
Following accounting entry is passed at March end:
<table>
<tr><td colspan="2">Relevant Demand Head</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Demand Payable</td><td>CR</td><td></td><td>XXX</td></tr>
</table></td><td></td></tr>
</table>

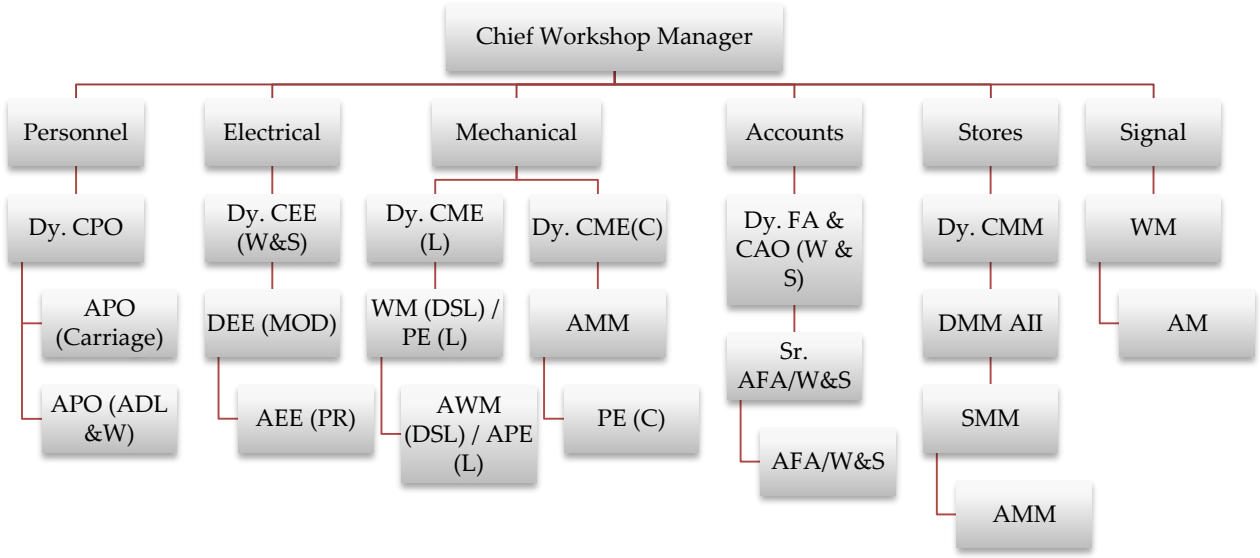
3. Chapter–Understanding of Workshop

3.1 An Introduction: Workshop

Workshop is an independent unit of Indian Railway, which basically carries out the works of overhauling, repairs, maintenance and sometimes manufacturing. There are three following three workshops in North Western Railways:

i. Bikaner Workshop;
ii. Ajmer Group of Workshop and
iii. Jodhpur Workshop

3.1.2 Organizational Structure of Workshop



3.2 Organizational Structure of Accounts Department of Workshop



3.3 Types of Work Performed in Workshop

i. **Rolling Stock Programme**: It is one of the important works carried out by Ajmer Workshop as per the directions/instructions of the Railway Board. Railway Board issues necessary instructions to Workshop for improvement or modernisation of Locomotive, Carriage and Wagons (hereinafter referred as the rolling stock) from time to time. At the orders of Railway Board, the workshop performs the work. For example, if as per the orders of Railway Board there is a work of changing iron sheet of wagons into steel sheets, then the same would be done within this programme.

ii. **Periodical Overhauling Work**: This is also known as POH. Overhauling relating to Locomotive, Carriages and Wagons, generally done periodically, are considered as POH. Workshop is dedicated only for POH related works and manufacturing in a few cases. There is a pre-defined period for overhauling of Coach/Wagon/Locomotive. When any Locomotive/Coach/Wagon is overhauled, next due date for POH is also specifically mentioned on each rolling stock. On the due date, wherever they are situated they will go for overhauling to the nearest workshop. Separate cost is identified for each overhauling.

iii. **Non Periodic Overhauling Work**: Overhauling, other than routine is known as NPOH. For instance, first overhauling of any rolling stock after their manufacturing. This is done to have a record and control whether overhauling has been done or not of all the new rolling stock.

iv. **Special Repair (SR)**: Under this type of programme, repairs or maintenance of rolling stock is done under special circumstances, which is due to some damage or happening of a sudden event, which leads to breakdown of rolling stock. For example, overhauling of an accidentally damaged Coach/Wagon.

v. **Deposit work**: These are works that are done by Indian Railways for the private parties and various other Government organizations. For example, laying of cables for BSNL. Generally, this work is done at a cost. No profit is charged in such type of deposit works by the workshop.

3.4 Departments in Workshop

There are seven departments in a workshop. Each department has its own sphere of responsibility. We may understand the working of each department as follows:

i. **Mechanical**: This is one of the main departments of the workshop; this department monitors all types of repair, maintenance and manufacturing work that is carried out on the rolling stock. Further, for the purpose of control, a workshop has been segregated into following two parts:
   a. **Locomotive Workshop**: In this workshop, overhauling activity relating to wagon & diesel Locomotive is carried out.
   b. **Carriage Workshop**: In this workshop, overhauling activity relating to coaches is undertaken.

ii. **Electrica**l: This department carries out every type of electrical work whether related to electrification of coach, wagon, diesel locomotive or administration.

iii. **Personnel**: This department deals with the service matters of employees like recruitment of new employees, transfer and promotion of existing employees, etc. This department also deals in making policies relating to establishment office and staff matters.

iv. **Printing and Press**: This department is dedicated for any work relating to printing of stationery for the Zonal Railway. Earlier, Railway tickets were also printed but now this is discontinued.

v. **Stores**: Store department is engaged in purchase as well as an issue of various items as per requirement. There are two types of purchase, which are made by stores:
   a. Purchase of Stock items: Stock items include all materials which are required on regular basis. For example, machinery parts required on routine basis, etc.
   b. Purchase of Non Stock items: Item other than stock item considered as Non Stock, i.e., item which is not required on regular basis. For example, computer, furniture, etc.

   Other than purchase and issue of various stock items, store department has the job of sale of scrap and discarded/condemned assets also.

vi. **Signal**: Activities of this department are related to various manufacturing, repair and maintenance of signalling and safety equipment. All work of this unit is related with signal and safety. Apart from this, manufacturing is also done on a small scale.

vii. **Accounts**: This department is responsible for all works relating to accounting and compilation for the purpose of generating necessary financial information. For example, recording of all vouchers relating to Income and Expenditure to find out the cost or any other relevant information for decision making.

3.5 Workshop Manufacturing Suspense (WMS) Account or Workshop Account Current

It is a monthly statement showing total expenditure made on overhauling/maintenance of Rolling Stock for a particular period. It is prepared by every unit of workshop, i.e., locomotive, carriage, electrical, signal. After compilation of these monthly statements, a financial review report is prepared. This statement has following two sides, i.e., Debit Side and Credit Side.

i. **Debit Side**: Debit side of the statement contains the following items:
   a. Labour payments - from labour schedule;
   b. Store material - from daily issue notes; and
   c. On cost charges of labour and store both.

ii. **Credit Side**: Credit side of statement has following items:
   a. Transfer of manufacturing items from one workshop to another;
   b. Items returned back to store;
   c. Amount of work done for other Zonal Railways; and
   d. Amount of work done for other workshops.

Labour and Store amount is entered from Workshop General Register and all the credits are obtained from outturn statement. All the credit to other workshop/division is done through Journal Voucher entries. Closing Balance of WMS is transferred to capital account current.

For example, Ajmer workshop made a POH for the Jodhpur division. Following entry will be passed in Ajmer workshop to record this transaction:

Jodhpur Division		DR	Xxx	
	To Workshop Suspense Account	CR		Xxx

3.6 Workshop General Register (WGR)

This register is prepared every month under which all labour and store charges are added and credit is given for return stores and sales of minor level of manufacturing items to foreign railway or other workshop. Following steps are required to be taken while preparation of WGR:

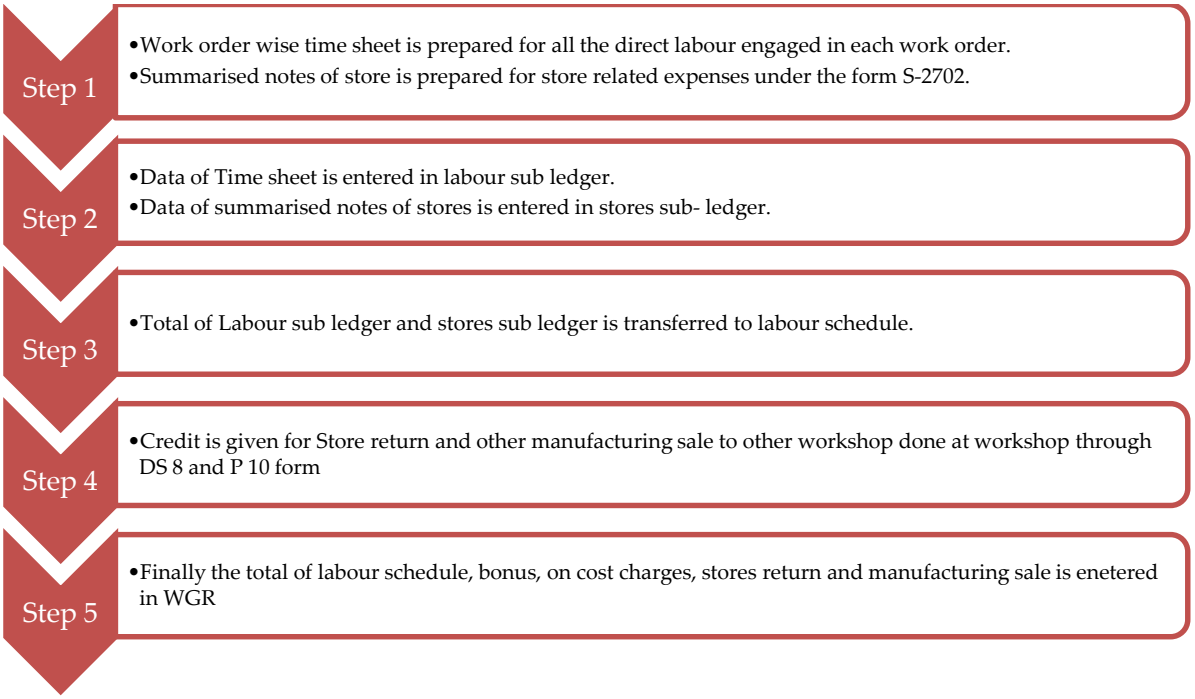


Figure 2: Steps of Preparation of WGR

3.7 Outturn Statement

This is the statement which records all types of Journal Voucher (JV's) entries passed relating to the credit side of Workshop Manufacturing Suspense account. With the help of outturn statement WMS account is prepared. In this statement total of credit side of workshop general register is also entered. The total of credit side of work shop general register is posted in outturn statement on the basis of Total JV's passed during the month. These JV's are related to various POH done for various divisions, workshops, etc.

3.8 Fixed Assets

Proper recording of fixed assets is important for every organization. Under workshop there is no fixed format for recording of Total Fixed Assets. A register is maintained for Plant, Machinery and Rolling Stock. Every addition or deletion in rolling stock or Plant & machinery is recorded in Assets Register. Monthly capital account current is prepared for all the additions and deletions on assets and from that Block account is prepared in which opening value, addition and deletion value of assets is written.

At present, no depreciation is charged directly on any assets. However, each year Indian Railways contributes a certain amount to the Depreciation Reserve Fund (DRF) in relation to the expenditure on renewal and replacement of assets. This contribution is determined by the *"Railway Convention Committee"*. Further, Workshop does not create any provision for impairment of assets.

3.9 Store Department

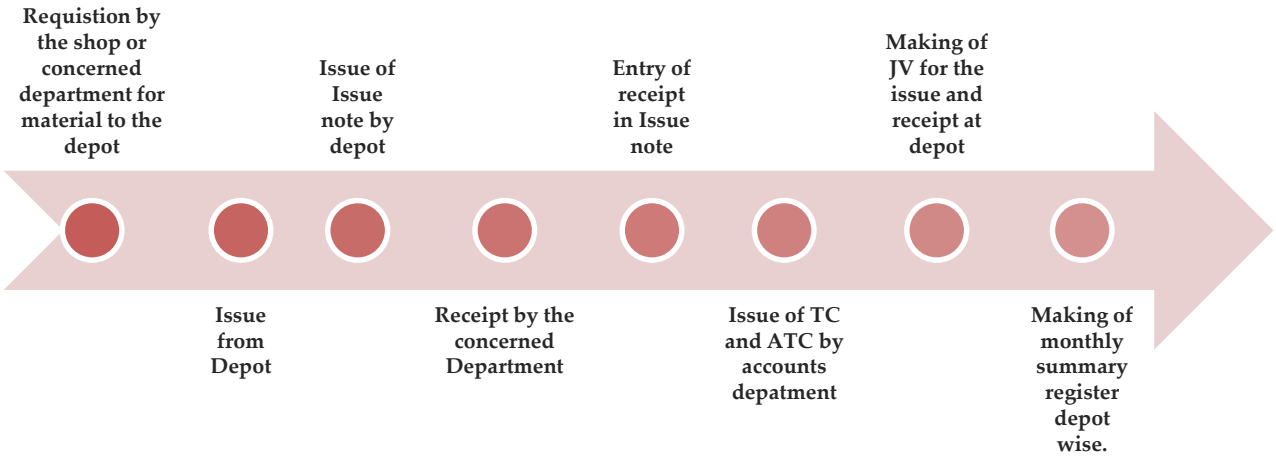
It is one of the most important Departments in a Workshop. All stores accounting relating to a workshop is done here. Further, as explained to ICAI–ARF team there are various stores depots under a Stores department. For instance, there are following 11 depots in Ajmer Workshop/Ajmer Division:

i. 41-General Stores Depot, Ajmer;
ii. 42-Carriage Stores Depot, Ajmer;
iii. 43-Wagon Stores Depot, Ajmer;
iv. 44-Signal Stores Depot, Ajmer;
v. 46 - Diesel Stores Depot, Ajmer;
vi. 47 - Railway Printing Press, Ajmer;
vii. 48 - Diesel Stores Depot, Phulera;
viii. 51- Divisional Stores Depot, Jaipur;
ix. 52 - Divisional Stores Depot, Ajmer;
x. 53 - Diesel Stores Depot, Abu Road; and
xi. 55 – Electrical Production, Ajmer.

Also, there is a centralized store at HQ level which is situated at Jaipur. Following activities are undertaken by the Stores Department:

i. Purchase of Stock;
ii. Manufacturing;
iii. Transfer to Shop or consignee;
iv. Depot to Depot transfer;
v. Stores Return; and
vi. Sale of scrap, etc.

The following process is followed in the Store Department:



Here, first of all material request is sent by the shop or concerned department to the store depot after that if it is available in the depot then the same is issued to the department. If it is not available in stores, then there are following four methods for procuring the material:

i. Purchase;
ii. Depot transfer;
iii. Return store; and

iv. Manufacturing (if possible).

Once the material is available in the depot then the same is issued to the shop/department. Issue note is generated for every issue in five copies. Two copies are sent to the consignee, third copy is retained at the depot, fourth and fifth copies are sent to the Accounts Department. The Accounts Department returns the fifth copy to the consignee after making necessary accounting entries. All the details of the request are entered in the Issue Note.

TC (Transfer Certificate) is generated by the Accounts Department and debit is raised against the consignee with a credit to Store Department. Advice Transfer Credit (ATC) is also issued by the consignee at the time of receipt of material. Based upon TC and ATC, a JV is passed and the same is reflected in the account current. If the material is in transit at the end of the month then the same is reflected in suspense account.

If there is any difference in the Receipt Note and Issue Note of material then the same is reflected in Stock Adjustment Account. Whenever material is issued, an issue note is generated by depot and periodically, it is sent to Accounts Department. All the details of consigner, date of purchase, type of material, value of material, etc., are written on the Issue Note.

3.10Methods of Procurement of Material

i. **Indigenous Purchase**: All the Indigenous purchase is made at Zonal Headquarters. All the demands are vetted by Finance Department at the Zonal Headquarters. For the Indigenous Purchases tenders are issued by Zonal Headquarters. Thereafter, a purchase order is issued to the successful bidder. The purchase order contains all the details of procurement and terms and conditions of payment. After that material is received by the depot/consignee directly and Receipt Note is issued after verifying the purchase order and actual quantity received at the depot. If any discrepancy is found between Receipt Note and purchase order then, the payment is made as per the Receipt Note. However, these discrepancies may be resolved later when the supplier approaches to Stores Department.

ii. **Import**: All the imports are made at Railway Board level. Railway Board issues the purchase order for the import as and when Zonal Headquarters sends a request.

iii. **Local Purchase**: Local purchases contain any purchase which is made by workshop locally like general items of day to day consumption, etc. Further, payment is made at local level.

Indigenous procurement and imports are generally made for stock items. Further, some purchases are also made from Directorate General of Supplies & Disposals (DG S&D) but these purchases are restricted to stock items only.

When there is shortage of any stock item, firstly, this stock item is checked in all other Store Depot of other Zonal Railways. If sufficient quantity is found in any one of these store then shortage can be fulfilled from this store.

There is also a concept of Slow Moving and dead stock in Stores. An item is treated as ***slow moving when it is not issued for two years***. This is done automatically through the MMIS application. Further, an item is classified as ***dead stock when it is not issued for three years.*** Either dead stock is sold as scrap or transferred to other Store Depot after getting the approval of the Competent Authority.

3.11Illustrations on stores accounting

Illustration-1: If 41 Depot (general Store) receives any material from supplier then following entry is passed, 20716105 is a centralized allocation for stores and in narration depot number is entered:

20716105 (Store Allocation) Stores in Stock		DR	xxx	
	Cheques and bills	CR		Xxx

Illustration-2: If the store department issues any stock to any other depot then following entry will be passed. For example if depot 41 issues any stock to depot 42 then following entry will be passed in the books of stores:

(+) Debit to Suspense Account		DR	xxx	
	(-) Debiting the issuing depot 41	CR		Xxx

(+) Debit to Transfer to 42 depot		DR	xxx	
	(-) Debiting Suspense account	CR		Xxx

Illustration-3: If the store department issues any stock to any consignee then the following entry will be passed. For example, if depot 41 issues any stock to Ajmer Division then following will be passed in the books of stores:

Consignee (Ajmer Division)		DR	xxx	
	20716105 (Store Allocation)	CR		Xxx

Ilustration-4: If after utilisation of stock there remains any item which is returned by the consignee to the depot then the following entry will be passed:

20716105 (Store Allocation) Depot 41		DR	xxx	
	To the consignee	CR		Xxx

4. North Western Railway– An Overview

North Western Railway came being on 1st October, 2002, consisting of four divisions and three workshops. NWR has a total of 578[2] stations covering a total of 5449.29 route KMs out of which 2575.03 are broad gauge and 2874.23 are metre gauge. The total tracks Kilometers of this Railway, however, are 6559.546 KMs. The four divisions are Ajmer, Bikaner, Jaipur & Jodhpur. Jaipur & Ajmer divisions were originally part of Western Railway and Bikaner & Jodhpur were part of Northern Railway.

4.1 Brief Outline of the Divisions

Jaipur Division -Jaipur Division serves the states of Rajasthan, Uttar Pradesh and Haryana. Being a predominately passenger earning division (84.92% of its earning is by way of passenger traffic), it deals primarily with cross traffic consisting of fertilizer, cement, oil, salt, food grains, oil seeds, lime stone and gypsum traffic. Container loading is done from here in bulk.

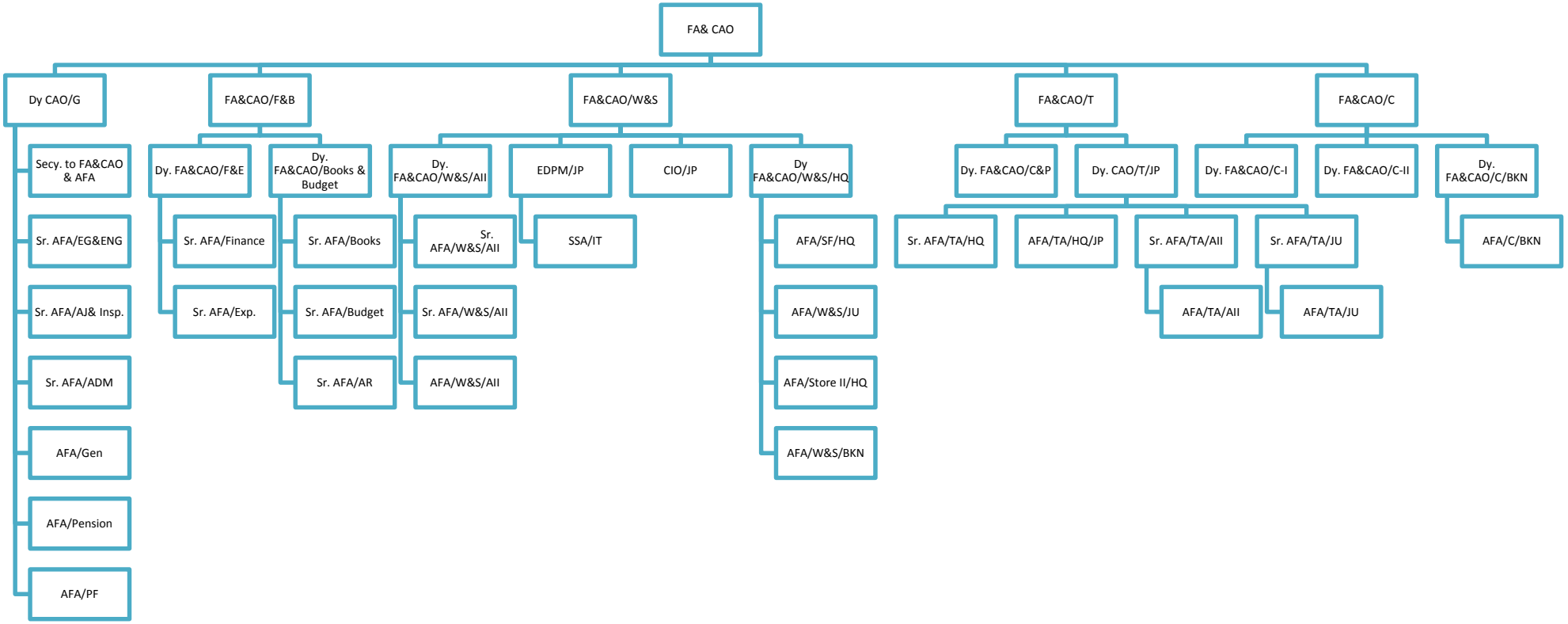
Bikaner Division – This Division was established in 1924 and it serves the states of Rajasthan, Punjab and Haryana. This division has an equal amount of passenger and goods traffic. The main outward goods traffic of this division is food grains, china clay and gypsum.

Jodhpur Division – This Division was up in the year 1882 and it consists primarily of semi–urban districts of Rajasthan. It covers areas of Jodhpur, Pali Marwar, Nagaur Jalore, Barmer, and Jaisalmer. It also covers certain districts of Gujarat state. This division also serves certain sensitive areas of Rajasthan such as Jaisalmer, Barmer and Parana. The main commodities loaded on this division are lime stone, salt and gypsum.

Ajmer Division – This Division is spread over the states of Rajasthan and Gujarat. It is predominantly a cement loading division as many cement plants of Rajasthan are located within the jurisdiction of Ajmer. Rock phosphate, soap stone powder are loaded from Udaipur area. This division is prominent on the religious and tourist map of India as it witnesses large amount of passenger traffic to Ajmer Sharief, Pushkar, Jain Temples Dilwara at Mount Abu and Ranakpur Temples.

[2] Source: nwr.indianrailways.gov.in

4.2 Organization Structure of North Western Railways



4.3 Consolidation of Financials statements made at H.Q level

The accounting procedure of the Indian Railways has evolved to fit in with dual role of Railways, namely as a commercial undertaking and as a Department of Government and as such it conforms to the essentials of the government accounting and of the commercial accounting. The government Accounts are cash accounts, that is to say, accounts of actual cash receipts and payment during the financial year beginning from April to march end. Whatever is received or paid in cash during the year, is recorded in the Accounts of that year, irrespective of the fact that the receipts or payments may be in respect of previous year. One essential feature of the accounting arrangements of the Railways, which is common with other Government departments, is detailed classification of earning and expenditure, i.e., careful and planed analysis of the receipts and expenditure.

The second essential features of the accounting arrangements on Railways which is also common with the other Government departments, is that the Accounts of the Railways are maintained in the following three parts:

Part 1. Consolidated Fund of India

Part 2. Contingency Fund of India

Part 3. Public Accounts of India

General Books and subsidiary Accounts Records

One of the most important functions of the accounts department is to collect and bring to account all the receipts and disbursements of the railway and to compile a detailed account thereof. For this purpose accounts officer maintains certain essentials records, called the generals books. These books are maintained at units' level.

The general books comprise of the followings:

1. The General Cash Book or The daily Abstract of Cash Transactions
2. The General Cash Abstract Book or the Monthly classified Abstract of Cash Transactions
3. The Journal
4. Ledger.

Only one cash book is maintained in an accounts circle subsidiary to the revenue ledger, but monthly general cash abstract is prepared separately for debit and credit transaction.

Two sets of Journals and ledgers are kept to keep the record of revenue and capital transactions separately

All capital cash transaction are first booked in the general cash book and subsequently transferred to capital head of accounts through a journal slip. For this purpose all capital account cash transactions are accordingly allocated in the cash account of an open line to "transfer Railways Capital", and the detailed allocation to final and suspense heads of the capital accounts of such transaction is affected by means of journal entries in the capital books, per contra credit or debit being afforded to "transfers, railways revenue"

Similarly, at the close of the month transaction related with demand 16 (works) other than capital are again transferred back to revenue account by "operating transfer revenue head" and in the revenue account. These transaction are taken by "operating capital" head

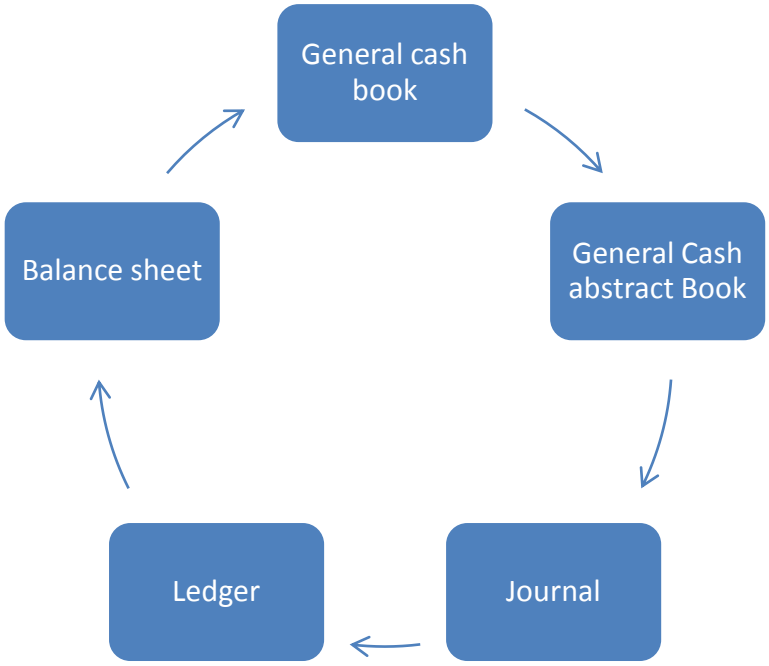
General Cash book: The record is intended to bring to account transaction involving actual cash receipts and payments of the accounts office. It should be posted daily and a voucher should be forthcoming in support of each entry in cash book duly signed by Gazetted officer. Preparation of cash book has since been computerised on zonal Railways.

General Cash abstract Book: it is posted daily from the total under each head in the general cash book. The posting in it is made date – wise under the relevant columns. It is kept in two parts, one for receipts and one for disbursement. It should be totalled after the transactions of **last day of month** have been posted in it. In this way the monthly debits under each head are collected, so far actual cash receipts and payments are concerned. The totals under the head "Remittance into Banks" and "Cheques and Bills" should be reconciled with the statements received from banks and treasuries.

Journal: All the transactions not involving the actual receipts or disbursement of cash and also adjustments are recorded in the journal (Form A 307). It is prepared separately for Capital and Revenue and also separate record of each month is maintained. In the case of Revenue journal the totals of the monthly cash abstract book are added in the journal and then the journal is totalled up and figures in it are carried into ledger for compilation of monthly accounts.

Ledger: It is maintained in Form A 310 and intended to show the total receipts and charges of the railways under various heads of accounts and to exhibit the progressive balances at the end of every accounting period. It is posted from the journal and separate ledgers are maintained for Capital and Revenue transactions.

Steps for Preparation of Financial Statements at H.Q Level



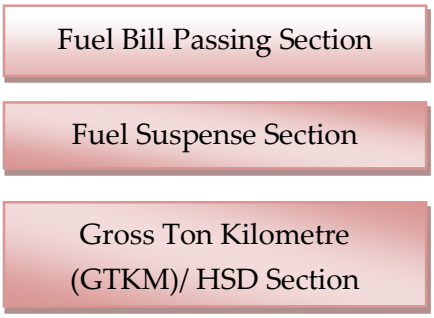
Consolidation of Financial statements

- At Head Quarter level, consolidation is done on the basis of accounts current which is submitted by concerned units.
- These consolidations of financial statement proceed, as per commercial accounting system as well as cash accounting system.
- Consolidation of financial statements includes consolidation of Balance sheet as well as profit and loss account.
- The schedule date of finalization of financial statements is instructed by Railway Board through Circular.
- For preparation / compilation of financial statements consolidated account current of Zone is required
- All opening balances of Zone are taken from last year Financial statements incorporated in appropriation account
- Following are the list of records and reports which are necessary for preparation of consolidation of Financial statements
  - ✓ Account current
  - ✓ General Book
  - ✓ Debt head report
  - ✓ Last year balance sheet
  - ✓ Block Account

- Final responsibility of the figure containing in account current is on Units because head quarter only done compilation of account current in the form of consolidation of financial statements.

4.4 Study of Fuel at HQ Level

Fuel procurement is one of the largest components of expenditure in Indian Railways. Data pertaining to procurement of fuel is maintained in **Store Accounts Branch**. The responsibility of Management of Fuel Account is the key function of Store account Branch in Zonal as well as Divisional Accounts. Basically three main sub sections are operated by store accounts branch with regard to recording and settlement of fuel transactions namely:



1. **Fuel Bill Passing section:** In this section, fuel bills are received and pre -scrutinized on the basis of purchase order. Post exercising the above check, cash order is prepared and approved by the store accounts officer and sent the same for payment to cash & pay section for payment

2. **Fuel Suspense section**: The job of this section is to maintain procurement and issuance of Fuel and accounting of the same through Suspense account. In other words, fuel suspense section makes Accountal of all HSD oil (Traction) received by RDI's of all divisions under NWR and raises debit to concerned division for its prime cost. It is a capital suspense head and get clears as and when the bills received, are passed by the Fuel Bills Passing section.
3. **Gross Ton Kilometre (GTKM)/ HSD Section:** Two jobs are done in this section viz. Accountal of GTKM earned by foreign loco's on home railways and Accountal of HSD taken by home loco's from foreign Railways through transfer certificate (TC) which is approved by home Railways at Zonal level. GTKM is the derivative unit of services. It is used to calculate the value of services provided by locos' of local Railway to foreign Railway or vice versa. The net GTKM (receivable or payable) is adjusted in the fuel head booked under Demand No. 10 including debits of home Railway loco's involving HSD oil receipt from foreign Railway.

4.4.1 Railways Diesel Institutions (RDI)

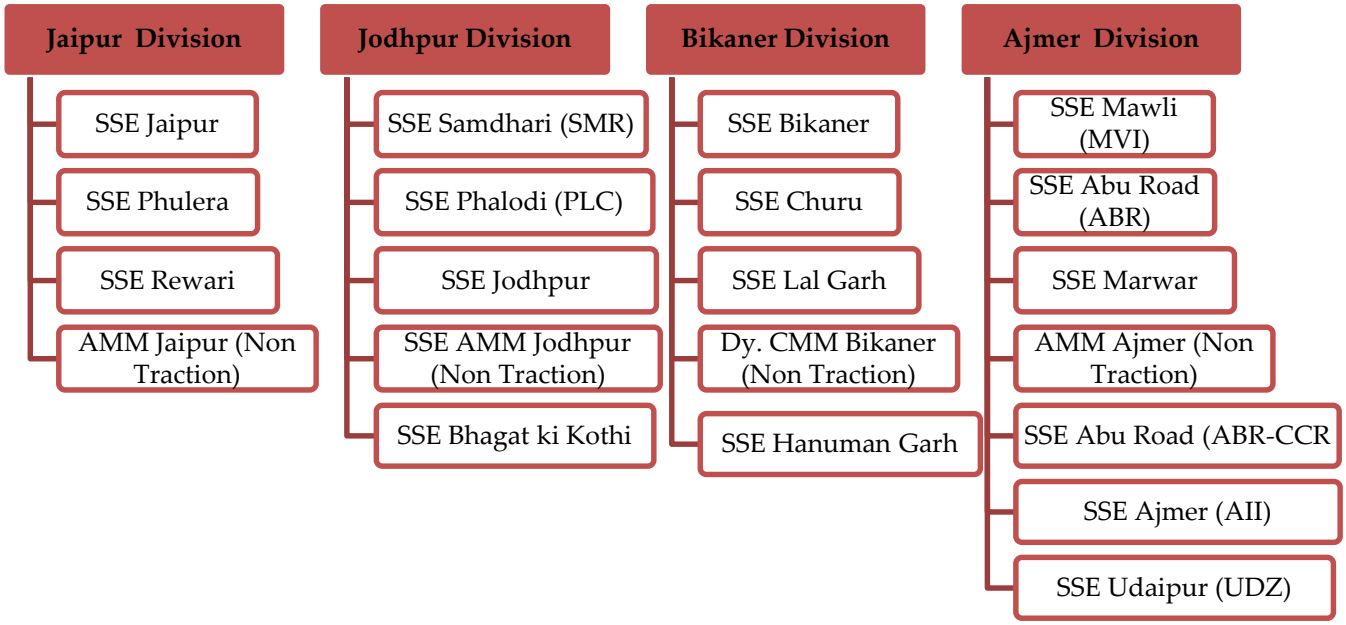
Railway Diesel Institution (RDI) basically is the storage of HSD in high capacity storage tank for further supply to loco's. Loco's takes HSD at fuelling station at the platform which is connected to storage tank

installed in RDI through a pipe line. In NWR, there are 21 Fuelling stations, which consist of 17 Traction RDI's and 4 Non Traction RDI's.

In Indian Railways there are two types of Fuelling stations which are divided based on purpose of consumption of fuel are as follows:

1. **Traction**: Fuelling station meant for consumption only for Locomotives are categorized as Traction RDI's.
2. **Non Traction**: Fuelling station meant for consumption generally used for the purpose other than Locomotives**. (**For example: Consumption of fuel in workshops or loco sheds)

The Division wise bifurcation of RDI's (Traction as well as non-traction) is as follows:



4.4.2 Procedure for Procurement of Fuel:

Procurement of fuel is done at a rate contract (RC)* which is made between Railway Board and each Oil company separately through Tender which is called and executed by Railway Board.

Rate contract (RC) – The Rate contract is purely a rate agreement with a certain stock obligation on the supplier. During the period of its currency, the supplier engages to supply on demand at a monthly price list (MPL), irrespective of quantity at a price within a given period of the receipt of such demand.
There are four major companies which are empanelled by RB for procurement of Fuel:

1. Indian Oil Corporation Limited (IOCL)
2. Bharat Petroleum Corporation Limited (BPCL)

3. Hindustan Petroleum Corporation Limited (HPCL)
4. Reliance Petroleum Limited (RPL)

Procurement of fuel is done on the basis RC executed by Railways Board. On the basis of RC, concerned Railway Controller of Stores (COS) issues the purchase order (PO) RDI-wise and payment of the same is made on the basis of Monthly Price List (MPL) which is issued by oil companies. Freight expenses is included in MPL, which are paid by Railways as per nearest point. However, minimum round trip distance (RTD) of 39 kilometre freight has to be paid to the oil company.

4.4.3 Procurement of Fuel by RDI's

HSD oil is being received at the RDI's by tank wagon and / or road tanks / pipe lines. Considering the location of RDI's and the location the feeding depot of the supplying oil company, Zonal Railways may formulate the mode of transportation and the detailed procedure of receipts as per current valid R.C. If both Rail and Road alternatives are available, preference has to be given to obtaining supply of HSD oil by Road.

Decanting of HSD oil from tank wagon / Road tank trucks is to be undertaken during day time , decanting is not permitted after the sunset, unless extreme urgency warrant so, the urgency of decanting oil after sunset is to be certified by the Sr. DME.

Sample test from the each road tank truck and / or tank wagon with water soluble paste must be carried out before decanting and dip reading of the tank wagon (s) and road tank truck(s) are to be meticulously taken and recorded before decanting.

Decanting of HSD oil must always be done to the storage tanks. Decanting of oil into empty barrels (except for drawl of samples) or to locomotives directly is not permitted.

Wherever the supply of HSD oil to RDI is exclusively done by road, a level platform is to be made for placement of road tank truck. Good approach road should also be made available to RDIs by the Railways. The decanting of such road tank truck is to be personally inspected by a gazette officer at least once in two months to ascertain that the instructions and Accountal procedure are being properly followed. Before decanting, 10-15 minutes setting time to be permitted.

As soon as a tank wagon is placed in the siding of decanting line, the supplier's seals at the top and bottom should be checked. If they appear tampered with or missing, an immediate joint inspection by representatives of mechanical, traffic and security department should be conducted, the actual quantity assessed in their presence by dip measurement and appropriate record is made. Oil Company will also be intimated.

In some RDI's, Receipts of HSD oil is made directly through a pipe line from the oil company's depot. In such case, the measurement of quantity should be done as per the latest replacement agreement. The received quantity is to be recorded in presence of representatives of the RDI and oil company.

RDI in charge is authorized to maintain the fuel accounts in RDI. Fuel stock register is maintained for the said purpose on daily basis and accordingly the requirement/demand is placed keeping in view the schedule of locos going forward.

The Oil Company sends Fuel to RDI as per their requirement, generally 5 to 7 day's minimum stock level are kept in RDI's. After receiving Fuel, concerned Senior Section Engineer (SSE) checks quality of Fuel as per specification and receives 10 copies of the bill from the Company and verifies and stamps all the copies. 2 copies is retained by RDI, 3 copies sends to Zonal office (one copy for finance, one copy for Fuel suspense and one copy retain as office copy with bill passing section), and remaining copies are sent back to concerned oil Company.

4.4.4 Fuel Issued to Loco:

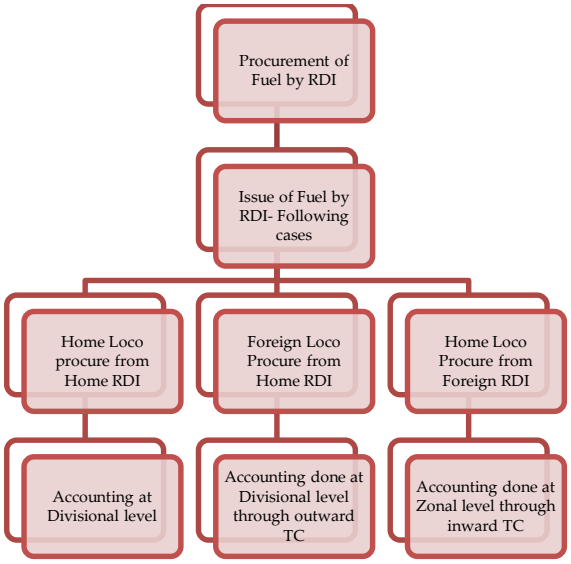
Fuel is issued by RDI's to Home loco as well as Foreign Loco as per requirement and urgency. In case of foreign loco, confirmations of Registration no. and Zone details of Foreign Loco have to be received by concerned SSE of RDI.

Issued of HSD oil is to be invariably undertaken through a calibrated flow meter. The flow meter must have totalized. Any standby flow meter an associate pipeline etc., if metered, will be provided by Oil Company at the railway cost.

Issued to HSD oil to the locomotives is to be accounted by the flow meter reading. Wherever the flow meter is calibrated and is in the working condition all Accountal records on issue side is to be as per the flow meter reading. The flow meter totaler recording is to be noted out on every shift for maintaining book balance and cross checking with the ground balance measured by dip.

Zone is authorized with the instruction of minimum & maximum quantity of HSD in locomotives. A CCR (DSL) is also posted in control room of each division. The tank of the loco should be filled by RDI at all fuelling points as per fixed schedule. The quantity is also noted by loco pilot in engine log book, which is maintained since the loco is put to use. Further, a fuel trip card is also maintained by the pilot. This document provides the fuelling of HSD and the balance fuel available in the loco at the time of fuelling.

Procurement of fuel by RDI's, issue of fuel to various Locos and the responsible accounting unit of the same explained with the following diagram:



Rates of issue of stock to locos

Fuel is issued to loco at per weighted average rate and the same is settled though Fuel adjustment account at the year end.

4.4.5 Accountal of Fuel

Cost of fuel is divided into two types of Components:

1. Prime cost
2. Other than Prime cost

Prime Cost: This involves only prime cost of diesel. The payment is made by Zonal office after checking Monthly price list (MPL) and prime cost is charged against capital plan head 71 in head of allocation 20713509 of suspense head. Dividend is paid to Indian Government against stock available as on 31st march of every year on the capital. In case of Prime cost Transfer certificate is issued for debit by head office to concerned divisions on 7thof the consequent month.

Other Than Prime Cost: This involves all Taxes, delivery charges and Freight, etc., other than prime cost is charged directly to revenue expenditure in account of concerned division through a cash transfer certificate on the 7th of the consequent month to the concerned divisions.

Accountal of Fuel is done at four stages:

1. Procurement of fuel by Traction RDI's
2. Issue of Fuel by Traction RDI's to Loco's
3. Procurement and Issue of Fuel by Non Traction RDI's to Workshops/Divisions/ sheds
4. Accountal of loss in fuel

1. Accounting of Procurement of fuel by Traction RDI's:

1.1 In the Zonal Books (NWR)

RDI submits details of receipt of Fuel of every month on 7th day of next following month and in case of March details are at the last day of the same month, i.e., 31st March.

The Following entry is passed at the time of receipt of fuel at RDI:

Particulars	DR.	CR.
Concerned Division A/c (Prime Cost)	XXX	
To Fuel Suspense A/c (20713509)		XXX
(Being fuel receipt at RDI)		

At the time of Payment of fuel procured in RDI's

Particulars	DR.	CR.
Fuel suspense A/c (Prime Cost)	XXX	
Concerned Division A/c (Other than prime cost)	XXX	
To Cheque and bills A/c		XXX
(Being payment made for the fuel)		

1.2 In the books of concerned Division

At the time of receipt of Fuel

Particulars	DR.	CR.
Fuel suspense A/c(7160) – Capital A/c (Prime Cost)	XXX	
Demand no. 10 - Revenue A/c (Other than prime cost)	XXX	
To Zonal A/c		XXX
(Being Transfer certificate raised by zone)		

2. Accounting of issue of fuel by Traction RDI's to LOCO's

Issue of Fuel can be explained in following three scenarios:

2.1 ***Case 1****:* Home loco's takes fuel from home RDI's

Journal entry in Concerned Division Books

Particulars	DR.	CR.
Demand no 10 – Fuel Head	XXX	
To Fuel Suspense A/c (7160) (Prime Cost)		XXX
(Being fuel cost expensed off with suspense account)		

2.2 ***Case2:*** Home loco's take fuel from foreign RDI's

In this case, foreign railway will be issued debit T.C by home railways.

Journal entry in Zonal Books

Particulars	DR.	CR.
Fuel Suspense A/c (00844506) (Total Cost)	XXX	
To Concerned Foreign Railway		XXX
(Being fuel taken by home loco at Foreign RDI)		

Particulars	DR.	CR.
Demand no. 10 – Fuel head (Total Cost)	XXX	
To Fuel Suspense A/c (00844506)		XXX
(Being fuel cost expensed off)		

Note: prime and other than prime cost posted in separate sub head mentioned in demand 10

2.3 ***Case 3:*** Foreign Loco's takes fuel from Home RDI's

In this case home railways will issue debit T.C to foreign railways

Journal entry in Concerned Division Books

Particulars	DR.	CR.
Concerned Foreign Railway A/c	XXX	
To Fuel Suspense A/c (Prime Cost)		XXX
To Demand no 10 (Other than PC)		XXX
(Being Transfer Certificate raised)		

3. Procurement and issue of fuel by Non Traction RDI's to Workshop/ Divisions:

There are 4 non traction RDI's over NWR, this fuel is utilized for other than traction purpose. It is known as charged store. The bill received from oil companies duly acknowledged by concerned RDI's, the same is passed by fuel bill passing section is directly debited to division concerned transfer head through Transfer certificate (TC). Following accounting entries are passed in this regard:

3.1 At the time of procurement of fuel: In Zonal Books

Particulars	DR.	CR.
Concerned Division A/c	XXX	
To Fuel Suspense A/c		XXX
(Being procurement of fuel done by RDI)		

3.2 At the time of payment of fuel: In Zonal Books

Particulars	DR.	CR.
Fuel Suspense A/c	XXX	
To Cheques and Bills A/c		XXX

(Being disbursement of fuel cost)		

3.3 At the time of procurement of fuel: In Division Books

Particulars	**DR.**	**CR.**
Fuel Suspense A/c (7160)	XXX	
To Zone A/c		XXX
(Being procurement of fuel cost other than for loco's)		

3.4 At the time of issue of fuel: In Division Books

Particulars	**DR.**	**CR.**
Respective Demand heads (Other than D 10)	XXX	
To Fuel Suspense A/c (7160) (Prime Cost)		XXX
(Being fuel cost other than for loco's expensed off)		

*4. **Accountal of loss in fuel:***

The Permissible limit as approved is 0.1% under the terms of 6.2 of (journal Procedure Order) JPO of railway board dated 09.03.2010, of the Fuel stock in RDI, waiver of which is duly authorized by the mechanical department.

If in any case, the loss of fuel is higher than the permissible limit, waiver of the fuel loss will be done by the General Manager of the railway (Zone)

4.1 Journal Entry for Waiver of Abnormal loss on fuel in Divisional Books:

Particulars	**DR.**	**CR.**
Demand no 10 (Loss Head 10118099)	XXX	
To Fuel Suspense A/c (Prime Cost)		XXX
To Demand no. 10 (Non- Prime cost)		XXX
(Being loss on fuel waived off)		

4.4.6 Recording of GTKM/HSD oil:

GTKM is the derivative unit of services. It is used to calculate the value of services provided by locos' of local railway to foreign railway or vice versa. The net GTKM (receivable or payable) is adjusted in the fuel head booked under Demand no. 10 including debits of home Railway's locos involving HSD oil receipt from foreign railway.

Further, the division is involved in following activities:

Inward TC: Accepting Inward Transfer Certificates of HSD oil for and GTKM raised from various foreign railways for those NWR Loco's taking HSD oil in the location of Foreign Railways and those foreign railways Loco's earning GTKM on NWR.

Outward TC: Raising of outward TC's of GTKM to various foreign railways for home railway loco's earning GTKM on foreign railways. As regards, raising of debit TC's of HSD oil received by foreign railway loco's from home railway done by the concerned NWR divisions directly.

Following table shows the booking levels of GTKM/HSD oil:

Particulars	Inward	Outward
HSD Oil	Zonal Level	Divisional Level
GTKM	Zonal Level	Zonal Level

Calculation of GTKM:

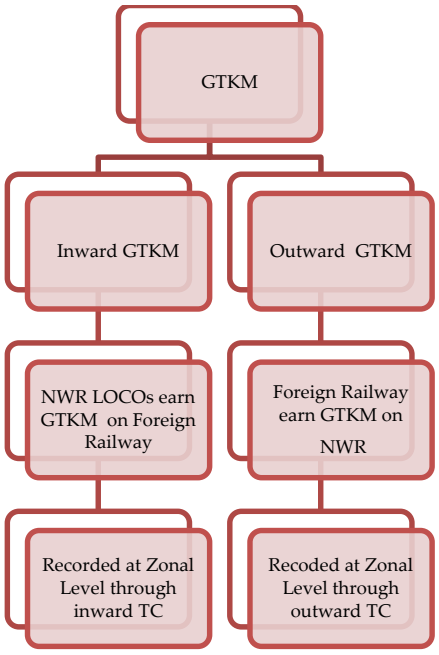
Gross GTKM = Gross tonne * Kilometre

Gross tonne = Net tonne + Tare tonne

Tare tonne = Weight of spare wagon

Net tonne = Weight of Stock in Wagon

GTKM booked in two ways in case of Intra HQ transactions:



4.4.7 Prominent Issues with Respect to accrual of Fuel bills

Policy Issues:

Observation 1: Details of Fuel in Loco's at the end of the financial year are not maintained by HQ as well as any other accounting units. The details of the same should be maintained for the actual position of Fuel at the end of the year for recording of closing stock in the commercial financial statements. Based on the current procedure, is that at the time of issue of fuel to loco's the total cost of fuel is expensed off in

Demand no. 10 but as on date the closing stock of fuel prevailing in the loco's should be considered as closing stock.
Suggestion by ICAI –ARF: Procedure for compilation of Fuel trip card in the locos should be drafted.

Observation 2: Material amount of fuel stock is maintained in the connecting pipeline (from storage point to fuelling point) at RDI which should be taken into closing balance of stock as on 31st March.
Suggestion by ICAI –ARF: A procedure for valuation of outstanding fuel quantity in the pipeline should be drafted.
Administrative Issues:

Observation 1: At the time of Procurement of Fuel by RDI, the same is charged to purchase suspense with the Prime cost of the fuel and knocked off at the time of payment. **Suggestion by ICAI –ARF:** Reorganization of the credit balance of the purchase suspense as a current liability at the end of financial year.

Observation 2: As per the current process, when a Tax invoice is received, CO6 is prepared and passed for approval to the concerned department by competent authority. Further, once approved the same is forwarded to cash and pay section in CO7 format. Treatment of pending invoices as on 31st March outstanding for payment process.
Suggestion by ICAI –ARF: Accrual entry is to be passed at the end of the year for the bills not accounted with CO6 for which the amount needs to be quantified**.**

Observation 3: Material amount of fuel stock is maintained in the connecting pipeline (from storage point to fuelling point) at RDI which should be taken into closing balance of stock as on 31st March.
Suggestion by ICAI –ARF: A procedure for recording of outstanding fuel quantity in the pipeline should be recorded in a register

4.5 Period end Procedure and Reconciliation Procedures at Zonal Level

A period end procedure refers to those activities which are carried out on pre-determined period end. It may be daily, monthly, weekly, etc. Based on our discussion with concerned IR officials, Period end procedures/activities in Indian Railways may be classify into following three major categories:

4.5.1 Following Activities are undertaken on Daily basis:

S.No.	Activity performed	Description of activity	Purpose of Activity	Performed by	To whom submitted	Due date	Forms/ Appendix
1	Remittance into Banks and cheques and Bills Reconciliation	The receipts booked under General cash Abstract book is reconciled with the statements received from banks and treasuries.	The purpose of reconciliation is to ensure the debits as per books matches with the receipts remitted into bank.	SO, Remittance into Bank, FA & CAO/B&B	In-house process at Zonal level	NA	NA
2	General Cash book (Zonal level) reconciliation with the cashier's cash book (Unit level)	The balances of the general cash book should be totalled and balanced daily and the balance should be reconciled with that in the Cashier's cash book at unit level.	To reconcile Zonal cash book with Accounting unit cash book.	SO, Remittance into Bank, FA & CAO/B&B	In-house process at Zonal Level	NA	NA
3	Traffic cash check sheets	The particulars of cash remittances of each day should be tabulated in traffic cash check sheet which will show the total amount of cash acknowledgment as received from each station.	To show the grand total of cash received from all stations and remitted by the cashier into the treasury or bank.	Cash office, check sheet clerk	FA & CAO/B &B	Day end	Form A 1943 - Traffic's cash check sheet

4.5.2 Following Activities are undertaken on Monthly basis:

S.No	Activity	Description	Purpose of Activity	Performed by	To whom submitted	Due date	Forms/ Appendix
1	Monthly Financial review (sub Head wise)	A monthly financial review showing the expenditure to end of the previous month, against allotment placed at the disposal of the controlling authorities under each sub head of grant for which they are responsible is prepared by the Accounting Officer and sent to the board.		FA & CAO, Budget section	PHOD's	10th of the next month	NA
2	Monthly Financial review (Demand wise & head wise) - On Actual figures	A monthly financial review of expenditure (demand wise and head wise) is prepared to end of the previous month, against allotment placed at the disposal of the controlling authorities under each sub head of grant for which they are responsible is prepared by the Accounting Officer and sent to the board.		FA & CAO, Budget section	Railway Board	4th of the next month	NA
3	Monthly Financial review- budget - On Approximate figures	Monthly financial review of the expenditure and receipts vis-à-vis budget proportions fixed, is prepared and submitted.	To ensure the actual expenditure/ receipts are in accordance with the budgeted.	FA & CAO, Budget section	Railway Board	Demand Wise :Within a week of the submission of accounts current for the same month Primary unit wise: 10th of the next month	NA
4	Approximate Account Current	A statement of approximate receipts and expenditure for each month and from	The purpose is to watch	FA &CAO/B &B	Railway Board	By 5th of the following	NA

		commencement of the financial year to the end of each month in prescribed formats is prepared and further forwarded to Railway Board.	the progress of revenue and expenditure against sanctioned budget.			month for all months from April to February accounts.	
5	Actual Account current	A statement of actual receipts and expenditure for each month and from commencement of the financial year to the end of each month in prescribed formats is prepared and further forwarded to Railway Board. The main principle on which the accounts current are prepared is that all entries should be shown 'Net'' i.e., after deducting the write back adjustment against each head of account.	The purpose is to watch the actual progress of revenue and expenditure.	FA & CAO/B&B	Railway Board	By 4th of the second following month for all months from April to February accounts.	For Revenue in Form A 325 and for Capital / new constructions in Form A 329
6	Financial Reviews	In addition to august review (done on yearly basis), financial reviews are also prepared to watch the pace of expenditure against proportionate budget grant so as to either curb the expenditure or ask for more funds or surrender funds if saving, in time through the supplementary grant.		FA & CAO/B&B	Railway Board		NA
7	Proportionate Budget Grant	Proportionate Budget Grant for a particular month or period is worked out by distributing the sanctioned grant for the year amongst the various months after taking all known factors of disturbance into account. The accounts officer in consultation with the spending authorities has to	To distribute the sanctioned grant for the year amongst the various months.	FA & CAO/B&B	Railway Board		NA

		work out the estimated expenditure of the year under each sub head of the grant keeping in view relevant factors.					
8	Reconciliation of Transfer Divisional	At the closing of accounts, the balances under Transfer divisional should be reconciled by means of meeting the various accounting units at HQ so that balance under this head may be wiped out at the close of FY. Now, the reconciliation of transfer transactions is done on web based e- recon programme online.	To ensure that no balance exists in the transfer divisional account at the year end.	FA & CAO/B&B	Railway Board	20th of Next Month	NA
9	Remittance Transactions	Any amount which either due to or due from/ other Government Departments like Department of Post, Defence, etc., are to be settled by doing book adjustment through the Reserve Bank of India. These transactions are known as remittance transactions. The total amount due to or due from state governments or central government departments (other than railways) are advised to RBI for adjustment against the balance.	To close any outstanding balance with Government departments.	FA & CAO/B&B	Reserve Bank of India, Central Accounts section, Nagpur	10th, 20th and end of the month	Form A 421
10	Advance Schedule(AD)	Advance Schedule is sent to the accounts officer of non-Railway Government Department, states, etc., by the HQ in a prescribed format for the amount of each voucher in respect of which debit is to be raised through RBI. Similarly AD is received from other	The process is established to ensure clearing of Outstanding balance with RBI.	FA & CAO/B&B	Concerned accounting officer	Beginning of the next month	Two manuscripts registers are maintained at HQ in form A 429 & A

		accounts offices of states and departments of central government.					430 for outward and inward transaction.
11	Cashier's cash book	Any receipts on behalf of the government are maintained in a cash book. All the transactions are entered as soon as they occur and attested as a token of check. Verification of the cash book is done on monthly basis and a certificate is recorded to effect under dated signatures.	To ensure authentication of receipts by government officials on behalf of Indian Railway.	Cash entry: Cashier supervision: Accounts officer	FA & CAO/B&B		Form A 1917

4.5.3 Following activities are done on Yearly basis:

S. No	Activity	Description	Purpose of Activity	Performed by	To whom submitted	Due date	Forms/ Appendix
1	Final Accounts current	After sending march account to Railway Board, the balances in the ledger are closed by passing closing journal entry.	These accounts current are intended to show the transactions of the railways for the year under the various final heads of account along with the balances under the suspense and debt heads.	FA & CAO/B &B	Railway Board	15th June of subsequent FY	Revenue: Appendix XIII Capital: Appendix XIV
2	August Review	In this review the figures of actuals of last year are placed in juxtaposition with the figures of the latest estimates of current year taking into account to the actuals of the first 4 months.	August review is made to ensure the budget allotments are not exceeded from the prescribed limit. It also ensures whether allotted funds allotted are	FA & CAO/B &B	Railway Board	1st of September each year	Form F383

			adequate or not, and also to assess the actual requirements				
3	Advance copy of Appropriation Accounts	The Accounts department prepares statement of actual expenditure against allotments and after obtaining the remarks of spending authorities consolidate the same by different grants. These statements are called Appropriation accounts. The appropriation account should be prepared separately for each grant. Comparison is made between two sets of figures viz figures under original grants and actual expenditure charged.		FA & CAO/B &B	Advance Copy to Railway Board and one copy to PDA (Audit Dept.) for certificatio n. Finally the certified copy is sent to the Railway Board and further to Public Account Committe e	Demand wise dates as given by the Board	NA
4	Appropriation Accounts of Civil Grants	Civil grants in respect of interest free advances, loans and advances bearing interest, interest on debt and other obligations and reduction or avoidance of debt charges is prepared		Individ ual Zone e.g. NWR	Railway Board and after consolidat ion at board level to CAG	By the 15th August of the year for the previous year and Demand wise dates as given by the Board	NA
5	Certified copy of Appropriation accounts (Audited Accounts)	The audit officer simultaneously furnishes audited accounts with certification and remarks of the accounts officer on		Audit departm ent	Railway Board	By 15th October	NA

		the observations of the audit officer if any.					
6	Finance Accounts	It refers to a handy compilation of the transactions brought to account in the books of a Railway under the various heads of account. After the accounts of a year has been closed and after the final account current has been submitted, the finance accounts are submitted containing following information: Abstract accounts of the various heads together with detailed schedules and Appendices	Handy compilation of accounts.	FA & CAO/B &B	Railway Board		Abstract Account : Form A 729
7	Unpaid wages lists	In respect of all items remaining unpaid in the bill, a list in triplicate is prepared by the cashier at the time of returning the bills to the paymaster	To list down all remaining unpaid wages.	Cahier	FA & CAO/B&B		Form A 1959

2. Annual Return – Appropriation Accounts of the Zone

Appropriation accounts are the statements prepared annually for presentation to the Public Accounts Committee, comparing the amount if actual expenditure with the amount of grants voted by the parliament and appropriations sanctioned by the President.

The appropriation accounts should be supported by a Block Account, Capital Statement, a Balance sheet and Profit and Loss Account of the Railway (Zone). These statements should be prepared separately for commercial and strategic lines.

Preparation and Finalization of Appropriation Accounts

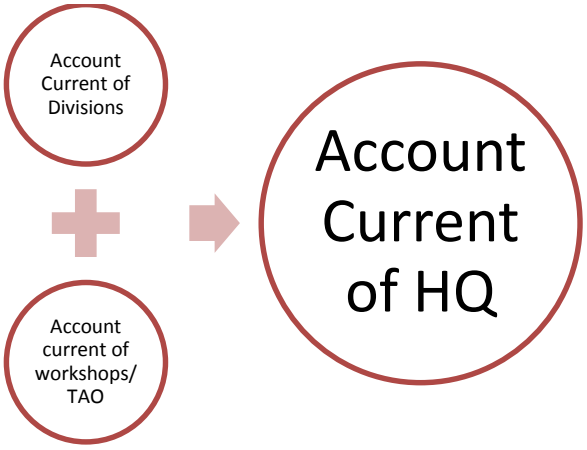
Sr.No	Particulars
1	Civil Grants
	(i) Loans & Advance
	(ii) Pre-Partition Payments

	(iii) Interest on Debt & Other Obligations
2	Statement showing Secret Service Fund(Safety & Vigilance) (for Zonal Railways)
3	Statement showing distributable Expenditure and Receipts (for Zonal Railways)
2	Statement showing changes Forms & Classifications
3	Statement showing percentage of working expenses to earrings
4	Statement of credits to Capital for Retired Assets.
5	Statement of Annual Voted and Charged Expenditure
6	Statement showing Depreciation Reserve Fund Account
7	Statement showing Pension Fund Account
8	Stores Account
9	Stock Adjustment Account
10	Statement of suspense balances
11	Profit and Loss Account of Catering
12	Profit and Loss Account-Commercial and strategic lines
13	Balance Sheet- Commercial and strategic lines
14	GRANT No. 2 - Miscellaneous Expenditure (General) (for Zonal Railways, Metro Rly/Kol& R.E.)
15	GRANT No. 3 - General Superintendence and Services (for Zonal Railways & Metro Rly/Kol)
16	GRANT No. 4 - Repairs & Maintenance of Permanent Way and Works (for Zonal Railways & Metro Rly/Kol.)
17	GRANT NO. 5 - Repairs & Maintenance of Motive Power (for Zonal Railways only)
18	GRANT No. 6 - Repairs & Maintenance of Carriages and Wagons (for Zonal Railways & Metro Rly/Kol)
19	GRANT No. 7 - Repairs & Maintenance of Plant and Equipment (for Zonal Railways & Metro Rly/Kol)
20	GRANT No. 8 - Operating Expenses - Rolling Stock and Equipment (for Zonal Railways & Metro Rly/Kol)
21	GRANT No. 9 - Operating Expenses - Traffic (for Zonal Railways & Metro Rly/Kol)
22	GRANT No. 10 - Operating Expenses - Fuel (for Zonal Railways & Metro Rly/Kol)
23	GRANT No. 11 - Staff Welfare and Amenities (for Zonal Railways & Metro Rly/Kol)
24	GRANT No.12 - Miscellaneous Working Expenses (for Zonal Railways & Metro Rly/Kol)

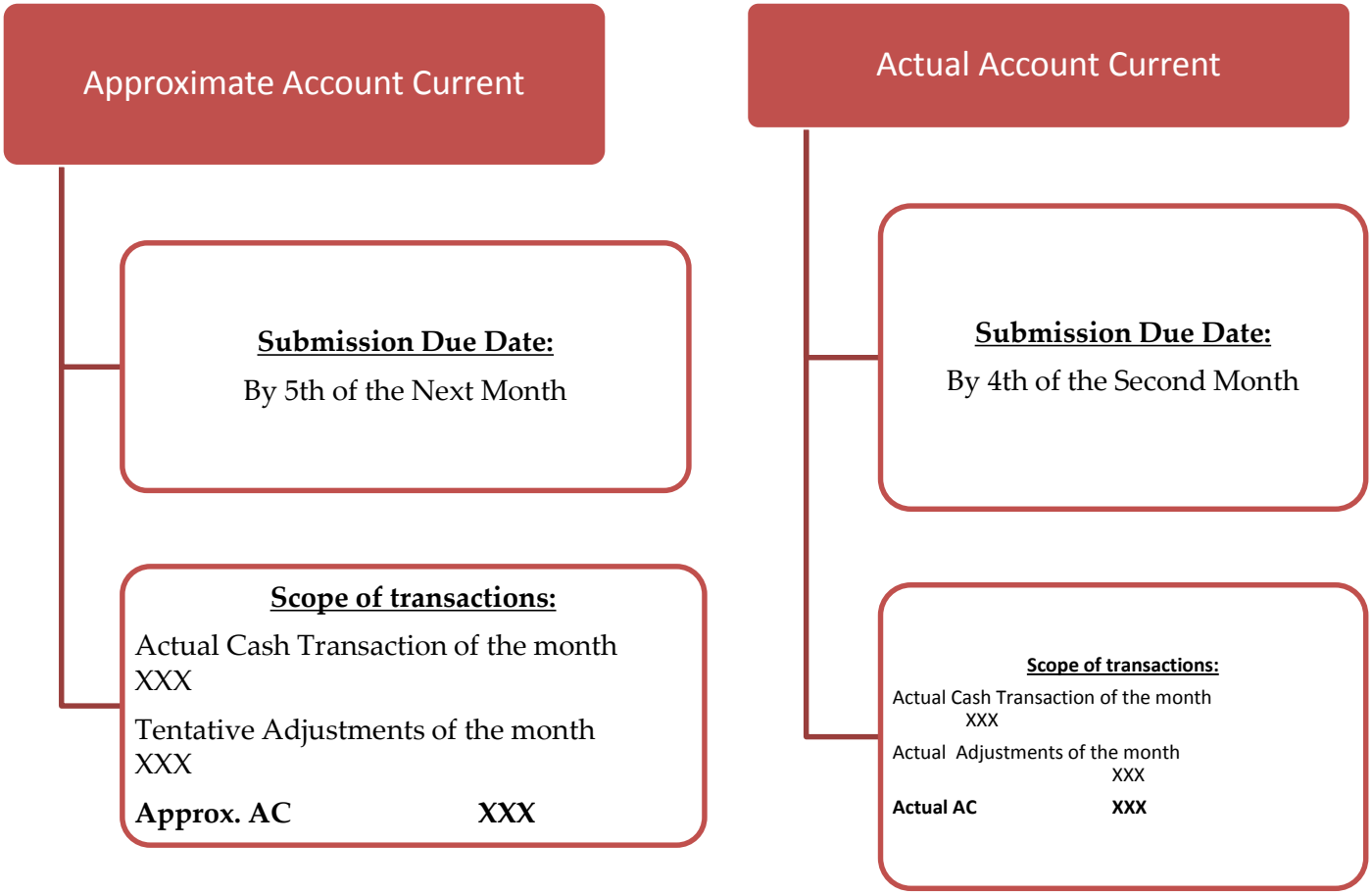
25	GRANT No.13 - Provident Fund, Pension and Other Retirement Benefits (for Zonal Railways, Metro Rly/Kol& PUs)
26	GRANT No. 14 - Appropriation to Funds (for Zonal Railways & Metro Rly/Kol)
27	GRANT No. 16 - Assets - Acquisition, Construction and Replacement (for Zonal Railways/MTPs/PUs etc.)
28	**ANNEXURES** `A' - Statement of Unsanctioned Expenditure obtaining on 01.07.2012 (for Zonal Railways/MTPs/PUs etc.)
29	`B' - Statement of Undercharges detected by Audit and Accounts (for Zonal Railways & Metro Rly/Kol.)
30	`C' - Statement showing Remission and Abandonment of claims to Revenue (for Zonal Railways & Metro Rly/Kol.)
31	`D' - Statement of expenditure on important Open Line Works & New constructions(for Zonal Railways & RE/ALD)
32	`E' - Statement showing expenditure relating to Strategic Lines (N, NF, WR & N.W. Rlys only)
33	`F' - Statement of Estimated and Actual Credits or Recoveries (for Zonal Railways/MTPs/PUs etc.)
34	`H' - Statement of Losses etc. and Ex-gratia payments above Rs.50,000/- in terms of Bd's letter no.91/ACIII/25/4 dt. 19.07.91 (for Zonal Railways, PUs & MTPs etc.)
35	`I' - Statement showing Irregular Re-appropriation (for Zonal Railways, PUs & MTPs etc.)
36	`J' - Statement showing Important Misclassifications etc. (for Zonal Railways, PUs & MTPs etc.)
37	'K' - Statement of Defects in Budgeting (for Zonal Railways, PUs & MTPs etc.)

4.6 Consolidation of Account Current made at HQ level – Brief Discussion of the Current Situation

- ***Meaning:*** Account Current is a book keeping work sheet in which the balance of all ledger are compiled into Debit column (Dr.) and Credit column (Cr.). Account Current serves as Trial Balance for a particular division which provides the balance for the period.
- ***Objective of Consolidation:*** Hierarchy of Indian Railways (IR) is vast and divided into different zones, which are further divided into Divisions, workshops and Traffic accounting office which are called separate accounting units and each accounting unit maintains its cash book and general ledger. To analyse the financial statements at HQ level, accounting figures for the divisions/ units needs to be consolidated into a single financial statement.

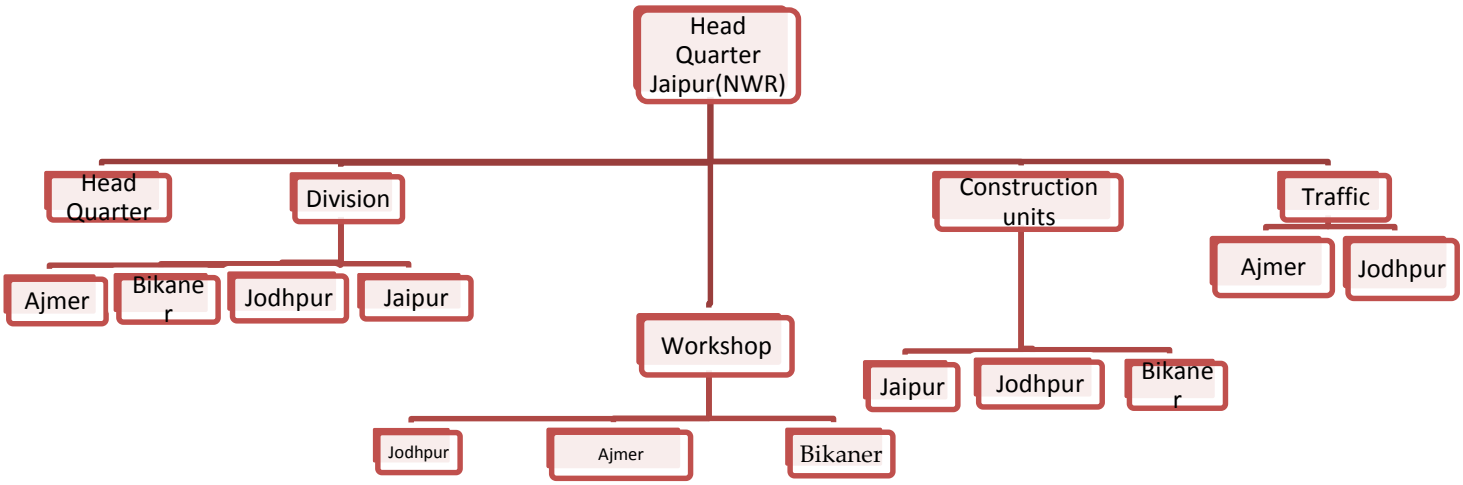


- ***Process of Consolidation:***
  - Monthly Account Current is prepared by all accounting units and submitted to the books section of the Head Quarter (HQ) every month by last working day of the next month.
  - Once the General Book for the month is closed, Account Current for the month and to end of month for Commercial Lines and Strategic Lines (if applicable) is prepared separately for capital and revenue transaction by all accounting units and submitted to books section of FA&CAO Office.
  - The Account Current so submitted by accounts officers of units are scrutinized and consolidated by the books section of the HQ.
  - For Consolidation of monthly Account Current, HQ uses *Accounting Information and Management system* (AIMS) Package formerly called *Integrated Payroll and Accounting System* (IPAS).
  - The Consolidated Account Current for the HQ is prepared and submitted to the railway board through AIMS application and later on a hard copy of Account Current also submitted to Railway Board.
- ***Types of Account Current:*** For a specific month, two types of Account Current are prepared :
  - Approximate Account current
  - Actual Account Current



Note: *separate Actual account current is prepared and submitted for Revenue and Capital Expenditure but whereas Approximate Account current, is submitted in single composition (i.e. for Revenue and Capital)*

Hierarchy of Units for consolidation of Accounts Current in NWR



***Note**: Account current of the mentioned units are consolidated at Zonal level, NWR Jaipur*

- ***Dominant issue for Consolidation of Account current:***
  - **Intra Railway Transfer**–

Meaning: Any intra zone transfer that is transaction within the Zone between accounting units are termed as Intra Railway Transfer.

For Example: Any stock unit transferred from Ajmer division to Bikaner division can be termed as intra Railway transfer.

Accounting: Following entry will be passed by the Units:

Giver Unit		***Receiver Unit***	
Receiver Division	Dr.	Inventory (Current assets)	Dr.
Inventory (Current Assets)	Cr.	Respective Division (Giver Unit)	Cr.

  - **Inter Railways Transfer:**

Meaning: The transactions which are to be transferred to one unit of a zonal railways with other unit of another railways are termed as inter railways transfer transaction and the same are settled through Books Section of the HQ.

For Example: Any stock unit transferred from Northern Western Railway to Northern Railway can be termed as inter unit transfer.

Accounting: Following Entry will be passed by the Zone:

Giver Zone		***Receiver Zone***	
Receiver Zone Dr.		Inventory (Current Assets) Dr.	
Inventory (Current Assets) Cr.		Giver Zone	Cr.

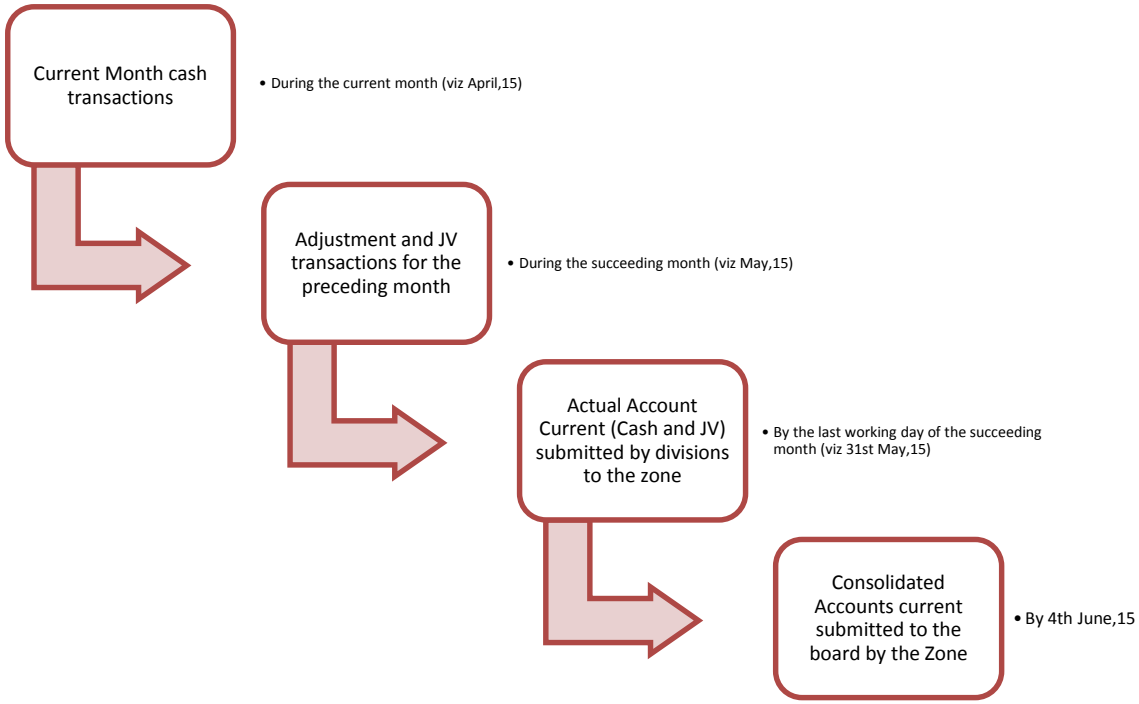
Reconciliation of Transfer Transactions: All the Transfer transactions whether debit or credit, inward or outward are routed through ***e-Recon*** online centralized application. Monthly list of transactions (MLT) is prepared by the application which shows individual and summarized transactions in respect of a particular unit.

While verifying the Account Current of each unit it is cross checked with MLT prepared on e-Recon that transfer transaction reflected in account current tallies with the figures shown in MLT.

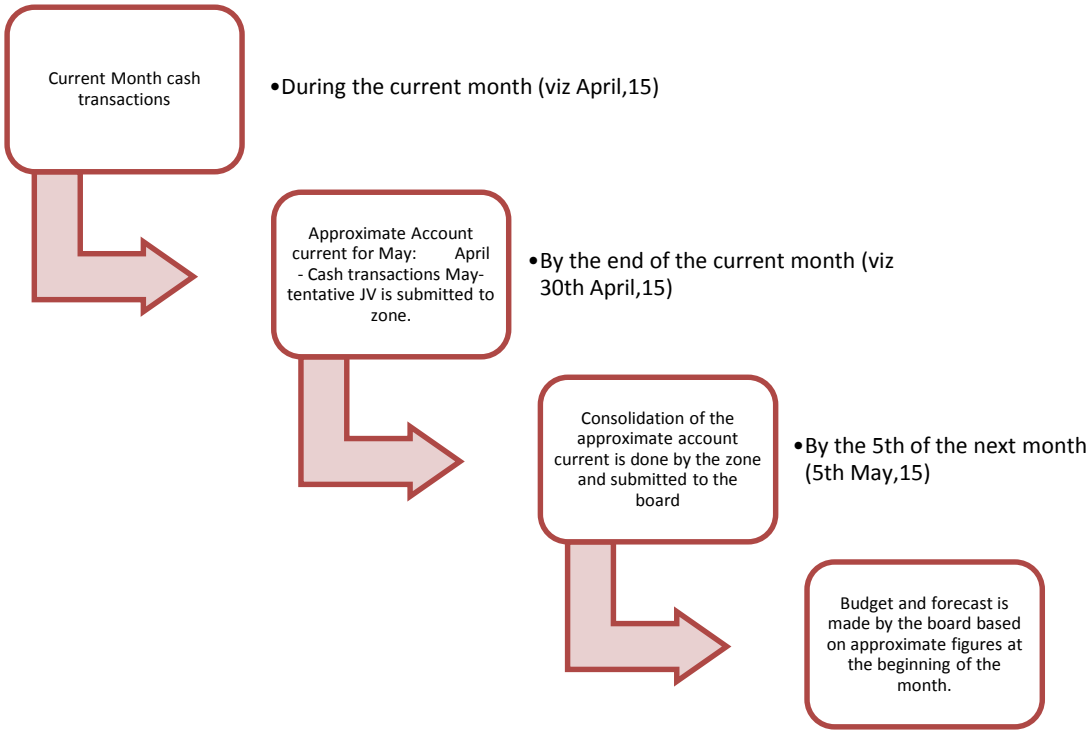
- **Budget & Review:**

Approximate Account current: As on last working day of the month, approximate account current is submitted by the accounting units to the zone for *budget and control purposes*. Each railway prepares a monthly Approximation Account Current (relating to both capital and revenue) for submission to the railway board by 5th of the following month. The ministry of finance is furnished with the necessary date relating to the month by the 3rd week of the month, for use in the consideration of the way and means position of the central government.

Actual Account current submission flow



Approximate Account current submission flow:



- ***Analysis:*** At the end of every month Operating Ratio is calculated by Zone for analysing the profitability

Following formula is used for calculation of operating ratio:

$$\text{Operating Ratio} = \frac{\text{Gross Working Expenses*}}{\text{Gross Earning**}}$$

Note:

*Gross Working Expenses = (Demand 3 to Demand 13 excluding suspense) +Appropriation to DRF & Pension fund

**Gross Earning = Earning from (Goods + Coach + sundry earning)

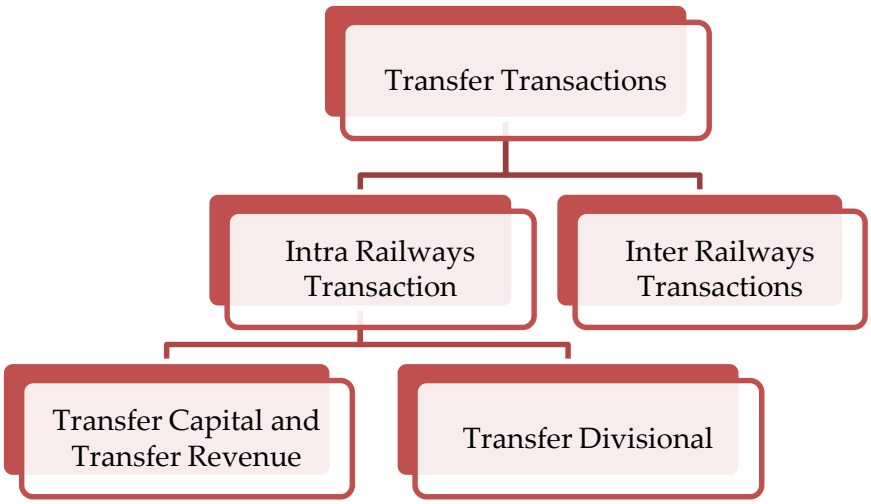
4.7 Transfer Transactions – Intra and Inter Unit Transactions

The Indian Railways is a very large organization. Further, Whole network of Indian Railways is divided into 17 Zonal Railways from the controlling and geographical aspect. Also there are 7 Production Units (PUs), which are engaged in production of Coaches, Locomotives, and Wagons etc. These production units are also considered integral part of Indian Railways network.

Transfer transactions include transactions which are made between two accounting units, i.e., Divisions, Workshops, etc., of a Zonal Railways and between Zonal Railways. In Railways, any such transaction takes place through Transfer Certificates which is known as TC. These transfer transactions are settled through book adjustment, i.e., no cash payment is made or received for these transactions.

Transaction between any two accounting unit of same railway are effected in the books by means of transfers certificate (TC). All the Transfer Certificates of transfer transactions are raised and accepted electronically through E-RECON software. To record the transactions in Books of accounts both accounting units pass the Journal Vouchers.

As per Para 401 of Chapter IV of "Accounts Code Volume – I" the Transfer Transactions are classified as follows:



Transfer Transactions – Intra Railway Transactions:

The transactions between the two accounting units of the same Zonal Railway are known as Intra Railway transactions. These transfer transactions comprise transaction of Transfer Capital, Transfer Revenue and Transfer Divisional.

4.7.1 Transfer Capital and Transfer Revenue

As separate accounts records are kept for "Capital" and "Revenue" transactions of a Zonal Railway. In some cases, revenue expenditure is booked into capital or vice versa at the time of booking of expenditure and subsequently required to be transferred to revenue or capital. Therefore, to rectify these transactions, the following transfer heads are operated in accounts:-

a. Transfers Revenue–Any expenditure of revenue initially which is booked in capital is being transferred to revenue through this head and;
b. Transfers Capital–Any capital expenditure initially which is booked in revenue is being transferred to capital by operating this head.
c. *It is pertinent to note that no TC is raised for these transactions since these transactions take place within the same accounting unit.*

For Example: Purchase/Receipt of fuel; which is a revenue expense for railway but initially booked under capital head.

1. Journal entry at the time of receiving fuel

	Dr.	Cr.
Store suspense head	100000	
To Transfer head for Head Quarter		100000

- ***Store suspense head is a capital head.***

2. Journal entry to book this expense under revenue

	Dr.	Cr.
Transfer Revenue	100000	
To Store suspense head		100000

3. Journal entry to transfer from capital head

	Dr.	Cr.
Relevant Demand (Demand No. 10)	100000	
To Transfer Capital		100000

Example 1

If an employee of Ajmer Division is transferred to Jodhpur division and, there is a credit balance of Rs. 50,000 in the employee's PF account. Ajmer division will record this transaction by passing following entry:

Head for PF	- (Credit)	50,000
Transfer head for Jodhpur Division	Credit	50,000

On the other hand Jodhpur division will pass following entry to record this transaction:

Head for PF	Credit	50,000
Transfer Head for Ajmer Division	-Credit	50,000

4.7.2 Transfer Transactions – Inter Railway Transactions

Transactions between Zonal Railways are known as Inter Railway Transactions. Transfers Certificates relate to these transactions are dealt in the Books sections of Head Quarters offices of respective Zonal Railways. For issuing the TC, the accounting unit of a Zonal Railway sends relevant vouchers or bills to the Books section of Head Quarter of that Railway with a memo showing the allocation against which the amount to be adjusted. Thereafter, the Books section of Head Quarter of that Railway forwards the TC to corresponding Zonal Railway. The receiving Zonal Railway passes on this TC to accounting unit concerned of same Railway with a memo for acceptance or adjustment.

For instance, a unit of NWR zone paid an amount of expenditure on behalf of the unit of WR zone then the unit of NWR zone will pass the following accounting entry:

Transfer Railways - WR (00879708)		DR	Xxx	
	To Head for Cheques and Bills (00867002)	CR		xxx

And for this transaction the unit of NWR zone will raise the TC through E-RECON within the prescribed time. In case the accounting unit of NWR zone fails to generate TC in E-RECON within prescribed time then at the time of finalization of monthly accounts to remove the effect of such debit for the purpose of reconciliation of accounts between Zonal Railways; the following write-back entry is passed:

Corresponding Suspense head		DR	Xxx	
	To Transfer Railways - WR (00879708)	-DR		xxx

In next month at the time of preparation/generation of TC, JV is prepared in E-RECON and following journal entry is passed after acceptance of TC by responding unit:

Transfer Railways - WR (00879708)		DR	Xxx	
	To Corresponding Suspense head	-DR		xxx

4.7.3 Returned/Disputed Transfer Certificates

Responding unit accepts the TC received in the same month in which it is raised by originating unit. However in some cases TC is not accepted by the responding unit due to some deficiencies like transactions does not clearly pertain to it; all relevant vouchers are not attached, etc., in these cases the TC is returned by responding unit with objection remarks.

Sometimes, if responding unit neither returns nor accepts the TC up to prescribed date then system automatically accepts the TC and prepares JV.

For instance, if a unit of NWR zone receives a TC showing debit from a unit of WR zone but unit of NWR neither returns nor accept the TC up to prescribed date then TC is accepted automatically in system and JV is prepared. At the end of month, when all the inward and outward TCs are uploaded/ported on IPAS from E-RECON then the following entry is affected in IPAS.

Transfer Railways - NWR (00879733)		DR	Xxx	
	To Transfer Railways - WR (00879708)	CR		xxx

Further, to rectify the above entry in IPAS two situations arise:

i. If concern head of relevant demand is known then the following entry is passed:

Concern Head of Relevant Demand		DR	Xxx	
	To Transfer Railways –NWR (00879733)	-DR		xxx

ii. If concern head relevant demand is not known or it is required to return the TC then the following entry is passed:

Corresponding Suspense head		DR	Xxx	
	To Transfer Railways – NWR (00879733)	-DR		xxx

4.7.4 Transfer of Advances – Inter Railway

When an employee is transferred from one zone to another zone then the balance of his Advances like House Building Advance, Computer Advance, Scooter Advance, etc., are also transferred. These transactions of transfer are effected in the books by means of transfers certificate (TC). To record the transactions in Books of accounts both accounting units pass the Journal Vouchers.

For instance, an employee of Southern Railway is transferred to NWR. There is a Debit balance of Rs. 50,000 in the House Building Advance account. NWR will record this transaction by passing following entry:

Head for House Building Advance		-CR	Xxx	
	To Transfer Railways – SR	-DR		xxx

Southern Railway will record this transaction by passing following entry:

To Transfer Railways – NWR		DR	Xxx	
	Head for House Building Advance	CR		xxx

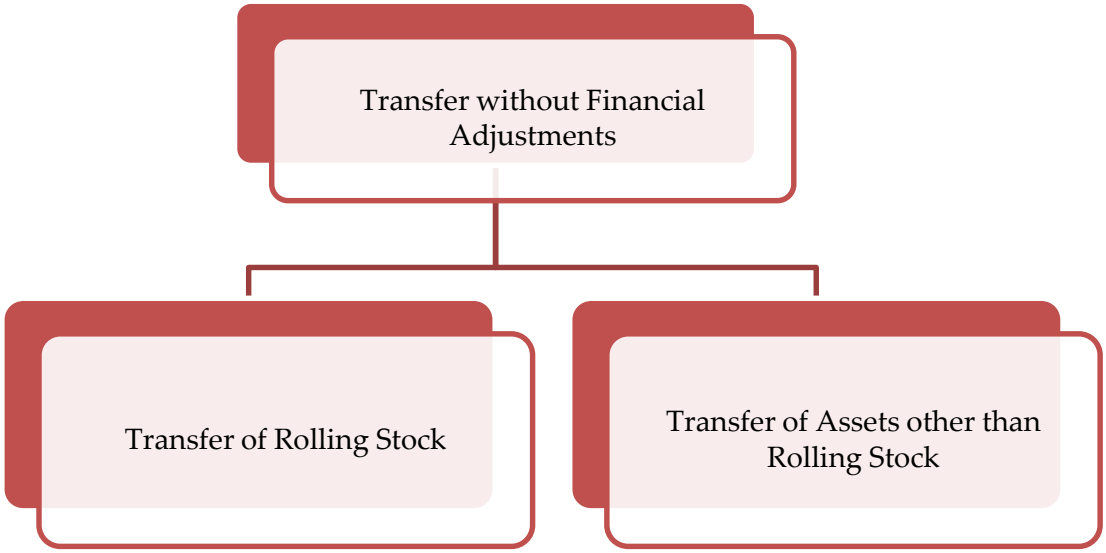
ICAI-ARF Team recommends that the Suspense Heads operated for recording of disputed TCs or TCs for which no final head is known should be knocked off after identification of Final head as and when the actual accounting entry would have been passed after resolving the issue of disputed TCs. In other words,

the adjustment entry regarding this should be provided in the books of accounts to give the effect in financial statements at the year end. Further these adjustments will be part of 'Period End Adjustments'.

4.8 Transfer without Financial Adjustments – TWFA

In the context of Indian Railways the Transfer without Financial Adjustments are those transactions for which the book adjustments/financial adjustment are not taken into account. The transaction of transfer without financial adjustment occurs when the assets are transferred from one zone to other zone i.e. inter Zonal railway transfer of assets for instance Loco, Coach, Wagon, Railway line, Land, etc. Such types of transaction are dealt in the Books section of the Head Quarter.

Transfer without financial adjustment has two types:



1. **Transfer of Rolling Stock -** When rolling stock like Wagon, Coach, Loco etc. is transferred from one Zonal Railway to another Zonal Railway then the original cost and the amount of depreciation from the date of purchase or from the date of last renewal if renewed, both are transferred from the Selling Railway (Transferor) to the Purchasing Railway (Transferee) without any financial adjustment. If any renewal is taken place then the cost of part renewals actually charged to the Depreciation Reserve Fund is deducted before transfer.

   Further, for this transfer the value of depreciation is calculated on the basis of "normal life/useful life'' as per the paragraph 219 of Finance Code-I except in case of "carriage" and "wagon" the life is to be taken as 30 and 40 years respectively.

   Computation of amount of Depreciation – When locomotives and other rolling stocks are transferred from one Zonal Railway to another Zonal Railway then the amount of depreciation is calculated by the following formula:
   Where-

- "A" stands for the sum of the years the stock has run, six months or less to be ignored and more than six months to count as one year;
- "B" stands for the sum of the years of its normal life;

$$\left[\frac{A75C}{B} \times 100\right] = \text{Amount of Depreciation}$$

Let us take an example to understand the transfer of rolling stock, suppose workshop of Western Railway transfers its Carriage cost of Rs. 60, 00,000 having useful life of 30years to the workshop of North western railway after using it for the period of 15years then:

Adjustments in the Block Account Current of workshop of Western Railway

- The original cost of Rs. 60, 00,000 Carriage will be deducted from the Source of fund (in terms of railways "Minus Debit" will be given to the source of fund); and
- The amount of depreciation of Rs. 11, 61,290* will be added to the Depreciation Reserve Fund (in terms of railways "Minus Credit" will be given to the source of fund).

*Calculation of Depreciation

$$\frac{120}{465} \times \frac{75*60,\ 00,000}{100} = 11,\ 61,290/-$$

Adjustments in the Block Account Current of workshop of North Western Railway

- The original cost of Rs. 60, 00,000 Carriage will be Debited to the source of fund ; and
- The amount of depreciation of Rs. 11, 61,290* will be Credited to the source of fund.

2. **Transfer of Assets other than Rolling Stock -** When assets other than rolling stock like land, building, railway line, etc., are transferred from one Zonal Railway to another Zonal Railway, adjustments, where necessary, will be made between the selling railways (Transferor) and the purchasing railways (Transferee) in accordance with paragraphs 703 to 715 of Finance code – I. The transfer/sale value for this transaction is actual cost if the actual cost is available, otherwise the sale value is mutually decided by both the Zonal railways, and it may be market value as decided in case of disposal or sale of assets.

Let us take an example to understand the transfer of assets other than rolling stock, suppose division of Western Railway transfers its Railway line at the mutually agreed price of Rs. 25, 00,000 to the division of North western railway.

Adjustments in the Block Account Current of division of Western Railway

- The realizable value of Rs. 25, 00,000 Railway line will be deducted from the source of fund (in terms of railways "Minus Debit" will be given to the source of fund).

Adjustments in the Block Account Current of division of North Western Railway

- The realizable value of Rs. 25, 00,000 Railway Line will be debited to the source of fund.

The information of transactions of the TWFA is provided by the concerning unit to the Head Quarter in the following format:

STATEMENT OF TRANSFER WITHOUT FINANCIAL ADJUSTMENT TO END OF 2XX1-X2										
S. No.	Particulars of Assets	Railway to which Transferred	Railway from which transferred	Amount in Rs.		Head of Account		Amount in Rs.		Reference Letter
Total Original Cost of transferred assets			Total Uses Amount of transferred assets					Contribution to Source of Fund		
Amount of Rs. XXX			Amount of Rs. XXX					Amount of Rs. XXX		

On the receipt of information of transaction of transfer without financial adjustment (TWFA) in the aforesaid format, from all the units of the zone, the books section of respective headquarters compile all the details of transaction of TWFA for the purpose of calculation of dividend on capital and interest on Depreciation Reserve Fund. Rate of Dividend is prescribed by the Railway board and the same rate of dividend is used to calculate the interest on railway funds.

The compiled information of TWFA transactions are also sent to Railway Board to verify the balance of Capital and total transaction of TWFA carried out during the year.

4.9 TWFA transactions to transfer the balances other than source of fund:

Usually, TWFA transactions are made to transfer only assets from one zone to another zone but in some other cases also these adjustments are carried out to transfer the balances of Deposits, Advances, other fund balances etc., and adjusted through the transfer heads. The transfer head of transferor will be debited or credited and the transfer head of the transferee will be credited or debited.

For instance, Western Railway zone divided into two Zones one is Western Railway and another one is North Western Railway. In this case all assets which are financed from the source of capital will be transferred through the TWFA and block account of both the Zone i.e. WR and NWR will be affected as already explained in the aforesaid Para's.

Further, to transfer the other balances like balance of Miscellaneous Advance Revenue, Miscellaneous Capital etc. the head of respective balance will be affected through TWFA in the following way:

Adjustments in the Head of Miscellaneous Advance Revenue of Western Railway

- The outstanding balance of Miscellaneous Advance Revenue will be credited, by debiting to NWR.

Adjustments in the Head of Miscellaneous Advance Revenue of North Western Railway

- The outstanding balance of Miscellaneous Advance Revenue will be debited, by crediting WR.

4.10 Understanding of Rolling stock at Zonal level

Rolling stock

The term rolling stock originally referred to any vehicles that can move on Railways Track. It has since expanded to include the wheeled vehicles used by businesses on roadways. It usually includes both powered and unpowered instance Locomotives, Railroad Cars, Train Coaches, wagons, etc.

Types and Class of Rolling Stock

Rolling stock is divided into the following classes, but if there is any doubt whether a particular item belongs to the one class or to the other, the decision of the Railway Board should be obtained.

Class	Particulars
1.	Locomotives, steam including "Spare boilers" (paragraph 1516), internal combustion and battery.
2.	Locomotives, electric.
3.	Locomotive Diesel.
4.	Coaching stock (suburban, motor units).
5.	Coaching stock, self-propelled.
6.	Motor Troilers.
7.	Saloons.
8.	Tourist cars and Restaurant cars.
9.	Coaching stock, upper class, including all vehicles in which air-conditioned or first class accommodation is provided.
10.	Coaching stock, including brake, luggage and postal in which second or third class accommodation is provided.
11.	Other coaching vehicles including brake, luggage, postal, motor, fruit, fish, poultry, duck, vans and horse-boxes in which no passenger accommodation is provided.
12.	Officers' carriages.
13.	Service coaching vehicles, including stores vans, tool vans, breakdown vans and subordinate inspection carriages.
14.	General service goods wagons, including open, covered, low-sided, rail and timber trucks.
15.	Other goods vehicles, including cattle wagons.
16.	Explosive vans, oil and petrol tank wagons.
17.	Well wagons.
18.	Goods brake-vans.
19.	Service wagons, including ballast hopper, crane support crane and weighbridge testing wagons and water tank wagons.

Economic useful life of Rolling Stock

Generally, useful economic life refers to that period during which an entity expects to derive economic benefit from using an asset such as a machine and over which it can be depreciated.

Part 219 of Indian Railways Finance Code Volume-I prescribes the useful life of assets for Indian Railways which is given below. Further, it should be clearly understood that the useful economic life is not the maximum economic life and with good maintenance, stock can be kept in service for many years longer

Procurement of Rolling Stock

The purchase or construction of Rolling stock is programmed in advance and timely delivery is also ensured. The Programme is drawn up for each year, based on the annual action plan under the 5 year plan formulated after consultation with steering Groups representing various economic ministries and the recommendations of the working group convened by the ministry of Railways under the aegis of the planning commission. Provision for new Rolling stock is made in advance by 3 years in case of 'Locomotives and by 2 years in advance in case of Wagons and Carriages. Major part of rolling stock in Indian Railways is taken on lease from IRFC.

IRFC's Role in Rolling Stock:

IRFC is dedicated financing arm of the Ministry of Railways. Its sole objective is to raise money from the market to part finance the plan outlay of Indian Railways. The money so made available is used for acquisition of rolling stock assets and for meeting other developmental needs of the Indian Railways.
The borrowing programme of IRFC is guided by the requirements projected by Ministry of Railways. The company has successfully met the targeted borrowings year after year, through issue of both taxable and tax-free Bonds, term loans from banks/financial institutions and through off shore borrowings.
Rolling Stock assets funded by IRFC are leased to Ministry of Railways, which pays lease rentals to the company every half year.IFRC make arrangement of the rolling stock as per Pink Book on lease.

Nature of lease & terms thereof are as follows:

i. IRFC lease of rolling stock falls in the category of 'Finance Lease' as the lease period covers the average economic life of the asset, the entire asset value is recovered by IRFC through lease charges during this period and lease agreement invests in the Lessee (MoR) all risks and rewards incidental to the ownership of the assets.

ii. Leases are written on a "cost plus" basis i.e. the rate of lease charges is so fixed as to cover capital (principal) recovery by IRFC along with interest/ finance cost plus IRFC's margin, during the primary lease period. Lease charges are paid half-yearly in advance, which is reflected in lease pricing. For accounting purposes, lease charges are bifurcated into capital component and interest component.

Current Accounting treatment

Presently, Ajmer Group of Workshop is Nodal Agency for maintaining the records of LOCO/Coach/Wagons. However, detail of Coach (MG) is kept with Bikaner Workshop. ICAI-ARF team

reviewed the Block Account of North Western Railway (NWR) and observe that there is two following plan head in respect of Rolling Stock:

a. Plan Head 2100 and
b. Plan Head 2200

Plan Head 2100 shows the actual capital expenditure made on the rolling stock (inclusive of TWFA transactions) while Plan head 2200 shows the lease payment made to IRFC towards principal payment.

5.7.3 Procurement Through PUs:

There are many Production Units (PUs) of Indian Railways which manufactures rolling stock and heavy engineering components to fulfil the requirement of IR in this regard. The manufacturing plants of Indian Railways are commonly known as Production Units (Pus). These PUs are directly controlled/managed by Ministry of Railways. Each production unit is headed by a General Manager (GM), who reports directly to the Railway Board. Following table depicts the all production units, its location and manufacturing area:

S. No.	Name of Production Unit	Year of Establishment	Location	Main Product
1.	Chittaranjan Locomotive Works	1947	Chittaranjan	Locomotives, Steel foundry, Traction Motors
2.	Diesel Locomotive Works	1961	Varanasi	Locomotives, DG Sets
3.	Integral Coach Factory	1955	Chennai	Passenger Coaches
4.	Rail Coach Factory	1986	Kapurthala	Passenger Coaches
5.	Rail Wheel Factory	1984	Bangalore	Wheels, Axles and Wheels Sets
6.	Diesel Loco modernization Works	1981	Patiala	Diesel Electric Locomotives and power packs
7.	Rail Wheel Plant	2014	Dariyapur	Wheel Discs

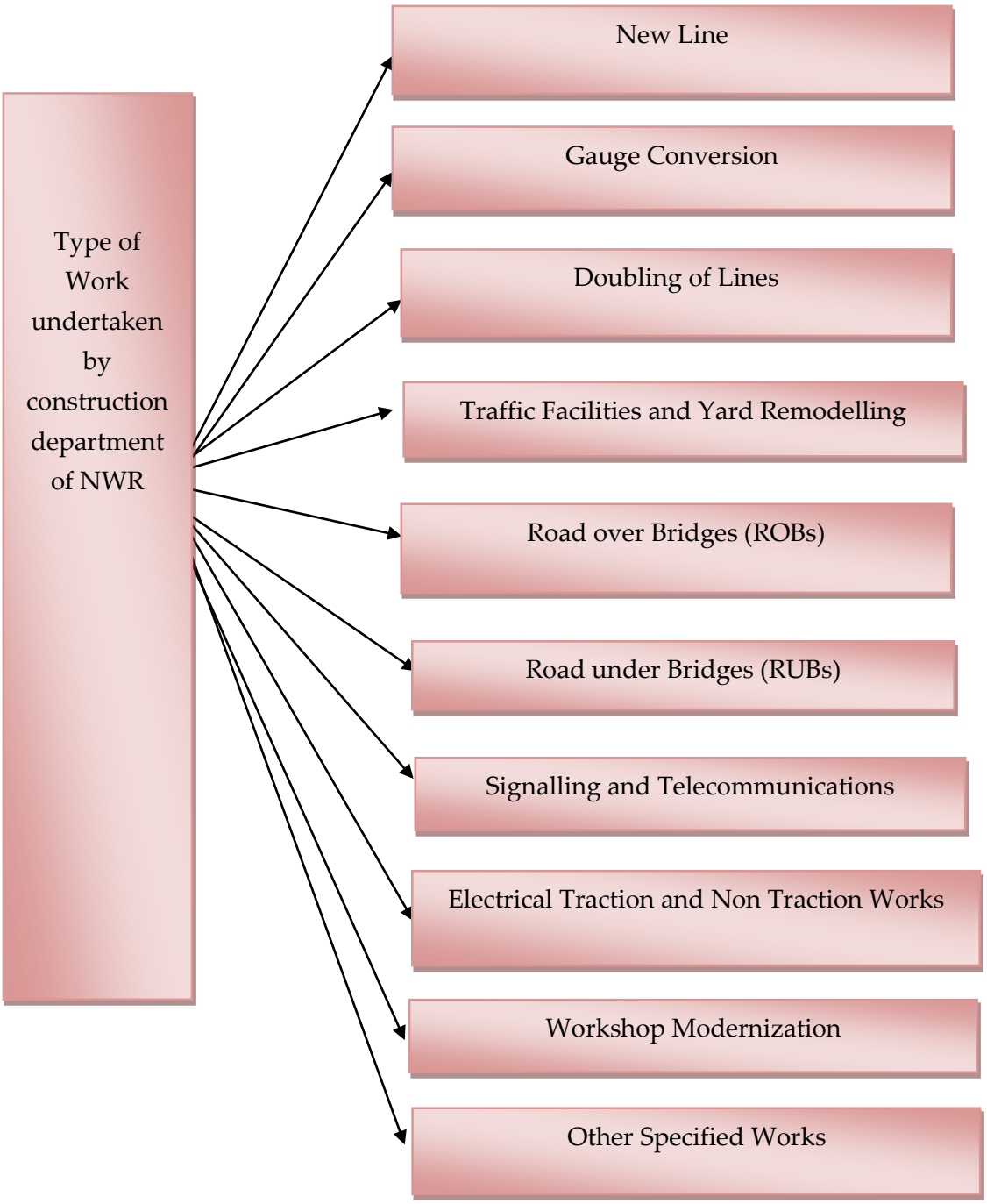
Renewal of Rolling Stock

As the rolling-stock programme for a year is prepared 15 to 18 months before its commencement, it has necessarily to be based on rough estimates of the traffic requirements of a later period and on the condition of rolling-stock, as it might be expected to be more than a year later. A detailed examination of each individual item of rolling-stock included in the programme as to whether it should be repaired or replaced is thus impracticable. The renewals of rolling-stock are therefore determined primarily with reference to the general present condition of the class of unit's proposal to be replaced or renewed. The suitability of the existing locomotives or vehicles to meet modern requirements and the expenditure which will be incurred in carrying out further repairs to the locomotives, vehicles or wagons if they are to be kept in service, are important considerations that have to be taken into account before renewal of an individual item of stock is preferred to its reconditioning or repair. For this purpose, the instructions laid down in Chapter VII of the Indian Railway General Code should be followed.

5.8 Construction Department

The Construction Department is headed by Chief Administrative Officer/Construction (CAO/C) at Jaipur for jurisdiction of North Western Railway.

Main work of construction Department is to construct, replace and acquire the fixed assets for the railways in respect of project viz. new line, gauge conversion, doubling, traffic facilities and yard remodelling, ROB, RUBs, signalling and telecommunications, electrical traction and non-traction works, workshop modernization and other specified works.



5.8 **Process followed in construction Department of NWR:**

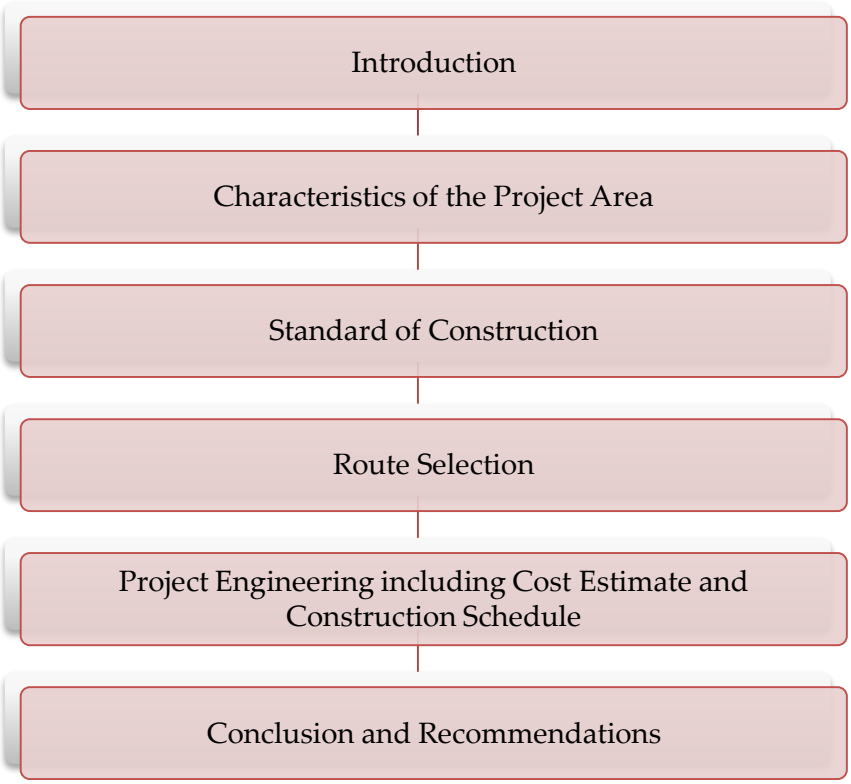
Open line: It is an organization of engineering department and is responsible for maintenance of all fixed assets of Indian Railways, i.e., Tracks, Bridges, Buildings, Roads, Water Supply, etc.

For the new project first of all operating department of Zonal railway works out the requirement of new project. On the basis of which open line prepares abstract estimate for inclusion in the preliminary works program which is generated on IRPSM monitored by RB. If the new work is chargeable to capital than necessary rate of return is worked out. The proposals are forwarded to RB after concurrence of associate as well as HQ finance duly ensuring that the investment will be financially justified and the rate of return anticipated is actually materialized. Once the works proposed have been approved by the Railway Board the competent authority conducts a reconnaissance survey (if applicable) to ascertain whether the project is feasible or not. The survey team sends it report to Railway Board through CAO/C and GM of Zonal Railway.

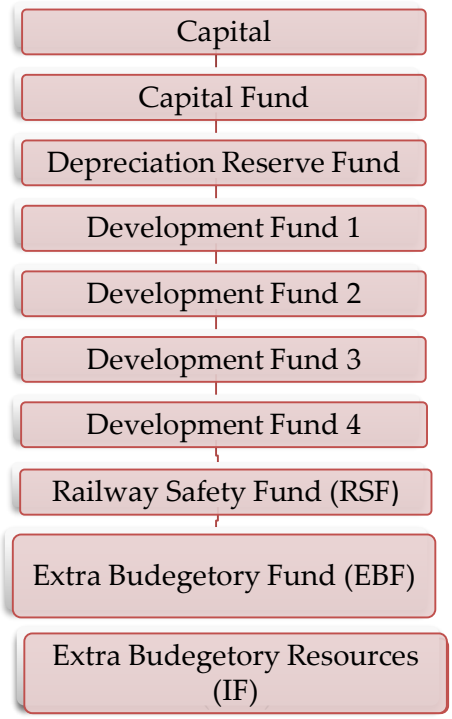
Surveys are to be carried out for new projects as per the provisions of engineering code.

A detailed estimate of the work is thereafter prepared by department concerned. The report should be accompanied by cost estimate. The estimate based on the preliminary report should be in sufficient detail and accurate to enable a competent authority to take a decision regarding the standard of construction of the new project. This detailed estimate is submitted to finance for concurrence and thereafter same is sanctioned by competent authority (as per the SOP). Detailed sanctioned estimate constitutes authority to commence the work subject to availability of Funds.

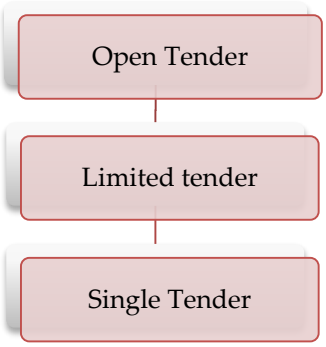
A report based on the preliminary survey is prepared after obtaining an estimate of the cost. The project report contains the following details:



After the approval of the project by the RB, competent authority (as mentioned in SOP) an abstract estimate of the same is prepared by the concern department and the project is approved.
The capital expenditure incurred by NWR falls under the following categories:



After approval of competent authority as per the SOP, Zonal office calls the Tenders in one of the following ways:



Briefing of Types of Tenders:

Open Tender:
A bidding process that is open to all qualified bidders and where the sealed bids are opened in most public and transparent manner for scrutiny and are chosen on the basis of price and quality.

Two types of open tenders are there:

Single Packet Tender: In this type of tendering Tenderers submit their offers/ quotations in single sealed envelope which consist both the technical as well as the financial offers.

Two Packet Tender: In this type of tendering Tenderers submit their offers/quotations in two sealed envelopes.

First cover - Technical and Commercial offer - for scrutinize the capability, possession of appropriate plant & machinery, financial strength and experience etc.

Second offer - Financial offer

Both individual sealed packets i.e., technical and financial should be sealed in one envelope.

If the first packet is not acceptable for the Tender Committee, the second packet (financial bid) of such tenderer will be returned to the party without open.

Limited Tender:

In Limited Tenders, only pre-qualified or borne on the approved panel bidders are allowed to participate. Limited Tenders are not advertised in newspapers, as a result other bidder generally do not come to know that such tender is floated. The Lowest Bidder generally wins the contract.

Single Tender:

Single Tendering means sending the tender to one pre-qualified/tested/reliable contractor in the exigency of services where through communication and traffic is to be restored.

Tender committee evaluates all the valid offers and makes recommendations to the accepting authority either to accept/reject/modify the offer. Accepting authority has full powers either to accept/reject/modify recommendations. After acceptance of the tender by the competent authority Work order/contract agreement shall be issued after submitting 5% of contract value as Performance guarantee.

After awarding the work to the contractor, the contractor starts the work as per agreed terms. The site engineer measures the work periodically and enters it in their Day Book. After completion of the stage of work prescribed as per the terms of agreement the work is recorded by the site Engineer into Measurement Book (MB) and the same is signed both by site engineer and contractor.

Thereafter the MB is sent to the concerned executive for bill preparation.

B. **Recording of the transaction by The Finance and Accounts office:**

The concerned executive submits the bill to the Accounts Office and Accounts Office checks the bill. If finds any anomaly in the bill than it is returned to the concerned Executive otherwise passes the bill and payment is released to the contractor. The following payment entry in their books of accounts:

Related Fund (Sanctioned Fund)		DR	xxx	
	To Tax Deducted at Source	CR		Xxx
	To Works Contract Tax	CR		Xxx
	To Labour Wale fare Cess	CR		Xxx
	To Security Deposit	CR		Xxx
	To Cess and Water Charges	CR		Xxx
	To Penalty	CR		Xxx
	To Cheque and Bills	CR		Xxx

The following types of transaction are to be captured for the purposes of preparation of financial statement on accrual basis since the details are available only with the site engineer the information relating to work completed, value of work executed etc. will have to be received from the concerned executive:

1. **Measurement book prepared but bills not prepared by executive**

As on closing date i.e. 31st March there could be instances that MB has been prepared and submitted to the concerned executives but the bills not prepared. For ascertaining the estimate of liability as on 31st March under accrual basis of accounting MB will have to be scrutinized for which the Bills are not prepared and an estimate would have to be prepared.

2. **What if Bills prepared but not paid till 31 March:**

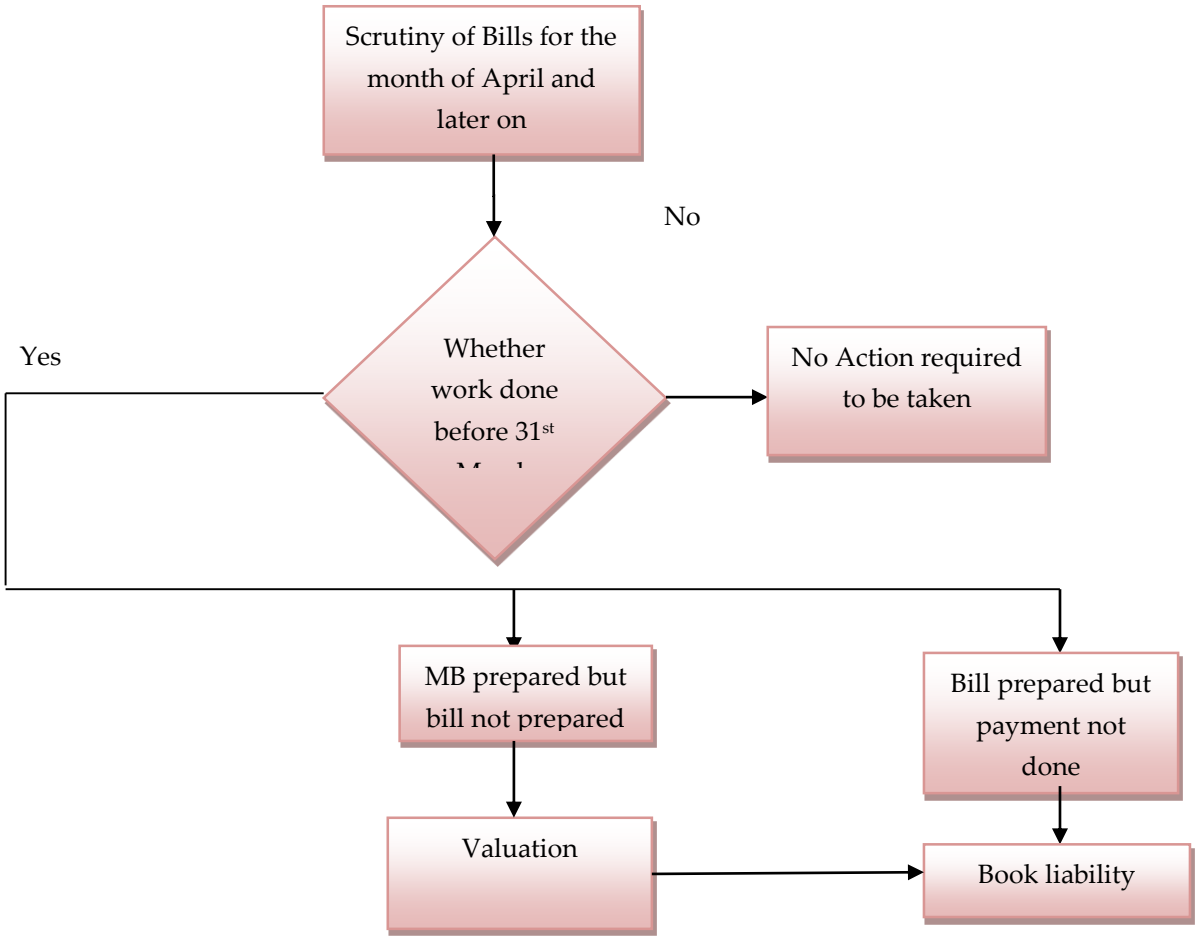
As on closing date i.e. 31st March there could be instances that Bill has been prepared and submitted to the Accounts Office for payment but the payment has not been made on or before 31st March. For ascertaining the estimate of liability as on 31st March under accrual basis of accounting Bills will have to be scrutinized for which the payments has been made after the closure of financial year.

Accounting Treatment under Accrual Based Accounting As on 31st March

Measurement book prepared but bills not prepared by executive and if Bills prepared but not paid till 31 March

An Accounting entry to be passed by NWR in this regard as on 31st March:

Capital Work in Progress		DR	xxx	
	To Tax Deducted at Source	CR		Xxx
	To Works Contract Tax	CR		Xxx
	To Labour Wale fare Cess	CR		Xxx
	To Security Deposit	CR		Xxx
	To Cess and Water Charges	CR		Xxx
	To Penalty	CR		Xxx
	To Contractor Payable	CR		Xxx



4.11 Accounting in Stores Department

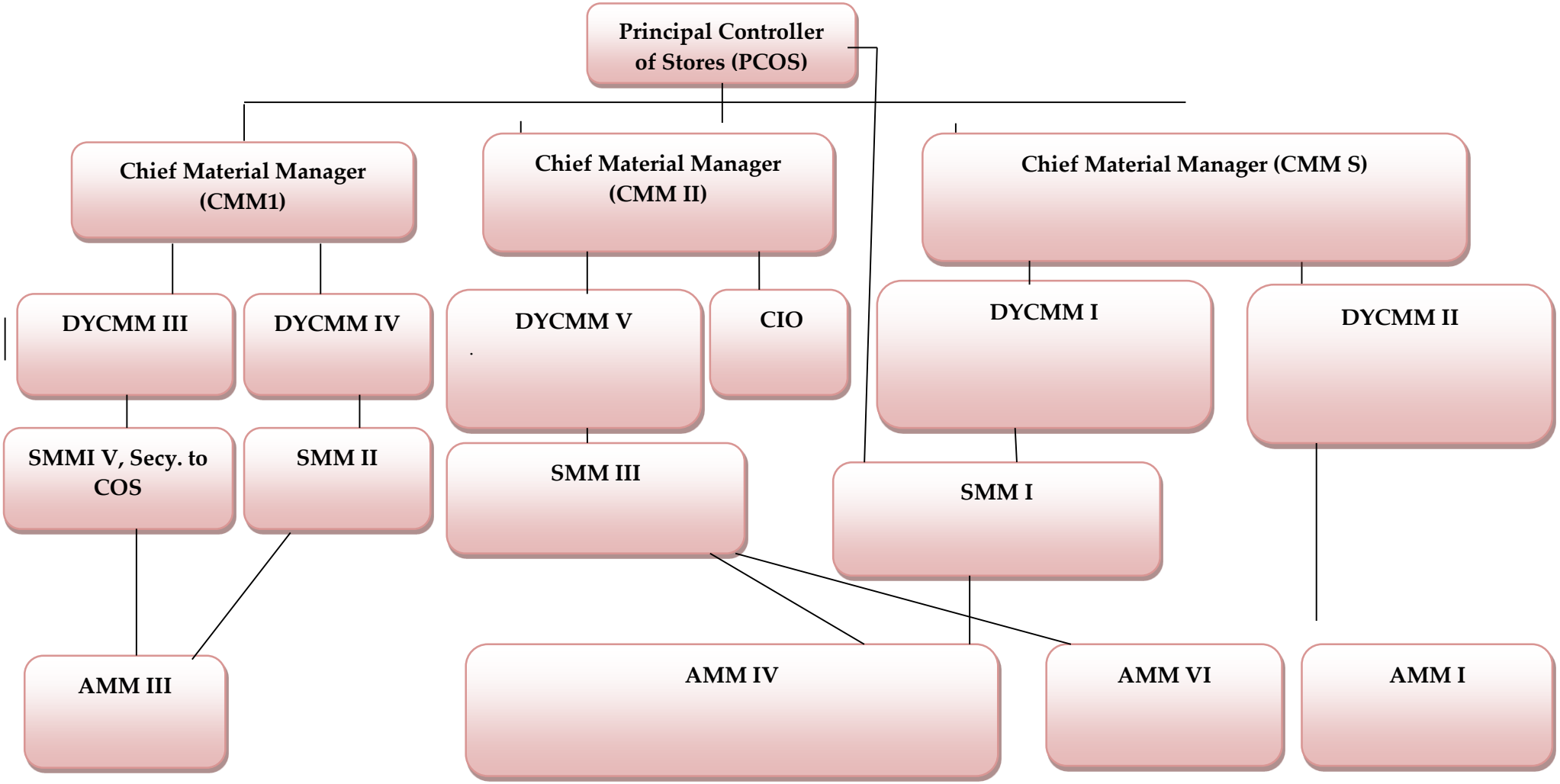
Indian railway is a vast organisation. In order to meet their day to day requirements of maintenance and operations as also of material for various manufacturing operations, it is necessary for the railways to maintain adequate stock besides arraigning timely procurement of stores of works etc.

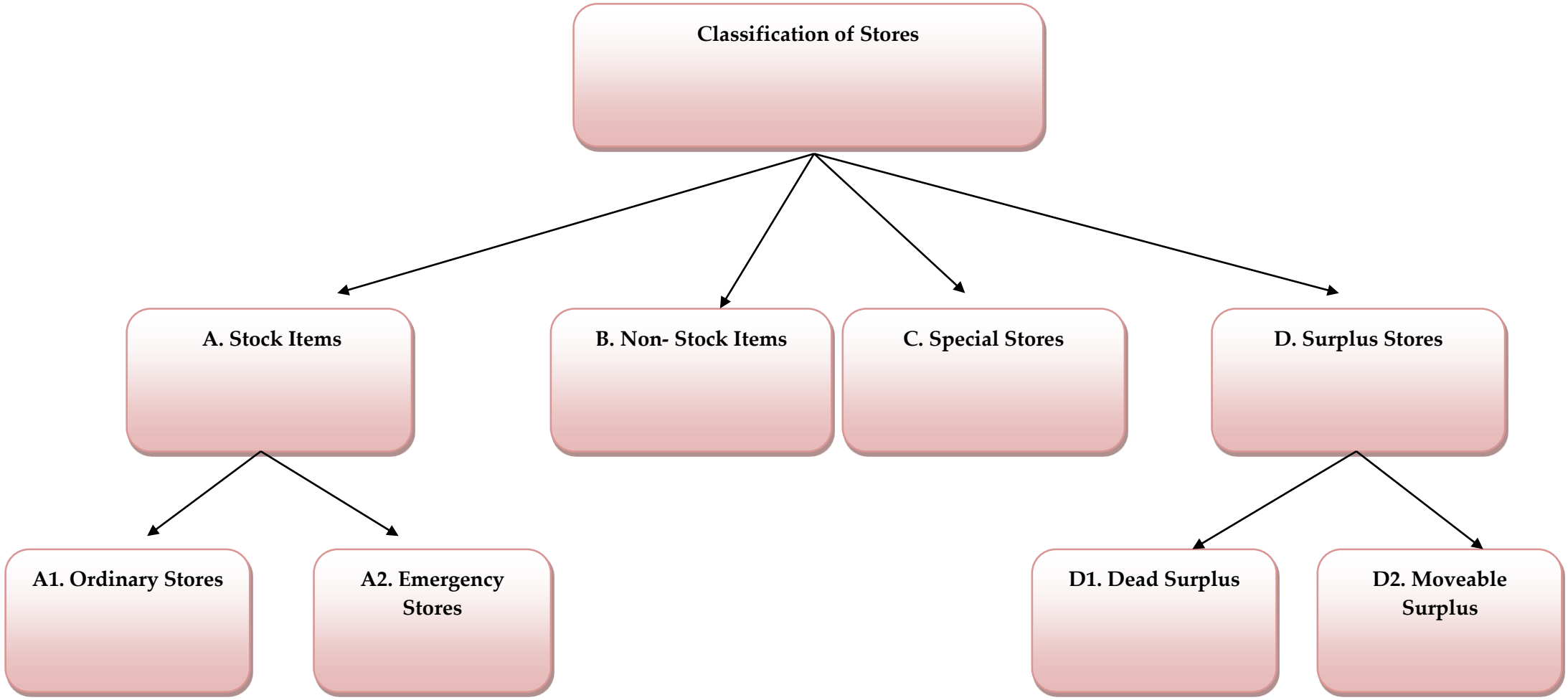
Stores Department is responsible for ensuring timely procurement and availability of right quality of materials to user concerned.

Therefore Indian railways have a separate stores organizations at HQ, Division Units and Workshops with associated finance and accounts entrusted with the stupendous tasks of the following:

- Procuring Materials and Spares at the most economic costs
- Efficient maintenance of stock
- Efficient Financial Scrutiny and Accountal
- Verification of Physical Balance
- Disposal of Waste/ Scrap Material

Organizational Chart – Stores Department NWR




Classification of Stores
A. Stock Items
B. Non- Stock Items
C. Special Stores
D. Surplus Stores
A1. Ordinary Stores
A2. Emergency Stores
D1. Dead Surplus
D2. Moveable Surplus

Brief Description of Different Types of Stores:

A. **Stock Items**: Such Items are kept in the custody of depots with Stores Department which are frequently and regularly required and whose unit cost justifies incurring inventory carrying cost associated with these items. Such items are known as 'Stock' items. Stock items comprise the following types of given stores:

A1: **Ordinary Stores:** Ordinary Stores are generally such items of Stores for which there is a regular turnover caused by a constant demand and which are stocked by the Stores Department in its Depot.

A2: **Emergency Stores**: Items of stores which do not ordinarily wear out or require renewal, which have, however, to be kept in stock to meet emergencies, such as that due to breakage or unanticipated deterioration, and which are not readily obtainable. The stock cards relating to such stores should be marked with the letter 'E'.

B. **Non Stock Items**: All items other than 'stock' items will be called "Non-stock items. These items may, however, be described in the Standard Nomenclature List No purchase of such items will be made for stock purposes.

C. **Special Stores**: These are stores required for works and other special purposes i.e. other than for 'operation' or ' ordinary maintenance and repairs' and which are ordinarily dispatched directly to the requisitions without being stocked in a stores depot.

D. **Surplus Stores:** Items of stores not consumed for a period of 24 months owing to the following points:
(i) Obsolescence i.e. due to change in design or specification
(ii) Unanticipated fall in consumption
(iii) Return in large quantity of stores by consuming department
There are two types of surplus stores:

D1: **Movable Surplus:** Items not issued for a period of 24 months but for which it is anticipated to be utilised in near future.

D2: **Dead Surplus:** Items not issued for a period of 24 months and also not likely to be utilised on the Railways within the next 2 years.

Classification of Stores on ABC analysis basis: Procurement of stores is done on the basis of ABC analysis which is as under:

1. **Category 'A':** In this category those items are taken whose consumption value is more than 70% of total value. Stock of these items can be purchased for the six months in advance.

2. **Category 'B':** In this category those items are taken whose consumption value lies between 70% to 90% of total value. Stock of these items can be purchased for the twelve months in advance.
3. **Category 'C':** Remaining items are taken in this category. Stock of these items can be purchased for two years in advance.

Process followed in Stores Department of NWR:

(i) **Purchases through Director General of Supplies & Disposals (D.G.S.&D.) – For Stock Items**
The controller of stores (COS) has to estimate in advance the total purchases which have to be made during the next 12 months for each item of stock he holds in stock.

Before the COS can estimate the quantities he should purchase during the next period of 12 months, he has to obtained detailed information/ demand in raised by the concerned depot under the zone. This demand will be vetted/ authorized by the associated finance.

After the estimate of the quantities to be purchased have been approved by the COS, those items which are required to be purchased are listed in the indent form and after necessary certification of the availability of funds by the accounts officer, are forwarded to Director General of Supplies & Disposals (D.G.S.&D.) for compliance.

After this Rate Contract is made by D.G.S&D with approved Firm, thereafter requirement of the stock is sent by the concern depots to the HQ and after making consolidated list of requirement of all the depots Purchase Order (P.O) is made by the HQ. A copy of such Purchase Order is sent to Firm and two copies of the same are sent to Accounts office out of which one copy is sent to Bill Section for making the payment. On the basis of such PO supply of stock is made by the supplier to the concerned depot and that depot check that material is received in good condition and issue Receipt Order (R.O).

(ii) **Purchase by the Railway Board (RB):**
For the Purchase of Superior Kerosene Oil (SKO), Furnish Oil (FO) and Lubricants Rate contract is made by the RB with the Approved Firm and after this Purchase Order (P.O) is made by the HQ and payment for the same is also made by the HQ.

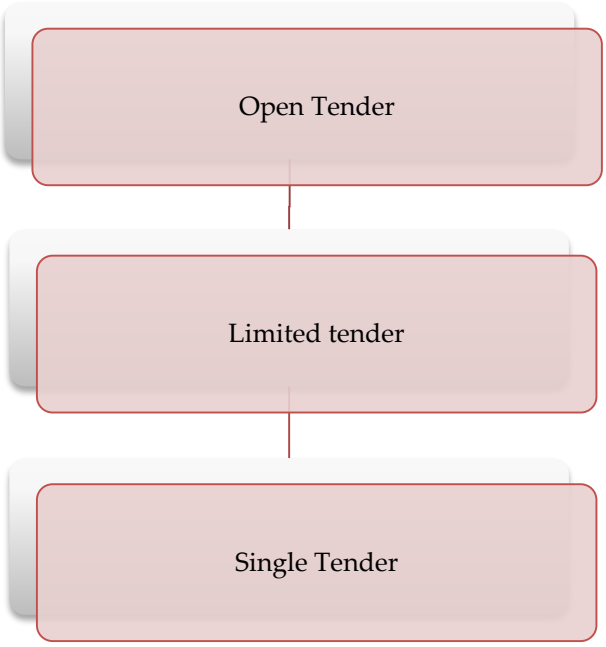
(iii) **Purchases Directly by COS:**
Stock Items:
The controller of stores (COS) has to estimate in advance the total purchases which have to be made during the next 12 months for each item of stock he holds in stock.

Before the COS can estimate the quantities he should purchase during the next period of 12 months, he has to obtain detailed information/ demand raised by the concerned division under the zone. This demand for the quantities of Stock Items is vetted/ authorized by the associated finance.

Non Stock Items:

Demand for the Non-Stock Items is received from concerned Division/Consignee and approved by the competent authority (as per schedule of powers). Budget made available for the Non-Stock demand, after this proposal of Non-stock items is vetted by the Associate Finance and sent to the COS for the procurement.

After consolidation of the demand for the items of a class, tender schedule are prepared. All items of analogous nature which only differ in sizes are grouped in one tender schedule for purpose through tendering system. After the check by the finance branch of the reasonableness of the quantities to be purchased and the availability of the fund the requisite types of the tender are invited which can be the following types:



After convening of Tender Committee (TC) at appropriate level, competent accepting authority (as per the schedule of power) accepts the offer judiciously and purchase order(PO) is issued based on the terms and conditions of Tender documents and special conditions if any quoted by vendor and accepted by competent authority.

This Purchase Order (P.O) is sends to Store Finance Section for the pre check on the basis of value, like for Non-Safety Items P.O of more than six lakh Rupees and for Safety Items P.O of more than twelve lakh Rupees are sent to Store Finance Section and after pre-check these P.Os are sent back to COS and COS after receiving Pre-checked POs sends to the Bill Section in block of 10 days.

For e.g. P.O received by COS in dated 1 to 10 are sent to Bill section on date 11.

Other P.Os which are less than the above value are directly issued to the Vendor without any pre-check. The vendor dispatch the requisite order at a place as mentioned in the Purchase order if necessary inspection of consignment as per condition of PO is also to be carried out.

On receipt of the material the competent authority accepts the material at depot ensuring that the material is received in good condition and receiving depot will issue the Receipt Note (RN).

After this, Supplier Bill along with RO and Inspection certificate dropped in Drop Box at Bill Section or directly handed over to CO6 clerk and CO6 clerk entered these Bills in his register and handed over to Senior Section Officer (SSO), after receiving Bills from CO6 clerk and from Drop Box the SSO serially numbered and signed these Bills and again handed over to CO6 clerk for making CO6.

CO6 clerk enters these Bills in separate Register and put up to AFA (Stores) and ensures that CO6 of these Bills are created and handed over to Bill Passing clerk under acknowledgement. Bill passing clerk handed over bills to No Dues Clerk for checking that no dues are pending against the supplier, if any due is pending then No Dues Clerk mention it on the Bill and handed over to Bill passing clerk and he checks Bills as per Terms and Conditions of the P.O and sent to SSO (Bills).

SSO (Bills) check and signed all Bills and sent to AFA (Stores) for signing the same. Thereafter the Bill passing clerk prepares CO7 and made necessary entry for the same.

After preparing CO7 cheque abstract is made for the payment and three copies of the same are sent to the Bank out of which one copy is return back with receipt on it and one copy is kept by the Bank and one copy is sent by the Bank to HQ after payment for the reconciliation.

Recording of the transaction by the Accounts and Finance Office

A. In case of direct purchase through tendering:

On receiving the material the concerned Depot issue RO statement no. 3 in MMIS and credit to the Purchase Suspense by making the following entry:

Stock in Depot		DR	xxx	
	To Purchase Suspense	CR		Xxx

On payment Accounts Store Bills office passes the following entry in the books of accounts by preparing a CO7 wherein payments is to be made to approved firm :

Purchase Suspense		DR	xxx	
	To Cheque and Bills	CR		Xxx

In certain cases 90/95/98% advance payment against proof of dispatch i.e. Railway receipt, Material receipted challan of consignee and inspection certificate is also arranged as per terms and condition of PO. In such cases remaining 10/5/2% payment can be claimed by vendor after obtaining RO.

Also 100% payment can be claimed by the Vendor on the basis of Receipt Note and inspection certificate.

B. In case of purchase through D.G.S. & D.

First Department of Commerce supply chain debits the Purchase Suspense (20713709) and the same book as under:

Purchase Suspense (20713709)		DR	Xxx	
	To Department of Commerce supply chain Mumbai (00866081) Calcutta (00866082) Delhi (00866083) Chennai (00866084)	CR		Xxx

On accepting the debit, NWR passes the same in the Books as under:

Stock in Depot		DR	xxx	
	To Purchase Suspense	CR		Xxx

C. In case of purchase through Railway Board (RB)

On receiving the material the concerned Depot credit to the Purchase Suspense (20712309) by making the following entry:

Stock in Depot		DR	xxx	
	To Purchase Suspense (20712309)	CR		Xxx

On payment Accounts and Finance office passes the following entry in the books of accounts by preparing a CO7 wherein payments is to be made to approved firm :

Purchase Suspense		DR	xxx	
	To Cheque and Bills	CR		Xxx

The following types of transaction are to be captured for the purposes of preparation of financial statement on accrual basis since the details are available with the Books and Budget Section as well as Stores Department the information relating to supply of material/goods:

Current Liability

A. Material received at depot and Receipt Order (RO) issued but bill not submitted by the Vendor till 31st March:

As on closing date i.e. 31st March there could be instances where the Stock has been received by the concerned division and RO generated but the bill has not been submitted by the vendor for payment

hence for ascertaining the estimate of liability as on 31st march under accrual basis of accounting the RO and PO for which payments have been made after the closure of the financial year.

B. **Receipt Order (RO) and Bill have been received but payment has not been made till 31st March:**
As on closing date i.e. 31st March there could be instances that RO as well as Bill has been submitted to the Bill Section but the payment not made till 31st March. For ascertaining the estimate of liability as on 31stMarch under accrual basis of accounting the RO and Bill for which payments have been after the closure of the financial year.

Accounting Entry for the above two transactions:

Stock in Depot		DR	xxx	
	To Vendor	CR		Xxx

Current Assets

A. **Proof of Dispatch and Inspection Certificate Submitted as per Term & Condition of PO and advance payment has been made but material not received on or before 31st March:**

As on closing date i.e. 31st March there could be instances where the Stock has been dispatched by the concerned vendor and proof of dispatch and inspection report submitted to Office for advance payment and payment has been made on or before 31st March will have to be scrutinized for ascertaining the estimate of assets as on 31st march under accrual basis of accounting the proof of dispatch and inspection report for which material have been received after the closure of the financial year will have to be scrutinized and an estimate would have to be prepared.

Accounting Entry for the above transaction:

Vendor		DR	xxx	
	To Cheque and Bills	CR		Xxx

4.12 Establishment Section

The Establishment Section of HQ of NWR is one of the most significant and important section. The Establishment section of Railway Accounts deals with the checks exercised in accounts office on personnel claims of railway employees.

In the disposal of these claims quickness is as important as accuracy as delays in these matters cause inconvenience to the staff concerned.

Establishment on Pay and Allowances and other establishment matter should, like other kind of expenditure, be covered within the sanctioned budget provisions.

In the internal check of Pay and Allowances it should be seen that the charges are incurred against the sanctioned post either revenue or work-charged post. The check against the budget provision should, in the case of construction projects or work-charges post operated in Open Line, be conducted with reference to the detailed estimates sanctioned by the competent authority as well as extension of currency of such posts.
This section maintains the service sheet of employees and deals with all service matters.

Work Done under Establishment:
Establishment section internally checks the following:

1. Pay Bills
2. Leave Encashment
3. Arrears
4. Central Government Employee Group Insurance Scheme (CGEGIS)
5. Maintenance of Suspense Registers of advances granted to employees viz, HBA, Motor Car, computer, scooter/motor cycle, cycle, fan and natural calamities etc.
6. Service Record and leave account of Gazetted Officer.
7. Certification of pay fixation, cases of proforma promotion, cases of stepping up, TA, Tuition Fees, Last Pay Certificate (LPC).
8. Maintenance of scale checks register and cadre register.
9. Recovery of Foreign Service Contribution (FSC) Charges.
10. Compensation arising from Workmen Compensation Act or other act and ex-gratia payments in case of death on duties.

1. **Pay Bills:**

   Pay Bills shows basis pay, Dearness Allowance and other allowed allowances deduct Provident Fund, NPS, TDS, GIS, Loan & advances and other benefits taken by the employee.

   Pay Bill is comprehensive sheet of salary which shows head wise salary of an employee for a specified period. Pay bill is accompanied by various vouchers viz. Memorandum of Difference, absentee statement, all recovery vouchers, TA claim vouchers etc.

2. **Leave Encashment:**

Encashment of leave means that employee receives the cash for leaves which are not taken by the employees. Employee can encash his leaves during the course of employment maximum 10 days on each occasion and 6 times during service and he can encash leave up to a maximum 300 days at the time of retirement.

The lump sum amount paid to a Railway Employee on Retirement/Voluntary Retirement or on Death, pertaining to leave (LAP) to his credit, subject to a maximum of 300 days Leave on Average Pay (LAP). If LAP falls short of 300 days then HLAP can also be allowed to en cashed. It is calculated on the last Pay drawn and the Dearness Allowance admissible on the last pay.

In case of HQ of NWR the leave encashment calculation is done by the personnel department and Establishment Section checks whether the same is prepared correct or not.

3. **Arrears:**

Arrears means the increment in any component of salary or addition of any new component in salary which has been made with the retrospective effect due to which any component of the salary is payable to an employee. In case of HQ of NWR the Arrears calculation is done by the personnel department and Establishment Section checks whether the same is prepared correct or not.

4. **Central Government Employee Group Insurance Scheme (CGEGIS):**

The 'Group Insurance Scheme, 1980' which came into existence w.e.f. 01.01.1982, provides for the Railway Employee on a contributory and self-financing basis, the twin benefits of an Insurance cover to help their families in the event of death during service and a lump sum payment to augment their resources on retirement.

The subscription is partly credited to an 'Insurance Fund' (70%) and partly to 'Saving Fund' (30%). From Insurance Fund, payment is made for insurance cover in case of death while portion of subscription credited to this fund with interest thereon is paid to the employee on retirement or to the family, if he dies while in service. In case of HQ of NWR the Group Insurance calculation is done by the personnel department and Establishment Section checks whether the same is prepared correct or not.

5. **Maintenance of Suspense Registers of advances granted to employees:**

Establishment Section grants advances to employees viz., House Building Advance, Motor Car, computer, scooter/motor cycle, cycle, fan and natural calamities etc. and maintains Suspense Registers of these advances granted to employees for the recovery of the same. Interest due thereon is calculated by personnel branch and certified by establishment section of accounts and recovery is affected and credited to proper head of allocation.

6. **Service Record and leave account of Gazetted Officer:**

Service Records and Leave Accounts of Gazetted Officers are maintained by the Establishment Section of accounts office.

7. **Certification:**

Establishment Section certifies pay fixation of employees, cases of proforma promotion, cases of stepping up, Travelling Allowance, Tuition Fees, and Last Pay Certificate (LPC).

8. **Maintenance of scale checks register and cadre register:**

Establishment Section maintains Register for checking that proper scale and cadre is maintained of employees.

9. **Recovery of Foreign Service Contribution (FSC) Charges:**

Establishment Section recovers Foreign Service Contribution Charges in regards of Retirement Benefits from employees which are sent on Deputation. These charges are paid either by employee or employer depending upon the terms and conditions of deputation.

10. **Compensation for death on duty:**

Any compensation arising from Workmen Compensation Act or other act or *ex-gratia* payment which is due to family of any employee for death on duty is paid by Establishment Section.

Method of Check

The internal check of pay and allowances charged through pay bills is conducted on the basis of information given in the memorandum of differences and list of absentees which accompany the bill.

In cases where these forms are not submitted along with bills the check is done on the basis of information given in the bills themselves.

(i) Extent of Check

A complete check should be applied manually or through the computer system:

a. To the details in the memorandum of differences or to the corresponding entries in the bills themselves ;
b. In regards to the entry under the column "Gross Pay and Allowance Claimed" in the bills, to only those as are effected by the memorandum of differences whether recorded in form or in the bills ;
c. To the entries and other column of the bills;

d. To the admissibility of increment drawn with the statement of increments the details in which should, to the extent possible, be checked with the Accounts Office records; and
e. To all calculations and totals.

(ii) Detailed Check

The detailed check should be carried out with reference to the following:

a. for new post
b. for fresh appointment to service
c. for transfer
d. in case of leave
e. in case of promotion
f. in case of increment
g. in case of any new claim
h. check of recoveries

4.12.1 Cash and Pay Section HQ

There are three Cash Offices on North Western Railway at (i) Ajmer (deals with the earnings of Ajmer and Jaipur Divisions), is under the direct charge of Assistant Chief Cashier, Ajmer, (ii) Jodhpur and (iii) Bikaner deal with the earnings of their respective Division and are under the charge of the DFMs of the Divisions'. The Assistant Chief Cashier Ajmer and Divisional Cashier (Cash), Ajmer deal with the Traffic earnings of Ajmer and Jaipur Divisions and Miscellaneous Receipts from all stations of Ajmer and as specified by the department concerned under the circumstances. Likewise, the Divisional Cashier (Cash) Jodhpur and Assistant Divisional Cashier (Cash) Bikaner deal with the Traffic earnings of their own Division and Miscellaneous Receipts from all stations of Jodhpur and Bikaner respectively and as specified by the department concerned, if required under the circumstances.

There are six Pay Offices, viz. Head Quarter Pay Office at Jaipur, Divisional Pay Office at Jaipur, Ajmer, Jodhpur, Bikaner and Work Shop at Ajmer. All the above six Pay Offices are under the charge and control of the Dy. FA&CAO (Cash & Pay) & Chief Cashier.

Work Done under Cash and Pay HQ (Powers and Duties of Officers and Employees):

Following are the types of work which are carried out by the HQ Cash and Pay Section:

1. **Powers and Duties of Officers:**

a. Monitoring the Union Matters & Court Cases.
b. Reply to Union Matters & Court Cases is finalized.
c. Close monitoring on Div. Cash & Pay Units for prompt receipt of Earning & proper Payment etc.
d. To decide the matter as forwarded by Sr. DFMs/Sr. AFAs / Dy. FA&CAOs from the divisional units of Cash & Pay Department.
e. Coordination & correspondence with other departments & Banks for earnings & payments on behalf of Railway is concerned.

f. Meeting with officials of other department & banks in regards to improvement of the system of receipt and payment in N W Railway.
g. Decide the Dy. HOD level Establishment matters e.g. Promotion/Transfer/Reversion/Appointment etc.
h. Forwarding the matter of Cadre. Policy, Claims, CG Appointment, Permission of different transactions/activities etc. for obtaining the approval of Competent Authority i.e. FA&CAO (T) being HOD, FA&CAO being PHOD & GM.
i. Recommend the cases for obtaining the approval of competent authority, as for as Cash & Pay Dept. is concerned, e.g. Promotion /Transfer / Reversion/ Appointment / D&AR, Cadre. Claims, CG Appointment, Permission of different transactions/activities etc.
j. Fill up vacancies either through RRB & departmental selection.
k. Coordinating with Sr. DCMs as for as Cash-In-Transit is concerned.
l. Obtaining RBI's approval for opening station's deposit account so as enable to remittance of station earning directly in to bank by station itself.
m. Coordination with other Railways & Railway Board for betterment of Railways.

2. **Powers and Duties of Clerical Staff:**

a. General Supervision of entire clerical Section and co-ordination with divisional Cash & Pay units.
b. Submission of proposals as put up by Subordinate staff duly examined & compiled with relevant rules/document.
c. Looking after the work of office Superintendent- Adm (OS) & OS (Store) in absence of their counterpart.
d. Cases of Honorarium in all respect (Policy, Claims and obtaining Railway Board sanction).
e. Submission of proposal of Station Earning into Bank directly with RBI/Bank Branch etc.
f. Corresponding with other departments, Railway Board, Banks in regards to the receipt of station earning and payments.
g. Forwarding the applications in other department or out of Railway.
h. Maintenance of Service Records and Leave Accounts of HQ Staff.
i. Maintenance of Salary Register, Tuition Fees Register.
j. TA & Contingent payments.
k. Issue of passes and PTOs and maintenance of records.
l. Receipt and Dispatch of Daily Postage /File.

Cash & Pay Office, HQ deals with following documents:

1. Register:

a. Cadre
b. Transfer
c. Roster
d. Seniority
e. T&P Items
f. Budget
g. Tuition Fees
h. Salary

i. D&AR
j. APAR/ACR
k. Pass & PTO

2. Files:

a. Promotions
b. Direct Recruitment/CG Appointment
c. Court Cases
d. Union Items
e. Station Earning
f. Cash-In-Transit
g. Honorarium
h. Policy
i. Advances/Allowance
j. Railway Board Correspondence
k. Permission/NOC for transactions of Properties & Foreign tour etc.
l. Retirement
m. Service Record & Leave Record of Cash & Pay Headquarter Staff
n. PLB, Income Tax
o. Security Arrangements
p. Banking Correspondences
q. Railway Quarters

4.12.2 Settlement/ Pension Section

The Settlement/ Pension Section of HQ of NWR is one of the most significant and important section. The Settlement section of Railway Accounts deals with the checks exercise in accounts office after retirement personnel claims of railway employees.

In the disposal of these claims quickness is as important as accuracy as delays in these matters cause inconvenience to the staff concerned.

Settlement on Pension and Gratuity and other retirement benefits matter should be covered within the sanctioned budget provisions.

This section maintains the Data pertaining to retired employees and deals with all retirement benefits matters.

Under Settlement Section the following internal checks are done:

1. Pensioner benefits
2. Revision of Pension Payment Orders (PPOs) due to pay commission or Court case etc.
3. Check of pension debits received from Treasury, Banks and Postal

Pensioner benefits granted to Railway servants in respect of their service generally fall under one or the

other of the following categories.-

1. Superannuation Pension
2. Retiring Pension
3. Compensation Pension
4. Commuted Pension
5. Death-cum-retirement Gratuity
6. Service Gratuity
7. Other (extra-ordinary) Gratuity
8. Compassionate allowances/grants
9. Family Pension
10. Terminal Gratuity
11. Death Gratuity

The detailed rules regulating the grant of pensionary benefits are contained in the Indian Railway Establishment Code Vol. II, in the Manual of Railway pension Rules, 1993 and extant orders issued from time to time. The instructions contained in this Chapter relate to internal check on such payments.

The internal check of pension consists in verifying that the qualifying conditions governing the grant of a pension are fulfilled, the calculation of amount of pension is correct and the incidence and allocation is correct.
Delay in payment of pension involves pecuniary hardship. It is, therefore, imperative that the pension cases are dealt with expeditiously. Objections, if any, should be raised on the first occasion and not piecemeal and settled expeditiously so that the beneficiary receives his dues without delay.

4.12.3 Statement of Service Non -Gazetted Staff

On receipt of the application for pension in the prescribed form the head of the Office/Department immediately prepares a statement of the applicant's services in accordance with the instructions contained in form No. 30A RII to enable the Accounts Officer to verify the service.

4.12.4 Statement of Service –Gazetted Staff

As the Service Records and leave accounts of Gazetted Officers are maintained by the Accounts Officer, the concerned Accounts Officer will send the service record and leave account of the Officer to the head of the Department to enable the head of the Department to prepare the Statement of Service. In addition, a statement showing the pay drawn during the last ten months of service by the officer will be sent by the Accounts Officer to the head of the Department for preparing the Memorandum of average emoluments.

The Statement of Service shows all the important events; the temporary and officiated service or those affecting the emoluments, of the Railway servant. It should be clearly seen that:-

Sl. No.	Particulars
1.	The statement shows not only the periods which count as qualifying service but also all periods of leave, suspension, overstayed etc., which do not so count. The latter is entered in red ink in order to clearly distinguish them, and reasons for their rejection are given in the remarks column.

2.	If the date of confirmation has been deemed date of confirmation, the fact should be clearly mentioned in the statement, the details of the case being given in the remarks column;
3.	The statement shows date, month and year of the various appointments, promotions and reversions. For the purpose of adding together broken periods, a month is reckoned as thirty days.
4.	Periods which count as qualifying services are clearly indicated and that full details of the nature of posts/service and the relevant Para under which the same qualifies is indicated in respect of each period in the remarks column;
5.	If the emoluments drawn in an officiating appointment count in full for pensioner benefits all details regarding the officiating appointment are given;
6.	The total of the periods of the qualifying service shown in the statement tallies with the total service less the non-qualifying service shown in the statement tallies with the total service less the non-qualifying periods shown in the statement;
7.	In the column "how verified" the particulars of records such as verification certificate in the service book/pay bills, acquaintance rolls/office orders, collateral evidence/affidavit, etc., are mentioned.

Verification of Service by Head of the Office

The head of the Office/Department is required to verify the service of Non-Gazetted staff recorded in the Statement of Service. The head of the Office/Department will also verify the portion of service, if any, of a Gazetted Officer rendered in Non-Gazetted capacity. The service of a Gazetted Officer rendered in the Gazetted capacity should be verified by the Accounts Officer himself.

Check of Service by the heads of Offices

The heads of offices are required to verify service annually and record a certificate regarding the service verified, in the Service Book as prescribed in Indian Railway Administration and Finance-an Introduction. In regard to past service (prior to 01.04.1957 i.e. the date from which pension scheme has been introduced on Railways) only one consolidated certificate is recorded for the whole service in the Service Book. Where it may not be possible to verify the entire past service due to non-availability of office copies of pay bills etc. From which service is verified, the verification is done from the application of the employee supported by collateral evidence of contemporary employees etc. These documents relied upon by the Head of the Office in verifying the service may be accepted in Accounts Office.

Check by Accounts Inspection Party

The verification of service by the head of office should be supplemented by a test check by the Accounts Inspection Party during their local inspection of the Executive Offices annual, biennial or triennial as the case may be.

Verification of service in the case of non-availability of records

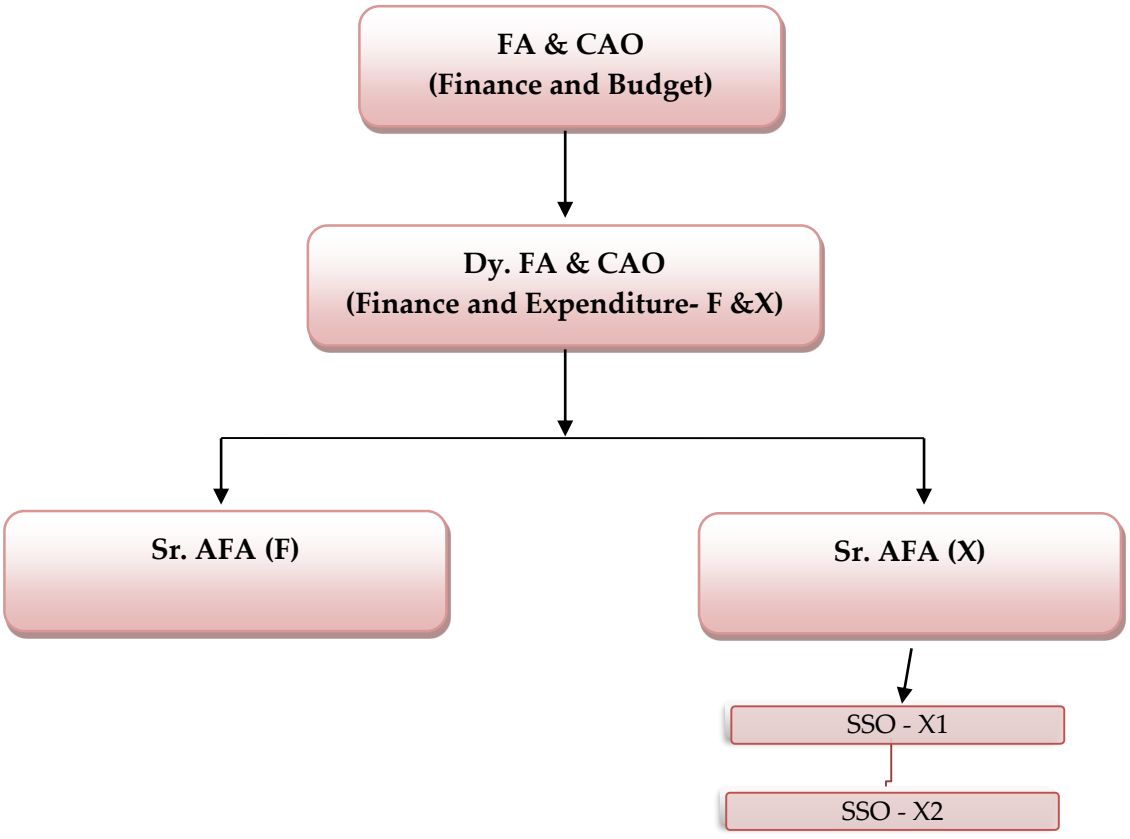
If paid vouchers or other documents are not available in the Accounts Office the verification may be made from the documents made use of by the Executive Offices. If it be impossible to verify (a portion of the) service otherwise, the facts determined should also be accepted for the purpose of check in the Accounts Department relating to the particular period of service.

The date of birth and the date of beginning of service, as shown in the Application Form and the service Statement may be checked with the Office Order containing the appointment of the employee or old Gradation Lists etc. and in the absence of these with the Service Book Register. Whenever the Service Book/Roll sent with the pension application, contains entries relating to important events such as alteration in date of birth, suspension, dismissal resignation etc. these entries may be verified with copies of orders furnished to the Accounts Office.

4.12.5 Expenditure Section

The Expenditure Section of HQ of NWR is one of the most significant and important section. First at all bills are checked by the Executive Officer then the same are forwarded to Expenditure Section for arranging payments.

Organization Chart of Expenditure Section



Functions of Expenditure Section:

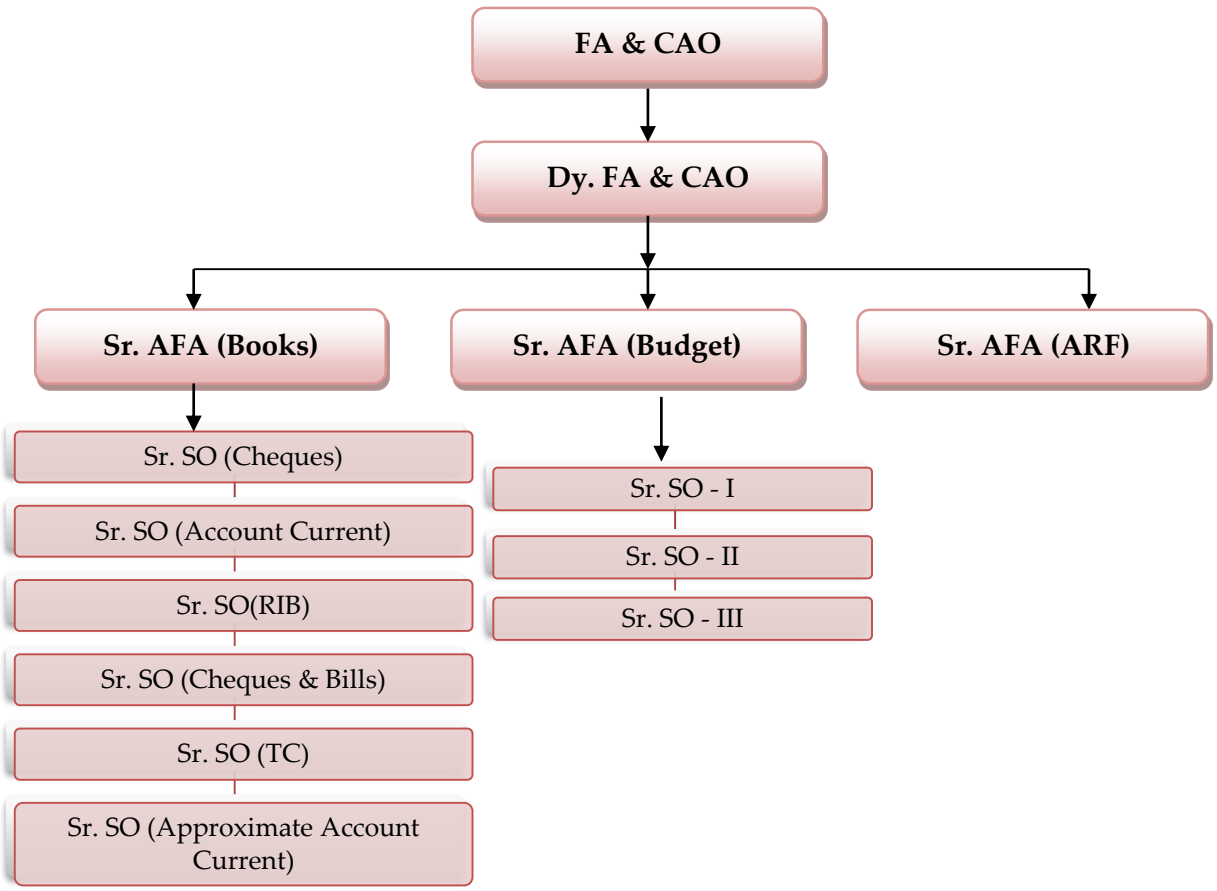
The Expenditure section deals with the following functions:

i. Bill passing of empanelled hospital.
ii. Payment of Contractor bill
iii. Preparation& maintenance of works register.
iv. Demand -9 acceptance & raising TCs of IRFA, IRCA & IRFC
v. Submission of quarterly return Income Tax.
vi. Maintenance of Dues/Demand recoverable
vii. Payment of Lease bill.
viii. Payment of Supplier/ Procurement Bills.
ix. Maintenance of Suspense Register Deposit (X) and Miscellaneous Advance Expenditure (MAX).
x. Posting of unpaid cases of suspense Heads and passing of unpaid pay orders.
xi. Acceptance of TC/ATC
xii. Preparation of Journal Voucher of Railway.
xiii. Posting & Reconciliation of paper security register.
xiv. Passing of telephone bill.
xv. Advertisement bill.
xvi. Postal, fuel and cash imprest.
xvii. Bill passing of hiring of vehicles.
xviii. Payment of Advocate bills.
xix. Payment of GRP bills.
xx. Reimbursement of Laptop/Repair bills.
xxi. Preparation of Block Account.
xxii. Payment of Miscellaneous bills (Purchase/Quotation/Works etc.)
xxiii. Payment of Non Stock bills and Local Purchase bills.
xxiv. Compilation of report for uneconomic branch lines.
xxv. Compilation of report/ return received from units:
    a. Bills Recoverable
    b. Bills Payable
    c. Way leave cases
xxvi. Preparation and maintenance of Objectionable item register
xxvii. Payment of unsanctioned expenditure.

4.12.6 Books and Budget Section

Books section is the compiling section. Preparation of cheque for payment is done by Books section. Books section also prepares monthly account current. Budget section deals with preparation of budget and review.

Organization Chart



Functions of Books Section: The Books section deals with the following functions:

1. **Cheques Section-**This section deals with the work of arranging payments for all types of bills passed by the various sections of FA&CAO office of NWR by issuing cheques.
2. **Approximate Account Current Section-**This section deals with the following works:
   a. Preparation of approximate account current of Head Quarter office.
   b. This section compiles the approximate Account Current of NWR and submits it to Railway Board (RB) on 5th of the next following month.
   c. Approximate Account Current consists both Revenue and Capital at one place.
3. **Actual Account Current Section-**This section compiles head wise actual figures of Account Current and submits it on 4th of next of the next following month. Actual Account Current is prepared in two in Revenue and Capital, and further sub divided in two schedules viz. Commercial and Strategic. Account current is supported with various schedules namely, Working Expenses, P Loans & Advances, Earning, Plan Head schedules etc.
4. **Remittance into Bank (RIB) Section-**This section deals with the receipt side. Amount received at Railway Stations and/or at Cash Offices is remitted to designated bank through remittance challan. A copy of challan is received in Accounts Office from designated bank and credit is posted in RIB reconciliation register and Debit is posted from the statements received from Traffic Accounts Office and other accounting units in respect of receipts. Thereafter this reconciliation register is

reconciled and differences are sorted out by chasing with bank and or accounting units. On receipt of challan from cash office, RIB suspense head is debited by crediting to various heads of earnings, service heads or deposits as the case may be. Reserve Bank of India (RBI) confirms the receipt and issues clearance memo. In these regards the following entries are made:

i. On receipt of challan:

RIB Suspense		DR	Xxx	
	To Particular heads of earnings, service heads or deposits	CR		Xxx

ii. On receiving clearance memo from RBI:

Deposit with RBI		DR	Xxx	
	To RIB Suspense	(-)DR		Xxx

iii. If the instrument is dishonoured:

Particular heads of earnings, service heads or deposits		DR	xxx	
	To RIB Suspense	(-)DR		Xxx

5. **Cheques & Bills Section -** This section deals with the issue of cheques for making payments by preparing cheque abstract. While preparation of cheque abstract, software (IPAS) automatically transcribes the data available in CO7 to cash book, revenue/capital allocation register. On confirmation of cheque clearance from RBI the following entries are made:

i. On issue of cheque for payment:

Respective Expenditure head		DR	xxx	
	To Cheques and Bills	CR		Xxx

ii. On receiving clearance memo from RBI:

Cheques and Bills		(-)CR	xxx	
	To Deposit with RBI	CR		Xxx

6. **Transfer Certificate Section –** This section deals with the monitoring of Inward/Outward Transfer Certificate (TC) whether it is Inter Railway or Intra Railway. The whole process of this is dealt on E-RECON software which is centralised server and web enabled application. After acceptance of debits/credits received inward on E-Recon, software generates Journal slip. Since E-Recon is not integrated with the IPAS software where financial accounting of NW Railway is maintained, therefore, Journal Slip so prepared on the E-Recon is either ported on IPAS or data entry in Journal Voucher is made by the section accepting the Debit/Credit. E-Recon generates the unit wise monthly List of Transfer Transaction indicating each and every entry. In the present scenario, in

exigency of service, whenever required transfer transactions are done by making manual transfer certificates also when the E-Recon is closed.

Functions of Budget Section: The Budget section deals with the following functions:

1. **Sr. Section Officer I:** Section of this officer deal with the Revenue Expenditure. In this section the following works are done:
    i. Deal with Demand No. 06 (Repairs & Maintenance of Carriage & Wagons), 10(Operating Expenses- Fuel), 12(Miscellaneous Working Expenses), 3(General Superintendence and Service), 4(Repairs & Maintenance of Permanent Way & Works), 11(Staff Welfare & Amenities)
    ii. Distribution of Original Budget Grant (OBG), Revised Grant(RG) and Final Grant (FG)
    iii. Compilation & Submission of August Review (AR), Revised Estimate (RE), Budgeted Estimate (BE), Final Estimate (FE) & Modification.
    iv. Review of Actual Expenditure vis-à-vis Budget Grant.
    v. Appropriation Account of Grant against the respective demand no.
    vi. Monthly FR to Railway Board (RB).
    vii. Preparation of Statement of important misclassification
    viii. Preparation of Statement of Defect in Budgeting
    ix. Preparation of statement of Losses & Theft.
    x. Preparation of Statement of Ex-Gratia Payment
    xi. Preparation Monthly Statement : Financial Review (Demand Wise – Actual& Approximate)
    xii. Financial Parameter.
    xiii. Financial Performance.
    xiv. Working Expenses – Gross- Credit- Net.
    xv. Preparation of Statement of Appropriation Account Depreciation Reserve Fund.
    xvi. Statement of Appropriation Account Pension Fund.
    xvii. Statement of Appropriation Account Stock Adjustment & Store Account.
    xviii. Statement of Appropriation Account Suspense Balances.
    xix. Any other work assigned by Sr. SO (I, II & III) of Budget section.
    xx. Miscellaneous Work. Dak received and Dispatch,
    xxi. Absentee statement of Budget Section
    xxii. Computer Maintenances.

2. **Sr. Section Officer II:** Section of this officer deal with the Revenue Expenditure Fund Certification. In this section the following works are done:
    i. Deals with Demand No. 07 (Repairs & Maintenance of Plant & Equipment), 08 (Operating Expenses- Rolling Stock & Equipment), 13 (P.F, Pension & Other Retirement Benefits), 02 (Miscellaneous Expenditure- General), 05 (Repairs & Maintenance- Motive Power) & 09 (Operating Expenses- Traffic)
    ii. Distribution of Original Budget Grant (OBG), Revised Grant (RG) and Final Grant (FG)

iii. Compilation & Submission of August Review (AR), Revised Estimate (RE), Budgeted Estimate (BE), Final Estimate (FE) & Modification.
iv. Review of Actual Expenditure vis-à-vis Budget Grant
v. Appropriation Account of Grant against the respective demand no.
vi. Catering Accounts Profit & Loss statement and Balance Sheet
vii. Preparation of Statement of Budget Proportion
viii. Preparation of Statement showing the change in forms, in classification
ix. Preparation of Statement showing the percentage of working expenses to earning
x. Preparation of Annual statement of voted & charged expenditure.
xi. Preparation of Appropriation Account of Grant 02, 05, 09 and Civil Grant, Interest on Debit & Obligations
xii. Preparation of Statement of pre-portion payments.
xiii. Preparation of Statement of irregular Appropriation.

3. **Sr. Section Officer III:** Section of this officer deal with the Capital Expenditure. In this section the following works are done:

i. Deals with Demand No. 16 (Assets- Acquisition, Construction & Replacement)
ii. Distribution of Original Budget Grant (OBG), Revised Grant (RG) and Final Grant (FG)
iii. Compilation & Submission of August Review (AR), Revised Estimate (RE), Budgeted Estimate (BE), Final Estimate (FE) & Modification.
iv. Review of Actual Expenditure vis-à-vis Budget Grant
v. Preparation of Appropriation Account of Grant 16
vi. Preparation of Statement of credit of capital for retired assets, DRF Account
vii. Re- Appropriation under Demand No. 16
viii. General correspondence Monthly FR (Plan Head Wise)

Accounting Treatment under Accrual Based Accounting As on 31st March

1. **In case of foreign service contribution** when an employee worked on deputation basis in any other organization then that employee or his employer (New Organization) will pay contribution toward Pension, Leave Encashment etc. (Contribution to Retirement Benefits) which is to be paid by the railway to the employee when that employee will be retired.

Hence for ascertaining the estimate of Assets as on 31st march under accrual basis of accounting where in this regard if the same has not been paid by the employee or the employer then receipts have been made in the months of April and later months will have to be scrutinized and an estimate would have to be prepared and it should be treated as Current Assets.

2. **In case of Arrears** there may be possibility that arrears have been payable before on before 31st March but paid after 31st Match.

Hence for ascertaining the estimate of Liabilities as on 31st march under accrual basis of accounting where in this regard if the same has not been paid on or before 31st Match then payments have been made in the months of April and later months will have to be scrutinized and an estimate would have to be prepared and it should be treated as Liabilities.

3. **In case of death on duty** there may be possibility that Compensation or Ex-gratia payment have been payable on or before 31st March but paid after 31st Match.
Hence for ascertaining the estimate of Liabilities as on 31st march under accrual basis of accounting where in this regard if the same has not been paid on or before 31st Match then payments have been made in the months of April and later months will have to be scrutinized and an estimate would have to be prepared and it should be treated as Liabilities.

4. In case where the pension or the settlement **cases are pending with the court** due to the dispute in family members then in such cases liability of the same should be booked because the same shall be payable as ordered by the court.
Hence for ascertaining the estimate of Liabilities as on 31st march under accrual basis of accounting where in this regard if the same has not been paid on or before 31st Match then these cases have to be scrutinized and an estimate would have to be prepared and it should be treated as Liabilities.

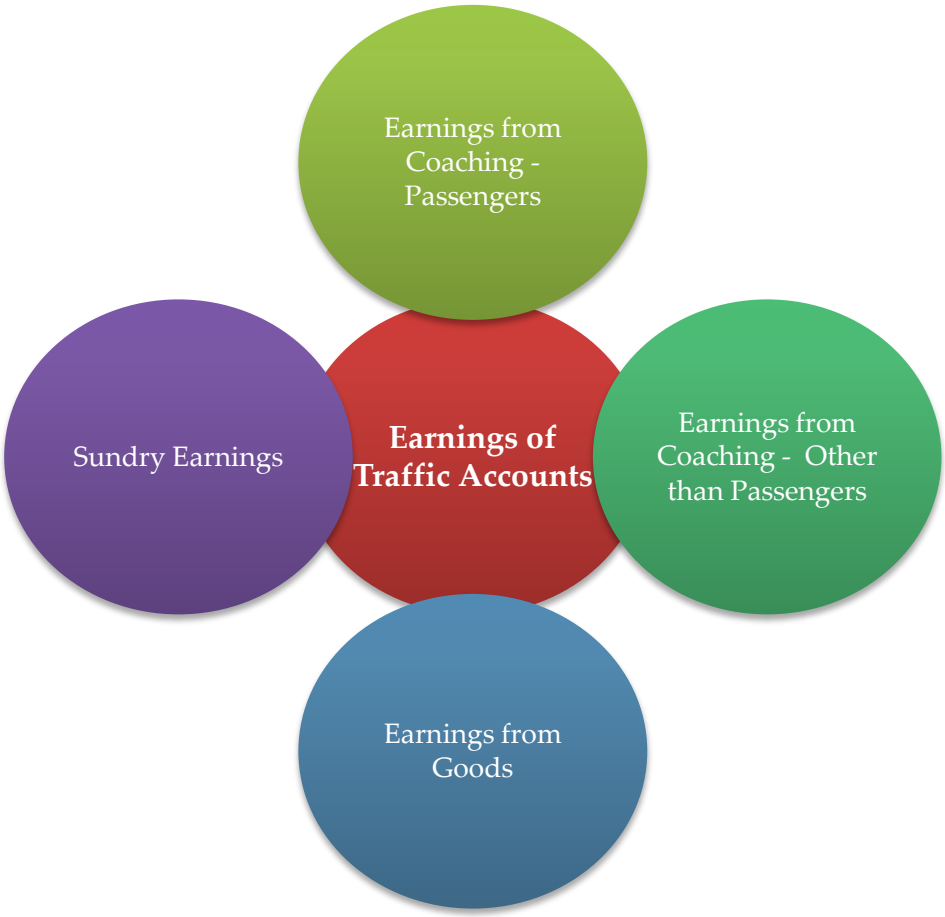
5. **In case of voluntary retirement cases**, this is to be noted that the same are pending for the maximum period of three months i.e. in three months all paper proceedings will have to be finalized, where the cases are pending on 31st March then in such cases liability of the same should be booked because the same shall be payable to the employee.

6. **Bills of Hiring of vehicles, Advocate Bills** etc. the payment lag days are around seven to ten days. In such cases where these payments have been made after 31st March but pertains to on or before 31st March should be booked as liability.
Hence for ascertaining the estimate of Liabilities as on 31st march under accrual basis of accounting in this regard if the same has not been paid on or before 31st Match then bills which have been paid after 31st March have to be scrutinized and an estimate would have to be prepared and it should be treated as Liabilities.

7. **In case of utility Bills** the same has been received after one to two months from the utilization hence the liability should be booked on 31st March.
Hence for ascertaining the estimate of Liabilities as on 31st march under accrual basis of accounting in this regard if the same has not been paid on or before 31st Match then bills which have been paid after 31st March have to be scrutinized and an estimate would have to be prepared and it should be treated as Liabilities.

4.13 Traffic Accounts Office

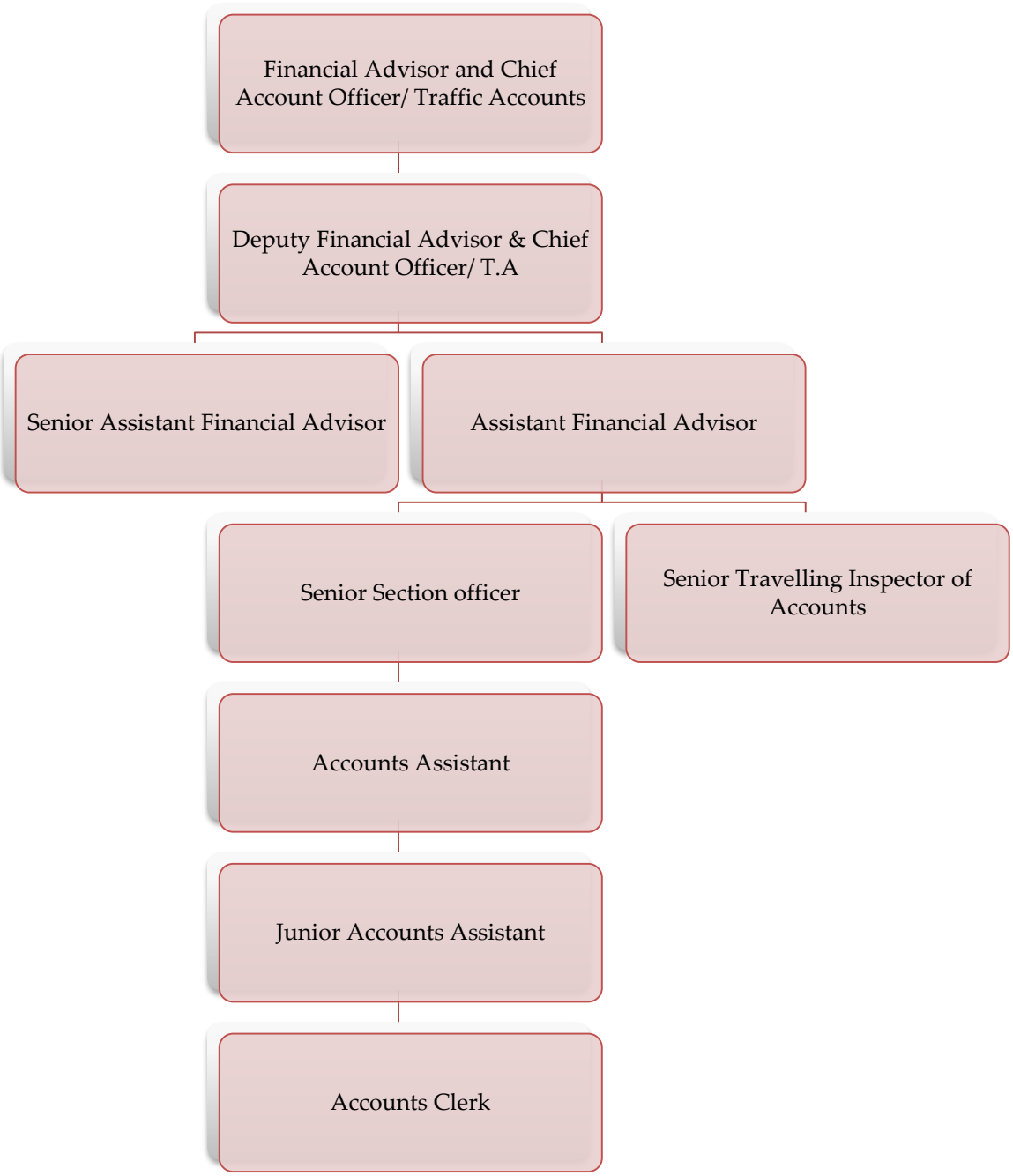
Accounting for revenue is done at the Traffic Account Office (TAO) of each Zonal Railway. Generally, there is only one TAO in each zone. But in NWR there are two TAO, one at Jodhpur and the other at Ajmer. Jodhpur TAO records earnings of Bikaner Division and Jodhpur Division, while Ajmer TAO is responsible for accounting of earnings of Jaipur Division and Ajmer Division. However, at the end of each month Jodhpur TAO sends its earning details to Ajmer TAO for the purpose of compiling of the same as a whole for North Western Railway. Presently, IR follows Finance Code Volume-II for classification of earnings. The major heads for recording of earnings can be understood as under:



Every Railway station prepares a separate statement for its originating earnings for a period of 10 days and sends it to the Statistical Branch of the Traffic Accounts Office of the Zonal Railways on the followings dates:

i. For collection made during 1st -10th day of the month -**13th day of the month**
ii. For collection made during 11th day-20th days of the month-**23th day of the month**
iii. For collection made during 21st day to month-end -**3rd day of the next month**

The organization structure of the Traffic Accounts Office may be understood from the following figure:



4.13.1 Station Balance Sheet

The station's earnings collected at the stations of Zonal Railway are depicted in the Balance Sheet of Station Master which is submitted to concern Traffic Accounts Office. Station Balance Sheet contains the receipts and payments of a particular station. The station balance sheet is of two types:

i. **Coaching Balance sheet**: Coaching balance sheet is compilation of the earnings from passenger traffic. This is divided into two parts one is debit and another is credit. Following are the some illustrative items in debit side of Coaching Balance Sheet:

a. Amount received from sale of Unreserved Ticketing;
b. Amount received from Passenger Reservation System (PRS);
c. Amount received as Service Tax on PRS ;
d. Amount received from Halt Stations; and
e. Amount received from parcel, luggage, LT luggage and TTE/EFT.

On the credit side the following items (only illustrative) are presented:

a. Voucher received against sale of tickets. For example Military warrant, AG voucher, CRPF voucher, etc.
b. Refund made on cancellation of tickets;
c. Withdrawals from station earnings for petty expenses such as funeral of Beggar, etc.;
d. Date wise detail of cash Remittance to Cash Office; and
e. Any special credit allowed by competent authority.

ii. **Goods Balance sheet:** Goods Balance Sheet depicts the income from goods traffic. It has two sides, i.e., debit and credit. Debit side of Balance Sheet includes the followings:

a. Receipts from goods traffic originating with in Zonal Railway;
b. Receipts from wharfage charges from Public as well as Railways;
c. Receipts from demurrage charges; and
d. Receipts from goods traffic other than Zonal Railway on account of under charges collected.

On the credit side of Goods Balance sheet the following are included (only illustrative not exhaustive):

a. Waiver of demurrage charges;
b. Cash remitted to Cash Office; and
c. Amount withdrawn for petty expenses.

Basically, the debit side represents the earning of a Station and the credit side represents the remittances.

4.13.2 Mapping of Current Process at Traffic Accounts Office[3]

ICAI-ARF team made a detailed study on how the revenue is booked in accounts. The mapping of recording of revenue processes refers to the activities involved in defining exactly the process followed by Indian Railways to record revenue. ICAI-ARF team carried out the process mapping of current accounting process at Traffic Accounts Office to have an in depth knowledge and understanding of all the components of the existing accounting system in TAO:

S. No.	Transactions	Process	Accounting and Records Maintained
1	Station Earning From Coaching - Passengers	• Generally, an earnings from Coaching is that portion of earning which is earned from carrying of passengers. From the recording perspective, earning from passengers is categorized as under: i. Sale of Unreserved Tickets; ii. Printed Season Tickets; iii. Passenger Reservation System(PRS) Tickets; iv. Special Tickets, etc. • Reserved tickets as well as unreserved tickets are sold from stations for cash or in lieu of cash/vouchers/warrants. Here, voucher/warrants mean facility of free travelling or travelling at concessional fare given by various Government departments to their employees. For example, travelling warrant issued by Ministry of Defence to the Military. • Passenger tickets are issued either by Unreserved Ticketing System (UTS) or Passenger Reservation System (PRS).	**Books & Register Maintained** 1. Coaching Balance sheet

[3] Based on our study carried out at Traffic Account Office Ajmer

S. No.	Transactions	Process	Accounting and Records Maintained
		• There is a Chief Reservation Supervisor (CRS) at each railway station who is accountable for monitoring of revenue from the passenger tickets. • There is also a Chief Booking Supervisor (CBS) at every station who is responsible for monitoring of all type of receipt collected at station under his/her jurisdiction, whether it belongs to tickets, parcel or miscellaneous. • All collections made on a particular day are deposited into designated bank on the next working day under the supervision of CBS vide a TR Note. Thereafter, the TR notes are sent to Cash Office concerned. The Cash Office transfers the TR notes to Traffic Accounts Office for recording. • Subsequently, Traffic Accounts Office records all TR notes, date wise, into Remittance into Bank software (RIB Software). • However, in case of some stations, cash is not directly deposited by them into Bank. They send all cash periodically to Cash Office of Division concerned in a sealed cash box through fixed trains under supervision. • Thereafter, all cash is counted in presence of proper authority and witnesses. Cash office is responsible for depositing this cash into the Bank account of Indian Railways. After depositing the cash, Cash Office sends a Cash Remittance note (CR Note) to Traffic Accounts Office. • Station Superintendent of each railway station is responsible for preparing and sending its monthly Coaching Balance Sheet to Traffic Account Office. • Every month, the Balance Sheet Section in TAO receives Coaching Balance Sheets of all stations. • All the balance sheets so received are checked in all respects by the concerned section.	

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>

In some cases, if Balance Sheet of any station is not received within the prescribed time, then on the basis of statement/returns submitted by that station an approximate balance sheet is prepared. However necessary adjustment is made on receiving the actual balance sheet.
Thereafter all the Balance Sheets are posted in relevant software for consolidation and recording purpose.
Following journal entry is passed to record the earning from passenger traffic by section concerned:

<table>
<tr><td>Head quarter</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Abstract ‘X’ Earning from Coaching – Passenger</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td></td></tr>
<tr><td>3</td><td>Station Earning from coaching – other than passenger</td><td>

Earning, which is earned from activities other than passenger traffic is classified as earning from coaching – other than passenger. For example, earning from carrying of parcels, luggage, Fine/penalty charged by TTE from passenger, etc.
Booking of parcels/luggage is made only on cash payment basis.
There is a Chief Parcel supervisor (CPS) at station, who is responsible for booking of other coaching earnings.
Details of earning from coaching – other than passenger are also sent in coaching balance sheet.
The further process is similar to the process followed for passenger coaching. However, following accounting entry is passed by concerned section to record the earning:

<table>
<tr><td>Head quarter</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Abstract ‘X’ Earning from</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td><u>Books & Register Maintained</u>
1. Coaching balance sheet</td></tr>
</table>

S. No.	Transactions	Process	Accounting and Records Maintained
		Coaching – other than Passengers	
4	Earning from goods traffic	• Earning from goods traffic includes that part of earning which is to be received from carriage of goods. The process of recording of revenue from the carriage of goods is different from the carriage of passenger. We may understand this as given below: • Revenue from carriage of goods is not generated at every station; it is generated only on some stations notified for handling of goods traffic/siding, etc. • Presently earning from goods is recorded by generating invoice through TMS (Terminal Management System) which is developed by CRIS. This software is linked to the party's Bank account/Bank Guarantee. • Whenever any invoice is raised on a particular party, the software informs about the bank balance available in party's account. If balance available in party's account is equivalent to invoice amount, then same is debited to party's bank accounts and receipt is generated. • If sufficient balance equivalent to invoice amount, is not available in the party's Bank account then invoice is generated with 'To pay' direction and the same is recovered from party at the destination station before making delivery of goods. • Station Superintendents of stations concerned having earning from carriage of goods are responsible to send their monthly Station Balance Sheet to section concerned in TAO. • All the Balance sheets so received are checked in all respects by the section concerned. • In some cases, if Balance sheet of any station is not received within time prescribed, then on the basis of statement/returns submit by that station an	**Books & Register Maintained** 1. Goods balance sheet

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>approximate balance sheet is prepared. However, necessary adjustment is made on receiving the actual Balance Sheet.
• Thereafter, all the balance sheets are posted in relevant software for consolidation and recording purpose.
• Demurrage charges &wharfage charges are also levied on the party if the goods lying at the station and are not cleared within the time allowed for clearance.
• Demurrage/wharfage charges so levie dare also reflected in the monthly Station Balance Sheet.
• Following journal entry is passed to record the earning from passenger traffic by the concern section:
<table><tr><td colspan="2">Head quarter</td><td>DR</td><td>XXX</td><td></td></tr><tr><td></td><td>To Abstract ‘Y’ Earning from Goods Traffic</td><td>CR</td><td></td><td>XXX</td></tr></table></td><td></td></tr>
<tr><td>5</td><td>Sundry other earnings</td><td>• Earning other than goods carriage and passenger carriage are grouped into sundry earnings. For example, rent and toll, sale proceeds from damaged goods, sale proceeds from scrapped items, advertisement fees, etc.
• The process to record the sundry earning in accounts is the same as mentioned above for recording earnings from passenger carriage. Following entry is passed to record the transaction in the books of accounts:
<table><tr><td colspan="2">Head quarter</td><td>DR</td><td>XXX</td><td></td></tr><tr><td></td><td>To Abstract ‘Z’ Sundry Other Earnings</td><td>CR</td><td></td><td>XXX</td></tr></table>• Traffic Accounts also receives transfer credit (TC) from workshop/division in respect of certain revenue/earnings which were initially recorded in Workshop/Division’s books of accounts. For example. Electricity charges</td><td><u>Books & Register maintained</u>
1. Abstract Z</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>recovered, tender fees, licence fee, etc. At the end of a particular period, workshop/division transfers this earning to Traffic Accounts Office. Following entry is passed in concerned section of TAO to record this transaction:
<table><tr><td>Concerned workshop/division</td><td>-CR</td><td>XXX</td><td></td></tr><tr><td></td><td>To Abstract ‘Z’ Sundry other Earning</td><td>CR</td><td></td><td>XXX</td></tr></table></td><td></td></tr>
<tr><td colspan="4"><u>Misc. Transactions process</u></td></tr>
<tr><td>1</td><td>Receipt from military warrants</td><td>• A special facility is given by Ministry of Defence to its employee to travel either free of cost or at concessional fare. For this purpose, Ministry of Defence issues military warrants to its employees.
• Indian Railways issues ticket to military personnel against such warrants.
• Subsequently, Indian Railways recovers amount from the respective Controller of Defence Accounts (CDA).
• The Military warrants received by stations are sent to Divisional Cash Office and then they are forwarded to the Traffic Accounts Office.
• Thereafter warrants are sorted CDA wise and Zonal Railways wise and a list is prepared in the prescribed form.
• On the basis of this list, Transfer Advices (TRA) is raised on concerned department. Following entry is passed by concerned section in TAO:
<table><tr><td>Concerned CDA Adjustment account</td><td>DR</td><td>XXX</td><td></td></tr><tr><td></td><td>To Respective Head of Earning</td><td>CR</td><td></td><td>XXX</td></tr></table>• After receiving the amount from concerned CDA, HQ sends information to Traffic Account Office. Following entry is passed at that time:
<table><tr><td>Head Quarter</td><td>DR</td><td>XXX</td><td></td></tr></table></td><td><u>Accounting</u>
The Accounting entries are passed by Books-I section of Traffic Accounts Office.
<u>Records Maintained for Accounting</u>
1. Military Warrant Register
2. Concession Voucher Register
3. Daily Figure Register
4. Journal Slip and Transfer Advice (TRA) File</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td><table>
<tr><td></td><td>To concerned CDA adjustment Account</td><td>CR</td><td></td><td>XXX</td></tr>
</table></td><td></td></tr>
<tr><td>2</td><td>Receipts from voucher/warrants – other than military</td><td>

Some other Government department/ministries also provide facility of travelling at free of cost or at concessional fare. For example, CRPF, police departments of various states, BSF, CISF, etc. For this purpose, these departments issue travel voucher/warrants.
Indian Railways issues tickets against these vouchers/warrants.
Later these vouchers come to Traffic Accounts Office for sorting department wise.
Thereafter bill is raised to concerned department in prescribed formats and following entry is passed:

<table>
<tr><td>Concerned Department/Ministry</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To respective head of earning</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

Later, payment is received from all such concerned departments/ministries through proper channel. Following entry is passed after receiving payment.

<table>
<tr><td>Head Quarter</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Concerned Department/Ministry</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td><u>Accounting</u>
The Accounting entries are passed by Books-I section of Traffic Accounts Office.

<u>Books & Register Maintained</u>
1. Account General Register
2. Pay & account office register</td></tr>
<tr><td>3</td><td>Indian Railways Deposit (Deposit Traffic Book)</td><td>

In Traffic Accounts office, Indian Railways Deposit includes the followings (only illustrative examples not exhaustive list)

i. Wagon Registration Fees: Advance received from the parties against the booking of wagon is called Wagon Registration Fees. Initially it is recorded in the respective income head. Following entry is passed to transfer this amount, from earning to deposit book:
</td><td><u>Accounting</u>
The Accounting entries are passed by Books-I section of Traffic Accounts Office.</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Abstract ‘Y’ Earning from goods</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Deposit Traffic Book</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

If the party does not use the wagon as booked on a particular date then this amount received as advance is forfeited and transferred to earning by passing following entry:

<table>
<tr><td>Deposit Traffic Book</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Abstract ‘Y’ Earning from goods</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

If the party uses the wagon as booked then money so received as advance is adjusted against the amount receivable from party. Following entry is passed:

<table>
<tr><td>Deposit Traffic Book</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Abstract ‘Y’ Earning from goods</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

However, in some cases advance is not adjusted against the amount receivable from party but it is refunded separately on the refund claim lodged by the party. Following entry is passed:

<table>
<tr><td>Deposit Traffic Book</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head for cheques & bills</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

If the party does not claim the amount of advance for more than 3 years then same is transfer to earnings and following entry is passed:

<table>
<tr><td>Deposit Traffic Book</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Abstract ‘Y’ Earning from goods</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td><u>Books & Register Maintained</u>
1. Deposit Book/Register</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>
ii. Carriage Deposit: Advance received from the parties against the booking of special Train/Coach is called Carriage Deposit. Initially it is recorded in the respective income head. Following entry is passed to transfer this amount, from earning to deposit book:
<table>
<tr><td colspan="2">Abstract ‘X’ Earning from passenger</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Deposit Traffic Book</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

If the party uses the special Train/Coach, then money so received as advance is not adjusted with the fare amount. However, this advance can be adjusted against any additional amount to be charged. For example, detention of train beyond the normal hours allowed. Following entry is passed:

<table>
<tr><td colspan="2">Deposit Traffic Book</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Abstract ‘X’ Earning from passenger</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

The amount received as carriage deposit is refunded to the party upon a claim lodged and following entry is passed:

<table>
<tr><td colspan="2">Deposit Traffic Book</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To suspense head for cheques & bills</td><td>CR</td><td></td><td>XXX</td></tr>
</table>

If the party does not claim the amount of advance for more than 3 years then the same is transferred to earnings and following entry is passed:

<table>
<tr><td colspan="2">Deposit Traffic Book</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td></td><td>To Abstract ‘X’ Earning from passenger</td><td>CR</td><td></td><td>XXX</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Transactions</th><th>Process</th><th>Accounting and Records Maintained</th></tr>
<tr><td></td><td></td><td>iii. Deposit Kept for diversion of goods: If goods are not taken to destination station by the route mentioned in railway receipt. It is called diversion of goods. An amount from earning is transferred to this head as determined by the competent authority. Out of this, earning related to relevant Zonal Railways is transfer. Following entry is passed at the time of transferring amount to this head:
<table>
<tr><td>Abstract ‘X’ Earning from goods</td><td>DR</td><td>XXX</td><td></td></tr>
<tr><td>To Deposit Traffic Book</td><td>CR</td><td></td><td>XXX</td></tr>
</table></td><td></td></tr>
<tr><td>4</td><td>Traffic Suspense</td><td>• Traffic suspense records all outstanding amounts which are to be received. The effect of traffic suspense is taken in preparation of Account Current. It includes cash in transit, station outstanding, demand recoverable, etc.</td><td><u>Books & Register Maintained</u>
1. Traffic Suspense File</td></tr>
</table>

4.13.3 Compilation of Traffic Book

Traffic book is compiled for the earning of each Zonal Railway. Traffic book consists of following parts:

Part A: Part A is prepared on the basis of balance sheet sent by station superintendent (as mention at earlier). All the Balance sheet received are fed into the system which generates Part - A of the traffic book. In short, this part shows all traffic earnings cum receipts consisting of Goods, Coaching and Sundry Earning for the Zonal Railway.

Part B: This part of traffic book consists of net result of revenue apportionment. All the earning which is to be recorded in part A (as mentioned above), also has some portion which is required to be apportioned to foreign railways (Other than Home Railway).Earning which belongs to other zone is apportioned to the Zonal Railway concerned. At present, this apportionment takes place through RITES according to the formulas and methodology adopt for this purpose. At the end of each month, RITES sends revenue apportionment detail to each Zonal Railway separately for both goods and passengers.

Part C: This part is the "Statement of Earning Compilation for the Month" in which the following adjustments are taken into consideration:

- Adjustment of the Diversion of goods;
- Adjustment of over charge and under charge of Accounts office balance sheet;
- Adjustment of foreign railways or deposit private companies;
- Adjustment of the inward and outward transfer certificate, etc.

Part D: This is the "Statement showing the apportioned earnings" and it is prepared after making the adjustment of the Part C in the following format:

	Commercial Lines	**Strategic Lines**	**Combined Lines**
Passenger Earnings	xxx	xxx	xxx
Other than Coaching Earnings	xxx	xxx	xxx
Goods Earnings	xxx	xxx	xxx
Sundry other Earnings	xxx	xxx	xxx
Gross Earnings	xxx	xxx	xxx
Adjustment of Suspense	xxx	xxx	xxx
Gross Total Receipts	**xxx**	**xxx**	**xxx**

The aforesaid parts of the traffic book are prepared after receiving the related information from the TAO Ajmer and Jodhpur.

The Traffic section of Head Quarter, Jaipur is also responsible to prepare the Actual and Approximate "Statement of Apportioned Earning position at a glance for and to end of the month" and further these statements are required to be submitted to Books section of Head Quarter, Jaipur (for the preparation of the Financial Review) by the 3rd and 4th of the next following month i.e. for the month of February 2016 these information should be prepared on 3rd and 4th of the April 2016 respectively. The Financial Review is that statement which contains the details of earnings and expenditures for the month. Every month the

Budget section of Head Quarter, Jaipur prepares this statement on the basis of details of earnings provided by Books section of Head Quarter, Jaipur and the details of expenditure is taken from the Consolidated Account Current of NWR Zone. The Financial Review is prepared on two bases, i.e., demand wise and primary unit wise. At last the Financial Review is uploaded on E-Lekha portal.

The "Statement of Apportioned Earning position at a glance for and to end of the month" contains the following details:

a. Head of Earning i.e. Passenger, Other coaching, Goods and Sundry other earnings.
b. Actual earnings of previous year i.e. the actual earnings earned in the previous financial year.
c. Revised Estimate of current year i.e. on the basis of last year earnings.

Details "For the month":

d. Originating earnings for the month i.e. the earnings received on the basis of 10 days returns received from the stations.
e. Revised budget proportions for the month i.e. the preparation of the revised budget proportions for the month on the basis of revised targets received from the railway board.
f. Approximate earnings for the month- It is prepared on the basis of details of earnings provided by Statistical branch, loaded receipts from operating branch of Head Quarter and approximate figures of earnings received from TAO Ajmer.
g. Actual earnings for the month – It is prepared on the basis details of earnings provided by the TAO Ajmer.
h. Variation between approx. and actual for the month - This information is provided in amount as well as in Percentage.
i. Variation between budget performance & actual earnings for the month - This information is provided in amount as well as in Percentage.
j. Actual earnings for month of previous year;
k. Variation between the month of current year and the same month of previous year - This information is provided in amount as well as in Percentage.

Details "To end of the month":

l. Originating earnings up to the month;
m. Revised budget performance up to the month;
n. Actual earning up to the month;
o. Variation between actual & revised budget performance to end of the month - This information is provided in amount as well as in Percentage.
p. Actual earning up to the month of previous year;
q. Variation between actual to end of the month of current year and same month of previous year - This information is provided in amount as well as in Percentage.

Also, the Traffic section of Jaipur Head Quarter compiles the Abstract-Z for sundry earnings on the basis of details received from TAO Ajmer and Jodhpur and further it is submitted to the Railway Board after getting the approval from the Dy. FA&CAO/Traffic.

Tourist Trains

The Indian Railways has a contract with Rajasthan Tourism Development Corporation (RTDC) to run the train named as "Palace on Wheel" and Rajasthan Royal on Wheel".

a. Palace on Wheel (POW) – As per the Memorandum of Understanding between Indian Railways and Rajasthan Tourism Development Corporation the earnings received from "Palace on wheel" will be shared in the ratio of 56:44 respectively. As per the terms the RTDC is required to pay the prescribed amount as an advance at the beginning of the each quarter and at the end of the quarter a statement of earnings is submitted to Indian Railways. If the RTDC fails to pay the amount on time then the interest will be charged at the prescribed rate.

b. Rajasthan Royal on Wheels (RROW) – As per the Memorandum of Understanding between Indian Railways and Rajasthan Tourism Development Corporation, the RTDC is required to pay only Haulage charges to Indian Railways per Km. per trip in case of Rajasthan Royal on Wheels. The Prescribed amount is to be paid by RTDC to Indian Railways in advance before starting any trip/tour.

The Traffic Miscellaneous and Service tax Section (TMSS) deals with the earnings received for the tourist trains like Rajasthan Royal on Wheels (RROW), Palace on Wheel (POW), etc., and service tax.
On the receipt of the cheque of advance amount from the RTDC the TMS Section advices this amount through letter to the TAO, Ajmer. And the TAO, Ajmer passes the following entry:

Relevant Suspense Head for NWR HQ (00878201)		DR	XXX	
	To Abstract 'X' Earning from Coaching – Passenger	CR		XXX

Quarterly statements of earnings are also received by this section from RTDC, on the basis of this the outstanding amount from the RTDC is identified and advices to the TAO, Ajmer. The TAO, Ajmer records the outstanding of RTDC in the Traffic Suspense under the head "Account office balance sheet-tourist". This outstanding amount does not include the amount of interest. And also for this purpose no accounting entry is passed at TAO, Ajmer as well as at head quarter, Jaipur.

The Monthly details of Service tax are received by TMS section from all the units of NWR zone in the prescribed format. This format contains all the services for which the NWR zone is registered with Service tax department. TMS section verifies the information of service tax with the data available at Books section, HQ and prepares the excel file to compile all the data of service tax. This compiled data is handed over to the Professionals to file the Service tax returns within the prescribed time.

Diversion of Coal

Whenever, the Coal of any thermal power is not delivered by the Indian Railways due to some abnormal reasons like natural calamity, agitation etc., at the destination point as per the original Railway receipt is known as "Diversion of Coal".

For instance, as per the Railway Receipt the coal of a thermal power was to be delivered at the NWR zone whereas it is delivered at NR zone. Now NWR zone will raise the Transfer Certificate to the NR zone and pass the following entry on the acceptance of TC:

Transfer Railway-NR (00879703)		DR	XXX	
	To suspense head of Cheques and bills (00867002)	CR		XXX

On the other hand, when the Transfer certificate of NWR is accepted by the NR zone, the NR zone will pass the following entry:

Relevant suspense head of concerned demand (12111199)		DR	XXX	
	To Transfer Railway-NWR (00879733)	CR		XXX

Compensations and Claims

The Finance Compensation Claims section of Traffic accounts office, headquarters is responsible to pay the compensation for the claims lodged. There are two types of cases for which claims may be lodged

1) Accidental Cases – These cases are only filed with the Rail Claims Tribunal.

2) Other than accidental cases such as refund of freight, damages/loss in transit, etc. – These cases may be filed with the appropriate authority of the commercial department of the Indian Railways as well as with the Railway Claim Tribunal.

Presently, on the final judgement the commercial department hands over the file of claim along with the pay order to the finance compensation claims section of TAO. This section study the claims file in all respect and check the accuracy of compensation with the final judgement to pass/approve the pay order. If there is no anomaly in the Claim as well as pay order then the FCC section proceeds for the procedure of CO6, CO7 and Cheque Abstract. At the time of payment following entry is passed:

Corresponding Head of Demand 12 (12025299)		DR	XXX	
	To suspense head of Cheques and bills (00867002)	CR		XXX
	To suspense head of TDS (000021029)	CR		XXX

Sometimes the Railway Claim Tribunal (RCT) /High court pass the interim orders and advices to deposit the amount with the court before passing the final judgement. In this case following entry is passed:

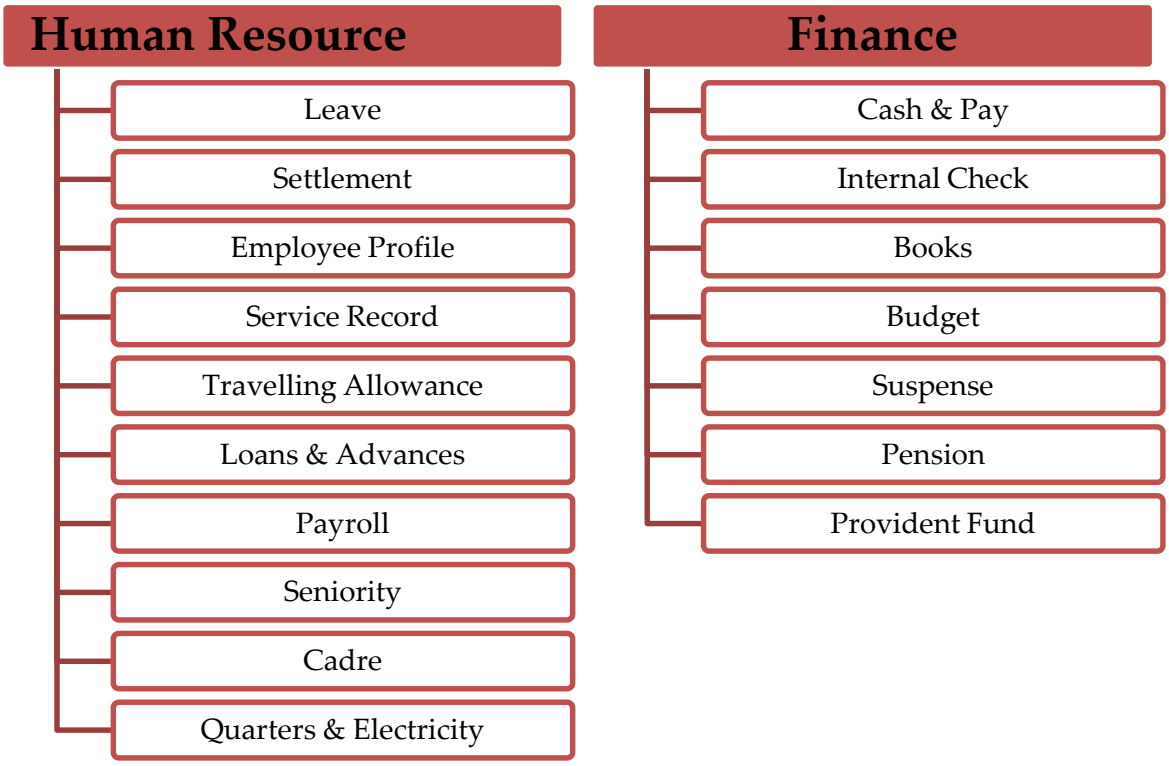
Corresponding Suspense Head of Demand 12 (12111199)		DR	XXX	
	To suspense head of Cheques and bills (00867002)	CR		XXX
	To suspense head of TDS (000021029)	CR		XXX

5. Understanding of Existing Software[4]

ICAI-ARF team discussed and studied various software(s) that are being in use for the purpose of automation of accounting, reporting procedures in the Division, Workshop and Traffic Accounts Office. The same are discussed as under:

AIMS

AIMS stands for Accounting Information and Management System. Formerly, it was known as Integrated Payroll and Accounting System (IPAS). This software is used in Division, Workshop and Traffic Account Office, for the purpose of payroll processing and accounting. This software has been segregated into various modules as per requirement which is as under:



HR module is used for processing of data relating to employees of Indian Railways like, service records and profile of an employee, details of loans taken, processing of pension, etc. Whereas Finance modules deal with work relating to Accounts Department such as CO6 registration, Bill passing, Abstract Preparation, Cheque Printing, etc.

FOXPRO (Workshop General Register)

It is customized software used in Ajmer workshop for the preparation of WGR (Workshop General Register). In this software, details of direct labour hours and cost of direct material consumed is entered work order wise. This is used to calculate the cost of direct labour, amount of all overheads allocated against each work order. Labour rates and the basis for allocation of overheads are pre entered in software and changed periodically as per requirement.

[4] Based on understanding as gain during pilot study carried out at Ajmer Division and Ajmer Workshop

Material Management Information System (MMIS)

MMIS stands for Material Management Information System. This is centralized software used for Stores Accounting, i.e., purchase, issuance of material, raising of Purchase order (PO), generation of Electronic Requirement Mandate (ERM), Receipt Order (RO), Issue Note, etc. There are various types of reports that can be generated in MMIS like details of slow moving inventory, Quantities available as on date, pending PO, etc.

Data Entry Module

Data Entry Module Software used in Traffic Accounts Office. The details of Railway Receipts (RR) of goods are entered into this software. This software contains the basic details like local/foreign card code, load code, risk rate, commodity code, etc. If the amount of freight is exceeded by 9 digits then two entries are required to enter for the same RR. This data is submitted to IT centre Jaipur for generating Machine prepared abstract, pair statement, paid statement and incorrect register. With the help of these documents, the information sent by the stations is crosschecked/verified.

Clipper Based Program

Clipper Based Program (MS-DOS) is program in which the details of cash remittance notes and vouchers are entered. This program contains the basic details regarding cash remittance notes, i.e., station code, check sheet date, collection date, month, amount relating to goods/coaching/misc. Editing is possible if any change is required. It has re indexing feature to save the data in case of power failure or any other reason. This program contains basic details about the voucher, i.e., station code, check sheet date (means closing date of previous month), earning date (voucher date). With the help of this program TAO generates the cash register, seven report and summary report, cash in transit report and voucher register. These statements (except voucher register) are useful to cross check the cash balance in Books I section where revenue account current is prepared. Voucher register is useful to cross check the details of voucher in military warrant section and bills section.

Remittance into Bank (RIB)

RIB is used in TAO for reconciliation of bank remittances. In these software details of bank transaction like Treasury Notes (TR) and receipt of E-payment is recorded. Traffic Accounts office, Division and Workshop enter the bank transaction details. It contains the basic details like Unit code, scroll date (date on which cash office received TR) station code, etc. Data of this software is handed over to Zonal Head Quarter to cross check with the bank receipts. With the help of this software each unit raises Transfer certificate (Debit) to Head Quarter for the purpose of confirmation of bank receipts.

FOXPRO Program

This program is an MS-Dos based program used in TAO to generate the Traffic Book Part-A by entering the coded balance sheet. It contains the basic details like station code, Debit/ Credit code, Traffic Book Code, Balance Sheet item code, etc. Following reports are generated:

i. Traffic Book Summary;
ii. Traffic Book Register;
iii. Station Outstanding;
iv. Balance Sheet Report;
v. Division Wise Summary; and
vi. Service Tax summary, etc.

6. Observation and Gap Analysis

ICAI-ARF team notice following observation during course of study at carried out at Ajmer Division, Ajmer Group of Workshop, Traffic Accounts Office and Head Quarter:

i. **System of Accounting**: Divisions primarily follow cash based system of accounting. However, accounting system currently being followed has also some elements of accrual accounting like demand payable, demand recoverable, etc.
Revenues are recorded in the accounting system as and when they are received. Further, records are also maintained to find out receivable. Similarly, the expenditures are recorded only at the time of making the payment. Liability is not recognised in the accounting system on utilization of the service/material and receipt of the bills from the suppliers/contractors/service providers.

ii. **Financial Statements**: - Divisions prepare monthly account current, which are consolidated at Zonal Head Quarters. No Trial Balance, Balance Sheet or Income and Expenditure Statement are prepared at Division level.

iii. **Accounting Procedures**: - Further**,** accounting procedures may be classified into following broad categories:

iv. **Classification of Expenditure: -** It was observed that some of the expenditure incurred on items of a capital nature is classified as revenue; which, it was understood was mainly due to lack of accounting heads for recording such transactions appropriately.

v. **Accounting of Income: -** Income is recorded and accounted on cash/collection basis and TAO is responsible for doing the same. However, some income is also recorded in Workshop/Division but finally these incomes are also transferred to TAO

vi. **Fixed Assets -** Engineering section of Division has the records of all land/buildings/tracks for Division. But, these assets are recorded on hypothetical basis rather than actual cost. A block account is also maintained for the fund wise assets created, i.e., DRF, DF, etc. But, only assets created from the Demand 16 is shown in this block account.

vii. **Current Assets: -** Currently, records are maintained for any amount receivable and same is also become the part of account current. Further, no provision is maintained for irrecoverable dues are made for long pending dues. Further, irrecoverable dues are not written off from the books of account.

viii. **Liabilities: -** As cash basis of accounting is followed, and no provision is made for unpaid liabilities except salary. Demand payable is operated in the month of March for account for salary on accrual basis. At the Divisions, the liabilities are primarily on account of Supplier/Contractor bills, which are not entered in the accounting system. Statutory liabilities, including recoveries from contractual payments like tax deducted at source, are recovered from the payees' bills at the time of payment and, subsequently, remitted to the concerned authorities through 'Inter Government Adjustment'.

6.1 Findings/ Policies Issues:

Since Indian Railway follows cash basis of accounting, money received against advance booking of ticket is considered as revenue. There is no mapping of revenue with date of travelling;
Similarly, money received against booking of goods should be considered as revenue at the time of its receipts rather than delivery of goods;

i. **Earnings from coaching- Passenger (Cash)-** It is recommended that earning should be linked with the date of journey (if it is possible and respective data is available) and should be recognised as income, as and when the journey takes place, till then it will be shown under the head current liabilities as "Advances from passengers".

ii. **Earnings from coaching- Passenger (in lieu of cash) -** Earning should be linked with the date of journey. There may be following accounting situations: Recognized as income at the time when the journey takes place. However, any amount which is not received against such bills after the date of journey will be shown as "Trade Receivables" under the head current assets. If any amount is received before the date of journey, it will be shown as "Advance from passengers" under the head current liabilities.

iii. **Earnings from coaching- other than passenger-** Current accounting policy are required to be followed. However, if any amount is received in advance for the booking of parcel, it will be treated as "Advance received against parcels booking" and will be shown under the head current liabilities.

iv. **Earnings from goods traffic-** Earning from goods traffic should be matched with the delivery of goods, i.e., when the delivery of goods takes place, income should be recognized. Till then this amount will be shown under the head current liabilities as "Advance from parties against goods traffic". If goods are delivered but the amount is not received against such goods, this amount will be shown under the head current assets as "Trade receivables".

v. **Earning from Wharfage/Demurrage Charges-** This income will be recognized as and when it becomes due on the party and there is no uncertainty/risk attached in its realization. If there is any risk attached then it will be recognized as income at the time when it is actually received. Any unrealized amount of wharfage/demurrage charges will be shown as "Trade receivables" under the head current assets.

vi. **Apportionments of earnings-** Apportionments of earning are inter Railways transactions. It is recommended that a separate ledger account should be opened for each accounting unit so that any amount receivable/payable from each accounting unit may be known. The amount of apportioned earnings which is to be received from Other Zonal Railway will be shown as "Trade receivable" under the head current assets. On the other hand any amount of apportionment which is payable to other Zonal Railways will be shown as "Trade payable" under the head current liabilities.

vii. **Income from land license fee/building rent-** It should be recognised as income on due basis. Any amount of land licence fees/Building Rent which is not received will be shown as "Other Income Receivable" under the head current assets.

viii. **Earnings of way leave charges-** It should be recognised as income on due basis. It may also be noted that any amount which is received in advance will not form part of income and will be shown separately as "Income received in advance" under the head current liabilities. However, this amount will be treated as income as and when it became due.

ix. **Earning of siding and (Foreign Service Contribution) -** It should be recognised as income on due basis. Any amount of siding and FSC charges which is not received will be shown as "Other Income Receivable" under the head current assets.

x. **Sale of assets (Scrap) Recognised as income at the time of receipt -** Any asset, when it is discarded will be removed from FAR. Any difference arising from such condemnation, between book value and sale value will be treated as profit or loss on sale of asset and the same would be recognised in the income and expenditure account for the period in which asset is discarded. The transfer of assets will not be treated as sale of assets but it should be separately disclosed in inter unit transactions.

xi. **Interest on Loans and advances to employees-** Interest will be recognised on time basis. Presently, interest is recovered after the recovery of principle amount on month outstanding balance at prescribed rate. Interest should be recognized as income in every financial year as and when recovery of principle starts.

xii. **Contractual payment-** The liability in respect of works which have been completed as at the yearend but where Measurement Book is not prepared or prepared but bill not prepared or prepared but not paid.

xiii. **Repairs & Maintenance, Telephone Expenses, Water & Electricity Expenses-** The expenses which have been incurred at the yearend but bill not received have to be ascertained/ estimated and liability thereof is to be recognized.

xiv. **Staff welfare expense-** The expenses which have been incurred at the yearend but not paid on or before 31st March have to be ascertained/ estimated and liability thereof is to be recognized.

xv. **Fixed Assets-** All assets created out of Demand no 16 or any other demand need to be shown as fixed assets and depreciation provided thereon.

xvi. **Pension-** Liability for employee's postretirement benefits to be ascertained based on actuarial valuation and provided for in the financial statement.

xvii. **Service Tax-** Service Tax need to be collected at the time of rising of invoice or advanced received whichever is earlier.

xviii. **Stores-** Separate policy/ assumptions will be required for different type of inventory.

xix. **Bills Recoverable Register:** HQ maintained the same hence Details of current assets can be captured from this. (have to check the extent of information available in this register)

xx. **Demand Payable Register:** HQ maintained the same hence Details of current liabilities can be captured from this. (have to check the extent of information available in this register)

6.2 Gap Analysis

Presently, financial statements in Indian Railways are prepared at Zonal level and subsequently consolidated at Railway Board level. Some of the key information like Capital Work in Progress, Depreciation, activity wise cash flow, etc., either are missing or can't be identified easily. Further, accounting policies are also not disclosed and they are not self-explanatory.

Therefore, there is a need for Railway Board to prescribe appropriate accounting policies so that general purpose financial statements are prepared to ensure true and fair view of financial position and operating results and to ensure comparability both with the entity's financial statements of previous periods. To achieve this objective, it sets out overall considerations for the presentation of financial statements, guidance for their structure, and minimum requirements for the content of financial statements prepared under the accrual basis of accounting.

Based on the review of the present accounting system followed by Indian Railways, the following policy issues are required to be addressed and prescribed by the Railway Board.

A. Accounting Policies to be finalized for the following:

1. Basis of Preparation of Financial Statements - The objective of this accounting policy is to prescribe the manner in which general purpose financial statements should be presented to ensure true and fair view of financial position and operating results and to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.
   Based on our study, policies are required on following issues:
   a) Basis of valuation of Capital Work in Progress (CWIP)
   b) Basis of providing Depreciation
   c) Cash Flow Statements – the activities of Indian Railways need to be bifurcated between Operating and Financing for better presentation.

2. Use of Estimates - The Purpose of this accounting policy is to disclose and assist the user of the financial statements to develop the understanding of the accounting estimates, assumptions and changes in accounting estimates & assumptions used to prepare the financial statements of an entity. Some of the areas identified where use of estimates is required are:
   a) Cut off time for expenses payable, liabilities - How many months in the next financial year to be ascertained for creating outstanding liabilities?
   b) Railway Board need to set a threshold limit for prepaid items below which no adjustments would be carried out for preparing financial statements.

   c) The quantity of diesel in locos as on 31st March 2014 and 2015 is to be estimated. Further, the basis of valuing the cost of diesel lying unused in each loco also needs to be worked out separately for each Railway Diesel Installation (RDI). As per our review costing at each Rail Diesel Installation (RDI) is different.

d) In Indian Railway present practice is to recognize unclaimed EMD payable, employee deposits, etc., as income after 3 years. Railway Board needs to finalize as to whether these are to be recognized as a liability for intervening period or a note to be given in financial statements.

e) Railway Board needs to decide the basis for arriving at Credit for Released Material (CRRM) in case information is not available?

f) Issues with respect to Measurement Books
Railway Board needs to decide:
   a. Cases where Measurement Book prepared but bill not prepared - how to ascertain liability as on 31.3.2014 & 31.3.2015?
   b. Cases where Measurement Book not prepared - how to ascertain liability as on 31.3.2014 & 31.3.2015 (cases where Bills are prepared but payment not made can be ascertained by Books section)?

g) Demurrage and wharfage - Railway Board needs to decide whether it is to be considered as accrued for goods not lifted as at year end?

h) Railway Board needs to decide the policy on estimated useful lives of property and equipment.

i) Pension and other postretirement employee benefits expense and obligations (including expected return on plan assets, discount rates, rate of future compensation increases, and health care cost trend rates) needs to be finalized.

j) Railway Board needs to decide the policy for scrap value of asset.

k) Railway Board needs to decide the policy for valuing the scrap in hand at the period-end.

3. Fixed Assets Accounting - The objective of this accounting policy is to prescribe the accounting treatment for property, plant and equipment (PPE) so that users of financial statements can obtain information regarding an entity's investment in its property, plant and equipment and any changes in such investment. Railway Board needs to decide the following:

a) In most cases, cost of acquisition/date of acquisition of fixed assets are not available. In absence of any determinable cost, i.e., acquisition cost/historical cost because of inadequate and non-existent record, asset is being carried at Re. 1/-. (This will be applicable only in case of preparation of Opening Balance sheet, i.e., first balance sheet by following accrual accounting system)

b) Codal life of assets whose life is not available in Codal manual.

c) How to Value Tracks?

d) Whether to take composite cost or component wise cost for track?

e) When and how to capitalize track?

f) Method of depreciation of track, i.e., Composite rate of depreciation or each component is required to be depreciated separately?

g) Whether Track Management System (TMS) can be used to extract data?

h) Whether machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular shall be capitalized?

i) Whether any improvement cost which increases the future economic benefits, safety features, operational efficiency including fuel/energy efficiency from asset and enhances the life and utility of asset shall be capitalized?

j) If ownership of the any land has been transferred free of cost from Government/individuals or has been donated, then such lands shall be recorded at nominal value of Re. 1/-. Whether any development work done on that land shall be capitalized?

4. Capital Work in Progress (CWIP) - The Objective of this accounting policy is to identify and disclose those fixed assets which are under construction. On the completion of construction, the asset should be transferred to the respective category of fixed assets. Railway Board needs to decide the following policy issue:

   We are informed that Projects which are completed but not transferred to Open Line are accounted for by the Construction Department as CWIP.
   Depreciation- The Purpose of this accounting policy is to reflect the significant effect of depreciation on the financial position and operational results of any organization. Any organization which uses mercantile system of accounting for capturing of financial transactions and preparation of financial system is required to charge depreciation on all the depreciable assets in order to present true picture of its state of affairs and operational results of a particular accounting period.
   The policy on depreciation needs to be finalized

5. Provisions, Contingent Liabilities and Contingent Assets - The Purpose of this accounting policy is to ensure that appropriate recognition criteria and measurement bases are applied to provisions,

contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount.

a) Policy for provisioning Bad and Doubtful debts. Once stabilize the policy, receivable data based on their age will be required.

6. Prior Period Items - The Purpose of this accounting policy is to prescribe the criteria of adjustment and disclosure of omissions and misstatements in the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information available. It also enhances the relevance and reliability of the Financial Statements.

7. Extra Ordinary Items - The Purpose of this accounting policy is to disclose separately the effects of extra ordinary items on the financial performance and enable the user of financial statements to take view on expected future performance of an entity.
   a) Railway Board need to set a threshold limit for prepaid and extraordinary items item below which no adjustments would be carried out for financial statements.
   b) The nature and the amount of each extraordinary item are to be disclosed separately in the statement of profit and loss in a manner that its impact on current profit or loss can be perceived.

8. Valuation of Inventories - The purpose of this accounting policy is to prescribe the accounting treatment and method to determine the value at which inventories are recognised in the financial statements.
   Railway Board needs to decide on policies on the following issues:
   a) The threshold limit for the purpose of Inventories (e.g., Consumables, petty items with value less than limit not to be reckoned as inventory).

   b) A Policy need to be finalised for linen in use, their valuation and basis of amortization

   c) Based on our review, we understand that there is Stock of Diesel in pipeline from RDI to Fuelling points (e.g., 23,000 Litre in Jaipur RDI) which needs to be recorded as inventory at the yearend. Further, the valuation of the stock at different RDIs at the year-end is to be quantified separately as the rates at each RDI are different.

   d) Recording of Inventory of – book average Vs. weighted average – Based on our review, we understand that the inventory at present is being valued on the basis of book average and as per proposed accounting policy it is to be valued based on weighted average, the difference amount needs to be worked out and adjusted at the period end.

e) Based on our review, we understand that the payment is released to the supplier on dispatch of material but material not received as at yearend – should it be reduced from inventory and included as advance?

9. Revenue Recognition - This accounting policy outlines the accounting requirements for when to recognise the revenue from sale of goods, rendering of services, interest, royalties and for dividend. Revenue is recognised only when it is probable that future economic benefits or service potential will flow to the government entity and these benefits can be measured reliably.
   Railway Board needs to decide on policies on the following issues:
   a) The revenue shall be recognized as and when actual journey takes place or goods delivered at destination. A policy for treatment of passenger ticket booked in advance on the date of closing Balance Sheet needs to be finalized by Railway Board.

   b) Retiring room booking received in advance

   c) Cloak Room, Excess Fare Ticket, etc., received before year end but the amount is deposited in the next year

   d) Advance fees received from kiosk rent, parking contracts, advertisement, catering service on board, and station, Pantry car contract, Rail side vending, etc.

   e) The profit element on inter depot/division/ inter zone transfer at the time of issuing of stock is to be adjusted.

10. Lease Accounting - The objective of this accounting policy is to prescribe the appropriate accounting treatment and disclosures in respect of lease accounting.

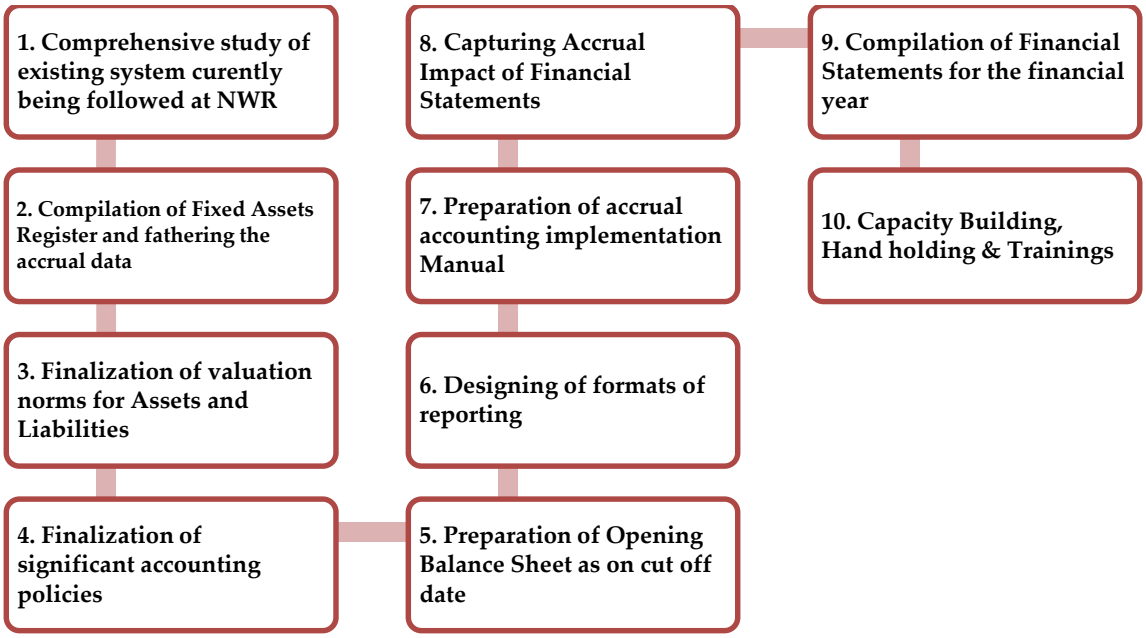
Capturing of Information

Consolidation of Financial Statements

The modality of Consolidation of financial statement need to be worked out whether the same is done through IPAS or newly developed software/excel tools/ any other mode.

7. Chapter - Way Forward for implementation of Accrual Accounting

Way forwards refer to the activities which has to be taken by any organization while shifting from cash to accrual accounting. Following diagram depicts the step to be taken by NWR for preparation of financial statements on accrual based system of accounting:



7.1 Comprehensive Study of Existing Accounting Systems

This is the first step wherein a diagnostic review is required to be undertaken, primarily with the purpose of better understanding of the existing system and to plan the strategies and measures for implementation of Accounting Reforms. For this matter, study of Manuals and other relevant material issued by the IR as well as the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) is required. Further, due consideration should be given to the Indian Government Financial Reporting Standards (IGFRS) issued by the GASAB.

The process mapping of the 'As-Is' scenario with respect to the current flow of processes as well as accounting transactions is completed at NWR in its departments. Herein below, we shall discuss the roadmap/steps for implementation of the new accounting system.

7.2 Compilation of Fixed Assets Register (FAR)

One of the most important steps in the process of implementation of accrual based double entry system is identification and accounting of Fixed Assets. For this purpose Fixed Asset Register will be prepared. The Fixed Assets Register (FAR) will give details of all fixed assets owned by the Indian Railways. The FAR will give the list of comprehensive single record of all information necessary about each physical asset and these records will form part of general ledger accounting system. The FAR will provide the

information to manage the assets and this information will be the basis for knowing the investment in assets and will help in planning for further investments in future. Date of purchase of asset will also be identified which will help in determining the age of asset. FAR also gives information about location of the asset in the organization.

Fixed Assets, being a significant portion of the total assets of any organization, the accounting thereof involves proper classification, segregation, recording and presentation for the purpose of reflecting the financial status and determining the level of efficiency of the organization in relation to the cost incurred on the assets.

It is essential to record all the assets in the books of accounts and make provision for depreciation not only in a commercial environment, but also for entities that do not operate for profit. Governments, particularly those that operate in a parliamentary democracy, are custodians of the money raised from the citizens and other sources. They have a duty to ensure that assets created out of such borrowings are looked after properly, so that they are not frittered away or used in efficiently. This duty of the Government is irrespective of whether the assets are put to use to generate profit or otherwise. Government Department/units in India are not following the accrual-based double entry accounting system for preparing its financial statements. Nevertheless, after realizing the importance of preparing financial statements under accrual-based principles, gradually these government units are converting their accounting system from the existing single-entry system to the double-entry system, and at the same time migrating from cash-based accounting to accrual-based accounting. The first step for any unit (including a Government unit) to convert to double entry accrual system of accounting is to prepare the Opening Balance Sheet.

The preparation of the opening balance sheet requires determination of balances of fixed assets and current assets, and long-term and short-term dues and liabilities payable to outsiders. An opening balance sheet is required to be prepared to draw the statement of affairs of the entity as on the date of the balance sheet and carrying the balances of all assets and liabilities to the next accounting year as the opening balances. Thus, after the preparation of the opening balance sheet, conversion from cash based accounting to accrual based accounting will take place.

Categorization of Fixed Assets

After having a view of IR's assets, ICAI ARF Project Team categorized the fixed assets of Indian Railways in the following manner:

i. Land;
ii. Buildings;
iii. Bridge/Tunnel/Flyover/Subways;
iv. Roads/Street;
v. Railways Tracks;
vi. Track Components;
vii. Furniture & Fixtures;
viii. Office Equipments;
ix. Vehicles;
x. Plant, Machinery &Equipments;
xi. Computer & Peripherals;

xii. Medical Equipments;
xiii. Loco/Coach/Wagon;
xiv. Capital work-in-progress
xv. Plant, Machinery & Equipment (Signal);
xvi. Plant, Machinery & Equipment (Telecom);
xvii. Electric Equipment & Fittings; and
xviii. Intangible Assets

Based upon categorization, ICAI-ARF designed the formats for collecting information relating to Fixed Assets for the purpose of compiling Fixed Assets Register (FAR). The formats so designed were submitted to IR officials for their comments/suggestions. These formats are primarily designed on the basis of FAR formats of NMAM, which is developed by C&AG and some other Government departments/organizations. Subsequently, IR officials also provided their feedback suggestions which were also incorporated in these formats which were then re-submitted to IR officials and were subsequently approved by IR **(Annexure I)**.

7.3 Preparation of Opening Balance Sheet (OBS)

This is the first step which is required to be taken while migrating from cash system of accounting to accrual based system of accounting. After comprehensive study of the existing system, Opening Balance Sheet is required to be prepared.
For the purpose of preparing opening balance sheet, the project team of ICAI-ARF prepared data capturing formats for the purpose of compiling FAR and OBS as well. Separate formats have been designed for Current Assets &Current Liabilities (**Annexure III**) and circulated to Departments who will compile the formats duly filled by the Regions/Sub-Regions, etc., and certified/ authorized by the officials concerned. However, some additional information is also required to be shown in Notes to accounts (**Annexure IV**). Notes to accounts is not only given with opening balance sheet but also it is required to be given with financial statements of any financial year.

The project team has also submitted a draft of 'Valuation Norms' for Opening Balance Sheet in respect of all valuation of its all fixed assets. These valuation norms shall act as guiding principles while preparing the OBS and be disclosed in the 'Notes to Accounts'. It is at this stage that due consideration should be given to the Indian Government Financial Reporting Standards (IGFRS) issued by the GASAB and the relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

These Accounting Standards prescribe the accounting treatment for presentation and valuation of various assets/liabilities so that users of financial statements can obtain information regarding an entity's assets and liabilities. Depreciation policy is also required to be finalized for providing depreciation on fixed assets as existing on the date of OBS. All the above mentioned steps shall lead to:

i. Ascertaining the balances of all the Fixed assets own by the Division/Workshop;
ii. Ascertaining capital work in progress;
iii. Ascertaining current assets such as cash, bank balances, inventories and all the receivables;
iv. Ascertaining current liabilities including statutory dues payable employee related liabilities, etc.; and
v. Ascertaining of necessary provisions and contingent assets and liabilities.

Following steps are to be followed for the purpose of preparation of OBS as at 31.3.14:

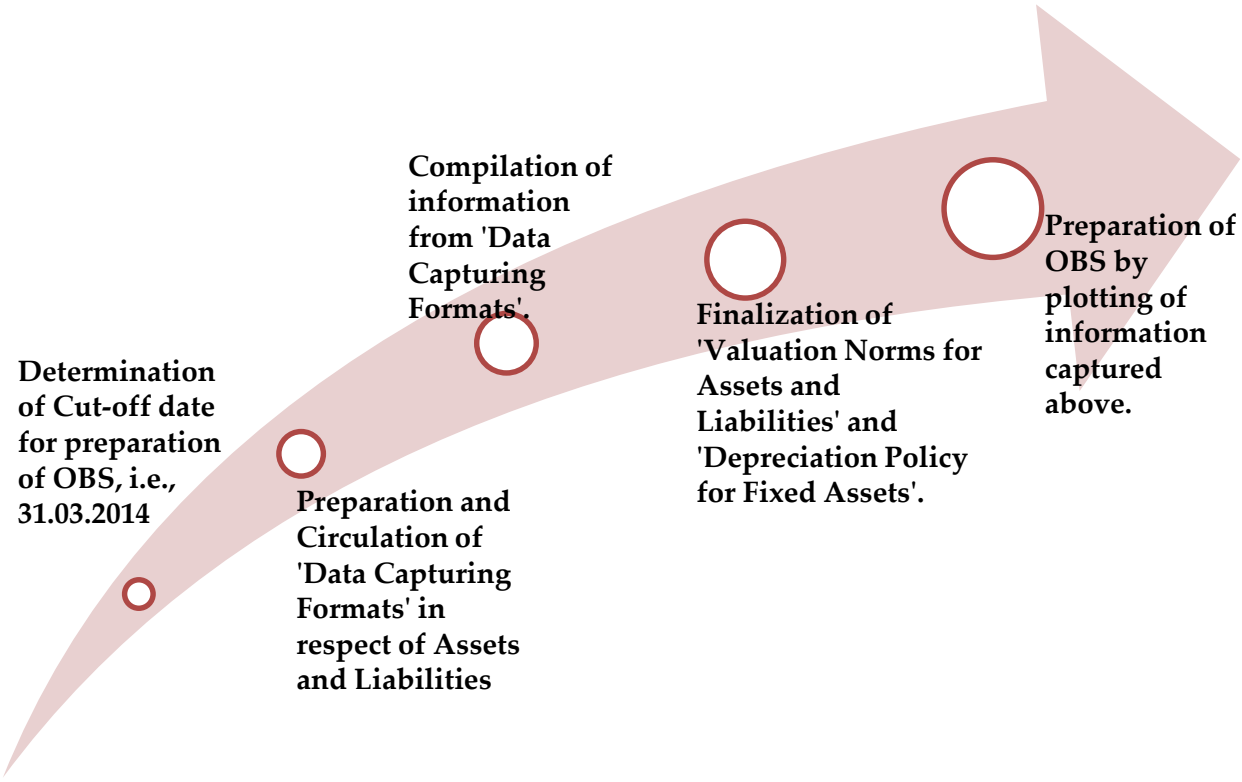


Figure 3: Preparation of Opening Balance Sheet

7.4 Finalizing Valuation Norms of Assets and Liabilities

After identification and verification of the assets and liabilities, the process of valuation starts. We need to prepare and finalize the valuation norms for all the assets and liabilities. Since incomplete information as to cost of construction/purchase of assets, year in which it purchased/ constructed, time of additions/ improvements may lead to problems while doing accounting of all assets and liabilities. To have uniformity and consistency in accounts, the value of each assets acquired/constructed shall be taken as Re. 1/- till any value is assigned/revaluation is done.

Broadly, in IR, for valuation purposes, the assets may be classified into following two parts:

i. Fixed Assets; and
ii. Current Assets.

i. Fixed Assets: Fixed Assets may be defined as the tangible as well as intangible assets, acquired by an organization for use in the production or supply of goods or services or given on license fee to others or used for administrative purposes. They are held primarily for use, not for sale and are expected to be used during more than one accounting period. Since fixed assets are often a major portion of the total assets of the organization and are, therefore, significant in the presentation of its financial position.

Primarily the issues involved while accounting the fixed assets are as follows:

a. Identification of assets;

b. Physical verification of assets; and
c. Valuation of fixed asset.

ii. Current Assets: All assets that are reasonably expected to be converted into cash within normal operating cycle or where operating cycle cannot be ascertainable within one year in the normal course of business. Current assets include cash, accounts receivable, inventory, marketable securities, prepaid expenses and other liquid assets that can be readily converted to cash. Current assets are important to businesses because they are the assets that are used to fund day-to-day operations and pay ongoing expenses. Depending on the nature of the business, current assets can range from barrels of crude oil, to baked goods, to foreign currency. In case of IR current assets include demand recoverable, imprest, etc.

Liabilities: Liabilities are organization's legal debts or obligations that arise during the course of business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods or services. Liabilities include loans, accounts payable, mortgages, deferred revenues and accrued expenses. Liabilities are a vital aspect of an organization's operations because they are used to finance operations and pay for large expansions. They can also make transactions between businesses more efficient. For example, the outstanding money that an organization owes to its suppliers would be considered a liability. In IR liabilities include demand payable, salary payable, statutory due payable, utility bill payable, etc.

Further, liabilities can also be following two types:

a. **Current Liabilities**: liabilities which are payable within normal business operating cycle or where operating cycle is not available/ascertainable one year.
b. **Non – current liabilities**: Liabilities other than current liabilities is treated as non-current liabilities.

7.5 Finalizing Accounting Regulations and Significant Account Policies

Accounting policies are also important to any entity to maintain consistency in all the aspects such as carrying out activities, MIS and other transactions. Generally, based upon the accounting policies followed by the entity, the procedures and internal control systems, etc., are developed and followed. For example, the decision relating to capital expenditure, processing of payment of bills, cash management and budgeting, etc., are governed by the accounting policies. Accounting policies are usually developed and approved by the top management of the entity and do not get changed over a period of time. They are developed for long-term use and reflect a firm's values and ethics. Accounting policies are not the same as accounting principles. Accounting principles are the rules while accounting policies describes how an entity adheres to these rules.

Consequent to the adoption of Accrual System of Accounting, it is imperative to look into, discuss and decide upon the issues related to accounting policies and the methods of their application. The choice of appropriate accounting policies and principles and the methods of applying those principles in the

Specific circumstances depend upon the activities carried out by the entity. Detailed accounting policy will be covered in our Accrual Accounting Implementation Manual (AAIM). However, following table depicts the illustrative accounting policies for various transactions in IR:

S. No	Particulars	Current Accounting Policy	Proposed Accounting Policy
Earnings/Revenue			
1.	Earnings from coaching- Passenger (Cash)	Recognised and recorded as income at the time of receipt.	It is recommended that earning should be linked with the date of journey (if it is possible and respective data is available) and should be recognised as income, as and when the journey takes place, till then it will be shown under the head current liabilities as "Advances from passengers".
2.	Earnings from coaching- Passenger (in lieu of cash)	Presently, earnings from ticket issued against the voucher like military warrants, police warrants, etc., are recognised as an income at the time of raising bills on the concerned departments.	Earning should be linked with the date of journey. There may be following accounting situations: i. Recognized as income at the time when the journey takes place. However, any amount which is not received against such bills after the date of journey will be shown as "Trade Receivables" under the head current assets. If any amount is received before the date of journey, it will be shown as "Advance from passengers" under the head current liabilities.
3.	Earnings from coaching- other than passenger	Recognised as income at the time of receipt.	Current accounting policy is required to be followed. However, if any amount is received in advance for the booking of parcel, it will be treated as "Advance received against parcels booking" and will be shown under the head current liabilities.

S. No	Particulars	Current Accounting Policy	Proposed Accounting Policy
4.	Earnings from goods traffic	Recognised as income at the time of receipt. However, in some cases, any amount which is yet to be received against booking of goods is recorded in the traffic suspense and also considered as income.	Earning from goods traffic should be matched with the delivery of goods, i.e., when the delivery of goods takes place, income should be recognized. Till then this amount will be shown under the head current liabilities as "Advance from parties against goods traffic". If goods are delivered but the amount is not received against such goods, this amount will be shown under the head current assets as "Trade receivables".
5.	Earning from Wharfage/Demurrage Charges.	Recognised as income at the time of receipt. Any unrealized amount is recorded in traffic suspense.	This income will be recognized as and when it becomes due on the party and there is no uncertainty/risk attached in its realization. If there is any risk attached then it will be recognized as income at the time when it is actually received. Any unrealized amount of wharfage/demurrage charges will be shown as "Trade receivables" under the head current assets.
6.	Apportionment of earnings	Currently, the transaction of apportionment of earnings is dealt through transfer Divisional account by raising/accepting transfer certificates.	Apportionments of earning are inter Railways transactions. It is recommended that a separate ledger account should be opened for each accounting unit so that any amount receivable/payable from each accounting unit may be known. The amount of apportioned earnings which is to be received from Other Zonal Railway will be shown as "Trade receivable" under the head current assets. On the other hand any amount of apportionment which is payable to other Zonal Railways will be shown as "Trade payable" under the head current liabilities.
7.	Railway Recruitment Board receipt	Recognised as income at the time of receipt.	Current accounting policy is recommended.

S. No	Particulars	Current Accounting Policy	Proposed Accounting Policy
8.	Income from land licence Fee/Building rent	Recognised as income at the time of receipt. However, any unrealised amount is recorded as Demand Recoverable which is also considered while computing the income for a particular period.	It should be recognised as income on due basis. Any amount of land licence fees/Building Rent which is not received will be shown as "Other Income Receivable" under the head current assets.
9.	Earnings of way leave charges	Way leave charges are collected in advance for ten years and the whole amount is recognised as income in the year of receipt.	It should be recognised as income on due basis. It may also be noted that any amount which is received in advance will not form part of income and will be shown separately as "Income received in advance" under the head current liabilities. However, this amount will be treated as income as and when it became due.
10.	Earning from siding and Foreign Service Contribution (FSC) charges	Recognised as income at the time of receipt. However, any unrealised amount is recorded as Demand Recoverable which is also considered while computing the income for a particular period.	It should be recognised as income on due basis. Any amount of siding and FSC charges which is not received will be shown as "Other Income Receivable" under the head current assets.
11.	Income from advertisement	Recognised as income at the time of receipt.	Income should be recognised on due basis.
12.	Sale of assets (Scrap).	Currently, estimated realisable value of any asset on its condemnation is taken as CRRM value. However, in some cases, assets are also used to transfer to other Railway without any financial adjustment.	Any asset, when it is discarded will be removed from FAR. Any difference arising from such condemnation, between book value and sale value will be treated as profit or loss on sale of asset and the same would be recognised in the income and expenditure account for the period in which asset is discarded. The transfer of assets will not be treated as sale of assets but it should be separately disclosed in inter unit transactions.

S. No	Particulars	Current Accounting Policy	Proposed Accounting Policy
13.	Interest on Loans and advances to employees	Interest amount is recovered after recovery of principal amount.	Interest will be recognised on time basis. Presently, interest is recovered after the recovery of principle amount on month outstanding balance at prescribed rate. Interest should be recognized as income in every financial year as and when recovery of principle start
14.	Any other earnings	Recognised as income at the time of receipt.	It should be recognised as income on due basis.
Expenditure			
1.	Salary and Wages to Employees	It is recognised in the books as expense as and when it is paid. However, Demand payable is also operated in the month of March for recognition of salary on the due basis.	Current accounting policy is recommended.
2.	Contractual payment	All the payment related to contracts is presently recognised in the books at the time of payment only.	The liability in respect of works which have been completed as at the yearend but where Measurement Book 1. not prepared: 2. prepared but bill not prepared; and 3. Prepared Bill prepared but not paid. The process to be followed for ascertainment of quantity and value needs to be laid down in all cases.
3.	Repairs & maintenance	Recognised as expense at the time of payment.	The expenses which have been incurred at the yearend but bill not received have to be ascertained/ estimated and liability thereof is to be recognized.
4.	Telephone Expense	Recognised as expense at the time of payment.	The expenses which have been incurred at the yearend but bill not received have to be ascertained/ estimated and liability thereof is to be recognized.

S. No	Particulars	Current Accounting Policy	Proposed Accounting Policy
5.	Staff welfare expense	Recognised as expense at the time of payment.	The expenses which have been incurred at the yearend but not paid on or before 31st March have to be ascertained/ estimated and liability thereof is to be recognized.
6.	Water & Electricity expense	Recognised as expense at the time of payment.	The expenses which have been incurred at the yearend but bill not received have to be ascertained/ estimated and liability thereof is to be recognized.
7.	Compensation and claims	Recognised as expense at the time of payment.	The expenses which have been incurred at the yearend but bill not received have to be ascertained/ estimated and liability thereof is to be recognized.
Assets			
1.	Fixed Assets	Only assets which are charged to Demand 16 are shown in Block Account. In some cases, furniture, computer, etc., are purchased from revenue demand and charged to revenue. There is no concept of charging depreciation on assets individually. However, each year amount recommended by 'Railway convention committee' is transferred to DRF.	All assets created out of Demand no 16 or any other demand need to be shown as fixed assets and depreciation provided thereon.
2.	Cash Imprest	Amount expended is booked as expenditure upon submission of bills and amount equivalent to bill submitted is recouped again to concerned personnel as imprest.	Current accounting policy is recommended.
Liabilities			
1.	Capital Fund (Own Fund)	As financial statements are not prepared at Divisions, so question of capital fund does not arise. However, there are various funds such as DRF, DF, etc., are using for the purpose of creating fixed assets.	Current accounting policy is recommended.

S. No	Particulars	Current Accounting Policy	Proposed Accounting Policy
2.	Pension	It is booked as expenditure as and when it is paid. No provision is made for the future liability in respect of pension.	Liability for employees post-retirement benefits to be ascertain based on actuarial valuation and provided for in the financial statement
3.	TDS payment	Actual payment is not made at present to Income tax Department at Divisions/Workshop level. However, payment of TDS takes place at Railway Board level through 'Inter Government Adjustment'.	Current accounting policy is recommended.
4.	Group Insurance	The amount of insurance is deducted from the salary but the amount collected towards premium is transferred by "inter government adjustment". At the time of death or retirement the accumulated amount is paid to the employees.	Current accounting policy is recommended.
5.	Sales Tax/ Works Contract Tax	Presently, sales tax/WCT is deducted as per the requirement of respective laws and thereafter it is deposited within the prescribed time through proper channel.	Current accounting policy is recommended.
6.	Service Tax	Service tax is collected at the time of service delivery or collection of income. Further, payment of service tax takes place at Railway Board level through 'Inter Government Adjustment'.	Service Tax need to be collected at the time of rising of invoice or advanced received whichever is earlier.
7.	Stores	All type of inventory is valued at cost and there is no provision for slow moving or dead stock.	Separate policy/ assumptions will be required for different type of inventory

7.6 Preparation of Accrual Accounting Implementation Manual – Contents & Coverage

Accrual Accounting Implementation Manual is a document that contains relevant accounting rules, policies, principles, guidelines and other information for Indian Railways. It will also specify the rules and procedures for the preparation of the Financial Statements at the end of the financial year.

The Accounts Manual will broadly cover the following:

i. General Accounting Procedure including guidance for drawing opening balance sheet and financial statements for other Zonal Railways;
ii. Significant Accounting Principles;
iii. Procedure details with recommendations of books/ registers to be maintained;
iv. Forms/ formats for books of accounts, registers and other subsidiary record (if any);
v. Formats for periodical/annual financial statements (**Annexure II**).

7.7 Capturing Accrual Impact of Financial Statements

ICAI-ARF team is preparing financial statements of NWR on grafting basis, i.e., based on existing financial statement with some additional information in respect of accrual element and same strategy will be followed in preparing financial statements of other Zonal Railways. ***However, it is recommended to prepare financial statements by capturing accounting transaction on day-to-day basis.*** For effective implementation of capturing accounting transaction on day-to-day basis, it is necessary to impart proper training to the officials concerned of the Organization.

7.8 Compilation of Financial Statements for the F.Y. 2014-15

Financial statements are intended to meet the needs of users. Users of financial statements include stake holders like taxpayers, members of Legislature, Government entities, the media and the public, including citizens. The objective of financial statements is primarily to provide 'true and fair' view of the financial position, financial performance and cash flows of the Government entity which is useful to a wide range of users in making and evaluating decisions about the allocation of resources and to demonstrate the accountability of the Government entity for the resources entrusted to it, by:

i. Providing information about the sources, allocation, and utilization of financial resources;
ii. Providing information about how the Government entity financed its activities and met its cash requirements;
iii. Providing information that is useful in evaluating the Government entity's ability to finance its activities and to meet its liabilities and commitments;
iv. Providing information about the financial condition of the Government entity and changes in it, including its assets and liabilities; and
v. Providing aggregate information useful in evaluating the Government entity's performance in terms of cost of providing services and efficiency in delivery of services besides other accomplishments.

ICAI-ARF team will compile the financial statements of NWR on the accrual based system of accounting.

7.9 Capacity Building, Hand Holding & Training

ICAI-ARF team will strengthen, support and supervise the NWR staff for the sustaining of accrual based system of accounting and preparation of financial statements on accrual basis. It will include Balance Sheet, Statement of Income and Expenditure, statement of Receipt and Payment along with Schedules to Balance Sheet, Income and Expenditure Statement, Statement of Receipt and Payment, notes to accounts and other necessary details as required.

Annexures -Forms and Formats

Annexure 1: FAR Format

Details of Lands, North Western Railway

FA-1

S.No.	Stock Holder Code	Particular/Description of Land Plots	Plot Reference No.	Block Section (Between two Stations)	Chain age in Kms)	RHS or LHS in increasing KMs	Specify if Leasehold/Freehold	Location			Revenue village as per revenue records	Dimension of Land		year of acquisition(if known), mention earlier than (if not known)	Land Plan No.	Status in Revenue Record	Cost of acquisition of Land (if Available)	Cost of Improvement (If Available) (Any expenses incurred on land like construction of boundary wall/fencing	Current Use of Land	Any part Separable for other use (Area)	District Level Committee (DLC) Rate	Area in unit in reference to DLC rate	Year of DLC Rate	Present /actual Cost of Land	Remarks
								State	District	Town/village		Length	Area													
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26

Notes:

1. Details of all Land belonging to the Ajmer Division, irrespective of the fact, whether it is vacant or any structure has been constructed on that, should be included here.
2. Specify if land is Industrial/Agriculture/Residential.
3. Where the date/year of acquisition is ascertainable but the cost as well as the original documents is not available, valuation can be done using the '**Guidance Value**' prescribed under the Stamp Duty Act for the location, type of land and date. If the '**Guidance Value**' is also not available for that particular year/date, transaction value of a similar plot in the similar area around the estimated year of transaction can be adopted as the transaction rate for valuation purposes.
4. If any other thing is required to be mention regarding land, then same may be shown in 'Remark Column'.

Details of Buildings
North Western Railway

FA-2

S.No.	Stock Holder Code	Description	Location			Revenue village as per revenue records	Dimension of building		No. of floors	Area of land on which Building is located	Total build Up area	year of acquisition/construction(if known), Earlier than (if not known)	cost of acquisition/construction	Improvement (If any)		Total cost	Life of asset as per Codal provisions	No. of year assets is in use	Remaining life of assets as on 31.03.2014	Rate of Depreciation	Accumulated Depreciation till 31.03.2014	Net Book Value as on 31.03.2014	Current Use of Building	Give reference of title Document	Remarks
			State	District	Town/Village		Length	Breadth						Year of Improvement	Cost of Improvement										
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26

Notes:

1. Buildings should be categorized into Ajmer division offices, residential quarters, godowns, hospitals, workshops etc.
2. Each building should be identified separately.

Details of Bridges/Flyover/Tunnel/Subways
North Western Railway

FA-3

S.No.	Stock holder code	Bridge type (Bridge/ROB/RUB)	Description (Bridge no. Or ROB/RUB no.)	Block section (Between two stations)	Chain age (KMs)	Location			Type of bridge (Arch/steel girder/PSC girder/RCC box etc	Dimension of structure							Loading bridge sanction for (MBG/RBG/GC)	Area of land on which structure is constructed	Date of construction	Cost of construction	Improvement (If any)		Total cost	Fund allocation code	Life as per Codal provisions	No. of year assets is in use	Rate of depreciation	Accumulated depreciation till date 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Approved Drg. No.	Remarks
						State	District	Town Village		Length	Total no. Of spans	No. Of span-1	SP-1	No. Of span-2	SP-2	No. Of span-3	SP-3					Year of improvement	Cost of improvement								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33

Notes:

1. Whereas possible, prepare a separate list of bridge/tunnel/subway etc.
2. Each such structure should be identified separately.
3. If any bridge/tunnel/subways is not in used, then same also may be included here. However further details may be given in 'Remark 'column.
4. If actual date of construction is not available but the year of construction is available, then year may be given in relevant column.
5. If any other detail is required to be given in respect of Bridge/tunnel etc., then same may be mentioned in 'Remark Column'.

Details of Roads/Streets
North Western Railway

FA-4

S.No.	Stock Holder Code	Type of road (NH/SH/municipal road/village road etc.	Description of road (joining town/village)	Station	Location			Specify whether the road/street is concrete/bitumen/kutcha/WBM	Survey no. of the land where structure is located	Dimension of roads		Area of road (Sq. M.)	Date of construction	Cost of construction	Repair Frequency	improvement (If any)		Total cost	Fund allocation code	Life as per Codal provisions	No. of year in use	Rate of depreciation	Accumulated depreciation till date 31.03.2014	WDV as on 31.03.2014	Give reference of title document	Remarks
					State	District	Town/village			Length	Breadth					Year of improvement	Cost of improvement									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27

Notes:

1. Here improvement means conversion of the road from one type of construction to another type of construction. E.g. Conversion of a tar road into a concrete road. It may also include extension of road.
2. Each road should be identified separately.
3. If any road is not in used, then same also may be included here.
4. If actual date of construction is not available but the year of construction is available, then year may be given in relevant column.
5. If any other detail is required to be given in respect of road, then same may be mentioned in 'Remark Column'.

2016

Details of Railway Tracks

North Western Railway

FA-5

S.No.	Stock Holder Code	Type of Track			Location (KM)		Between two stations		Length of track (in Kms)	Specify whether the track is MG or BG	Date/year of laying	Cost of construction	Improvement (If any)		CRRM cost of latest renewal	Total cost	Fund allocation code	Life as per Codal Provisions	Number of years track is in use	Rate of depreciation	Accumulated depreciation till date 31.03.2014	WDV as on 31.03.2014	Give reference of title document	Remarks
		Rail (60Kg/52 KG/90 R/75 R etc.)	Sleeper (PSC 6/PSC 5/CST 9/steel/wooden)	Sleeper Density	From KM	To KM	From	To					Date of improvement	Cost of improvement										
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25

Notes:

1. Here improvement means conversion of Broad Gauge (BG) to Meter Gauge (MG).
2. Each track between all stations should be identified separately.
3. If any track is not in used and lying idle then same will also be included here.
4. All Railway siding given by IR to third parties should also be mention here.
5. If any other detail is required to be given in respect of track, then same may be mentioned in 'Remark Column'.

Details of Railway Tracks Components

North Western Railway

FA-5A

S.No.	Stock Holder Code	Name of Track Component		Location	Make	Drag No.	Year of Manufacturing	Codal Life	Component used on track										Component lying in stores			Remarks
									Date of laying	No of units	cost per unit	Total cost	No of year component is in use	Depreciation rate	Accumulated depreciation till 31.03.2014	Net Book Value as on 31.03.2014	Replacement due		No of Units	Cost per unit	Total cost	
																	Month	Year				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23

Notes:

1. No depreciation will be charged on component lying in stores. Depreciation is to be charged only on those component which is used on track

Details of Furniture and Fixtures

North Western Railway **FA-6**

S.NO.	Description	Location	Reference number (If any)	Date of acquisition/construction	Total no of units	Cost per unit	Total Cost of acquisition/construction	Life of assets as per Codal provisions	No of year assets is in use	Rate of depreciation	Accumulated depreciation till 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Notes:

1. Furniture includes tables, chairs, cupboards, almirahs, fans, coolers, air conditioner, UPS, Refrigerator, TV, invertors etc.
2. Whereas possible, prepare a separate list for each class of furniture.
3. Assets reference number denotes any numbering/coding given to each piece of asset.
4. Details of the furniture & fixtures should be collected department/section/location wise.
5. If actual date of construction/acquisition is not available but the year of acquisition/construction is available, then year may be given in relevant column.

Details of Office Equipments

North Western Railway **FA-7**

S.NO.	Description	Location	Assets Reference Number	Date of acquisition	Total no of units	Cost per unit	Total cost of acquisition/installation	Life of assets as per Codal provisions	No of year assets is in use	Rate of depreciation	Accumulated depreciation till 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Notes:

1. Office equipments include Fax Machine, Xerox Machine, Type writer, projector etc.
2. If possible, prepare a separate list for each class of office equipment.
3. Assets reference number denotes any numbering/coding given to each piece of asset.
4. If actual date of construction/installation is not available but the year of acquisition/construction is available, then year may be given in relevant column.

Details of Vehicles

North Western Railway

FA-8

S.NO.	Description of vehicles	Location	Vehicle's details in respect of			Date of acquisition	Cost of acquisition	Details of improvements		Total cost (Rs.)	Fund allocation code	Life of vehicle as per Codal provisions	No of year vehicle is in use	Rate of depreciation	accumulated depreciation till 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Give reference of the available title documents	Remarks
			Registration number	Engine number	Chassis number			Date	Cost									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19

Notes:

1. In Column 2, kindly specify the description of vehicles specifying whether it is car, jeeps, trucks, ambulance etc.
2. Also mention present use of vehicle in the remark column.
3. If actual date of acquisition is not available but the year of acquisition is available, then year may be given in relevant column.
4. Improvement of vehicles include extension of body or otherwise.

Details of Plant, Machinery &Equipments

North Western Railway

FA-9

S.NO.	Stock Holder Code	Unit	Station	Location	Category of Machine	Description of Machine	Capacity	COFMOW PO no. & date	Name of Supplier	Cost of acquisition/installation	Date of acquisition/installation	Date of commencement of operation	No of shifts in use	Details of improvements		Total cost	Fund allocation code	Life of machine as per Codal provisions	No of years machinery is in use	Rate of depreciation	Accumulated depreciation till 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Give reference of the available title documents	Current market value (if Available)	Condition	Whether Surplus	Remarks
														Date	Cost												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28

Notes:

1. Details of any improvements to the plant and machinery, which has resulted into increasing the capacity of the plant and machinery, should be mentioned separately.
2. Also specify the general nature of machinery in relevant column.
3. Plant, machinery & equipment used in workshop for the purpose of repair & maintenance of Loco/Coach/Wagon will also be covered here.
4. If actual date of installation/acquisition is not available but the year of acquisition/installation is available, then year may be given in relevant column.

Details of Computers and Peripherals
North Western Railway

FA-10

S. No.	Description	Location	Reference number	Date of acquisition/installation	Total no of units	Cost per unit	Total cost of acquisition	Life of assets as per Codal provisions	No of year assets is in use	Rate of depreciation	Accumulated depreciation till date 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Notes:

1. Computers & peripherals include desktops/laptops/printers/networking equipments etc.
2. If possible, prepare a separate list for each type of item.
3. Assets reference number denotes any numbering/coding given to each piece of asset.
4. If actual date of installation/acquisition is not available but the year of acquisition/installation is available, then year may be given in relevant column.

Details of Medical Equipments

North Western Railway **FA-11**

S.NO.	Description	Location	Reference number	Date of acquisition/installation	Total no of units	Cost per unit	Total Cost of acquisition	Life of assets as per Codal provisions	No of year assets is in use	Rate of Depreciation	Accumulated depreciation till 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Notes:

1. Medical equipments include all equipment which are using in hospitals maintained by Indian Railways.
2. If possible, prepare a separate list for each type of item.
3. Assets reference number denotes any numbering/coding given to each piece of asset.
4. If actual date of construction/acquisition is not available but the year of acquisition/construction is available, then year may be given in relevant column.

Details of Loco/Coach/Wagon

North Western Railway **FA-12**

S.NO.	Stock holder code	Department	Group code	Sub Group code	Asset reference no.	Type of wagon/coach/loco	Description	Location	Date of acquisition/construction	Date of commencement of operation	Total quantity	Cost of acquisition/construction per wagon/loco/coach	Details of improvement		Total Cost	Fund allocation code	Life as per Codal provisions	No of year assets is in use	Rate of Depreciation	Accumulated depreciation till date 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Remarks
													Date	Cost								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23

Notes:

1. Each coach/wagon/loco should be identified separately.
2. Kindly, prepare a separate list for each type of wagon/coach/loco. For example, sleeper coach/AC coach/coach BG/Coach MG /Wagon BG/ Wagon MG etc.
3. Assets reference number denotes any numbering/coding given to each piece of asset.
4. If actual date of construction/acquisition is not available but the year of acquisition/construction is available, then year may be given in relevant column.
5. If any other necessary details are required to be mention in relation to coach/wagon/loco, then same may be given in 'Remark Column'.
6. Here improvement does not mean periodic overhauling (POH). However, improvement includes any major change which increases the life of coach/wagon/loco.

Details of Capital Work in Progress
North Western Railway

FA-13

S.NO.	Description of Work	Location	Estimated Cost of work	Cost incurred till 31.03.2014	Fund allocation code	Estimated date of completion of the work	Remarks
1	2	3	4	5	6	7	8

Notes:

1. Whereas possible please provide the separate details of every type of work in progress.

Details of Plant, Machinery &Equipments (Signalling)

North Western Railway

FA-14

S.NO.	Description of Machinery	Specification/nature of machine	Location/Station	Capacity	Number of shifts in use	Date of acquisition/installation	Date of commencement of operation	Total Cost of acquisition/installation	Fund allocation code	Life of machine as per Codal provisions	No of years machinery is in use	Rate of depreciation	Accumulated depreciation till 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Give reference of the available title documents	Current market value (if Available)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18

Notes:

1. If actual date of installation/acquisition is not available but the year of acquisition/installation is available, then year may be given in relevant column.

Details of Plant, Machinery &Equipments (Telecom)

North Western Railway **FA-15**

S.NO.	Description of Machinery	Specification/nature of machine	Block Section(Between two stations)	Capacity	Number of shifts in use	Date of acquisition/installation	Date of commencement of operation	Total Cost of acquisition/installation	Fund allocation code	Life of machine as per Codal provisions	No of years machinery is in use	Rate of depreciation	Accumulated depreciation till 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Give reference of the available title documents	Current market value (if Available)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18

Notes:

1. If actual date of installation/acquisition is not available but the year of acquisition/installation is available, then year may be given in relevant column.

Details of Electrical Equipments& Fittings

North Western Railway **FA-16**

S.NO.	Description	Stock Holder	Assets reference no. (if any)	Location	Chain age (in Km)		Length/No of units	Date of acquisition/installation	Cost per unit	Details of Improvement		Total cost of acquisition/installation	Life of assets as per Codal provisions	No of year assets is in use	Rate of depreciation	Accumulated depreciation till 31.03.2014	Net book value as on 31.03.2014 (Rs.)	Remarks
					From	To				Date	cost							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19

Notes:

1. Assets reference number denotes any numbering/coding given to each piece of asset.
2. If actual date of construction/installation is not available but the year of acquisition/construction is available, then year may be given in relevant column.
3. All electrical fitting and electrical equipment should be covered here such as power station, water pump etc.

Details of Intangible Assets
North Western Railway

FA-17

S.NO.	Description	Date of acquisition/development/installation	Cost of acquisition/ development / installation	Location	No of year for which license is obtained	Amortization/depreciation Rate	Accumulated depreciation/amortization value till 31.03.2014	Net Book Value as on 31.03.2014 (Rs.)	Remarks

Notes:

1. Intangible assets include software's, patents, copyright etc.
2. Antivirus software's having licence for more than one year should also be mention here.

Annexure 2 - Formats of Financial Statements

Indian Railways
Statement of Financial Position
As at 31st March 20X2

(Figure in Rs.)

	Schedule	20X2	20X1
Liabilities			
Railway's Own Fund			
Capital Fund	1		
Reserve and Surplus	2		
Earmarked Fund (Investment Financed From)	3		
		XX	**XX**
Non-current liabilities			
Long term borrowings	4		
Other Long term liabilities	5		
Deposits	7		
Long term provisions	6		
		XX	**XX**
Current Liabilities			
Short term borrowings	4		
Payables	8		
Other current liabilities	5		
Short term provisions	6		
		XX	**XX**
Total Liabilities		**XXX**	**XXX**
Assets			
Non-Current assets			
Fixed Assets			
Tangible Assets	9		
Gross Block	-		
Less: Accumulated Depreciation	-		
Net Block	-		
Intangible Assets	10		
Gross Block	-		
Less: Accumulated Amortization	-		
Net Block	-		
Capital work in progress	11		
Investments	12		
Loans and advances	13		

Other non-current assets	14		
		XX	**XX**
Current Assets			
Cash and cash equivalents	15		
Receivables	16		
Inventories	17		
Other current assets	14		
		XX	**XX**
Total Assets		**XXX**	**XXX**

Indian Railways

Statement of Financial Performance
For the year ending on 31st March 20X2

(Figure in Rs.)

	Schedule	20X2	20X1
Revenue			
Revenue from operations			
Coaching Earnings-Passenger	18		
Coaching Earnings- Other than passenger	19		
Goods earnings	20		
Other revenue	21		
Grants	22		
Total Revenue (A)		**XXX**	**XXX**
Expenses			
Establishments	23		
Repair & Maintenance	24		
Depreciation and Amortization	9, 10		
Finance Costs			
Other expenses	25		
Power and Fuel	26		
Purchases	27		
Total Expense (B)		**XXX**	**XXX**
Surplus/(Deficit) for the period (A-B)			
Contribution to Reserve Funds			
Depreciation Reserve Fund			
Pension Fund			
Others			
Surplus/(Deficit) After contribution to Reserve Fund		**XXX**	**XXX**

Indian Railways

Schedules forming part of financial statements

Schedule 1 Capital Fund (Figure in Rs.)

Particulars	Opening Balance	Surplus/ Deficit during the year	Closing Balance
Loan Capital Others (Specify)			
	XXX	**XXX**	**XXX**

Schedule 2 Reserve and Surplus (Figure in Rs.)

Particulars	Opening Balance	Additions /Adjustment during the year	Interest earned during the year	Deduction during the year	Total
Development Fund Pension Fund Railway Capital Fund Railway Safety Fund Special Railway Safety Fund					
	XXX	**XXX**	**XXX**	**XXX**	**XXX**

Schedule 3 Earmarked fund (Investment financed from) (Figure in Rs.)

Particulars	Opening Balance	Additions /Adjustment during the year	Deletion during the year	Deduction During the Year (with respect to assets)			Total
				Original Cost of Asset	CRRM Value	Net Value of Assets	
Railway Capital Fund Depreciation Reserve Fund Development Fund Railway Safety Fund Special Railway Safety Fund Revenue Miscellaneous other sources							
	XXX	XXX	XXX	XXX	XXX	XXX	XXX

Indian Railways

Schedules forming part of financial statements

Schedule 4 Borrowings (Figure in Rs.)

Particulars	Long Term		Short Term	
	20X2	20X1	20X2	20X1
Unsecured A) From Banks B) From other Financial Institution **Secured** A) From Banks B) From other Financial Institution				
Total	**XXX**	**XXX**	**XXX**	**XXX**

Schedule 5 Other Liabilities (Figure in Rs.)

Particulars	Long Term		Short Term	
	20X2	20X1	20X2	20X1
Statutory Dues Payables Contribution for CGHS Others (Specify)				
Total	**XXX**	**XXX**	**XXX**	**XXX**

Schedule 6 Provisions (Figure in Rs.)

Particulars	Long Term		Short Term	
	20X2	20X1	20X2	20X1
A) For Employees Benefits Pension Liabilities Leave encashment				
Sub Total (A)	**XXX**	**XXX**	**XXX**	**XXX**
B) Other Provision for expenses (like electricity bill, water bill, etc.)				
Sub Total (B)	**XXX**	**XXX**	**XXX**	**XXX**
Total	**XXX**	**XXX**	**XXX**	**XXX**

Indian Railways

Schedules forming part of financial statements

Schedule 7 Deposits (Figure in Rs.)

Particulars	20X2	20X1
State Railway Provident Fund : **Miscellaneous Deposits:**		
Total	**XXX**	**XXX**

Schedule 8 Payables

(Figure in Rs.)

Particulars	Opening Balance	Adjustment during the year	Closing Balance
Expense Payable Salary Payables Others (Specify)			
Total	**XXX**	**XXX**	**XXX**

Indian Railways

Schedules forming part of financial statements

(Figure in Rs.)

Schedule 9 Tangible Assets

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	Opening Balance as on 20X1	Additions / Adjustment during the year	Deduction/ adjustment during the year	Gross block as on 20X2	Accumulated Depreciation as on 20X1	Depreciation for the year	Deduction/ Adjustment	Accumulated depreciation till 20X2	As on 20x1	As on 20x2
Land										
Buildings										
Bridge/Flyover/Tunnel/Subways										
Road/Street										
Railway Tracks										
Track Components										
Furniture and Fixtures										
Office Equipment's										
Vehicles										
Plant, Machinery and Equipment's										
Computers and Peripherals										
Medical Equipment's										
Locomotives										
Coach										
Wagons										

Plant, Machinery and Equipment's (Signal) Plant, Machinery and Equipment's (Telecom) Electrical Equipment and Fittings Traction Arms and Ammunition										
Total	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**

Schedule 10 Intangible Assets

(Figure in Rs.)

Particulars	**Gross Block**				**Depreciation/Amortization**				**Net Block**	
	Opening Balance as on 20X1	**Addition/ Adjustment during the year**	**Deduction/ Adjustment during the year**	**Gross block as on 20X2**	**Accumulated amortization as on 20X1**	**Amortization for the year**	**Deduction/ Adjustment**	**Accumulated amortization till 20X2**	**As on 20X1**	**As on 20X2**
Software Others										
Total	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**

Indian Railways

Schedules forming part of financial statements

Schedule 11 Capital work in progress (CWIP)

(Figure in Rs.)

Particular	Opening Balance as on 20X1	Addition/ Adjustment during the year	Total	Transfer to fixed assets during the year	Closing Balance as on 20x2
CWIP-Engineering Works CWIP-Signal and Telecom Works CWIP-Electrical Works CWIP-Mechanical Works CWIP-Other Works (Specify)					
Total	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**

Schedule 12 Investments

(Figure in Rs.)

Particulars	As on 20X2	As on 20X1
Investment in other undertakings Shares in road transport undertakings Other Government undertakings **Other Investment**		
Total	**XXX**	**XXX**

Schedule 13 Loans and Advances

(Figure in Rs.)

Particulars	As on 20X2	As on 20X1
House Building Advance		
Motor Cycle Advance		
Car Advance		
Scooter Advance		
Festival Advance		
Laptop Advance		
Earnest Money Deposit		
Others (Specify)		
Total	**XXX**	**XXX**

Schedule 14 Other Current assets

(Figure in Rs.)

Particulars	Non-Current		Current	
	As on 20X2	As on 20X1	As on 20X2	As on 20X1
Prepaid Expenses				
Inter Unit Transactions				
Total	**XXX**	**XXX**	**XXX**	**XXX**

Indian Railways

Schedules forming part of financial statements

Schedule 15 Cash and Cash Equivalents (Figure in Rs.)

Particulars	As on 20X2	As on 20X1
Cash on hand Cheques, Drafts on hand Balance with banks Others (Specify)		
Total	**XXX**	**XXX**

Schedule 16 Receivables (Figure in Rs.)

Particulars	As on 20X2	As on 20X1
P.A.O. Suspense A.G. Suspense Defense CDA Suspense Postal and Telecom Department Land License Fees Building Rent Siding Charges Demand Recoverable Others (Specify)		
Total	**XXX**	**XXX**

Schedule 17 Inventories (Figure in Rs.)

Particulars	As on 20X2	As on 20X1
(a) Raw Materials (b) Work in progress (c) Finished Goods (d) Stock in trade (e) Stores and Spares (f) Loose tools (g) Others (Specify)		
Total	**XXX**	**XXX**

Indian Railways

Schedules forming part of financial statements

Schedule 18 Coaching Earnings- Passenger

(Figure in Rs.)

Particulars	20X2	20X1
Earning from passenger traffic - Full fare Earning from passenger traffic - Less than full fare		
Total	**XXX**	**XXX**

Schedule 19 Coaching Earnings- Other than passenger

(Figure in Rs.)

Particulars	20X2	20X1
Parcel		
Luggage		
Others		
Total	**XXX**	**XXX**

Schedule 20 Goods Earnings

(Figure in Rs.)

Particulars	20X2	20X1
Coal, Coke etc.		
Steel		
Iron		
Fertilizers		
Cement		
General Merchandise		
Wharfage and Demurrage		
Other Traffic		
Total	**XXX**	**XXX**

Indian Railways

Schedules forming part of financial statements

Schedule 21 Other Revenue

(Figure in Rs.)

Particulars	20X2	20X1
Receipts from Railway Recruitment Board Land License Fees Rent Way Leave Charges Sidings Charges Foreign Service Contribution Charges Advertisement receipts Sale of Scrap Sale of Tender Form/Document Interest Income Miscellaneous Income		
Total	**XXX**	**XXX**

Schedule 22 Grants

(Figure in Rs.)

Particulars	20X2	20X1
Total	**XXX**	**XXX**

Schedule 23 Establishment

(Figure in Rs.)

Particulars	20X2	20X1
Salary, Wages and other benefits Bonus and Allowances Retirement benefits Staff Welfare expenses		
Total	**XXX**	**XXX**

Indian Railways

Schedules forming part of financial statements

Schedule 24 Repair and Maintenance

(Figure in Rs.)

Particulars	20X2	20X1
Repair and Maintenance of Locos Repair and Maintenance of Wagons Repair and Maintenance of Coaches Repair & Maintenance - Plant, Machinery and Equipment Repair and Maintenance – Others		
Total	**XXX**	**XXX**

Schedule 25 Other Expenses

(Figure in Rs.)

Particulars	20X2	20X1
Fees & Honoraria		
Travelling Expenses		
Administrative expense		
Telephone expense		
Advertisement Expenses		
Utilities Expenses		
Printing & stationery expenses		
Other Expenses		
Total	**XXX**	**XXX**

Schedule 26 Power and Fuel

(Figure in Rs.)

Particulars	20X2	20X1
Diesel Traction		
Election Traction		
Total	**XXX**	**XXX**

Schedule 27 Purchases

(Figure in Rs.)

Particulars	20X2	20X1
Purchase - General Stores Purchase - Other than General Stores Carriage Inward		
Total	**XXX**	**XXX**

Annexure 3 - Accrual Impact Sheet (Current Assets and Liabilities)

S. No.	Accrual Element	Form No.
1	Detail of Investment	CA-1
2	Details of Advances to employees	CA-2
3	Details of Misc. Advances other than employees	CA-3
4	Details of EMD and Security Deposit	CA-4
5	All debits and credits transaction certificate (TCs) which have received in the year but pertains to the prior period.	CA-5 and CA-6
6	Transactions not recorded through E recon should be taken as liability like KRCL i.e. manually maintained	CA-5 and CA-6
7	Siding charges	CA-7
8	Details of Bank Balances	CA-8
9	Details of Cash and Cash Equivalents	CA-9
10	Inventory at shop floor sub store	CA-10
11	Diesel Stock in Railway Diesel Installation (RDI)	CA-10A
12	Imprest	CA-11
13	Any Receivable from State Government, Central Government, Private Parties etc.	CA-12
14	Foreign service contribution where contribution which is due has not been paid by the Employer or Employee on or before 31st March	CA-13
15	Advances against SRPF	CA-14
16	Details of Warranty Charges	CA-15
17	Details TDS Payable Under Section 192	CL-1
18	Details TDS Payable Under Section 194C	CL-2
19	Details TDS Payable Under Section 194J	CL-3
20	Details of Service Tax Payable	CL-4
21	Details of Sales Tax/Vat Payable	CL-5
22	Details of Wages Payable	CL-6
23	Salary Arrears due but not paid on or before 31st March	CL-7
24	Cases of Volunteer retirement for which payments are still pending on 31st March	CL-7
25	New Pension Scheme (NPS) - Employer Contribution	CL-7
26	Demand payable/Salary Payable	CL-7
27	Details of Provident Fund	CL-8
28	Details of other Employee Benefits Payable	CL-9
29	Bills of Hiring of vehicles	CL-10
30	Issues related to GRP Dues	CL-10
31	Advocates Bills	CL-10
32	Telephone Bills	CL-10
33	Electricity Bills	CL-10
34	Water Charges	CL-10
35	Details of amount payable to Contractors/Suppliers	CL-11
36	Indian railways deposit	CL-12
37	Details of Various Fund Balances	CL-13

38	Details of Loan Payables	CL-14
39	Inventory where Receipt Order (RO) has been issued and sent to Vendor but bill not submitted by the Vendor with a copy of RO till 31st March	CL-15
40	Inventory where Receipt Order (RO) and Bill have been received but payment has not been made till 31st March	CL-15
41	Diesel stock in pipeline from railway diesel installation to fueling points at Stations	CL-15
42	Fuel received in RDI but invoice not received for payment	CL-15
43	Invoice received but Cash order 6 is not prepared as on 31st March.	CL-15
44	Measurement book and Bill both prepared but bills not paid till 31 March	CL-16
45	Registration fee for empanelment as bidder for E auction of scrap	CL-17
46	Money received in Advance from Catering/Advertisement/ATM contractors at Station	CL-18
47	Advance fees received from kiosk rent, parking contracts, advertisement, catering service on board, and station, Pantry car contract, Rail side vending, etc.	CL-18
48	Way Leave Charges - Deferred revenue recognition of the way leave charges received for 10 years in Advance	CL-19
49	Retiring room booking received in advance	CL-19
50	Cloak Room, Excess Fare Ticket, etc., received before yearend but the amount is deposited in the next year	CL-19
51	Litigation or Cases pending between legal heirs with court as on 31st March	CL-20
52	Litigation or Cases pending between Railways and legal heirs with court as on 31st March	CL-20
53	All pending commercial claims admitted but not paid	CL-21

North Western Railways, Indian Railways
Details of Investments

Form :- CA-1

S.No.	Description	Specify the fund from which Investment made	Nature of Deposit	Date of Investment/Deposit (DD/MM/YY)	Duration of Investment	Amount Invested (Rs.)	Accrued Interest up to 31.03.2014 (Rs.)	Closing Bal. as on 31.03.2014 (Rs.)	Accrued Interest up to 31.03.2015 (Rs.)	Closing Bal. as on 31.03.2015 (Rs.)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**

Prepared By:-

Checked By:-

Notes:
1. Under column 'Description' name of Financial Institution/Bank/P.O. where amount has been deposited is required to be provided.
2. Under Column 'Nature of deposit' nature of investment made like Fixed Deposit/Recurring Deposit etc. is required to be given.
3. Under column 7, please compute the interest between the periods of last receipt of the interest till the cut-off date i.e. 31.03.2014, even if the interest is not due, or the investment has not matured.

North Western Railways, Indian Railways
Details of Advance to Employees

Form :- CA-2

S.No.	Name of Employee	Nature of Advance	Amount Advanced (Rs.)	Principal outstanding as on 31.03.2014 (Rs.)	Interest receivable as on 31.03.2014 (Rs.)	Total amount outstanding as on 31.03.2014 (Rs.)	Principal outstanding as on 31.03.2015 (Rs.)	Interest receivable as on 31.03.2015 (Rs.)	Total amount outstanding as on 31.03.2015 (Rs.)

Prepared By:-

Checked By:-

Notes:

1. Under column 'Nature of Advance' type of advance like 'House Building Advance', 'Computer Advance', 'Festival Advance' etc. is required to be given.

North Western Railways, Indian Railways
Details of Misc. Advance

Form:- CA-3

S.No.	Name of Supplier/Contractors	Nature of Advance	Date of Advance (DD/MM/YY)	Amount Advanced (Rs.)	Interest receivable as on 31.03.2014 (if any) (Rs.)	Total amount outstanding as on 31.03.2014 (Rs.)	Interest receivable as on 31.03.2015 (if any) (Rs.)	Total amount outstanding as on 31.03.2015 (Rs.)

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Earnest money and Security Deposit

Form -CA-4

S.No.	Particulars	Nature of Deposit	Amount of Deposit as on 31.03.2014 (Rs.)	Amount of Deposit as on 31.03.2015 (Rs.)	Remark(s)

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Transfer Certificate (TC) Debit

Form:- CA-5

S. No.	Name of Accounting Unit	Particulars of TC	Specify whether inward or outward	Date of TC	TC reference no. (if Any)	Total amount outstanding as on 31.03.2014 (Rs.)	Total amount outstanding as on 31.03.2015 (Rs.)	Remarks

Prepared By:-

Checked By:

Note:

1. Detail of all pending TC as on 31.03.2014/31.03.2015 for which no accountal is done will required to be given in this format.
2. If TC Pertains to the Previous year than year of TC should be mentioned in the Remarks column.

North Western Railways, Indian Railways
Transfer Certificate (TC) Credit

Form:- CA-6

S. No.	Name of Accounting Unit	Particulars of TC	Specify whether inward or outward	Date of TC	TC reference no. (if Any)	Total amount outstanding as on 31.03.2014 (Rs.)	Total amount outstanding as on 31.03.2015 (Rs.)	Remarks

Prepared By:- Checked By:-

Note:
1. Detail of all pending TC as on 31.03.2014/31.03.2015 for which no accountal is done will required to be given in this format.
2. If TC Pertains to the Previous year than year of TC should be mentioned in the Remarks column.

North Western Railways, Indian Railways
Details of Demand Recoverable

Form:- CA-7

S. No.	Name of Parties	Nature of Demand	Due date of Payment (DD/MM/YY)	Total amount outstanding as on 31.03.2014 (Rs)	Total amount outstanding as on 31.03.2015 (Rs)

Prepared By:-

Checked By:-

Notes:

1. Only details of any amount due as on 31.03.15 on account of land license fee, building rent, etc. for which bill has not been raised will be included here.

North Western Railways, Indian Railways
Details of Bank Balances

Form: CA-8

S. No.	Name of Account(s)	Name of the Bank	Branch	Balance as on 31.03.2014 (Rs.)	Balance as on 31.03.2015 (Rs.)

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Cash and Cash Equivalents

Form: CA-9

S. No.	Particulars	Closing Balance as on 31.03.2014 (Rs.)	Closing Balance as on 31.03.2015 (Rs.)

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Inventory/Closing Stock

Form: CA-10

S.No.	Name of Item/ Material	Specification (if any)	Unit of Measurement	Qty/No. of units of item in stock as on 31.03.2014	Unit Cost (Rs.)	Total Value as on 31.03.2014 (Rs.)	Qty/No. of units of item in stock as on 31.03.2015	Unit Cost (Rs.)	Total Value as on 31.03.2015 (Rs.)

Prepared By:- Checked By:-

Notes:
1. Inventory at shop floor sub store will also be provided here.
2. Detail of any unconsumed material lying at site may also be provided.
3. Detail of any scrap lying in store is to be given separately in this format.

North Western Railways, Indian Railways
Diesel at Railway Diesel Institution

Form: CA-10A

S.No.	Tank No.	Capacity	Quantity as on 31st March 2014	Rate of purchase	Unit of Measurement (UOM)	Total Amount (Rs.)	Quantity as on 31st March 2015	Rate of purchase	Unit of Measurement (UOM)	Total Amount (Rs.)

Note:
1. Detail of fuel as on 31.03.2014 and 31.03.2015 at RDI is to be given in this format.

North Western Railways, Indian Railways

Details of Imprest

Form: CA-11

S. No.	Particular of employees	Purpose of Imprest	Amount of Imprest Given	Closing Balance as on 31.03.2014 (Rs.)	Closing Balance as on 31.03.2015 (Rs.)

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Receivables

Form - CA 12

S. No.	Particulars	Opening Balance as on 01.04.15 (Rs.)	Amount of Bill raised during the Year	Amount Received during the Year	Total amount outstanding as on 31.03.2015 (Rs)

Prepared By:-

Checked By:-

Notes:

1. Any amount receivable from State Government, Central Government, Private Parties, RTDC etc. will be included here.

NWR Head Quarter, Indian Railways
Details of Foreign Service Contribution

Form: CA - 13

S. No.	Name of Employee	Date of Deputation	Amount to be received	Amount Recovered	Outstanding Balance

North Western Railways, Indian Railways
Advance Against State Railway Provident Fund

Form:- CA-14

S. No.	Name of Employee	Total amount outstanding as on 31.03.2014 (Rs.)	Total amount outstanding as on 31.03.2015 (Rs.)

Prepared By:-

Checked By:-

Note:

1. Details of advances which are given to employees form State Railway Provident Fund will be provided in this format.

North Western Railways, Indian Railways
Details of Warranty Charges

Form:- CA-15

S. No.	Particular of Warranty	Period of warranty		Amount charged exclusively for warranty	Amount to be carried forward in next Financial Year
		From	To		

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of TDS payable Under Section 192 (Salary Payment)

Form:- CL-1

S.No.	Particulars	TDS payable as on 31.03.2014 (Rs.)	TDS payable as on 31.03.2015 (Rs.)	Remarks

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of TDS payable Under Section 194C (Payment to Contractors)

Form:- CL-2

S.No.	Name of Contractor	Nature of Expenditure	TDS Payable as on 31.03.2014 (Rs.)	TDS Payable as on 31.03.2015 (Rs.)	Remarks

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of TDS payable Under Section 194J (Payment for Professional Services)

Form:- CL-3

S.No.	Particular of Services	Name of Service Provider	TDS Payable as on 31.03.2014 (Rs.)	TDS Payable as on 31.03.2015 (Rs.)	Remarks

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Service Tax Payable

Form:- CL-4

S.No.	Particulars	Balance Outstanding on 31.03.2014 (Rs.)	Balance Outstanding on 31.03.2015 (Rs.)	Remarks

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Sales Tax/ VAT Payable

Form:- CL-5

S.No.	Particulars	Balance Outstanding on 31.03.2014 (Rs.)	Balance Outstanding on 31.03.2015 (Rs.)	Remarks

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Wages Payable

Form:- CL-6

S.No.	Particular of Wages	Balance Outstanding on 31.03.2014 (Rs.)	Balance Outstanding on 31.03.2015 (Rs.)	Remarks

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Salary Payable/Demand Payable

Form:- CL-7

S.No.	Particulars	Balance Outstanding on 31.03.2014 (Rs.)	Balance Outstanding on 31.03.2015 (Rs.)	Remarks (If any)

Prepared By:-

Checked By:-

Notes:

1. Details of any amount payable in respect of salary, arrear of salary, VRS, NPS, compensation, etc is to be given in this format.

North Western Railways, Indian Railways
Details of Provident Fund (PF)

Form:- CL-8

S.No.	Opening Balance as on 01.04.2014	Subscription received during the year	Interest earned during the year	Withdrawal/Payment to subscriber made during the year	Closing Balance as on 31.03.2015

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of other Employee Benefits Payable

Form:- CL-9

S.No.	Particulars	Balance Outstanding as on 31.03.2014 (Rs.)	Balance Outstanding as on 31.03.2015 (Rs.)	Remarks
1	Pension Benefit			
2	New Pension Scheme			
3	Employee Insurance scheme			
4	Deposit linked insurance scheme			
6	Others (if any)			

Prepared By:-

Checked By:-

North Western Railways, Indian Railways

Details of Expenses/Bills Payable

Form:- CL-10

S.No.	Particulars of Expenditure	Balance Outstanding as on 31.03.2014 (Rs.)	Balance Outstanding as on 31.03.2015 (Rs.)

Prepared By:-

Checked By:-

Notes:-

1. All unpaid expenditure such as electricity, telephone, Hiring of Vehicles, Advocates bill, Water Charges, etc. will be covered here.

North Western Railways, Indian Railways
Details of amount payable to Contractors/Suppliers

Form:- CL-11

S.No.	Name of Contractors/Suppliers	Nature of Expenditure	Balance Outstanding as on 31.03.2014 (Rs.)	Balance Outstanding as on 31.03.2015 (Rs.)	Remarks

Prepared By:-

Checked By:-

Notes:-
1. Any amount payable to contractor on account of any expenditure should be mentioned here. For example payable for material & supply, works contract etc.

North Western Railways, Indian Railways
Details of Deposits

Form:- CL-12

S.No.	Particulars	Purpose of Deposits	Balance Outstanding as on 31.03.2014 (Rs.)	Balance Outstanding as on 31.03.2015 (Rs.)

Prepared By:-

Notes:
1. Details of all deposits like Deposit P, Deposit W, Deposit E, Deposit PF, etc., will be provided here.

North Western Railways, Indian Railways
Details of Various Funds Balances

Form:- CL-13

S.No.	Particulars of Fund	Opening Balance as on 01.04.2014 (Rs.)	Contribution to During FY 2014-15	Deduction from Funds During FY 2014-15	Balance Outstanding as on 31.03.2015 (Rs.)	Remarks
1	Depreciation Reserve Fund					
2	Development Fund					
3	Special Railway Safety Fund					
4	Others (if any, Please specify)					

Prepared By:-

Checked By:-

North Western Railways, Indian Railways
Details of Loans Payable

Form:- CL-14

S.No.	Name of Financial Institution/Bank	Nature of Loan	Whether secured or unsecured	Purpose of Loan	Amount of loan outstanding as on 31.03.2014	Amount of interest payable as on 31.03.2014	Amount of penal interest payable (If any) as on 31.03.2014	Amount of loan outstanding as on 31.03.2015	Amount of interest payable as on 31.03.2015	Amount of penal interest payable (If any) as on 31.03.2015	Remarks

Prepared By:-

Checked By:-

Notes:

1. If any loan is taken for acquiring any assets, than it should be mentioned separately.
2. Nature of loan mean type of loan such as term loan, Cash credit etc.
3. Any amount taken from central government for creating fixed assets should also be given here.
4. If any loan is taken in foreign currency, than it should also be mentioned separately

North Western Railways, Indian Railways
Details of Payables to Contractors/Suppliers

Form: CL - 15

S. No.	Name of Supplier/Contractor	Receipt Order No.	Date of Receipt Order	Bill No.	Date of Bill	Total Amount (Rs.)

Note:

1. Detail of any amount payable in respect of material received but bill not received or bill received but the payment is not made will be given in this format.
2. Details of unpaid bills in respect of Fuel are to be given by concerned RDIs.

North Western Railways, Indian Railways

Contractual Liabilities for Works contract

Form: CL - 16

S.No.	Particulars of Contract	Work Order No.	Name of Contractor	Location	Period of Contract		Total Contract Value	Measurement of work done but bill not submitted		Bill submitted but not Paid		Remarks
					From	To		Date of Measurement	Amount for Bill	Date of Bill	Amount of Bill	

Note:

1. Detail of works liability in respect of where work is done and bill is not submitted or bill is submitted but payment is not made will be given in this format.
2. Detail in respect of unpaid bill pending on 31.03.2015/31.03.2014 whose CO6 is not made will be given here.

North Western Railways, Indian Railways
Registration fees for Empanelment as Bidder

Form: CL - 17

S.No.	Name of Bidder	Total amount received for registration fees	Amount considered as income	Remark

Notes:

1. Detail of amount of bidder's registration fee considered as income in the FY 2013-14 and 2014-15 is to be provided in this format.

North Western Railways, Indian Railways
Details of Earning Contract

Form: CL - 18

S.No.	Name of Contractor	Nature of Contract	Location	License Fees	Cycle of License Fees	Period of Contract		Remarks
						From	To	

Note:

1. Detail in respect of all earning contract like Parking contract, Catering Contract, Advertisement contract, etc., is to be given in this format.
2. If amount of contract/license fee is required to be paid in advance then same is to be mentioned in the Remarks Column
3. Nature of Contract means type of contract, i.e., parking, catering, etc.

North Western Railways, Indian Railways

Details of Income Received in Advance/Way leave Charges

Form - CL-19

S. No.	Particulars	Amount Received during the Year	Date of Advance Received	Period of Advance	Remark

Prepared By:-

Checked By:-

Notes:

1. Details of any advance income received for retiring rooms, cloak rooms etc.

North Western Railways, Indian Railways

Litigation or Cases pending between legal heirs with court

Form: CL - 20

S. No.	Date of Case	Particulars of Cases pending with court	Name of Employee/Family Member	Amount

North Western Railways, Indian Railways
Detail of pending commercial claim

Form: CL - 21

S. No.	Particulars of Claimant	Amount of Claim Lodge	Whether claim accepted	Amount of Claim accepted	Whether claim accepted is paid	Remarks

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Note
1. Only detail of those claim which are unpaid as on 31.03.2014 and 31.03.2015 is required to be given irrespective of whether paid or not
2. Disputed claim will form part of notes to accounts

Annexure 4 – Notes to Accounts

S. No.	Accrual Element
1	Recognition of earnings from coaching- Passenger (in lieu of Cash)
2	Recognition of earnings from coaching- Other Than Passenger (Cash)
3	Recognition of earnings from Goods Traffic
4	Amount of any extraordinary item
5	Capital Commitments (Net of Advances) (NTA-1)
6	Deposit Expenditure (EMD Converted in to Income during FY 2013-14 and 2014-15) (NTA-2)
7	Disputed commercial claims (CL-21)
8	Disputed Statutory Dues (NTA-3)

North Western Railways, Indian Railways
Capital Commitments

Form: NTA-1

S.No	Particular of the project	Total estimated cost of project	Cost incurred till 31.03.2014	Balance as on 31.03.2014	Cost incurred till 31.03.2015	Balance as on 31.03.2015	Remark

Note:

1. Details of all projects exceeding Rs. 2.5 crores will required to be given.

North Western Railways, Indian Railways
EMD Converted into Income

Form: NTA-2

S.No.	Name of contractor/Supplier	Amount	Remarks

Notes:
1. Detail of EMDs which is recognized as income in the FY 2013-14 and FY 2014-15 will be provided in this format.

North Western Railways, Indian Railways
Disputed Statutory Dues

Form: NTA-3

S.No.	Particular of Dues	Amount	Remarks

Notes:

1. Detail of all disputed statutory dues, i.e., Service Tax, Excise, etc., is required to be given here.