HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

(A State Govt. undertaking)

Registered office: Vidyut Bhawan, HPSEBL, Shimla-171004(H.P)
(CIN): U40109HP2009SGC31255
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आज़ादी का अमृत महोत्सव

No. HPSEBL/F&A/A&R-33/Vol-VII/2024-25 -1114-1314 Dated:- 03/11/2026

To

All the Chief Engineers,
In HPSEB Ltd.

All the Superintending Engineers,
In HPSEB Ltd.

The Under Secretary (Genl.),
Vidyut Bhawan, HPSEB Ltd., Shimla-04.

Sub:- Submission of Quarterly Accounts - Instructions thereof.

It is informed that as per the requiresement of the RDSS Scheme, HPSEB Ltd. Is required to prepare and submit the Quarterly Accounts within 45 days from the close of the concerned quarter. It is further informed that the financial statements of the company are to be prepared in accordance with Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs, under the provisions of the Companies Act, 2013 and various other instructions issued from time to time requires a number of adjustments to be carried out to reflect the true picture of the Books of Accounts. It should also be ensured compliance with respect to the Statutory/Supplimentary audit observations, suggestions/recommendations of Internal Auditors should be incorporated in the **quarterly** with respect to offices under your control.

The scheduled date for submission of the monthly account is **10th** of subsequent month for all Accounting Units of the Company. It is further informed that any request for changes/adjustments/rectifications received after the above dates shall not be entertained and the responsibility for non-incorporation of any adjustment shall rest with the concerned DDO/Accounting Unit.

In view of the above, you are requested to direct all the offices under your control to make necessary provisions/applicable adjustments/provisioning of bills, etc. for the finalization of the quarterly accounts, so that quarterly financial results may reflect the true and fair picture of the books of accounts of the company.

Yours faithfully,

Chief Accounts Officer,
F&A Wing, Vidyut Bhawan,
HPSEB Ltd., Shimla-04.

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

1) The Chief Auditor, HPSEB Ltd., F&A Wing, Vidyut Bhawan, Shimla-04.
2) The Superintending Engineer (IT), HPSEB Ltd., Vidyut Bhawan, Shimla-04 with the request to upload these instructions on the website of the Company.
3) All the Addl. SE's/Executive Engineers of HPSEB Ltd. It shall be their personal responsibility to ensure that the certificates of complete entries in compliance with these instructions be submitted by the due date i.e. **10th** of the subsequent moth without fail. They are also requested to bring the instructions to the notice of all Superintendents(Divisional Accounts) and implement them in letter and spirit before closing of quarterly accounts.
4) All the Drawing & Disbursing Officers of Head Office, HPSEB Ltd., Shimla-04 are requested to reconcile the SAP(ERP) balances appearing in their profit centre with the balances with relevant schedules/actual liability and confirm the same well in time.
5) All the Sr. Accounts Officers/Accounts Officers in F&A Wing, HPSEB Ltd., Shimla-04. They are requested to reconcile sub-head-wise SAP(ERP) balances with the balances of the Compilation/A&R Section before **10th of the subsequent month** and to maintain the subsidiary records as per the checklist supplied by the Statutory Auditors.
6) The Accounts Officers, Electrical System and Generation Wing of HPSEB Ltd and are directed to comply with the instructions in letter and spirit. It is the responsibility of the AOs concerned to verify/check the shortcomings appearing in the Trial Balance of the Division under their control and to get those rectified in the quarterly accounts. They should also get the balances verified in respect of each Division under their control with the subsidiary record and Trial Balance and reconcile the same with AO (Compilation).
7) All the Asstt. Accounts Officers in the Accounting Circle of Operation Wing in HPSEB Ltd. for similar action as mentioned above.

03/11/2016

Accounts Officer(A&R),
F&A Wing, Vidyut Bhawan,
HPSEB Ltd., Shimla-04.

INSTRUCTIONS

Besides the instructions applicable for the preparation of Quarterly Accounts, your special attention is also drawn on the following points which must be kept in view while finalizing the **quarterly** accounts:-

(i) Fixed Assets i.e. Property, Plant and Equipment (PPE) - Policy

1. All works/schemes that have been put to use and full expenses have been booked should be transferred to appropriate fixed assets accounts (BH 10/18-Fixed Assets) from the Block Head 14 & 15 i.e. Capital Works-in-Progress by debiting to BH-10/18 and contra crediting to GH-14 & 15 i.e. Capital-Work-in- Progress and Contract-in-progress after receipt of completion/Put to use certificate from the concerned Executing Officer. **All these units are to ensure that the WBS against each expenditure is prepared and the cost of consumption of stock accounts, and deferred expenses are settled before the closing of accounts.**

2. Assets not in use/stolen/retired/scrapped should be identified and are to be adjusted without delay by crediting to GH-10/18 for the original values and debit to the appropriate Account Code under Block Head-16 with written down value and depreciation to BH-12. Thereafter, the approval of competent authority may be sought and accounting entries carried out as per instructions mentioned in the Accounting Manual.

3. The donated land should be valued at prevailing market rates and the value/cost so fixed, should be accounted for in the accounts by debiting to the assets account and contra credit to Capital Reserve BH 56.2. It may also be ensured that the value of all donated land is invariably accounted for by all the concerned field Units and the matter of transferring the ownership of donated land needs to be pursued with concerned revenue authorities vigorously.

4. The fixed assets and CWIPs that are damaged due to natural calamities Viz. Fire, Flood, Snow, Rain etc., are to be repaired to bring them to their original capacities. The cost of such repairs is to be treated as Revenue expenditure and should be debited to the appropriate account code under BH-74. However, if the entire assets/materials are destroyed and nothing could be recouped and the entire asset is required to be constructed/ procured, then the value of such asset/ material, etc. should be withdrawn from assets Account BH-10 or 14 or stock and debit immediately to BH 16 i.e. Assets not in use or BH 22.7 as the case may be. Afterwards, after obtaining sanction from the competent authority, this amount should be booked to BH-79. The amount of subsidy against such losses received from the Govt. is also treated as revenue receipt and is required to be credited to BH 63.2. Normally the amounts of subsidies are received in the Head office only.

5. The instructions for the accounting of consumer's share have already been imparted to all concerned. The Consumer's share is being reduced by some of the field units from the estimates and the balance cost of estimates only is being accounted for as an expenditure on capital works, which is contrary to the accounting procedure. In fact, the amount received as consumer's share for which no conditions remain to be fulfilled and no portion of the consumer share is refundable, should be directly credited/received inappropriate BH-55.1" Consumer's contribution towards the cost of capital assets". On the other hand, the entire cost of estimates (including the consumer share) should be charged/debited to the Capital Work-in-Progress account. All estimates of such nature should be reviewed by the Divisions concerned and wrong accounting entries, if any, should be adjusted in quarterly accounts.

6. Maintenance and updating of Fixed Assets Registers (FAR) in respect of all the assets are to be ensured by the field Units as per detailed instructions in vogue. Non-compliance with IND AS 16 (Property, Plant & Equipments) for the same shall be the responsibility of the concerned drawing and disbursing Officers. **The Accounts Officer (FAR) has to ensure the same before the close of the quarter.**

i. *The Company has adopted the cost model of recognition under Ind AS 16 to measure the Property, Plant and Equipment. Consequently, all the Property, Plant and Equipment are carried at its cost less accumulated depreciation and accumulated impairment losses, if any.*

ii. *The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable expenditure to bring the Property, Plant and Equipment to the location and making it ready for its intended use.*

iii. ***The Property, Plant and Equipment acquired as replacement of the existing assets/ component are capitalized and its corresponding replaced assets/ component removed/ retired from active use are derecognized.***

iv. ***Spare parts procured along with the Plant & Machinery or subsequently which meet the recognition criteria of Property, Plant and Equipment are capitalized and added to the carrying amount of such item. The carrying amount of spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as "stores & spares" forming part of the inventory.***

v. ***Stand-by equipment and servicing equipment are recognized in accordance with Ind AS 16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.***

vi. *Gains or losses arising from the de-recognition of an item of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.*

vii. *In case of Property, Plant and Equipment put to use, where the final settlement of bills with contractors are yet to be effected, capitalization is done up to the claim accepted by HPSEB Ltd. as per the term of the contract.* ***No partial capitalization shall be allowed.***

viii. *Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance of claims.*

ix. *Property, Plant and Equipment created on land not belonging to HPSEB Ltd. are included under Property, Plant & Equipment.*

x. ***The cost of a new meter used to replace the damaged meter is charged to revenue and the cost of the damaged meter and its accumulated depreciation is not withdrawn.***

(A) Depreciation

i. ***Depreciation key/rates on the fixed assets shall be as per the rates approved by the Hon'ble HPERC so that the actual amount of depreciation can be calculated in the SAP(ERP)at the HO level.***

ii. *It must be ensured that Depreciation credited to GH-12 & 19 is tallied with GH-77.*

iii. *The addition made during in the assets, depreciation shall be charged on the assets from the date of addition of the asset/put to uses. Where an asset has been sold, discarded, demolished or destroyed, depreciation shall be calculated till the date of sale/ discarded, etc.*

iv. *Depreciation is required to be charged as per the rate of depreciation prescribed by the Hon'ble HPERC.*

v. *Capital expenditure on assets not owned by HPSEB Ltd. shall be amortized in 5 years from the date of capitalization.*

(B) INVENTORIES

i. ***All the Units shall ensure that the balance under BH 22200000 (GR/IR clearing A/c) should be nil by the quarter end and all invoices are to be posted against the concerned vendors.*** *In case fails to do the same, concerned officers of the Division shall be responsible.*

ii. *Shortages and surpluses of stores detected during physical verification should be accounted for in the accounts immediately upon receipt of the report. Shortages of stores are required to be credited to the stock account (BH-22.6) and contra debit to BH 22.830 and surpluses are required to be debited to (BH-22.6) and contra credit to BH 22.810. The BH 22.810 and 22.830 should, however, be cleared as soon as possible on completion of an investigation.*

iii. *The total of the Stock should tally with the difference between Debit and Credit under code 22.6 of the Trial Balance.*

iv. *Misclassification and wrong adjustments under these heads should invariably be set right.*

v. *It may be ensured that the profit/loss on account of the Sale of Plant and Machinery (Damage Transformers etc.) is ascertained and may be accounted for properly.*

vi. *The cost of material that has been received up to quarter end should be adjusted by debit to stock/work and there should be no such amount outstanding in the schedule of advance payment to the supplier of the divisions where the material has been received.*

(D) SALE OF POWER

i. *The provision for unbilled revenue should be made in the quarterly accounts as per the actual billing cycle period for which no billing has been done up quarter end so that the correct amount of unbilled revenue could be booked to the concerned financial year. The provision of unbilled revenue kept in the quarterly accounts must be reversed in the beginning of the next quarter.* ***The Dummy Consumers should not be there in the (ERP) against any office.***

ii. *When the connection of any consumer is disconnected permanently and the consumer is having outstanding amount for recovery, the consumer shall be classified under GL 23.5 with the concerned category.* ***The AAOs/ SDA's/ IT Cell & Comp. Section has to ensure the classification of PDCO consumers under GL 23.5 before the close of the Quarter.***

iii. *Revenue collected on account of sale of power and theft of energy should be segregated during the period and should be accounted for under relevant account codes.*

iv. *It may also be ensured that collection/service charges from MC, Shimla @ 1(one) paisa per unit from the total amount realized are invariably deducted and the amount is credited to Account code 62.932. GST @ 18% (HSN 9985) is required to be collected on this collection/service charges and deposited with GST department on the collection/service charges with regard to MC Tax collection, if any and credited to relevant GST account heads.*

v. *The service charges on collection of Swachta Charges under BBN Area (BBNDA Baddi, District Solan- Op Circle Solan) @ Rs. 5.00 (Inclusive of GST) is required to be deducted should be credited to Account code 62.922 & GST @ 18% (HSN 9985) deposited with*

GST department. Also the Net Balance of GL 61981000 to 61984000 is required to be Zero every month or at the end of the quarter.

vi. *The net balance of Milk Cess & Environment Cess GL 61461000 to 61475000, 61482000 to 61485000, 61493000, 61494000, 61497000 & 61461000 is required to be Zero in every month or at the end of the quarter.*

vii. *Cross Subsidy Surcharge recoverable from open access consumers shall be debited to Account code 23.703 to 704 per Contra Credit to 62.252 to 62.253 so that Hon'ble HPERC can be apprised.*

viii. *The replacement of burnt/damaged meters challenged meters and adjustment of misc. deposits from consumers should strictly be charged to the Revenue Head to avoid understatement of revenue income and overstatement of capital expenditure. The cost received against these under BH 47.601 to 47.603 is credited to 61.915. At the quarter's end the closing balances under this account should be "NIL".*

(E) Bank-Related Transactions

i. *Regarding e-payment by the consumers, instructions/guidelines issued vide Sr. Accounts Officer (Bkg.) vide letter No. F&A/BA/Instruction/2016-17-3466-3666 dated 08-02-2017 may be complied with strictly.*

ii. *The Bank reconciliation of collection accounts is being made by the concerned Sub-Division/Division. The reconciliation statements at quarter end should be tallied with BH 24.3 Trial Balance of the concerned Units.* ***There should not be any minus/negative Balance under 24.3 account codes in Trial Balance.***

(F) Inter-Unit Transactions

i. *All Accounting Units of HPSEB Ltd., have to ensure that Inter-Unit transfers (ATDs/IUTs) must be reconciled and accounted for before closing the quarterly accounts.* ***No pending IUT should appear in the books of accounts of the concerned office and the concerned office will share the agewise schedule of IUT(along with complete detail)/change in the balance of IUT.***

ii. *Non-Clearance of IUTs may attract disciplinary action against the delinquent officer/official concerned.*

(G) TDS & Taxation

i. ***Tax deducted /collected at source from consumers, employees, contractors and TCS collect from Consumers etc. should be deposited with the Central Govt. before 7th of the next month and TDS/ TCS returns of employees/ contractors etc. shall also be filed in Form 24Q/26Q/ 27Q by the due dates fo the quarter and certificate be issued within 15 days from the last date of filing of TDS/TCS returns.***

ii. ***The GST payment made by the Head Office should be cleared in the subsequent month and only the liability for the last month of the quarter should be reflected in their book of accounts.***

iii. ***All the deductions from employees/amounts payable on account of Income Tax, LIC, and Sales Tax, TDS-Goods & Service Tax & Labour Cess shall be paid and the "Return of the same" must be filed before or on stipulated dates to the concerned authorities. Any lapse in this regard shall be personal responsibility of***

the DDO's and in case any penalty is imposed by the Income Tax Department, the same will be recoverable from the concerned DDO.

iv. *Form-16A against the deduction of Tax at Source and TCS for any payment/ received must be collected and sent to* ***AO(Taxation) timely*** *so that the refund of the same may be claimed in the return for that year. Any delay or lapse will be the responsibility of the concerned DDO.*

v. *In case of any clarifications or assistance, the same can be obtained from the Retainer Consultants, CAs at Head Office.*

vi. Compliance with the accounting of GST TDS is to be ensured.

(H) Accounting of Employee Benefits and Pension

i. *Implementation of instructions/accounting procedure in vogue regarding booking of employees cost to capital works may be ensured.*

ii. *All employee costs including the wages of work charged staff/daily labours in respect of Construction Divisions shall be fully charged to capital works on which they are actually employed.*

iii. *The salaries of regular staff will be allocated to the Capital Work in Progress (CWIP) at the quarter end in the prescribed manner. No portion of the staff cost chargeable to capital works shall be allocated over the capital expenditure on furniture, office equipment, misc. equipment and vehicles.*

iv. *Liability for un-paid wages of regular/ work charged staff/daily labourers shall be provided by making a debit to the Account Head 75 employees cost per contra credit to Account Code 44.210 to 44.212 unpaid wages of regular/work charged/daily wages establishment.*

v. *Adjustment/ Entries of salary of staff shall be accounted for on an accrual basis regardless of the actual receipt/ payment made during the period. The order of ADA or any other orders involving financial implications issued during the year and received before the closing of quarterly accounts, the entire expenditures/ receipts on these accounts should be accounted for in the current year only in which orders have been issued.*

vi. *In order to streamline the accounting system, it has been decided that field Accounting Units will not make any accounting entries on account of accrued interest on loans and advances issued to staff on account of House Building/Scooter & Motor Cycle/Car under Account Code 28.261 to 263 & 28.361 to 363 as the same will be carried out by Head Office from March 2016 onwards. Further, field Units are advised of transfer the Balances appearing under Account Code 27.101 to 103, 28.261 to 263 & 28.361 to 363, 57.120, 57.170, 57.180 & 57.181 along with full details of payments made during year the 2024-25 to Head Office in the monthly account of March, 2025. Therefore, Closing Balances of Account Code 27.101 to 103, 28.261 to 263 & 28.361 to 363, 57.120, 57.170, 57.180 & 57.181 should be NIL in September 2026 in the books of field Accounting Units.*

(I) <u>Interest on Advance Security deposit /Consumer Security</u>

i. *The advance/additional advance consumption deposit (ACD) and metering security may be segregated under Account Code 48.2 (Advance consumption deposit from consumers) and 48.1 (Security deposit from consumers-cash) respectively, if not already done.*

ii. *Interest on consumer security deposits-meter and consumption and advance consumption deposit (Account code 48.1) may be provided by debit to accout code 78.601 per contra credit to 48.3-Interest Payable and account code 46.923-Income Tax deduted at source. It must be ensured that the total interest provided is commensurate with the amount as worked out be applying the interest rate notified for the period on the total amount of seucrities appearing in the TB of the division.*

iii. *This provision is to be cleared on actual relief to the consumers through energy bills by Dr. to 48.300 and Cr. 23.1.*

(J) Miscellaneous

1. The amount of unutilized Postage Stamps in hand at quarter-end under A/c Code 24.120 should be carried forward. The practice of transferring this amount to the provision of liability for expenses/ prepaid expenses has been ceased.
2. It has been observed that most of the units are charging the Annual premium paid for insurance of vehicle to R&M of vehicle BH 74.6 instead of Administrative & General charges BH 76.104 to 76.107 & 28.820 (Insurance of fixed assets, stock Machinery & prepaid expense) which is contrary of accrual system of accounting principles. The portion of prepaid part of the premium should also be accounted for under prepaid head 28.820.
3. Provision for liabilities in respect of GH- 70, 74, 75 & 76 must be accounted for in quarterly accounts. At the beginning of the subsequent quarter, the same shall be reversed. For any excess creation of Provision, the concerned office will be responsible.
4. Liability for unpaid wages of work charged staff/daily labour shall be provided by debiting to the Account Head-75-employees cost per contra credit to Account code 44.211 unpaid wages of work charged/daily wages establishment. Provision of Board share for EPF may be made on wages for last month of the quarter.
5. The interest on loans and advances to staff may be calculated and debited to Account Code 28.360 (Interest accrued but not due on loans and advances to staff) per contra credit to Account Code 62.210. The employee-wise sub-ledger may be maintained. The detail showing the principal amount, rate of interest etc. should be mentioned in the Journal Voucher invariably. **It may be ensured that Balances of loan Amounts of those employees who have been transferred to other accounting units, also stand transferred to such concerned accounting units.**
6. Interest on cash securities deposited by the HPSEBL Employees be provided by debit to Account Code 78.853 per contra credit to Account Code 46.925700 and is not to be reversed. The interest shall be paid by debiting Account Code 46.925700.
7. **Provision for liability on account of expenditure on completed capital works, by contractors, for which Bills are not received or Bills received but not passed/paid be created. The cost of assets concerned shall be determined accordingly and capitalized when assets are first put to use.**
8. Provision for liability on account of material received during the concerned quarter but **bills are not received/**payment is not made in the same quarter may also be made.
9. **Provisions of guarantee fee on loans:**-Provisions with regard to guarantee fee on loans raised by HPSEB Ltd. against Govt. guarantees & interest on Govt. loans may also be made at the end of the quarter by the **Loan Section.**
10. **Provisions for liability for the purchase of power**:- Provisions for liability for the purchase of power should be made by the **SL&D Section** by debit to the

head 70.1 per contra credit to account code 41.2 in the quarterly accounts. **At the beginning of the subsequent quarter, this provision shall be reversed.**

11. **Prior Period Entries**: No prior period entries under BH 83 and BH 65 are to be posted/booked. In case any amount is posted in Prior period account Heads the same shall be transferred to the respective head of accounts.
12. **The MSME vendors under Micro, Small and Medium Enterprises Act, 2006 (MSME Act 2006) are to be categorized and flagged in the SAP vendor master by the concerned unit/office so that the necessary disclosure on the amount payable to MSME may be made in the quarterly accounts.**
13. **All the cash book entries should be posted on real time basis in the SAP ERP.**
14. **All the office/units should ensure that no entries should be pending for posting/ no parked entries should remain in the SAP ERP at the end of the quarter concerned.**

(K) <u>The AOs/AAOs of Accounting Units/Supdt. D/As of Accounting Divisions has to ensure that:-</u>

1. There should **not be any minus closing balance against** any of the Works unless there are specific reasons for it.
2. Clearance of credit balances appearing in Trial Balances of respective units under GL 10,14,15,16,17,18,20,22,23,24,25,26,27,28 and also the debit balances under GL 41,42,43,44,46,47,48,55,57. The AOs/AAOs and Supdt.(D/A) shall ensure the same before finalising the accounts. **There should not be any minus balance under any account code in the Trial Balance.**
3. **All the office/units should ensure that no entries should be pending for posting/ no parked entries should remain in the SAP ERP at the end of the quarter concerned.**
4. All the permanent and temporary imprest at quarter end are to be adjusted and made Nil during the monthly account without fail.
5. The Sub-Division having a Collection Account with the Bank must supply the Bank Statement/Confirmation Certificate for each quarter/month along with the Bank Reconciliation statement.
6. Updated closing balances appearing under BH-10 to 58 relating to Assets and Liabilities need to be worked out and incorporated invariably in the relevant columns of Trial Balances-Forms CS-I by all the Accounting Divisions and Accounting Circles. The CS-I should be complete in all respects showing expenditure during the quarter, opening Balance from the previous quarter and closing balance. The lapses in this regard shall be the personal responsibility of concerned DDOs/ Supdt./(Divisional Accounts) of Divisions/Assistant Accounts Officer of Accounting Circles/Sr.AOs/AOs of Chief Office.

Chief Accounts Officer,
F&A Wing, Vidyut Bhawan,
HPSEB Ltd., Shimla-04.