Capt. J. M. Pathania
IAS
Director (F&A)

H.P. STATE ELECTRICITY BOARD LTD.,
Vidyut Bhawan, Shimla-171004
Phone: Off. 0177-2801675
Email : directorfa@hpseb.in
DO No. HPSEBL/F&A/Comp-I/Monthly A/c-539
Date : 01.06.2021

Subject:- Capitalization of assets valuing Rs 1514.06 crore lying under Capital Works in Progress (CWIP) account as on 31st March, 2021.

My dear Dadhwal ji

I would like to draw your kind attention towards the **Chapter-6 "Capital expenditure, Property, Plant and Equipment"** of Accounting Manual - 2017 of HPSEB Ltd. Clause 6.3 (j)of this chapter is related to Capitalization of assets. As per this clause, an asset is to be capitalized when it is ready to be put to use. Capitalization of assets should be done on the basis of assets commissioning certificate issued by the Technical authority. All the expenditure in respect of assets constructed should be accounted for through CWIP accounts. On commissioning/put to use of the assets, the expenditure should be transferred to the appropriate fixed assets account class wise.

During scrutiny of the books of accounts of the accounting Units as on 31.03.2021, it has been observed that the CWIP valuing to Rs. 1514.06 crore are lying in CWIP account (Office wise detail at annexure-A). It has been observed that most of the assets have been completed/put to use, but not transferred to fixed assets accounts till date by these units. This practice of the field units has adversely affecting that financial health of the Company. Because due to non capitalization of assets, HPSEBL is not in a position to avail the benefit of depreciation as well as repair and maintenance on assets which have been actually completed and put to use in the Annual Revenue Requirement (ARR) from the HPERC. It also invite audit observations from Statutory Auditors, RAO as well as non compliance of IND Accounting Standard (INDAS). Instructions have been issued time and again to transfer the amount lying in CWIP a/c to fixed assets accounts immediately when the asset is commissioned and put to use, but despite that no progress seems to be made on this account by the field offices and the amount under CWIP is increasing regularly.

Sr. AO

8/6/21
Sr Asstt

Contd.—

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I would, therefore, request you to direct officers under your control to ensure capitalization of such assets which have been put to use/commissioned on regular basis as per laid down procedure. A proper monitoring system on this needs to be evolved at Circles level for watching the progress in this regard regularly.

Encl: As above.

With best wishes & regards

Yours Sincerely

(Capt. J.M. Pathania)

Er. Pankaj Dadhwal,
Director (OP)/Technical,
HPSEBL, Shimla-4.

No. HPSEBL/F&A/Comp-I/Monthly A/c 540-80 Dt- 01-6-20..

CC
Copy of the above is forwarded to the following for information and necessary action.

1. The Sp. PS to Managing Director HPSEB Ltd for information of MD please.
2. The Chief Engineers (OP), ES, Gen, PCA, Commercial, System Operation.
3. The Superintending Engineer(IT) HPSEB Ltd, Vidyut Bhawan Shimla-4 for uploading the same in HPSEB Ltd Website.
4. All the Dy. CEs/ SEs in Operations.
5. AOs/ AAOs in accounting Units.

DA: As above.

Chief Accounts Officer,
F&A Wing, HPSEBL,
Shimla-4

Annx - A

Circle/ Accounting Units wise position of Capital works in progress (CWIP) / Entries made of CWIP in ERP/Capitalization of exp. during the year 2020-21 and Balance CWIP as on 31.03.2021 (figures in Crores & tantatives)

Sr. No.	Name of Circle/ accounting Unit	O.B. as under CWIP on 31.03.2020	Capital exp. during FY 2020-21 (Data as per CS7)	Capital exp. during FY 2020-21 (Data as per SAP ERP)	Amount transfer to Fixed assets during 2020-21	Closing Balance CWIP as on 31.03.2021
1	2	3	4	5	6	7 (3+5-6)
1	(OP) Circle Shimla	93.20	55.89	48.70*	18.06	123.84
2	(OP) Circle Solan	41.49	50.33	50.33	43.68	48.14
3	(OP) Circle Nahan	39.17	55.45	63.94*	24.40	78.71
4	(OP) Circle Rampur	56.90	56.52	41.75*	40.00	58.65
5	(OP) Circle Rohru	58.29	28.88	33.55*	14.69	77.15
6	(OP) Dalhousie	88.74	27.72	0*	9.49	107.23
7	(OP) Circle Kangra	84.25	25.68	0*	10.06	99.87
8	(OP) Circle Una	35.39	16.74	15.89	3.05	48.23
9	(OP) Hamirpur	30.93	35.12	23.04	19.19	34.78
10	(OP) Circle Bilaspur	83.70	55.44	61.6	19.54	125.76
11	(OP) Circle Mandi	51.24	27.06	0*	2.03	76.27
12	(OP) Circle Kullu	85.14	28.28	6.27*	1.27	90.14
13	M&T Bilaspur	0.15	0.42	NA	0.05	0.52
14	CE ES Hamirpur	262.02	165.64	NA	60.42	367.24
15	CE Gen S/Nagar	10.92	12.47	NA	4.25	19.14
16	CE PCA Shimla	29.88	1.26	NA	0	31.14
17	CE Comm Shimla	109.11	18.14	0*	0	127.25
19	CE (SO)	0	0.35	0.35	0.36	0
	Total	**1160.52**	**661.40**	**525.20** **98.84***	**270.50**	**1514.06**