HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED
(A State Govt. undertaking)

Registered office: Vidyut Bhawan, HPSEBL, Shimla-171004(H.P)
(CIN): U40109HP2009SGC31255
GST No. 2 AACCH4894EHZB
Telephone No. 0177-2803600, 2801675 (Office), 2658984(Fax)
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आज़ादी का अमृत महोत्सव

No.HPSEBL/F&A/Mon.Acc/Comp-I- 1117 - 37 Dated: 8/12/2021

To

The Chief Engineer (ES),
HPSEBL, Hamirpur(HP)

The Chief Engineer (Gen.),
HPSEBL, Sundernagar (HP)

All the Dy. CE/Superintending Engineers.
(OP) Circle in HPSEBL.

Sub:- **Capitalization of assets valuing Rs 1806.5 crore lying under Capital works in Progress (CWIP) account as on 30th November, 2021.**

Your kind attention is invited towards the Chapter-6 **"Capital expenditure, Property, Plant and Equipment"** of Accounting Manual-2017 of HPSEBLtd. Clause 6.3 (i) 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 accounts class wise.

During scrutiny of the books of accounts of the accounting Units as on 30.11.2021, it has been observed that the CWIP valuing to Rs. 1806.5 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 the 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 invites 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.

In view of above, it is requested 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 need to be evolved at circles level for watching the progress in this regard regularly.

Encl: As above.

Yours sincerely,

Chief Accounts Officer,
F&A wing, HPSEBL,
Shimla-04.

Copy to:-

1. The Sr. PS/PS of MD/Director for information of worthy MD/Director (concerned) please.
2. Chief Engineer (Central Zone) Mandi, Chief Engineer (North) D/Shalla and Chief Engineer (OP) South Shimla for imparting the necessary directions to subordinate offices for compliance of the same.
3. Chief Engineer (Comm.) HPSEBL, Vidyut Bhawan, Shimla-04 for information and necessary action please.
4. Deputy Chief Engineer (DSP), HPSEBL, Jagdamba Kutir, Khalini, Shimla-02 for information and necessary action please.
5. The SE (IT) for information and uploading the letter in the HPSEBL website.
6. Sr. Xen Mtc. Division, HPSEBL, Vidyut Bahwan, Shimla-04 for necessary action please.

Chief Accounts Officer,
F&A wing, HPSEBL,
Shimla-04.