



No. Acctts /9(1)/2014

Date: 23-07-2019

**Circular No. 1267/Acctts****Subject:- Accounting of assets received under Depot Online System**

During the All India Zero Accounts meeting held in Ahmedabad for the year 2018-19, matter regarding short accounting/capitalization of assets received by unit offices under Depot Online System(DOS) was discussed. Accordingly Hqrs. vide letter No. Accts/9(2)/2014 dated 09.05.2019 issued instructions for proper accounting of assets received under Depot Online System.

2. The matter regarding accounting treatment for fixed assets pending for capitalization/partially capitalized in the Corporation books of accounts in the earlier years was discussed with Tax Consultant and his opinion is reproduced as below:-

"The addition to the fixed assets would be effective from the original date when the asset put to use.

The depreciation for the earlier year would be of the nature of prior period expense as such would not be allowed as part of expense of the current year however the same is to be considered to work out the WDV of the asset for the purposes of computation of depreciation of the current year."

3. In view of the above following procedure is to be followed for making entries under depot online system by all accounting units in the year 2018-19 :-
- (i) If, Assets were capitalized by full value at the time when received and no further addition, cost adjustment or retirement done afterwards then no accountal would be made in 2018-19.
- (ii) (a) Assets were capitalized by full value at the time when received and further some additions, cost adjustments made.

For example:-

Year	Capitalized
2015-16 or 2016-17	100%
2017-18 onwards	30% Addition made on the basis of payment IOG received.
<b>TOTAL in 2018-19</b>	<b>130% (overcapitalized by 30%)</b>

- (b) Assets were capitalized by partial value at the time when and additions were made by balance amount.

For example:-

Year	Capitalized
2015-16 or 2016-17	30% Addition made on the basis of payment IOG received.
2017-18	40% Addition made on the basis of payment IOG received.
2018-19	30% Addition made as per instructions given by Hqrs letter no. Accts/9(2)/2014 dated 09.05.2019
<b>TOTAL in 2018-19</b>	<b><u>100%</u></b>

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**Procedure to be followed :-**

- a) Through cost adjustment reduce asset to Zero on book form of Fixed Asset by taking initial DPIS as amortization date.
- b) Run Depreciation.
- c) Fully Retire the mentioned asset through retirement form after confirming that there will be no gain or loss calculated.
- d) Add the new asset at actual cost through addition form by taking the actual DPIS.
- e) Run Depreciation and check for calculation.

(iii) No accountal was made when Assets received and assets were capitalized by full value in the year 2018-19

For example:-

Year	Capitalized
2015-16 or 2016-17	NIL
2017-18	NIL
2018-19	100% Addition made as per instructions given by Hqrs letter no Accts/9(2)/2014 dated 09.05.2019
<b>TOTAL in 2018-19</b>	<b>100%</b>

**Procedure to be followed :-**

Change the DPIS to actual through asset workbench and run depreciation and check manual calculation also.

4. All the unit offices are instructed to make entry for prior period pertaining to previous years from 2015-16 to 2017-18 and calculate Depreciation for the period from April 2018 to Jan 2019 and routed through Depreciation for current year only.
5. Unit Offices should review the liability (if any) lying in their books and further directed to transfer it to Hqrs Finance Division directly through IOG. So that liability pertaining to these assets be adjusted at Hqrs level.
6. A Revised Annexure X/15 may also be submitted to Hqrs.

**Explanatory Note:-**

1. Hindi version follows.



(RASHMI GULATI)  
GENERAL MANAGER (A/Cs)

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3. The Director of Commercial Audit, 4<sup>th</sup> Floor, 27-Mirza Galib Street, Kolkata.
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