

JAIPUR VIDYUT VITRAN NIGAM LTD.

NO.JPD/ Sr.AO(HQ.)/Acctts./F. 115 /D. 420

DATED 15.05.2008

CIRCULAR

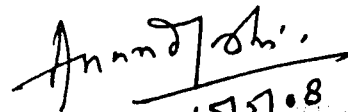
In pursuit of management policy to achieve accounting excellence in systematic manner, accounting policy in respect of capitalization of Direction & supervision charges alongwith capitalization method adopted by circle accounting unit was reviewed in context of generally accepted accounting principles, ESAAR, Accounting standards vis- a- vis repeated comments of the auditors.

Since erstwhile RSEB period a portion of expenses of Direction and Supervision offices, which looks after both Construction & O&M activities, are capitalized at the rate of five percent (5%) of capital expenditure incurred during the year. Similarly, circle accounting units were also capitalizing employees cost and office & administration expenses keeping in view the past practices in the matter. On review it has been observed that such capitalization is not uniform inter circle as well as intra circle for different period of time and no linear relationship could be drawn between relevant revenue expenditure / Capital works with capitalization made by the accounting units. In absence of well defined policy in the matter, such accounting practices could not be monitored in proper manner at corporate level.

After detailed deliberations in the matter, it has been decided to discontinue the existing accounting policy of capitalization of D&S charges as well as methodology previously adopted by the circle accounting units for capitalization of employees cost and office & administration expenses and in place, following capitalization percentage is prescribed for accounting units, which shall be adhered to strictly with immediate effect by the concerned.

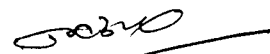
Name of Circles	Capitalization of Employees cost (Excluding terminal benefits) and Office & admn. Cost
MM	90%
RE&TW	100%
Other accounting units incldg. Corporate office	30%

Non O&M circles shall transfer the amount of capitalization booked under the code head CWIP to Corporate accounts section at the end of the year through Inter unit account. Accounts Officer (A/Cs) shall apportion the same amongst O&M circles in the ratio of Capital expenditure.

  
 (ANAND JOSHI)  
 Director (Finance)

Copy to the following for information and necessary action :

- 1) The Director (Finance), RRVUNL/RRVPNL/AJVVN/ JDVVNL, Jaipur/ Ajmer/ Jodhpur
- 2) The Chief Engineer ( ), Jaipur Discom, Jaipur
- 3) The Chief Accounts Officer ( ), RVUNL /RRVPNL /JVVN/ AJVVNL/ JDVVNL, Jaipur /Ajmer/ Jodhpur
- 4) The Superintending Engineer ( ), Jaipur Discom, \_\_\_\_\_
- 5) The Sr. Accounts Officer ( ), Jaipur discom, \_\_\_\_\_
- 6) The Accounts Officer ( ), Jaipur Discom, \_\_\_\_\_

  
 Sr. Accounts Officer(HQ.)