

By e-mail/hard copy:



ACCOUNTS BRANCH

144, Anna Salai,  
Chennai - 600 002.

**Circular      Memo      No.CFC/INDAS/FC/Accts/AAO/F.BS/2022-23/Instn./D.      /2023 dt. 19.10.2023**

Sir/Madam,

Sub: TANGEDCO - Annual Statement of Accounts 2022-23 and Balance Sheet as on 31.03.2023- DCW and Consumer Contribution Clarification--JV--Entries to be made - Guidelines communicated - Reg.

- Ref: 1. Memo.No.CFC/INDAS/FC/Accts/BS/F.ERP/D.No.183/2022, Dt.03.08.2022  
2. Circular Memo.No.CFC/IND AS/FC/Accts/DFC/BS/F.BS/2022-23/MSA CheckList Instn./D.No.285/2022, dt.23.11.2022  
3. Circular Memo No.CFC/INDAS/FC/Accts/DFC/BS/F.BS/2022-23/MSA Instn./D.No.123/2023 dt. 02.05.2023  
4. Circular Memo No.CFC/INDAS/FC/Accts/DFC/BS/F.BS/2022-23/ Instn./D.No.190/2023 dt.22.07.2023  
5. Circular Memo No.CFC/IND AS/FC/Accts/AO/BS/F.BS/2021-22/OB Communication/D.No.130/2023, dt.18.07.2023  
6. Circular Memo No.CFC/INDAS/FC/Accts/AAO/F.BS/2022-23/ Instn./D. 259/2023 dt. 27.09.2023

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In the Circular issued vide Memo. No. CFC/IND AS /FC /ACTS /AAO/ F.BS/2022-23/Instn./D./2023,dt.27.09.2023 instructions with regard to the accounting of DCW transaction in Page No. 6, Para no. 4.0 Sl. No. r, it has been stated that "Consequent to IND AS adoption, the consumer contribution GL 2050101 for the completed works has to be brought as revenue from operations - Income from services rendered to consumer - GL 3011101"among others.



With reference to the above some circles have raised queries for carrying out the above instructions which is clarified as below:

**Query: GL 2050101 Consumer Contribution** -This code includes Consumer Contribution, Agriculture Tatkai Collection amount, DCW Work order Final value and amount collected from Consumers towards Development Charges etc. How to deal with the different nature of transactions?

**CLARIFICATION:**

There are two GLs (2090132 & 2050101) which need to be detailed for making required Journals in the 14<sup>th</sup> period of SAP-ERP fiscal 2022 (FY 2022-23).

**A: GL 2090132-- Other Deposits from Consumers:**

- a) Under this common A/c heads, the deposits under DCW nature, Deposits for Service Connections, advance received from Consumers for any works, etc., are being booked, for the first time of receipt of money from Consumers. The deposits collected from consumers need to be treated in three aspects;

Bank GL                      Dr. Rs.xxxxxx  
To

2090132 Other Deposits from Consumers Cr. Rs. xxxxx  
(Being the DCW amount collected from consumers)

- b) DCW - on partially completed works (i.e.) work still under progress at the year end (i.e.) as at 31<sup>st</sup> March of FY;

Make an analysis of pending work orders of DCW nature as on 31.03.2023. The DCW nature work order in progress value as on 31.03.2023 shall be treated as Deferred income - GL 2050409 on services, duly transferring from Deposits GL 2090132.

2090132 Other Deposits from Consumers Dr Rs. xxxx  
To  
2050409 Deferred Revenue Non-current                      Cr      Rs. xxxxx

(Being the value of deposits equivalent to its W.O. under progress as on 31.03.2023 is treated as Deferred Income & will be considered as income at time of closure of work order upon completion of work).

From the above, it could be observed that the value or work in progress of DCW nature as at the year end (31<sup>st</sup> March) shall be arrived and journal



need to be passed to treat as deferred revenue, duly reducing from Deposits GL. Subsequently, on closure of such DCW nature Work order in the next financial year the remaining value of such work will also be transferred along with portion of deferred income already transferred to the ultimate revenue head GL - 3011101 Income on Services from Consumers

2050409 Deferred Revenue-Non Current	Dr Rs. xxxxx
2090132 Other Deposits from Consumers	Dr Rs. xxxxx
To	
3011101 Income from Services rendered to consumers	Cr Rs. xxxxx

(Being the transfer of the value of DCW for the work carried forward from the previous financial year and closed during the current financial year reference Document No. xxxx and further value of DCW work completed during the financial year along with allocation of Overheads IDC, as applicable to the income from services head).

In nutshell, it may be noted that all DCW nature deposits would be treated as Revenue from Operations - GL 3011101 - Income as service rendered to consumers, only **at time of completion of work and its work order closure**. In between, as on 31<sup>st</sup> March, the deposits equivalent to DCW Work order in progress need to be brought under Deferred income GL, and maintained until its completion/closure of DCW work order.

**c) DCW - Full completion of work within the FY:**

While closing the work orders related to DCW nature, the value of such works after loading due overheads & IDC, would be converted into Fixed Assets. The equivalent value of such DCW work has to be transferred from Deposit to income heads i.e. from GL 2090132 to the new GL - 3011101 as services income. (without routing through)

2090132 Other Deposits from Consumers	Dr Rs. xxxxx
To	
3011101 Income from Services rendered to consumers	Cr Rs. xxxxx

(Being the DCW work completed, the deposit received under ERP Document No. \_\_\_\_\_ transferred to income in services)

**d) In some cases of DCW nature as 31<sup>st</sup> March no work would have been started though deposits might have been collected from consumers/third parties. On receipt of such deposits, the GL 2090132 would be used. Since no work is commenced as on 31<sup>st</sup> March, the same can be kept**



under deposit heads itself, without any need to transfer as deferred income

**e) Rectification of Errors:**

If deposits of any other kind such as MCD, CCD, Advance CC etc. have been collected and booked under 2090132 GL wrongly then appropriate rectification journal shall be passed, to rectify the same.

Current consumption Deposit (CCD)/Additional Current Consumption Deposit (ACCD) collected from LT consumers has to be accounted in the ERP GL Code 2070312 and that from HT consumers under ERP GL 2070313. It has been observed that some of the circles are using GL code 2090132 erroneously, for accounting the CCD/ACCD collected from LT&HT consumers. For such errors in accounting rectification Journal need to be passed, by crediting GL 2070312 (LT CCD) and GL 2070313 (HT CCD) duly debiting already booked GL 2090132, with narration as "Being the journal entry for rectifying the wrong GL accounting of CCD/ACCD collection in GL 2090132 the vide Doc.No. xxxx "

**f) Change from conventional method of accounting in GL 2050101 - Consumer Contribution:**

On completion of work order of DCW nature, the DCW deposit was transferred to the GL code 2050101 - Consumer Contribution. Subsequent to the implementation of IND AS, this consumer contribution account head need not be shown as liabilities and shall be transferred and shown as income GL 3011101- Income from Consumer from services.

Those circles who have already transferred the Consumer Contribution account head under GL 2050101, the following rectification Journal may be passed.

2050101 Consumer Contribution Charges    Dr Rs. xxxx  
To

3011101 Income from Services rendered to consumers    Cr Rs. xxxxx

(Being the amount wrongly accounted under the Consumer Contribution vide ERP document no. \_\_\_\_\_ is now transferred to Income from Services rendered to Consumers a/c head and rectified).

The circles are advised ensure that the balance as on 31.03.2023 in GL code 2050101 is zero.

**g) It is further observed that some circles have credited the following GL codes while collecting charges from consumer relating to Agriculture, Tatkal Scheme:**



GL 2020113 Collection of Development Charges from Consumers  
 GL 2020114 Collection for Street Light Chunder Self-Sufficiency Scheme  
 GL 2020115 Collection for Agriculture Service under Self Sufficiency Scheme  
 GL 2020116 Collection of Charges For Provn. Addl. Transformer  
 GL 2050101 Consumer Contribution Charges  
 GL 2050102 Contribution from Other Tatkall Service.  
 GL 2020117 Consumer Contribution Online Payment Mode  
 GL 2020118 Consumer Contribution Agriculture Tatkall  
 GL 2020101 Grant Govt. Scheme  
 GL 2080140 Erection Charges  
 GL 2080141 Development Charges  
 GL 2080142 Material Charges  
 GL 2080143 Temporary Supply  
 GL 2080144 SFS R Service Takkall  
 GL 2080145 CCD Withheld DC HT Legal

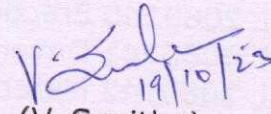
The collection of the amount from the consumers booked under the GLs mentioned above, towards Cost of Material, and Manhours incurred in rendering services to several consumers are to be transferred to "GL 3011101- Income from Services rendered to Consumers" by passing the Journal entries.

2020112 Consumer Contribution Towards Cost of Capital Assets	Dr
2020113 Collection of Development Charges from Consumers	Dr
2020114 Collection for St. Light Chunder Self-Sufficiency Scheme	Dr
2020115 Collection for Agriculture Service under Self Suf. Scheme	Dr
2020116 Collection of Charges For Provn. Addl. Transformer	Dr
2050101 Consumer Contribution Charges	Dr
2050102 Contribution from Other Tatkall Service.	Dr
2020117 Consumer Contribution Online Payment Mode	Dr
2020118 Consumer Contribution Agriculture Takkall	Dr
2020101 Grant Govt. Scheme	Dr
2020101 Grant Govt. Scheme	Dr
2080140 Erection Charges	Dr
2080141 Development Charges	Dr
2080142 Material Charges	Dr
2080143 Temporary Supply	Dr
2080144 SFSR Service Takkall	Dr
2080145 CCD Withheld DCHT Legal	Dr
To	
3011101 Income from services rendered to consumers	Cr



(Being collection charges from consumer relating to Agriculture, Tatkal Scheme transferred to Income from services rendered to consumers account head and rectified vide doc. no. \_\_\_\_\_)

The above clarification has to be carefully adhered by all the related circles. The rectification journal entries shall be passed in the 14<sup>th</sup> period FY 2022-23 with supported documents and detailed narrations. Relevant documents may be arranged to be attached in the ERP where ever, required. While preparing "Narration" to each of the journal entry for accounting DCW works at each stage, the respective DCW work order no. shall be mentioned.

  
19/10/23

(V. Savitha)

Chief Financial Controller/IND AS

To

All the Superintending Engineers and  
Financial Controllers of TANGEDCO Circles.

Copy to all the Chief Engineers.

Copy to the Chief Engineer/IT with reference to point no. f if it shall be  
ensured that credits to GL code 2050101 shall be blocked from  
November 2023 onwards in SAP-ERP.

Copy to all the Chief Financial Controllers

Copy to Chief Internal Audit Office

Copy submitted to all the Directors/Finance/TANGEDCO.

Copy to APO/Tamil Development (2 Copies) for publishing to TANGEDCO Bulletin