

TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LIMITED

ACCOUNTS BRANCH

144, Anna Salai

Chennai – 600 002.

Circular Memo.No/CFC/GI/FC/P/DFC/W/AO/W/D152/24 dated.23.05.2024

Sub: TANGEDCO –Labour expenditure incurred for Capex underK2 Agt, booked in revenue expenditure instead of capital expenditure – Instructions reiterated -Reg.

- Ref: 1.Circular Memo No.CFC/GL/FC/P/DFC/W/AO/W/D.NO.171/PR.No.27 dated 21.11.2022.  
2. Circular Memo.No.CFC/GL/FC/P/DFC/W/AO/W/D27/PR.No.129/2023 dated 20.06.2023.

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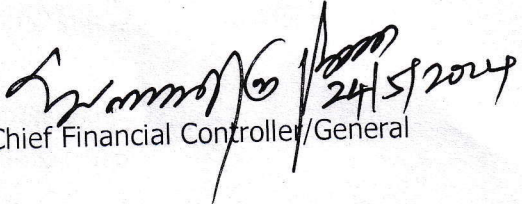
In the references cited, instructions have been issued that in the event of executing the work of erection and commissioning through K2 Agreement/ Imprest bills/ Temporary advance separately, such expenditures should be taken into account for capitalising the value of such assets in ERP and also instructed that the labour bills claimed are tagged with the respective work orders and relevant K2 agreement.

It is observed that most of circles were some labour expenditure incurred towards EOS (Extension of service connection) and Works contract for cable erection and improvement (WCT) which are in capital nature under K2 agreement were booked in Revenue expenditure (Account assignment category –“K” in ERP portal) instead of capital expenditure against the relevant work orders (Account assignment category-“P” or “N”)

**In this regard, the labour expenditure of capital nature booked (FY 2024-25) in Account assignment “K” (Revenue expenditure) in such case,invoice posting shall be reversed and service entry sheet must be deleted and booked against the Account assignment category “P” or “N” as the case may be (Capital expenditure) and tag the work order in the purchase order. The labour expenditure to be invoiced for payment shall be booked against a work order for passing of bills. This task should be completed on or before 31.05.2024.**

In order to ensure proper apportionment of capital expenditure pertaining to the relevant work orders for fair valuation of asset component, concerned SE/P&A and Financial Controller in Thermal Power Stations and concerned SE & DFC in EDCs are requested to review the Purchase order/Service P.O. report in ERP by opening the **T-code "me2n"** for strict adherence.

This may be treated as mandatory.

  
Chief Financial Controller/General

To

All the Chief Engineers and Superintending Engineers of TANGEDCO

Copy submitted to JMD/Finance, Director/Finance and CFC/IND AS (For kind information)

Copy to the Financial Controller/Accounts.

Copy to the EE/ERP/HQ –EE is requested to ensure the T-code "me2n" for activation and attend queries on it if any raised from the field so as to avoid any complaints from the circles.