



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE

OFFICE OF THE PRINCIPAL CONTROLLER OF ACCOUNTS (FYS)
10-A, S.K. BOSE ROAD, KOLKATA: 700001

E-mail ID: aapcoa.dad@hub.nic.in
Website: www.pcafys.nic.in

Phone No: (033) 2248-5077 to 5080 Extn- 547/549
FAX No. : (033) 2248-0991

No. AA/82/18-19/CIRCULAR/I

Dated: 12-09-2018

To

All Controllers of Finance & Accounts (Fys)

Addl. CFA/JCFA/DCFA/ACFA I/C of All Local Accounts Offices

Sub : Treatment of Computer & Hardware, Office Furniture & Fixtures and Office Equipment as Capital Asset for the Financial Year 2018-19 & onwards.

Ref : PCA (Fys) Kolkata Important Circular No. AA/82/17-18/CIRCULAR/V
Dated 12.06.2018 (Copy enclosed).

Consequent on concurrence of Commercial Accounting Formats for Proforma Accounts in the Ordnance Factories by the C&AG, Ordnance Factories have been directed to account for in the Annual Accounts, classifying "**Computer & Hardware, Office Furniture & Fixture and Office Equipment**" with enduring benefits exceeding one year as **fixed assets**. In this connection also refer Main Office Important Circulars No. AA/82/16-17/CIRCULAR/II dated 30-05-2017 and AA/82/17-18/CIRCULAR/I dated 07-12-2017 [available in archive of PCA (Fys) Kolkata Website: pcafys.nic.in]

During the scrutiny of Annual Accounts 2017-18 it is observed that none of the factory (except OF Varangaon) has classified "**Computer & Hardware, Office Furniture & Fixture and Office Equipment**" with enduring benefits exceeding one year as **fixed assets**. Thesame has been observed with concerned by the Higher Authorities.

In view of the foregoing it is requested that please liaise with the Factory Management regarding the above matter to implement the above accounting policy during the Financial Year 2018-19 onwards positively to avoid future complications.

Encl: As above

-Sd/-

Dy. Controller of Accounts (Fys)

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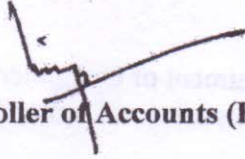
- 1. Secretary OFB
- 2. Sr.DDG Budget
- 3. DDG P & P
- 4. CFA, OFB Finance Division

For kind information & necessary action.

5. General Manager(41 Factories) - For kind information & necessary action as mentioned above.

6. The SAO I/C, EDP Section M.O. Kolkata – To upload in PCA (Fys) Kolkata web site.

Encl: As above


Dy. Controller of Accounts (Fys)



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Important Circular

No. AA/82/17-18/CIRCULAR/V

Dated: 12-06-2018

To

All Controllers of Finance & Accounts (Fys)

Addl. CFA/JCFA/DCFA/ACFA I/C of All Local Accounts Offices

Sub : Treatment of Computer & Hardware, Office Furniture & Fixtures and Office Equipment as Capital Asset for the Financial Year 2017-18 & onwards.

Ref : 1. PCA (Fys) Kolkata Accounts Section Circular no.161 (A/II/102/XXVII) dated 22.12.2017 (Copy enclosed).

2. PCA (Fys) Kolkata Important Circular No. AA/82/17-18/CIRCULAR/I Dated 07.12.2017 (Copy enclosed).

Consequent on concurrence of Commercial Accounting Formats for Proforma Accounts in the Ordnance Factories by the C&AG, Ordnance Factories have been directed to account for in the Annual Accounts, to classify "**Computer & Hardware, Office Furniture & Fixture and Office Equipment**" with enduring benefits exceeding one year as fixed assets.

With reference to Main Office Accounts Section letter mentioned in reference 1 (Copy enclosed) following amendment has been given in the Treatment of "**Computer & Hardware, Office Furniture & Fixtures and Office Equipment**" as Capital Asset for the Financial Year 2017-18 & onwards as mentioned in Main Office previous circular dated 07.12.2017 (copy enclosed).

Steps for Implementation	Action by Factory	Action by Br. Accts Office
<p>1. It has been instructed to account "Computer & Hardware, Office Furniture & Fixtures" purchased from "Store Revenue Head" with enduring benefits exceeding one year as Capital Assets.</p>	<p>Factory should prepare Store Receipt Voucher on receipt of the items through Material Inward Slip (MIS). Then Factory should prepare transfer vouchers from "Store" to "Capital" for "(i) Computer & Hardware, (ii) Office Furniture & Fixtures" separately with enduring benefits exceeding one year.</p>	<p>The "Computer & Hardware, Office Furniture & Fixtures" which is purchased under Store Revenue Head with enduring benefits exceeding one year should be capitalized by transferring from "Store" to "Capital" on receipt of Transfer Voucher prepared by factory management.</p> <p>No financial punching medium to be prepared for any such transfer.</p> <p>The journal entry to be operated for the same transaction is as follows:-</p> <p>Credit item 6 of Store Ledger Account of Principal Ledger.</p> <p><i>Capital Assets Account Dr. To Stores Account</i></p> <p><i>— Transfer from Stock to Capital</i></p>
<p>2. Office Equipment which are purchased as inventory from Contingent Head with enduring benefits exceeding one year should also be Capitalized.</p>	<p>Factory should prepare a transfer voucher from "Inventory" to "Capital" for Office Equipment.</p>	<p>The Office Equipment which are purchased under Contingent Head with enduring benefits exceeding one year should be capitalized by transferring from "Inventory" to "Capital" on receipt of Transfer Voucher prepared by factory management.</p> <p>No financial punching medium to be prepared for any such transfer.</p> <p>The journal entry to be operated for the same transaction is as follows:-</p> <p>Credit item 6 of Overhead Expenses Account of Principal Ledger.</p> <p><i>Capital Assets Account Dr. To Overhead Expenses Account</i></p> <p><i>— Transfer of Machinery and Capital items from inventory</i></p>

Encl: As above

Sd/xx
Addl. Controller of Accounts (Fys)

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2. Sr. DDG Budget
3. DDG P & P
4. CFA, OFB Finance Division

} For kind information & necessary action.

5. General Manager(41 Factories) - For kind information & necessary action as mentioned above.
6. The SAO I/C, PR Section M.O. - For information.
7. The SAO I/C, Accounts Section M.O. - For information.
8. The SAO I/C, EDP Section M.O. Kolkata - To upload in PCA (Fys) web site.

Encl: As above

Sd/xx

Addl. Controller of Accounts (Fys)