

	<p align="center">RAJASTHAN RAJYA VIDYUT PRASARAN NIGAM LTD. (CIN:L40109RJ2000SGC016485) (A Govt. of Rajasthan Undertaking) Office of Chief Controller of Accounts, Regd Office:-Vidyut Bhawan, Jyoti Nagar, Jaipur 302005 Tele: 0141-2747037/Fax: 0141-2740066 Email - sr.ao.acc@rvpn.co.in Web site - www.rvpn.co.in</p>	
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No.:RVPN/CCOA/CAO (A/Cs-W&M)/Sr. AO (A/Cs)/F. /D. २२५ Jaipur, Date: 12/10/2018

CIRCULAR

It has been observed that there is some confusion amongst the field officers/circle accounts officers for accounting treatment of additions, improvements, replacements and repairs of the fixed assets. Consequently, there is likelihood that costly items/equipment relating of capital nature is being booked under the head Repairs and Maintenance.

In order to bring the uniformity in treatment of accounting related to Fixed Assets, a detailed procedure for ensuring correct accounting of Additions, Improvement, Replacements and repairs of the fixed assets is prescribed as under:-

Repairs before Commissioning of Assets

Any expenditure on repairs or rehabilitation of an asset purchased by the Nigam (whether second hand or new) incurred before commissioning the asset 'for putting the asset in usable condition' shall be treated as a cost of that capital asset.

Repairs and Maintenance

Any expenditure on restoring an asset back up to the level of output/efficiency/ performance at which it was, when it was first put to use is repairs expenditure. Any expenditure in maintaining the asset up to the level of output /efficiency/performance at which it was, when it was first put to use is maintenance expenditure.

Expenditure on repairs and maintenance shall be charged to revenue in the year in which it is incurred. In other words, such expenditure on repairs & maintenance shall not be added in the cost of that capital asset but shall be considered as expenditure in the Profit & Loss Account.

Additions

Additions may bring into existence a new asset or increase the physical size of an asset through expansion/extension etc. All expenditure on additions shall be capitalised.

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Improvements

An expenditure having the effect of extending the useful life of an asset or increasing output or capacity or efficiency of an asset or decreasing operating cost of an asset is 'Improvement' (e.g. replacing a transformer by another transformer of higher capacity). All expenditure on improvements shall be capitalised.

Alterations/Renovations

In case of alterations or renovations of building or plant, the treatment of expenditure shall be similar to that for improvement.

Rearrangement

All expenditure on rearrangement (of plan layout, office layout etc.) shall be charged to revenue in the year in which the expenditure is incurred.

Replacements

Replacements can be defined as 'Substitution of one fixed asset by another, particularly of an old asset by a new asset, or of an old part by a new part'. Expenditure on minor replacements shall be charged to revenue as Repairs and Maintenance expenditure. Major Replacement expenditure shall be capitalised. However, the cost and accumulated depreciation of the old replaced asset shall be withdrawn when the expenditure on the new replacing asset is capitalised. A broad criterion of distinguishing minor and major shall be that replacement of any asset or part of the asset for which a separate fixed asset record is required shall be considered major replacement.

Shifting an Asset to another Place

Any expenditure incurred on shifting of assets from one place to another place shall, regardless of the amount of expenditure, be charged to revenue in the year in which the expenditure is incurred.

Some of the suggestive examples of classification of expenditure as revenue and capital are given as under:-

In case of line Work

E.g.:- Expenditure incurred on expansion and modification of existing line should be treated as capital expenditure and incurred against a capital budget provisions.

Eg:- An expenditure on revetment of exiting tower should be treated as repair and maintenance.

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In case of GSS

E.g.:- Expenditure incurred on construction of new GSS, augmentation work, creation of new bay at existing GSS, replacement of Major Asset(complete unit of asset i.e. replacement of old transformer with new transformer, replacement of old CT with new CT) should be treated as capital expenditure.

E.g.:- Expenditure on maintenance of GSS, replacement of Minor part of an asset should be treated as repair and maintenance.


The expenditure on Repair & Maintenance should be booked under the relevant accounting head i.e. 474XXXX (list enclosed for reference at Annexure A) and for the same, provision under the respective budget head Repair & Maintenance is required to be used so that correct accounting treatment may be done.

Encl:-Annexure A


Chief Controller of Accounts
RVPN, Jaipur

Copy to the following for information and necessary action please.

- 1.The ZCE/CE/Addl.CE/Dy.CE(),RVPN,_____
- 2.The Controller (IA),RVPN,Jaipur.
- 3.The C.A.O./Regional C.A.O.(),RVPN, _____.
- 4.The SE(MIS) RVPN Jaipur.
- 5.The Superintending Engineer (),RVPN ,_____He is requested to arrange endorsement /circulation of this circular to all the XENs /AENs under his control.
- 6.The Dy.COA/Dy.Dir., RVPN Jaipur.
- 7.The Sr.AO/AO/AAO(),RVPN,_____
- 8.PS to CMD/Director(),RVPN,Jaipur.
- 9.The Sr.Resident Officer,Staff House ,7/8, green Park , Nr.Arya Samaj Mandir, New Delhi.


Sr. Accounts officer (A/cs)
RVPN, Jaipur

ANNEXURE A
474XXXX REPAIR & MAINTENANCE

GL ACCOUNT	PARTICULARS
4741001	R&M TO PLANT & MACH. HYDRO POWER PLANT
4741002	R&M TO P&M steam power plant
4741004	R&M TO PLANT & MACH. TRANSMISSION.
4741005	R&M OF SPECIAL T&P
4741008	R&M TO PLANT & MACH. OTHERS
4742001	R&M TO BUILDING-HYDRO POWER PLANT
4742002	R&M TO BUILDING TRANSMISSION
4742003	R&M TO BUILDING REST HOUSE
4742006	R&M TO BUILDINGS RESI.COLONY
4742007	R&M TO BUILDINGS- OTHERS.
4743001	R&M -OTH.C.WORKS.HYDEL P.P.
4743002	R&M of Misc.civil works in yard/GSS
4743004	R&M TO OTH.C.WORKS.RES.COLONY
4743006	R&M OF ROADS
4744001	R&M OF HyDRAULIC WORKS HPP
4745001	R&M TO LINES,CABLE N.WORK.(HPP)
4745003	R&M TO LINES,CABLE N.WORK.TRANSMISSION
4745005	R&M TO LINES,CABLE N.WORK OTHERS
4746001	R&M TO TRUCKS,T&TREKKERS.HPP
4746004	R&M TO TRUCKS,T&TREKKERS.TRAN
4746008	R&M TO JEEPS & M.CARS.HPP
4746009	R&M TO JEEPS & M.CARS.TRANSMIS
4746010	R&M OF OTHER VEHICLES.HPP
4746011	R&M OF OTHER VEHICLES
4747001	R&M TO FURNI & FIXTURES.HPP
4747002	R&M TO FURNI & FIX.TRANSMISSIO
4747003	R&M TO FURNI & FIX. OTHERS.
4748001	R&M OF OFFICE EQUIPMENT..-HPP
4748002	R&M TO OFFICE EQU.-TRANSMISS.
4748003	R&M TO OFFICE EQU.OTHERS.
4748004	R&M-HARDWARE/SOFTWARE/NETWORKING

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