

⊙ E-P-H. (1948) Department.

Mis- SERIES.

G.O. NO.

1208 Edn p-174

Dated

14-5-48.

Ⓜ closed

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[Despatch Abstract.]

Stationary - Stock Account of Stationary
Stores. - 1946-47 - Valuation of Closing
balance - Proceedure - Orders passed

Back Papers.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

Further Papers.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

nachalam, Esq., OBE., ICS.,
rintendent of Stationery,
(Madras) at Guindy,
Madras.15.

To The Secretary to Government,
Education and Public Health
Department, Madras.

No.A.1.6295/47.

Dated: 13/11/47.

Store Accounts - 1946-47 / Valuation of the closing balance.
Ref: G.O.No.835 Mdn. dated 31-5-1941.

According to the instructions contained in para (c) of the Appendix to the G.O. quoted above, the closing balance at the end of the official year should be valued at the cost of acquisition or market rates which ever is less, the result of such valuation being shown as gain or loss by revaluation. At present, the closing balance of the previous official year is revalued at the settled contract rates of the year in question and taken as the opening balance of the year. The difference between the closing balance of the previous year and the opening balance of the year to which the store accounts relate, arrived at by revaluation, is shown as gain or loss by revaluation. The closing balance of the year is valued at the settled contract rates for the year and shown in the store accounts. At the time of preparation of the Store Accounts, the rates prevailing in the market are not easily determinable on account of frequent fluctuation in prices which sometimes leads to failure by the contractors to supply at the agreed rates. This leads to special purchase of several articles at varied rates. Also, the prices of paper supplied by the Paper Directorate which forms the bulk of the purchase are not available at the time. It is presumed that the market rate referred to in the G.O. is the settled contract rate for the several articles as contracts are settled by the open tender system. Hence, the revaluation of stock for the purposes of the Store Accounts can be done only with respect to the opening balance of the official year to which the accounts relate but not with respect to the closing balance of the year as per instructions in the G.O. as it is essential that the rates of the succeeding official year should be available to follow the instructions contained in the G.O. As the Accountant General requires a strict compliance with the instructions contained in the G.O. which are not capable of being adhered to, for the reasons stated above, I request that Government may be pleased to approve the existing method of the valuation of stores for the purpose of the Store Accounts until normal conditions are restored.

The G.O. referred to was not read in detail.
The P.O. may please be disposed of.

Dr. b. by order of the
PK.15.62 22/12

for Superintendent of Stationery.

GENERAL DIARY
NO. 8.7.12087
FILE OR CASE
DICT. 12-47

End No. 91750-10-47

Referred to the Accountant General for remarks

J. D. Menon

Asst. Secy. Government
12.12.47

To the Accountant General
Madras (with C.F.
in original to be ret'd
with reply).

No. O.A. 408. Madras, 6th January 1949.

THE ACCOUNTANT GENERAL, MADRAS.

To The Secretary to Government,
Education & Public Health
Subject Department, Madras.

1424 Sub.- Store Accounts - 1946-47 -
Valuation of the closing
balance.
Ref.- Government Endt. No. 91750-10-
Edn., dated 5-12-1947 forward
ing for remarks letter No.
A-1-6295-47, dated 13-11-47
from the Superintendent of
Stationery.

The matter is under consideration
and a reply to Government will be sent
shortly.

H. Vaidyanathan
Examiner, Outside Audits
& Dy. Accountant General.

110 E.P.H. (C.F.)

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Fort St. George, 23rd January 19 48

No. A.A.60-5-20.

Enclosures.

FROM
S. A. Vaneswar, Esq.,
THE ACCOUNTANT GENERAL,

MADRAS,



To

The Secretary to the Government of Madras,
Education & Public Health Department,
Fort St. George.

Subject.- Stock account of the Stationery Stores,
Madras - 1946-47 - valuation of the closing
balance.

SIR,

With reference to Government Endt.No.91750-1-Edn., dated the 5th December 1947 forwarding for my remarks letter No.A-1-6295-47, dated the 13th November 1947 from the Superintendent of Stationery to Government on the subject indicated above, I have the honour to state that if the store accounts, which are intended for inclusion in the Appropriation Accounts under Grant No.XXX - Stationery and Printing, are to serve their purpose the value of the closing stock should represent, as approximately as possible, the correct value of the stock as on the 31st March of the year to which the accounts relate. This result can be achieved only by revaluing the closing stock in accordance with paragraph (c) of the Appendix to G.O.No.835, Education, dated the 31st May 1941. But under the procedure now followed by the Superintendent of Stationery, the revaluation of the closing stock of a year is made in the following year and the profit or loss by revaluation is incorporated in the stores accounts*incorporated in the Appropriation Accounts do not present a correct picture of the stores transactions of that year.

The present practice would seem to be due to the difficulty in determining the market rates for the articles held in stock, especially for paper. As the store accounts are prepared a few months after the close of the year, the contract rates for the supply of articles for the following year would have been settled and these rates may be taken as the market rates for the articles for purposes of revaluation. In other cases the market rates may be ascertained with reference to the definition in Article 6 of the Madras Financial Code, Volume I. I trust this will solve the difficulty. However, the Superintendent of Stationery considers that it will be difficult to follow the above procedure in respect of the store accounts for 1946-47, I have no objection to the present procedure being followed in respect of these accounts only, to avoid delay in their preparation and to the correct procedure as explained above being adopted in accounts for 1947-48 onwards.

In this connection I would like to point out that as the revaluation of the closing balance has to be made at the cost of acquisition or the market rate whichever is lower, there cannot be any gain by revaluation as any increase in market value will have to be limited to the book value, while in the store accounts for previous years such items of gain have been shown. Obviously this is contrary to the

orders

* of that year with the result that the stores accounts

p 6, BnH
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Officers of Government and the Superintendent may kindly be instructed to follow the correct procedure in future.

I have the honour to be,
Sir,
Your obedient servant,



P. K. Srinivasan
Accountant General.

A1
Encl no. 91750-2CC Encl 203-48
E + P. H. (62)

Referred to the Superintendent of Stationery
for remarks.

To
The Superintendent
of Stationery
C-2 in Encl 1000
Rtd with Encl
A-1-612

J. S. Srinivasan
Assistant Secretary to Govt
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For a precedent please
see p. 10 of F. 835 Encl 7
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E + P. H. (62)

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Dep. Secy
to the A.S. & P.H. Dept
14/2/48

14/2/48
To the A.S. & P.H. Dept
from the Asst. Secy. General.

Stock account of the
Stationery Stores Madras 1946-47 -
Repr ^{A. G.} letter no. A-60-5-20
of 23.1.48

Please return ^{the} letter no. A-1-6295/47
of 13.11.47 received from the S & S and
sent to ^{the A. G.} for remarks with Govt.
Encl no. 91750-12 Encl 5-12-47, as the
same has not been received back
~~along with~~ with ^{the A. G.} ~~the~~ reply cited
above.

Kas. Secy
10.2.48 11.2.48

13/2/48

Office of the Accountant-General,
GOVERNMENT OF INDIA.
Audit DEPARTMENT.

MEMORANDUM.

(N.B.—This form is only to be used for correspondence of minor importance with subordinate authorities.)

FROM The Accountant General, Keras.
TO The Assistant Secretary to the Government of Keras,
Education and Public Health Department,
Fort St. George, Keras.
No. AH60-5-33 Dated 26.2.1948
Reference your post copy of letter of this Department's memorandum No. dated 13.2.48.
Memo of date 13.2.48.

Letter No A-1.6295/4 dated 13.11.47 of the
Superintendent of St. Catherine's, Keras, is
herewith retained.

Encl: 1 letter

For Accountant General
Keras

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Stationery - stock account of the
Stationery Stores Fund, 1946-47 -
Valuation of the closing balance -

m. 23571 From the Dept of A Sect Genl
no. A.A.60.5.65 of 25. 3. 48

1/6/48

Specimen 91750.3 b2 and 6-4-48

To The AG 14.4.48

A further reference has been issued
to the S of S for ^{in the matter} remarks and his
reply ~~has~~ is awaited.

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PER
1.4.48

OSM
5/4/48

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Nch The case has been further referred
to the S of S for remarks with Exo. H. Smt. w.
91750-202 and 20.3.48 closed he has been
reminded today separately.

has
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PER
1.4.48

PM
5/4/48

Office of the Accountant-General,
Madras, Dated the 25th March, 1948.
No.A.A.60-5-65.

From S. A. Vaneswar, Esq.,
Accountant-General,
Madras.

To The Secretary to Government of Madras,
Education & Public Health Department,
Madras.

Sir, Sub:- Stock account of the Stationery Stores, Madras, 1946-47.
Valuation of the closing balance.

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In continuation of my letter No.AA.60-5-20 dated 23rd January 1948
on the subject indicated above, I have the honour to enclose a copy of
letter No.A.I.6295/47 dated 15-3-1948 from the Superintendent of Sta-
tionery in reply to a reminder from this office for the submission of
the stock accounts for 1946-47 for incorporation in the Appropriation
Accounts, 1946-47. As the compilation of the accounts has already been
delayed, I would request you to issue orders very early for the prepara-
tion of the Store accounts. In this connection, I would invite a refer-
ence to the last paragraph of my letter dated 23-1-1948, referred to
above, in which I have stated that I have no objection to the present
procedure being followed in respect of the accounts for 1946-47, only
to avoid any delay in their preparation.

I have the honour to be, Sir,
Your obedient servant,

S. A. Vaneswar
Accountant-General.

tas.

From
The Superintendent of Stationery,
Madras at Guindy,
Madras 15.

To
The Secretary to Government,
Education & Public Health
Department, Madras.

No.A1.6295/47 dated 12-4-48.

Sir,



STOCK Account of Stationery Stores - 1946-47 - Valuation of Closing balance.

Government endorsement No.91750-2-C.2.Edn., dated 20-3-48 on A.G.'s letter No.A.A.60-5-20 dated 23-1-1948.

The only point of difference between the Accountant-General and the Stationery Office is with regard to the rates to be adopted for the valuation of the store balances at the end of the financial year. While the Stationery Office is adopting the issue rates fixed for the year to arrive at the value of the stock in all stages, the Accountant-General wants the market rates to be ascertained as on the last day of the year and value the closing balance at those rates. No doubt, he agrees to the adoption of the contract rates of the following year in lieu of market rates where the contract rates are available. According to Article 136 of the M.F.C.Vol.I, the stores have to be valued at market value current at the close of the year in cases where a priced inventory is maintained. Priced inventory of stores is not maintained in this office. Only quantitative transactions are recorded in the stock books maintained as per rule 159 of Stationery Manual Volume I. The prices charged for the articles supplied to the officers on payment of cost are those fixed for the whole year with reference to the prices at which the articles are purchased by this office and 20% departmental charges in addition. The prices are not varied to suit the fluctuations in the market. Hence, when the closing balance of a year, say, for example, the year 1947-48 is valued at the rates for 1947-48, its value at the beginning of 1948-49 is taken at the rates for 1948-49 as they will be sold to the officers at the rates for 1948-49 whether the rates are higher or lower than the previous year's rates. The method suggested by the Accountant-General may be necessary for the valuation of stores in commercial concerns. But as the stationery office is not a commercial concern, the revaluation of the opening balance now done will meet the requirements and the exact market value of the stores at the close of the year is of no consequence as transactions are not effected at the rates prevailing in the market on a particular date. Moreover, as already pointed out, bulk transactions take place only in paper for which prices are not known till late in the year. For e.g., the final prices of paper for 1947-48 were communicated only in January 1948. It is therefore submitted that while the method of valuation suggested by the Accountant-General, though in vogue in commercial concerns and accord with strict accounting principles, does not suit the system of accounts maintained in this office and would involve enormous additional clerical labour without any corresponding advantage.

The Accountant-General has agreed to accept the existing method of preparation of store accounts so far as the account for 1946-47 is concerned. The Preliminary work for the compilation of figures has been taken on hand and the store accounts will be sent to the Accountant-General as early as possible.

In these circumstances, I request that Government may be pleased to approve of the existing method of preparation of store accounts, viz. the revaluation of the closing balance of a year at the beginning of the following year for incorporation in the store accounts of the latter year.

The Government Endorsement together with the enclosures received therewith are returned.

Encls.

KV.14

for SUPERINTENDENT OF STATIONERY
P.T.O.

Copy of letter No.A.1.6295/47 dated 15-3-1948 from the Superintendent of Stationery, Madras (at) Guindy to the Accountant-General, Madras.

Sub:- Accounts of Stores for 1946-47 to be included in the appropriation accounts.
Your No.A.A.60-5-Genl./49 dated 10-3-1948.

I invite your attention to this office letters No.A1.6295/47 dated 3-12-1947 and 15-12-1947 in which it was stated that orders of Government have been sought to continue the existing method of valuation of the stores for the purpose of store accounts in view of the difficulties experienced in adhering to the instructions contained in G.O. No. MS.835, Education, dated 31-5-1947 for the valuation of the closing balance. Government have stated that the matter has been referred to you for remarks and that your reply is awaited. Final orders have not yet been received.

/True Copy/

Manager

The case has been referred to the
S of S for remarks on 20.3.48 and his reply is
awaited. Yaglicone the 10.4.48 He is being
reminded.

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STATIONERY- Stock account of Stationery Stores - 1946-47 -
Valuation of closing balance - Procedure -
Orders passed.

From the Supdt. of Stationery, No.A-1-6295-47, dated 13-11-47.
From the A.G., No.AA-60-5-20, dated 23--1--1948.
From the A.G., No.AA-60-5-65, dated 25--3--48.
From the Supdt. of Stationery, No. A1-6295-47, dated 12-4-48.

ORDER (MS.) NO. 1208 EDN., DATED 14.5.48

The Superintendent of Stationery has represented that it has not been possible to follow the instructions contained in para (c) of ^{the} appendix to G.O.No.335 Edn., dated 31-5-1941, under which closing balance at the end of the official year should be valued at the cost of acquisition or market rates, whichever is less, ~~the result of such valuation being shown as gain or loss by valuation.~~ He states that the Stationery Office is adopting the issue rates fixed for the year to arrive at the value of the stock at all stages and requests that the existing method of the valuation of store balances at the end of this financial year may be appd. until normal conditions are restored. If the store accounts which are intended for inclusion in the Appropriation Accounts are to serve their purpose the value of the closing stock should represent as ^{approximately} as possible the correct value of the stock on the 31st March of the year to which the accounts relate. This result can be ^{achieved} ~~achieved~~ only by revaluing the closing stock in accordance with the instructions referred to above. The contract rates settled for the supply of articles for the following year may be taken as the market rates for the purpose of revaluation. In other cases the market rates should be ascertained with reference to the definition in Article 6 of the Madras Financial Code, Vol. I. The Supdt. should adopt this procedure for the revaluation of ~~the~~ stock at the end of 1947-48 and subsequent years. In respect of the accounts of 1946-47 however, the Supdt. may follow the present method, to avoid delay in ~~the~~ ^{their} preparation.

To The Supdt. of Staty.
(with a copy of letter
from A.G.No.A.60-5-20,
dated 23-1-48.)
The A.G.

p6, Book
No 43

p6.
120-5-48

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Copy to the Accountant-General, Madras, for information with reference to his letter No.A.A.60-5-65 dated 25/29-3-48.

Sd. R.Siddique,

for SUPERINTENDENT OF STATIONERY.

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Note: Finance may see
before issue.

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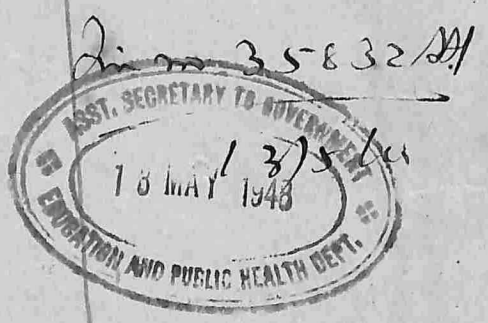
Fin (AA) Dept.

The draft order must be passed
and the case returned to E. P. H. The audit
indicated in pencil may be made - of the imp. Sect.



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Issue
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