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I go through the book given to the trainees on “Accrual Accounting System” for the staff of Postal Accounts Office, Chennai by the “The Institute of Chartered Accountants of India” . I am very much impressed with the work and initiative of the said institute.

While reading the said book the following questions were raised in my mind.

In the Department of Post , no office is treated as separate entity and each HO consists of more number of SOs whose accounts were incorporated in the HO. At the close of the 31st Mar , the HO transaction only completed up to 31st Mar where as for SOs account with that HO the transaction not completed due to transit and completed within one or two days with Supplementry account 1 and 2

1.Whether the same is to be followed for Balance sheet , as supplementary balance sheet1 and 2?

2.whether all the HOs Balance Sheets are to be incorporated in the Circle Balance Sheet at PAO ?

3. In this regard, whether PAO is to be prepared both Circle Balance Sheet and as usual Classified abstract as the budget is cash based?

In the example shown in page 130 to 138 the MO commission and Postage (Speed Post and Registered letter) is shared between the office of issue/booking and payment/delivery in the ratio of 40:60, it will shows reduced revenue for the office of issue. If the PO is no delivery office , then there will be a reduced revenue (ie) only 40% of commission or Postage only.

If it goes, the no delivery office profit & loss account will show a loss and all no delivery offices have to be closed.

Full commission shown in the cash book of the office of issue and 60% of commission passed to the office of payment as non-cash journal but in the other end this non-cash journal taken as cash figure and entered into cash book. This shows higher revenue with fictitious cash to that extend.

I found lot of corrections in the example given by the institute.

Interest added every March to the following type of accounts.
1.SB
2.PPF
3.NSS
Interest paid quarterly in SCSS

Interest calculated half-yearly to the following scheme, but interest added on closure only.
1.RD
2.TD
Monthly interest Paid only in case of MIS only.

The rules provided interest on closure only. Except in NSC the accrued interest per year provided .

In page 89 POTD(TDI)

Mr X opens TDI a/c on 30.11.2009 with Rs 1000/-
The Journal entries are shown below

	Dr	Cr
Cash a/c	1000	
To TD I Deposit a/c		1000
As on 31.03.2009 (instead 2010 mentioned as 2009)		
TD-Int a/c	17	
To TD-I interest accrued but not due		17

Here No interest accrued on 31.03.2010 , interest accrued and due only on 30.11.2010 and it is not possible to calculate monthly as in the example. Even the a/c closed pre-maturily no interest will be paid. It will show a fictitious liabilities on that HO.

On maturity 30.11.2010

TD-I Deposit a/c	1000	
TD-Interest a/c	64	
To Maturity TD-I a/c		1064

Here interest a/c having single entry and not nullified by per contra cr and showing a balance of Rs 64/= even on closure.

Matured TD-I a/c	1064	
To cash		1064

Again, PMI limit of 2 years lifted from 01.12.2011 itself but it is limited to 2 years only in all examples and excel sheet.

Another one, there is no lapsed deposits in SB Scheme except Certificates Scheme
But in SB Scheme journals showing lapsed deposit account. Lapsed deposit also earns interest up to the date of payment in certificates but no interest shown in the example.

Date of purchase : 30.11.2007

Date of Maturity: 30.11.2013 with Rs 1598/=

The certificate transferred to be lapsed deposit on 30.11.2016 with PMI for 3 years.

Claim on 31.12.2018, the journal entries shown as below at page 115

KVP lapsed deposit a/c	Dr 1598	
To cash a/c		Cr 1598

Here no interest accrued up to 31.12.2016 not transferred to lapsed deposit a/c and again after that period also no interest given.

In NSC premature encashment is not allowed normally. But allowed on death,court order etc.

As agency function the assets and liabilities of SB/SC will not give any true picture, the investment will not earn interest and the department not providing loan to public from the fund, the fund utilized by the Ministry of Finance . Hence it is suggested to show the revenue earned for the transaction as accounts receivable.

In page 135

Cash a/c	25	
To Pre paid mail revenue		25

At the time of delivery: entry in office of booking

Prepaid mail revenue	23	
To IU transfer a/c		14
To mail rev a/c		9

Here there is a difference of Rs2/= between entries. Whether these entries to be made on the same day or on the date of delivery ? How will the office of booking know the date of delivery? If delivered on the next financial year, what are the entries to be made.

At the delivery office

IU transfer	14	
To mail revenue a/c		14

MO Booking: at the time of booking

Cash a/c	1150	
To prepaid Revenue a/c		1000
To MO Commission a/c		150

At the time of transfer to delivery office:

Prepaid revenue a/c	1000	
To MO commission a/c	90	

To IU transfer a/c		1090

At the delivery office:

IU transfer a/c	1000	
To Cash a/c		1000
To MO Commission a/c		90

Here the IU transfer a/c figure should be 1090 instead 1000

In the office of booking, there will be Rs 1090/= at the Cr balance and at the office of delivery there will be Rs 1090 at the Dr balance. How to nullifify these balances.

Entries in BNPL: page 138

Speed Post Rev Receivable	1150	
Rebate on bulk booking	100	
To prepaid Rev on Speed Post		1150
To ST a/c		100

Here Debit entry Rs 100/- should be as ST

Franking Machine Transactions:

In the example it seems that only ordinary articles posted and accounted. If regd or speed post article, what are the entries to be made for this.

Regarding CRPF Stamps :

Commission charged @10% where as it is to be calculated @6% .

Then, regarding depreciation for Computers 16.21% of depreciation provided where as in real life no computers were kept beyond 3 years due to dusty environment. Hence the computers are out of use within 3 years which is to be actually written off after 3 years if 16.21% continue.