

KAMARAJAR PORT LIMITED
(Erstwhile Known as Ennore Port Limited)
(A Mini Ratna I – Government of India Company)
(Under Ministry of Shipping)
Regd. & Corporate Office
23, Rajaji Salai, Chennai

Accounting Policies and Procedures Manual

compiled by

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PREAMBLE

KAMARAJAR PORT LIMITED formerly known as ENNORE PORT LIMITED was declared as a Major Port under Indian Ports Act, 1908 through a central gazette notification dated 23rd March 1999. Deviating from the conventional form of organisation under Major Port Trust Act, 1963, the Port was incorporated as a Company on 11th October 1999 under the Companies Act, 1956 named as “**ENNORE PORT LIMITED**” with an Authorised Equity Capital of Rs.500 crores to take over the management and affairs of the newly constructed Port at about 20 kms north of Chennai Port. Further the Port has been re named to Kamarjar Port Limited.

The new Port was constructed by Chennai Port Trust as per the directives of Government of India and intended to meet the coal requirement of thermal power stations of Tamilnadu Electricity Board (TNEB)- now renamed as Tamilnadu Generation Power Company Limited (TANGEDCO) located at Ennore, North Chennai, Mettur and other upcoming new power stations being set up by TANGEDCO and its associates.

The initial phase of the Port was developed with an investment of Rs.1000 crores financed partly by Chennai Port Trust and partly by Asian Development Bank (ADB) intermediated through Government of India as a rupee loan. The assets and liabilities of the newly constructed Port were taken over from Chennai Port Trust through an MOU signed on 31st March, 2002. Part of the initial investments made by the Government of India and Chennai Port Trust were converted into an equity capital of Rs. 200 crores and Rs.100 crores respectively and their balance investments were treated as loan to the Company.

The commercial operations of the Port commenced on 22nd June, 2001.

The Company has adopted ‘landlord port business model’ wherein the Company would invest and maintain the common infrastructure facilities like land procurement & development, capital dredging, rail & road connectivity, etc apart from regularity functions. The day to day operations of cargo operations & handling are left to the Captive and private operators selected through Public Private Partnership (PPP) internationally competitive bid basis. Besides the above, most of its obligations and services are done through ‘Business Outsourcing’ model. The Company is also functioning as a Port Service Provider.

The purpose of the Accounts Manual is to describe the functions of finance & accounts Department, its principles, systems and procedures for the company so as to ensure compliance to regulatory and also to provide guidance to the staff of the Accounts department the systems and procedures described here, considering the existing operations and practices developed over a period of time.

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Introduction

This manual has been prepared to document the Internal Accounting Policies and Procedures (herein after referred as “IAPP”) for Kamarajar Port Limited.

The main purpose of compiling this manual is to ensure that financial statements are in conformity with generally accepted accounting principles, that finances are managed with responsible stewardship and Company’s assets are safeguarded. All personnel with a role in the management of Kamarajar Port Limited’s fiscal operations are expected to uphold the policies pointed out in this manual. It is the intention of the Company that this IAPP shall serve as our commitment to proper, accurate financial management and reporting.

This IAPP shall also act as a Standard of Procedures (SOP) in the Accounting Section of the Company as it also describes the functions of Finance and Accounts Department so as to ensure compliance to regulatory requirements and also to provide guidance to the staff of the Accounts department the systems and procedures described here, considering the existing operations and practices developed over a period of time.

MAIN FUNCTIONS OF FINANCE & ACCOUNTS DEPARTMENT

The main functions of the Finance and Accounts Department are:-

- A. Revenue Section:** Examining proposal for fixation or revision of Tariff, Assessment, collection & accounting of Company's revenues. Raising of Bills based on the Inputs available from the Operation/Traffic Department and Authorization of the same.
- B. Bills/Payment Section:** Pre audit & payment of bills for works done by contractors and supply of stores and administration expenditure and other related works.
- C. Corporate Accounts & Taxation:** Compilation of accounts - monthly, quarterly, half yearly and annual accounts as per prescribed accounting standards. Computation of Advance Tax, Service Tax, Sales Tax, Cess, etc and timely compliance with all the tax authorities' bodies.
- D. Budget & MOU Section:** preparation of Budget Estimates – Plan, Non-Plan and Revenue Budget Estimates annually and monitoring thereof. Compilation of annual MOU & periodical report thereon.
- E. Financial Concurrence:** Examining and commenting upon all proposals involving financial implications. Examining the feasibility and economic viability of major projects/works, scrutiny of work estimates and tender proposals.
- F. Cash & Bank Section (Based on DOP):** Funds mobilization, Preparation of periodical Cash flow Statements, Bank Reconciliation Statements, Cash & Bank accounts management including short term investment of surplus funds, debt servicing. (cash receipts and cash payments)
- G. PPP & User Agreement:** Day to day operations of cargo & handling are left to the Captive and private operators selected through Public Private Partnership (PPP).

A. Revenue Section:

1. Types of Revenue

The principal sources of income of the company are:

- a) Vessel related charges
 - Port dues
 - Pilotage
 - Berth Hire charges
 - Anchorage charges
- b) Wharfage on various cargo
- c) Waterfront royalty
- d) Estate rentals including licence fee / lease rentals
- e) Revenue share from BOT concessionaries
- f) Miscellaneous services
- g) Miscellaneous income including interest income earned on short term fixed deposits.

No services are rendered without pre-payment of charges, as per the Scale of Rates or as per the agreement or MOU or MOM entered with respective parties.

2. Scale of Rates

- (a) The charges for services which the Port is prepared to render to the Port users/Public and the conditions attached to the services are compiled and published by the company as EPL's Scale of Rates. The publication of this document is attended to by the traffic in charge in Operations or Commercial Department. All proposals for amendment to the rates and conditions in the Scale of Rates that may be required including periodical general revisions are dealt with in this Section in co-ordination with the assistance of the Accounts Department, as well as the other departments. On final approval of the rates / amendments by the Board and notified thereafter in the company's official web site and issue trade notice to all concerns.
- (b) The Traffic Dept. also attends to correspondence on all matters connected with the Scale of Rates including Government and Inter-Port correspondence. In addition, all legal matters connected with the Scale of Rates and legal claim etc., are also attended to by this section.

1(a). Vessel Related Charges

Port dues, Pilotage, Pilotage Detention Charges, Tug Hire Charges, Birth hire charges and Anchorage Charges (Charges levied on vessels)

Port Dues and other Vessel related Charges are levied as per SOR of the company and further SOR are revised based on the Boards Approval.

The rates and conditions for the same are prescribed under various chapters of the Scale of Rates. The main service charges in this regard are Port Dues, Pilotage Fees, Berth Hire and Anchorage Charges.

Deposits are recovered towards the above charges from the Steamer Agents, prior to the arrival of the vessel according to the service need required by them. The deposits are made through Marine Dept In cases of prolonged stay of the vessels than the one already estimated and additional services are needed, further deposits are also made by the Steamer Agents.

After the sailing of the vessel, Deputy Port Conservator prepares and forwards the bill for actual charges direct to the Steamer Agents with a copy to the Accounts Department. The bills received in the Accounts Department are registered in the Bills Abstract and the deposits already recovered are adjusted with actual charges and the balance, if any refunded. In cases where the deposit secured is found short, further recovery is made from the Steamer Agent concerned. The adjustment of dues are made through the register maintained for the purpose.

1(b). Wharfage

- i. **Composite Rate for TANGEDCO (formerly TNEB):** In respect of thermal coal shipped by TNEB through CB-1 & CB-2, composite rate is leviable as per the MoM dated 10.12.2001 entered into with TNEB.
- ii. **Wharfage for Automobile units:** In respect of automobile units handled at Car cum General Cargo Berth (GCB) rate for all services on cargo connected with the shipment is leviable as per SOR / agreement / MoU entered into with respective port users. Their charge is recovered on the export/Import applications based on the number of units declared therein, subject to finalisation after the shipment as per the Bill of Lading for Import/ Bills of Shipping for Export.
- iii. **Wharfage for Project cargo / general cargo:** In respect of project or general cargo for handling at Car cum General Cargo Berth (GCB) rate for all services on cargo connected with the shipment is leviable as per SOR / agreement / MoU entered into with respective port users. Their charge is recovered on the export/import applications based on the tonnage or cubic volume declared therein, subject to finalisation after the shipment as per the Bill of Lading for imports/Bill of Shipping for Export.

1(c). Waterfront Royalty –

It means the amount payable by the Licensee to the Licensor, per ton of cargo handled at the Port, based on the actual cargo throughputs achieved and to be paid in accordance with Scale of Rates specified.

1(d). Lease Rental from BOT Operations and other lessee:

Lease rental from BOT Operators are recoverable as regulated by Lease Agreement entered by the parties to it. These lease agreement shall be the base record for raising of necessary advise and also for accounting of revenues by the port.

1(e). Revenue share BOT concessionaires:

Revenue share from BOT concessionaires are recoverable as regulated by relevant provisions contained in the respective concession agreement. The Operation/Traffic Department will send necessary advice to Accounts Department with suitable endorsements furnishing necessary data for recovery of revenue share and other services provided.

1(f). Miscellaneous Services:

When additional dues, e.g. demurrage, cleaning charges, water charges, etc. are found recoverable, necessary advice will be sent to Accounts Department by Traffic Department with suitable endorsements furnishing necessary data for recovering of such additional charges. Delivery or shipment shall not be allowed until all the charges due for the Port are prepaid.

Miscellaneous Income:

The miscellaneous income of the company comprises mainly of interest on term deposits with the banks, proceeds from disposal of scrap, applications fees, tender form fees, dividend, Shooting Charges and penalties released from suppliers/contractors, etc. these receipts will be accounted for under the respective detailed heads under “miscellaneous income”.

A separate register will be maintained for the term deposit to watch the receipt of interest, deduction of TDS, Obtaining TDS Certificate and also encashment or renewal of deposits.

Disposal of scrap will be as per company procedure. The concerned department will conduct the auction or invite tenders for these materials. Tender/bid amounts will, on realization, be credited to account – “disposal of scrapped/used materials”.

Fees, if any, along with applications under RTI or for employment are received by postal orders. Personnel department will prepare a list and forward it together with the

postal orders to account for preparation of the receipt voucher to account for the transaction and sending the same to cash section for receiving the money.

Dividend receipts from the investments made by the company are reviewed and Revenue generated shall be accounted separately.

Shooting Charges shall be charged based on Board of Directors approval and guidelines given from time to time from Board.

Documenting of Revenues/ Invoicing

All the revenues generated are Accounted by the Joint Executives and Reviewed by Executive and Executive incharge. A copy of Revenue Bills shall be serially numbered and also a reference for the accounting code with corresponding number should be marked.

The company should maintain all the copies properly filed and stored separately for further verification and audit purposes.

Following are the Types of Income earned by the company and account head to be used by the Joint Executive –

TYPE OF REVENUE	ACCOUNT HEAD
1. Composite Tariff on Coal	TNEB Composite Tariff Income
2. Vessel Related Charges	
A. Port Dues	Port Dues Income
B. Pilotage -	
i. Pilotage Fees	Normal Pilotage Income
ii. Pilotage Shifting	Pilotage - Shifting Income
iii. Pilot Detention Charges	Pilot Detention Charges Income
iv. Pilot Cancellation Charges	Pilot Cancellation Charges Income
C. Berth Hiring Charges	Berth Hire Charges Income
3. Cargo Related Charges	
A. Wharfage	Wharfage (Respective Head) Income
B. Demurrage Charges	Demurrage Charges Income
C. Hire Charges -	
i. Tug Hiring Charges	Tug Hire Charges Income
ii. Pilot Launching Charges	Pilot Launch Charges Income
D. Mooring Launch Charges	Mooring Launch Charges Income
4. License Fees for Allotment of Space	Licensee Office Space Income
5. Way Leave Charges	Way leave charges Income
6. Removal of Solid Waste	Removal of Solid Waste Income
7. Revenue Share	
A. CICTPL	Revenue share from CICTPL
B. MLT	Revenue share from MLT
8. Lease Rental Income	
A. MLT	Land Lease Rental - MLT Income
B. Coal	Land Lease Rental - Coal Income
9. Estate Income	Estate Income
10. Bank FD Interest	Interest Income on Bank FD
11. Cash Collection in Port	Personnel & Vehical Entry Pass Income
12. Dividend	Dividend Income
13. Sale of Tender Documents	Sale of Tender documents Income
14. Water Charges	Water Charges - KL Income
15. Profit on sale of Fixed assets	Profit on sale of Fixed Assets
16. Other Incomes	Sundry Income
17. Shooting of Films	Sundry Income

Works/Bills Payment Section :

The Operational functions as well civil works are made on Contractual basis. All the main operational activity of the port is being outsourced and reviewed by the management. This Chapter deals with the basic procedure for allotment of work/contract, completion of work order and abiding by the contractual terms, sanction of bills, certifications, and release of payments with appropriate terms.

WORKS CONTRACTS

Work contracts will either be for construction of buildings, sheds, laying pipe lines, fabrication/erection works, construction of jetty, wharves, etc, road & rail or for repairs and maintenance.

Sanction of Works Estimate:

The user department, i.e. Marine, Operation/Traffic, etc. prepare annual budget estimates under Revenue Account and Plan & Non-Plan capex works and finance department will compile obtain the approval of the Board. Subsequent to the approval of the Board, proposals for execution of works for which provision has already been made together with the estimate will be received from indenting department. Such proposals and the estimates will be scrutinized by Finance Department and the observations made and the competent sanction required to be obtained will be accorded in the note file. In the case of urgent nature of works or works for which no provision is available in the approved budget, proposals will be sent to CMD, who will appropriate / sanction for such items / proposals.

Opening of Tenders:

All tenders shall be dropped by the tenderer in the respective Tender Boxes provided at the designated places within the time limit prescribed. If the tenders are received by post, the same shall be deposited in the Tender Box.

At the scheduled time of opening the tenders, all the tenders will be taken out of the tender box in the presence of an Accounts representative. All the tenders will then be opened by the Indentor in the presence of Accounts representative and such of the representatives of the tenderers who are present at the meeting only authorized representatives of firms, who have actually submitted tender and paid EMD in the prescribed form, will be permitted to be present at such openings.

Tender processing:

All tenders will be initialed and dated on every page of tenders by the Indentor and the Accounts representative. All corrections and additions in the tender document should be attested by the above Officers. Any omission, etc should be recorded at the appropriate page. The rates quoted by the tenderers will be read out to the authorized representative of the firms.

Tenders will be tabulated by the concerned indenter, indicating the tender's name, quantity offered, rate quoted etc. Comparative statements incorporating the above details will be drawn and submitted to the Tender Committee (as per the DOP or such committee constituted by the competent authority) for finalization of the award.

Award of work:

When sanction of the competent authority is received, the successful tenderer will be advised by LOI and asking them to furnish Performance Guarantee / deposit to enable Contract Agreement. In the meantime, the agreement forms embodying general conditions, special conditions and the schedules to the contract will be prepared and got vetted by the Finance Department.

Checking / passing of Bills:

The bills received from the Contractors/ Suppliers for the work done/supplies made, are sent by the Indenter / user department to the Accounts Department along with the relevant certificates / measurement entries, recommendation and particulars regarding the recoveries to be made in the bills towards security deposit, supply of water / power, etc. for pre-audit and payment. The correctness of the claims is checked up with respect to the entries made in the measurement sheet and at the rates and conditions specified in the Agreements / work order.

In general, Cashier will scrutinize and gets verified by Joint Executives–

- i) that the name of the contractor /supplier, number and date of the order / Agreement are entered in the bill.
- ii) that the entries in the measurement sheet neatly entered and are made in time.
- iii) that the contents column in the measurement sheet has been properly filled in with respect to the recorded measurements.
- iv) that the rates claimed are in accordance with the rates agreed to and incorporated in the agreement /work order, etc.
- v) that the work carried out by the contractor has been measured and check measured by the competent authority and entries to that effect have been made in the measurement sheet.
- vi) that in respect of running account bills, the abstract has been made out correctly taking into account the work carried out / payment made upto previous bills.
- vii) that the signature of the contractor has been obtained in the measurement sheet as token of his acceptance of the measurement made.

- viii) that in case of final bill necessary endorsement has been made by the competent authority to the effect that the work has been completed satisfactorily.
- ix) that necessary bills have been raised for all services rendered by EPL and recovery effected from running bills and proper recovery is made for all advances.
- x) that the contractor has paid the initial Security deposit either in the form of BG or remitted by cash as the case may be. The recovery of additional security deposit wherever necessary is effected as per terms of contract.
- xi) that the BG submitted by the contractor is verified as to whether the same is in order as per the proforma, etc. The BGs received are then entered in a register and their renewal /closure watched then and there.
- xii) that in case of escalation, the rates existed at the time of tender and the rates prevailing for the months for which claims are submitted, are verified with reference to the terms of the contract.
- xiii) that in respect of final bill whether necessary addendum / corrigendum have been executed by the contractors for any additional work /revision of rates, quantity, etc.
- xiv) that in case of final bills, necessary confirmation had from the respective HOD as to the corrections of up to date quantity, amount paid, recoveries to be effected, etc.

Payment of Contract Works Bills

All cases of works contracts either on capital account – Plan & Non plan, all payments to contractors including advances will be made by the corporate finance. Payments for Repairs and Maintenance Contracts will also be made by the corporate finance.

The procedures for receipts of contracts and contractors bills and control of these documents will be similar those for receipts of purchase and suppliers' bill.

Besides the general checks as in the case of suppliers' bills, the bills will be specifically checked against:

- (i) Certified measurements/certificates of work done
- (ii) Certified materials issued (were ever provided in the contracts), consumed, returned and recoverable statements.
- (iii) Certified statements of services provided to the contractors.

Whenever the contractors provide for deduction of a percentage of the value of work done by way of security deposits, these deductions will be made and credited to account code - "security deposits".

As in the case of suppliers bills, records of all payments including advances, material issued and adjustments and work done will be kept on the face on the contractors or in separate register of contracts.

Payments to the contractors for capital work will be debited to the relevant account codes – “Capital Work in Progress”. Payments to the contractors for repair and maintenance will be debited to the relevant account codes under classification -‘repairs and maintenance or Civil Maintenance or any other suitable codes required”.

Advance paid to the contractors for both capital works and repairs and maintenance will be debited to a account code – “advances to contractors and suppliers”.

Overriding Clause:

Further this is to note that any ambiguity in case of works contract and accounts manual, Works manual will prevail over the accounts manual.

Purchases

1. For regulating the payment of suppliers claims, purchase accounting section will receive the following documents; (I) Purchase orders (POS) (II) Goods receipt notes (GRNS) (III) Bills of the suppliers.
2. All the three sets of documents are controlled through serial numbers given to them. The control serial numbers are given for P.Os and GRNS in the indenting department and the stores respectively whereas in the case of suppliers' bill the same is given in the purchase accounting section.
3. GRNS are not raised for supply of capital equipment and purchases made by administration department. In these cases, certificates of receipt / completion will be recorded and sent to purchase accounting section by the department concerned.

Purchase Order

Purchase orders will be received from the purchase department. On receipt, these will be checked for the number of financial concurrence record there on and then entered in the register of purchase orders. Purchase orders and their amendments will be filled vendor wise.

Goods Receipts Notes

GRNs will be received through the stores ledger keeper these will be filled vendor wise.

Receipt of Supplier's Bills

The suppliers send their bills direct to the purchase accounting section. In case of progress and final payment, the bills will be supported by supplier's copy of GRN.

A control register of incoming bills will be maintained in the purchase accounting section to watch their disposal. On receipt, the bills will be entered in the register and the serial no after the register and the dates of receipt will be noted on them. Disposal of the bills also will be noted in the register as soon as these are passed for payment of returns to the supplier for rectification/clarification, etc. no bill will be kept pending for more than a week.

A weekly report of outstanding bills will be submitted by the purchase accounting section to the head of the finance and account department along with reasons for daily in their disposal.

Advances to Suppliers / Contractors

Generally NO advances will be given except in special circumstances or proprietary nature of supplies or contracts.

Advances to the suppliers / contractors are of the following kinds:

- (i) 10% of total value of supply or contract as Mobilisation Advance payable along with the placement of order against submission of equivalent amount of bank guarantee or as agreed upon.
- (ii) 90 to 100 percent payments against proof of dispatch of supplies and certification form concerned department on receipt of such service or material in good condition.

Where advance payments are provided in the purchase/work orders, suppliers' bills will be checked with the terms thereof. In case the suppliers are required to furnish bank guarantee/ indemnity bond to obtain the advance, purchase accounting section will be forwarded to cash section along with the payment vouchers.

All advance payments to suppliers including those made for materials received subject to acceptance, will be debited to appropriate account code -“Advances to contractors/suppliers”.

The advances paid will be noted on the relevant purchase orders and will be adjusted as per the agreed terms. Where an advance payment has been made against proof of dispatch, adjustment will be on receipt of material. The adjustments also will be noted on the purchase order.

Verification and Payment of Supplier's Bills

1. Suppliers bills will be verified and passed with reference to purchase order and GRNs and checked as to rate, quantity order quantity received and quantity accepted. Calculations will be checked.
2. If the relevant GRN has not been received, the bill will be kept pending. In case a bill is not correctly priced but is otherwise matched with purchase order and GRN, the bill will be corrected and passed. Similarly, if a bill is not correctly calculated but is otherwise matched with PO and GRN, it will be corrected and paid.
3. The bills received from the suppliers may be (a) part supply and (b) full supply. Where a bill is for complete supply, an endorsement of full supply by a stamp – “supply completed” - will deface the purchase order so that any excess supply bill may be not passed without obtaining an amendment order to extend of excess supply. In case of part supply bills, the purchase order of excess supply. In case of part supply bills, the purchase order will be endorsed with the quantities accepted will be kept so that any excess supply can be detected. With the respect of final supply, the stamp – “supply completed”- will be affixed on the purchase order.
4. When a bill is passed for the payment, the relevant GRN will be stamped –“paid & cancelled”.

5. Details of all bills passed will be extended as to bill number, quantity and value on the back of representative purchase order.
6. Advance adjustment will be done at the bill passing stage. Advances paid earlier will have been recorded on the reverse of the purchase order and will be adjusted earlier wholly or in part, as per the term of the journal voucher and on the purchase. A cash disbursement journal voucher will be presented for each of the bills passed for payments and sent to the cash section along with the bill. Where the GRNs have been priced and accounted for, the amount of bills passed for payments is debited to account code – “Liability for goods received”. However, in case of capital equipment where GRN is not raised, the amount will be debited to account codes under classification group –“capital work-in-progress”. The liability is cleared on payment to the suppliers.

Capital Items

Purchase order for all capital equipments will be processed and issued order will be made by Head of Department and further approved by the board. No GRN will be prepared for capital equipments. A copy of the purchase order will be sent by the units receiving the equipments to the purchase accounting section with supplies bill along with a material verification report and inspection note about the satisfactory supplies for processing and payment.

Electricity, Water & Fuel

Services like electricity, water, fuel, etc are obtained either from electricity boards or other bodies. Bills for these services are received in the operation/Traffic/administration department. Finance Department will certify based on the Value of the bills as to the unit consumption and calculations. On receipt in the accounts, the bills will be checked mainly for correction of rates charged and being in conformity with the agreements; method of computation also will be checked. Payment made to the electricity boards and other bodies will be debited to the relevant account codes under classifications -“services”

Lease Rent for Equipment/ Other Equipment Rent / Computer Hire Charges

Contracts agreements for taking the equipments on lease /hire and use of computer on hire will be entered into with the approval of the competent authority. Copies of these contracts / agreements will be forwarded to accounts where these will be checked and filled like the purchase orders/ works contracts.

Bills for lease rent, equipment rent, hire charges etc. will be received by the user department who will verify the use and certify the bills being in accordance with the terms of contracts /agreements and forward to accounts. On receipt in accounts, the bills will be checked as to calculations etc. as well as with the terms of contracts/agreements.

The payment will be debited to the account “lease rent for equipment”/ “other equipment rental”, “computer hire chargers” / “office equipment rental” as the case may be.

Temporary Advances:

Advances will be given to the officers (authority by departmental heads with the approval in finance) for specific purpose for urgent repairs/urgent purchase/other jobs. These advances will be debited to the account – “temporary advances for expenses”. The officer receiving the advance will submit the expense statement within the time limit prescribed. The statement will be checked in accounts and a cash payment or receipts vouchers will prepared for balance payment to or refundable by the officer.

Consultants’ Fee / Legal Fee and Expenses:

A sanction for utilization of services of consultants/legal experts etc. will be given by the competent authority. The consultants’ bills will be certified by the concern department along with a copy of the sanction to accounts for payment. Bills for reimbursement of expenses will be supported by vouchers/certificates. For advance payments, the department concerned will send an approval note to the accounts. The bill be checked against the sanction and passed for payment. On payment, the amounts will be debited to account – “professional fees and expenses”/ “Legal fees and expenses”.

Expenses incurred in connection with legal proceedings, execution of power of attorney etc. can be met through imprest also.

Postage:

Postage deposits for utilizing franking machine will be kept with the postal department and the deposit reimbursement as and when required. Actual expenses will be charged off on the basis of consumption.

Fire, Theft and General Insurance:

Bills of payment of premium will be receive in the user/stores/administration department which will certify the bills and send to accounts for payments. Premium paid will be debited to account – “insurance”.

Local Purchase:

Local purchases of material/spares parts will be made for operation purpose and only in use of urgency when such material/spares are not available in the stores. These purchases will be made from the imprest held by the departmental officers. The bills and expenses summary will bear the certificates of receipts of material, non-availability with the sores and urgency. On receipt of the expense summary, accounts will check these certificates, reasonableness of the prices of item purchase and calculations of the bills. The expenditure will be debited to the relevant account code.

Rent / Hire of Premises / Houses:

Certified bills will be received in accounts from the concerned departments. Payments will be made after checking with the agreement in question.

Miscellaneous Repairs:

The department concerned will issue a work order the approval of the competent authority. A copy of the work order will be sent to accounts. The bills of work done will be submitted to the department concerned who will verify and certify satisfactory completion of the work done. On receipt of the bill from the department, account will check it with the work order and pass it for payments on the basis of certified recorded. The payment will be debited to the relevant account codes.

Audit Fees (Other Services):

A letter will be issued, with the approval of the competent authority, to the auditors. On receipts of their bills, these will be checked with the letter of engagement and passed on that basis.

Miscellaneous Expenses:

Miscellaneous expenses like local purchases of printing and stationary, advertisement and publicity, entertainments, books and periodicals, running expenses of vehicles and sundries will be met from the imprest.

Outstanding Liabilities:

Outstanding liabilities will be provided at the end of the year for accrued expenses for electricity, telephone and any other expenses which are not accounted for on accrued basis.

Contractual Purchases:

1. When the normal cash disbursement procedure of invoice, etc., is not appropriate, (i.e., petty cash) the payment shall be done through Check or E-funds transfer and for the approval of such voucher and signature of authorized persons on the checks or request for E-funds transfer note, the authorized persons shall verify the voucher, bill and the print out from accounting software showing the accounting entry passed for such purchase/expenses.
1. Approved check requests or E-Funds transfer requests should be sent to the Executive for release of payments.
2. The Company is in a practice of outsourcing all the works and hence in all the cases there are contracts which legally binds the Company. Hence it becomes very important to check whether invoices are raised by the vendors based on the contracts entered into.
3. After receipt of invoices from the vendors and settlement of the same, the bills and cash receipts from vendors shall be filed in the concerned vendor files.

Direct & Indirect Expenses:

1. The company has fixed the scale of rates and allowances that can be reimbursed based on the grade of employees. No expenses shall be reimbursed without submission of original bills by the employees. The Bills claimed shall be cancelled by the company and then reimbursed.
2. Since the type of expenses cannot be standardized, an extract of expenses from the Annual report of F.Y. 2012-13 has been provided below along with the Account Group Head. Account ledger head cannot be specified since the nature of expenses varies –

TYPE OF EXPENSE	ACCOUNTING GROUP HEAD
1. Employee's Benefits Expense	
A. Salary, wages and bonus	Employee's Benefits Expenses
B. Staff welfare expenses	
C. Superannuation	
D. Performance Related Pay	
E. EDLI & GSLI	
F. Employee medical and Hospitalisation expenses	
G. Gratuity	
H. Leave encashment expenses	
I. Leased Accomodation	
J. Other Terminal Benefits	
K. Pension schemes	
L. Provident fund	
2. Finance Costs	
A. Interest Expense -	
i. From Banks	Interest Expenses
ii. Tax Free Bonds	
iii. Others	
B. Other Borrowing Costs -	
i. ECPP Liabilities	Other Borrowing Expenses
ii. Guarantee Fees	
C. Public Issue Expenses -	
i. Bond handling charges	Public Issue Expenses
ii. Bond brokerage	
iii. Stamp Duty on Bonds	
D. Other Expenses	
3. Depreciation and Amortisation Expenses	
A. Depreciation	
i. Tangible Asstes	Depreciation
ii. Intangible Asstes	
4. Other Expenses	
A. Port Operating Expenses	
i. Time Charter Crafts	Port Operating Expenses
ii. Bathymetry Survey	
iii. Consultancy Services - Operations	
iv. Power & Water charges	
v. Environment	
vi. Research & Development Expenses	
vii. Maintenance Dredging	
viii. Fuel Expense	

ix. Manning Services	
x. Pilotage Expense	
xi. Repairs and Maintenance	
B. Administration Expenses	
i. AMC - Software Expenses	AMC - Software Expenses
ii. Auditors' remuneration	
Statutory audit	
Tax Audit Fees	Auditors Fees & Remuneration
Payment for other Services	
Reimbursement of expenses	
iii. Bank charges	
iv. Books and periodicals	
v. Directors sitting fees	
vi. Electricity & Water Charges	
vii. Hospitality	
vii. Honorarium	
viii. Insurance	
ix. Legal & professional charges	
x. Miscellaneous Expense	
xi. Printing and stationery	
xii. Rent, Rates & Taxes	
xiii. Repairs and maintenance - Office	
xiv. Safety & security expenses	
xv. Seminars & conference expenses	
xvi. Service Charges	
xvii. Corporate Social Welfare Expenses	
xviii. Subscription & Membership fees	
xix. Communication Expenses	
xx. Travelling and conveyance	
xxi. Vehicle running expenses	
xxii. Loss on Fixed Assets written off	
xxiii. Donational & Contributions	
5. Selling and Distribution Expenses	
A. Advertising and promotional expenses	Advertisement expenses
6. Exceptional Items (Expense)	
A. Prior Period Expense	Prior Period Expense
B. Quarried Stones written off	
C. Asset written off	Exceptional Items Expenses
D. Compensation payable to ChPT	

Corporate Accounting & Financial Reporting

This deals with preparation of Monthly, Quarterly, Half yearly and Annual Accounts as per Schedule III and complying with the accounting standards issued by ICAI. This also takes into records and documents as the base records for Financials statements prepared.

In order, the following documents will be processed on monthly basis:

- All Revenue receipt vouchers
- All Contractual & Local Purchase payment / disbursement vouchers
- All Misc. Service vouchers
- All Other journal vouchers
- Bank Reconciliation Statement
- F.D. Interest Receipts Accrued and TDS Certificates.

Summary of cash book.

The Cash section will prepare summaries of cash receipt journal vouchers, cash disbursement journal vouchers, sale journal vouchers and accounts payable journal vouchers and also day book for cash receipts and payments.

These summaries will form the basis for preparation of journal entries for the main journal. This journal entries along with journal vouchers (JVs) for stores received and issued and other adjustment entries will be sent to Compilation Section for further processing.

Journal Vouchers

Individual accounting sections will be responsible for raising journal vouchers. The compilation section will be responsible for receiving, controlling and arranging to get processed on the computer and maintaining necessary records for this purpose.

The accounting sections will ensure that the journal vouchers are properly coded with account code, have their debit and credit columns totalled up with tally, are properly authorised and are supported documents were ever applicable.

On receipts of copies of the JVs duly number with section JV series, the compilation section will a lot its own serials number, irrespectively of section JV series, too be maintained annually.

On receipt journal vouchers will after being used for computer processing, be maintained in a master J.V. file. Another copy with all supporting documents will be maintained in separate control serial wise files.

On receipt of all journal vouchers, the details will be entered in control register at the compilation section.

While the responsibility of inserting proper accounts/cost codes on the journal vouchers will be of individual sections, the compilation section will review and rectify the apparent mistakes in the codes vis-a-vis description of account in consultation with individual section, before these are sent for processing.

The following documents/statements will be processed:

- Main journal statement
- General ledger
- Subsidiary ledger
- Trial balance

General / Subsidiary Ledgers

The ledger will set out account code/sub code wise opening balances, moments of the current month and closing balances, having the accounts/sub-accounts arrange strictly in accordance with their marshalling in the chart of the accounts.

Trial Balance

After compiling the general ledger each month, Accounts Section will draw up account code-wise trial balances marshaled according to the chart of accounts after agreeing the total debits with the total credits.

Annual Accounts

The financial year of the company is April to March. Under The Company's Act 2013, the audited accounts of the company are to be placed before the annual general meeting of the shareholders (AGM) within 6 months of the close of the accounting year. In other words the last date by which the account duly audited are to be laid before the AGM will be 30th September of each year.

Programme for Annual Accounts

The chief of finance, will issue each year detailed programme for the closing of account, preparation of the balance sheet and profit and loss account and completion of audit of these accounts.

Format of Accounts

The annual accounts will be prepared by the company in accordance with the requirement and guidelines of the third schedule revised of The Companies Act 2013 and as further amended in the formats prescribed for the balance sheet and profit and loss account therein.

Grouping of Expenses

As the balance sheet and profit and loss account are presented in the abridged form, grouping of certain income/expenses and showing them under the principal heads in the final presentation form will be necessary. The chief of finance will issue standing instruction as to the various individual accounts that are to be clubbed under principal heads in the balance sheet and profit and loss account.

Schedule and Notes

Schedule forming part of annual accounts will be indicated in the balance sheet and the profit and loss account as relevant, notes forming part of the accounts will be listed separately by way of schedule.

The schedule of fixed assets will show (a) the opening gross block, addition during the year, assets sold, assets scrapped but awaiting disposal and the closing gross block, (b) opening depreciation, depreciation provided for the year, depreciation written back on items sold and items scrapped but awaiting disposal and the cumulative depreciation at the end of the year, (c) net block and (d) capital work-in-progress

Schedule of Current Assets, Loans and Advances

Current assets will be shown under the following heads:

- (i) Inventories broken into stores and spares parts, loose tools, printing and stationeries and stores and spares parts-in-transit.
- (ii) Sundry debtors with analysis of debts outstanding for a period exceeding six months – considered good and considered doubtful, other debts considered good and provision for doubtful debts.
- (iii) Cash and bank balance broken into cash in hand, with schedule bank in current accounts and short term deposit account separately and remitted in transit.
- (iv) Other current assets like items scrapped/considered redundant but awaiting disposal – stores and spares and fixed assets – reduced by provision for diminution in value and (b) interest accrued on bank deposit and loans.

Loans and Advances will be shown as under:

- (i) Loans to employee, secured and considered good
- (ii) Advances recovered in cash or kind or for value to be received.
- (iii) Deposit
- (iv) Advance payment of income tax including tax deduction at source.

Schedule of Current Liabilities and Provision

Current liabilities will be shown under:

- (i) Sundry creditors
- (ii) Interest accrued but not due on loans
- (ii) Provision will be shown as under:

- (a) For taxation
- (b) For bonus/ PRP (Performance Related Pay)/ Ex. Gratia
- (c) For leave salary
- (d) For proposed dividend
- (e) Other provision, if any

Miscellaneous income will be shown under the following heads:

- (h) Interest on short term bank deposit
- (i) Interest accrued but not due loans
- (j) Penalty realised
- (k) Other miscellaneous income

Employees' Remuneration and Benefits

Employees' remuneration and benefits will be shown as under:

- (i) Salaries and allowances
- (ii) Fund contribution towards employees provided and pension funds
- (iii) Gratuity
- (iv) Staff welfare – reimbursement of medical expenses and other welfare expenses
- (v) Bonus/ PRP (Performance Related Pay)/ Ex. Gratia
- (vi) Other benefit – lease accommodation for executives (net), employees leave travel expenses. Other Expenses

The other expenses will be shown under:

- (i) Power, fuel and water
- (ii) Lease rent of equipment taken on hire and other rent including hire charges of equipment from other rent including hire charges of equipment from other used.
- (iii) Rent, taxes and licenses.
- (iv) Repairs and maintenance of (a) plant and machinery, (b) building and (c) others
- (v) Insurance
- (vi) Freight
- (vii) Travelling and entertainment expenses – (a) directors travelling expenses, (b) other travelling expenses, (c) entertainment expenses and (d) transit house expenditure
- (viii) Miscellaneous expenses – bank charges, postage and telecommunication, printing and stationary, legal expenses and other professional fees, computer hire charges, advertisement, research and work-study expenses and others.
- (ix) Auditor's remuneration – fees, expenses and payment in the other capacity.
- (x) Internal auditors remuneration fee and expenses. Prior Period Account

The schedule will show the expenses and income incurred/accrued in current year's account but relating to the previous year(s) and individually exceeding Rs. 100000/-. Any expense, irrespective of the amount, incurrent for preceding year(s) arising out of general decision of the management in a current year e.g. ex-gratia payment, wages revision will be accounted for as prior period expenditure.

Notes on Accounts

Notes on account annexed to and formatting part of the balance sheet and profit and loss account will include:

- (i) Contingent liabilities.
- (ii) Claims against the company not acknowledge as debts.
- (iii) Capital commitments (net of advances) not provided for
- (iv) Quantitative information with to:
 - (a) Number of ships handled, etc
 - (b) Licensed and installed capacity.
 - (c) Throughput handled during the year .
 - (d) Expenditure incurred on certain employees receiving salary beyond the specified limit in a year and employed throughout the year and employed for part of the year under salaries, contribution to provision of income tax act 1961 and rules made there under (excluding gratefully) as well as the number of such employed.
 - (e) Consumption of imported and indigenous spare parts and components during the year.
 - (f) CIF value of imported made during the year (components, spare parts and capital goods)
 - (g) Expenditure in foreign currency charged to revenue during the year. (h) Amounts remitted in foreign currencies during the year separately towards import of spare parts, components and capital goods (b)repayment of loan instalments and (c) on account of dividend (also the year to which the dividend relates, number of non-resident shareholders and shares held).
- (i) Significant Accounting Policies:

General:

The financial statements are prepared on historical cost convention and on mercantile system of accounting in accordance with generally accepted accounting principles.

Revenue Recognition:

Income is recognized upon completion of services rendered and no significant uncertainty exists regarding the amount of consideration that would be derived after rendering the service. Upfront fee received from the BOT operator is treated as Revenue in the year in which zero date of the project is fixed. Interest income on the disputed revenue will be recognized on realisation basis.

Fixed Asset

Tangible Assets:

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation. Expenses capitalised also include applicable borrowing costs. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. All upgradation/enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

The amounts becoming payable by the company on account of uncontested arbitral awards on project claims are capitalized in the year of awards as additions during the year in the respective asset. The interest on such awards payable to the contractor is treated as revenue expenditure in the year of award.

Intangible Assets:

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any cost attributable for bringing the assets to its working condition for its intended use.

Amortisation is provided on Straight Line Method (SLM), which reflect the management, estimate of the useful life of the intangible assets.

Depreciation:

Depreciation is provided on Straight Line Method at the rates and in the manner specified in the schedule XIV of the Companies Act, 1956. Assets costing individually Rs.5000/- and below are fully depreciated in the year of addition. Where no rates are specified for any port specific asset, the depreciation is charged at the rate as determined in accordance with the life of those assets as per the practice prevailing in Major Ports in India. Depreciation on addition in value of assets due to arbitral awards is claimed over the remaining useful life of the assets from the start of the financial year in which such award is passed and accepted.

Investments:

Long Term Investments are stated at cost except where there is a diminution in value other than temporary, in which case the carrying value is reduced to recognize the decline. Current Investments are stated at lower of cost or fair market value.

Deferred Revenue Expenditure:

Preliminary Expenses and Differed Revenue Expenses are written off over a period of five years equally.

Accounting for Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognized, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not determined on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Retirement Benefits:

Provisions for gratuity, pension and leave salary have been made as per the service conditions and on the basis of actuarial valuation and for those employees who are on deputation from other organizations as per the advice received from the respective organizations.

Foreign Currency Transactions:

Foreign currency transactions are recorded in Indian currency at the exchange rates prevailing on the respective dates of the transactions. Monetary items are denominated in foreign currencies at the year-end rates. Non-monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the Profit and Loss account.

Prepaid Expenses:

Revenue expenditure under each head are segregated into current year and prepaid wherever the amount exceeds Rs.20,000/-.

Premia for Foreclosure:

Premia for foreclosure of loans or any part thereof is charged to revenue in the year in which the foreclosure is effected.

Borrowing Cost:

Borrowing Costs are capitalized as part of the cost of a qualifying asset when it will result in future economic benefits to the company. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Maintenance Dredging:

Expenditure for the maintenance dredging is provided every year based on the estimated quantity as assessed from the Hydrographic Survey Report and as per market rate based cost of such maintenance dredging. The adjustment entries will be made in the year in which actual maintenance dredging expenditure was incurred.

Liquidated Damages:

Liquidated damages recovered on certainty basis. In respect of Capital Projects, the same will be reduced from the Capitalization of Asset and on all other cases, recognized as Other Income.

(j) Any other attempts which the management may like to explain.

At the close of the year, all departments will:

- (a) Prepare statements of outstanding liabilities in respect of:
 - (i) Services received but not paid for
 - (ii) Services/works completed but not billed
 - (iii) Jobs executed by contractors but bills not paid
 - (iv) Any other liabilities and provided liabilities in the accounts on the basis of these statements.
- (b) Revive the existing provision and provided for additional amounts wherever required.
- (c) In respect of stores accounting and inventory valuation, ensure:
 - (i) Raising the account GRNs for all stores and spares received during the year.
 - (ii) Raising the accounting of SIV's for all stores and spares issued during the year.
 - (iii) Physical counting of stores and spares in accordance with the approval programme and adjustment of discrepancies arising from it.
 - (iv) Identification of non-moving and slow moving stores and spares and provision for possible diminution in their value.
- (d) Review old outstanding advances to suppliers and contractors and to employees and make provision for advances which are doubtful of recovery.
- (e) In respect of physical assets:
 - (i) Capitalization of all fixed assets competed/commissioned/brought into use during the year.
 - (ii) Physical verification of all fixed assets and adjustment of discrepancies.
 - (iii) Survey reporting of assets considered to be beyond economic repair or redundant and provide for possible diminution in value.
- (f) Preparation in consultation with other departments concerned off lists of contingent liabilities.
- (g) Reconciliation and verification of various control account in the general ledger and subsidiary ledgers, reconciliation of bank account etc. as individual in various chapter of this manual.
- (h) Passing of all adjustment/rectification entries.

The following schedules will be prepared by Pay Bill Section and forward to the corporate accounts:

Advances to employees under the following heads:

- (a) Vehicles advances
- (b) House building advances
- (c) Festival advances
- (d) Travel advances
- (e) Medical advances
- (f) Salary advances
- (g) Other, if any

The following schedules will be prepared by General Bill Section and forward to the corporate accounts:

- (i) Outstanding Bills
- (ii) Advances to suppliers and contractors
- (iii) Sundry creditors
- (iv) Deposits
- (v) Accrued interest
- (vi) Claims recoverable
- (vii) Prepaid insurance
- (viii) Prepaid other items
- (ix) Cash and bank balance along with a bank certificate

Following items of work will be completed by the corporate accounts:

- (a) Completion of fixed assets register and adjustment of discrepancies.
- (b) Review of adequacy of provisions
- (c) Adjustments in the balance sheet and profit and loss account out of events occurring after balance sheet date.

Appointment of Statutory Auditors

The statutory auditors of the Company are appointed by the Comptroller and Auditor General of India (CAG) New Delhi. The accounts of the Company are also test checked by the Principal Director of Commercial Audit who also prepares a supplementary report under section 619 (3) of the Companies Act.

Statutory auditor

After the profit and loss account is prepared, the same will be submitted to auditor's for certification. If on the statutory auditor's scrutiny, any entry is required to be passed, the same will be passed and then the final profit and loss account and balance sheet will be prepared.

The presentation of the Profit and Loss Account, Balance Sheet and Schedules will be finally vetted by statutory auditors. Thereafter the account will be presented to the board of directors for adoption and approval.

CAG Audit

After the board approves the annual accounts, the accounts will be submitted to the Principal Director of Commercial Audit, as required under the companies act 1956 & further amended for his comments. On receipt of his comments, the Company and statutory auditors will give replies. If the final accounts need any changes and if the Company and the auditors agree to amend the account, the revised account will be placed before the board for adoption and resubmitted to the Principal Director of Commercial Audit for issue of necessary certificate /comments. Thereafter AGM of the shareholders will be convened for adoption of the accounts.

Internal Audit

It is the company's practice to have an internal check on the accounts and day to day transactions by appointing internal auditors for the company. The audit shall be allotted to a Chartered Accountant or a Firm of Chartered Accountants by way of a tender calling for the Technical and Financial Bid. The scope of work shall be clearly mentioned in TOR (terms of reference) which shall be given along with the tenders called for. Methodology of reporting and the times of audit shall be decided based on the scope of audit.

Illustrative Scope of audit for Internal Audit:

- (i) Reviewing and appraising the soundness, the adequacy and application of accounting, financial operating and other internal controls and prompting effective control at reasonable cost.
- (ii) Ascertaining the extent of compliance with established policies, plans and procedures.
- (iii) Ensure proper classification of Assets & Liabilities and Income & Expenditure.
- (iv) Ensuring the assessment and realization of revenue due to the company.
- (v) Ascertaining the extent to which the company assets are accounted for and safeguard from losses of all kinds.
- (vi) Ascertaining the reliability of accounting and other data developed within the organization.

- (vii) Checking the accounts and such records maintained at sufficient intervals to ensure the rules and procedures as laid down by the company from time to time are properly understood, correctly interpreted and complied with and are reliable.
- (viii) Bringing out in time not only clear cases of financial irregularities or impropriety, wasteful or uneconomical transactions but also every matter appears to be unreasonable or improper usage of Company's funds, though there is no apparent irregularity in the transactions.
- (ix) Ensure due compliance of commercial accounting principles and adherences to Accounting Standards and conformity to the corporate laws/IFRS.
- (x) Compilation in accordance with the requirements of Revised Schedule VI of the Companies Act, 2013.
- (xi) Analysis of all Pending issues, Audit Paras and Factual Notes to ascertain their financial implications and the compliance with the statutory disclosure norms.
- (xii) Recommending Improvements.

Financial Reporting

Monthly Reports:

The Executive should prepare a set of monthly financial reports for distribution to the Head of Department and the Budget Committee. This should be forwarded only after the Executive incharge has reviewed the same.

The reports should include: a balance sheet and a statement of profit and loss account which show all departments combined; a budget-to-actual report for all accounts included in the annual operating budget; a list of deferred and receivable funds, and a cash flow projection.

In addition, the monthly reports for the quarterly periods (December, March, June, September) will be submitted to the Board of Directors/CMD for their review and acceptance at the following board meeting.

The monthly statements should be reviewed by the Executive Incharge prior to approval of the Head of Department for initial comments. After the Head of Department approval, the statements will be mailed to the Budget Committee every month and to the Board of directors/CMD as stated above. The monthly statements will be finalized by the conclusion of the month following the statement period.

Periodical Internal Audit Reports:

The Company has been in a practice of having Independent verification of records and operations in the form of Internal Audit. The Internal auditors report shall be forwarded to the Head of Department for his review and comments and then the Final Audit report shall be placed before the Board of Directors/CMD for review, analysis & decision making.

Year-End Report/Audit:

At financial year-end, a Year End Audit report should be prepared summarizing the total income and expense activity for the year. A balance sheet should be prepared as of March 31 and should be attached to the profit and loss report. This report will be initially reviewed by the Head of Department and Executive incharge, and then by the board of Directors/CMD, prior to distribution at the annual meeting.

Statutory Compliance

Note that this list is an illustrative and not exhaustive.

LABOUR LAWS

Compliance Type	Due Date for Compliance	Period
PF / FPS / EDLI Remittance	15th of Next month	Monthly
ESI Remittance	21st of Next month	Monthly
PF Return (Online Only)	15th of Next month	Monthly
ESI Return (Online Only)	21st of Next month	Monthly
New Joinees/Separations	End of same month	Monthly
Professional Tax Remittance	15th Sep and 15th Feb	Half yearly
Professional Tax Return	30th Sep and 31st March	Half yearly
Contract Labor Act - Annual Return (Jan to Dec)	15th February	Yearly
Guiding in preparation of Records and Registers	As and when required	
Records and Registers under The Shops and Establishment Act	As and when required	
The Payment of Gratuity Act	As and when required	
The Payment of Bonus Act	As and when required	
The Maternity Benefit Act, 1961	As and when required	

THE NEW COMPANIES ACT, 2013

Compliance Type	Due Date for Compliance	Period
Appointment of Statutory Auditors	Within 30 days from the date of Appointment. Appointment is to be made in the AGM	Yearly
Statutory Audit	Before filing of Annual returns and Annual Financial Statements	Yearly
Preparation & Filing of Annual Returns	Within 60 days from the date of AGM	Yearly
Preparation & Filing of Profit and Loss Account	Within 30 days from the date of AGM	Yearly
Preparation & Filing of Balance Sheet	Within 30 days from the date of AGM	Yearly
Guiding in preparation of Notices, Minutes, Extracts of meetings, Registers and all such records	As and when required	

Please Note -

1. The above mentioned compliances are mandatory for all the companies.
2. As per the Companies Act, there are various other forms which is required to be filed as and when required based on the Companies transaction and it cannot be summarized here.

THE INCOME TAX ACT, 1961

Compliance Type	Due Date for Compliance	Period
TDS Remittance	7th of Next month	Monthly
TDS Filing	15th from End of quarter	Quarterly
Advance Tax	15th from End of quarter	Quarterly
Tax Audit U/s. 44AB	30th September	Yearly
Computation of Income Tax as per Normal provisions and as per Provisions of MAT.	31st July/30th September	Yearly
Filing of Return of Income - ITR 6.	31st July/30th September	Yearly

SERVICE TAX

Compliance Type	Due Date for Compliance	Period
Service Tax Remittance	6th of Next month	Monthly
Service Tax Return	25th Oct and April	Half Yearly

Mandatory Registers to be maintained under the above Statutes –

List of registers to be maintained pursuant to Companies Act 2013

<u>S.no.</u>	<u>Register</u>
1	Register of charges
2	Register of members, debentures or any other security, shall include Index therein
3	Register of directors and Key managerial personnel and their shareholding.
4	Register of loans made, guarantees given, securities provided or investment made by the company
5	Register of investments in any shares or securities not held in its own name
6	Register of contracts or Arrangements in which directors are interested.
7	Register of renewed and duplicate Share certificates
8	Minutes Book for all the Board meetings, Ordinary General meetings, Extra Ordinary General Meetings, Annual General Meetings to be held. This shall also contain all the resolutions to be passed in the meetings as statutorily required and also as required by the Board.
9	A Register containing a list of all the statutory filings with the ROC/MCA. Filing each and every transaction with the MCA is a tedious job and the purpose for maintaining this register is to track all the communications with the MCA and also serves as a documentary evidence for future perusal.

List of registers to be maintained pursuant to ESI / EPF/Contract Labor Act

<u>S.no.</u>	<u>Register</u>
1	Register of Employees.
2	Register of wages containing wage slips.
3	Muster Roll containing attendance of all the employees.
4	Register of Advances
5	Register of Overtime
6	Notice to be displayed showing wages, hours of work, wage period, date of payment of wages, date of payment of unpaid wages and name and address of the inspector having jurisdiction
7	Employment card
8	Service certificates
9	Inspection Book.

List of registers to be maintained pursuant to Income tax Act/Service tax Act

<u>S.no.</u>	<u>Register</u>
1	Proper books of accounts (system generated)

PROCEDURE FOR PREPARATION OF RETURNS AND FILING

For Service Tax, VAT and Works Contract Tax : -

1. The Cashier shall prepare the initial workings for the Service Tax, Vat and works contract tax payable and receivable (Cenvat credit) from books of accounts and vouchers.
2. The Joint Executive should keep the copy of bill properly filed in sequence for which Cenvat credit is taken.
3. After the workings as above is completed, the Cashier shall forward the workings along with the necessary documents to the Executive Incharge for finalization and approval of the same.
4. After the Executive in charge has approved the workings, Cashier shall proceed further for preparation of challan and filing of returns.
5. The challans are then verified by the cashier and marked as verified and correct and then forwarded to the Executive/Executive in charge.
6. The Executive in charge or Executive shall prepare check based on the limits set out in the DOP.

For Employee Payments (PF, ESI and Other Applicable acts)

1. The filing of returns and payments shall be done as per the due dates specified in the above tabular column.
2. The Cashier shall take the required details from the H.R. Department, prepare the initial workings and forward to the Executive in charge for finalization and approval of the same. The necessary documents shall be enclosed along with the workings.
3. After the Executive in charge has approved the workings, executive shall proceed further for preparation of challan and filing of returns.
4. The challans are then verified by the cashier and marked as verified and correct and then forwarded to the Executive/Executive in charge.
5. The Executive in charge or Executive shall prepare check based on the limits set out in the DOP.

For Corporate Income Tax – Advance Tax & Self Assessment

1. The income tax calculation for the quarter/year shall be prepared by the Executive in accordance with the Income Tax rules and regulations.
2. The calculations shall then be forwarded to the Company's tax advisor for their approval and comments on the same.
3. After modifying the calculations and after getting final approval from the Tax advisor, the appropriate Income tax challan is prepared by the Executive.
4. The Income tax challan is then sent to the Executive in charge/Head of department along with the necessary documents and workings for approval of payment.
5. Once it is approved by the Executive in charge/Head of department, the approved copy shall be then forwarded to the CMD for final approval.
6. After receiving the final approval from CMD, Income tax challan is then sent for payment to Bank.

Budget

Revenue Budget

Revenue Budget is an annual estimate of anticipated income and expenditure under various heads/activities.

Preparation of budget of Income and Expenditure is based on –

- i. Statements of actual Income and Expenditure under various heads for the preceding financial year.
 - ii. Statement of actual Income and Expenditure for the first six months of the concerned Financial year in which budget is prepared.
 - iii. Estimates of Traffic for the current and the ensuing financial year.
 - iv. Estimated Business of the BOT Operations.
 - v. Timely Collection of Estimate from BOT Operations and Inclusion of the same in Revenue of Port.
1. Necessary basic data for preparation of the Income and Expenditure budget will be furnished by the respective Heads of Departments. To enable them to furnish the data, statement indicating the type wise expenditure under each budget centre for the preceding financial year and for the first six months of the concerned financial year is furnished by the Head of Finance by the middle of October each year.
 2. Heads of Departments after scrutinizing expenditure statement referred to above furnish to the Head of Finance the basic data for compilation of budget. Based on this, the annual budget-budget wise, type wise and cost centre wise is compiled by the Head of Finance after consultation with the Heads of Departments and after making necessary changes and modifications as may be necessary keeping in mind the overall financial position of the port. The draft budget is then discussed by the CMD with the Head of Finance and the Heads of Departments before it is finalized. After it is finalized, a draft of the same is submitted to the Board for its approval.

Capital Budget

Budget Estimates for Capital – Plan schemes & Non-Plan Schemes

1. The works that are to be executed during the current financial year and the next financial year, the estimated cost of the same and the provision to be made thereto are ascertained from Projects Department taking into account the amount of internal resources available for non-plan works and the budget is finalised after discussion with all the **Heads of Departments**.
2. The finalised revised budget estimates and budget estimates are submitted to Board and Government (for Capex Plan schemes only) during the month of October/November (**Within Six Month from the end of preceding financial year**) of every year for approval.
3. Apart from this, performance budget is also prepared for Capital Plan schemes and submitted to Government every year (**Time To be mentioned**).
4. The monthly, quarterly and annual return required to be submitted to the Government or Indian Ports Association (IPA) on Plan schemes (has to be attended) are also attended to. Any other details when called for by the Government regarding the physical and financial progress of the plan works are also sent to Government.

Proposals

1. After the approval of the Board /Government (for capex Plan schemes only) for the Revised Budget Estimate and Budget Estimate is received, proposals for the execution of works for which provision has already been made together with the estimate will be received from Projects Department.
2. Such proposals and the estimates will be scrutinised by Finance Department and the observations made and the competent sanction required to be obtained will be accorded in the note file are sent to CMD / Board as per the approved Delegation of power (DOP) or Government (project cost exceeding Rs.500 crores only).
- 2(a). In normal course, Finance will take 3 to 5 working days for scrutiny and giving concurrence for proposals received from various departments.
3. In the case of urgent nature of works for which no provision is available in Revised Budget Estimate or Budget Estimate a supplemental estimate is prepared and sent to Board for sanction (BY WHOM SPECIFY POWER).

Format for Preparation of Budgets

Particulars	Previous Year Audited (Full Year)	Budgeted Expenditure For the year	Reporting Expenditure For the year	Budgeted Expenditure based on reporting expenditure for next financial year	Variations
Revenue Expenditure					
Capital Expenditure (Both Plan & Non Plan Expenditure)					

CASH & BANK SECTION

Cash Receipts Procedures

As per the Division of Duties, the Cashier shall verify the amounts received with the Original invoices raised and issue cash/cheque/online transfer receipt to the payer (other party) with the authorized signatory of the Executive incharge. The executive incharge shall authorize the receipt only if a print out of accounting entry showing receipt in the proper head is attached with the receipt.

If there are any differences found then the Joint Executive shall inform the Executive and he instead shall clarify the same with the other party.

After proper issue of cash/cheque/online transfer receipt the Joint Executive shall account the same in the accounts of the company.

The Executive shall check & scrutinize the monthly report of the BOT Operations for the income received and report deviation if any to the Executive incharge for further action. The Executive shall also look for any delay in receipt of amount from BOT Operators.

Accounting of All incomes earned based on the scale of rates as already defined by the company and also based on the Contracts entered into.

Accounts Receivable:

The Cashier with the consultation from Executive shall prepare a list of Accounts receivable which shall be an extract from the Accounts and forward the same to the Executive in charge for follow up and settlement.

Bank Guarantee & EMD:

All the money received in the form of EMD shall be maintained in a separate account by the company and balance shall be shown separately in the books of accounts.

The Executive after verification by the higher officials shall reimburse the EMD for the unselected contractual personal.

The EMD for the Contractors shall be returned after verification by the Head of Departments for all the work completion and a certificate shall be obtained to disburse the payment to the contractor.

The Company shall not pay any interest for the EMD received from the parties and shall mention in all the tender process.

Cash collection at port:

The Cashier shall account for the daily transaction of the port entry fee earned. The Executive shall be responsible for depositing cash in the bank in such a way that at any time the cash held by the authorities shall not exceed a specified amount notified by the Finance Department.

Collection through sale of Tenders:

The Executive shall account for all the sale of tender documents by the company and reconcile with the number of tenders request received.

A Cash Receipt shall also be provided to the vendor paying for the purchase of tender documents.

Cash/ Bank Disbursements Procedures –

1. Contractual Payments/Bills shall be disbursed by the finance department as per the Division of Duty.
2. The Executive shall be responsible for any duplicate payments made and hence all the vouchers and bills received for payment shall be pre-scrutinized by him and then passed on to the proper authority for approval and payment.
3. The Joint Executive shall account for the bills received and shall keep a print out of the accounting entry passed in the accounts and attach the same with the bill before passing on the bills for approval. A Reference number has to be given in the accounts and also marked on the Vouchers for easy check of the same.
4. Once the Bills are approved for payment by proper authority, the payment shall be released to the vendor within 3 days working days from the date of approval.
5. Payments shall be compulsorily made through account payee check or online bank transfer unless the item is considered as a petty cash item.
6. The Executive shall see to it that a receipt is obtained from the vendors for payment made to them.
7. Supporting documentation should be filed by the Cashier in appropriate vendor's file.
8. The Executive shall utilize the paid invoice files to respond to any discrepancies which arise with vendors or other payees.
9. Once monthly, the Executive incharge will check the invoice log to determine if there are any outstanding invoices which have not yet been paid. If so, the Executive incharge will investigate the non-payment of these invoices with the responsible authorized official.

Accounts Payable:

The Joint Executive shall with the consultation from Executive incharge & Executive shall prepare a list of Ageing Accounts payable which shall be an extract from the Accounts software and forward the same to the concerned authority for release of payments to the vendors along with the bills/vouchers and current balance in any and all bank accounts.

Short Term Investment Policies

On surplus funds available with the company, Management shall after approval by the Investment Committee shall make such investments according to the policies framed out below.

- (i) Finance Department will identify the availability of surplus funds and to recommend investment of such surplus funds.
- (ii) Finance Department will thereafter invite competitive bids from commercial banks through email and to recommend investment of such surplus funds based on the bids received.
- (iii) The period of investments shall not exceed One Year in the Fixed Deposits.
- (iv) The period of investments shall not exceed 90 days in any of the Debt Funds (Liquid funds).
- (v) The status of surplus funds availability and investment thereof shall be audited every six months and auditor's report would be placed before the Board of Directors.
- (vi) Comply the Investment guidelines issued by Department of Public Enterprises (DPE) from time to time.
- (vii) In pursuant to Section 292 and other applicable provisions of the Companies Act, 2013 to approve investment of the funds available with the company in short-term-deposits with commercial banks and/or in the Debt Funds (Liquid Funds) by the duly appointed Investment Committee upto a total limit of Rs.1200 Crores.

Reconciliations

Cash Flow:

The Executive incharge is to maintain a minimum sufficient balance based on companies requirement of the operating budget between its operating and savings bank accounts at all times. In the event that balances fall below that amount, the surplus investments shall be matured.

The Executive incharge along with the assistance of the Executive shall compute the required fund for all the Planned and Non Planned Expenditure and accordingly suggest the Higher officials for Investments.

Petty Cash Fund shall be maintained by the Head Cashier and the petty cash fund shall always contain minimum of Rs. 5,000/- and maximum of Rs. 15,000/- at all times.

Bank Reconciliations:

1. The Executive incharge should review the contents of the Bank statements for inconsistent check numbers, signatures, cash balances and payees and endorsements at a minimum. After this cursory review is conducted, the Executive incharge should initial and date the bottom, right hand corner of the first page of each bank statement reviewed. The reviewed bank statement should then be forwarded to the Joint Executive to reconcile the bank accounts.
2. The Joint Executive should reconcile each account promptly upon receipt of the bank statements. All accounts will be reconciled no later than 7 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements in this period of time, the Joint Executive shall notify the same to the Executive incharge along with the reasons.
3. When reconciling the bank accounts, the following items should be included in the procedures:
 - a. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash deposits journal.
 - b. A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
 - c. An investigation of items rejected by the bank, i.e., returned checks or deposits.
 - d. A comparison of E Transfer dates received with dates sent.
 - e. A comparison of canceled checks with the disbursement journal as to check cheque number, payee and amount.
 - f. An accounting for the sequence of checks both from month to month and within a month.

- g. An examination of canceled checks for authorized signatures, irregular endorsements, and alterations.
 - h. A review and proper mutilation of void check.
 - i. Investigate and write off checks which have been outstanding for more than three months.
- 4. Completed bank reconciliations should be reviewed, initialed and dated by the Executive Incharge.
- 5. The Cashier upon receipt of the completed bank reconciliations, makes any general ledger adjustments.

Verification of Other General Ledger Accounts:

1. Each month the Executive incharge and Executive should review the closing balance shown on balance sheet accounts such as the cash accounts, accounts receivable, accounts payable and deferred revenue. The Executive incharge and Executive should review the bank reconciliations, schedules of accounts receivable and deferred revenue and the aging of accounts payable to support the balances shown on the Balance sheets.
2. Assets - These accounts will include Cash/Bank, Petty cash, Prepaid, Inhouse capital expenditure, Property, equipment and fixtures, Loans Advances & Deposits and intangible assets.
 - a. Cash/Bank - The balances in Cash/Bank accounts should agree with the balances shown on the bank reconciliations for each month.
 - b. Petty Cash – Petty cash fund shall always contain minimum of Rs. 5,000/- and maximum of Rs. 15,000/- at all times.
 - c. Prepaid - The amounts in these accounts should equal advance payments paid to vendors at the end of the accounting period (Monthly checking with the confirmation from the vendors).
 - d. Inhouse capital expenditure – Any capital expenditure incurred shall be capitalized based on the Engineer’s certificate which shall depend on the percentage of completion of work.
 - e. Property, Equipment & Fixtures – The Amounts in this account should equal the totals generated from the audited depreciation schedules. When additional purchases are made during the year, the balances in the accounts may be updated accordingly.
 - f. Loans Advances & Deposits – These amounts shall consist of all the Deposits or Loans given as per the Companies Policies or Investment decisions.

3. Liabilities - These accounts are described as Accounts Payable, Payroll, Tax & Statutory liabilities, loans and mortgages payable, and amounts due to others.
 - a. Accounts Payable - The balance in this account should equal amounts owed to vendors at the end of the accounting period and the aging report.
 - b. Payroll - The balance in this account should equal amounts owed to the employees consisting of all employees salaries and other benefits payable.
 - c. Tax & Statutory liabilities - The balance in this account should equal amounts owed to various statutes as per the Statutory Acts applicable.
 - d. Loans and mortgages payable - The balance in this account should equal amounts owed to various lenders bifurcating it as secured and unsecured.
 - e. Amounts due to others – Any other amount over and above the above mentioned liabilities shall be recorded here.

Fixed Asset:

This chapter deals with the system and procedures to be followed and accounting entries to be released in respect of capitalization of fixed assets, their disposal, inter-department transfer, depreciation, physical verification etc. and maintenance of control records.

Classification of Fixed Assets

The fixed assets of the company will be classified as follows:

- Land-freehold and leasehold
- Sea Breakwaters
- Wharves & Jetties
- Cranes
- Harbour Crafts
- Speed Boats
- Navigational Aids / Equipments
- Buildings – Administration office and Port use
- Electrical Equipments
- Cranes or Equipment
- Automobiles
- Furniture and office equipments

Capital Expenditure Sanction

Expenditure on fixed assets will be provided in the capital budgets (Plan & Non-Plan) of the company and sanctioned after detailed examination. Capital job codes will be allotted by the finance and accounts department to each purchase of equipment/other assets capital contract work, assets being assembled/fabrication internally, etc.

Capital Work-in-Progress

All payments to the contractors free issues of materials if any, for building installations would be booked to the capital work-in-progress accounts. Similarly, all expenditure on acquisition of plant/equipments, their fabrication, erection and commissioning and acquisition of automobiles, furniture, office equipments etc. will be booked to the capital work-in-progress accounts.

Basis for Capitalization of Assets

Building will be capitalized on receipts of completion/possession certificate from the departments concerned. On receipt of these certificates, accounts will pass journal entries clearing the capital work-in-progress accounts and capitalization the amount debited there earlier.

Equipments will similarly be capitalized on receipt of commissioning/completion certificate from the departments concerned.

Furniture, office equipments and vehicles will be capitalized on receipt of certificates for the assets having been put to use.

Every year in March, accounts will list out departments wise capital jobs which appear in work-in-progress accounts through these lists invite comments of the departments concerned as to their status and dates or expected dates of commissioning. On receiving intimation of completion along with commissioning / completion / use certificate, capitalization will be done as indicated earlier.

Valuation of Fixed Assets

While capitalising the expenditure on fixed assets it will be ensured that there is no over-capitalisation and that expenses relating to revenue are properly charged to profit and loss account.

When an operating unit carries out a programme of expansion etc. concurrently with normal operation, only the direct capital expenditure relating to such expansion will be capitalized. However, where a new unit is being established in a new location, all direct capital expenditure as well as indirect expenditure incident to construction will be capitalized.

Control of Fixed Assets

For proper control and recording of the fixed assets, each asset will be allotted a district identification number. The management will also designate the authorities responsible for control of these assets.

Physical Verification of Assets

It is necessary, from the control point of view, for the company to ensure that the assets appearing in the records do actually exist. This is also required by the Companies Act 1956. All items of fixed assets will accordingly be verified physically by officers designated by the management once a year, before the accounts for the year are closed.

The physical verification term will be provided with a copy of the existing assets register. As part of physical verification, the term will:

- Verify the items existing in the register of fixed assets.
- Note any fixed asset at the site of inspection not listed in the register.
- Note the condition of the assets verified

On completion of the verification, discrepancy reports showing discrepancies, if any, between the entries in the fixed assets register and the assets physically verified will be prepared by the team. The excesses/shortage will be brought to account after investigation and with the approval of the competent authority. Entries of such excesses/shortages will also be made in the registers maintained both in the corporate officer and in the units.

Depreciation

The depreciation on all the fixed assets will be provided at the end of the year as per the rates prescribed by Ministry of Shipping for port specific assets and all other assets on straight line method in such manner that it is not less than the quantum of depreciation as prescribed in section 205 (2) (b) of the Companies act 1956. Under this section, depreciation in respect of each depreciable assets is worked out by dividing 95 percent of the original cost thereof to the company the prescribed life in respect of that asset.

The charge of depreciation will cease on writing down for 95 percent of the cost of assets. No depreciation will be charge for the year in which the asset is scrapped or sold or declared obsolete.

Depreciation will be provided on all assets existing on the last date of the accounting year. Full depreciation will be provided on assets capitalisation during the year.

Equipment Costing Rs. 5,000 or Less.

Items of equipments costing Rs. 5,000 or less at the time of purchase will be charged off as expense in the year in which these are brought to used by debit to appropriate account. In such cases, capitalization will not be effected and the equipment will not be included in the gross block. However, quantity and value records of such items will be kept in a statistical register.

Spares

In most of the contracts for procurement of equipments, mandatory spares are acquired along with the original equipment. The cost of such spares will be capitalised along with the cost of equipment. Where such spares is issued for consumption in future, the same will be valued 'Nil'.

Assets Disposal

When a proposal for disposal/ condemnation/ scrapping is made by the asset controlling authority, the item/ items will be inspected by a survey committee formed for the purpose. The committee will examine aspects like year of purchase or construction, acquisition / construction cost, hours worked, details of major repairs/ overhauling carried out, present condition of the equipment together with broad details of defects, feasibility of economic repair, estimated scrap value in case of disposal and give their recommendations. In case of surplus equipments, the committee will also consider the possible alternative uses including to other units. It will be recommended the action to be taken to the competent authority for sale/provision/write-off.

An asset will be declared surplus or unserviceable or redundant only after the recommendation of the survey committee have been examined in the finance department and accepted by the competent authority.

At the time of accounts for the year all such items awaiting disposal will be reviewed. In case, were the amount expected to be realized is less than the written down value, the difference will be provided under the appropriate account code – “provision from diminution in value of scrapped/redundant assets”

Where an asset is written off, the relevant fixed asset account and depreciation provision will be adjusted. Income from asset previously written off will be treated as miscellaneous income.

The relevant fixed asset account and depreciation will similarly be adjusted on disposal of an asset.

Fixed Asset Management

1. A permanent property log or database is to be maintained by the Executive for all fixed assets purchased by the Company.
2. The database should contain the following information:
 - a. date of purchase
 - b. description of item purchased
 - c. received by donation or purchased
 - d. cost or fair market value on the date receipt
 - e. donor or funding source, if applicable
 - f. funding source restrictions on use or disposition
 - g. identification/serial number (if appropriate)
 - h. depreciation period
 - i. vendor name and address
 - j. warranty period
 - k. inventory tag number (all fixed assets should be tagged with a unique identifying number)
 - l. Check number used to pay for the equipment.
3. At least quarterly once, a physical inspection and inventory should be taken of all the Company's fixed assets and reconciled to the general ledger balances. Adjustments for dispositions should be made.
4. The Joint Executive shall be informed by the Executive for change in the condition of the assets (Revaluation or Impairment of Assets) sale of, scrapping of and/or obsolescence of items for accounting purposes.
5. The Executive incharge shall be informed by the Head Cashier for any exchange of assets required depending on the status of property and equipment. He should also be informed of the changes in location, sale of, scrapping of and/or obsolescence of items.
6. All capital assets having a cost greater than Rs. 5,000/- shall be depreciated periodically. If the cost or WDV is Rs. 5,000/- or less then the asset shall be charged as expenditure.

Establishment Section

Personnel:

1. The HR Department is charged with the responsibility of maintaining personnel files on staff persons.
2. Each personnel file should contain the following information, at a minimum-
 - a. Employment application or resume
 - b. A record of background investigation
 - c. Date of employment
 - d. Position, pay rates and changes therein
 - e. Authorization of payroll deductions
 - f. Termination data, when applicable.
3. All personnel records are to be kept locked in a locker room with the HR Department.
4. The HR Department after calculating the pay to each official shall forward the records to the Executive for cross-verifying the same and calculation of statutory dues.
5. The Executive shall prepare vouchers for the payroll and shall be forwarded to the Executive Incharge for authorizing of the same and processing of payment to the officials.
6. Executive Incharge should review the payroll summary page of the payroll service report for inappropriate payees or unusual hours.
7. Paychecks or E-Funds transfer should be distributed by the Executive on the designated day and hour, one week after the end of the pay period according to a prearranged schedule distributed by the Executive Incharge. In the event that a paycheck is picked up by a designated person other than the staff person, a memo should be received in writing from the staff person and proper identification should be requested from the party picking up the pay check.

Records & Statements:

Fixed Deduction Statements

Salary section will print out fixed deduction statements for all employees in the first week of the month. These deductions include income tax, voluntary provident fund, loan recovery, recoverable advances, etc. this will be forwarded with payroll master to the pay bill section. The section will incorporate any changes and return it to be included in the next payroll.

Attendance

A bank variable data format will be printed out every month by EDP in respect of all employee. The items covered will be attendance overtime, excess pay and allowances, variable earnings etc. this will be filled in on the basis of attendance records received of the employees. As the salary is paid for certain days on assume attendance in a month the assumed attendance will be adjusted on receipt of actual attendance in the following month and unauthorized leave taken. Overtime for the month will be entered from the overtime statements.

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Dearness Allowances

To enable calculation of dearness allowances on the basic salary on computer, the pay bill section will every month compile DA rate control information on the basis of DA includes application to various scales of basis salary.

Recoveries

Recovery notes including recoveries to be made from employee's salary (TA/LTC/Medical advances, house, rent, electricity charges etc.) will be entered in a variable deduction advise to be given effect to in the next pay bill.

Advance to Employees

The company gives the following recoverable advances to its employees:

- (i) Vehicle advance for purchase of cycle, scooter, car etc.
- (ii) House building advances for purchase or construction of house
- (iii) Festival advance
- (iv) Leave salary advance/salary advance
- (v) Medical advance
- (vi) Travel advance

On receiving the application for an advance, duly sanctioned by the competent authority, the pay bill section will prepare a cash payment voucher. The payment voucher together with the original bill of advance will be forwarded to the cash section for payment. A statement of advances paid and the mode of recovery will be sent to pay bill for compilation.

Data Control Register

A data control register will be maintained in the pay bill section to keep control on the inflow of documents/data requires for monthly payroll and outflow.

Computer Outputs

The outputs obtained will be:

- i) Pay bill, pay slips and acquaintance rolls.
- ii) Department wise summery
- (iii) Grand summery of all groups
- (iv) Accounting summery (showing accounts codes to be debited/credited)
- v) Bank transfer statements
- vi) Deduction statement with summery

Pay Bills and Disbursement

After the input documents have been received in EDP, they will arrange to print out regular pay bills. These will be in quadruplicate, the original with perforation (pay slips), will be given to the employees and the first bill section will have the other copies. The payments vouchers will be prepared according to bill numbers by the pay bill section who will forward both the copies to the cash section the net amount payable to the employees will be credited to “accrued salaries and wages”, payroll deduction will be credited to the relevant account codes - “pay roll deduction” and advances recoveries will be credited to advances to employee’s – secured/unsecured”. The gross amount will be debited to the relevant account codes under – “expenditure on salaries and wages”.

Fiscal Policy Statements

1. All cash accounts owned by the company will be held in Commercial Banks which are scheduled or nationalized.
2. All capital expenditures which exceed Rs. 5,000/- will be capitalized on the books and records of the Company.
3. Employee paychecks and/or personal checks will not be cashed through the petty cash fund of the company.
4. No salary advances will be made without approval from the Head of Department.
5. No travel cash advances will be made except under special conditions and preapproved by the Head of Department.
6. Out of pocket expenses reimbursements will be paid upon full expense reporting using the official company form supporting the actual bills of expenses within the normal disbursement schedule for the approved costs incurred.
7. Expense reports will be maintained which will disclose the nature of expenses, and the dates incurred.
8. Separate files will be maintained for each bank account and each vendor. Files will be kept separately for each financial year.
9. Correction fluid should never be used in preparing any accounting documents.
10. The Company should insure all its useful and valuable assets taking in to consideration the risk prone aspects and appropriately provide the required insurance coverage.
11. Once in a month, Information systems verification should be conducted by an Management or appointed expert in information systems/computers/software to find if the company is facing any cyber threat or cyber attack of viruses or prone to hacking or any leakage of confidential information/data.
12. All E-mail ids should be checked by the Management or appointed expert to find if any confidential information has been leaked and the company's resourced are not mis-used.

Review of Accounts Manual

The Accounts manual may be annually reviewed by the board of directors in a board meeting for any changes / updation in the original accounts manual due to the changes in the applicable statutes or for better recording of accounts or for better presentation of financial statements.

Computer System Backup Procedures

1. The Cashier is responsible for backing up the hard drive of the accounting system at the close of each business day.
2. The backup materials should be locked up by the Executive Incharge in a fire proof safe overnight.
3. At month end, the backup materials shall be checked and if all are in place and working then the latest backup material shall only be stored and the rest shall be disposed off.
4. Since the Company's major operations are always operated on contract basis and so the contract documents becomes utmost important. The company shall scan all the contract documents and save a soft copy of the same in the computer for any emergency use by the Board of directors/CMD or Head of Department. This shall also act as a backup of the important documents.

MIS Reporting:

Reporting to Ministry:

- To Ensure Monthly MIS Report of the Plan Expenditure to Ministry of Shipping.

Reporting to Indian Ports Association:

- To Ensure Monthly MIS Report of all the Plan & Non Plan Expenditure to Indian Ports Association.

Reporting to CMD:

- To Review Monthly Revenue Budgets against Actual Revenue Targets achieved by the Company
- To Review of Monthly Revenues from BOT Operations as per MOU against the Targets attained by the Operators.
- To Ensure Monthly MIS on the financial positions.
- To Ensure Monthly MIS on the Deposits made out of surplus funds available with the company.
- To Ensure the Monthly MIS on Audit quires pending for more than a month.
- To Ensure Monthly MIS Report on receivables pending for more than three months and six months.
- To Ensure Monthly MIS Report on Bills payable pending for action for more than one month.
- To Ensure Monthly MIS Report on Proposals received and pending for action for more than a month.