### POWER GRID COMPANY OF BANGLADESH LTD.



### **ACCOUNTS MANUAL**

	DE	SIGNATION		SIGNA	TURE
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#### PREFACE

This Accounts Manual of the Power Grid Company of Bangladesh (PGCB) has been prepared on the assumption that PGCB will shortly take over the transmission assets and liabilities of Bangladesh Power Development Board (BPDB) and Dhaka Electric Supply Authority (DESA). The Company at the initial stage will be engaged in wheeling energy from the generators to the distributors but ultimately is expected to engage in buying energy as a "Single Buyer" from the generators (both public sector and independent power producers) and selling to distributors in the public and private sector organizations.

In preparing the Accounts Manual due consideration has been given to the provisions of the Companies Act 1994 and the requirements of the external auditors. The Manual incorporating the Chart of Accounts and the various forms as Input Documents have been designed for a Computerized Accounting System.

The Manual addresses the General Ledger Accounting System and the preparation of Financial Reports under a Computerized Accounting System. Three other separate sections deal with Computerized

- Fixed Asset System
- Inventory Control System
- Monthly Salary System

Recruitment of all the necessary personnel required to run the organization as envisaged above has not yet been completed and accordingly job description and functional responsibilities have not yet been determined. Once these are in place it may be necessary to make appropriate amendments to this Manual.

The Chart of Accounts may also require to be modified depending on the type of software to be used.

PGCB's ability to effectively manage and accurately account for its assets, liabilities, income and expenditure will depend to a very large extent as to how strictly and efficiently the guidelines and procedures laid down in the Accounts Manual are followed.

# POWER GRID COMPANY OF BANGLADESH LTD (PGCB) ACCOUNTING MANUAL

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## POWER GRID COMPANY OF BANGLADESH LTD (PGCB) ACCOUNTING MANUAL

#### **Section - I General**

#### 1.0 Introduction:

Power Grid Company of Bangladesh Limited (PGCB) has been incorporated as a private limited company registered with the Registrar of Joint Stock Companies under the Companies Act 1994. The Company has been established to

- a. take over BPDB's / DESA's transmission assets,
- act as the wheeler of electricity from generators to distributors, and eventually take over commercial trading of electricity from generators to distributors, and
- c. sell on to distribution companies and major consumers through a bulk supply tariff.

The accounting system of PGCB has been designed to conform with the requirements of the Companies Act 1994 and the objectives of PGCB.

This Accounting Manual provides guidance and instruction to assist PGCB and its various offices for managing accounting issues. The Accounts Department of PGCB shall be responsible for promptly and accurately collecting, recording and classifying financial transactions and reporting to the management of PGCB.

The Accounting Manual describes in detail the procedure to be followed for a computerized accounting system which should enable the timely preparation of accurate Financial Reports to enable the PGCB management to take effective and necessary action for efficient management of the organization.

PGCB's ability to effectively manage and accurately account for its assets and liabilities will depend to a very large extent as to how strictly and efficiently the guidelines and procedures are followed.

#### 2.0 Corporate Planning, Budgeting and Budgetary Control:

Long, Medium and short term planning shall be primary elements in financial management of PGCB. Long and Medium term plans referred as Corporate Plans shall be drawn up by the management as indicative plans based on corporate vision, Whereas the short term or annual plans should be drawn up with emphasis on what can realistically be achieved within the coming year with a view to maximizing profits and controlling of revenue expenditure.

PGCB shall draw up Capital Expenditure Budget and Revenue Income and Expenditure Budget by 3 1 " March each year in-respect of the following financial year. A Cash Flow Budget should also be prepared. These Budgets should be placed before the Board of Directors for approval. The approved Budgets shall form the basis for activities of the Company. Any item of expenditure not included in the budgets shall be placed before the Board of Directors with full particulars and explanations for their approval before incurring expenditure. To meet emergency situations the Managing Director may be authorized by the Board of Directors to incur expenditure, not included in the budgets, up to a certain amount (to be determined) but such expenditure must be placed before the next Board meeting for its approval.

Actual expenditure should be closely monitored against budget provisions at regular intervals and deviations should be reported to the management for taking appropriate actions promptly.

#### 3.0 INTERNAL CONTROL AND INTERNAL AUDITING:

#### **Internal Control**

Internal control means the entire system of control that is administrative, operational and financial at each level of activity of the PGCB and its Area/sub-offices. The system covers the controls to be exercised by PGCB with respect to separation of duties and responsibilities, safeguarding assets and funds and preventing frauds and errors.

In order to achieve accountability at all levels it is essential for PGCB to include the following elements of internal control:

- by-laws, standing orders, and executive orders
- policies, objectives
- systems and procedures
- organization structures providing for segregation of duties
- job descriptions
- planning and budgeting
- financial and physical performance reports
- internal auditing

For the internal control system to be effective there should be organizational independence of the operating, custodial and accounting departments. Operating departments should not have any principal accounting or custodial functions, even though they may be responsible for producing and recording initial or basic data. Initiation and authorization of a transaction, its recording and custody of the resulting asset should be separated. Thus, receipts and disbursement of funds should be divorced from accounting. The Inventory department should not have access to the principal accounting records used for checking store-keeping integrity. Duties and responsibilities should be so segregated that no one person will handle a transaction from beginning to end. If that division is not possible, other protective practices must be devised. These internal checks shall help in establishing the reliability and integrity of the accounting records and information.

#### Internal Financial Audit

PGCB shall have a system of continuous internal financial audit as part of the overall Internal Control System. The Internal Financial Audit unit should consist of a group of persons, headed by a qualified professional as the Internal Auditor reporting directly to the Managing Director. The Internal Auditor should have as much ' freedom as possible to decide on his role and operations, otherwise, hi s position may become untenable and be of little use for assuring accountability.

Typical matters which the Internal Financial Auditor should appraise and report to the management include:-

- the effectiveness of ' the accounting, financial and operational controls, and any need-s for revision;
- the extent of compliance with prescribed policies, plans and procedures;
- the reliability of accounting systems, data and financial reports;
- methods of remedying weak controls or recommending introduction of controls where there are none;
- verification of assets and liabilities.

The Internal Financial Auditor should work within a well-defined framework of

programs and reporting requirements. The Internal Financial Auditor shall also be authorized to ensure that computer programme changes and amendments are consistently monitored to prevent irregularities.

#### 4.0 Major Accounting Policies:

- a. PGCB is assumed to be a going concern and will continue to operate.
- b. PGCB shall employ consistent methods in maintaining records and preparing financial statements.
- c. The accounts shall be maintained and statements prepared in conformity with the provisions of the Companies Act 1994.
- d. The accrual concept will be used in recognizing revenue and expenses.
- e. Fixed assets owned by the PGCB shall be depreciated using straight line method at equal rates over the physical life of the assets.
- f. The accounting period of the PGCB will be one year ending June 30 every year.
- g. Financial transactions shall be recognized as and when they occ ur. These transactions shall then be recorded in the books of accounts for the period to which they relate.

#### 5.0 Computerization of the Accounting System:

The accounting system of PGCB shall be computerized and maintained centrally at the Head Office. The system will assist PGCB to record financial information promptly and thus enable various financial statements and reports to be produced accurately and timely.

The system shall be based on the Double Entry accounting principle which is applied by commercial and industrial organizations. The features of the computerized system shall be as follows

- It shall be user friendly and menu driven. As a result, operators not familiar with double entry accounting transactions may easily operate the system,
- It shall be capable of maintaining secrecy
- The system shall provide for necessary audit trail to be maintained,
- The system shall be capable of generating hard copy reports for internal and external audits.
- The system shall have the facility to maintain data relating to the current year, the budget and the cumulative historical balances.

#### Separate Computerized System shall be maintained as subsidiary system for:-

- a. Fixed Assets (quantity and value)
- b. Inventory Control' (quantity and value)
- c. Monthly Salary preparation-

For further details about these systems please refer to Paragraphs 10, I I and 12 of Section 1 of this Manual.

#### 6.0 Transaction Recording Levels

The activities of PGCB are carried out at the Head Office and its various Area Offices/sub offices throughout Bangladesh.

Assets and liabilities shall be recorded and grouped according to their nature. Subdivision under each group shall be maintained for easy identification and reference.

Similarly, Income and Expenses shall be recorded according to the nature and types of activities. Expenses shall be further classified under different Cost Centers to enable Financial Reports to be prepared for each Cost Center for effective management purposes.

Area Offices shall maintain Bank and Cash Accounts and shall be required to submit monthly reconciled and balanced returns (summari zed Head-wise Cash and Bank Accounts) to Head Office Accounts Department for incorporation of the transactions in to the central Computerized Accounting System.

Sub-Offices shall maintain only cash account (Imprest Petty Cash) to meet day to day petty expenses and they shall submit monthly reconciled and balanced returns summarized Head-wise Cash Accounts) to their respective Area Offices for incorporation of the transactions in the Area Offices Cash Account.

The Accounts Coding system of PGCB has been designed not only to take care of the present need but adequate provision has also been made to allow for future expansion.

#### 7.0 Accounting for Depreciation

Most fixed assets depreciate, that is wear out or otherwise suffer a reduction in their useful life through use or obsolescence with the passing of time. Therefore, fixed assets which have a definite useful life shall be depreciated. Fixed assets which have indefinite useful life, such as freehold land, will not be depreciated. Fixed Assets shall be shown on Financial Statements as follows:-

- a. fixed assets with definite useful lives shall be included in the financial. statements at cost (or, if re-valued, at the re-valued amount) less the appropriate amount provided for depreciation; and
- b. fixed assets with an indefinite useful life shall be included in financial statements at cost (or, if re-valued, at a re-valued amount).

#### 8.0 Books of Accounts and Supporting Documents:

Section 181 (1) of the Companies Act 1994 states that books of accounts shall be kept for:

- a. all sums of money received and-expended by the Company and the matters in respect of which the receipts and expenditure take place;
- b. all sales and purchases of goods/services by the Company;
- c. the assets and liabilities of the Company; and
- d. in the case of a company engaged in production, distribution, marketing, transportation, processing, manufacturing, milling, extraction and mining activities, such particulars relating to utilization of material, labour and other items of overhead cost.

Section 181 (5) states that the books of accounts relating to a period of not less than twelve years immediately preceding the current year together with vouchers relevant to any entry in such books of account shall be preserved in good order.

In order to comply with the provisions of the Companies Act 1994 PGCB shall be required to maintain the following books of accounts:

- Cash/Bank Book (which may be incorporated in the General Ledger)
- General Ledger
- Subsidiary Ledgers for Debtors and Creditors
- Fixed Asset Register
- Stock/Inventory Register

#### 9.0 GENERAL LEDGER

The General Ledger is the book of final entry for all the transactions of the Company and shall incorporate the control accounts of all subsidiary books. A complete trial balance shall be capable of being drawn-up from the General Ledger.

- The general ledger system shall be computerized. Each and every Data relating to financial transaction shall be entered with appropriate details in the
  - i. Money Receipt,
  - ii. Cash Payment Voucher,
  - iii. Bank/Cheque Payment Voucher,
  - iv. Journal Voucher
  - v. Statement of Receipts
  - vi. Statement of Banking
  - vii. Statement of Cheques Issued
  - viii. Petty Cash Statement

These documents will be used as Source Input Documents to enter relevant data into the computer for processing. -

 Initially, Cash and Bank Books should also be maintained manually, as parallel system, but these may be discontinued as soon as the accounting staff are fully familiar with the Computerized Accounting System.

The accounting documents and data which form the basis for recording transactions are:

SI.	Input Documents	Descriptions		
no.				
1	Money Receipt (MR)	MR is prepared on the basis of receipt of cheques and cash. The Statement of Receipts is written up from these MRs.		
2	Cash Payment Voucher (CP)	Cash payment vouchers are prepared for recording payments made in cash. Cash Book/Petty Cash Statements are prepared from these vouchers.		
3	Bank/Cheque Payment Voucher (BP)	Cheque Payment Vouchers are prepared for recording payments made by Cheque/P.O/ D.D/ Bank Transfer Advices. Bank Book/Statement of Cheques Issued are written up from these vouchers.		
4	Journal Voucher (JV)	Journal Vouchers are prepared for recording non-cash transactions and other adjustments.		
5	Statement of Receipts (SR)	Money Receipts issued are recorded in this statement.		
6	Statement of Banking (SB)	Cash/Cheques/Bank Transfer Advices/POs/DDs etc. received and paid into Bank are recorded in this statement.		
7	Statement of Cheques Issued (SC)	Cheques issued by the Area Offices shall be recorded in this statement.		
8	Petty Cash Statement (PC)	Petty Cash transactions shall be summarised on this statement.		

#### 10.0 Financial Statements And Periodical Reports

PGCB shall prepare monthly/quarterly/half yearly and annual Financial Accounts and such other reports as required by the management of PGCB.

#### 10.01 Major Financial Statements:

The following major financial statements shall be prepared by PGCB

#### • Income and Expenditure Account:

Separate Income and Expenditure Account shall be prepared for each Cost Center including the Head Office (Corporate Office) -and a Consolidated Income and Expenditure for all the activities of the PGCB. Each of these report shall show the appropriate Budget figures.

#### Balance Sheet

 A Balance Sheet reflecting the financial position of PGCB shall be prepared at the end of each month showing the Capital, Liabilities and Assets of the Company.

#### 11.0 Control of Accounts Personnel

- All Accounts personnel shall form part of Finance Department and shall be under the overall control of the Finance Director.
- The confidential reports of the accounts personnel shall be initiated and shall be signed by the Finance Director and those of others by the Managing Director.
- Transfer, posting and initiation of disciplinary measures, if any, in respect of all accounts personnel shall be in consultation with the Finance Director.

#### **Section - II Accounting Procedure**

#### 12.0 Accounting Responsibility

Every officer whose duty is to prepare and render any receipt, voucher, account or return in respect of the Company's financial transactions is personally responsible for their completeness and strict accuracy and, their dispatch within the prescribed date. An officer who signs or countersigns a statement, accounting return or certificate is personally responsible for the facts stated therein so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them. If in the pre-printed form, statement, return or certificate does not represent the facts, it is his duty to make any necessary amendment which will call attention to the deviation and so to give the authority concerned the opportunity of deciding whether the amendments cover requirements.

#### 13.0 Safe Custody

All the money of the Company not deposited in the bank and retained in hand shall be kept in strong fire- proof safe secured by two locks of different patterns. All the keys of the same lock must be kept in the same persons custody and as a general rule, the keys of one lock should be kept apart from the keys of the other lock, and in a different person's custody when practicable. Both the custodian of the keys must be present whenever the safe is opened and until it is again locked. At the discretion of the Finance Director the duplicate keys of the safe may be placed under his seal in the safe custody of a Senior Officer of the Accounts Department. In the event of this practice being adopted, a Duplicate Key Register shall be maintained and once a year the keys should be sent for examination and returned under fresh seal, a note being made in the register that they have been found correct.

#### 14.0 Bank Account and Cheque Books

Bank Accounts in the name of Power Grid Company of Bangladesh Limited shall be opened and operated as per resolution of the Board of Directors. Operation of the accounts shall be by joint signatures only. Bank Accounts may be Current Account, STD Account (Short Term Deposit Account) and/or Fixed Deposit Account. At the Head Office such number of bank accounts shall be maintained as are considered necessary and convenient. At each Area Office two bank accounts shall be opened:

- STD Account to deposit money received on account of the Company.
   The balance of this account should, at periodic intervals, be transferred to a designated bank account maintained at the Head Office.
- 2. Current Account to disburse expenses by issuance of cheques

Cheque books shall be kept in the custody of responsible officers at all times and counterfoils of all cheques shall be retained by the issuing offices as their record and for audit purposes.

Bank Statement shall be obtained from all the banks at the end of each month and reconciliation statements prepared.

#### 15.0 Money Receipts (MR Form No QF-FIN-01)

Pre-numbered Money Receipt (MR - Form No: QF-FIN-01) Books should be printed by the Head Office only and kept in safe custody of the Accounts Department who shall maintain a Register to record their receipts and issues.

Money Receipt books shall be issued to relevant offices authorized to receive money on account of the Company. Each Money Receipt (MR) shall be in a set of two, the original should be given to the payee and the duplicate copy should be retained by the issuing office. Only those persons authorized by the management shall be empowered to issue money receipts under their signature.

In respect of cheques/drafts or other instruments of negotiation which are accepted subject to collection the Money Receipt issued should be rubber-stamped with the notation "issued subject to realization".

#### 16.0 Accounting for Receipts

#### 16.01 General

Every employee of the Company shall be personally responsible for the money which passes through his hands and for the prompt record of receipts in the. manner prescribed below. All money not banked shall be kept in a strong fire -proof safe as mentioned in para 15 above.

In respect of each and every receipt of cash/cheque/drafts/TTs/Bank Transfer etc (except for remittances received by Area Offices from Head Office) a MONEY RECEIPT (MR) must be issued. Money Receipts should be completed in all respects particularly describing the precise nature of receipt the Account Head (Code) to be credited, duly signed and dated.

If for any reason a Money Receipt is canceled the original must be kept attached to the duplicate copy and remark to that effect should be inserted in the Statement of Receipts.

#### 16.02 16.02 Receipt of Cash

All cash received should be paid into the designated Bank Account of PGCB on the same day.

Under no circumstances cash received should be taken into Petty Cash or used for any other purpose. Cash should not be banked with cheques under the same Deposit/Paying in slip. Cash received after banking hours should be banked on the following working day.

#### 16.03 Receipt of Cheques/Pay Orders/Drafts etc

All Cheques/Pay Orders/Drafts etc instruments received should immediately be stamped "Account Payee only" and each cheque/draft etc should be banked under a separate Bank Deposit Slip on the same day or if received after banking hours the following working day.

#### 16.04 Dishonored Cheques

In the event any cheques are dishonoured Director (Finance) should be notified immediately and appropriate action taken for realization of the same.

#### 16.05 Bank Credit advices

In respect of direct receipt of money into a Bank Account a Money Receipt must also be prepared in respect of each Bank Credit Advice.

#### 16.06 Recording of Money Receipts

All Money Receipts issued should immediately be entered in serial order on to the prescribed **Statement of Receipts** (SR - Form-No: QF-FIN-05). Relevant Area Offices should prepare Statement of Receipts in duplicate and at the end of each month send the original to Head Office Accounts Department. The duplicate copy of Money Receipts and Statement of Receipts should be retained at respective offices as their record and for audit purposes.

#### 16.07 Deposit of Money into Bank

All money received whether in cash, cheques or otherwise must immediately paid in to the designated Bank Account of the Company on the same day or the following working day if received after banking hours. Cash must not be banked with Cheques and separate Bank Deposit Slips should be used showing clearly the Money Receipt Numbers and other relevant particulars. The particulars of money deposited in to banks must be immediately entered on to the prescribed **Statement of Banking** (SB -Form No: QF-FIN-06) Relevant Area Offices should prepare Statement of Banking in duplicate and at the end of each month send the original to Head Office Accounts Department. The counterfoils of the Deposit Slips and the duplicate copy of the Statement of Banking should be retained at respective offices as their record and for audit purposes.

#### 16.08 Data Entry of Statements of Receipts and Banking

The Statements of Receipts and Statements of Banking of the Head Office and those of Area Offices received by the-Head Office Accounts Department shall be scrutinized to ensure that they have been duly completed, coded, signed and dated; thereafter they shall be entered into a Input Document Control (Computer Processing) Register (Form No: QF-FIN-11) and passed on to the Computer Section for necessary entry in to the Computerized Accounting System.

#### 17.0 Accounting for Payments

#### 17.01 General

Generally, no expenditure should be incurred or any commitment made to incur expenditure unless it has been approved in the Budget.

Payments other than the petty cash payments, must be made, \*as far as practicable, through cheques crossed " Account Payee only". All cheques must be signed by authorized signatories. Only persons authorized to prepare or supervise the preparation of cheques should have access to cheque book.

Before making any payment by cash/cheque or other instrument it is essential to ensure that the expenditure is wholly and necessarily incurred for the purpose of the organization and has been duly approved by competent authority as well it is within the budgetary provisions. It is also necessary for the person authorizing payment to ensure that the goods and services have been received in good condition, in conformity with the purchase order and checked for the arithmetical accuracy of the bills/invoices/demands for payment.

#### 17.02 Payment Voucher

For every payment a Payment Voucher (**CP** or **BP** Form Nos: QF-FIN-02 and QF-FIN-03) must be prepared ensuring to give a serial number and completing all other particulars stated therein making sure that the code numbers are correctly given relating to the account heads to be debited/credited. Before making any payment the person making the payment must ensure that the Payment Voucher is completed correctly and duly approved by the authorized person. It shall also be his responsibility to ensure that the payee's signature is obtained as evidence of receipt of the amount paid.

- A **Cash Payment Voucher** (**CP** Form No: QF-FIN-02) should be prepared in respect of each Cash Payment.
- A Cheque Payment Voucher (BP Form No: QF-FIN-03) should be

prepared in respect of each payment by a cheque or negotiable instrument.

#### 17.03 Cash Payment/ Petty Cash

Small payments which are usually required for day to day running of business shall be paid in cash out of Petty Cash float maintained under the imprest system. The Director (Finance) shall determine which Area Offices and sub-offices shall be authorized to incur petty cash expenditure and also for each office the amount of imprest which should normally cover its monthly requirement.

In respect of each payment a Cash Payment Voucher (**CP** Form no: QF-FIN-02) shall be prepared, as earlier mentioned, and entered in the Petty Cash Book /Statement (**PC** Form No: QF-FIN-08). The cash in hand should be counted daily and agreed with the balance shown per the Petty Cash Book/Statement. At the end of each month the Petty Cash Statements (**PC** Form No: QF-FIN-08) of Area Offices should be sent to Head Office for necessary action as stated below.

The Head Office Accounts Department shall examine the Petty Cash Statements and verify their correctness before remitting the appropriate amount to the respective office to restore the imprest balance.

Sub Offices which maintain Petty Cash shall submit their Petty Cash Statements and request for reimbursement of float to their respective Area Offices who in turn shall be authorized to remit funds, out of their own Petty Cash float, after due scrutiny and verification. In such instances the Area Offices shall incorporate the Sub-Offices' petty cash expenses in their own Petty Cash Statements.

The Cash Payment Vouchers prepared by each office shall be retained at respective office as their record and for audit purposes.

The Petty Cash Statements (**PC** Form No.: QF-FIN-08) of the Head Office and of Area Offices received by the Head Office Accounts Department shall be scrutinized to ensure that they have been duly completed, coded, signed and dated; thereafter they shall be entered into a Input Document Control (Computer Processing) Register (Form No: QF-FIN-11) and passed on to the Computer Section for necessary entry in to the Computerized Accounting System.

A Petty Cash Account for each office shall be maintained in the General Ledger at the H.O. Accounts Department and it shall be the responsibility of that department to ensure that the balance shown by the Petty Cash Statements of various offices agree with the balance shown per the General Ledger.

#### 17.04 Bank Payment/ Cheque payment

Other than Petty Cash payments all other payments should be made out of bank accounts of the Company by "Crossed and Account Payee" cheques issued from the Head Office. Direct Debit or specific instructions to the banks may also be issued when necessary.

At Area Offices, prompt disbursement of funds may be necessary to expedite operation and maintenance work and in that event Area Offices may be authorized to operate Bank Accounts and issue of cheques under joint signatures.

Where Area Offices are authorized to operate Bank Accounts, the funding of these accounts shall be from Head Office only. **Under no circumstances any** 

### money received on account of the Company shall be deposited in to such accounts.

A Cheque Payment Voucher (BP Form No: QF-FIN-03) should be prepared in respect of each payment by a cheque and entered into the Statement of Cheques Issued (SC Form No: QF-FIN-07). At the end of each month Cheques Issued Statements should be forwarded to Head Office. The Head Office Accounts Department shall scrutinize these to ensure that they have been duly completed, coded, signed and dated; thereafter they shall be entered into a Input Document Control (Computer Processing) Register (Form No: QF-FIN-11) and passed on to the Computer Section for necessary entry in to the Computerized Accounting System.

The respective offices preparing the Cheque Payment Vouchers shall retain them as their record and for audit purposes.

As the volume of cheque payment transactions at the Head Office is likely to be substantially more, a separate Statement of Cheques Issued need not be prepared and tile Cheque Payment Vouchers themselves, in convenient batches, shall be passed on to the computer section on **DAILY** basis for posting in to the computerized accounting system). This will not only save time and additional paperwork but will also enable the computerized system to be kept up to date.

### For payment of salary please refer to Section VII of this manual

#### 17.05 Cheque writing procedure

The following special precautions shall be taken in writing and signing cheques to eliminate scope for interpolation or other malpractice:

- Cheques should be written and signed in indelible ink.
- Amounts of cheques should be written continuously and very close to the printed words "Taka" leaving no space for interpolation. The amount written in words should end with the word "Only",
- Amounts written, in figures should also be written very close to the printed "Taka" with a double line drawn along making insertion of any figure difficult,
- Figures and the words should be written neatly and clearly and in such a way that no figure can be changed into another,
- In signing cheques and in attesting correction care should, be taken to compare the amount of the cheque with the amount shown on the voucher/e invoice/ bill,
- For large amounts additional precaution should be taken by writing across the cheques "Under Taka (in words)". The amount so written across may be in thousands of **Taka just above the actual amount of the cheques.** Thus across a cheque for Taka fifty lac seventeen thousand eight hundred and twenty nine only should be written "Not over taka fifty lac and eighteen thousand only".
- When cheques are required to be crossed it should always be crossed with the words "Account Payee Only".
- Overwriting and erasing in the cheques are strictly prohibited.
   Correction should be attested. Cheques containing more than one correction should not be issued. Such cheques may be canceled over the full signature of the Officer signing them and stating "canceled".

#### 17.06 Loss and Cancellation of Cheque

If a cheque is reported as lost, the Bank on which the cheque was drawn should immediately be instructed to stop payment of that cheque. Fresh cheque may be issued only after obtaining non-payment certificate from the Bank.

When it is necessary to cancel a cheque, the cancellation should be recorded on the counterfoil, if the cheque is in possession. If the cheque is not in possession "Stop Payment" instruction should be issued to the bank and after obtaining bank's confirmation of the receipt of the instruction necessary correcting entry should be made.

#### 18.0 Bank Direct Debits

In respect of each direct debit by bank relating to bank charges or other payments a Cheque Payment Voucher (BP) should be prepared and marked "NOT FOR PAYMENT" and approved by the appropriate person. No payment will be made on this Payment Voucher as payment will have already been made by the bank. This payment voucher will only be used for posting purposes.

#### 19.0 Bank Reconciliation Statement

- a. Bank statements in respect of each account from the respective bank shall be obtained by the 5th of the following month.
- b. Entries in the- bank statements shall be compared with the entries made in the Company's books,
- c. A list of all debits and credits appearing in the bank statements but not in the Company's books shall be prepared. These will usually related to bank charges, bank interest, dishonoured cheques etc. Appropriate vouchers shall be prepared for these transactions and after due authorization shall be entered in the- relevant books/statements for ultimate processing into the Computerized Accounting System.
- d. A list of all the receipts and payments recorded in the Company's books but not appearing in the bank statements shall be prepared,
- e. A separate bank reconciliation statement for each bank account shall be prepared taking into account the items listed in para (d) above and the balance shown as per the bank statement shall be agreed with the balance shown by the relevant account in the Company's books.

Items which are not cleared through bank accounts within three months shall be taken up with the relevant banks and appropriate parties to resolve the issues.

Area Offices which maintain and operate STD and Current Accounts with banks will prepare their own Bank Reconciliation Statements and forward copies to the Head Office Accounts Department. Head Office Accounts Department on receipt of these shall scrutinize and examine them to ensure that they have been drawn up correct and inquire in to any unusual items, The Head Office Accounts Department shall also ensure that STD Account balances are being regularly transferred to Head Office and that large balances are not retained in the STD Accounts at Area Offices.

#### **20.0 Collection Control Account**

A Collection Control Account in respect of each Area Office and the Head Office shall be maintained in the General Ledger.

All money collected (as per the total of Statement of Receipts - SR) for which money receipts have been issued by an office shall be **debited** to the Collection Control Account of that office.

All sums of money of that office deposited in to banks (as per the total of Statements of Banking - SB) shall be credited to the Collection Control Account of that office.

If all receipts are banked within the same month a nil balance will be shown in the Collection Control Account. If, however, the Collection Control Account shows a debit balance it will indicate that all collections have not been banked and will therefore require immediate follow up. Should the Collection Control Account show a credit balance it will most certainly indicate an error has been made and will require immediate rectification/reconciliation.

In order to prevent any irregularities of money received by the Company the H.O. Accounts Department should closely and- regularly monitor the balances of the Collection Control Accounts.

#### 21.0 Advance Payments

As a matter of general principle, advance payments shall be discouraged. However, certain advance payments become unavoidable for which the following provisions shall apply:

#### Purpose for advance payments

Payments in advance may generally be made for the purpose of:

- purchasing small items of day to day use,
- purchase of store items where supplier of goods and/ or services require advance payments,
- advance for renting of premises,
- advance against traveling etc..

#### Conditions' for advance payments

- No advance payment shall be made unless the request for the advance is duly approved by an authorized officer of the concerned department and a responsible officer of the Accounts Department.
- No advance to an individual for Traveling etc shall be made unless any previous advance made has been fully recovered.
- For purchase of goods and services advance payment shall be made in accordance with the terms and conditions of purchase order/contract/ agreement.

#### Recovery of Advances

- The amounts of advances from petty cash for purchase of small items shall be adjusted against purchase invoice and balance settled on the following day. Under no circumstance an amount of advance under this category shall remain outstanding for more than 7 (seven) days.
- The amounts of advances for purchase of store items should be adjusted on receipt of the final bill from the suppliers.
- The amount advanced for traveling etc should be adjusted after receipt of vouchers and supporting documents.

#### 22.0 Journal Vouchers (JV Form No: 4)

Journal Vouchers in the prescribed form shall only be prepared by the Head Office

Accounts Department.

Journal Vouchers shall only be raised in respect of adjusting and correcting transaction entries. Journal Vouchers duly prepared along with supporting vouchers/ explanations must be presented to the, appropriate authorities for approval.

Only duly approved Journal Vouchers should be passed to the computer section for posting to the General Ledger.

Journal Vouchers must be serially numbered and for this purpose a Journal Voucher Serial Register (Form No: QF-FIN-09) should be kept by the Accounts Department-in-charge.

#### 23.0 Postings to the General Ledger

Head Office Accounts Department shall maintain a Computerized General Ledger containing separate ledger folio's for each head of account as detailed in the. **Chart of Accounts** (refer to Section 32 of the manual).

The postings to this ledger shall be from the following source Input Documents only

- Statements of Receipts (Form No. QF-FIN-05-SR-relating to receipt of money)
- Statements of Banking (Form No. QF-FIN-06-SB-relating to money deposited into bank accounts)
- Petty Cash Statements (Form No. QF-FIN-08-PC-relating to Petty Cash expenditure)
- Cheque Payment Vouchers for Head Office only (Form No. QF-FIN-03-BP- relating to cheques issued from Head Office)
- Statements of Cheques Issued (Form No. QF-FIN-07-SC-relating to cheques issued by Area Offices)
- Journal Vouchers (Form No. QF-FIN-04-JV-relating to adjusting/ correcting entries)

At periodical intervals (monthly/quarterly as may be decided. by the management) the ledger shall be balanced (End of Period Processing-EPP) and Trial Balance and other financial reports printed out.

#### 24.0 Trial Balance

At the end of each month after postings to General Ledger has been completed a summary Trial Balance as well as a detail Trial Balance should be printed out of the Computerized Accounting System and retained as hard copies for

- reference purposes,
- preparations of schedules as may be required and
- for audit Purposes.

The Trial Balances should be bound and preserved for 12 years as required under the Companies Act.

#### 25.0 Financial Reports

At the end of each month after the Trial Balance has been extracted the following Financial Reports should also be printed out of the Computerized Accounting System:

Income Statement of each Cost Center showing Income and Expenses under

each head for the current month as well as cumulative figures to date for the year.

- Consolidated Income Statement of all Cost Centers showing Income and Expenses under each head for the current month as well as cumulative figures to date for the year.
- Balance Sheet of the Company

#### 26.0 End of Period Processing

At the end of each month the Computerized Accounting System will require to be processed for closing. This process closes each of the ledger accounts at the end of the month and carries forward the closing balances as opening balances for the next month.

Similarly, at the end of the year the system will require to be processed for year end closing. This process closes all the Income and Expenditure accounts and transfers the balances (the sum total of which is the net profit/loss for the year) to the Retained Earnings Account and therefore the balances of the Income and Expenditure accounts being nil are not carried forward. The process also closes each of the ledger accounts relating to assets and liabilities and along with the balance of the Retained Earnings Account are carried forward as opening balances for the next year.

Before carrying out End of Period Processing at the end of each month and year copies of the data should be made on diskettes or tapes as back up copies.

#### **Section -III Accounts Codes**

#### 27.0 General

Financial transactions are recorded and analyzed/classified according to the requirement of an Organization. For this purpose therefore, an account number is allocated to each head of account. This account number is often called the Account Code. The structure of the Account Code should be appropriately designed to generate the various financial reports and schedules required by the management of the Company and the auditors.

#### 28.0 Accounts Code Structure

#### 28.01 Type of Accounts

For accounting purposes account heads are grouped under 4 types e.g.

Assets Type - A
Liabilities Type - L
Income Type - I
Expenditure Type - E

#### 28.02 Account Code

The designing of the Account Code will depend to a large extent on the type of software to be used and the types of reports to be generated from the system.

Account codes suggested for PGCB's use are (at least) six digits comprising of

- MASTER ACCOUNT: (first 4 digits) and
- SUBSIDIARY ACCOUNT: (last 2 digits)

#### 28.03 Master Account Code:

The Master Account Code is given to a broad head of Account which appears on the Balance Sheet and Income and Expenditure Accounts.

The last two digits of all Master Account Code end with . 00 and no entries can be posted to Master Accounts (ie all account codes ending with .00). Therefore it must be ensured that all codes for posting purposes are 6 digits ending with .01 or above.

#### 28.04 Subsidiary Account Code:

Subsidiary account codes are given to individual accounts under each -broad head of account (Master Account) to provide further break up or classification.

With respect of Assets and Liabilities the subsidiary account codes shall be used for further classification under the broad head of account (Masier Account) for identification of an asset/liability

With respect to Income and Expenditure the subsidiary account codes shall be used for Cost Center classification under each head of income and expenditure.

#### 28.05 Example of typical Code numbers:

Fixed Asset: Buildings: Code Number 1010.09

The first four digits i.e. 10 10 indicates it is the code number for Buildings The next two digits ie. .09 indicates location of the, building say: Khulna Area Office Current Assets: Traveling Advances: Code Number 1650.12

The first four digits ie 1650 indicates it is the code number for Traveling Advances The next two digits i.e. .12 indicates the name to whom advance has been given say Mr. Abdul Hashim

Income: Sale of Scrap Materials: Code Number 3140.27

The first four digits i.e. 3140 indicates it is the code number for Sale of Scrap Materials The next two digits i.e. .27 indicates the cost center location say: Mirpur Sub-stations

Expenditure: Telephone expenses: Code Number 4270.16

The first four digits i.e. 4270 indicates it is the code number for Telephone Expenses

The next two digits i.e. .16 indicate the cost center location say: Ghorasal

#### 28.06 Opening of Account Codes

For the existing list of Accounts Codes please refer to attach (Annexure-A) The Account Codes have been drawn up with sufficient provision to allow for opening of new account numbers.

Master Account Codes have been allocated as follows:

	From	To
Assets	1000	1999
Liabilities	2000	2999
Income	3000	3999
Expenditure	4000	4999

If and when it is necessary to open a new code number, the Head Office Accounts Department shall do so and inform all relevant sections/departments.

#### 29.0 Cost Center Codes

In order to monitor income and expenditure for various control purposes each area/location/office/workshop etc shall be treated as a Cost Center

Each Cost center shall be given a code number by reference to which periodical income and expenditure can be drawn up from the computerized accounting system.

Cost Center codes shall be of two digits and these will be used as Subsidiary Account Codes for each head of income and expenditure of the Company. For a list of Cost Center Codes please refer to Annexure-A

Examples:	Cost Center	Code
	Head Office	01
	Area Off ice- Chittagong	11
	Sub Office - Gaibandha	23

#### 30.0 Input/Document - Source Code

Each document from which data will be entered into the computerized accounting system shall be given a Source Code. The source code will help easy identification of the source and nature of any transaction appearing on a report. The source code can also be used to generate certain reports by source code for checking and audit purposes,

List of Source Codes are as follows:

	Input Document	Source Code
1.	Money Receipt Books	MR
2.	Cash Payment Voucher	CP
3.	Cheque Payment Voucher	BP
4.	Journal Voucher	JV

5. Statement of Receipts SR
6. Statement of Banking SB
7. Statement of Cheques Issued SC
8. Petty Cash Statement PC

#### 31.0 Preparation and verification of Input Data

Every person responsible for the preparation and checking of input documents shall ensure that the Account Codes and Source Codes have been correctly entered. Any mistake in coding will allocate a transaction to a wrong account resulting in incorrect reports being generated.

Errors can also arise when entering data in to the Computerized Accounting System. Therefore, after a batch of data entries have been made a report of un-posted transactions shall be generated and manually verified with the input documents to ensure that data entries are correct before proceeding to post the transactions to the General Ledger.

#### 32.0 Chart of Accounts

A list of Chart of Accounts are listed in the next page. Depending on the computer software used the Chart of Accounts may require to be revised.

#### **Annexure-A**

Accounts Description	Master A/C	Subsidia	v A/C
	Code No.:	Code N	
	000011011	From	То
ASSETS			
Fixed Assets			
Freehold Land	1000.00	1000.01	1000.99
Freehold Land Development	1005.00	1005.01	1005.99
Leasehold Land 1	1010.00	1010.01	1010.99
Office Bldg	1015.00	1015.01	1015.99
Res. Bldg.	1020.00	1020.01	1020.99
Plant & Machinery	1025.00	1025.01	1025.99
Office Equipment	1030.00	1030.01	1030.99
Survey Equipment	1080.00	1080.01	1080.99
Motor Vehicle	1085.00	1085.01	1085.99
Furniture & Fixture	1090.00	1090.01	1090.99
Transmission line	1095.00	1095.01	1095.99
Approach Road	1100.00	1100.01	1100.99
Internal Road	1105.00	1105.01	1105.99
Boundary Wall	1110.00	1110.01	1110.99
Ware House	1115.00	1115.01	1115.99
Store yard	1120.00	1120.01	1120.99
Bridges & Culverts	1125.00	1125.01	1125.99
Field Accommodation	1130.00	1130.01	1130.99
River Crossing	1135.00	1135.01	1135.99
Tube Well	1140.00	1140.01	1140.99
Tent & Tarpaulin	1145.00	1145.01	1145.99
Other Construction	1150.00	1150.01	1150.99
Workshop	1155.00	1155.01	1155.99
Laboratory Equipment	1160.00	1160.01	1160.99
Electrical Equipment	1165.00	1165.01	1165.99
Household Equipment	1170.00	1170.01	1170.99
Tele-communication equipment	1175.00	1175.01	1175.99
Shed	1180.00	1180.01	1180.99
Misc. Fixed Assets	1185.00	1185.01	1185.99
Accumulated Depreciation	1200.00		
Accumulated Depreciation- Leasehold Land		1200.01	
Accumulated Depreciation- Office Bldg		1200.02	
Accumulated Depreciation- Res Bldg		1200.03	
Accumulated Depreciation- Plant & Machinery		1200.04	
Accumulated Depreciation- Office Equipment		1200.05	
Accumulated Depreciation- Survey Equipment		1200.06	
Accumulated Depreciation- Motor Vehicles		1200.07	
Accumulated Depreciation- Furniture & Fixture		1200.08	
Accumulated Depreciation- Transmission Line		1200.09	
Accumulated Depreciation- Approach Road		1200.10	
Accumulated Depreciation- Internal Road		1200.11	
Accumulated Depreciation- Boundary Wall		1200.12	
Accumulated Depreciation- Ware House		1200.13	
Accumulated Depreciation- Store yard		1200.14	
Accumulated Depreciation- Bridge & Culverts		1200.15	
Accumulated Depreciation- Field Accommodation		1200.16	

Accounts Description	Master A/C	Subsidiar	y A/C
·	Code No.:	Code N	
		From	То
Accumulated Depreciation- River Crossing		1200.17	
Accumulated Depreciation- Tube Well		1200.18	
Accumulated Depreciation- Tent & Tarpaulin		1200.19	
Accumulated Depreciation- Other Construction		1200.20	
Accumulated Depreciation- Workshop		1200.21	
Accumulated Depreciation- Laboratory Equipment		1200.22	
Accumulated Depreciation- Electrical Equipment		1200.23	
Accumulated Depreciation- Household Equipment		1200.24	
Accumulated Depreciation- Telecom. Equipment		1200.25	
Accumulated Depreciation- Shed		1200.26	
Accumulated Depreciation- Misc. Fixed Assets		1200.27	
Capital Work In Progress		1200.27	
Transmission Line	1250.00	1250.01	1250.99
Grid Sub-Stations	1255.00	1255.01	1255.99
Load Dispatch Center	1260.00	1260.01	1260.99
Load Dispatch Genter	1200.00	1200.01	1200.33
Investments	1280.00		1280.01
XXXXX	1200.00	1280.01	1200.01
ZZZZZ		1280.02	
FDRs			
Inventory			
Inventory of Stores in hand	1300.00	1300.01	1300.99
Inventory in Transit	1305,00	1305.01	1305.99
Inventory of Stationery	1310.00	1310.01	1310.99
Accounts Receivable	1350,00		
Power Development Board		1350.01	
DESA		1350.02	
Provision for Doubtful Debts	1390.00		
Provision for Doubtful Debts		1390.01	
Advances			
Advance against purchase	1400.00	1400.01	1400.99
Advance against Expenses	1405.00	1405.01	1405.99
Advance against TA/DA	1410.00	1410.01	141 .99
Advance against Salary	1415.00	1415.01	1415.99
Advance against Office/ House Rent	1420.bO	1420.01	1420.99
Advance to Contractor/ Suppliers Advance against Sundry	1425.00 1430.00	1425.01 1430.01	1425.99
Advance for House Building	1435.00	1430.01	1430.99 1435.99
Advance for Motor Cycle	1440.00	1435.01	1440.99
Advance for injustic Cycle	1440.00	1440.01	1440.33
Deposits	1500.00		
Deposits with Customs	1000.00	1500.01	
Deposit with Others		1500.01	
Dehosit Mitti Otticis		1000.02	

Accounts Description	Master A/C	Subsidiary A/C		
	Code No.:		Code No.:	
		From	То	
Prepayments				
Prepaid Rent	1510.00	1510.01	1510.99	
Prepaid Insurance Premium	1515.00	1515.01	1515.99	
Bank Current Accounts	1540.00			
Sonali Bank, xxxxxx Office		1540.01		
xxxx Bank		1540.02		
Bank STD Accounts	1545.00			
xxxx Bank		1545.01		
zzzz Bank		1545.02		
Cash In Hand	1000.00			
Cash In Hand - Head Office	1600.00	1600.01		
Cash in Hand - xxxx Office		1600.01		
Budlanka and Farmana	1000.00			
Preliminary Expenses	1800.00	4000.04		
Preliminary Expense		1800.01		
LIABILITIES:				
Share Capital	2000.00			
Paid up Share Capital		2000.01		
Long Term Loan				
IDA Loan:	2020.00			
IDA Loan No.	2020.00	2020.01		
IDA Loan No.		2020.01		
OPEC Loan:	2030.00	2000 04		
OPEC Loan No		2030.01		
OECF Loan	2040.00			
OECF Loan No:		2040.01		
ADB Loan	2050.00			
ADB Loan No.		2050.01		
ADB Loan No.		2050.02		
Government Loan	2100.00			
Government Loan No:	2100.00	2100.01		
	0470.00			
Reimbursable Project Aid Reimbursable Project Aid	2150.00	2150.01		
Neimbursable Froject Alu		Z130.01		
Debenture	2180.00			
Debenture of XXX		2180.01		
Short Term Loan	2200.00			
Bank Loan		2200.01		
Other		2200.02		

Accounts Description	Master A/C	Subsidia	ary A/C
,	Code No.:	Code No.:	
		From	То
Liabilities for Goods & Services	2250.00		
XXXX		2250.01	
ZZZZ		2250.02	
Liabilities for Expenses	2260.00		
Salary Payable		2260.01	
Overtime Payable		2260.02	
Bonus Payable		2260.03	
Group Insurance Payable		2260.04	
Rent Payable		2260.05	
Rates & Taxes Payable		2260.06	
Insurance Payable		2260.07	
Telephone Charges Payable		2260,08	
Electricity Charges Payable		2260.09	
Gas Charges Payable		2260.10	
WASA Charges Payable		2260.11	
Services charge payable to PDB		2260.12	
Audit Fee Payable		2260.13	
Income Tax Payable		2260.14	
VAT/ Sales Tax Payable		2260.15	
Lightlities for other Finance	0070.00		
Liabilities for other Finance	2270.00	0070.04	
CPF Subscription		2270.01	
Karmachari Union Subscription		2270.02	
Officers Association Subscription		2270.03	
Provision for Gratuity		2270.04	
Earnest Money		2270.05	
Contractors Retention Money		2270.06	
Contractors Security Deposit		2270.07	
VAT withheld from contractor		2270.08	
Income Tax withheld from contractor		2270.09	
Liabilities for Contractor's Third Party obligation		2270.10	
Interest Payable on Loan	2280.00		
Loan 1	- 21-2	2280.01	
Loan 2		2280.02	
Loan 3		2280.03	
Loan 4		2280.04	
			l

Accounts Description	Master A/C	Subsidia	ry A/C
	Code No.:	Code	No.:
		From	То
Expenditure	2250.00		
Transmission Expenses			
Officer's Salary	4000.00	4000.01	4000.99
Staff Salary	4005.00	4005.01	4005.99
Officer's D.A.	4010.00	4010.01	4010.99
Staff D.A	4015.00	4015.01	4015.99
Officer's House Rent Allowance/Ceiling	4020.00	4020.01	4020.99
Staff House Rent Allowance	4025.00	4025.01	4025.99
Officer's Conveyance Allowance	4030.00	4030.01	4030.99
Staff Conveyance Allowance	4035.00	4035.01	4035.99
Officers Gas charges	4040.00	4040.01	4040.99
Staff Gas charges	4045.00	4045.01	4045.99
Officers Washing Allowance	4050.00	4050.01	4050.99
Staff Washing Allowance	4055.00	4055.01	4055.99
Officers Compensatory Allowance	4060.00	4060.01	4060.99
Staff Compensatory Allowance	4065.00	4065.01	4065.99
Officers Medical Expenses/ Allowance	4070.00	4070.01	4070.99
Staff Medical Expenses/ Allowance	4075.00	4075.01	4075.99
Servant Allowance	4080.00	4080.01	4080.99
Entertainment Allowance	4085.00	4085.01	4085.99
Sweeper Allowance	4090.00	4090.01	4090.99
Residential Electricity	4095.00	4095.01	4095.99
Leave Encashment	4100.00	4100.01	4100.99
Recreation Allowance	4105.00	4105.01	4105.99
Gratuity	4110.00	4110.01	4110.99
Termination pay	4115.00	4115.01	4115.99
CPF Contribution	4120.00	4120.01	4120.99
Officers Festival Bonus	4125.00	4125.01	4125.99
Staff Festival Bonus	4130.00	4130.01	4130.99
Officers' Incentive Bonus	4135.00	4135.01	4135.99
Staff Incentive Bonus			
Officers' Ex-Gratia	4140.00 4145.00	4140.01 4145.01	4140.99 4145.99
Staff Ex-Gratia	4150.00	4145.01	4145.99
Entertainment Expenses Staff Overtime	4155.00	4155.01	4155.99 4160.99
Officer's Liveries & Uniform	4160.00 4165.00	4160.01	
	4170.00	4165.01 4170.01	4165.99 4170.99
Staff Liveries & Uniform			
Officer's Traveling Expenses	4175.00	4175.01	4175.99
Staff Traveling Expenses Conveyance Charges	4180.00	4180.01	4180.99
Employees Welfare Expenses	4185.00	4185.01	4185.99
	4190.00	4190.01	4190.99
Group Insurance	4195.00	4195.01	4195.9~
Milad & Ceremonial Expenses	4200.00	4200.01	4200.99
Games & Sports	4205.00	4205.01	4205.99
Gardening Expenses	4210.00	4210,01	4210.99
Housing Expenses	4215.00	4215.01	4215.99
Office rent	4220.00	4220.01	4220.99
Office Telephone	4225.00	4225.01	4225.99
Residential Telephone	4230.00	4230.01	4230.99
Postage & Telegram	4235.00	4235.01	4235.99
Overseas Training	4240.00	4240.01	4240.99
Local Training	4245.00	4245.01	4245.99

Accounts Description	Master A/C	Subsidia	
	Code No.:	Code I	
		From	То
Expenditure	2250.00		
(Transmission Expenses - continued)			
Advertisement & Publicity	4250.00	4250.01	4250.99
Printing	4255.00	4255.01	4255.99
Stationary	4260.00	4260.01	4260.99
Office Furnishing Expenses	4265.00	4265.01	4265.99
News paper & Magazine	4270.00	4270.01	4270.99
Electricity & Power	4275.00	4275.01	4275.99
Books & Periodicals	4280.00	4280.01	4280.99
POL	4285.00	4285.01	4285.99
Laboratory Expenses	4290.00	4290.01	4290.99
Hire charge (Transport)	4295.00	4295.01	4295.99
Legal Expenses	4300.00	4300.01	4300.99
Security Expenses	4305.00	4305.01	4305.99
Marine Insurance	4310.00	4310.01	4310.99
Other Insurance	4315.00	4315.01	4315.99
Consultancy Services	4320.00	4320.01	4320.99
C & F Charges	4325.00	4325.01	4325.99
Handling & Carrying	4330.00	4330.01	4330.99
Bank charges & Commission	4335.00	4335.01	4335.99
Donation & Subscription	4340.00	4340.01	4340.99
Crockeries & Cutlaries	4345.00	4345.01	4345.99
Rates & Taxes	4350.00	4350.01	4350.99
Repair & Maintenance- Functional Bldg.	4355.00	4355.01	4355.99
Repair & Maintenance- Res. Bldg	4360.00	4360.01	4360.99
Repair & Maintenance- Furniture, Fixture & Office Equip.	4365.00	4365.01	4365.99
Repair & Maintenance- Vehicles	4370.00	4370.01	4370.99
Repair & Maintenance- Plant & Machinery	4375.00	4375.01	4375.99
Repair & Maintenance- Transmission Line	4380.00	4380.01	4380.99
Repair & Maintenance- Road	4385.00	4385.01	4385.99
Repair & Maintenance- Other	4390.00	4390.01	4390.99
Depreciation	4395.00	4395.01	4395.99
Amortization Exp.	4400.00	4400.01	4400.99
Misc. Exp.	4405.00	4405.01	4405.99
General & Administrative Expenses			
Officer's Salary	4500.00	4500.01	4500.99
Staff Salary	4505.00	4505.01	4505.99
Officer's D.A	4510.00	4510.01	4510.99
Staff D.A	4515.00	4515.01	4515.99
Officer's House Rent Allowance/ Ceiling	4520.00	4520.01	4520.99
Staff House Rent Allowance	4525.00	4525.01	4525.99
Officer Conveyance Allowance	4530.00	4530.01	4530.99
Staff Conveyance Allowance	4535.00	4535.01	4535.99
Officer's Gas charges	4540.00	4540.01	4540.99
Staff Gas charges	4545.00	4545.01	4545.99
Officer's Washing Allowance	4550.00	4550.01	4550.99
Staff Washing Allowance	4555.00	4555.01	4555,99
Officer's Compensatory Allowances	4560.00	4580.01	4560.99
Staff Compensatory Allowance	4565.00	4565.01	4565.99
Officer's Medical Expenses/ Allowance	4570.00	4570.01	4570.99
Staff Medical Expenses/ Allowance	4575.00	4575.01	4575.99
Servant Allowance	4580.00	4580.01	4580.99

Accounts Description	Master A/C	Subsidia	
	Code No.:	Code	
		From	То
(General & Administrative Expenses - continued)			
Entertainment Allowance	4585.00	4585.01	4585.99
Sweeper Allowance	4590.00	4590.01	4590.99
Residential Electricity	4595.00	4595.01	4595.99
Leave Encashment	4600.00	4600.01	4600.99
Recreation Allowance	4605.00	4605,01	4605.99
Field Allowance	4610.00	4610.01	4610.99
Gratuity Termination Poy	4615.00	4615.01	4615.99
Termination Pay	4620.00	4620.01	4620.99
CPF Contribution	4625.00	4625.01	4625.99
Officer's Festival Bonus	4630.00	4630.01	4630,99
Staff Festival Bonus	4635,00	4635.01	4635.99
Officers incentive Bonus	4640.00	4640.01	4640.99
Staff Incentive Bonus	4645.00	4645.01	4645.99
Officer's Ex-Gratia	4650.00	4650.01	4650.99
Staff Ex-Gratia	4655.00	4655.01	4655.99
Officer's Entertainment	4660.00	4660,01	4660.99
Staff Overtime	4665.00	4665.01	4665.99
Officer's Liveries & Uniform	4670.00	4670.01	4670.99
Staff Liveries & Uniform	4675.00	4675.01	4675.99
Officers Traveling Expenses	4680.00	4680.01	4680.99
Staff Traveling Expenses	4685.00	4685.01	4685.99
Conveyance Charges	4690.00	-4690.01	4690.99
Employees Welfare Expenses	4695.00	4695.01	4695.99
Group Insurance	4700.00	4700.01	4700.99
Milad & Ceremonial Expenses	4705.00	4705.01	4705.99
Games & Sports	4710.00	4710.01	4710.99
Gardening Expenses	4715.00	4715.01	4715.99
Housing Expenditure	4720.00	4720.01	4720.99
Office rent	4725.00	4725.01	4725.99
Office Telephone	4730.00	4730.01	4730.99
Residential Telephone	4735.00	4735.01	4735,99
Postage & Telegram	4740.00	4740.01	4740.99
Overseas Training	4745.00	4745.01	4745.99
Local Training	4750.00	4750.01	4750.99
Advertisement & Publicity	4755.00	4755.01	4755.99
Printing	4760.00	4760.01	4760.99
Stationery	4765.00	4765.01	4765.99
Office Furnishing Expenses	4770.00	4770.01	4770.99
News paper & Magazine	4775.00	4775.01	4775.99
Electricity & Power	4780.00	4780.01	4780.99
Books & Periodicals	4785.00	4785.01	4785,99
POL	4790.00	4790.01	4790.99
Laboratory Expenses	4795.00	4795.01	4795.99
Transport Hire charge	4800.00	4800.01	4800,99
<u> </u>			
Legal Expenses	4805.00	4805.01	4805.99
Security Expenses	4810.00	4810,01	4810.99
Marine Insurance	4815.00	4815.01	4815.99
Other Insurance	4820.00	4820.01	4820.99
Consultancy Services	4825.00	4825.01	4825.99
C & F Charges	4830.00	4830.01	4830.99
Handling & Carrying	4835.00	4835,01	4835.99

Accounts Description	Master A/C	Subsidiary A/C	
	Code No.:	Code No.:	
		From	То
(General & Administrative Expenses - continued)			
Crockaries & Cutlaries	4840.00	4840.01	4840.99
Rates & Taxes	4845.00	4845.01	4845.99
Repair & Maintenance- Functional Bldg.	4850.00	4850.01	4850.99
Repair & Maintenance- Res. Bldg	4855.00	4855.01	4855.99
Repair & Maintenance- Furniture Fixture & Office Equip.	4860.00	4860.01	4860.99
Repair & Maintenance- Vehicles	4865.00	4865.01	4865.99
Other Repair & Maintenance	4870.00	4870.01	4870.99
Misc. Expenses	4875.00	4875.01	4875.99
Depreciation	4880.00	4880.01	4880.99
Amortization Expenses	4885.00	4885.01	4885.99
Donation & Subscription	4890.00	4890.01	4890.99
Bank Charges & Commission	4895.00	4895.01	4895.99
Interest on Foreign Loan	4900.00	4900.01	4900.99
Interest on Local Loan	4905.00	4905,01	4905.99
Corporate Tax	4990.00	4990.01	

#### **Section - 1V Accounting Forms and Books**

#### 33.00 General

Accounting Books are required to be maintained as per the provisions of the Companies Act 1994. In order to record the various types of financial transactions several forms (vouchers) have been designed to provide the recording of the transactions in such manner as \*to provide for maximum efficiency in processing of the data by the Computerized Accounting System.

### 34.00 Accounting Forms and Books to be Maintained 34.01 at Head Office

The undernoted forms and books are required to be maintained at Head Office:

Documents/Forms/Books	Source Code
1. Money Receipt Books	MR
2. Cash Payment Voucher	CP
3. Cheque Payment Voucher	BP
4. Journal Voucher	JV
5 Statement of Receipts	SR
1. Statement of Banking	SB
7. Petty Cash Statement	PC
8. General Ledger	n/a
9. Bank Account (manual)	n/a
10.Cash Account (manual)	n/a
11 Journal Voucher Serial Register	n/a
12 Register of Money Receipt Books	n/a
13 Input Document Control Register	n/a

#### 34.02 At Area Offices:

Documents/Forms/Books	Source Code
1. Money Receipt Book	MR
2. Cash Payment Voucher	CP
3 Cheque Payment Voucher	BP
4. Statement of Receipts	SR
5 Statement of Banking	SB
6 Statement of Cheques Issued-	SC
7 Petty Cash Statement	PC
8 Memorandum Cash Book	
9 Fund Requisition Form	

#### 34.03 at Sub Offices:

Documents/Forms/Books	Source Code
1. Cash Payment Voucher	CP
2. Petty Cash Statement	PC
3. Memorandum Cash Book	
4. Fund Requisition Form	

#### 35.00 Forms to be used

The following forms are to be used for all financial transactions as applicable and mentioned in this manual:

•	Money Receipt (MR)	Form No: QF-FIN-01
•	Cash Payment Voucher (CP)	Form No: QF-FIN-02
•	Bank (Cheque) Payment Voucher (BP)	Form No: QF-FIN-03
•	Journal Voucher (JV)	Forin No: QF-FIN-04
•	Statement of Receipts (SR)	Form No: QF-FIN-05
•	Statement of Banking (S13)	Form No: QF-FIN-06
•	Statement of Cheques Issued (SC)	Form No: QF-FIN-07
•	Petty Cash Statement (PC)	Form No: QF-FIN-08
•	Register of Money Receipt Books	Form No: QF-FIN-09
•	Input Document Control Register	Form No: QF-FIN-10
•	Journal Voucher Serial Register	Form No: QF-FIN-11

#### Section - V FIXED ASSETS SYSTEM

#### 36.00 Introduction

In order to comply with the requirements of the Companies Act as well as to monitor and control the existence and safe custody of the numerous fixed assets of the Company it is essential to have a well designed system to record acquisition and disposal of all the fixed assets of the company. The system should be capable be easily identifying an asset, its current location and ascertain its history, its cost and current book value.

#### 37.00 Computerized System

A Computerized Fixed Assets System (Fixed Assets Register) shall be maintained to record all Fixed Assets of PGCB. The system shall be menu driven and user friendly and capable of generating reports adequate to meet the requirements of PGCB and the auditors of the company. The system shall be independent of the General Ledger Accounting System.

#### 38.00 Fixed Assets Group

For easy reference and identification Fixed Assets shall be grouped into appropriate categories and further sub divided under each category as may be desirable. The Group Categories of Fixed Assets shall be as follows:

- Freehold Land
- Leasehold Land
- Buildings
- Plant and Machinery
- Transmission Towers
- Transmission Lines
- Motor Vehicles
- Office Equipment
- Furniture, Fixtures and Fittings

Each Group may be subdivided in to sub-groups as may be required by the management of PGCB.

#### 39.00 Fixed Assets Code Structure

Each item of Fixed Asset shall be given a code for identification. The structure of the code shall comprise of the following information:

- Location
- Fixed Assets Group Category
- Sub Category
- Item numerical number

#### **40.00 Recording movement of Fixed Assets**

Immediately on purchase of a fixed asset the relevant information as mentioned in paragraph 6 (a) below above shall be passed on to the person in charge of maintaining the Fixed Asset System for up dating the computerized system. Simultaneously, the item purchased shall be marked/numbered with the item code for identification. Similarly all disposal of Fixed Assets shall be notified for system up-date. Any Fixed Asset which is transferred from one location to another location must be assigned a

new code number and notified to the section for system up-date as well as the asset shall be marked with the new code.

All acquisition/disposal and transfer of Fixed Assets must be in writing and duly approved by the appropriate authorities. Up-dating of the Computerized Fixed Assets System shall take place only upon receipt of approved written document.

#### 41.00 Reports

The Fixed Assets Computerized System shall be capable of generating the following Reports:

- a) History of each Fixed Asset viz:
  - Item Code
  - Description of the item
  - Name of Vendor
  - Fixed Asset Group
  - Location
  - Date of Acquisition
  - Item Quantity
  - Cost Value (Tk.)
  - Life of Asset
  - Cumulative Depreciation
  - Depreciated Book Value
  - Remarks, if any.
- b) Fixed Assets Report by Location/Project showing:
  - Asset Group
  - Item Description
  - Item Code
  - Acquisition Date
  - Quantity
  - Cost Value
  - Book Value
- c) Consolidated Fixed Assets Report showing Fixed Assets at all locations of PGCB showing the above information and sub-total of each group and Grand Total of all Fixed Assets at Cost and Book Value.
- d) Fixed Assets Report by Asset Group showing the information as in (b) above.
- e) Report showing particulars of Fixed Assets added during a given period
- f) Report showing particulars of Fixed Assets disposed off/transferred during a given period.

#### 42.00 Reconciliation

- a) Periodical physical inspection of Fixed Assets should be carried out and reconciled with book records. Discrepancies found shall be investigated in to and appropriate action taken as well as remedial measures-introduced to prevent recurrence of discrepancies.
- b) Periodical reconciliation should be carried out between the Cost and Book Value as shown by the Fixed Assets Register and the General Ledger and appropriate action taken improve the system and to prevent any discrepancies arising in future.

### Section - V1 INVENTORY CONTROL SYSTEM

#### 43.00 Introduction

In order for PGCB to provide prompt and efficient service it is essential to keep its plants, machinery and other assets in full operational condition. These assets require to be regularly serviced and properly maintained and for this it is necessary to have well stocked inventory of spare parts and consumable stores at appropriate locations. At any moment of time the management of PGCB should be capable of ascertaining the availability of spares etc. in hand and plan procurement accordingly. The management should also be in a position to ensure that much-needed capital fund is not idly locked up in inventory.

The Inventory of PGCB shall comprise mainly of Spare Parts and Consumable Stores. The inventory may also include such items of fixed assets which are to be issued to Work in Progress of capital nature.

#### 44.00 Computerized Inventory Control System

A Computerized Inventory Control System shall be maintained to record the quantity and value of all items of inventory -

- acquired by purchase or otherwise,
- issue of items,
- balance of items in hand.

The system shall be menu driven and user friendly and capable of generating reports adequate to meet the requirements of PGCB and the auditors of the company. The system shall be independent of the General Ledger Accounting System.

#### **45-00 Inventory Record Maintenance**

In respect of each item of inventory the following information shall be maintained:

- Inventory item code number
  - Item Description
  - Inventory Group
  - Unit
  - Minimum Quantity Level
  - Maximum Quantity Level
  - Re-order Quantity Level
  - Location

#### **46.00 Inventory Group**

For easy reference and identification items of inventory shall be grouped into appropriate categories and further sub divided under each category as may be required for efficient management.

#### 47.00 Inventory Item Code

Each item of inventory shall be given a code/part number according to its description and group. For convenience this code shall be alpha-numeric and at-least 8 digits in length. This code shall be used as and when an item of inventory is received or issued

#### 48.00 Receipt of Inventory items

Receipt of inventory can be by purchase, by transfer from another source within the

company or return from an earlier issue of the stores item. When a new item of inventory is received for the first time, all the required information listed in paragraph 3 above, shall require to be provided to the person responsible for operating the Computerized Inventory Control System to update the system. In-respect of each item of inventory purchased the following information on a Material Receipt Report (MRR) duly signed and approved shall be provided to the operator for updating the system:

- Date of receipt
- Inventory Item Code
- Source document reference
- Quantity received
- Unit Price
- Value
- Name of Vendor

It should be noted that all inventory items purchased shall be entered in to the computerized system at actual cost price.

In the event of receipt by transfer or return from an earlier issue a Stores Transfer/Return (STR) document duly signed and approved shall be used which shall indicate the following:

- Inventory Item Code
- Quantity transferred/returned
- Date of transaction
- Location/job from where transferred/returned

The STRs shall be passed on to the operator to update the system.

#### 49.00 Issue of Inventory items

Issue of items of inventory shall be only against duly signed and approved Stores Requisition Slips (SRS). The actual quantity supplied shall be supported by a duly signed and approved Stores Issue Slip (SIS). The Stores Issue Slip shall indicate the following information:

- Date of Issue
- Inventory Item Code
- Description of item
- Unit
- Quantity issued
- Account Code/job to be debited

The Stores Issue Slips (SISs) shall be passed on to the operator for up dating the system.

#### 50.00 Issue Price

Items of inventory issued shall be priced at the average price of stock in hand at the time of issue of the items. Thus every time a purchase is made the issue price of the relevant inventory item shall be automatically updated by the computerized system.

#### 51.00 Reports

The system shall be capable of displaying/generating the following reports as and when required:

- a) Issue Reports
- b) Cost allocation Report by Account/Job Code
- c) Purchase Reports
- d) Transfer/Refund Reports
- e) Re-order Report
- f) Stock in hand report

In respect of each of the above mentioned report the relevant undernoted information shall be shown:

- Item Code
- Item Description
- Date of Transaction
- Source/Document Reference
- Quantity Received
- Quantity issued/disposed/transferred
- Value of transaction
- Quantity in hand
- Value of quantity in hand at average price
- Account Code/Job to be debited

#### 52.00 Reconciliation

- a) Periodical physical inspection of inventories shall be carried out and reconciled with book records. and appropriate remedial measures taken to prevent recurrence of discrepancies. Items which are obsolete shall be reported in writing to the management for obtaining approval for disposal.
- b) Periodical reconciliation should be carried out of the value of inventories in hand as shown by the Inventory Control System and the General Ledger and appropriate action taken improve the system and to prevent any discrepancies arising in future.

### Section - V11 MONTHLY SALARY SYSTEM

#### 53.00 Introduction

Salary of Officers and staff shall be paid monthly preferably on the last working day of each month. The basis of calculating salary and allowances will be determined by the company's human resources policies comprising of Pay and allowances scale, employee benefits, pension and retirement schemes, leave rules, termination rules and such other rules as the company may introduce.

#### 54.00 Computerized Salary System

The monthly salary of PGCB shall be prepared under a Computerized Salary System. The system shall be menu driven and user friendly and capable of generating reports adequate to meet the requirements of PGCB and the auditors of the company. The system shall be independent of the General Ledger Accounting System.

#### **55.00 Employee History Maintenance**

In respect of each employee of PGCB the under noted information shall be maintained under the Data Base Salary System:

- 1. Employee Identification Number (ID)
- 2. Full name of Employee
- 3. Father's Name
- 4. Address
- 5. Designation
- 6. Educational Qualification latest
- 7. Sex
- 8. Date of Birth
- 9. Date of employment
- 10. Date of confirmation
- 11. Location /Posting
- 12. Cost Center Allocation Code
- 13. Rate of Pay showing breakdown of Salary e.g. Basic, House rent, other allowances etc.)

Immediately on appointment of any person by the Company the Personnel Department (HRD) shall notify in writing, duly signed by an authorized person, the full terms and conditions of employment of the employee and his personal data to the Accounts

Department. This document shall form the basis of recording the data on to the Computerized Salary System. Any changes in the above information must be notified in writing by the Personnel Department for updating the employee data base.

#### 56.00 Employee Identification Code

Each employee shall be given an Identification (ID) code. This code shall be a permanent number for an employee and shall be used on all his records. The code shall be at least of five digits. The allocation of the code will be dependent on the requirement of the personnel department.

#### **57.00 Cost Center Allocation Account Code**

The total cost to the company of each employee shall be charged or allocated to the cost center where the employee is engaged. Therefore when an employee joins the organization it must be determined to which cost center his costs are to be debited. The Cost Center allocation Account Codes are available with the accounts department

#### **58.00 Monthly Salary Variation Report**

The Personnel Department shall, before the end of every month, notify in writing to the accounts Department the following information, in a Monthly Salary Variation Report, in respect of employees for the correct preparation of salary for the month:

- Particulars of Overtime to be paid, if any,
- Particulars of increment/promotion
- Particulars of change of location/cost center of employee
- Particulars for salary deduction in respect of absence etc.
- Particulars of other deductions to be made
- Particulars of Termination/Suspension etc.
- Any other relevant information that affects the salary of an employee.

On receipt of the above mentioned information the Accounts Department shall make necessary entry in to the Salary System for up dating before preparing the Monthly Salary Statements, Pay Slips and relevant Statements/Reports.

#### 59.00 Income Tax Deduction

Employees whose salaries are above the tax-free limit shall be subject to deduction of Income Tax at source as per the prevailing law. The Accounts Department shall be responsible for computing the Income Tax to be deducted in respect of employees liable to Income Tax and make appropriate monthly deductions from the monthly salary and the amounts so deducted shall, be paid to the Tax authorities within the specified time period.

#### 60.00 Reports

The Computerized Salary System shall be capable of generating the following reports:

- 1. Monthly Salary Sheet,
- 2. Gross Earnings Statement by Cost Center,
- 3. Deduction Statements in respect of Income Tax, Loan Recovery and Other Deductions as may be applicable, '
- 4. Statement of contributions to employee benefit schemes and
- 5. Such other statements as the Management may require

The Computerized Salary System shall be maintained at the Head Office. If , however, the management of PGCB decides and authorizes Area Offices to prepare monthly salary at Area Offices in respect of employees of Area Offices and their respective sub offices then the same Computerized Salary System shall be maintained at each Area Office and copies of the various reports mentioned above shall be submitted to Head Office Accounts Department for incorporation of the transactions in the central Computerized Accounting System.

#### 61.00 Salary payment and acknowledgment of Receipt

It is preferable to pay the salary of all employees direct in to their bank accounts to avoid handling of cash. However, this may not be practical and a mix of payment by cash and payment direct in to bank may have to be adopted.

Signed receipt from each employee on the body of the salary sheets should be obtained over appropriate Revenue Stamp, upon payment of salary in cash.