INDIAN INSTITUTE OF TECHNOLOGY KANPUR
Finance and Accounts Section

No.IITK/ AA/FBC/2015-16/Vol
Date: 14 June 2017

OFFICE MEMORANDUM

Subject: Asset recognition as per adopted 'Significant Accounting Policies'

This has reference to Schedule 23, Significant Accounting Policies of Institute's unaudited accounts for FY 2016-17 duly adopted by the Board of Governors on 27 May 2017 (copy enclosed).

2. As per the new policy, any goods purchased, value up to Rs.5,000/-, regardless of its nature / useful life, shall not be recognized as a Non-Consumable but shall be expensed fully in the year of purchase.

3. In view of the above, all expenses of up to Rs.5,000/- on any single item of purchase may only be charged to the appropriate head under operating budget and not under capital budget. For example, a calculator purchased for Rs. 2,500/-(say) shall be recognized as operating expenditure and recorded in the consumables register of the buying department/section and not in Non-consumable/LTAS register.

4. In case of any question relating to the above, please feel free to contact the undersigned.

5. This is issued with the approval of the Director.

Bsnegi 14/06/17

(B S Negi)

Asstt. Registrar (F&A-I)

x. 6416

To: all@lists.iitk.ac.in

Encl: as above

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Assets which are un-serviceable, condemned or out of use are written-off as per the provisions given in the General Financial Rules (GFR). Such write-off is given effect in the Balance Sheet only after the issue of final order by the competent authority of the Institute. However, provision is made in the year the recommendation is made by the committee.

Additions to leased lines during a year are fully expensed in the immediate subsequent year.

Addition to Fixed Assets upto Rs. 5000.00 have been written off by debit to General Consumables.

Periodicals and Journals are depreciated with effect from subsequent year from the year of their addition.

The expenditure incurred from time-to-time (applicable fees, legal expenses etc.) for obtaining Patents is temporarily capitalized and shown as part of Intangible Assets in the Balance Sheet. If application for patents are rejected, the cumulative expenditure incurred on the particular patent is written off to the Income & Expenditure Account in the year the application is rejected. The expenditure on Patents granted is written off @9.5% on SLM.

Electronic Journals (E-Journals) are separated from Library Books in view of the limited benefit that could be derived from the online access provided. E-journals are not in tangible form, but temporarily capitalized and in view of the magnitude of expenditure and the benefit derived in terms of perpetual knowledge acquired by the academic and research staff; depreciation is provided in respect of E-journals at a higher annual rate of 19.5% on SLM.

4. CAPITAL WORK-IN-PROGRESS

Deposit works are accounted for as Capital Work-in-Progress on the basis of statements received from the Institute Works Department (IWD)/other departments. These are valued at cost on First-in-First-Out (FIFO) method. Running bills of contractors are also accounted for as Capital Work-in-Progress till completion. No depreciation is charged on capital work in progress. Secured advances and mobilization advances being in the nature of advances are disclosed separately under the head Loans & Advances.

5. INVENTORIES

Expenditure on purchase of chemicals, glassware, publications, stationery, civil and electrical stores and other stores, is accounted as revenue expenditure, except that the value of closing stocks held at year-end is set up as inventories by reducing the

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