

CORPORATE ACCOUNTS DIVISION

No. STC/CO/F&A/CA/01001/2020

Date: 11.03.2020

CIRCULAR

Closing of Accounts for the year 2019-20

Time schedule for receipt of audited accounts for 2019-20 is drawn up and indicated at Annexure-1. All accounting units at Corporate Office and Branches are advised to adhere strictly to the approved time schedule. Branches should coordinate with respective branch auditors for completion of audit within the scheduled time. **Last date for submission of audited accounts to F&A Corporate Accounts Divn. is 22.04.2020.**

Detailed guidelines for preparation of Annual Accounts as set out in the manual for Closing of Accounts issued during February 2010 and already circulated by F&A Corporate Accounts Divn. vide letter dated 25.02.2010 and additional guidelines issued from time to time should be strictly complied with by all Branches and Accounting Units at C.O.

W.e.f. 01.04.2017 Ind-AS has been implemented. Financial statement for the financial year 2019-20 is to be prepared as per the requirements of Ind-AS notified by Ministry of Corporate affairs (MCA). In this connection various instructions and guidelines have been issued by F & A corporate accounts division CO during the course of implementation of Ind-AS w.e.f. 01.04.2017 and finalizing the quarterly accounts.

The above must be kept in view while preparing the Ind-AS complied financial statements for the financial year 2019-20. There is no change in the existing accounting policy followed for the financial year 2018-19. Accounting Policy 2019-20 is available on STC's web site under employees corner, which may be strictly followed. It may also be ensured that:

- a. Physical verification of inventories and its valuation as communicated vide our message dated 09.03.2020 is conducted on time. Stock should be valued as per para no. 3.13 of the accounting policy.
- b. Accounting of interest income and expenditure (if any) is done by concerned branch/accounting units as communicated vide F&A Corporate Accounts Divn.'s message dated 01.10.2011 and in accordance with Ind AS 18.
- c. Review of trade receivables, trade payables and outstanding liabilities etc. has been carried out. Kindly refer to Corporate Account Division circular dated 16.12.2019 for review of liabilities. Ensure write back of trade payable/liabilities and write offs/provision of receivables (if any) is approved and taken into account on or before 31.03.2020.


11/3

- d. Letters for confirmation of outstanding balances have been dispatched to all parties for confirmation of the balance as on 31.03.2020 to the Statutory /Branch Auditors directly as per fax message dated 16.12.2013 of F&A Corporate accounts division.
- e. Trade receivables/claims/loans & advances etc are reviewed as per fax/mail dated 15.03.2019, necessary provision for expected credit loss (ECL) as required by Ind-AS 109 has been made as on 31.03.2020.
- f. Copies of physical verification report of inventories and net realizable value of pledged inventories taken from reputed valuer/surveyor in the field and must be furnished along with audited accounts for onward submission to the statutory auditors at C.O.
- g. Receivables and payables as on 31.03.2020 in foreign currency are updated at the exchange rate as communicated by C.O.
- h. All necessary corrective actions of GAP Half Margins for F.Y. 2018-19 have been carried out in the accounts as on 31.03.2020. There should not be any repetition of the existing Half Margins during 2019-20. Further, it may be ensured that assurance given to Govt. Audit for the F.Y. 2018-19 have been complied during the year 2019-20, wherever applicable. In case of non-compliance- reasons for non-compliance must be given.
- i. Existing cross reference notes in the Annual report 2018-19 are to be duly updated and included in the branch/accounting unit's audited accounts by the respective branch/ accounting unit, Where ever applicable. Similarly, any additional accounting note pertaining to particular "notes to account" , if required, must be given below the concerned note as per Division-II of Schedule III of the Companies Act, 2013. Govt. Audit Party (GAP) has issued a specific Half Margin in earlier years in this regard.
- j. Notes which are of general nature and not specifically pertain to a particular Notes to Account should be disclosed in other notes (refer annual report 2018-19).
- k. Disclosures required as per Ind-AS in the financial statement have been given in the format at the appropriate notes and are mandatory in nature. Similarly, disclosure notes which are common in nature are given separately as notes to accounts. Complete disclosure for both the cases must be given. In case nil figure/ no information, the same has to be indicated clearly. There should not be any blank or incomplete information in the disclosure notes.
- l. Annexure complete in all respects have been annexed with the financial statements being part of financial statements and also ensure that total of relevant annexure must match with the appropriate note of the financial statements.
- m. Information/Notes/Foot notes of each annexure and balance sheet / profit & loss account format have been taken into account in the preparation of accounts. Any lapse in this regard may result in non-compliance of Companies Act 2013.

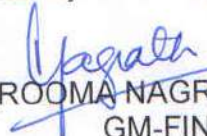
4
11/3

- n. Depreciation is calculated and accounted for as per F&A corporate account division circular dated 01/04/2015, instructions issued from time to time during the course of implementation of Ind-AS w.e.f. 01.04.2017 and para 3.10 of Accounting Policy.
- o. Classification of current /non-current assets and liabilities have been carried out as defined by the companies Act, 2013. F&A corporate accounts division instructions dated 18.10.2017 and 15.12.2017 must be followed in this regard. Para 3.18 of the accounting policy may also be referred for this purpose.
- p. Classification of financial assets/liabilities and non-financial assets/liabilities have been carried out as defined by the Ind-AS 32 notified by Ministry of Corporate Affairs (MCA). F&A corporate accounts division instructions dated 18.10.2017 and 15.12.2017 must be followed in this regard.
- q. Provisional Overdue Statement and Monthly Accounts for the period ended 31st March 2020 in the prescribed format to be forwarded to F&A Corporate Account, C.O. by 7th April 2020 positively. However, the final overdue report in the prescribed format duly matched with the audited accounts as on 31.03.2020 may be furnished along with the audited accounts.
- r. All discrepancies/mismatches/non compliances/queries found in quarterly accounts as communicated by F&A Corporate Division to concerned division/accounting units at CO are dealt with and resolved as on 31.03.2020
- s. Tax audit report in form 3CD u/s 44AB of The Income Tax Act, 1961 is to be submitted by 15.06.2020 positively to F&A Corporate Tax cell, C.O. Instructions and format of Tax Audit is being forwarded separately.
- t. Modified CARO 2020 (Companies Audit Report Order) may also be referred for any applicability in the Final Accounts for F.Y 2019-20

Format of Ind-AS complied financial statements duly updated along with necessary annexure and brief notes etc. is being uploaded in the STC's website in 'Corporate Account Formats' under employee corner. All concerned officials may download the same for necessary action. **In order to maintain uniformity, no alteration in the formats and annexures is permitted. In case of any additional particulars, not covered in the format, the same should be furnished in additional space provided in the format.** Complete information must be furnished in each and every note to accounts, disclosure note and annexure as these are part of the financial statements. Wherever information is nil or not applicable for any disclosure note/annexure, a clear cut indication must be given instead of leaving blank which creates confusion in compilation of data.

Soft copy of the Audited Accounts along with complete annexures be e-mailed to F&A Corporate Accounts' email ID corporateaccs@stc.gov.in followed by hard copy in triplicate within the scheduled time.

Encls: - Form dt 15/3/19
Circular dt 16/12/19


(ROOPA NAGRATH) 11/3/2020
GM-FIN/CFO

TO: All Branch Managers
All head of Finance in Branches
All GM-Fs/JGM-Fs/DGM-Fs at C.O.

ANNEXURE-1

THE STATE TRADING CORPORATION OF INDIA LTD: NEW DELHI

SCHEDULE FOR CLOSING OF ACCOUNTS FOR THE F.Y. 2019-20

S.No	ITEMS	Last date for submission
1	Obtaining physical verification reports of inventories & fixed assets	03.04.2020
2	Necessary adjustment entries for inventories/assets regarding discrepancies in PV report	03.04.2020
3	Completion of valuation of inventories	03.04.2020
4	Completion of bank reconciliation	03.04.2020
5	Booking of purchase/sales & claims	07.04.2020
6	Review of sundry debtors & creditors a/c's	07.04.2020
7	Submission of statements of daily transfer of funds to F&A Banking Divn. C.O.	07.04.2020
8	Issue of letters to debtors & creditors through statutory auditors for confirmation of Balances as on 31.03.2020	07.04.2020
9	Review of ledger accounts (other than debtors/creditors)	07.04.2020
10	Submissions of statement of inter branch stock transfers to F&A Corporate Accounts Divn.	07.04.2020
11	Submission of final HOR extracts to F&A Corporate Accounts Divn.	07.04.2020
12	Confirmation of Inter branch stock transfer by F&A Corporate Accounts Divn., C.O.	07.04.2020
13	Confirmation of remittances of CPF, EPS-95, Pension etc by CPF cell (A&E), CO	07.04.2020
14	Confirmation of HOR cash balances by F&A Banking Division C.O.	08.04.2020
15	Confirmation of HOR (others) balance by F&A Corporate Accounts Divn., C.O.	08.04.2020
16	Submission of accounts to internal audit.	13.04.2020
17	Submission of complete set of balance sheet P&L a/c to Branch Auditors/Statutory Auditors for review & clearance	15.04.2020
18	Submission of audited accounts to F & A Corporate Accounts Divn.	22.04.2020

9
11/3

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107

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TO : HEAD OF FINANCE, ALL BRANCHES
FROM : C.S. KARKI, JGM-FIN., C.O.

SUB : PROVISION FOR DOUBTFUL DEBTS /CLAIMS(EXPECTED CREDIT LOSS-ECL) FOR THE FY 2018-19

DURING THE COURSE OF REVIEW OF ACCOUNTS FOR THE QUARTER ENDED 31.12.2018, STATUTORY AUDITORS HAD POINTED OUT TO REVIEW THE OUTSTANDING TRADE RECEIVABLES, CLAIMS AND LOANS ADVANCES ETC. AS ON 31.03.2019, AS PER THE REQUIREMENTS OF IND AS. NECESSARY PROVISION IN RESPECT OF EXPECTED CREDIT LOSS ON TRADE RECEIVABLE, CLAIMS/LOANS ADVANCES IS TO BE MADE IN THE BOOKS OF ACCOUNTS FOR THE FY 2018-19.

IN THIS CONNECTION ALL BRANCHES AND ACCOUNTING UNITS AT C.O. ARE REQUIRED TO REVIEW THE OUTSTANDING TRADE RECEIVABLES, CLAIMS/LOANS ADVANCES AS ON 31.03.2019 IN COMPLIANCE WITH THE REQUIREMENT OF IND AS. WHILE REVIEWING THE OUTSTANDING BALANCES FOR THE PURPOSE OF EXPECTED CREDIT LOSS FOR THE F.Y. 2018-19, THE FOLLOWING EXERCISE IS TO BE CARRIED OUT ON EACH AND EVERY CASE:

1. AGEWISE ANALYSIS OF OUTSTANDING BALANCE I.E. UPTO 1 YEAR, 1 TO 2 YEAR, 2 TO 3 YEAR AND ABOVE 3 YEARS.
2. AMOUNT DISPUTED IN THE COURT OF LAW TO BE SEGREGATED WITH DETAILS OF SUCH DISPUTE.
3. AMOUNT OF CORRESPONDING CREDIT AVAILABLE AGAINST OUTSTANDING BALANCES TO BE LINKED.
4. PROBABILITIES OF REALIZATION OF OUTSTANDING DUES WITH FACTS/MERITS OF EACH CASE WITH REASONINGS.
5. AMOUNT OF PROVISION FOR DOUBTFUL DEBTS/CLAIMS/ADVANCES ALREADY MADE IN THE BOOKS OF ACCOUNTS AGAINST SUCH OUTSTANDING BALANCES.
6. NET UNDISPUTED OUTSTANDING WITH NO CORRESPONDING CREDIT AVAILABLE ARE TO BE ANALYSED CASE TO CASE BASIS FOR NECESSARY PROVISION AS ON 31.03.2019.

THE ABOVE IS TO BE COMPLETED BY ALL BRANCHES/ACCOUNTING UNITS AT C.O. BY 25.03.2019 POSITIVELY. IMPACT OF PROVISION IN THE BOOKS OF ACCOUNT TO BE WORKED OUT AND COMPLIANCE TO THIS EFFECT MAY BE INTIMATED TO F&A, CORPORATE ACCOUNTS DIVISION FOR ONWARD SUBMISSION TO DIR.(FIN.) AND STATUTORY AUDITORS AT C.O.. REGARDS

Dt. 15.03.2019


(C.S. KARKI) 15/3/19
JGM-F

F&A CORPROATE ACCOUNTS DIVISION
CIRCULAR

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No. STC/CO/F&A/CA/01001/2019

Dated: 16.12.2019

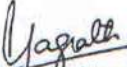
Sub. : Review of Liabilities

During a review of liabilities/amount payables as per the Books of Accounts of STC as on 30.09.2019 by the Management, it was observed that there are many instances where such balances are appearing in the list of liabilities as outstanding for more than 3 years although no claim/demand has been received for payment from the concerned parties. The matter was discussed at length and it was decided to have a clear-cut policy and process in the matter to objectively decide on the treatment of liabilities in the accounts.

You are already aware that in terms of the Accounting Policy of STC, it is necessary to review the outstanding liability and credit balances on a regular basis every quarter. Finance Division has also been requesting all accounting units at C.O. and branches to follow instructions issued in this regard from time to time. It has now become essential that all Divisional Heads at C.O. and Branch Managers should review the liabilities pertaining to their division/branch in association with the respective associate finance before the close of the 3rd quarter balance sheet of the current financial year. While reviewing the liabilities, it may be kept in view that as per the IND AS accounting policy adopted by STC, best judgment has to be made about the probability of discharge of such liabilities.

All accounting units at C.O. and branches are therefore requested to review the liabilities appearing in the ledger as on 30.11.2019 and send proper proposals for write-back of liabilities, wherever considered necessary, to concerned commodity/functional director for approval latest by 27.12.2019. A proforma for forwarding the proposal is attached to this circular. It should be ensured that the proposal has the clear recommendations of concerned Divisional Head/Branch Manager and is duly concurred by their Associate Head of Finance.

After approval of concerned commodity/functional Director, necessary action in the matter may be taken immediately under intimation to Corporate Accounts Division (Mr. D. Jayant, DGM-Fin.) In the meantime, a list of write-backs proposed may be sent to Corporate Accounts Division by 20.12.2019 to DGM-F (DJ).


(Roopa Nagrath) 16/12/19
GM-Fin./CFO

To : All Accounting units at C.O./Branches
All Divisional Heads at C.O./Branch Managers
CC : All Directors/CMD