



icmr
INDIAN COUNCIL OF
MEDICAL RESEARCH
Serving the nation since 1911

भारतीय आयुर्विज्ञान अनुसंधान परिषद
स्वास्थ्य अनुसंधान विभाग, स्वास्थ्य एवं परिवार
कल्याण मंत्रालय, भारत सरकार

Indian Council of Medical Research
Department of Health Research, Ministry of Health
and Family Welfare, Government of India

No.18/2/2019-Admn-II

Dated 1.4.2019.

To

The Directors/Directors-in-Charge of
Permanent Institutes/Centres of ICMR.

Subject : Progressive Capitalization/adjustment of advances for Capital works.

Sir/Madam,

I am directed to send herewith a copy of letter File No. AAVI/CW/2/23/87-IRR Mumbai vol. III dated 8.3.2019 on the subject mentioned above issued by Administration –VI Section of ICMR Hqrs. for information and necessary action. Further correspondence may please be made directly with AA-VI at ICMR Hqrs. in this regard.

Yours faithfully,

(Bharat Bhushan)
Sr. Administrative Officer
for Director General

Encl: As above

Copy to:-

1. PS to DG/PS to Addl. DG/Sr. DDG (A)/Sr. FA
2. All Divisional Heads
3. Asstt. Director-General (Admn.) (AX)/(RR)
4. Dr. Chanchal Goyal, Scientist'D' – soft copy of the same has been mailed at your email ID(drcgicmr@gmail.com) for website upload.

INDIAN COUNCIL OF MEDICAL RESEARCH

Administration VI

File no AAVI/CW/2/23/87-IRR Mumbai vol III

Dated 8th March 2019

Subject:- Progressive Capitalization/ adjustment of advances for Capital works.

Progressive Capitalization/ adjustment of advances in ICMR Hqr office and its Institutes/Centers is done as per the OM No. AA-VI/Work Management/ Comprehensive order/2011 dated 19/9/2011 issued by ICMR HQ office. This decision was taken based on GFR and CPWD manual.

The Local Audit party of ICMR had raised certain observations on Progressive Capitalization in NIRRH Mumbai as per above circular, which has been picked up by the AG (Audit).

The matter was referred to ICMR for guidance while perusing the matter, the Accounts Division of ICMR referred the Para 10 and 6 of accounting standard and stated that any expenditure on the ongoing construction works of capital nature till the completion of the project or keeping in use of the project is to be classified as expenditure under work in progress of annual accounts.

It has been stated that as per accounting standard 10 that the cost of an item or property should be recognized as an asset if, and only if, (a) it is possible that future economic benefits associated into the items will flow to the organization and (b) the cost of the item can be measured reliably. As the building work is incomplete, it cannot be considered as an asset within the meaning of AS 10.

The Finance section ICMR, further stated that as per the provisions in accounting standards, any expenditure incurred on acquiring/construction of any asset till its completion or acquiring or putting in use for which it was required which becomes the property of the concern is not to be capitalized. Hence, the amount spent on the construction of the building etc. should be capitalized after obtaining completion certificate or taking over the building from the constructing agency or using the building for the purpose for which it was constructed. Further, depreciation is to be charged for use of the assets and not for incomplete assets. Thus, in case the Institute had capitalized any amount under building and charged depreciation on that uncompleted building during the previous year that amount of capitalization and depreciation needs to be reversed back in the adjustment/current annual account with notes and capitalized amount shown under work in progress in the schedule of assets of the annual account. Any expenditure on the ongoing construction work of capital nature till the completion of the project or keeping in use of the project is to be classified as expenditure under work in progress in the annual accounts.



Continued

From pre page

It has been concluded that ICMR and its Institutes/ Centers should work within the definition and provisions of accounting standards, which states that any expenditure incurred on acquiring /constructing of any asset till its completion or acquiring which becomes the property of the concern is to be capitalized after obtaining completion certificate or taking over the building from the construction agency or using the building for the purpose for which it was constructed. Hence Capitalization / adjustment of advances of capital works shall be done as per following.

- 1 After obtaining the completion certificate and handing over the building the amount should be adjusted on the basis of expenditure statement of the executing agency
or
- 2 If the work is completed and the asset is in the possession of the ICMR the amount should be adjusted on the basis of expenditure statement of the executing agency.
or
- 3 When the utilization of whole or part of building starts by ICMR the amount of that portion of the work should be adjusted on the basis of expenditure statement of the executing agency.
- 4 All the above adjustments are to be carried out from the work in progress, and shown in the respective asset as 'Capital'.

This issues with the approval of competent authority.



(A K Shrivastava)
Executive Engineer

To:-

- 1 All Director's/Director-in-charge/Officer-in-charge of ICMR Institutes/Centers
- 2 PS to DG/Add DG/Sr DDG(A)/Sr FA