

Development and maintenance of Fixed Asset Registers by the newly formed Electricity Transmission and Distribution companies in Puducherry

1. Background

In the As-is-Study Report of Electricity Department of Puducherry submitted during July 2009, the methodology followed by the Department to keep track of the fixed assets has been detailed out. As per the current book keeping methods of the Electricity Department, the actual value of the fixed assets i.e. original value, accumulated depreciation and the written down value is not captured. The Department keeps track of the fixed assets more through registers of capital works completed, capital work in progress and estimates requirements of capital moving forward based on its plans.

For the new entities to be created, the gross block, accumulated depreciation and the net block has been estimated based on the current value of fixed assets as per the list of fixed assets as given by the Department as on date. Based on this asset list, the fixed assets have been divided into key asset categories with each having a specific depreciation schedule. Based on the estimated median ages of each of these categories and the schedule of current costs of the same, deflation adjusted gross block estimates have been made for the relevant periods. Post this, asset category wise estimation of year on year depreciation, current values (net block) of the existing assets have been calculated and incorporated in the FRP.

2. Regulatory and accounting requirement

Developing a detailed Fixed Assets Register is a legal need, a management need and a regulatory process need. Several State Regulatory Commissions in the country have indicated the requirements for developing an asset register which forms the basis underlying the rate base and tariff making principles. JERC also may prescribe such a requirement in the near future. In fact, several SERC's in the MYT Regulations have made it mandatory to the utilities to capture and provide voltage class wise details of fixed assets in the ARR application.

3. Building of Fixed Asset Registers

Building Fixed Asset Register with quantity and value for an organization/department which is in operation for last several decades is time consuming and cumbersome activity. Broadly this process involves defining the assets, identifying the location, quantifying and assigning values based on the year of capitalization etc., The Fixed assets list provided by the department has captured broadly the physical details of the assets and the valuation portion has

been done as explained above. This forms the basis for opening value of gross block, accumulated depreciation and the net block.

4. Fixed asset register formats

Going forward, the fixed assets registers, have to be maintained in the formats as proposed below:-

4.1 Typical fixed assets register format for Individual assets:

(Applicable for Land, Buildings, Plant & Machinery, Lines & Cable network and Vehicles)

Folio Number-----

Control Account-----

Sub-Account-----

1	Asset voltage class -----	2	Asset description-----
3	Location of the Asset-----	4	Asset class code-----
5	Estimated cost-----	6	Source of funding-----
7	Amount capitalized (i.e. Amount transferred from CWIP to Asset Account) Give reference of JV No./Voucher No. etc.-----	8	Year of commissioning/date of acquisition-----
9	90% of Asset Value-----	10	Estimated life of the Asset-----
11	Depreciation rate-----%	12	Annual Depreciation provision-----
13	Year of commencement of Dep. provision-----	14	Department, Division and unit charged with custody of the Asset-----
15	Year of retirement/sale/transfer --- -----	16	Asset Disposal reference-----

Details of Depreciation & Accumulated Depreciation

Year	JV No.	Original value/WDV (in Rs)	Depreciation (in Rs)	Accumulated Depreciation (in Rs)	Signature of the officer

