

76copy
DIRECTORATE OF COOPERATIVE AUDIT : ODISHA : BHUBANESWAR.

Letter No. VI(1)08/05 1731(16) / Audit-8

Dated. 28/4/12

To

The Assistant Auditor General of Cooperative Societies of Circles.

Subject: Depreciation of Assets of Cooperative Institutions.

Sir/Madam,

Instructions were issued in this office Circular No.2828 dt.12.05.2004 and No.3704 dt.27.06.2011 on charging depreciation on different type of assets basing on the rate prescribed under IT Act, NABARD and R.B.I. The rate and method for calculation of depreciation on different type of assets as prescribed in the above circulars is being adopted by all the Cooperative Societies including the Cooperative banks in the state for charging depreciation on different type of assets. But, later, NABARD has observed that certain items like backup batteries, which may not have any real value after 3 to 4 years, are required to be replaced. Since charging of depreciation will be continued for a period much beyond the expected life period of the item as per the norms fixed for the purpose, NABARD have advised OSCB to charge depreciation on all electrical items at the rate of 25 per cent per annum on a straightline method.

The norms fixed earlier in the aforesaid circular for charging depreciation on Furniture and Fixtures was to calculate at the rate of 15 percent of the acquired cost per annum on written down value method. Now keeping the instructions of NABARD in view, it is now decided to revise the method and rate of depreciation to be charged on electrical installation and electrical equipments, which is a part of the furniture & fittings. The depreciation in respect of Electrical installation and Electrical equipments should henceforth be calculated on a straightline method at a rate of 25% per annum. All other items under furniture and fittings should be depreciated @15% under written down value method as stipulated in the Circular No.2828 dt.12.05.2004.


Under the straightline method, a fixed per-centage of the original value of the asset is written off every year so as to reduce the asset amount to nil or its scarp value at the end of the estimated life of the asset.

(P.T.O)

Thus the modified norm for charging depreciation on Electrical installation and all electrical equipments should be circulated amongst all auditors of your circle for calculation of depreciation on these items in the above manner with effect from 01.04.2012.

The instructions issued in this Directorate Circular No.2828dt.12.8.04 and No.3704 dt.27.6.11 stand modified to this extent.

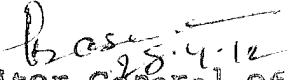
Yours faithfully


Auditor General
Cooperative Societies, Odisha.

Memo No. 1732 /

Dated. 28/4/12 /


Copy forwarded to the Managing Director, OSCB for information and necessary action with reference to his letter No. 9489 dtd.07.12.2011 and No.10351 dtd.03.01.2012.


Joint Auditor General of
Cooperative Societies, Odisha.

Memo No. 1733 (5) /

Dated. 28/4/12 /

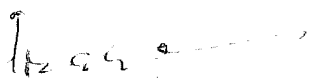
Copy forwarded to the R.C.S., Odisha/Director, Textiles and Handlooms/ Director A.H & V.S., Odisha/ Director of Fisheries, Odisha/ Director of Handicrafts and Cottage Industries, Odisha/ Director of Agriculture and Food Productions, Odisha for information and necessary action. He is requested to instruct their field functionaries to circulate the modified norm of the Cooperative institutions functioning under their local authority.


Joint Auditor General of
Cooperative Societies, Odisha.

Memo No. 1734 (56) /

Dated. 28/4/12 /

Copy forwarded to the Managing Directors of all Apex Cooperative Institutions (except OSCB)/Secretaries of all CCBs/UCBs for information and necessary action.


Joint Auditor General of
Cooperative Societies, Odisha.

Memo No. 1735 /

Dated. 28/4/12

Copy submitted to the Commissioner-Cum-Secretary to Government, Cooperation Department, Odisha, Bhubaneswar for favour of kind information.

Prasanna
28.4.12
Joint Auditor General of
Cooperative Societies, Odisha.

Copy to Guard file

10 Spare Copies

AKS...
Amul