

ACCOUNTING ENTRIES IN RESPECT OF ADVANCE ACCOUNTS

1. ADVANCE ACCOUNT OPENED IN CASE OF LOSSES

This Section deals with the following types of losses:

- (a) Loss of cash; and
- (b) Loss of goods.

1.1 LOSS OF CASH

Loss of cash can occur in the following circumstances:

- (a) Loss of revenue collected whilst in the custody of the Receiving Cashier or any other Officer prior to remittance to the Accountant-General;
- (b) Loss of Petty Cash by Imprest Holder; and
- (c) Loss of money by a Paying Cashier.

1.1.1 Loss of Revenue Collected

An Advance Account Personal is opened in the name of the person having custody of the cash. This includes money lost in the till of the Receiving Cashier or in the custody of another Officer responsible for remittance. The accounting entries are as follows:

Dr Advance Account Personal (with the amount of loss)
Cr relevant Revenue Item

On reimbursement by the Officer concerned or on recovery:

Dr Cash
Cr Advance Account Personal

1.1.2 Loss of Petty Cash by an Imprest Holder

In case of loss of petty cash by the Imprest Holder, an Advance Account Personal is opened in his name for the amount of loss and following accounting entries are effected in TAS:

Dr Advance Account Personal
Cr Imprest Account (the Imprest is deemed to be retired by the amount of the loss)

On reimbursement by the Officer concerned or on recovery:

Dr Cash
Cr Advance Account Personal

1.1.3 Loss of Cash by a Paying Cashier

Money is generally remitted to Paying Cashiers for payment purposes. The accounting entries are as follows:

Dr Remittance Account in the name of the Paying Cashier
Cr Cash

It may happen that the Paying Cashier incurs a loss of cash for any reason. In such cases, an Advance Account Personal is opened in the Paying Cashier's name. The accounting entries are as follows:

Dr Advance Account Personal (with the amount of loss)
Cr Remittance Account

On reimbursement by the Officer concerned or on recovery:

Dr Cash
Cr Advance Account Personal

1.2 LOSS OF GOODS

Loss of goods can occur in the year in the year of purchase or in a subsequent fiscal year.

1.2.1 Loss of Goods in the Year of Purchase

For such loss, an Advance Account Personal is opened on the name of the loser for the value of goods lost and the following accounting entries are made:

Dr Advance Account Personal
Cr Expenditure Item to cancel the entries made previously when the goods were purchased.

On reimbursement by the Officer concerned or on recovery:

Dr Cash
Cr Advance Account Personal

1.2.2 Loss of Goods in a Subsequent Year

The accounting entries in respect of this category of loss are as follows:

Dr Advance Account Personal
Cr Miscellaneous Revenue (the good(s) lost is deemed to have been sold to the loser)

The Advance Account records money owed by the loser.

2. **ADVANCE ACCOUNT (OVERPAYMENT)**

- (a) Where an overpayment is effected, for example overpayment in respect of salaries and allowances, pensions and supply of goods, works or services, an Advance Account Personal should, subject to paragraph 2 (b), be opened in the name of the officer authorising the payment.
- (b) Where it is established that another officer has caused the payment to be authorised, the Advance Account Personal should be opened in the name of such officer.

Overpayment can be classified according to the time it was detected:

- (a) Detection of overpayment in year of payment; and
- (b) Detection of overpayment in a subsequent year

The accounting entries are as follows:

(a) *If overpayment is detected in the year of payment*

Dr Advance Account Personal
Cr appropriate Expenditure Item

On reimbursement by the Officer concerned or on recovery:

Dr Cash
Cr Advance Account Personal

(b) *If overpayment is detected in the subsequent year*

Dr Advance Account Personal
Cr Overpayment Made in Previous Years

On reimbursement by the Officer concerned or on recovery:

Dr Cash
Cr Advance Account Personal

3. ADVANCE ACCOUNT (DISHONOURED CHEQUE)

In case cheque received for Government revenue is dishonoured, an Advance Account Dishonoured Cheques-Cashier-Name of Department is opened for the amount of involved. The accounting entries are as follows:

Dr Advance Account Dishonoured Cheques-Cashier-Name of Department
Cr Cash

The payer is informed that his cheque is dishonoured and is requested to effect the payment as soon as possible.

On receipt of cash from the Payer:

Dr Cash
Cr Advance Account Dishonoured Cheques-Cashier-Name of Department

4. ADVANCE ACCOUNT CLAIMS

- 4.1 In case a defect, deficiency or shortcoming is detected in respect of goods, services or works supplied to the Government, the Accounting Officer should prefer a claim in writing on the supplier. No payment should be made to the supplier unless the defect, deficiency or shortcoming is rectified. In case payments have already been effected, an Advance Account Claim should be opened in the name of the supplier/insurer for the value of the claim.

4.1.1 If the claim is issued during the year of payment, the accounting entries will be as follows;

Dr. Advance Account Claim
Cr. Expenditure Item

4.1.2 If however, the claim is issued in a subsequent year, the entries will be:

Dr. Advance Account Claim
Cr. Overpayment Made in Previous Years

4.2 The Advance Account is cleared only when the supplier rectifies the defect, deficiency or shortcoming to the satisfaction of the Accounting Officer.

4.2.1 In case the rectification is made in the year of payment, the following accounting entries are made:

Dr. Expenditure Item
Cr. Advance Account Claim

4.2.2 If the rectification is done subsequently, the accounting entries are as follows;

Dr. appropriate Expenditure Item (to be authorized by Ministry of Finance)
Cr. Advance Account Claim

5. CLEARING OF ADVANCE ACCOUNTS PERSONAL

As mentioned above, Advance Accounts Personal are cleared when the officer concerned makes reimbursement of amounts involved. If, for any reason, an amount lost is irrecoverable, the Accounting Officer should proceed with the clearing of the Advance Account against an item of expenditure authorized by the Ministry of Finance. The accounting entries would be as follows;

Dr Expenditure Item
Cr Advance Account Personal