

## **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**

### ***1.2.1 Loss Of Asset (In Year Of Acquisition or in a subsequent year)***

An Advance Account Personal is opened in the name of the loser for the value of asset lost and the following accounting entries are made:

DR    Advance Account Personal  
  
CR    Recovery of Asset (ROA) A/c

Note: The ROA A/c will be disclosed in the Statement of Assets & Liabilities under item “Deposits and Other Credit Balances”

### ***1.2.2 Recovery of Asset***

When the asset is recovered (in the year of loss or in a subsequent year), the accounting entries made for the creation of the Advance Account should be reversed as follows-

- (a)    Where the value of the asset is unimpaired

DR    Recovery of Asset A/c  
  
CR    Advance Account Personal

- (b)    Where the value of the asset is impaired

Example:    Value of asset at time of loss - Rs1000  
  
                  Value of asset on recovery - Rs 800  
  
                  Impaired amount - Rs 200

- (i)    Scenario where loser makes good (i.e pays cash) the impaired amount

DR    Recovery of Asset A/c with value on recovery (i.e Rs800)  
  
DR    Cash with impaired amount (i.e Rs 200)  
  
CR    Advance A/c Personal (Rs 1000)

Then, to clear ROA A/c:

DR    Recovery of Asset A/c (Rs 200)  
  
CR    Miscellaneous Revenue (Rs 200)

(ii) Scenario where impaired amount is written off

DR Recovery of Asset A/c (Rs 800).....value of asset on recovery

DR Recovery of Asset A/c (200).....amount w/off

CR Advance A/c Personal (Rs 1000)

**1.2.3 Reimbursement of Loss by custodian (in Cash)**

Where loser makes good the value of the loss by cash payments, 2 sets of entries should be made:

(a) To clear Advance A/c

DR Cash

CR Advance A/c Personal

(b) Then, to clear ROA A/c

DR Recovery of Asset A/c

CR Miscellaneous Revenue

1.2.4 **Where the asset lost is not recovered or reimbursed**, the Department should proceed with write-off. The following accounting entries should be made after approval for write off is obtained:

DR Recovery of Asset A/c

CR Advance Account Personal

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

**Government of Mauritius**

**Write off Irrecoverable Arrears of Revenue**

*(To be submitted to the Financial Secretary together with the Return of Arrears of Revenue in respect of the half-years ended 30 June and 31 December, not later than 30 September and 31 March, respectively)*

**Ministry/Department:** .....

**Reference:** .....

**Revenue Item Code:** .....

**Half year ended:** .....

**No of Debtors:** .....

**Amount: Rs.**.....

I am satisfied that-

- (a) for the reasons given below, the amounts are **irrecoverable**;
- (b) the cases have been **fully investigated and every avenue to obtain payment** of the revenue has been explored without success; and
- (c) there has been **no negligence or carelessness on the part of any officer** of this Department, so far as I have been able to ascertain by all possible enquiries.

.....

.....

**Accounting Officer**

**Date**

**Name:** .....



**Government of Mauritius**  
**Write off Irrecoverable Arrears of Revenue**

*(To be submitted to the Financial Secretary together with the Return of Arrears of Revenue  
in respect of the half-years ended 30 June and 31 December, not later than 30 September and 31 March, respectively)*

**Ministry/Department:** .....

**Reference:** .....

**Revenue Item Code:** .....

**Half year ended:** .....

**No of Debtors:** .....

**Amount: Rs.**.....

From: Officer in Charge Finance

To: Accounting Officer

A list of irrecoverable arrears of revenue is attached herewith for write-off.

The cases have been fully investigated and every avenue to obtain payment of the revenue has been explored without success.

.....

**Officer in Charge (Finance)**

**Date**

**Name:** .....

From: Accounting Officer

To: Director Internal Control

You are requested to examine the cases of arrears of revenue in the attached list and to advise whether they may be written-off.

.....

**Accounting Officer**

**Date**

**Name:** .....

List of cases of irrecoverable arrears of revenue set for write-off

SN	Details of Arrears	Debtor	Arrears Rs	Costs Rs	Outstanding since	Enforcement		Reasons for write off
						Action Taken	Date	

Ref. ....

Comments: -(Annex to be attached if necessary)

.....  
**Director Internal Control**      **Date**

Ref. ....

**Write off approved**

.....  
**Accounting Officer**      **Date**

No of Debtors: .....

Amount in figures: .....

Amount in words: .....

**Name:** .....



