

V.O.CHIDAMBARANAR PORT TRUST

FINANCE DEPARTMENT

(Costing Section)

REVISED ACCOUNTING CODES

For working in the new SAP System

1.1.2013

Preface

General

Consequent on the implementation of SAP computerized system, need has arisen to re-structure the existing 'Accounting Codes'. Previously 10-digit codes were used in the 'Integrated Computer System' representing the Budget Centre-Type of expenditure-Nature of expenditure-Cost centre.

In the new SAP Computerised System, the Codes are basically structured as **General Ledger codes** falling under the Revenue Account and Balance Sheet. The General Ledger account codes are in four groups as below:

- | | |
|-----------------------------------|--|
| 1. Revenue Income | - denoted by 'R' (Previously 'I') |
| 2. Revenue Expenditure | - denoted by 'E' (Previously included along with the Cost Centres) |
| 3. Liabilities | - denoted by 'L' (Previously – same) |
| 4. Assets | - denoted by 'A' (Previously – same) |
| 5. Finance & Miscellaneous income | - denoted by 'R' (Previously 'I') |
| 6. Finance & Miscellaneous expre. | - denoted by 'E' (Previously 'C') |

The Liabilities and assets are grouped under the heads which will be shown in the Balance Sheet.

1. Equity Capital
2. Capital Reserves
3. Revenue Reserves
4. Provision for depreciation
5. Capital debts
6. Current Liabilities under 'Liabilities' and

1. Capital Assets
2. Investments
3. Stores and materials
4. Sundry Debtors
5. Current Assets under 'Assets'.

REVENUE ACCOUNT OF THE PORT

1. Principal Activity/Profit centre (Sub-activity)/Cost centre:

The major activities as already said are 5 (4 – relating to operation and delivery of services and 1– relating to Management). The net financial result of these activities show the profitability of the Port. From this it would be possible to make financial analysis on each major activity. For better financial management there is a need to make analysis on sub-activity level. These sub-activities are nothing but a group of 'Cost Centres', the smallest identifiable unit of an activity in the Port. The term 'Sub-activity' used previously is now called as '**Profit centre**'.

Cost centre:

Cost centre is structured as a '8-digit alpha numeric' code as detailed below:

- | | |
|-----------------------|--|
| 1 st digit | - denotes it as a cost, i.e. expense (C) |
| 2 nd digit | - denotes the Zone in which the expenditure is incurred (either A, B or C) |

(ii)

- 3rd digit - denotes the Main Activity (Cargo handling & storage, Port & dock, Railway working, Estate Mgt. and Management & Gen. Admn.)
- 4th & 5th digits - denote the Department code
- 11- Traffic Cargo handling operations;
 - 13 - Traffic Railway operations;
 - 31 - Marine Department – Shipping operations
 - 32 - Marine Dept – Port Fire Service
 - 42 - Eng. Department – Dredging
 - 43 - Eng. Department – Civil works/maintenance
 - 44 - Eng. Department – Railway maintenance
 - 51 - Eng. Department – Mechanical Engineering
 - 53 - Eng. Department – Electrical Engineering
 - 61 - Administration Department
 - 62 - Port Security
 - 64 - Medical Department
 - 66 - Stores Department
 - 68 - Finance Department
 - 69 - Electronic Data Processing Centre

6th, 7th & 8th digits - denote the code of the cost centre (the unit which will absorb the expenditure)

Profit centre: As already stated all the five major activities have - **Profit centres** (Previously called as sub-activity); and each Profit Centre is attached to a range of 'cost centres'. The purpose of recognizing 'Profit Centre' benefits the Port to identify the financial viability of each sub-activity. Previously our accounting systems had the direct relationship between Major Activities. The SAP system can generate a Balance Sheet and P&L account for each sub-activity, which can help in detailed financial analysis and management.

2. Structure of codes and combinations:

Previously the combination of codes contained 10 digits representing the Budget centre (representing a Department), the type of expenditure, the nature of transaction (Income, expenditure under P/L account, Liability and asset under Balance sheet) and the cost centre code.

Now, this combination has been changed. Codes will be basically identified by the GL codes -under the groups 'Receipts', 'Expenditure', 'Assets' and 'Liabilities'. Wherever GL codes are coming under the 'Expenditure' code group, the next step will be to identify the 'Cost centre', i.e., the basic unit for which/where the expenditure is incurred' which comprises of the Principal Activity, Department and the costing unit.

3. Finance & Miscellaneous: Income & Expenditure

Finance & Miscellaneous income and expenditure are booked under the respective GL codes. The Profit centre for all transactions is 'PA6001'.

4. Activity Zones of the Port:

The Activity Zones of the Port are listed below:

- A - Various Services and activities at Major Port area;
- B - Various Services and activities at the erstwhile Minor Port area; and
- C - Provision of labour Services for Cargo Handling operations- by **Cargo Handling Division.**
