

The Bihar State Co-Operative Bank Ltd.
Head Office, Ashok Rajpath, Patna-04.

Estate Department.

Manual of Office Procedures for Deadstock Section.

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1. Introduction

Dead stock policy comprises of various Fixtures and fittings, various machines like Note counting, Xerox, Water Purifier, EPBX System, Generators, A.C.Units, Furniture etc. To get understand about how to deal with various dead stock items.

2. Purpose

In order to have uniform practice across all branches and Head Office for various dead stock items. To understand the estimated life of various machines, method of depreciation and rate of depreciation, items to be capitalized or not. To know sanctioning powers to book loss on sale of assets.

3. Scope

All Branches and all departments of Head Office.

4. Policy for Fixtures and Fittings

- i) while doing renovation work of the branch, if there is a need to change electrical wiring and other fixtures, required provision to be made in Capital Budget. After prior sanction of Capital Budget new wiring and electrification work be done and the said expenses be capitalized.
- ii) Annual Maintenance Contract (AMC) for electrical may be done as and when required. Miscellaneous repairs e.g. change of tube lights, fan repair, wiring etc.be done as per A.M.C. Expenses up to Rs.5000/- be debited to Profit and Loss of the branch and not to capitalized.
- iii) while doing renovation work of the branch, if new electrification work is done, old wiring may be sold out and write-off old electrification/wiring amount only after getting prior sanction to that effect.
- iv) Decision about change in wiring may be taken if required or after every 5 years.

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5. Policy for Other Office Equipment

i) Note Counting Machine and FAX Machine

Sr. No.	Subject	Details
1	Average life ascertained	5 Years
2	Maintenance	Annual Maintenance Contract (AMC) to be done after expiry of warranty period.
3	Purchase of new Machine after expiry of average life	If machine is not working properly, New machine be buy backed with old machine. Loss on sale of machine during buyback be restricted to 50% of purchase value.
4	Purchase of new Machine before expiry of average life	Decision to purchase new machine if needed may be taken In exceptional circumstances
5	Average Depreciation	20% Straight Line Method (SLM)

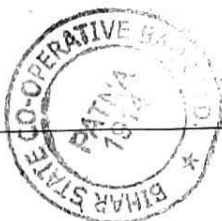
ii) Xerox Machines

Henceforth Xerox Machines may be taken on rental basis by seeking quotations from various agencies instead of buying new machine. The powers to accord sanction in this regard be delegated to Hon. General Manager. Xerox machines which are purchased earlier and machines which are not working now may be charge depreciation at 33.33% with Reducing Balance Method.

iii) Water Purifier, Water Coolers, Water Tanks

Sr.No	Subject	Details
1	Average life ascertained	7 Years
2	Maintenance	Annual Maintenance Contract (AMC) to be done after expiry of warranty period.
3	Purchase of new Machine after expiry of average life	If machine is not working properly, new machine be buy backed with old machine. Loss on sale of machine during buyback be restricted to 25% of purchase value.

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4	Average Depreciation	10% WDV
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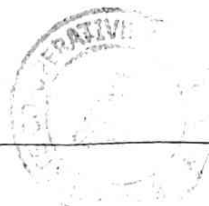
iv) EPBX, Alarm System, Smoke Detector/C C Tv System

Sr.No	Subject	Details
1	Average life ascertained	10 Years
2	Maintenance	Annual Maintenance Contract (AMC) to be done after expiry of warranty period.
3	Purchase of new Machine after expiry of average life	If machine is not working properly, new machine be buy backed with old machine. Loss on sale of machine during buyback be restricted to 15% of purchase value.
4	Average Depreciation	10% WDV
5		CC Tv System to be installed considering the area of branch. Minimum 8 channels CC TV system be installed.
6		Data Centre to be instructed regarding storage of recording of CC Tv. Instructions will be given by Computer Department

v) Generators

Sr.No	Subject	Details
1	Average life ascertained	10 Years
2	Maintenance	Annual Maintenance Contract (AMC) to be done after expiry of warranty period.
3	Generator Capacity to be ascertain	Capacity to be ascertained after seeking opinion from Electrical Contractor
4	Purchase of new Machine after expiry of average life	If machine is not working properly, New machine be buy backed with old machine if needed. Loss on sale of machine during buyback be restricted to book value.
4	Average Depreciation	15% Straight Line Method

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vi) Air condition Units (A.C Units)

Henceforth window A.C. not to be install from the point of view of internal security.

While installing new A.C. System, opinion of concerned architect to be sought or 20% to 30% over capacity system to be installed or system having appropriate capacity to be installed at beginning and additional units can be added after 2/3 years.

Annual Maintenance Contract (AMC) to be done after expiry of warranty period. In case of repair work of A.C. expenses for change of compressor be capitalized and remaining repair expenses be debited to Profit & Loss account of concerned branch.

Average life of A.C. Unit/ System be fixed as 10 years. Considering average life of A.C. Units as 10 years, 15% depreciation with Straight Line Method be charged.

vii) Furniture

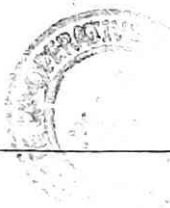
Average expected life of tables, counters, doors, Partitions, falls ceiling, flooring, name boards is fixed as 10 years. While leaving branch premises or at the time of renovation of the premises if the use of old furniture is not possible, decision to be taken to write-off residual book value. Items related to furniture be charged depreciation at 10% with Written Down Value Method. (WDV) Similarly Name Board be charged depreciation at 20% with Straight Line Method. (SLM)

xiii) Chairs

Average life of chairs is decided as 5 years. After 3 years repairing i.e. change of wheels, replacement of handles, welding work etc. may be done as required.

After completion of average life, decision may be taken to buy backed new chairs with old chairs if necessary. While buy backing old chairs loss on sale of assets be restricted to 50% of purchase price. Depreciation to be charged on chairs is at 10% with Written Down Value Method. (WDV)

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ix) Lockers, Cabinet, Cash and Gold Safes, Strong Room Doors cupboards

Average life decided is 25 to 30 years. Depreciation be charged at 10% with Written Down Value Method (WDV). Buyback of this item excluding cupboard is hardly possible therefore no policy is been made and decision may be taken as and when required.

While purchasing above equipment the amount up to Rs.5,000/- be debited to Profit & Loss Account of the branch and not to capitalize. While purchasing the dead stock up to Rs.10,000/- at least one quotation to be sought and sanction in appropriate authority to be taken on record. Minimum two quotations are required to purchase the dead stock exceeding the amount Rs.10,000/- While buy backing/ sale old items if following criteria are fulfilled then power to sanction loss on sale of asset lies on Hon. General Manger.

- Concern item should complete 85% to 100% of estimated life.
- Branch has recommended that concern item required frequent repairs and henceforth reuse of the same is not possible. (beyond repair)
- Loss on sale of asset is within prescribed limit of Rs.50,000/- as per policy.
- Other than above sanctioning power for loss on sale of asset will be as below.
- Up to Rs.1,00,000/- Hon. General Manager
- Up to Rs.1,50,000/- Hon. Chief General Manager
- Up to Rs.2,00,000/- Hon. Chief Executive Officer
- Above Rs.2,00,000/- Hon: Board of Directors

Sanctioning authority for sale without loss or buyback is rests with Head of the Department, Estate.

x) Residual Value of Assets

In order to have a better control over the assets, the assets which are fully depreciated but are still in use will be carried in the book of accounts at a residual value of Re.1/-. This will ensure that such assets are included in



the list for physical verification when conducted.

xi) Call Management System (CMS)

All Branches should place their demand or request for sanction for any repair, through CMS by locking their call along with details, quotations/bills as Estate Department are ISO certified.

xii) Vehicle Policy: - Sanctioned Policy for Bank's owned vehicles is as below

a) Number of vehicles: -

There would be 7 vehicles. Three Vehicles for executives of the Bank, three vehicles for Cash, and one vehicle for other work. Decision regarding any increase or decrease in the number of vehicles may be taken by Hon. Board of Directors Meeting.

b) Capital and Maintenance Expenditure

Provision for expenditure and purchase of new vehicle and maintenance of existing vehicles to be made and seek sanction at the beginning of the financial year. If actual expenditure exceeds provision, then a separate sanction of Hon. Board of Directors to be taken.

c) Purchase of new vehicle

If necessary new vehicle may be purchased. For this concern Department / Branch would send required proposal. If this purchase is within the annual budget, then it will be within the power of Hon. C.E.O./M.D otherwise the Board of Directors will take the decision. Sanctions given by Hon.C.E.O./M.D information regarding that will be put before the Board Meeting for information.

d) Sale of old vehicles

Any vehicle of the Bank will be used for a maximum period of 5 years and / running of approximately 1.50 Lac Kilometers whichever is earlier. There after review of the condition of the vehicle will be taken for usefulness of





vehicle and decision may be taken in the powers of General Manager, Estate. Tenders to be called for the vehicles to be sold by giving advertisement in local newspapers. Sale of vehicle is to be done on as is where is basis and to be sold for highest price offered. Possession and ownership in the vehicle may be passed on to concern Individual / institution only after receipt of complete amount as mentioned in the offer letter. Powers to decide the period within which the entire amount to be received as per acceptance letter are delegated to Hon. General Manager, Estate.

e) Depreciation

Vehicles to be charged depreciation at 20% with Written Down Value Method. Board of Directors has the right to make necessary changes in this if required.

7. Management of vehicles

While doing management of vehicle control to be kept on the things mentioned below. Responsibility of this will be rests with Secretarial Department or as directed by Hon. Chief Executive Officer.

Record to be kept for, which vehicles are used and for what purpose

- i) Record to be kept about the driver and responsibility of vehicle given to him. (Duty Register)
- ii) Pay attention that the vehicle is used properly by concerned Driver.
- iii) To ensure that the concerned driver is maintaining Log Book in which daily running of vehicle and other details are maintained. On that basis average consumption of fuel can be decided.
- iv) If vehicle is under repair alternate arrangement to be made for vehicle and driver.
- v) On the spot decision to be taken about use of vehicle, If necessary.
- vi) Ensure that the license of the drivers is renewed from time to time.
- vii) Vehicle repair quotation to be taken, fuel requisition slip to be taken with signature.
- viii) Validity of vehicle, RTO Tax, Insurance Renewal, Compensation from insurance company etc. procedure will be carried out by Estate Department





g) Vehicle Expenses

Delegation of power at various levels for expenses of fuel of vehicle, repair (Insurance), etc. be done as and when required.

h) Other

Apart from owned vehicles if required vehicles may be taken on rental basis. Powers to decide in this regard is vested with Hon. Chief Executive Officer

8. Risk Identification: -

Operational Risk: - Delay in repairing /replacing in dead stock may hamper customer service.

Financial Risk: - Banks vehicles should be properly insured.

Legal Risk:- Vehicle documents should be complete and updated. Drivers must have valid license to drive vehicle.

Note: - In case of any updation , Policy May be reviewed Yearly by Board of Directors.

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Managing Director