

THE FOOD CORPORATION OF INDIA
HEAD QUARTERS : NEW DELHI

No. ACCTS/9(24)/91-92

DT: 4.3.1992

CIRCULAR NO. 593/ACCTS.

The existing accounting policies of the Corporation have been reviewed and the following changes/additions/deletions have been effected :-

1. Para 1(c) : Para 1(c) be deleted.
2. Para 6(a)(IV) : Add the word Banks after State Government.
3. Para 5 : Para 5 be read as Para 5(a).
4. Para 5(b) : Para 5(b) be added and read as under.

“Property taxes and other levies/service charges etc. on the godowns belonging to the Corporation charged by local authority/administration and which are legally payable shall be accounted for on accrual basis.”

5. Para 5 (c) : Para 5(c) be added and read as under –

“All undisputed taxes/levies i.e. Central/State sales tax, purchase tax/octroi/entry tax, Nirashrit / Mandi tax, excise, custom duty etc. which are Legally payable and paid within the stipulated period shall be accounted for on accrual basis.”

6. Para 6(a) (X) : Para 6(a) (X) be amended as under -

“Refunds including rebates/interest thereon, due on account of taxes and levies.”

7. Para 6(a) (XI) : Para 6(a) (XI) be deleted.
8. Para 6(a) (XII) : Para 6(a) (XII) be deleted.
9. Para 6(b) (i) : Para 6(b) (i) be read as under –

“Gratuity and pro-rata pension payments to the Govt of India.”

10. Para 6(b) (ii) : Para 6(b) (ii) be read as under –

“All disputed taxes/levies i.e. Central/State Sales Tax, Purchase Tax/Octroi/Entry Tax, Nirashrit / Mandi Tax, Excise, Custom duty etc. shall be accounted for on cash basis only but should be shown as Contingent Liability. Sales Tax paid over and above the actual collections and disputed is shown as deposit recoverable and is charged in the year of settlement.”

11. **Para 6(b) (IV)** : Para 6(b) (IV) be deleted.
12. **Para 6(b) (V)** : Para 6(b) (V) be deleted.
13. **Para 6(b) (IX)** : Para 6(b) (IX) be deleted.
14. **Para 6(b) (XI)** : Para 6(b) (XI) be deleted.
15. **Para 6(b) (VI), (VII), (VIII), (X) and 6(B) (XII)** have been renumbered as **6(b) (IV), (V), (VI), (VII) and (VIII)** respectively.
16. **Para 7(a)** : **Para 7(a) be read as under –**

“Fixed assets are accounted for on historical costs less depreciation (except for free-hold land at cost) on written down value basis. The rates and methods of depreciation being adopted as prescribed in the Income Tax Act, 1961 and Rules framed there under as amended from time to time.”

Explanatory Notes :

1. **Para 1-C** : Quality cuts imposed are deducted from purchase cost and are accounted for in the same year as purchases and therefore this para is deleted.
2. **Para 6(a) (XI)** : Foreign Exchange variance amount shall be accounted for on and accrual basis as per Accountings Standards. Hence these **Para 6(b) (XI)** paras are deleted from cash basis.
3. **Para 6(b) (i)** : Arrears of pay and allowances and wages to staff and departmental labour shall be accounted for on the basis of orders issued prior to 31st May on accrual basis. In the event of any order being issued, there after and before finalisation of account including certification by Regional St.. Auditors, adjustments shall be made at Regional Office level. For events occurring after, the date of certification of

Regional consolidated accounts by Regional St. Auditors entries shall be passed at H.Qrs. level.

4. **Para 6(b) (IV)
(V) and) : These paras shall be accounted for on accrual basis.
Hence deleted
Para 6(b) (IX))**
5. **Para 6 (a) (IV))**
6. **Para 6 (a) (X) : Self explanatory**
7. **Para 6 (b) (ii)**

All changes /additions /deletions are effective from 1.4.1991 (1st April, 1991).

**Sd/
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MANAGER (ACCOUNTS)**