

FOOD CORPORATION OF INDIA
HEAD QUARTERS : NEW DELHI

No. ACCTS/9(24)/92-93

Dated :22.1.1993

CIRCULAR NO. 619/ACCPOUTS.

The Accounting Policies of the Corporation have been reviewed and the following changes are incorporated.

1. Heading : The Accounting Policies of the Corporation shall be called "Significant Accounting Policies".
2. Para 4 of Accounting Policy be read as under :-

Items of Income / Expenses for each claim/bill other than interest on banking transactions pertaining to previous years above Rs. 1,00,000/- which arise in the current period as a result of error or omission are accounted for under the head "Adjustment relating to previous years". However, this limit of Rs. 1,00,000/- will not apply in case of balance amount of Railway Claims/liabilities remaining in books after linking of missing and unconnected wagons.

The charges/credits arising on the outcome of a contingency which at the time of occurrence could not be estimated accurately does not constitute an error but a change in estimate. Such an item is not treated as prior period item.

3. Add the following para as para 5(d) :

Para 5(d) : No provision for accrued expenses is made in the accounts where the individual bill/claim is less than Rs. 1,00,000/-.

4. Add the following para as Para 5(e) :

Para 5(e) : Contingent liabilities (claims against the Corporation not acknowledged as debts) are disclosed in each case above Rs. 1lakh, Contingent liabilities shown in previous years' schedule but less than Rs. 1lakh need not be included.

5. Add the following para as para 5(f) :

Para 5(f);Prepaid expenses upto Rs. 10,000/- in each case are charged to revenue

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

Para 6(b) (ii) : All disputed taxes/levies i.e. Central/State Sales Tax, Purchase Tax/Octroi/Entry Tax, Nirashrit/Mandi Tax/Excise, Custom duty etc. However, the same should be shown as contingent liability provided the amount/claim in each case exceeds Rs. 1 lakh. Sales Tax paid over and above the actual collection and disputed is shown as deposit recoverable and is charged in the year of settlement after the assessment is over.

7. Para 6(b) (viii) be read as under :

Para 6(b) (viii) : Claims against the Corporation including salaries & wages which are prima-facie under dispute.

EXPLANATORY NOTE :

1. Para 1 to 7 self-explanatory
2. These policies are effective from 1.4.1992.

Sd/-
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