

FOOD CORPORATION OF INDIA  
16-20, BARAKHAMBA LANE,  
HEAD QUARTERS : NEW DELHI

**No. Accts/14(1)/93**

**Dated : 25.5.1993**

**CIRCULAR NO. 632/ACCTS.**

Reference is invited to Hqrs. Circular No. 448 dated 21.1.88 followed by Circular No. 592/Accts dated 4.3.92 issued under reference No. Accts/14(1)/91-92 where classification of the assets with reference to the block of assets as acquired by the corporation has been shown.

Doubts have been expressed in certain quarters as to why Office equipments have been included under the group "Plant & Machinery" :

The following clarifications are given :-

The assets in respect of which depreciation allowance is claimed must be either buildings, machinery, plant or furniture, depreciation in the value of any other capital asset cannot be deducted from business profits. Depreciation is not allowable on the cost of land on which a building is erected. But "building". This stands incorporated in Accounts Manual para 10.5.9 includes road which link or provide approach to buildings, driveways and compound walls, fences, culverts and drainage.

The word "plant" must be given a wide meaning. It is defined by Section 43(3) as including ships, vehicles, books, scientific apparatus and surgical equipment. It would not include, for the purposes of this Act, animals or the human body. Plant in its ordinary sense includes whatever apparatus is used by a businessman for carrying on his business; not his stock-in-trade which he buys or makes for sale, but all goods and chattels, fixed or movable, which he keeps for employment in his business with some degree of durability. Thus plant has been held to include knives and lasts of which the average life was three years, loose tools and implements, bottles and shells used by the manufacturer of soft drinks, gas cylinders, movable partitions, coal tubs, cast iron pipes and winding and guiding ropes, sanitary and pipeline fittings (removable or irremovable), electric fittings and installations, ceiling and pedestal fans, office appliances, internal telephone system, air-conditioning equipment, the freezing chamber in which such equipment is located, thermocole or fibre glass insulation in a cold storage, safe deposit vaults, wells, railway sidings, fencing around a refinery, a reinforced concrete foundation to support a machinery, a dry dock for ship building and repairing, and swimming and paddling pools. In the case of an ice-cream manufacturer, plant has been held to include cold storage room, platform for machinery, observation tower and cooling tower.

It will be observed that machinery and plant includes office appliances, inter-com facility, air-conditioner etc.

Sd/-  
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ADDL. FINANCIAL ADVISER (A/cs)