

FOOD CORPORATION OF INDIA  
HEAD QUARTERS : NEW DELHI

**No. Accts/14(1)/93-94**

**Dt : 9/2/94**

CIRCULAR NO. 651/Accts

Sub. Accountal of assets sold/demolished/discarded/destroyed during the year reg.

The instructions on accountal of loss/income (Capital gains) on sale of fixed assets were issued vide Circular No. 521/Accts dated 30.8.89 which stipulates as follows :

“Money payable in respect of assets/sold/demolished/discarded or destroyed during the year including scarp value is to be credited to the block of assets concerned”.

It clearly states that any excess/short amount in case of sale of asset has to be adjusted in the concerned block of by removing that asset from the account by crediting the respective block of asset, debiting depreciation reserve to the extent available and debit to Bank for the amount realised on sale or any amount received from Insurance, salvage or compensation treating the same as selling price.

In so far as the accountal or demolished/discarded of destroyed assets are concerned where no sale has been made during the year, the amount of written down value to the extent available would be adjusted/credited to the block of assets concerned after obtaining the necessary approval from the competent authority. In case the approval for removing the asset is not received from the competent authority, the W.D. V. of such assets should be shown under “Assets not put for use” during the year and no depreciation on such assets is to be charged/claimed. In other words “No depreciation repeat no depreciation need to be provided/charged in the accounts for assets sold/demolished/discarded or destroyed during the year.

These instructions may strictly be followed to avoid adverse audit comments.

Sd/-  
(M.V. AVADHANI)  
JOINT MANAGER (A/cs)