

THE FOOD CORPORATION OF INDIA  
HEAD QUARTERS : NEW DELHI

**No. Accts/31(10)/94**

**DT: 28.2.1995**

CIRCULAR NO. 675/ACCTS

Sub.: Prepaid expenses – Accountal thereof.  
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It has been noticed that certain unit offices have not been following the instruction contained in our Circular No. 472/Accts. dated 20.6.1988, regarding accountal of prepaid expenses which clearly states that the portion of expenses paid in current year but related to next financial year are to be booked/debited to A/c head 8.232 – prepaid expenses provided the amount of the individual bill/claim exceeds Rs. 2500/- alone relating to subsequent financial year. This limit was however, raised from Rs. 2500/- to Rs. 10,000/- in view of volume of transactions of the Corporation and included to our significant Accounting policy 5 (f) issued under reference No. Accts/9(24)/92-93 dt. 22.1.93 vide Circular No. 619/Accts.

It is, therefore, clarified that the expenditure such as Guarantee fees on Guarantees given by the Central Govt., Bank Commission on Guarantees given by Bank on behalf of Corporation, Rent, Taxes and Insurance etc. etc. paid in advance pertaining to subsequent year should be booked to prepaid expenses – Account Head 8.232 (available in Chart of Accounts) in respect of bills/claims exceeding Rs. 10,000/- and furnish schedule thereof, complete in all respect, indicating period etc. with the audited accounts every year. The amount booked under A/c head 8.232 will be charged to revenue account heads in the year to which it relates. These instructions must be followed scrupulously to avoid any adverse comments from statutory Auditors/Govt. Audit.

Please acknowledge the receipt of this Circular.

Sd/-  
(G. MOHAN)  
ADDL. FINANCIAL ADVISER (A/s)