

## Preface to the Fourth Edition

Accounting has been defined as the systematic recording of business transactions, their summarization and the interpretation of such summarization.

Accounting has two important functions. The first important function is to present a true and fair review of the working results and the financial position of the enterprise for the benefit of the shareholders, creditors, bankers, investors and the Government. In case of a Public undertaking which are owned completely by the nation, the question of public accountability comes in and the accounts have to show the true and fair view of the working results and the financial position of the undertakings for the use of Parliament, in addition to the Government and all the other external agencies.

The second important function of accounting is to bring out the financial results of the working of the enterprise as a whole as well as the various operations and activities at frequent intervals as far as possible in order to aid the management in its task of decision making and decision reviewing and formulating short and long term policies. The accounting services have to furnish management with information for use in keeping constant control and grip over the business operations and in planning business policy.

The Food Corporation of India is a premier organization handling the imports, procurement, movement and issues of foodgrains for the public distribution system in all the States and occupies a commanding position in the foodgrains trade in India.

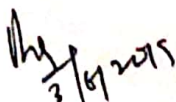
The accounting procedures and systems have kept pace with the enormous expansion which has taken place in the activities of the Corporation. The instructions on the accounting system, writing up of the books and the maintenance of the accounts have been updated from time to time over the years taking into account the operational needs. Several new accounts heads have been opened and several modifications in chart of accounts have been made, so that the accounts would bring out the financial results of the various operations and serve the needs of the management from time to time.

The third edition of the Accounts Manual was published in Year 1993. FCI has introduced Financial Accounting Package (FAP) w.e.f. 01.04.2013 to maintain books of account. Subsequently, previous accounting heads are now regrouped in FAP. The present edition has been updated incorporating the revisions in the accounting procedures and systems effected during these years to meet the requirement of change in Accounting Policies and Standards. Such changes have been corrected up to February 28, 2019.

Every year circular/instructions are issued by the Headquarters to be followed while closing the Annual accounts. Such instructions have been incorporated in the present compilation. Every year Acts/ rules / notifications/ instructions are issued by Government of India (GOI) on Direct and Indirect Taxation. Such instructions as applicable on Corporation have been incorporated in the present compilation. However, GOI instructions relating to tax matters may be referred from time to time for changes, if any.

I am sure that the fourth edition of the Accounts Manual will serve the needs of the Administrative / Accounts Officers and be found useful to them as a book of reference in their day to day operations.

New Delhi  
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(B S Mohapatra)  
Executive Director (Finance)