ACCOUNTING CIRCULAR NO # 54

Sub: **Classification of Contingent Liabilities(Claims against the Corporation not acknowledged as debts)**

Ref-   i. Note No- 17(a) of Schedule -XXIX appearing in Notes forming part of Accounts
ii. Para No 68 & 69 of Accounting Standard -29 (Provisions, Contingent Liabilities & Contingent Assets) issued by ICAI

1. Following is mentioned in para 68 & 69 of Accounting Standard 29 issued by ICAI with respect to contingent liability;

   "Unless the possibility of any outflow in settlement is remote, an enterprise should disclose for **each class of contingent liability** at the balance sheet date a brief description of the nature of the contingent liability.

   In determining which provisions or contingent liabilities may be aggregated to **form a class,** it is necessary to consider whether the nature of the items is sufficiently similar for a single statement about them."

2. Accordingly based on AS 29, CWC is depicting the status of contingent liability at the end of FY in notes forming part of Accounts at S.No. 17(a) Schedule XXIX. CWC is giving classification of claims against the Corporation not acknowledged as debts, in following manner:

   Claims made by
   i)   **Central Govt. Departments**
   ii)   **State Govt. Departments or local Bodies**
   iii)   **Central Public Sector Enterprises (CPSEs)**
   iv)   **Others (Not covered above)**

3. During the review of financial statements received from Regional Offices, it has been noticed that some of the ROs are incorrectly classifying the type of claimant in the status of contingent liability. In order to rule out any misclassification of contingent liability, the following guidelines are advised to be followed to maintain the uniformity across CWC.

Sl. No.	Type of Party	Type of claimants to be Reported
1.	Central Government Departments	All Central Government Departments like: (i) Department of Customs (ii) Service Tax Department (iii) Central Goods & Services Tax Commissionerate (iv) Autonomous bodies under Government of India like **Major Port Trusts** e.g. Mumbai Port Trust, Kolkata Port Trust and Cochin Port Trust etc (v) Railways; (vi) or any other pure Central Government Departments.
2.	State Government Departments or Local Bodies	a) All State Government Departments like: (i) Sales tax Department. (ii) State Goods & Service Tax Commissionerate (iii) APMCs or any other marketing board of state government (iv) Any other State authorities like land allotting Authorities, KIADB etc. (v) All State PSUs like State Civil Supplies corporations, State Marketing Federations and State Warehousing Corporations etc. (vi) Minor Port Trust e.g. Kakinada Deep Water Port, Cuddalore Port etc. b) All **local bodies** like Municipality/Municipal corporation (for Property Tax claims), Zilla Parishad, Nagar Panchayat, Mandal Panchayat and Gram Panchayat etc.
3.	Central Public Sector Enterprises (CPSE's)	All Central PSUs like: (i) FCI (ii) All Nationalised banks (iii) NAFED (iv) Gail India; (v) or any other central PSUs
4.	Others	All the parties/claimants except those which are covered at Sl. No.1 to 3 above shall be categorised under the type "others".

The above guidelines should be strictly adhered to without fail and any incorrect classification done in last FY be rectified in Current FY.

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Distribution to:

1. All Regional Managers of CWC.
2. All DGMs/AGMs/Managers/(Sr.) Asst. Managers in-charge of the Finance, Accounts & Internal Audit Wings of all ROs.

Copy for information to:

1. All DGMs/AGMs/Managers/(Sr.) Asst. Managers/Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi
2. GGM (F&A), CWC, CO, New Delhi.
3. Director (Fin.), CWC, CO, New Delhi.
4. PPS to GGM (Systems), CWC, CO, New Delhi with request to place this Circular on CWC's Website.
5. Manager (Rajbhasha), CWC, CO, New Delhi, with a request to arrange Hindi version of this circular.