The Institute of Cost Accountants of India
12, Sudder Street, Kolkata – 700 016.

CONFIDENTIAL

Minutes of
278th Meeting of the Council of the Institute held on Thursday, January 17, 2013 at 11.00 a.m. at the office of The Institute of Cost Accountants of India – Ahmedabad Chapter, 402-403, Shopper's Plaza-III, 4thFloor, Opp. Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380 009.

The following members were present:

1) CMA Rakesh Singh, President
2) CMA Suresh Chandra Mohanty, Vice-President
3) CMA Amit A. Apte, Member
4) CMA Sanjay R. Bhargave, Member
5) CMA Pramodkumar V. Bhattad, Member
6) CMA Aruna V. Soman, Member
7) CMA A.S. Durga Prasad, Member
8) CMA M. Gopalakrishnan, Member
9) CMA Dr. P.V.S. Jagan Mohan Rao, Member
10) CMA Dr. Sanjiban Bandyopadhyaya, Member
11) CMA T.C.A. Srinivasa Prasad, Member
12) CMA Manas Kumar Thakur
13) CMA Sanjay Gupta, Member

Leave of absence was granted to CMA Hari Krishan Goel, Members; Shri K. Govindaraj, Shri Ashish Kumar, Smt. Nandana Munshi, Shri G. Sreekumar and Shri A.K. Srivastava, Government Nominees, who could not attend the meeting.

CMA Kaushik Banerjee, Additional Secretary attended the Meeting as Secretary of the Meeting by authority of the Council.

The President welcomed the members for making it convenient to attend the meeting. He informed that this is the first meeting after the demise of one of our colleague Late CMA A. Om Prakash. One minute's silence was observed as mark of respect to the departed soul.

CMA M. Gopalakrishnan, Immediate Past President also stated that it was an immense loss of losing such a person at his prime age. He further stated that the association of Late CMA A.Om Prakash with the Institute has been very long and he has always been known as a person who had put the students concern as the primary objective. He was always committed to the need and requirement of the students. Inspite of his ailing health, he was always concerned about his duties and responsibilities as a Council Member.

The President stated that fate is something which we cannot avoid and obviously the sentiments of CMA M. Gopalakrishnan, Immediate Past President are also the sentiments of the Council.

The President stated that a challenge was thrown to this profession that for first hand use of XBRL technology and as per the information received there are about 3800 reports which have been very successfully filed. He stated as CMA professionals have not only met the challenge of new system but are also leading and appreciated of this whole scheme by the Ministry. The Institute has helped the members by providing free software and continuously training them in this regard.

Further, the new Companies Bill, 2012 has been cleared by the Lok Sabha and there are few provisions therein, which are of primary concern for the Institute and are needed to be addressed at the earliest. The members authorized the President to take necessary action in the matter.

CMA Dr. Sanjban Bandyopadhyaya stated that we are aware that how in the last Council only two persons moved on the issue of Companies Bill and CMA S.C. Gupta also accompanied with him in one or two occasions. The humble submission that time made by him to the Standing Committee was that we will bring out the Sectoral Internal Audit Guidelines and the paras of the cost record which are needed for the proper internal control mechanism. He requested all to work in a war footing so that we can bring out the required materials at the earliest.

CMA Amit A. Apte stated that at least in a couple of provisions which were passed by the Lok Sabha, where the name of our Institute continues to be the Institute of Cost and Works Accountants of India. In response, the President stated that the bill had been prepared in a hurry. So it will be automatically changed and the Ministry is also aware, once it goes to the Secretariat and thereafter no one can intervene. The PD Committee also has to take a call in the matter relating to the Bill.

On a query from CMA Dr. Jagan Mohan Rao about the expectations from the Corporate Laws Committee, the President stated that the Committee has to give recommendations on the Rules to be framed under the new Company Bill.

The President, thereafter, took up the agenda

278.1 Confirmation of Minutes of 277th Meeting of the Council of the Institute held on Monday, 1st October, 2012 at Delhi Office of the Institute at CMA Bhawan, 3, Institutional Area, Lodi Road, New Delhi – 110 003.

CMA T.C.A. Srinavasa Prasad enquired about the status of Nagpur Centre of Excellence.

CMA P.V. Bhattad replied that the steps are being taken to commence the work are the Nagpur Centre of Excellence soon.

To the query of CMA T.C.A. Srinavasa Prasad, member the President mentioned that several options for selection of the Logo for the Institute has been made and It may take some more time to finalize the logo.

CMA M. Gopalakrishnan, Immediate Past President congratulated CMA Aruna V. Soman for her contribution in successfully arranging to publish the Annual Report, 2011-12. The other members also appreciated the efforts of CMA Aruna V. Soman.

The members also deliberated that whenever any matter relating to the Council is uploaded on the website, the same should be informed to the Council members by e-mail.

On a query from CMA T.C.A. Srinivasa Prasad, the President replied that the Institute has got the Chair on Sustainability from International Federation of Accountants (IFAC).

CMA T.C.A. Srinavasa Prasad informed the Council that on persuasion, the HDFC has agreed for a reduction on online payment charges to 1%. The members appreciated the efforts of CMA T.C.A. Srinavasa Prasad.

The members also deliberated on certain issues relating to the Chapter Bye-laws for which Notification dated 1st January, 2013 has been issued, which are needed to be modified. The President was authorized to take necessary action for modification of the Chapter Bye-laws considering the suggestions given by the members.

It was also noted that at the end of the Minutes of 277th Meeting of the Council held on 1st October, 2012, the following sentence should be incorporated:

"There being no other item for consideration, the meeting ended with a vote of thanks to the Chair."

The Minutes of 277th Meeting of the Council held on 1st October, 2012 were confirmed subject to above.

278.2 Action Taken Report on 277th Meeting of the Council of the Institute held on Monday, 1st October, 2012 at Delhi Office of the Institute at CMA Bhawan, 3, Institutional Area, Lodi Road, New Delhi – 110 003.

The report on the Action Taken on 277th Meeting of the Council of the Institute was noted by the members.

278.3 To consider increase in Associate Membership Fee, Certificate of Practice Fee and Duplicate Certificate Fee.

The President informed that in order to provide better and improved services to the members, the Institute needs resources. It has been noticed that the Associate Membership Fee of the Institute is marginally less than the Institute of Company Secretaries of India and the Fellow membership fee is the same as that of Institute of Company Secretaries of India. Again, the fee for Certificate of Practice of our Institute is substantially lower than that of Institute of Chartered Accountants of India. With a view to bring about parity in the Associate Membership fees with the sister Institute and also to recover partly the expenditure defrayed in launching the online membership system and other IT initiatives, it is proposed to revise the fee for Associate Membership Fee from existing Rs 800/- to Rs 1000/- for the year 2013-14 onwards.

Further, due to lack of practising opportunities, the Certificate of Practice Fee was very low all along. This was increased to Rs.1000/- with increasing scope. With the introduction of filing of reports under XBRL mode, the Institute is now required to continuously liaison with the MCA and supply database to them on a weekly basis. However, the MCA has now asked for online checking of membership data for which the Institute is required to provide high capacity servers and extend online system to MCA for this purpose. It would be necessary to provide extensive firewall since access would be made on the Institute's servers for such checking. This would involve a lot of capital expenditure as well as dedicated staff to monitor and update the systems.

Further, the Institute has also provided the members free software for conversion of reports to XBRL for filing. Huge numbers of programmes have also been organized to train the members in the new mechanism, mostly free of cost. It is now necessary to train the new members entering the profession in the areas of maintenance of cost accounting records and cost audit and other areas available under the statute as an ongoing CEP activity that would involve a lot of expense.

Considering the increased professional opportunities for members in practice and to partly recover the cost of providing free software, investments in membership software and servers as well as CEP and professional development activities, it is necessary to revise the fee for Certificate of Practice and it is proposed to increase the same to Rs.2000/- to be made effective for Certificate of Practice to be issued for the year 2013-14 onwards.

In case of Duplicate Certificate Fee for members and students, the same has not been revised for a long time because the amount was fixed in the Regulations. The present Duplicate Certificate Fee does not even cover the postal charges.

Now, with amendment of the Regulations, the Duplicate Certificate Fee may be revised to Rs.100 from the members and students of the Institute.

After further detailed deliberations, the following resolution was passed;

"Resolved that the fees payable by the members under Sections 5(4) and 6(2) of Cost and Works Accountants Act, 1959 as amended be and are hereby revised and payable with effect from 1st April, 2013 from the financial year 2013-2014 onwards as follows:

Category of Fees	Amount (Rs.)
Associate Membership Fee	1000/- p.a.
Certificate of Practice Fee	2000/- p.a."

"Resolved further that the fee payable towards obtaining duplicate certificate under Regulation 102 of the Cost and Works Accountants Regulations, 1959 as amended be and is hereby revised to Rs. 100/- in each case with effect from 1st April, 2013 onwards".

278.4 To consider increase in price of Prospectus.

The Council noted that while introducing the Syllabus, 2008 w.e.f. 1st January, 2008, the price of Prospectus was fixed at Rs.200/- (Rupees Two Hundred only). Since then, there was no revision in the price of the Prospectus although there has been spiraling increase in cost.

To cater with the recent changes and the requirement of the industry, the Council has approved introduction of Syllabus 2012 and the same has already been introduced from 1st December, 2012. The new Prospectus is also ready.

After detailed deliberations on the matter and considering the students' interest at large, it was decided to fix the price of new Prospectus at Rs.250/- (Rupees Two Hundred Fifty only) and it was:

"**Resolved that** the price of Prospectus for Foundation, Intermediate and Final Course of the Institute under Syllabus, 2012 be and is hereby fixed at Rs.250/- (Rupees Two Hundred Fifty only) with immediate effect."

278.5 To consider revision of membership forms.

The Council took a note that for the purpose of XBRL and allied restructuring of database of members, various forms prescribed and used by the members at present are needed to be revised suitably. Accordingly, the Chairman, Members' Facilities & Services Committee was authorized to recommend the necessary

changes to the existing membership forms and introduce new forms, where necessary and the President was authorized to approve the same.

It was further decided that Chairman, Members' Facilities & Services Committee would explore the possibilities whether restriction could be imposed on the number of partnership firms in which a practising member can be a partner on obtaining a legal opinion.

278.6 To consider the views of the Quality Review Board on MCA letter no. 52/5/CAB-2011 dated 6th November, 2012.

The Council took a note of letter no. 52/5/CAB-2011 dated 6th November, 2012 received from the Ministry of Corporate Affairs in connection with regulating Cost Audit fee and fixing limit on the number of Compliance Reports.

The Council also noted the contents of the said letter, which were discussed by the members and the views of the Quality Review Board as under:

- The charging of the fee on the basis of the turnover may not be appropriate for Cost Audit / Compliance Report. The fee may be linked with the number of units / products.
- The fee to be charged by the members may be fixed in consultation with Ministry of Corporate Affairs.
- Since there is always a time lag of more than five years between the revision of the fees, a suitable escalation clause may be incorporated in the fee structure finalized.
- The Board also expressed the opinion that the members of the Institute may be authorised to sign up to fifty Compliance Reports in a year or for each partner of a firm of Cost Accountants.

After detailed deliberations on the matter, the letter of MCA was taken on record and the President was authorized to deliberate with the MCA in this regard.

278.7 To consider the situation arising out of death of Late A. Om Prakash.

The Council took on record the sad demise of Late A. Om Prakash on 2nd December, 2012, who was elected to the Council for the term 2011-2015. The Council also noted that his name has been removed from the Register of Members of the Institute on account of death vide Notification dated 16th January, 2013.

The Council further noted the provisions of Section 13 (3) of the Cost and Works Accountants Act, 1959 as amended, read as follows:

"A casual vacancy in the Council shall be filled by fresh election from the constituency concerned or by nomination by the Central Government, as the case may be, and the person elected or nominated to fill the vacancy shall hold office until the dissolution of the Council :

Provided that no election shall be held to fill a casual vacancy occurring within one year prior to the date of the expiration of the duration of the Council, but such a vacancy may be filled by nomination by the Central Government after consultation with the President of the Council".

After detailed deliberations, it was decided to conduct fresh election (by-election) for one vacant post in the Council from Southern India Regional Constituency.

The council decided that CMA Kaushik Banerjee shall be the Returning Officer and the detailed election schedule shall be circulated to all the Council Members. The President was authorized to take further necessary action on the matter.

In this connection, it was further decided that consequent upon retirement of Shri J.P. Singh as Additional Secretary, Delhi Office on 31st January, 2013, there is nobody to manage Delhi Office. Further, the Institute is in need of a Secretary, who shall exercise control over all offices of the Institute. Accordingly, it was unanimously decided that with effect from 1st February, 2013, CMA Kaushik Banerjee, Additional Secretary will be the Secretary (Acting) of the Institute and will exercise all powers and duties of the Secretary of the Council as provided in the Cost and Works Accountants Act, 1959 and the Rules & Regulations framed there under as amended from time to time.

It was further decided that that the pay scale and allowances of CMA Kaushik Banerjee as Secretary (Acting) will be considered by the Task Force formed for reviewing and finalizing the pay scales, promotion policy and related matters of the employees of The Institute of Cost Accountants of India in comparison with the sister professional Institutes and the President was authorized to take a final decision on the matter.

Thereafter, it was:

"**Resolved that** CMA Kaushik Banerjee will be appointed to the post of Secretary (Acting) of the Institute with effect from 1st February, 2013 and he will exercise all powers and duties of the Secretary of the Council as provided in the Cost and Works Accountants Act, 1959 and the Rules & Regulations framed there under as amended from time to time.

"**Resolved further that** the pay scale and allowances of CMA Kaushik Banerjee as Secretary (Acting) will be considered by the Task Force for reviewing and finalizing the pay scales, promotion policy and related matters of the employees of The Institute of Cost Accountants of India in comparison with the sister professional Institutes and the President be and is hereby authorized to take a final decision on the matter."

"**Resolved further that** CMA Kaushik Banerjee as Secretary (Acting) be and is hereby authorized to sign Vakalatnama and any other pleadings as may be necessary on behalf of The Institute of Cost Accountants of India as well as on behalf of the President of the Institute to protect the interest of the Institute relating to any legal matter in the High Courts, the Supreme Court of India and any other Court including statutory authority."

"**Resolved further that** CMA Kaushik Banerjee as Secretary (Acting) be and is hereby authorized to sign all papers and documents in connection with registration of land and buildings and any further documents relating to property matters on behalf of The Institute of Cost Accountants of India."

"**Resolved further that** the President be and is hereby authorized to take all necessary steps to implement the above decisions."

The Council also noted that there are some Committee Secretaries who are engaged in more than one Committee, whereby the activities of one Committee are affected when they get involved in the work of another Committee. The matter should be reviewed by the President.

The President was also authorized to review the quorum of Committees consequent upon death of Late A. Om Prakash.

On a query from CMA T.C.A. Srinivasa Prasad, it was decided that legal opinion should be taken on whether circulation of hard copy of notifications to the Council Members is compulsory or whether sending the soft copy through e-mail would serve the purpose.

278.7.1 Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency.

Consequent upon of death of Late A. Om Prakash on 2nd December, 2012, who was elected for Council term 2011-2015 and removal of his name from the Register of Members on account of death, a casual vacancy has occurred in the Council of the Institute from Southern India Regional Constituency. It was decided by the Council to fill up the said vacancy by conducting election in pursuance of Section 13 (3) of the Cost and Works Accountants Act, 1959 as amended and the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and other applicable Rules & Regulations. It was also decided

that Shri Kaushik Banerjee, Additional Secretary, who will take the office of Secretary (Acting) of the Institute with effect from 1st February, 2013 onwards, will also be the Returning Officer for conducting the said election in pursuance of clause (c) of sub-rule (1) of Rule 2 of the above-mentioned Rules.

Accordingly, it was:

"Resolved that in pursuance of clause (c) of sub-rule (1) of Rule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, Shri Kaushik Banerjee, Secretary (Acting) with effect from 1st February 2013 will be the Returning Officer for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency."

278.7.2 **Fixation of dates of elections and issuance of notification thereof for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency in pursuance of clause (a) of sub-section (2) of Section 9 and sub-section (3) of Section 13 of the Cost and Works Accountants Act, 1959 as amended read with Rules 3 & 4 and other applicable Rules of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended; and other applicable Rules & Regulations framed under the Cost and Works Accountants Act, 1959 as amended.**

It was:

"**Resolved that** in pursuance of clause (a) of sub-section (2) of Section 9 and sub-section (3) of Section 13 of the Cost and Works Accountants Act, 1959 as amended read with Rules 3 & 4 and other applicable Rules of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended; and other applicable Rules & Regulations made under the Cost and Works Accountants Act, 1959 as amended, the following dates be and are hereby fixed for the conduct of fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency:

1.	Date of issue of Notification for the purpose of Rule 4 of the Rules	Thursday, the 4th April, 2013
2.	In pursuance of Rule 4 read with Rules 9, 10, 11, 12, 14, 21, 28, 29, 30, 32 and 35 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and Regulations 114 & 115 of the Cost and Works Accountants Regulations, 1959 as amended and other applicable Rules & Regulations made under the Cost and Works Accountants Act, 1959 as amended, the Council has fixed	

	the following dates for the conduct of Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency, viz.	
	a) the last date and time for receipt of nominations [Rule 4 (2) (a) and 9]	Friday, the 26th April, 2013 up to 6:00 P.M.
	b) the date and place of scrutiny of nominations [Rule 4 (2) (b) and 12]	Tuesday, the 30th April, 2013 at the Headquarters of The Institute of Cost Accountants of India, CMA Bhawan, 12, Sudder Street, Kolkata – 700 016.
	c) the last date and time for withdrawal of nominations [Rule 4 (2) (c) and 14]	Friday, the 10th May, 2013 up to 6:00 P.M.
	d) the date and time of polling [Rule 4 (2) (d)]	Friday, the 5th July, 2013 (From 8:00 A.M. to 7:00 P.M.)
	e) the last date and time for receipt of applications for permission to vote by post [Rule 4 (2) (e) and 28]	Thursday, the 2nd May, 2013 up to 6:00 P.M.
	f) The last date and time for receipt by post of ballot papers back from voters [Rule 4 (2) (f)]	Friday, the 5th July, 2013 up to 6:00 P.M.
	g) the date and time of commencement of counting of Votes [Rule 4 (2) (g) and 32]	Wednesday, the 10th July, 2013 (from 10:00 A.M. onwards)
	h) The date of declaration of results [Rule 4 (2) (h) and 35]	Thursday, the 11th July, 2013

278.7.3 Declaration of number of members to be elected and calling for nominations of candidates for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency in pursuance of sub-rule (1) of Rule 9 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

In accordance with the applicable provisions of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that in pursuance of sub-rule (1) of Rule 9 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency:

(a) Total number of members to be elected to the Council from Southern India Regional Constituency under clause (a) of sub-section (2) of Section 9 and sub-section (3) of Section 13 of the Cost and Works Accountants Act, 1959 as amended. **1 (One)**

(b) Number of members to be elected for each regional constituency as specified in Rule 8 read with Schedule 3 and Rule 3 read with Schedule 1 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

Name of the Constituency	**Number of members to be elected**
Southern India Regional Constituency	1 (One)
Total	**1 (One)**

Nomination of candidates who desire to stand for elections to the Eighteenth Council scheduled to be held on 4th July, 2013 shall be invited accordingly."

278.7.4 Fixation of fees for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency in pursuance of sub-rule (1) of Rule 10 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

In accordance with the applicable provisions of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that in pursuance of sub-rule (1) of Rule 10 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, a candidate shall pay a fee of Rs.10,000/- (Rupees ten thousand only) for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency of the Institute of Cost Accountants of India, irrespective of the number of nominations that may be filed by him."

278.7.5 Approval for nomination form for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency in pursuance of sub-rules (3) & (4) of Rule 9 read with Schedule 4 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

In accordance sub-rules (3) & (4) of Rule 9 read with Schedule 4 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that in pursuance of sub-rules (3) & (4) of Rule 9 read with Schedule 4 of the Cost and Works Accountants (Election to the Council) Rules as amended, 2006, the Council hereby approves the nomination form for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency as annexed in Annexure 1 to the Minutes".

278.7.6 **Recognition of Qualifications for the purpose of sub-rule (4) of Rule 9 read with Schedule 4 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.**

In accordance with sub-rule (4) of Rule 9 read with Schedule 4 of The Cost and Works Accountants (Election to the Council) Rules, 2006, it was:

"Resolved that in pursuance of sub-rule (4) of the Rule 9 read with Schedule 4 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, relating to nominations for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency, for the purpose of sub-clause (a) of clause (2) of Schedule 4, the following qualifications be and are hereby recognized by the Council:

i) Academic qualifications - All degrees awarded by the Universities recognized by Government.

ii) Membership of Professional Bodies - Associate/Fellow Membership of the Institute of Chartered Accountants of India, Associate/Fellow Membership of the Institute of Company Secretaries of India, Associate/Fellow Membership of the Chartered Institute of Management Accountants, U.K. CMA Certification of The Institute of Management Accountants, U.S.A. Full/Fellow Membership of the Institute of Public Accountants, Australia and Associate/Member level Membership of the Chartered Institute for Securities & Investment, U.K.

278.7.7 **Fixation of price of List of Voters in pursuance of sub-rule (3) of Rule 6 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.**

In accordance with sub-rule (3) of Rule 6 of The Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that in pursuance of sub-rule (3) of Rule 6 of the Cost and Works Accountants of India (Election to the Council) Rules, 2006 as amended, the list of members eligible to vote (list of voters) from the Southern India Regional Constituency for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency shall be available for sale on payment of the price mentioned below:

Region	Price per printed	Price per CD

	book (Rs.)	(Rs.)
Southern India Regional Constituency	250.00	100.00

278.7.8 **Appointment of Panel for Scrutiny of nominations in pursuance of Rule 12 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.**

In accordance with Rule 12 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that in pursuance of Rule 12 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the members of the panel for scrutiny of nomination papers for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency shall be as follows:

1. Shri K. Govindaraj
   Member of Legislative Council of Karnataka Government,
   No. 206, 2nd Main, Domlur 2nd Stage,
   Bangalore –.560 071.

2. Ms. Nandana Munshi
   Principal Director of Commercial Audit & Ex-officio Member,
   No. 1, Council House Street,
   Kolkata- 700 001.

3. Shri Kaushik Banerjee
   Returning Officer
   The Institute of Cost Accountants of India,
   12, Sudder Street,
   Kolkata – 700 016."

278.7.9 **Approval of Election Code of Conduct in pursuance of Rule 16 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.**

In accordance with Rule 16 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that in pursuance of Rule 16 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the Election Code of Conduct for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency be and is hereby approved and the same is annexed in Annexure 2 to the Minutes, which shall come into effect with the publication of this Notification".

"Resolved further that if a decision has been taken by the Council or Regional Council or Chapter prior to the date of issue of Election Notification, the decision

and implementation of which could not have been undertaken after the election code of conduct comes into force, there shall be no bar in implementation of such decision by the Institute if implementation of the decision could not be made due to circumstances beyond the control of the Institute which prevented the Institute from implementing its decision before publication of the Election Notification."

"Resolved further that in pursuance of Rule 39 of the said Rules as amended, the Returning Officer or the officer authorized by him shall be entitled to issue guidelines/decisions on Election Code of Conduct."

278.7.10 Approval of Duties of Election Observers in pursuance of sub-rule (1) of Rule 23 of The Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

In accordance with sub-rule (1) of Rule 23 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that the duties of election observers for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency be and is hereby approved and the same is annexed in Annexure 3 to the Minutes."

278.7.11 Fixation of Ceiling in respect of Election Expenses and approval of format for account of election expenses in pursuance of sub-rules (1) & (2) of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

In accordance with sub-rules (1) & (2) of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006, it was:

"Resolved that in pursuance of sub-rule (1) of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the ceiling of expenditure to be incurred by a candidate for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency shall be as follows:

Election	Expense Limited to
Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency	Rs.5,00,000/-"

"Resolved further that in pursuance of sub-rule (2) of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the format for account of expenses for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency be and is hereby approved as annexed in Annexure 4 to the Minutes."

278.7.12 Approval of other Forms relating to conduct of Elections.

In accordance with Rule 28 read with sub-rule (b) of Rule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that in pursuance with Rule 28 read with sub-rule (b) of Rule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the form for permission to vote by post for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency be and is hereby approved as annexed in Annexure 5 to the Minutes."

In accordance with Rule 39 read with sub-rule (b) of Rule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it was:

"Resolved that in pursuance with Rule 39 read with sub-rule (b) of Rule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the Returning Officer is authorized to issue form for permission to vote at a polling booth or change of polling booth for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency, which is hereby approved as annexed in Annexure 6 to the Minutes."

278.7.13 Approval of Budget for expenses to be incurred in connection with Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency.

A total budget of Rs.25 lakhs was approved by the Council for expenses to be incurred in connection with Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency and accordingly, it was:

"Resolved that an amount of Rs.25 lakhs be and is hereby sanctioned by the Council for expenses to be incurred in connection with Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency and the Returning Officer is authorized to incur the requisite expenses within the sanctioned budget as may be considered necessary by him for conduct of the said election."

278.8 To consider restructuring of CAT course.

The Council took on record the proposal received from the Directorate of CAT for restructuring of CAT course as annexed in Annexure 7 to the Minutes and approved the same.

278.9 Any other item with the permission of the Chair.

278.9.1 To consider Cost Accounting Standard on Selling and Distribution Overheads (CAS-15).

The Council considered the Cost Accounting Standard on Selling and Distribution Overheads (CAS-15) as recommended by Cost Accounting Standards Board and approved the same as annexed in Annexure 8 to the Minutes. This standard is to be applied for the period commencing on of after 1st April 2013.

278.9.2 To consider Guidance note on Cost Accounting Standard on Administrative Overheads (CAS-11).

The Council considered the Guidance Note on Cost Accounting Standard on Administrative Overheads (CAS-11) as recommended by Cost Accounting Standards Board and approved the same.

278.9.3 To consider Cost Audit and Assurance Standard on Overall Objectives of the Independent Cost Auditor and the Conduct of an Audit in Accordance with Standards on Auditing (CAAS-103).

The Council considered the Cost Audit and Assurance Standard on Overall Objectives of the Independent Cost Auditor and the Conduct of an Audit in Accordance with Standards on Auditing (CAAS-103) as recommended by Cost Audit and Assurance Standards Board and approved the same as annexed in Annexure 9 to the Minutes. This standard is to be applied for the period commencing on of after 1st April 2013.

278.9.4 To consider Cost Audit and Assurance Standard on Knowledge of Business, its Processes and the Business Environment (CAAS-104).

The Council considered the Cost Audit and Assurance Standard on Knowledge of Business, its Processes and the Business Environment (CAAS-104) as recommended by Cost Audit and Assurance Standards Board and approved the same as annexed in Annexure 10 to the Minutes. This standard is to be applied for the period commencing on of after 1st April 2013.

278.9.5 To consider request for change of address of Talcher-Angul Chapter.

The Council noted that Talcher-Angul Chapter vide letter no. TAC/HO/12-13/03 dated 10.10.2012 has requested for change of address of the Chapter in accordance with the Resolution passed in the Annual General Meeting of the Chapter held on 11.08.2012.

They have also sent a copy of letter no. TAC/HO/GEN/12/13/10 dated 08/11/2012 requesting for post facto approval of EIRC for change of address.

The matter was discussed in the 7th Meeting of the Regional Councils and Chapters Coordination Committee held on 30th December 2012 at Ghaziabad and it was decided to place the same before the Council for consideration.

The Council considered and approved the change of address of Talcher-Angul Chapter as follows:

Qrs. No. C-59,
At/PO Nalconagar – 759 145,
Dt. Angul,
Odisha.

278.9.6 To consider designating an officer of the Institute as Director (Discipline).

The Council took a note that consequent upon taking over as Secretary (Acting) by CMA Kaushik Banerjee, the post of Director (Discipline) presently held by him is needed to be filled up with effect from 1st February, 2013. After detailed deliberations, it was decided that CMA Rajendra Bose, Joint Director who is looking after Membership Department shall be designated Director (Discipline) for making investigations in respect of any information or complaint received by the Disciplinary Directorate and shall act as Secretary to the Board of Discipline under Section 21A and the Disciplinary Committee under Section 21B of the Cost and Works Accountants Act, 1959 as amended.

278.9.7 To consider Foreign Tour reports of Council Members and Officials of the Institute from 1st October 2012 onwards.

The Council took a note of the tour reports of Council Members and officials of the Institute from 1st October, 2012 onwards as annexed in Annexure 11 to the Minutes.

278.9.8 To consider the qualification based reciprocal subject exemption under Syllabus 2012 with the Institute of Company Secretaries of India (ICSI).

After detailed deliberations on the matter, the Council gave in principle approval to the following qualification based subject exemption under Syllabus 2012 with the Institute of Company Secretaries of India (ICSI):

Qualification-based RECIPROCAL EXEMPTION SCHEME- under Syllabus 2012

ICSI and Institute of Cost Accountants of India

Exemption to the ICSI passed candidates from papers of Institute of Cost Accountants of India	Exemption to the Institute of Cost Accountants of India passed candidates from papers of ICSI

Foundation Course - Full exemption	**Foundation Program-Full exemption**
Intermediate Course	**Executive Programme**
Group 1, Paper 8: Cost Accounting and Financial Management	Module 1, Paper 2: Cost and Management Accounting
Group 1, Paper 7: Direct Taxation	Module 1, Paper 4: Tax Laws and Practice
Group 2, Paper 12: Company Accounts and Audit	Module 2, Paper 5: Company Accounts and Auditing Practices
Final Course	**Professional Programme**
Group 3 Paper 13: Corporate Laws & Compliance	Module 1, Paper 1 : Advanced Company Law & Practice
Group 3 Paper 14: Advanced Financial Management	Module 2, Paper 5: Financial, Treasury and Forex Management
Group 3, Paper 16: Tax Management and Practice	Module 3, Paper 7: Advanced Tax Laws and Practice

It was further decided that the subject exemption fee for each paper shall be fixed at Rs.1,000/- (Rupees One Thousand only).

The exemption shall be valid and come into force after approval of the same by the Council of the Institute of Company Secretaries of India on reciprocal basis.

278.9.9 Proposal for collection of fees through Pay-Fee Module of Punjab National Bank and Discontinuance of Fees collection in cash by Regional Councils/Chapters.

The Council noted the present problems faced by the Institute in fees collection and decided that fees from students pursuing the courses of the Institute shall have to be collected in the following modes only:-

(a) PNB Pay Fee Module – Students shall have to deposit the fee at the PNB Branches for both oral and postal students. No transaction cost has to be borne by the students in this regard.

(b) On-line Registration and Payment – through Credit/Debit Cards – for Postal Students.

(c) Where the facility as stated in (a) and (b) above cannot be availed, the students shall be given the option to pay through "Demand Draft", drawn in favour of "The Institute of Cost Accountants of India", payable at Kolkata.

The Council has further directed that with effect from 1st April, 2013, no fees (by whatever name called) from students should be collected in cash.

The benefit of payment through other Banks and the list of those designated Banks shall also be notified shortly. The Chairman, Training & Educational Facilities Committee was authorized to take necessary action in the matter on approval of the President.

278.9.10 To consider the International Seminar on Integrated Reporting and Sustainability.

The Council took a note that WTO & International Affairs Committee at its meeting held on 6th January, 2013 at Ahmedabad has decided to organize an International Professional Summit – New Approach to Sustainable Growth at such place as may be decided by the Chairman of the Committee in April, 2013 with an overall Budget of Rs.40,00,000/-.

After detailed deliberations, the Council approved the same and it was:

"Resolved that approval of the Council is given for organizing an International Professional Summit – New Approach to Sustainable Growth at such place as may be decided by the Chairman of the WTO & International Affairs Committee in April, 2013 with an overall Budget of Rs.40,00,000/-."

278.9.11 To consider the Guidance Note on Cost Audit & on Issuance of Compliance Report by Cost Accountant.

(1) Approval of Guidance Note on Cost Audit

The Council took a note that the Exposure Draft of the Guidance Note on Cost Audit was uploaded on the Institute's website on 7th December, 2012 inviting comments/suggestions from general public by 26th December, 2012. The comments/suggestions received from general public were considered by the Professional Development Committee at its meeting held on 17th January, 2013. The final version of Guidance Note was approved by Professional Development Committee in the aforesaid meeting and recommended to the Council for approval.

The Council considered and approved the same for issue as Institute's publication and it was:

"**Resolved that** the Guidance Note on Cost Audit as approved by Professional Development Committee at its meeting held on 17th January, 2013 be and is hereby approved to publish as Institute's publication."

(2) Approval of Guidance Note on Issuance of Compliance Report by Cost Accountant

The Exposure Draft of the Guidance Note on Issuance of Compliance Report by Cost Accountant was uploaded on the Institute's website on 29th November, 2012 inviting comments/suggestions from general public by 17th December, 2012. The comments/suggestions received from general public were considered by the Professional Development Committee at its meeting held on 17th January, 2013. The final version of Guidance Note on Compliance Report was approved by Professional Development Committee and recommended to the Council for approval. The Council considered and approved the same for issue as Institute's publication and it was:

"**Resolved that** the Guidance Note on Compliance Report as approved by Professional Development Committee at its meeting held on 17th January, 2013 be and is hereby approved to publish as Institute's publication."

There being no other item for consideration, the meeting ended with a vote of thanks to the Chair.

Rakesh Singh
President

Circulated to all members of the Council on 18th March **, 2013.**

Annexure 1

278.7.5 Approval for nomination form for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency in pursuance of sub-rules (3) & (4) of Rule 9 read with Schedule 4 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

FORM OF NOMINATION OF A CANDIDATE FOR FRESH ELECTION (BY-ELECTION) TO THE COUNCIL, 2013 FROM SOUTHERN INDIA REGIONAL CONSTITUENCY OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

[See Rule 9,10 & 11 and other applicable Rules of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended (the Rules)]

NOMINATION

We, the undersigned members of The Institute of Cost Accountants of India, not being in arrears this day in respect of our respective annual membership fee for the current year and being eligible to vote under Rule 5 in the fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency of the Institute notified to be held during the calendar year 2013 do hereby nominate _____ who is a Fellow Member of the Institute belonging to Southern India Regional Constituency, as a candidate for election to one seat to be filled up from Southern India Regional Constituency in accordance with the provisions contained in The Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

1. Signature of Proposer :

   Name :

   Membership No. :

   Address :

   Date :

2. Signature of Seconder :

The Institute of Cost Accountants of India
12, Sudder Street, Kolkata – 700 016.

Name :

Membership No. :

Address :

Date :

CONSENT

I,.....being a Fellow Member of the Institute on the 1st day of October, 2012, belonging to the Southern India Regional Constituency and not being in arrears of my entrance fees, annual membership fees and other dues on the 1st day of October, 2012, and having my name borne on the Register, agree to stand as a candidate for fresh election (by-election) to the Council, 2013 from Southern India Regional Constituency to one seat to be filled up from the said constituency in the election notified to be held during the calendar year 2013.

I declare that I am eligible to stand for election to the Council in accordance with the Rule 7 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

*I.....send herewith / I have already sent nomination fee of Rs. 10,000/- (Rupees Ten Thousand only) by demand draft No..... dated ..... drawn on .....(Bank) in favour of The Secretary, The Institute of Cost Accountants of India, payable at Kolkata.

I send herewith / I have already sent Security Deposit of Rs. 20,000/- (Rupees Twenty Thousand only) by demand draft No. .....dated.....drawn on .....bank in favour of The Secretary, The Institute of Cost Accountants of India payable at Kolkata.

I agree to abide by the provisions of the Cost and Works Accountants Act, 1959, The Cost and Works Accountants (Election to the Council) Rules, 2006 and The Cost and Works Accountants Regulations, 1959 and amendments thereof and other applicable Acts, Rules and Regulations as well as the decisions taken by the Council / Returning Officer in regard to Elections from time to time and forward herewith the statement (and photograph) pursuant to Schedule 4 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, as annexed to this nomination form.

Signature of the Candidate

Name in Full :

Membership No. :

Address :

Dated.....day of.....2013.

STATEMENT PURSUANT TO SUB-RULE (4) OF RULE 9 READ WITH SCHEDULE 4

[To be annexed to the Nomination Form for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency of The Institute of Cost Accountants of India]

(1) I....., give below the particulars concerning myself :

(a) Name :

(b) Membership No. :

(c) Professional Address :

(d) Voter's serial number as published in the List of Voters :

(e) Date of Birth :

(f) Whether Fellow and the date on which became Fellow :

(g) Date of Enrolment as an Associate member :

(h) Whether citizen of India :

(i) Whether found guilty of any professional or other misconduct and consequently whether he has been reprimanded or the name has been removed from the Register or has been awarded penalty of fine as :

on the date of nomination;

If the answer to (i) above is in affirmative, provide the following details, wherever applicable (separately) for each misconduct for which found guilty)

(i) The offence for which found guilty :

(ii) The date of reprimand :

(iii) The date from which the name was removed on account of above disqualification from the Register :

(iv) The total period of removal :

(v) The date on which the period of removal expires :

(vi) Whether the removal was on account of misconduct falling under the First Schedule or the Second Schedule :

(vii) The date on which the penalty of fine was awarded :

(viii) Amount of penalty of fine :

(ix) The date on which the payment was made for penalty of fine awarded :

(j) Whether appointed as the auditor of the Institute and, if so, whether the period of three years had already expired after he has ceased to be the auditor of the Institute, along with the dates of appointment and cessation as auditor :

(k) If that period has not yet expired, the date on which it shall expire :

(l) Details of past and present membership of the Council including the Office of the President and / or Vice President of the Institute :

(m) Whether holding a post under the Central :

Government or State Government as defined in sub-section (3) of Section 9 of the Cost and Works Accountants Act, 1959 as amended

(n) Whether an employee of the Institute in accordance with clause (f) of proviso to Rule 7 :

(2) The statement referred to in clause 1 may also contain, at the option of the candidate, information concerning the candidate in respect of the following: :

(a) Academic qualifications (diplomas including post qualification diploma(s) and degrees recognised by Government / Council and membership of professional bodies recognized by the Council); :

(b) Merit awards (limited upto first three positions) in the examinations of recognised universities and the examinations conducted by the Institute; :

(c) Particulars of occupation:- :

(i) Employment (designation with name of present employer) :

(ii) Practice (sole proprietor or in partnership including the name of the firm) :

(iii) Particulars of other occupation / engagement, if not covered by (i) and (ii) above; :

(d) Past and present membership of Regional Councils and Managing Committees of Chapters of Regional Councils and office of Chairman, Vice-Chairman, Secretary and / or Treasurer in the case of Regional Councils and / or Chapters of Regional Councils. :

Signature of the Candidate

VERIFICATION

I.....do hereby declare that the particulars given above are true and correct to the best of my knowledge and belief.

Signature of the Candidate

Place :

Date :

STATEMENT PURSUANT TO SUB-RULE (4) OF RULE 9 READ WITH SCHEDULE 4

[To be annexed to the Nomination Form for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency of The Institute of Cost Accountants of India]

(1) I.....give below the particulars concerning myself :

(a) Name :

(b) Membership No. :

(c) Professional Address :

(d) Voter's serial number as published in the List of Voters :

(e) Date of Birth :

(f) Whether Fellow and the date on which became Fellow :

(g) Date of Enrolment as an Associate member :

(h) Whether citizen of India :

(i) Whether found guilty of any professional or other misconduct and consequently whether he has been reprimanded or the name has been removed from the Register or has been awarded penalty of fine as on the date of nomination; :

If the answer to (i) above is in affirmative, provide the following details, wherever applicable (separately) for each misconduct for which found guilty)

(i) The offence for which found guilty :

(ii) The date of reprimand :

(iii) The date from which the name was removed on account of above disqualification from the Register :

(iv) The total period of removal :

(v) The date on which the period of removal expires :

(vi) Whether the removal was on account of misconduct falling under the First Schedule or the Second Schedule :

(vii) The date on which the penalty of fine was awarded :

(viii) Amount of penalty of fine :

(ix) The date on which the payment was made for penalty of fine awarded :

(j) Whether appointed as the auditor of the Institute and, if so, whether the period of three years had already expired after he has ceased to be the auditor of the Institute, along with the dates of appointment and cessation as auditor :

(k) If that period has not yet expired, the date on which it shall expire :

(l) Details of past and present membership of the Regional Council including the Office of the President and / or Vice President of the Institute :

(m) Whether holding a post under the Central Government or State Government as defined in sub-section (3) of Section 9 of the Cost and Works Accountants Act, 1959 as amended :

(n) Whether an employee of the Institute in accordance with clause (f) of proviso to Rule 7 :

(2) The statement referred to in clause 1 may also contain, at the option of the candidate, :

information concerning the candidate in respect of the following:

(a) Academic qualifications (diplomas including post qualification diploma(s) and degrees recognised by Government / Council and membership of professional bodies recognized by the Council); :

(b) Merit awards (limited upto first three positions) in the examinations of recognised universities and the examinations conducted by the Institute; :

(c) Particulars of occupation:- :

(i) Employment (designation with name of present employer) :

(ii) Practice (sole proprietor or in partnership including the name of the firm) :

(iii) Particulars of other occupation / engagement, if not covered by (i) and (ii) above; :

(d) Past and present membership of Regional Councils and Managing Committees of Chapters of Regional Councils and office of Chairman, Vice-Chairman, Secretary and / or Treasurer in the case of Regional Councils and / or Chapters of Regional Councils. :

Signature of the Candidate

VERIFICATION

I.....do hereby declare that the particulars given above are true and correct to the best of my knowledge and belief.

Signature of the Candidate

Place :

Date :

Annexure 2

278.7.9 Approval of Election Code of Conduct in pursuance of Rule 16 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

Election Code of Conduct for Observance by the Candidates and their Authorized Representatives during Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency

With a view to maintain a healthy and peaceful atmosphere during the election process and for ensuring a free and fair election, the Returning Officer shall issue an Election Code of Conduct by notification as approved by the Council in exercise of the powers vested in the Council under sub-rule (1) of Rule 16 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended (the Rules).

The Election Code of Conduct contains instructions and norms to be followed by candidates and their authorized representatives appointed under these Rules and members during the entire election process including at the polling booths and counting centre(s).

The Election Code of Conduct shall be in addition to that prescribed by the Cost and Works Accountants Act, 1959 as amended (the Act) and the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and shall come into force from the date of issue of notification under sub-rule (2) of Rule 4 of the Rules.

The Election Code is deemed to be guidelines of the Council under clause (1) of Part II of the Second Schedule of the Act and it is obligatory for each candidate to comply with the Election Code of Conduct.

Election Code of Conduct

1. No candidate would indulge in any activity, which may aggravate differences or create hatred or cause tension between different castes and communities, religious or linguistic.

2. There should be no appeal to caste or communal feelings for securing votes. Mosques, Temples or other places of worship shall not be used as forum for election propaganda.

3. All candidates shall avoid scrupulously all activities, which are corrupt practices, such as providing incentive to voters, intimidation of voters, giving presentations to voters etc.

4. No member shall use any loud speaker near the polling booth for the purpose of transmitting information connected with the election.

5. All contesting candidates shall:

   (a) co-operate with the officers on election duty in complying with the restrictions to be imposed on the plying of vehicles on the polling day;

(b) supply to their authorized representatives suitable badges or identity cards to be used in polling booths and counting center(s) ;

(c) refrain from serving or distributing liquor to the members on polling day and during twenty four hours preceding the day of polling.

6. Excepting the voters, no one without a valid pass from the Returning Officer shall enter the polling booths.

7. If the candidates or their agents have any specific complaint or problems regarding the conduct of the elections, they may bring the same to the notice of the observer.

8. After the notification for the election is issued by the Council, the contesting members shall not announce any financial grant in any form or make promises therefor or announce any projects or schemes of any kind, which may be aimed at influencing the voters.

9. The contesting candidates for the election, shall not preside over or share dais, stage, platform and/or participate in the programmes and activities including Modular Training Programmes organized by the Institute, Regional Councils, Chapters and such other programmes as may be specified by the Returning Officer from time to time as speaker, paper writer, faculty member, presenter of bouquets, flowers, garlands, mementoes, gifts or in such other capacity as the Returning Officer might decide from time to time to ensure free and fair elections.

10. The contesting candidates and/or their authorized representatives shall not use any infrastructure, forum including programmes, by whatever name called, manpower, machinery, facilities or communication medium – electronic or otherwise of the Institute, its Regional Councils and Chapters in any manner whatsoever. While there is no bar for participation in any event/programme organized by the Institute and/or its Regional Councils/Chapters, as an ordinary participant, however, the event/ programme shall not be used for publicity/electioneering in any form whatsoever. This restriction is equally applicable to any other meeting/ event/ programme by whatever name called.

11. No programme announcement shall include name(s) of the contesting candidates.

12. Proceedings of the programmes conducted by the Institute / Regional Councils / Chapters shall be published only after proper editing so that the name(s) of any contesting candidate(s) is/are not mentioned in the proceedings.

13. No photograph of a contesting candidate including as part of a group shall be published at any place in any journal, newsletter or its equivalents, website or otherwise. In case it is not possible to segregate the contesting candidate from the group photograph by way of his position in the photograph, publication of the photograph shall be dropped.

14. The names of contesting candidates shall not be published by way of congratulations for any achievement or by way of elevation, on the move, or in any other capacity.

15. No publicity of programme(s) and their coverage by the Institute/Regional Councils/Chapters, in a manner covering contesting candidates, will be given in any of the journals, newsletters or its equivalents, website or otherwise.

16. No article, write-up, report, column and the like by any contesting candidate will be allowed for publication / inclusion in the journal, newsletter or its equivalents, website or otherwise.

17. No brochure/any other material covering contesting candidates including written communication(s) of programme(s) organized by the Institute / Regional Councils and Chapters shall contain the name or reference of any contesting candidate in any manner whatsoever. This prohibition is not, however, applicable for the brochure / other material as aforesaid already printed for sending to the intended readership or audience, or name required to be given under any specific legal requirement.

18. No brochure/publicity material including written communications printed in respect of any programme held before or after issue of notification shall contain the photograph / reference to any of the contesting candidates in any manner whatsoever.

19. The contesting candidate(s) shall not raise any question at any programme organized by Regional Council and Chapters so as to attract the attention of the audience to gain visibility / publicity.

20. No interview other than given in a non-professional capacity to newspaper(s), electronic media and the like by contesting candidate(s) in any manner whatsoever is permissible.

21. In the event of any invitation being received by a candidate from any other outside agencies such as Industry Associations like CII, FICCI, ASSOCHAM, Chambers of Commerce etc., and Voluntary Bodies like Rotaries, Non-Government Organisations etc. for participation in any of their events/programmes etc., in any capacity – professional or otherwise, while there is no bar for participation in such an event/programme, as an ordinary participant, however, the said event/programme shall not be used for the purpose of publicity/electioneering in any manner whatsoever. The restrictions shall be applicable not only for any event/ programme held within a candidate's own constituency but outside his constituency including overseas events/ programmes as well. The contesting candidate shall not preside over or share dias, stage, platform likely to have members of the Institute as part of audience.

22. Organisation of parties or participation in any party or providing any form of entertainment, e.g., musical nights and the like, with the direct and/or indirect involvement of the candidate in any form/manner whatsoever is prohibited.

23. The contesting candidate(s) shall not maintain a separate website as a part of electioneering or for the purpose of election. The website maintained by a Firm/member in practice, in accordance with the relevant Council Guidelines is outside the purview of the Code.

24. The journal / newsletters published in any form including electronic mode shall not use the column "Council Member/Chairman Page/Writes"; and in replacement thereof, the nomenclature "Committee Writes", "Council / Regional Council Writes" / "Managing Committee Writes" as the case may be, shall be used. Alternatively, it may be a column in the name of the "Editor". The name(s) of the editor/publisher of the newsletters etc. can, however, be printed, wherever the same is legally required to be mentioned.

Disciplinary Action

Attention of the members is also invited to the provisions of Rule 41 and 42 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended which provides for disciplinary action against members contravening the election norms set out in the said rules. For the convenience and ready reference of members, Rules 41 and 42 are reproduced hereunder. Members and contestants are requested to adhere to the requirements stipulated in the Rules.

41. Election Expenses. –

(1) No candidate, whose name has been included in the final list of nominations under Rule 15, shall incur expenditure above an amount to be fixed by the Council for this purpose.

(2) Every such candidate shall file an account of expenses incurred for the election in a format approved by the Council, within fifteen days of notification issued under Rule 36.

(3) A member shall be deemed to have brought disrepute to the Council under item (2) of Part IV of the First Schedule of the Act if, in connection with an election to the Council of the Institute, he is found to have contravened the provisions of Sub-rule (1) or Sub-rule (2).

42. Disciplinary action against member in connection with conduct of election:

(1) A member shall be deemed to have brought disrepute to the Council under item (2) of Part IV of the First Schedule of the Act if, in connection with an election to the Council of the Institute, he is found to have contravened the provisions of Sub-rule (2) or all or any of the clauses of Sub-rule (3) or Sub-rule (4) of this rule.

(2) Only one manifesto or circular shall be issued by a candidate in relation to the election in the period commencing from the date of issue of final list of nominations to the candidates.

(3) A manifesto or circular issued shall conform to the following requirements in the interest of maintaining dignity in the election, namely:

(a) A manifesto or circular shall contain information regarding the candidate himself and shall not make any reference, directly or indirectly, to any other candidate;

(b) The information, which a candidate may furnish in a manifesto or circular regarding himself, shall not differ in any material respect from the information furnished by the Institute to the voters under rule 9. A candidate may, however, include in such manifesto or circular, any additional information not contained in the information furnished under rule 9;

(c) A manifesto or circular shall neither contain any appeal to the voters on the basis of caste or on communal, religious, regional or sectional lines nor any tall claim;

(d) The distribution of a manifesto or circular shall be restricted only to the members of the constituency concerned;

(e) A certified copy of such manifesto or circular shall be sent to the Returning Officer by speed/registered post within 15 days of its issue ;

(f) While a candidate may repeat, in any form, the manifesto or circular issued under Sub-rule (2) of this Rule without changing its contents, however, he shall not issue more than one manifesto or circular.

(4) A member shall not adopt one or more of the following practices with regard to the election to the Council, namely :-

(i) Bribery, that is to say, any gift, offer or promise of any gifts or gratification to any person by a candidate or any other person, with his connivance, with the object directly or indirectly of: -

(a) inducing a member to stand or not to stand as a candidate at an election or rewarding him for act or omission ; or

(b) inducing to withdraw his candidature or rewarding such withdrawal ; or

(c) inducing a voter to vote or not to vote at an election, or as a reward for act or omission ;

Explanation: - For the purpose of this clause, the term "gratification" is not restricted to pecuniary gratification or gratifications estimable in money, and it includes organizing parties or providing any other form of entertainment, and all forms of employment for reward; but it does not include the payment of any expenses bonafide incurred at or for the purpose of any election.

(ii) Undue influence, that is to say, any direct or indirect interference or attempt to interfere on the part of a candidate or any other person, with his connivance, with the free exercise of any electoral right ;

(iii) The publication by a candidate or by any other person, with his connivance, of any statement of fact which is false, and which he either believes to be false or does not believe to be true, in relation to the personal character or conduct of any candidate or in relation to the candidature or withdrawal of any candidate, being a statement

reasonably calculated to prejudice the prospects of that candidate's election;

(iv) The obtaining or procuring or abetting, or attempting to obtain or procure, by a candidate or by any other person, with his connivance, any assistance for the furtherance of the prospects of the candidate's election from any person serving under the Government of India or the Government of any State, other than the giving of vote by such person, if he is a member entitled to vote;

(v) The hiring or procuring, whether on payment or otherwise, of a vehicle by a candidate or by any other person, with his connivance, for the conveyance of voters;

(vi) Resorting to disorderly behaviour or misbehaviour within the zero tolerance zones to be determined by the Returning Officer of the polling booth and/or venue for counting of votes;

Explanation - For the purpose of this clause, canvassing for votes, distribution of visiting cards, pamphlets, manifestos, letters, hand-outs, circulars and the like, erection of any stall and display of any banner shall be treated as disorderly behaviour/misbehaviour.

(vii) Exhibiting or placing any notice or sign board relating to the election by a candidate or by any other person with the connivance of the candidate at any time and any where during the election period including on the date/s of polling within a distance of 200 meters from the polling booth ;

(viii) Non-compliance with any of the directives or circulars or instructions issued by the Returning Officer under these Rules in any matter relating to elections;

(ix) Contesting the election representing a political party or on political lines;

(x) Any act specified in clauses (i) to (ix) when done by a member, who is not a candidate, but is acting with the concurrence or connivance of a candidate ;

(xi) The receipt by a member or an agreement by a member to receive any gratification: -

(a) as an inducement or reward for standing or not standing as a candidate; or

(b) as an inducement or reward for withdrawing his candidature; or

(c) as an inducement or reward for himself or any other person for voting or refraining from voting ; or

(d) as an inducement or reward for inducing or attempting to induce any voter

to vote or refrain from voting ; or

(e) inducing or attempting to induce any candidate to withdraw his candidature;

(xii) Contravention or misuse of any of the provisions of these Rules or making of any false statement knowing it to be false or without knowing it to be true, while complying with any of the provisions of these Rules.

Notwithstanding anything contained hereinabove, the Council may cause investigation into the conduct of any candidate or authorized representative in any other circumstances for violation of Election Code of Conduct.

278.7.10 Approval of Duties of Election Observers in pursuance of sub-rule (1) of Rule 23 of The Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

Duties of Election Observers in pursuance of sub-rule (1) of Rule 23 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

In pursuance of sub-rule (1) of Rule 23 of Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the duties of the election observers are as follows:

1. To monitor and report to the Returning Officer that the guidelines issued for election, particularly for polling booths as well as the counting venues and also in respect the Cost and Works Accountants Act, 1959 as amended, the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and the Cost and Works Accountants Regulations, 1959 as amended and other applicable Acts, Rules and Regulations, are followed as per the said guidelines.

2. To perform their duties with respect to Code of Conduct issued by the Council of the Institute and also on the election expenses made by the contesting candidates. They shall report to the Returning Officer for the purpose.

3. To observe the polling, sorting and counting of votes and to monitor the fairness of the polling, sorting and counting procedures.

4. To ensure the impartiality of the persons in charge of the polling, sorting and counting of votes, and their commitment to the Cost and Works Accountants Act, 1959 as amended, the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and the Cost and Works Accountants Regulations, 1959 as amended and other applicable Acts, Rules and Regulations.

5. To visit the geographical constituencies and polling and counting centres at any time without previous notice.

6. To attend all stages of the polling and counting, and particularly be present at the opening and closing of the ballot boxes.

7. To ascertain of the freedom and fairness of the elections and the secrecy of the polling, and write reports to the Returning Officer to that effect.

8. The observers shall not interfere in any manner with the work of the elections or the officials engaged therewith, provided that they may formulate questions verbally or in writing.

278.7.11 Fixation of Ceiling in respect of Election Expenses and approval of format for account of election expenses in pursuance of sub-rules (1) & (2) of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

FORMAT FOR THE FILING ACCOUNT OF EXPENSES INCURRED BY THE CANDIDATE DURING FRESH ELECTION (BY-ELECTION) TO THE COUNCIL, 2013 FROM SOUTHERN INDIA REGIONAL CONSTITUENCY

[To be submitted within fifteen days of the date of declaration of the election result]

The Returning Officer
The Institute of Cost Accountants of India
CMA Bhawan,
12, Sudder Street,
Kolkata – 700 016.

Dear Sir,

Re: Filing of account of expenses incurred for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency

In accordance with the provisions of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, I, _____, a candidate for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency, hereby file an account of expenses incurred by me in connection with the said election held in July, 2013.

Sl. No.	Item of Expenditure	Expenditure Incurred (Rs.)
1.	Total Cost of Stationery including paper purchased for printing circular/manifesto, Visiting Cards/Pamphlet/Handout/Letters and the like.	
2.	Total Printing cost (excluding stationery cost as above).	
3.	Total cost of vehicle used (excluding cost of travel by air, train, bus and the like.	
4.	Total Travel cost.	
5.	Total cost of stay, food etc.	
6.	Total cost of Postage.	
7.	Total cost of Telephone, Mobile, SMS, Fax, E-mail and the like.	
8.	Total cost of any other items not covered by the above. (please specify the names of items also)	

GRAND TOTAL –	

I have noted that the ceiling fixed by the Council under rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006, as amended, on election expenses (in aggregate under all possible heads) is Rs. 5.00 Lakhs (Rupees Five Lakhs only). Further, I have not incurred any expenditure as a candidate for the election other than those stated in the statement above.

I declare that the aforesaid statements of expenses are true to the best of my knowledge and belief.

Yours faithfully,

(Signature of the Candidate)

Place:

Date:

Name : _____

Membership No. : _____

Voter's Sl. No. : _____

Address : _____

_____

Annexure 5

278.7.12 Approval of other Forms relating to conduct of Elections.

FORM OF APPLICATION SEEKING PERMISSION TO VOTE BY POST

Shri Kaushik Banerjee,
Returning Officer,
The Institute of Cost Accountants of India,
CMA Bhawan,
12, Sudder Street,
Kolkata – 700 016.

Dear Sir,

Subject: Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency

I hereby apply for permission to vote by post under Rule 28 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, and give below the necessary particulars:

1. Full Name:
2. Membership No.:
3. Serial No. in the list of voters, if known:
4. Serial No. and address of the polling booth allotted:
5. Reason for seeking permission to vote by post:

(a) There has been a permanent change in my professional address duly* signed by an authorized personnel of the organization where the member is employed from the address published in the list of voters, to another place beyond a radius of fifty kilometers from the polling booth allotted to me as given below:

.....
...

.....
...

OR

(b) I am suffering from a permanent infirmity **, particulars of which are given below on account of which I shall not be able to exercise my vote on the date of election at the polling booth allotted to me.

Particulars of permanent infirmity:

.....
...

.....
...

6. Address to which the voting papers should be sent:

Date:
Place:

Signature of the Member

VERIFICATION

I declare that the particulars given above are correct to the best of my knowledge and belief.

Signature of the Member

Date:
Place:

* The applications must be supported by a certificate only signed by an authorized personnel of the organization where the member is employed.
** The application in this case must be supported by a certificate from a medical practitioner, not below the rank of a surgeon in any Government Hospital, confirming such permanent infirmity.

(DULY FILLED IN AND SIGNED HARD COPY OF THIS FORM IN ORIGINAL SHOULD BE SUBMITTED TO THE RETURNING OFFICER AT THE HEADQUARTERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA, CMA BHAWAN, 12, SUDDER STREET, KOLKATA – 700 016 LATEST WITHIN 2ND MAY, 2013 UP TO 6.00 P.M.)

Annexure 6

Form of Application for Permission to Vote at a Polling Booth or for Change of Polling Booth

(Note: Clear indication has been given in the List of Voters as to who are entitled to vote at a particular Booth. This Form is provided for use of only those who wish to apply for a change, for which valid grounds will have to be provided in this Form and submitted within the specified time limit.)

Shri Kaushik Banerjee,
Returning Officer,
The Institute of Cost Accountants of India,
CMA Bhawan,
12, Sudder Street,
Kolkata – 700 016.

Dear Sir,

Sub: Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency

My name appears under Serial No. ..... of the List of Voters for Fresh Election (By-Election) to the Council, 2013 from Southern India Regional Constituency. I hereby apply for permission to Vote —

At Polling Booth No. ..... Situated at —

.....

.....

.....

.....

I give below the necessary particulars:

.....

1. Full Name .....
2. Membership No. .....

3. Name of Regional Constituency .....

4. Serial No. in the List of Voters .....

5. (a) Please state whether there has been a permanent change in your address from the one published in the Voters' List .....

   (b) If so, please state your present address in full .....

6. Distance from the allotted Polling Booth (if the address is beyond 50 Kilometers from the Polling Booth) .....

7. Reason for the Change requested .....

Date .....

Signature of the Member .....

Place .....

Membership No. .....

***VERIFICATION**

I, ..., hereby declare that the particulars given above are correct to the best of my knowledge and belief.

Date ..... Signature of the Member .....

Place..... Membership No. .....

(DULY FILLED IN AND SIGNED HARD COPY OF THIS FORM IN ORIGINAL SHOULD BE SUBMITTED TO THE RETURNING OFFICER AT THE HEADQUARTERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA, CMA BHAWAN, 12, SUDDER STREET, KOLKATA – 700 016 LATEST WITHIN 2ND MAY, 2013 UPTO 6.00 P.M.)

Annexure 7

278.8 To consider restructuring of CAT course.

The existing CAT Course was introduced in the year 2008 as an employment oriented course. The course was developed by adopting the subjects from Foundation and Intermediate Course of the Institute. The existing structure of CAT Course is given below:

Level	Subjects	Eligibility	Course Fees
Foundation Course (Entry Level)Part I	4	Passed Senior Secondary School Certificate Examination (10+2) of a Board recognised by the Central Government or State Government or equivalent examination as recognised by All India Council of Technical Education of National Council of Higher Education. Students who are awaiting results of 10+2 examination or equivalent examination as above may apply for provisional admission.	Rs.8600 (for Level 1 and 2)
Competency Level Part II	2 + 60 Hour Computer Training	Pass in Foundation Course(Entry Level)Part I Any Graduates can seek direct admission.	Rs.8500/- (for direct admission)

Certificate in Accounting Technicians (CAT) was introduced by the Institute in the year 2009, in order to offer an employment oriented course and in order to reach the students community in rural and small towns who could not be reached so far.

Based on the feed back received from students and the CAT ROCCs, it has been felt that CAT Course though offered as employment oriented course, still remains an academic course, due to heavy dose of academic syllabus. Further offering the Course in 2 levels with the similar examination pattern of the Institute makes no difference with the main course of the Institute.

In addition, as the Government of India and other State Governments are focusing on developing employable skills among youth and as the CAT Course could very well be redesigned to a skill development programme, meeting the market requirements, the course content has already reviewed and revised effective from 1st Jan 2013. Further the examination pattern of CAT Course has already been changed from June 12 exams onwards.

In order to completely match with the above objective, now it is proposed to revise the CAT Structure. The following table shows the existing and proposed structure of CAT Course.

Elements	**Existing Course Structure of CAT**	**Proposed**
Eligibility Criteria	Foundation Course (Entry Level)Part I Passed Senior Secondary School Certificate Examination (10+2) of a Board recognised by the Central Government or State Government or equivalent examination as recognised by All India Council of Technical Education of National Council of Higher Education. Students who are awaiting results of 10+2 examination or equivalent examination as above may apply for provisional admission. Competency Level Part II	A student who has passed the Class 10 examination conducted by an examining body constituted by law of India or an examination recognised by Central Government/State Government as equivalent thereto may register for CAT Course and simultaneously study and appear for Senior Secondary (10+2) Examination. Or Passed the Senior Secondary School

	Pass in Foundation Course(Entry Level)Part I Any Graduates can seek direct admission.	Examination under the 10+2 scheme of a recognized Board or an Examination recognized by the Central Government as equivalent thereto or has passed the National Diploma in Commerce Examination held by the All India Council for Technical Education or any State Board of Technical Education under the authority of the said All India Council, or the Diploma in Rural Service Examination conducted by the National Council of Higher Education.
Fees	Rs.8600/ composite fee for Foundation Course(Entry Level)Part I Competency Level Part II +Computer Training. Rs,8500 for direct entry to Competency level Part-II + Computer Training	Rs.8600/ (all inclusive)
Medium	Hindi &English	Hindi &English
Mode of delivery	Oral Coaching by Chapters/ROCCs	Oral Coaching by Chapters/ROCCs/CMA Support Centre
Linkage with main course	A student after passing Foundation Course(Entry Level)Part I can seek admission to Intermediate course and a	A student after passing Foundation Course (Entry Level) Part I and Senior Secondary

	student after passing Competency Level Part II can seek admission to Intermediate course with exemption from the paper-Financial Accounting.	Examination (10+2) is eligible to register for Intermediate course of the Institute.
Skill Assessment	Does not exist	Through internal assessment- offline and on-line for both CAT levels
Examination	For Foundation Course(Entry Level)Part I and Competency Level Part II	Only for Foundation Course (Entry Level) Part I. A Student can appear for Foundation Course (Entry Level) Part I after appearing in Senior Secondary Examination or equivalent as indicated in the eligibility criteria.

Annexure 8

278.9.1 To consider Cost Accounting Standard on Selling and Distribution Overheads (CAS-15).

CAS - 15
COST ACCOUNTING STANDARD ON SELLING AND DISTRIBUTION OVERHEADS

The following is the COST ACCOUNTING STANDARD -15 (CAS-15) issued by the Council of The Institute of Cost Accountants of India on "**SELLING AND DISTRIBUTION OVERHEADS**". In this standard, the standard portions have been set in ***bold italic*** type. These are to be read in the context of the background material which has been set in normal type.

1. Introduction

This standard deals with the principles and methods of determining the Selling and Distribution Overheads.

This standard deals with the principles and methods of classification, measurement and assignment of Selling and Distribution Overheads, for determination of the cost of sales of product or service, and the presentation and disclosure in cost statements.

2. Objective

The objective of this standard is to bring uniformity and consistency in the principles and methods of determining the Selling and Distribution Overheads with reasonable accuracy.

3. Scope

This standard should be applied to cost statements, which require classification, measurement, assignment, presentation and disclosure of Selling and Distribution Overheads including those requiring attestation.

4. Definitions

The following terms are being used in this standard with the meaning specified.

4.1 Abnormal cost: ***An unusual or atypical cost whose occurrence is usually irregular and unexpected and / or due to some abnormal situation of the production or operation.***[1]

4.2 Absorption of overheads: ***Absorption of overheads is charging of overheads to Cost Objects by means of appropriate absorption rate.***[2]

Overhead Absorption Rate = Overheads of the Cost object / Quantum of base.

[1] CAS 3 (Revised 2011) Para 4.1
[2] CAS 3 (Revised 2011) Para 4.2

4.3 Cost Object: ***This includes a product, service, cost centre, activity, sub-activity, project, contract, customer or distribution channel or any other unit in relation to which cost are ascertained.***[3]

4.4 Imputed Costs: ***Hypothetical or notional costs, not involving cash outlay, computed for any purpose.***[4]

4.5 Indirect expenses: ***Expenses which cannot be directly attributed to a particular cost object.***

4.6 Overheads: ***Overheads comprise costs of indirect materials, indirect employees and indirect expenses which are not directly identifiable or allocable to a cost object in an economically feasible manner.***[5]

4.7 ***Distribution costs or Distribution overheads: Distribution Overheads are the costs incurred in handling a product or service from the time it is ready for delivery until it reaches the ultimate consumer.***

The cost of packing, repacking, labelling, etc. at an intermediate storage location will be part of distribution cost.
For Example:

1. Packing, repacking / labelling at an intermediate storage location
2. Transportation cost
3. Cost of warehousing (cover depots, godowns, storage yards, stock yards etc.,)

Note:
In case of machinery involving technical help in installation, such expenses for installation are part of cost of production and not considered as cost of Selling and Distribution Overheads.

4.8 Selling Overheads: ***Selling Overheads, also known as Selling Costs, are the expenses related to sale of products and include all Indirect Expenses in sales management for the organization.***[6]
For Example:

[3] CAS 3 (Revised 2011) Para 4.5
[4] CAS 3 (Revised 2011) Para 4.7
[5] CAS 3 (Revised 2011) Para 4.13
[6] CAS 3 (Revised 2011) Para 4.15

1. Salaries of sales personnel
2. Travelling expenses of sales personnel
3. Commission to sales agents
4. Sales and brand promotion expenses including advertisement, publicity, sponsorships, endorsements and similar other expenses.
5. Receivable Collection costs
6. After sales service costs
7. Warranty costs

4.9 Marketing Overheads: ***Marketing Overheads comprises Selling Overheads and Distribution Overheads.***[7]

5. Principles of Measurement

5.1 ***Selling and Distribution Overheads shall be the aggregate of the cost of resources consumed in the selling and distribution activities of the entity. The cost of resources procured from outside shall be determined at invoice or agreed price including duties and taxes, and other expenditure directly attributable thereto net of discounts (other than cash discounts), taxes and duties refundable or to be credited by the Tax Authorities.***
Post sales costs such as warranty cost, product liability cost, after sales service shall be estimated on a reasonable basis.

5.2 ***Selling and Distribution Overheads, the benefits of which are expected to be derived over a long period, shall be amortised on a rational basis.***

5.3 Selling and distribution overheads shall not include imputed cost.

5.4 ***Cost of after Sales Service provided in terms of sale agreement for a class of transactions, shall be determined on rational and scientific basis, net of any recovery on the service.***

[7] CAS 3 (Revised 2011) Para 4.11

5.5 *Any Subsidy / Grant / Incentive or any such payment received / receivable with respect to any Selling and Distribution Overheads shall be reduced from the cost of the sales of the cost object.*

5.6 *Any abnormal cost relating to selling and distribution activity shall be excluded from the Selling and Distribution Overheads.*

5.7 *Any demurrage or detention charges, or penalty levied by transportation or other authorities in respect of distribution activity shall not form part of the Selling and Distribution Overhead.*

5.8 *Penalties and damages paid to statutory authorities or other third parties shall not form part of the Selling and Distribution Overheads.*

5.9 *Credits / recoveries relating to the Selling and Distribution Overheads including those rendered without any consideration, material and quantifiable, shall be deducted to arrive at the net Selling and Distribution Overheads.*

5.10 *Any change in the cost accounting principles applied for the measurement of the Selling and Distribution Overheads shall be made only if it is required by law or for compliance with the requirements of a cost accounting standard or a change would result in a more appropriate preparation or presentation of cost statements of an entity.*

6. Assignment of Cost

6.1 *Selling and Distribution Overheads directly traceable shall be assigned to the relevant product sold or services rendered.*

6.2 *Transportation cost relating to distribution shall be assigned as per CAS – 5, where relevant and applicable.*

6.3 *Assignment of Selling and Distribution Overheads to the cost objects shall be based on either of the following two principles;*

i) *Cause and Effect - Cause is the process or operation or activity and effect is the incurrence of cost.*

ii) *Benefits received – overheads are to be apportioned to the various cost objects in proportion to the benefits received by them.*

7. **Presentation**

7.1 ***Selling and Distribution overheads shall be presented as a separate cost head in the cost statement.***

A reporting entity may use the term marketing Oveheads in place of Selling and Distribution overheads.

7.2 ***Element wise details of the Selling and Distribution overheads shall be presented, if material.***

8. **Disclosures**

8.1 ***The cost statements shall disclose the following:***

1. ***The basis of distribution of Selling and Distribution Overheads to the cost objects.***
2. ***Selling and Distribution Overheads incurred in foreign exchange.***
3. ***Cost of Selling and Distribution services rendered to related parties[8].***
4. ***Any Subsidy / Grant / Incentive and any such payment reduced from Selling and Distribution Overheads.***
5. ***Credits / recoveries relating to the Selling and Distribution Overheads.***
6. ***Penalties and damages excluded from the Selling and Distribution Overheads.***

8.2 ***Disclosures shall be made only where material and significant.***

8.3 ***Disclosures shall be made in the body of the Cost Statement or as a foot note or as a separate schedule.***

8.4 ***Any change in the cost accounting principles and methods applied for the measurement and assignment of the Selling and Distribution Overheads during the period covered by the cost statement which has a material effect on the Selling and Distribution Overheads shall be disclosed. Where the effect of such change is not ascertainable wholly or partly the fact shall be indicated.***

9. **Effective date:**

This Cost Accounting Standard shall be effective from the period commencing on or after 1st April 2013 for being applied for the preparation and certification of General Purpose Cost Accounting Statements.

[8] Related party as per the applicable legal requirements relating to the cost statement as on the date of the statement

Annexure 9

278.9.3 To consider Cost Audit and Assurance Standard on Overall Objectives of the Independent Cost Auditor and the Conduct of an Audit in Accordance with Standards on Auditing (CAAS-103).

CAAS - 103

Cost Audit and Assurance Standard on

Overall Objectives of the Independent Cost Auditor and the Conduct of an Audit in Accordance with Standards on Auditing

The following is the **Cost Audit and Assurance Standard** (CAAS 103) on **"Overall Objectives of the Independent Cost Auditor and the Conduct of an Audit in Accordance with Standards on Auditing".** In this Standard, the standard portions have been set in bold italic type. This Standard should be read in the context of the background material, which has been set in normal type.

1. Introduction

This Standard on Auditing deals with the overall objectives of the independent cost auditor, the nature and scope of a Cost audit the independent auditor's overall responsibilities when conducting an audit of cost statements in accordance with CAASs.It also explains the scope, authority and structure of the CAASs, and includes requirements establishing the general responsibilities of the independent auditor applicable in all audits, including the obligation to comply with the CAASs.

The independent auditor is referred to as "the Cost auditor" hereafter

2. Objectives

The objective of issuing this Standard is to lay down the principles governing the Audit of Cost Statements.

The objective of an audit of Cost Statements is to enable the auditor to express an opinion whether the Cost Statements are prepared, in all material respects, in accordance with an applicable Cost reporting framework and give a true and fair view of the Cost of a product, activity or service. In the case of a Cost Audit under the Cost Audit Report Rules in India, the objective is to express an opinion on whether the Cost Statements subject to audit represent a true and fair view of the Cost of production, cost of sales and margin of products covered by the Cost Audit.

It is the responsibility of the management and where required of the governing body e.g.Board of Directors to maintain the cost records, prepare the cost statements and the abridged Cost

Statement and other information contained in the Annexure to the Cost Audit Report prescribed by law in India. The Cost Auditor expresses an opinion on them. The CAASs do not in any way alter this responsibility of the management or the governing body.

As part of their responsibility for the preparation and presentation of the cost statements, management and, where appropriate, those charged with governance are responsible for:

- The identification of the applicable cost reporting framework, in the context of any relevant laws or regulations.
- The preparation and presentation of the cost statements in accordance with that framework.
- An adequate description of that framework in the cost statements.

To be in a position to express an opinion, the Cost auditor 's objectives are:

1. to obtain reasonable assurance about whether the cost statements as a whole are free from material misstatement, whether due to fraud or error, and
2. to report on the cost statements in the form required by law or by the CAAS.in accordance with the auditor's findings.

Where reasonable assurance cannot be obtained, the cost Auditor should qualify the opinion and in extreme cases disclaim an opinion.

The objective may extend to making observations and suggestions where required by regulations e.g. Cost Audit Report Rules.

3. Scope

This Standard should be applied while undertaking audit of Cost Statements that require attestation. It also describes management responsibility for the preparation and presentation of the Cost Statement, to identify the Cost Reporting framework and to lay down Cost Accounting policies

The cost reporting framework may be laid down by law e.g. the Cost Audit Report Rules under the Companies Act in India or by the intended user e.g Excise Department in the case of a Section 14AA audit or by a professional body having jurisdiction over the area of reporting.

4. Definitions

The following terms are being used in this standard with the meaning specified.

4.1 **Audit: An audit is an independent examination of financial, cost and other related information of an entity whether profit oriented or not, irrespective of its size or legal form, when such an examination is conducted with a view to expressing an opinion thereon.**

4.2 Auditee: Auditee means a company or any other entity for which cost audit and/ or certification is carried out.

4.3 Auditor: Auditor is used to refer to the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable the firm. Auditor includes Cost Auditor

4.4 Audit Risk: Audit risk is the risk that the cost auditor expresses an inappropriate audit opinion on the cost statements that are materially misstated. Audit risk is a function of the risk of material misstatement and detection risk. The risk of material misstatement has two components viz. Inherent Risk and Control risk.

a. Inherent risk – the susceptibility of an assertion about the measurement, assignment or disclosure of cost to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls.

b. Control risk – the risk that a misstatement that could occur in an assertion about the measurement, assignment or disclosure of cost and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal, operational and management control.

Detection risk – the risk that the procedures followed by the cost auditor to reduce audit risk to an acceptable low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements.

4.5 Assurance engagement – An engagement in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria. The outcome of the evaluation or measurement of a subject matter is the information that results from applying the criteria.

There are two types of assurance engagements a practitioner is permitted to perform: a reasonable assurance engagement and a limited assurance engagement.

Reasonable assurance engagement – The objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the practitioner's conclusion.

Limited assurance engagement – The objective of a limited assurance engagement is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the practitioner's conclusion.

4.6 Assurance Engagement Risk: The risk that the practitioner expresses an inappropriate conclusion when the subject matter information is materially misstated.

4.7 Audit Strategy: Audit Strategy sets the scope, timing and direction of the audit, and guides the development of the detailed audit plan.

4.8 Cost Audit: Cost audit is an independent examination of cost and other related information in respect of a product or group of products of an entity whether profit oriented or not, irrespective of its size or legal form, when such an examination is conducted with a view to expressing an opinion thereon.

4.9 Cost Auditor: "Cost Auditor" means an auditor appointed to conduct an audit of cost records, under sub-section (2) of section 233B of the Companies Act and shall be a cost accountant within the meaning of The Cost and Works Accountants Act 1959. "Cost Accountant" is a cost accountant as defined in clause (b) of sub-section (1) of section 2 of The Cost and Works Accountants Act, 1959 (23 of 1959) and who holds a valid certificate of practice under subsection (1) of section 6 and who is deemed to be in practice under subsection (2) of section 2 of that Act and includes a firm of cost accountants.

4.10 Engagement Partner: Engagement partner means the partner or other person in the firm who is a member of the Institute of Cost Accountants of India and is in full time practice and is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.

4.11 Engagement Team: Engagement team means all personnel performing an engagement, including any experts contracted by the firm in connection with that engagement.

4.12 Firm: Firm means a sole practitioner, partnership including LLP or any other entity of professional cost accountants as may be permitted by law and constituted under The Cost and Works Accountants Act & Regulations.

4.13 Misstatement: A difference between the amount, classification, presentation or disclosure of a reported cost statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable cost reporting framework. Misstatements can arise from error or fraud.

Where the cost auditor expresses an opinion on whether the cost statements give a true and fair view, misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the cost auditor's judgment, are necessary for the cost statements to be presented fairly, in all material respects, or to give a true and fair view.

4.14 Risk Assessment: Risk Assessment is the overall process of risk analysis and risk evaluation.

4.15 Non-compliance – Acts of omission or commission by the entity, either intentional or unintentional, which are contrary to the prevailing laws or regulations governing Cost Audit. Such acts include transactions entered into by, or in the name of, the entity, or on its behalf, by those charged with governance, management or employees. Non-compliance does not include personal misconduct (unrelated to the business activities of the entity) by those charged with governance, management or employees of the entity.

5. Requirements

5.1 The cost auditor should comply with the relevant ethical requirements including those pertaining to independence in respect of cost audit engagements.(refer 6.1)

5.2 The cost auditor should comply with Cost Audit and Assurance Standards and Statement on Generally Accepted Cost Audit and Assurance Principles and Practices (GACAAP) while conducting an audit. (refer 6.2)

5.3 In determining the audit procedures to be performed in conducting an audit the cost auditor should comply with each of the Cost Audit and Assurance Standards and also with the Statement on Generally Accepted Cost Audit and Assurance Principles and Practices (GACAAP) relevant to the audit. (refer 6.2) A CAAS is relevant to the audit when the CAAS is in effect and the circumstances addressed by the CAAS exist.

5.4 The cost auditor should not represent compliance unless the auditor has complied fully with all of the Cost Audit and Assurance Standards and Statement on Generally Accepted Cost Audit and Assurance Principles and Practices (GACAAP) relevant to the audit. (refer 6.2)

5.5 The cost auditor should plan and perform an audit with an attitude of professional skepticism recognizing that circumstances may exist that cause the Cost Statements to be materially misstated. (refer 6.3)

5.6 The cost auditor should exercise professional judgment in planning and performing the audit. (refer 6.4)

5.7 The auditor shall obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level and thereby enable the auditor to draw reasonable conclusions on which to base the auditor's opinion. (refer 6.4)

5.8 The cost auditor should determine whether the Cost Reporting Framework followed by management in preparing the Cost Statements is acceptable. (refer 6.5)

5.9 The cost auditor shall not be required to perform audit procedures regarding the entity's compliance with laws and regulations governing cost audit in the absence of identified or suspected non-compliance. (refer 6.6)

6. Application Guidance:

6.1 Audit and Ethics(refer 5.1) : The cost auditor should comply with relevant ethical requirements as per Code of Ethics of the Institute of Cost Accountants of India. This code establishes fundamental principles of professional ethics relevant to the auditor when conducting an audit and provides a conceptual framework for applying these principles. The fundamental principles with which the auditor is required to comply are Integrity, Objectivity, Professional competence and due care, Confidentiality, and Professional behavior. In case an audit engagement is in public interest, then the auditor should be independent of the entity subject to the audit. The cost auditor's independence from the entity safeguards the cost auditor's ability to form an opinion without being affected by influences that might compromise that opinion.

The provision of services for maintenance of cost records, design and implementation of Cost Systems and internal audit are considered to erode the independence.

6.2 Conduct of audit : (refer 5.2, 5.3 and 5.4)

6.2.1 The Cost Audit and Assurance Standards and Statement on Generally Accepted Cost Audit and Assurance Principles and Practices provide the standards for the cost auditor's work in fulfilling the overall objectives of the cost auditor. The CAAS AND GACAAP deal with general responsibilities of the cost auditor, as well as cost auditor's further considerations relevant to the application of those responsibilities to specific topics. In performing an audit, the cost auditor may be required to comply with legal or regulatory requirements in addition to CAAS AND GACAAPs.

6.2.2 The CAAS AND GACAAPs do not override law or regulations that govern audit process. The cost auditor may also conduct the audit in accordance with both CAAS AND GACAAPs and legislative and regulatory requirements. In such cases in addition to complying with each of the CAAS and GACAAP relevant to the cost audit, it may be necessary for the cost auditor to perform additional audit procedures in order to comply with the legislative and regulatory requirements

The form of the cost auditor's opinion will depend upon the applicable cost reporting framework and any applicable laws or regulations e.g.Cost Audit Report Rules..

6.2.3 The cost auditor is not expected to represent compliance with Cost Audit and Assurance Standard and Statement on Generally Accepted Cost Audit and Assurance Principles and Practices unless the cost auditor has complied fully with all of the Cost Audit and Assurance Standards and Statement on Generally Accepted Cost Audit and Assurance Principles and Practices .

6.3 Professional skepticism: (refer 5.5) An attitude of professional skepticism means the cost auditor makes a critical assessment, with a questioning mind, of the validity of audit evidence obtained and be alert to audit evidence that contradicts or brings into question the reliability of documents and responses to inquiries and other information obtained from management and those charged with governance. An attitude of professionalism is necessary throughout the cost audit process for the auditor to reduce the risk of overlooking unusual circumstances, of over generalizing when drawing conclusions from cost audit observations, and of using faulty assumptions in determining the nature, timing and extent of the cost audit procedures and evaluating the results thereof. When making inquiries and performing other cost audit procedures, the cost auditor is not satisfied with less-than-persuasive audit evidence based on a belief that management and those charged with governance are honest and have integrity. Accordingly, representations from management are not a substitute for obtaining sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the cost auditor's opinion.

6.3.1 A cost auditor conducting an audit in accordance with CAAS AND GACAAP obtains reasonable assurance that the Cost Statements taken as a whole are free from material misstatement, whether due to fraud or error. Reasonable assurance is a concept relating to the accumulation of the audit evidence necessary for the auditor to conclude that there are no material misstatements in the Cost Statements taken as a whole. Reasonable assurance relates to the whole audit process.

A cost auditor cannot obtain absolute assurance because there are inherent limitations in an audit that affect the cost auditor's ability to detect material misstatements. These limitations result from factors such as the following:

- The use of sample testing.
- The inherent limitations of internal control (for example, the possibility of management override or collusion).
- The fact that most audit evidence is persuasive rather than conclusive.

Also, the work undertaken by the cost auditor to form an audit opinion is permeated by judgment, in particular regarding:

a) The gathering of audit evidence, for example, in deciding the nature, timing and extent of audit procedures; and

b) The drawing of conclusions based on the audit evidence gathered, for example, assessing the reasonableness of the estimates made by management in preparing the Cost Statements.

6.3.2 Further, other limitations may affect the persuasiveness of audit evidence available to draw conclusions on particular assertions. (for example, transactions between related parties). In these cases certain CAAS AND GACAAPs identify specified audit procedures which will, because of the nature of the particular assertions, provide sufficient appropriate audit evidence in the absence of:

a) Unusual circumstances which increase the risk of material misstatement beyond that which would ordinarily be expected; or
b) Any indication that a material misstatement has occurred.

Accordingly, because of the factors described above, an audit is not a guarantee that the Cost Statements are free from material misstatement, because absolute assurance is not attainable. Further, an audit opinion does not assure the future viability of the entity nor the efficiency or effectiveness with which management has conducted the affairs of the entity.

6.4 Audit Risk and Materiality: (refer 5.6 and 5.7) Entities pursue strategies to achieve their objectives, and depending on the nature of their operations and industry, the regulatory environment in which they operate, and their size and complexity, they face a variety of business risks. Management is responsible for identifying such risks and responding to them. However, not all risks relate to the preparation of the Cost Statements. the auditor is ultimately concerned only with risks that may affect the cost statements.

6.4.1 The cost auditor obtains and evaluates audit evidence to obtain reasonable assurance about whether the Cost Statements give a true and fair view or in accordance with the applicable cost reporting framework. The concept of reasonable assurance acknowledges that there is a risk the audit opinion is inappropriate. The risk that the cost auditor expresses an inappropriate audit opinion when the Cost Statements are materially misstated is known as "audit risk." The cost auditor reduces audit risk by designing and performing audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base an audit opinion. Reasonable assurance is obtained when the auditor has reduced audit risk to an acceptably low level.

6.4.2 Audit risk is a function of the risk of material misstatement of the cost statements (or simply, the "risk of material misstatement") (i.e., the risk that the Cost Statements are materially misstated prior to audit) and the risk that the auditor will not detect such misstatement ("detection risk"). The cost auditor performs audit procedures to assess the risk of material misstatement and seeks to limit detection risk by performing further audit procedures based on that assessment. The audit process involves the exercise of professional judgment in designing the audit approach, through focusing on what can go wrong (i.e., what

are the potential misstatements that may arise) at the assertion level and performing audit procedures in response to the assessed risks in order to obtain sufficient appropriate audit evidence.

6.4.3 The cost auditor is concerned with material misstatements, and is not responsible for the detection of misstatements that are not material to the Cost Statements taken as a whole. The cost auditor considers whether the effect of identified uncorrected misstatements, both individually and in the aggregate, is material to the Cost Statements taken as a whole. Materiality and audit risk are related

In order to design audit procedures to determine whether there are misstatements that are material to the cost statements taken as a whole, the cost auditor considers the risk of material misstatement at two levels:

- the overall cost statement level and
- in relation to cost heads, items of cost and disclosures and the related assertions.

6.4.4 The cost auditor considers the risk of material misstatement at the overall cost statement level, which refers to risks of material misstatement that relate pervasively to the Cost Statements as a whole and potentially affect many assertions. Risks of this nature often relate to the entity's control environment (although these risks may also relate to other factors, such as declining economic conditions), and are not necessarily risks identifiable with specific assertions at the cost heads, items of cost or disclosure level. Rather, this overall risk represents circumstances that increase the risk that there could be material misstatements in any number of different assertions, for example, through management override of internal control. Such risks may be especially relevant to the cost auditor's consideration of the risk of material misstatement arising from fraud. The auditor's response to the assessed risk of material misstatement at the overall cost statement level includes consideration of the knowledge, skill, and ability of personnel assigned significant engagement responsibilities, including whether to involve experts; the appropriate levels of supervision;

6.4.5 The cost auditor also considers the risk of material misstatement at the cost heads, items of cost and disclosure level because such consideration directly assists in determining the nature, timing, and extent of further audit procedures at the assertion level. The cost auditor seeks to obtain sufficient appropriate audit evidence at the cost heads, items of cost, and disclosure level in such a way that enables the auditor, at the completion of the audit, to express opinion on the Cost Statements taken as a whole at an acceptably low level of cost audit risk. Auditors use various approaches to accomplish that objective. The discussion in the following paragraphs provides an explanation of the components of audit risk.

6.4.6 The risk of material misstatement at the assertion level consists of two components as follows:

- "Inherent risk" is the susceptibility of an assertion to a misstatement that could be material, either individually or when aggregated with other misstatements, assuming that there are no related controls. The risk of such misstatement is greater for some assertions and related cost heads, items of cost and disclosures than for others. For example, complex calculations are more likely to be misstated than simple calculations. Cost heads consisting of amounts derived from cost estimates that are subject to significant measurement uncertainty pose greater risks than do cost heads consisting of relatively routine, factual data.

- External circumstances giving rise to business risks may also influence inherent risk. For example, technological developments might make a cause changes to a manufacturing process rendering the existing classification of variable and fixed costs inappropriate and cause product contribution to be misstated.. In addition to those circumstances that are peculiar to a specific assertion, factors in the entity and its environment that relate to several or all of the classes of cost heads, items of cost, or disclosures may influence the inherent risk related to a specific assertion. These latter factors include, for example, external market constraints may cause normal capacity as an unreliable basis for determining unit costs.

- "Control risk" is the risk that a misstatement that could occur in an assertion and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control. That risk is a function of the effectiveness of the design and operation of internal control in achieving the entity's objectives relevant to preparation of the entity's Cost Statements. Some control risk will always exist because of the inherent limitations of internal control.

- Inherent risk and control risk are the entity's risks; they exist independently of the audit of the Cost Statements. The auditor is required to assess the risk of material misstatement at the assertion level as a basis for further audit procedures, though that assessment is a judgment, rather than a precise measurement of risk. When the auditor's assessment of the risk of material misstatement includes an expectation of the operating effectiveness of controls, the auditor performs tests of controls to support the risk assessment. The CAAS AND GACAAPs do not ordinarily refer to inherent risk and control risk separately, but rather to a combined assessment of the "risk of material misstatement." Although the CAAS AND GACAAPs ordinarily describe a combined assessment of the risk of material misstatement, the auditor may make separate or combined assessments of inherent and control risk depending on preferred audit techniques or methodologies and practical considerations. The assessment of the risk of material misstatement may be expressed in quantitative terms, such as in percentages, or in non-quantitative terms. In any case, the need for the auditor to make appropriate

risk assessments is more important than the different approaches by which they may be made.

- "Detection risk" is the risk that the cost auditor will not detect a misstatement that exists in an assertion that could be material, either individually or when aggregated with other misstatements. Detection risk is a function of the effectiveness of an audit procedure and of its application by the auditor. Detection risk cannot be reduced to zero because the auditor usually does not examine all of cost heads, items of cost , or disclosure and because of other factors. Such other factors include the possibility that an cost auditor might select an inappropriate audit procedure, misapply an appropriate audit procedure, or misinterpret the audit results. These other factors ordinarily can be addressed through adequate planning, proper assignment of personnel to the engagement team, the application of professional skepticism, and supervision and review of the audit work performed.

- Detection risk relates to the nature, timing, and extent of the auditor's procedures that are determined by the auditor to reduce audit risk to an acceptably low level. For a given level of audit risk, the acceptable level of detection risk bears an inverse relationship to the assessment of the risk of material misstatement at the assertion level. The greater the risk of material misstatement the auditor believes exists, the less the detection risk that can be accepted. Conversely, the less risk of material misstatement the auditor believes exist, the greater the detection risk that can be accepted.

6.5 Responsibility for the Cost Statements (refer 5.8) the cost auditor is responsible for forming and expressing an opinion on the Cost Statements.

The term "Cost Statements" refers to a structured representation of the cost information, which ordinarily includes accompanying notes, derived from cost accounting records and intended to communicate an entity's use of economic resources and the output obtained in accordance with a Cost reporting framework. The term can refer to for example, a cost statement, reconciliation with financial accounts and related explanatory notes.

6.5.1 The requirements of the Cost reporting framework determine the form and content of the Cost Statements and what constitutes a complete set of Cost Statements. For certain Cost reporting frameworks, a single cost statement as such and the related explanatory notes constitutes a complete set of Cost Statements. For example a Cost Statement under Cost Accounting Standard 4.

6.5.2 The Cost auditor is not responsible for preparing and presenting the cost statements in accordance with the applicable Cost reporting framework including inter-alia:

- Designing, implementing and maintaining internal control relevant to the preparation and presentation of Cost Statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate Cost accounting policies; and
- Making cost estimates that are reasonable in the circumstances.

6.6 Non-compliance (refer 5.9) The cost auditor shall request management to provide written representation that all known instances of non-compliance or suspected non-compliance with laws and regulations governing Cost Accounting, Cost Records and Cost Audit have been disclosed to the cost auditor. The representations provide necessary audit evidence about management knowledge of identified or suspected non-compliance with laws and regulations who's effects may have a material effect on the cost statement however, written representation do not provide sufficient audit evidence on their own, and accordingly do not effect the nature and extent of other audit evidence that is to be obtained by the cost auditor.

7. Effective date: This Standard is to be applied to Audit of Cost Statements executed on or after 1st April 2013.

Annexure 10

278.9.4 To consider Cost Audit and Assurance Standard on Knowledge of Business, its Processes and the Business Environment (CAAS-104).

CAAS 104
Cost Audit and Assurance Standard on
Knowledge of Business, its Processes and the Business Environment

The following is the ***Cost Audit and Assurance Standard*** **(CAAS 104)** on "**Knowledge of Business, its Processes and the Business Environment**". In this Standard, the standard portions have been set in ***bold italic*** type. This standard should be read in the context of the background material, which has been set in normal type.

Introduction:

In performing an audit of cost statements and other related information, the cost auditor should have the knowledge of the client's business to enable him to understand the processes and express his opinion on the cost statements.

The cost auditor's level of knowledge for an engagement should include a general knowledge of the economy and the industry within which the entity operates, and a more particular knowledge of how the entity operates.

Objective:

The objective of this standard is to enable the cost auditor to have knowledge of the client's business which is sufficient to identify and understand the events, transactions and practices that, in the cost auditor's judgment may have a significant effect on the examination of cost statements or on the preparation of the cost audit report.

Scope:

This standard deals with obtaining the knowledge of the client's business, its processes and business environment as it is important for the cost auditor and members of the audit staff working on an engagement.

Definitions:

The following terms are being used in this standard with the meaning specified.

4.1 ***Audit: An audit is an independent examination of financial, cost and other related information of an entity whether profit oriented or not, irrespective of its size or legal form,***

when such an examination is conducted with a view to expressing an opinion thereon. Audit includes cost audit.

4.2 *Auditee: Auditee means a company or any other entity for which audit and or certification is carried out.*

4.3 *Audit Risks: Audit risk is the risk that the cost auditor expresses an inappropriate audit opinion on cost statements that are materially misstated. Audit risk is a function of the risk of material misstatement and detection risk. The risk of material misstatement has two components viz namely inherent risk and control risk.*

(a) Inherent risk – *the susceptibility of an assertion about the measurement, assignment or disclosure of cost to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls.*

(b) Control risk – *the risk that a misstatement that could occur in an assertion about the measurement, assignment or disclosure of cost and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal, operational and management control.*

(c) Detection risk – *the risk that the procedures followed by the cost auditor to reduce audit risk to an acceptable low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements.*

4.4 *Assurance engagement – An engagement in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria. The outcome of the evaluation or measurement of a subject matter is the information that results from applying the criteria.*

There are two types of assurance engagements a practitioner is permitted to perform: a reasonable assurance engagement and a limited assurance engagement.

(a) *Reasonable assurance engagement – The objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the practitioner's conclusion.*

(b) *Limited assurance engagement – The objective of a limited assurance engagement is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of*

the practitioner's conclusion.

4.5 ***Assurance Engagement Risk: "The risk that the practitioner expresses an inappropriate conclusion when the subject matter information is materially misstated".***

4.6 ***Audit Strategy: Audit Strategy sets the scope, timing and direction of the audit, and guides the development of the detailed audit plan.***

4.7 ***Cost auditor: "Cost auditor" means an auditor appointed to conduct audit of cost records, under sub-section (2) of section 233B of the Companies Act and should be a cost accountant as defined in clause (b) of sub-section (1) of section 2 of The Cost and Works Accountants Act, 1959 (23 of 1959) and who holds a valid certificate of practice under subsection (1) of section 6 and who is deemed to be in practice under subsection (2) of section 2 of that Act and includes a firm of cost accountants. Cost Auditor includes Audit Partner.***

5. **Requirements:**

5.1 It is essential that the Cost Auditor should have adequate level of understanding of the knowledge of Business, its Processes and the Business Environment, to develop a reasonable assurance in order to express an opinion on the cost statements on which he is expressing an opinion .

5.2 **The Entity and Its Environment:** The cost auditor should obtain an understanding of the following:

5.2.1. The nature of the entity, including its operations covering Business processes, major inputs, Joint & By-Products and Wastages and major outputs etc.

5.2.2. The entity's ownership and governance structure, relevant industry, regulatory, and other external factors including the applicable cost and financial reporting framework.

5.2.3. The entity's selection and application of cost accounting policies.

5.2.4. The measurement and review of the entity's performance.

5.3. **The Entity's Internal Control:**

5.3.1. The cost auditor should obtain an understanding of internal controls relevant to the audit.

5.3.2. The cost auditor should evaluate whether management has created and maintained a culture of honesty and ethical behaviour.

5.3.3. The cost auditor should evaluate the adequacy of the internal audit function in relation to cost records.

5.4. **I T Environment and Control:** The cost auditor should evaluate and assess:

5.4.1. IT Architecture, Systems and programmes in use in the entity;

5.4.2. Controls on access to data;

5.4.3. **Controls on** changes to data in master files, systems or programmes; and

5.4.4. Integrity of information and security of the data.

5.5 **The entity's risk assessment process:** The cost auditor should obtain an understanding of whether the entity has a process for:

5.5.1. Identifying business risks relevant to cost reporting objectives;

5.5.2. Assessing the likelihood of their occurrence;

5.5.3. Estimating the significance of the risks; and

5.5.4. Deciding about actions to address those risks.

5.6. **Cost Information System/ Management Information System**: The cost auditor should obtain an understanding of the management information system, relevant to cost reporting, including the following areas:

5.6.1. The classes of transactions and their analysis, that are significant to the cost statements;

5.6.2. The procedures, by which those transactions and their analysis are initiated, recorded, processed, and reported in the management information systems and cost statements;

5.6.3. The related cost accounting records, supporting information that are used to initiate, record, process and report transactions; and

5.6.4. The reporting process used to prepare the entity's cost statements, including significant estimates and disclosures.

5.7. **Identifying and Assessing the Risks of Material Misstatement:** The cost auditor should identify and assess the risks of material misstatement at the cost statement level; and at the assertion level for classes of transactions and disclosures. For this purpose, the cost auditor should:

- Identify risks including relevant controls that relate to the risk of material misstatements or a risk of fraud;
- Assess whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention;
- Assess whether the risk involves significant transactions with related parties;
- Assess the degree of subjectivity in the measurement of information related to the

risk.

- Assess whether there arises a need for revising the assessment of risk based on additional audit evidence obtained.

6. **Application Guidance:**

6.1. Obtaining an understanding of the entity and its environment, including the entity's internal control, is a continuous & dynamic process of gathering, updating and analysing information throughout the audit. The understanding establishes a frame of reference within which the cost auditor plans the audit and exercises professional judgment throughout the audit, for example, when:

- Assessing risks of material misstatement of the cost statements;
- Considering the appropriateness of the selection and application of cost accounting policies, and the adequacy of cost statement disclosures;
- Identifying areas where special audit consideration may be necessary, for example, abnormal losses, lower yields, higher wastages, higher utilities consumption, related party transactions etc.
- Developing Models for use in performing analytical procedures;
- Responding to the assessed risks of material misstatement, including designing and performing further audit procedures to obtain sufficient appropriate audit evidence; and
- Evaluating the sufficiency and appropriateness of audit evidence obtained, such as the appropriateness of assumptions and of management's oral and written representations.

6.2. Relevant industry factors include industry conditions such as the competitive environment, supplier and customer relationships, and technological developments etc. Examples of matters the cost auditor may consider include:

- The market and competition
- Cyclical or seasonal activity
- Changes in product technology
- Business risk (for example, high technology, high fashion, ease of entry for competition)
- Declining or expanding operations
- Adverse conditions (for example, declining demand, excess capacity, serious price competition)

- Key ratios and operating statistics
- Specific cost accounting practices and problems
- Specific or unique practices (for example, relating to labor contracts, financing methods, accounting methods).
- Energy supply sources and cost
- Environmental requirements and problems

6.3. An understanding of the entity's selection and application of cost accounting policies may encompass matters such as:

- The methods the entity uses to account for significant and unusual transactions (abnormal events).
- The effect of significant cost accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
- Changes in the entity's cost accounting policies.
- Cost reporting standards and laws and regulations that are new to the entity and when and how the entity will adopt such requirements.

6.4. Management will measure and review those things they regard as important. Performance measures, whether external or internal, create pressures on the entity. These pressures, in turn, may motivate management to take action to improve the business performance or to misstate the cost or financial statements. Accordingly, an understanding of the entity's performance measures assists the cost auditor in considering whether pressures to achieve performance targets may result in management actions that increase the risks of material misstatement, including those due to fraud. Examples of internally-generated information used by management for measuring and reviewing financial performance, and which the cost auditor may consider, include:

- Key performance indicators and key ratios (financial and non-financial).
- Key trends and operating statistics.
- Period-on-period financial performance analyses.
- Budgets, forecasts, variance analyses, segment information and divisional, departmental or other unit level performance reports.
- Employee performance measures and incentive compensation policies.
- Comparisons of an entity's performance with that of competitors.

6.5. While understanding controls that are relevant to the audit, cost auditor should evaluate

the design of those controls and determine whether they have been implemented properly, by performing procedures in addition to discussions with the entity's personnel.

6.6. If an entity has an internal audit function, inquiries of the appropriate individuals within the function may provide information that is useful to the cost auditor in obtaining an understanding of the entity and its environment, and in identifying and assessing risks of material misstatement at the cost statement and assertion levels. If based on responses to the cost auditor's inquiries, it appears that there are findings that may be relevant to the entity's audit; the cost auditor may consider it appropriate to read related reports of the internal audit function.

6.7. The cost auditor should assess the following with regard to IT environment and controls.

- Reliance on systems or programs that are inaccurately processing data, processing inaccurate data, or both.
- Unauthorized access to data that may result in destruction of data or improper changes to data, including the recording of unauthorized or non-existent transactions, or inaccurate recording of transactions. Particular risks may arise where multiple users access a common database.
- The possibility of IT personnel gaining access to privileges beyond those necessary to perform their assigned duties thereby breaking down segregation of duties.
- Unauthorized changes to data in master files.
- Unauthorized changes to systems or programs.
- Failure to make necessary changes to systems or programs.
- Inappropriate manual interventions.
- Potential loss of data or inability to access data as required.

6.8. If the entity has established such a process, the cost auditor should obtain an understanding of it, and the results thereof. If the cost auditor identifies risks of material misstatement that management failed to identify, the cost auditor should evaluate whether there was an underlying risk of a kind that the cost auditor expects would have been identified by the entity's risk assessment process. If there is such a risk, the cost auditor should obtain an understanding of why that process failed to identify it, and evaluate whether the process is appropriate to its circumstances or determine if there is a significant deficiency in internal control with regard to the entity's risk assessment process.

6.9. As part of the risk assessment, the cost auditor should determine whether any of the risks identified are, in the cost auditor's judgment, a significant risk. In exercising this

judgment, the cost auditor should exclude the effects of identified controls related to the risk.

6.10. An understanding of the business risks facing the entity increases the likelihood of identifying risks of material misstatement, since most business risks will eventually have financial consequences and, therefore, an effect on the cost statements. However, the cost auditor does not have a responsibility to identify or assess all business risks because not all business risks give rise to risks of material misstatement.

6.11. The cost auditor should obtain an understanding of control activities relevant to cost/ management information system in order to assess the risks of material misstatement at the assertion level and design further audit procedures responsive to assessed risks. An audit does not require an understanding of all the control activities related to each significant class of transactions and disclosure in the Cost statements or to every assertion relevant to them.

6.12. The cost auditor should obtain an understanding of the major activities that the entity uses to monitor internal control relevant to cost reporting, including those related to those control activities relevant to the audit, and how the entity initiates remedial actions to deficiencies in its controls.

6.13. The cost auditor should understand the related cost accounting records, supporting information and specific accounts in the financial statements that are used to initiate, record, process and report transactions; this includes the correction of incorrect information and how information is transferred primarily to the accounting system and subsequently to cost accounting statement.

6.14. Risks at the cost statement level may derive in particular from a deficient control environment (although these risks may also relate to other factors, such as declining economic conditions). For example, deficiencies such as management's lack of competence may have a more pervasive effect on the cost statements and may require an overall response by the auditor.

6.15. Risks of material misstatement at the cost statement level refer to risks that relate pervasively to the cost statements as a whole and potentially affect many assertions. Risks of this nature are not necessarily risks identifiable with specific assertions at the class of transactions, or disclosure level. Rather, they represent circumstances that may increase the risks of material misstatement at the assertion level, for example, through management override of internal control. Cost statement level risks may be especially relevant to the auditor's consideration of the risks of material misstatement arising from fraud.

6.16. The auditor's assessment of the identified risks at the assertion level provides a basis for considering the appropriate audit approach for designing and performing further audit

procedures. For example, the auditor may determine that only by performing tests of controls may the auditor achieve an effective response to the assessed risk of material misstatement for a particular assertion

7. **Effective date**: This Standard is to be applied to Audit of Cost Statements executed on or after 1st April 2013.

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Annexure 11

278.9.7 To consider Foreign Tour reports of Council Members and Officials of the Institute from 1st October 2012 onwards.

Details of visits undertaken for attending the meetings / conferences / seminars at International Forums since 1st October, 2012
(As on 7th January 2013)

✓ 1st Annual Meeting of the Cultural Diversity Platform on Accounting, Finance and Auditing on 3rd October 2012 at Paris, France

- CMA Rakesh Singh, President
- CMA Sanjay Gupta, Council Member and Chairman, WTO & IA Committee

✓ CMA Sanjay Gupta, Council Member and Chairman, WTO & IA Committee attended the meeting at Institute of Management Development, Lausanne, Switzerland and discussed issues relating to MRA, Joint Research Project, sharing of expertise and development of Standards on 5th & 6th October 2012.

✓ CMA Sanjay Gupta also met Mr Noel Tagoe, Executive Director of Education of CIMA, UK on 9th October 2012 at London, UK to review the MoU with CIMA.

✓ Institute of Directors in partnership with the Institute organised London Global Convention 2012 during 10 to 13 October 2012 at London, UK. President delivered a special address to mark the occasion. CMA Sanjay Gupta also attended the convention.

✓ Confederation of Asian and Pacific Accountants (CAPA) organized its Extraordinary General Meeting (EGM) and other Committee meetings in Sri Lanka during 18-21st October 2012. The meetings were attended by the following:

- CMA Rakesh Singh, President
- CMA SC Mohanty, Vice President
- CMA Amit Apte, Council Member

✓ Vice-President along with CMA PV Bhattad, Council Member attended various Meetings of International Valuation Standards Council (IVSC) during 25th to 27th October 2012 at Milan, Italy. The Institute is an institutional member of the IVSC. The members also attended the meetings of IVSC Standards Board and IVSC Professional Board at Milan

during the visit.

- ✓ CMA TCA Srinivasa Prasad, Council Member attended the SAFA board and Committee meetings from 8th to 10th Nov 2012 being organised by the Institute of Cost and Management Accountants of Pakistan at Lahore.

- ✓ The President and Vice President attended IFAC Council Meeting at Cape Town, South Africa from 13th to 15th Nov 2012.

- ✓ CMA Sanjay Gupta, Council Member attended the Malaysian Institute of Accountants Conference 2012 from 26th to 28 November 2012 at Kualalumpur.

- ✓ The Federation of Indian Chamber of Commerce and Industry (FICCI) in association with Ministry of Commerce, Govt. of India organised "The India Show" during 3rd to 5th December 2012 at Dhaka, Bangladesh. CMA Kaushik Banerjee, Additional Secretary represented the Institute in the show.

- ✓ The President attended the Annual meeting of Accounting Body's Network (ABN) on 13th December 2012 and ABN Technical meeting on 14th December 2012 at London along with CMA JP Singh, Additional Secretary. The meeting was followed by discussion on the Role of Finance and Accounting Community for future proofing the economy. His Royal Highness the Prince of Wales invited the Institute to participate in the same. Institute is the only accounting body from India, who has got the membership of the Accounting for Sustainability (A4S).

- ✓ **Forthcoming Event:**
  Meetings of SAFA Board and Assembly are scheduled to be held on **12th January 2013 at Dhaka, Bangladesh**. Function of ICMAB Best Corporate Award-2012 is also scheduled to be held on **January 12, 2013 in Dhaka**.