

(Department of Company Affairs)

New Delhi, the 1<sup>st</sup> July 1985.

**Cost Accounting Records (Bearings) Rules 1985**

G.S.R. 664. - In exercise of the powers conferred by sub-section (1) of section 642 read with clause (d) of sub section (1) of section 209 of the companies Act 1956 (1 of 1956), (hereinafter referred to as "the Act"), the Central Government hereby makes the following rules, namely;

**1. Short title and commencement. –**

(1) These rules may be called the Cost Accounting Records (Bearings) Rules, 1985.

(2) They shall come into force on the date of their publication in the Official Gazette.

**2. Application. -** These rules shall apply to every company engaged in the production, processing or manufacture of bearings of various types viz. Ball and Roller Bearing, Needle Bearings and of various sizes, excepting those companies falling under the category of 'Small Scale Industrial Units'.

**Explanation:**

For the purpose of this rule, the expression "Small Scale Industrial Undertaking" means a Company -

[(a) The aggregate value of the machinery and plant installed where in dose not exceed the limit as specified for a small scale industrial undertaking under the industries (Development and Regulation Act 1951 (65 of 1951), as on the last date of the presenting financial year.]<sup>1</sup> and

[(b) The aggregate value of the realization made by the company from the sale or supply of all its products during the preceding financial year dose not exceed ten crore rupees.]<sup>2</sup>

**3. Maintenance of Records: -**

(1) Every company to which these rules apply shall, in respect of each of its financial year commencing on or after the commencement of these rules, keep proper books of accounts containing, inter-alia, the, particulars specified in Schedules annexed to these Rules or in a form as near thereto as practicable, relating, to utilization of materials, labour and other items of cost in so far these are applicable to Bearings referred to in Rule 2. Provided that if the said company is manufacturing any other products or is engaged in other activities in addition to items referred to in Rule 2, the particulars relating to utilization of material, labour and other items of cost so tar as they are applicable to such other products or activities, shall not be included in the cost of the items referred to in Rule 2.

Provided that if the said company is manufacturing any other product(s) or is engaged in other activities in addition to the items referred to in Rule 2, the particulars relating to utilization of materials, labour and other items of cost in so far as they are applicable to such other products or activities shall not be included in the cost of the items referred to in Rule 2.

(2) The books of accounts referred to in sub-rule (1) shall be kept on a regular basis in such a way as to make it possible to calculate the cost of production and cost of sale of bearings of any quality and or size referred to in Rule 2 at regular intervals, say quarterly, during the financial year (hereinafter referred to as the relevant period), as well as for the financial year as a whole, from the particular entered therein and every such book of account and the proformae specified in Schedule II shall be completed not later than ninety days from the end of the financial year of the company to which they relate.

(3) It shall be the duty of every person referred to in sub-section (6) and sub-section (7) of section 209 of the Act to take all reasonable steps to secure compliance by the company with the provisions of sub rules (1) and (2) in the same manner as he is liable to maintain accounts required under sub-section (1) of section 209 of the Act,

(4) Statistical and other records shall also be maintained in compliance, with the provisions of the Schedules which shall be such as to enable the company to exercise as far as possible control over the various operations and costs with a view to achieve optimum economies in costs and provide the necessary data required by the cost auditor to suitably report on all the points referred to in the Cost Audit (Report) Rules, 1968 as amended from time to time. Such records shall be reconciled with the returns submitted to the Excise Department, DGTD and other authorities from time to time.

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<sup>1</sup> Substituted by G.S.R. 452(E) dated 3<sup>rd</sup> August 1998

<sup>2</sup>. Inserted by G.S.R. 328(E) dated 24<sup>th</sup> March 1993

**4. Penalty:-** If a company contravenes the provisions of Rule 3, the company and every officer thereof, who is in default including the persons referred to in sub-rule (3) of Rule 3 shall, subject to the provisions of section 209 of the Act, be punishable with fine, which may extend to five hundred rupees and where the contravention is a continuing one, with a further fine which may extend to fifty rupees for every day after the first during which such contravention continues.

## **SCHEDULE 1**

(See Rule 3)

### **1. Material:**

**1.1 Direct Materials:** Proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of direct materials like steel tubes, bars, wire, strips etc. required for the production, processing or manufacturing of products referred to in Rule 2. These records for direct material shall contain such details as will enable the company to determine the quantity, cost of receipts (Including all direct charges up to the works), issues and balance of materials separately for imported and indigenous supplies. In case of imported materials including those canalized through government agencies, details of FOB price, freight and insurance charges (of Value), customs duty, port charges inland freight charges paid shall be recorded separately, The basis on which the said quantities and cost of issues and consumption have been calculated shall be indicated in the cost records and such basis shall be followed consistently.

#### **1.2 Consumable Stores, Small tools, machinery spares etc.**

1.2.1 Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable: stores, small tools and machinery spares, dies etc. The cost shown shall include -all direct charges up to the works.

1.2.2 In the case of consumable stores, small tools and machinery spares the costs of which are insignificant, the company may, if it so desires, maintain such records for the main groups of such items

1.2.3 the cost of consumable stores, all tools, and machinery spares, dies etc. shall be charged to the relevant cost centres on the basis of actual issues.

**1.3** Materials consumed on capital works such as additions to buildings, plant and machinery and other fixed assets shall be shown under relevant capital heads.

#### **1.4 Wastages, Spoilages, Rejections, Losses, etc. of Materials.**

1.4.1 Proper records shall be maintained showing the quantity of wastages, spoilages, rejections and losses of materials in manufacture (operation wise), consumable stores, small tools and machinery spares dies etc. whether in transit, storage manufacture or at any other stage. The reasons for wastages, spoilages, rejection and losses and method followed for the adjustment of the above losses shall be indicated in the cost records.

1.4.2 Proper records shall be maintained showing the quantity of different kinds of scrap generated.

1.4.3 If any scrap is recycled, proper records in regard to quantity and reprocessing charges shall be maintained.

1.4.4 Records for the realization derived from the disposal of scrap, rejected and waste material and the value of rejected materials reused in process, shall be maintained separately and the method adopted for adjusting the foresaid recoveries, in the cost of production shall be indicated in the cost records.

### **2. Wages and Salaries:**

2.1 Proper records shall be maintained to show the attendance and earnings of all employees in each cost centre and the work on which they are employed. The records shall also indicate separately for each cost centre:

(i) Piece rate wages earned;

(ii) Incentive wages earned either individually or collectively as production bonus or under any other scheme based on output;

(iii) Overtime wages earned;

(iv) Earnings of casual labour.

2.2 Idle time shall be separately recorded under classified headings indicating the reasons therefore. The method followed for accounting of the idle time payments in determining the cost of the product shall be disclosed in the cost records.

2.3 Wages and salaries chargeable to capital works such as additions to plant and machinery, building, or other fixed assets shall be accounted for under the relevant capital heads.

### **3. Service department expenses:**

3.1 Detailed records shall be maintained of indicate expenses incurred for each service department cost centre like welfare, testing etc. These expenses shall be apportioned to other services and production departments on an equitable basis, which shall be applied consistently.

#### **3.2 Power:**

3.2.1 Adequate records shall be maintained for the quantity and cost of power purchased. Where the company itself generates power, adequate records shall be maintained to show the cost of power generated. Necessary records shall also be maintained to show total power consumed for the production of hearings in different cost centres and departments. These records shall be maintained in such detail as may enable the company to furnish the necessary particulars in Annexure I to this schedule or in a form as near thereto as practicable.

3.2.2 Where power is generated and supplied by any other unit of the company for the manufacture of the products under reference, adequate records shall be maintained to assess the quantity and cost of power so supplied. The rate charged by that unit shall be on a reasonable basis, which shall be applied consistently. The cost of power allocated to production of bearing shall be on a reasonable basis which shall be applied consistently.

### **4. Workshop/Repair and Maintenance:**

4.1 Proper records showing the expenditure incurred by the workshop in repairs and maintenance jobs shall be maintained. The records shall also indicate the basis of charging the cost of these jobs to different cost centres and departments.

4.2 Expenditure on major repair works from which benefit is likely to accrue for more than one financial year shall be shown separately in the cost records, indicating the method of allocating these costs to the cost of bearings manufactured during the relevant period.

4.3 Expenditure incurred on works of a capital nature shall be capitalized. The cost of such jobs shall include the expenditure on direct material, direct labour and due share of the overheads.

4.4 The jobs carried out by workshops of other units, and for other units of the company shall be charged on a reasonable basis, which shall be applied consistently.

### **5. Depreciation:**

5.1 Proper records shall be maintained showing the cost and other particulars of fixed assets in respect of which depreciation is to be provided. These records shall inter alia, indicate the cost of each item of asset including installation charges, if any, the date of installation and rate of depreciation and location of each asset. In respect of those assets, the cost of which cannot be ascertained without any unreasonable expenditure or delay, the valuation shown in the books on the first day of the financial year beginning on or after the commencement of those rules shall be taken as the cost. Such a valuation shall exclude revaluation of any asset that had been done prior to the aforesaid date.

5.2 The basis on which depreciation is calculated and allocated apportioned to the various cost centres and departments and absorbed on the products shall be clearly indicated in the records. Depreciation chargeable to the different cost centres and departments shall not be less than the amount of depreciation chargeable in accordance with the provisions of sub-section (2) of Section 205 of the Act, and shall relate to plant machinery and other fixed assets utilized in such cost centres and departments. In the case of assets and group of assets on which depreciation is written off at the rate of 100 per cent in the relevant year otherwise than as provided for in the Income Tax Act 1961 (43 of 1961) and the rules made thereunder such depreciation shall be spread over the number of years during which benefit is derived from such assets or group of such assets. In case the amount of depreciation charged in the cost records in any financial year is higher than the amount of depreciation chargeable under the aforesaid provisions of the Act, the amount so charged in excess shall be indicated clearly in the cost records. The cumulative depreciation charged in the cost re-

cords against any individual item of asset shall not, however, exceed the original cost of the respective asset.

**6. Royalty/Technical know-how fee.** - Adequate records shall be maintained showing the royalty or other recurring or non-recurring payments made to collaborators or technology suppliers in terms of agreements entered into with them. Such records shall be kept separately in respect of each party. The basis of charging such amounts including overtime payments to the products shall be indicated in the cost records.

**7. Other Overheads:**

7.1 Proper records shall be maintained showing the various items of expenses comprising the overheads. These expenses shall be analyzed, classified and grouped into works, administration and selling and distribution overheads. In case any expense included in the above categories of overheads can be identified with a particular activity or product, such expenses shall be segregated and charged to relevant activity other or product directly at the first instance and thereafter the remaining common expenses under the above categories or overheads shall be apportioned on reasonable and equitable basis and applied consistently. The method followed for allocation/absorption of the above categories of overheads to the departments /cost centres /products shall be indicated in the in the cost records.

7.2 Where the company is engaged in the manufacture of any other products in addition to the ate of products referred to in Rule 2, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to the bearings activities, other activities the and capital works. The basis followed for apportionment /absorption of overheads to the cost centres and products shall be indicated in the cost records.

**8. Conversion Cost.** - Proper records shall be maintained for splitting up of conversion costs (the cost of manufacture less direct material cost) into fixed and variable costs for filling the relevant proformae under schedule II.

**9. Packing.** - Proper records shall be maintained showing the quantity and cost of various packing materials such as polythene paper, cardboard boxes and wooden boxes etc. used for packing the bearings.

**10. Interest-** Proper records shall be maintained showing interest charges. The amount of interest shall be allocated/apportioned to bearings and other activities on a reasonable and equitable basis The basis of such allocation/apportionment shall be spelt out clearly in the cost records. The incidence of interest for bearings of different types and sizes shall be determined on reasonable and equitable basis.

**11. Expenses/Incentives on Export.** - Proper records showing the expenses incurred on the export of bearing if any, shall be separately maintained, so that the cost of export sales can be determined correctly. The expenses incurred on exports as well as any export incentive earned shall be reflected in the cost statement relating to export sales. Export incentive to be treated as other income and reflected in the cost records as such.

**12. Work-in-progress and finished goods stock.** - The method followed for determining the cost of work-in-progress and finished goods stock shall be indicated in the cost records so as to reveal the cost elements that have been taken into account in such computation. The method adopted shall be followed consistently. Records showing the value of work-in-progress and the quantities and value of finished goods shall be maintained in proforma F of Schedule II. The actual consumption of components as against the standard/estimated consumption including normal rejections to bring out excess/abnormal consumption, if any may also be shown in proforma F.

**13. Research and Development Expenses:**

13.1 Proper records showing details of expenses: If any, incurred by the company for the research and development work on bearings according to the nature viz. development of products, existing and new processes of manufacture existing and new; designed and development of new plant facilities; market research for the existing and new products etc. shall be maintained separately.

13.2 The method of charging these expenses to the cost of the products during any year shall be indicated in the cost records. Where the utility of such work extends over more than one financial year, such expenses shall be treated as deferred expenses 'and charged to cost of production of bearings and other products on a reasonable basis which shall be applied consistently.

#### **14. Cost Statements:**

14.1 Separate cost statements showing the conversion cost for each operation like cold heading, turning, grinding, lapping, heat treatment, finishing etc. shall be maintained to enable the company to fill in Proforma A to H of Schedule II and the ascertainment of the actual conversion cost for each type/size of component/bearing. In case the number of types/sizes of components is large, production can be expressed in terms of standard types and sizes of the component. The relation between the actual and standard type/size of the component may be given in Proforma B indicating the weightage factor. The cost of conversion as arrived at in Proforma A for standard units may be allocated to different types and size as per Proforma B.

14.2 The cost of sales statements in respect of different types and sizes of bearing sold shall be maintained in Proforma B, E, F and G.

14.3 In case it is not possible to compile such data for all types of bearings, the cost of production and cost of sales shall be maintained in proforma C, D and E respectively, in respect of bearing which are predominantly produced. This data on an overall basis shall cover not less than 80 per cent of total value of production (quantity multiplied by average sale price) provided that no item constituting not less than 5 per cent of the value of production is excluded. The same data regarding the rest of the categories of bearings produced shall be given in total in the above said proforma for the purpose of reconciliation of the total expenses and income as per Proforma H. However, the company shall keep adequate records show cost of sales and sales realization for each category in detail.

14.4 Export of bearings shall be exhibited separately in the relevant cost statements and the same shall be excluded from the cost statements meant for sale in the internal markets. Value of export incentives, if any, shall be shown in the respective cost of sales statements.

#### **15. Reconciliation of cost and financial accounts:**

15.1 The cost records shall be reconciled periodically with the financial books of account so as to ensure accuracy, say, quarterly, as well as for the financial year as a whole. The reconciliation shall be done in such a manner that the profitability of the product under reference can be correctly adjudged and profit/loss of the product reconciled with the overall profit/shall of the product reconciled with the overall profits/losses of the company.

15.2 A statement showing the total expenses incurred and the income received by the company and the share applicable to bearings activity shall be maintained in Proforma H of Schedule II duly conciled with the financial accounts.

**16. Adjustment of Cost Variances.** - Where the company maintains cost records on any basis other than actual, such as standard costing, the record shall indicate the procedure followed by the company in working out the cost of the products under such procedures. The method followed for adjusting the cost variances in determining the actual cost of the product shall be indicated clearly in the cost records. The cost variances shall be shown against the relevant heads in the respective proforma of Schedule II. The reasons for variances shall be indicated in the cost records.

**17. Production Records.** - Quantitative records of all finished products, issued for sale and/or captive consumption and balance of different types and sizes of bearing produced by the company shall be maintained. The cost of all finished production may be kept in detail or in the form of control accounts for each type of product, provided the value of the balances according to such control accounts are reconciled periodically at least once in a year with the value of the quantities shown in the quantitative accounts of each size and type of bearings.

**18. Record of Physical verification.** - The Records of physical verification shall be maintained in respect of all items held in ,stock such as raw materials, consumable stores, machinery spares, fuels, finished goods and fixed assets. Reasons for the shortage/surpluses arising out of such verification and the method followed for adjusting the same in the cost of the products shall be indicated in the records.

#### **[19. Inter-company transactions:**

(1) In respect of related party transactions or supplies made or services rendered by a company to its holding company or subsidiary or a company termed "related party relationship" as defined below and vice-a-versa, records shall be maintained showing contracts entered into, agreements or understanding reached in respect of:

- (a) Purchase and sale of raw materials, finished products, process materials, chemicals and rejected goods including scraps, etc;

- (b) Utilization of plant facilities and technical know-how;
- (c) Supply of utilities and any other services;
- (d) Administrative, technical, managerial or any other consultancy services; (e) purchase and sale of capital goods including plant and machinery;
- (f) Any other payment related to production, processing or manufacturing of product under reference. These records shall also indicate the basis followed for arriving at the rates charged or paid for such products or services so as to enable determination of the reasonableness of such rates in so far as they are in any way related to product under reference.

(2) The transactions by the following "related party relationships" shall be covered under sub-rule (1):

- (a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, of are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- (b) Associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;
- (c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (d) Key management personnel and relatives of such personnel; and
- (e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

**However**, the following shall not be deemed as "related party relationships":

- (a) Two companies simply because they have a Director in common, notwithstanding paragraph (d) or (e) above (Unless the Director is able to affect the policies of both companies in their mutual dealings);
- (b) A single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and
- (c) The parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process);
  - (i) Providers of finance;
  - (ii) Trade unions;
  - (iii) Public utilities;
  - (iv) Government departments and government agencies including government sponsored bodies.

Explanation: -For the purpose of these Rules,

**(a) "Related party relationship"** mean parties who are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions;

**(b) "Related party transaction"** means a transfer of resources or obligations between related parties, whether or not a price is charged;

**(c) "Control" means**

- (i) Ownership, directly or indirectly, of more than one-half of the voting power of an enterprise; or
- (ii) Control of the composition of the Board of Directors in the case of a company or of the Composition of the corresponding governing body in case of any other enterprise; or
- (iii) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or

operating policies of the enterprise.

- (d) **"Significant influence"** means participation in the financial or operating policy decisions of an enterprise, But not control of those policies;
- (e) **"Associate,"** means an enterprise in which an investing reporting party has significant influence and which is Neither a subsidiary nor a joint venture of that party;
- (f) **"Joint venture"** means a contractual arrangement whereby two or more parties undertake an economic Activity, which is subject to joint control;
- (g) **"Joint Control"** means the contractually agreed sharing of power to govern the financial and operating Policies of an econottlic activity So as to obtain benefits from it;
- (h) **"Key management personnel"** mean those persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting enterprise;
- (i) **"Relative"**-in relation to an individual, means the spouse, son, daughter, brother, sister, father and mother who may connected by blood relationship;
- (j) **"Holding company"** means a holding company within the meaning of Section 4 of the Companies Act, 1956 (1 of 1956);
- (k) **"Subsidiary"** means a subsidiary company within the meaning of Section 4 of the Companies Act, 1956 (1 of 1956);
- (l) **"Fellow subsidiary"** means a company is said to be a fellow subsidiary of another company if both are subsidiaries of the same holding company;
- (m) **"State-controlled enterprise"** means an enterprise which is under the control of the central Government or a State Government." ]<sup>3</sup>

## 20. Statistical Records:

20.1 Statistical data such as available plant hours, actual plant hours worked with reasons for stoppages, under classified headings, yield percentage of components to the inputs shall be kept.

20.2 Such records as will enable the company to identify the capital employed for the Bering activity shall also be maintained. The records shall also show fresh investment on fixed assets that have not contributed to the production during the relevant period. The records shall in addition show assets added as replacement and for increasing the existing capacity.

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<sup>3</sup>. Substituted by G.S.R. 734 (E) dated 28<sup>th</sup> September 2001

**SCHEDULE I**

**ANNEXURE I**

Name of the Company \_\_\_\_\_

Name and Address of the Factory \_\_\_\_\_

Statement showing the cost of power generated/ purchased and consumed during the year ending \_\_\_\_\_

	Current year	Previous year
Number of units generated kWh		
Number of units purchased kWh		
Self consumption in power house and other losses kWh		
Net Units consumption by other Departments		

Sl. No.	Particulars	Qty	Rate per Unit (Rs.)	Amount (Rs.)	Cost per unit of power generated and/or purchased	
					This year	previous year
1	2	3	4	5	6	7

- |    |    |               |   |
|----|----|---------------|---|
| A. | 1. | a.            | Fuel Oil  |
|    |    | b.            | Other materials (to be specified)               |
|    | 2. |               | Consumable stores                               |
|    | 3. |               | Other direct charges (such as electricity duty) |
|    | 4. |               | Salaries & Wages                                |
|    | 5. |               | Repairs & Maintenances                          |
|    | 6. |               | Overhead  |
|    | 7. |               | Depreciation                                    |
|    |    | <b>Total:</b> |   |
|    | 8. | Less: i.      | Credit for supply to other units of the Company |
|    |    | ii.           | Other parties                                   |
|    | 9. |               | Net cost of power generated                     |
| B. | 1. |               | Purchased power                                 |
|    | 2. |               | Total (A + B)                                   |
|    | 3. |               | Cost per Unit (Average)                         |

Consumed in	No. of units kWh.	Amount Rs.
1. Production departments (to be specified)		
2. Services department (to be specified)		
3. Other (to be specified)		
<b>Total</b>		

Note:

- (a) Cost per unit generated shall be worked out with references to the net unit of power available for use after deduction consumption in the power house/own generator losses.
- (b) Where meters are not installed consumption of power by the different cost/department shall be assessed on a reasonable basic and applied consistently.
- (c) Bonus to employers other than incentive bonus, statutory gratuity including provisions and interest charges on borrowing including debenture shall be shown in the cost sheet for final production in proforma E and H only.
- (d) Realisation if any by sale of power to outside parties, shall be shown separately against Item No. A8.



**PROFORMA A**  
**SCHEDULE II**  
**(Sec Rule 3)**

**Name of the Company**

**Name and Address of the factory**

**Statement showing the conversion costs for the various operation**

Sl.	Particulars	A. Balls/ Cylinders*	B. Inner/ Outer Rings*	C. Retainers/cages*	D	E	F
1	2	3 4 5 6 7 8 9 10	11 12 13 14 15 16 17	18 19 20 21 22	23	24	25 26

**I. Production**

1. No. Of units production

- a. Gross
- b. Rejects
- c. Net (a-b)

**II. Conversion Cost (Rs.)**

1. Wages & Salaries
2. Consumable stores
3. Utilities
4. Depreciation
5. Repair and Maintenances
6. Other works overhead
7. Research and development
8. Other (Specify)
9. Total
  - a. Fixed
  - b. Variable

**III. 1. Machine House**

- a. Available
- b. Worker
2. Cost per hour worked
  - a. Fixed
  - b. Variable
  - c. Total
3. Cost per hour worked previous year
  - a. Fixed
  - b. Variable
  - c. Total
4. Production in terms of standard units
5. Production in teams of standard units per hour worked
6. Conversion cost per standard unit
  - a. Fixed
  - b. Variable
  - c. Total

**Notes:**

1. Cost centers given are illustrative only.
2. Bonus to employers other than incentive bonus, statutory gratuity including provisions and interest charges on borrowing including debenture shall be shown in the cost sheet for final production in proforma E and H only
3. Regarding the reduction of actual units production to standard unit proforma B & D may be seen.
4. Cost of conversion in each cost centre may be apportioned to different sizes, of balls, roller etc on the basis of hours worked or any other appropriate basis as the case may be.
5. Production in terms of standard units should tally with the figures in proforma B.

*3	Cold Heading	11	Turning	18	Blanking
4	Turning	12	Stamping	19	Contraction
5	Grinding	13	Hardening	20	Pocket forming
6	Lapping	14	Grinding	21	Piercing prong bending
7	Heat treatment	15	Honing	22	Others (specify)
8	Finishing	16	Other	23	Total
9	Other	17	Total	24	Rivets
10	Total			25	Others (specify)
				26	Grand Total

## PROFORMA B

**Name of the Company**

**Name and Address of the Factory**

**Statement showing the basic of conversion of the actual units in terms of standard units and conversion cost per actual unit production.**

Description/name Of the component	size	Production in numbers (Actual unit)	Weight age factor	Total in terms of standard units	Conversion cost per stan- dard unit (no) Rs.			Total conversion cost Rs.			Conversion cost per number actual unit Rs.		
					Fixed	Variable	Total	Fixed	Variable	Total	Fixed	Variable	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14

**Total**

**Notes:**

1. Total conversion cost to tally with the figure under item II.9, column 26 of Proforma A.
2. In case the no of types and sizes of components is large, production can be expressed in terms of standard types and size of components. The weightage factor is the ratio, which the component of different sizes manufactured in an hour.

## PROFORMA C

Name of the Company

Name and Address of the Factory

Statement showing the cost of production of balls/rollers, inner/outer races, cages etc. during the year ending

	Balls	Cylinders Rollers	Tapered Rollers	Spherical Rollers	Inner Races	Outer Races	Cages	Others (to be specified)	Total
1	2	3	4	5	6	7	8	9	10

A. No. of units produced  
current year

No. of units produced  
previous year

B. 1. Raw materials (Give details and quantities)

(Rs.)

2. Conversion cost (Proforma B)

- a. Fixed
- b. Variable
- c. Total

3. Total

4. Less credit for scrap, if any

5. Adjustment for opening and Closing Work in Progress

6. Administration overhead

7. Total

- 8. i. Adjustment for opening and closing Finished stock
- ii. Adjustment for cost variances

9. Total

10. Cost of production transferred to assembly

11. Cost of production per unit

- i. This year
- ii. Previous year

**Notes:**

1. Complete details in respect of each type/size of bearing shall be furnished under each major item.
2. Where the company is following standard costing system adjustment of cost variation shall be indicated against item 8(ii)
3. Bonus to employers other than incentive bonus, statutory gratuity including provision and interest charges on borrowing including debentures shall be shown in proforma E & H only.

**PROFORMA D**

**Name of the Company**

**Name and Address of the factory**

**Statement showing the cost of Assembling Ball and Roller Bearing for the year ending**

Sl. No.	Description	Current year Rs	Previous year Rs			
<b>I. Assembly Cost</b>						
1.	Wages and Salaries					
2.	Consumable stores					
3.	Utilities (Specify)					
4.	Depreciation					
5.	Repairs and Maintenance					
6.	Other Works Overhead					
7.	Adjustment for work-in-progress					
8.	Total					
	a. Fixed					
	b. Variable					
<b>II. 1. Assembly hours</b>						
	a. Available					
	b. Worked					
<b>2. Cost per Assembly hour</b>						
	a. Fixed					
	b. Variable					
<b>3. No. of standard unit of Ball/Roller bearings assembled per hour.</b>						
<b>4. Assembling cost per standard unit of Ball/Roller bearings</b>						
	a. Fixed					
	b. Variable					
<hr/>						
<b>III</b>	Type of Ball/Roller Bearing	Size	Gross production	Rejects	Net production	Weightage factor
1	2	3	4	5	6	7
1						
2						
3						
4						
5						
6 etc.						
<hr/>						
Total						
<hr/>						

III	Total in terms Of standard Unit (No.)	Total assembly cost			Assembling cost per unit (Actual)					
		Fixed	Variable	Total	Current Year			Previous Year		
					Fixed	Variable	Total	Fixed	Variable	Total
		8	9	10	11	12	13	14	15	16
1										
2										
3										
4										
5										
6 etc.										
Total										

**Notes:**

1. Assembly cost per standard unit of Ball and Roller Bearings vide Item II.4 shall be arrived at by dividing the total cost vide item 1.8 by the total standard units assembled vide column 8 of item III.
2. The figure in Column 9,13,11 shall be calculated by multiplying figures in column 8 with assembly cost per standard unit vide column II.4
3. Figures in column 12,13,14 shall be calculated by dividing the figures in column 9,10,11 by figures in column 6.
4. Bonus to employers other than incentive bonus, statutory gratuity including provision and interest charges on borrowing including debentures shall be shown in proforma E & H only.
5. The assembly cost may be charged on the basis of actual hours worked/ actual Ball and Roller bearings assembled or other appropriate basis, which shall be followed consistently.
6. In case the no of types and sizes of Balls and Roller Bearings is large, production can be expressed in terms of standard types and size of components. The weightage factor is the ratio, which the ball and roller bearings of different types and sizes assembled bears to the standard type and size of Ball and Roller bearings, assembled in an hour.

**PROFORMA E**

**Name of the Company**

**Name and the Address of the Factory**

**Statement showing the cost of sales realization of Ball/Roller Bearing**

	Current Year		Previous Year	
	Type	Size	Type	Size
I Number of ball/roller bearing produced				
ii. Number of ball/roller bearing packed				
iii. Number of ball/roller bearing sold				

	Qty	Rate	Amount	Cost per bearing	
				This Year	Previous Year

Components:

- |   |                   |
|---|-------------------|
| 1. Outer Ring   | } vide proforma C |
| 2. Inner ring   |                   |
| 3. Rollers/Balls  |                   |
| 4. Retainers/cages  |                   |
| 5. Rivets, Seals etc  |                   |
| 6. Assembly cost vide Proforma D                                      |                   |
| 7. Adjustment for opening and closing WIP                             |                   |
| 8. Administration overhead  |                   |
| 9. Total  |                   |
| 10. Adjustment for opening and closing stocks of finished goods       |                   |
| 11. Packing charges   |                   |
| i. Materials  |                   |
| ii. Labour  |                   |
| iii. Overhead   |                   |
| 12. Adjustment for opening and closing stock of Packed Production     |                   |
| 13. Selling and distribution expenses                                 |                   |
| 14. Total   |                   |
| 15. Interest  |                   |
| 16. Bonus other than incentive bonus                                  |                   |
| 17. Gratuity including provision                                      |                   |
| 18. Other expenses not included in cost (net of miscellaneous income) |                   |
| 19. Total cost of sales excluding excise duty                         |                   |
| 20. Net sales realization excluding excise duty                       |                   |
| 21. Margin  |                   |

**Notes:**

- Complete details in regard to all major types/ sizes etc of the bearing shall be given. In respect of others consolidated details may be given vide Para 14 of schedule I.
- Separate statements are to be prepared for bearings exported showing export expenses and export subsidy clearly.
- Bonus to employers other than incentive bonus, statutory gratuity including provision and interest charges on borrowing including debentures shall be shown in this proforma only.
- Cost sheet shall be maintained in respect of each size and type of ball and roller bearings, needle bearing as listed in rule 2 in order to cover not less than 80% of the bearings produced in terms of value vide para 14.2 and 14.3 of schedule I. For this purpose the company can maintain a basic cost sheet for a representative size in each type and indicate the differential cost in respect of other sizes included in the group, provided the differential cost is not at variance more than 5% as compared to representative size.

## PROFORMA F

**Name of the Company**

**Name and Address of the Factory**

**I Statement showing the value of work-in-progress at the end of the year**

	This Year	Previous Year
1. Opening work-in-progress at the beginning of the year		
2. Add expenses relating to production of component of bearing during the year		
3. Total		
4. Less cost of production of component of bearing transferred to assembly/stock		
5. Closing work-in-progress at the end of the year		

**II. Statement showing production and consumption during the year ending**

	Balls		Cylinder		Inner /Outer Races		Cages		Rivets		Other	
	Qty	Value	Qty	value	Qty	Value	Qty	value	Qty	Value	Qty	value
1. Opening balances of components in the assembly At the beginning of the year												
2. Add components transferred during the year												
3. Total (1+2)												
4. Less Closing balances of the components at the end of year												
5. Components utilities in the production of bearings during the year												
6. Component required as per norms/standard (including normal rejection) for finished production												
7. Excess Consumption (5-6)												

Note: Reason for excess consumption may be furnished in detail.

**III. Statement showing opening stock production sales/transfer and closing stock of bearing for the year ending**

Sl. No.	Ball/Roll/Needle Bearing type/size	Opening Stock		Production during the Year		Total		Transfer for sale		Other Transfer		Physical verification adjustment If any		Closing stock at the end of year	
		Qty	Value	Qty	value	Qty	Value	Qty	value	Qty	Value	Qty	value	Qty	value
1															
2															
3															
Total															

**Notes :**

1. Complete details for all types/ sizes may be furnished.
2. Separate statements of work in progress for components and bearings shall be maintained.



**PROFORMA G**

**Name of the Company**

**Name and Address of the Factory**

**Summary of cost of sales and sales realization for the year ending**

S. No.	Type of Bearing	Size	Cost of sales as per Proforma E		Net sales Realization As per Proforma E	Margin
			Qty	Value		
1	2	3	4	5	6	7
1						
2						
3						
4						
5						
6						
<b>Total</b>						

S. No.	Current year/Previous year					
	Per unit					
	Cost of sales	Sales realization	Margin	Cost of sales	Sales realization	Margin
	8	9	10	11	12	13
1						
2						
3						
4						
5						
6						
<b>Total</b>						

## PROFORMA H

Name of the Company

Name and Address of the Factory

Statement showing the allocation of total expenses/income of the company between bearing and other activities during the year ending

S. No.	Particulars	Total Exp	Share applicable To bearing	Share applicable to other activities
1	2	3	4	5
1.	Raw materials consumed			
2.	Process materials consumed			
3.	Consumable stores			
4.	Salaries and Wages			
5.	Power fuel and other services			
6.	Repairs and maintenances			
7.	Other works overheads			
8.	Deprecation			
9.	Administrative overhead			
10.	Adjustment for opening and closing WIP			
11.	Less credit for recoveries			
12.	Less self consumption if any			
13.	Stock adjustment for difference between opening and closing stock of finished goods			
14.	Packing exp			
15.	Interest charges			
16.	Selling and distribution exp			
17.	Annual bonus to employees other than incentive bonus			
18.	Statutory gratuity (including provision)			
19.	Any other exp not including in Cost			
20.	Less: any other income not considered in Cost			
21.	Total excluding excise duty			
22.	Less: export benefit, if any			
23.	Net sales realization (Excluding excise duty)			
24.	Margin			

**Note:** All items of income & expending in this Proforma shall be reconciled with the financial accounts for the relevant period.

Note - The principal notification was published vide G.S.R.664 dated 01/07/1985 and the same was subsequently amended vide G.S.R. no and dates, namely:-

1. GSR 1046, dated 29<sup>th</sup> October, 1985 (corrigendum)
2. GSR 568, dated 22<sup>nd</sup> July, 1989
3. GSR 328 (E), dated 24<sup>th</sup> March, 1993
4. GSR 452 (E), dated 3<sup>rd</sup> August, 1998