2nd Edition

Architecture, Training

&

Guidance Manual

for

Filing of Cost Audit Report

in

XBRL FORMAT

The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)

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FOREWORD

XBRL is the open international standard for digital business reporting which is widely used worldwide for reporting financial and accounting data. XBRL is quickly spreading across the world, by way of increasing participation from individual countries and international organizations. It is now preferred as a standard for business and financial reporting worldwide.

The key regulators in India viz.; RBI, SEBI and MCA have played a key role in the growth and adoption of XBRL by companies in India-. The Ministry of Corporate Affairs (MCA) mandates certain class of companies to prepare and submit their cost related information based on Companies (Cost Records and Audit) Rules, 2014 issued on 31st December, 2014 in XBRL format.

The Institute of Cost Accountants of India took a proactive role and developed Costing Taxonomy 2015 under the guidance of Ministry of Corporate Affairs. For the benefit of the members, the Institute is releasing an Architecture, Training & Guidance Manual for filing of Cost Audit Report in XBRL format. This document will help them in understanding the architecture of Costing Taxonomy 2015 and mapping of various elements of costing taxonomy with the cost audit report. The document also provides the Members, Professionals & Industry para-wise guidance on creating the instance documents for the Cost Audit Report.

I would like to thank CMA Kunal Banerjee, Chairman & other members of the Technical Cell (CCRAR 2014) of the Institute for their valuable contribution in bringing the document in the present form. I also thank Professional Development Department and IT Department for the valuable efforts in guiding the preparation of the document.

I wish the members the very best for effectively utilizing the opportunity for understanding Costing Taxonomy 2015 and file quality reports with the Government.

(CMA PV Bhattad)

Date: 4th September 2015
Place: New Delhi

CMA KUNAL BANERJEE
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TECHNICAL CELL (CCRAR 2014)

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PREFACE

The Guidance Manual released by the Institute details the Architecture of the Costing Taxonomy 2015 that would serve as guide for companies to convert Cost Audit Report into XBRL instance document and also help the software developers to build the tools to generate XBRL instances of Cost Audit Report. The Manual provides general guidance and step wise instructions for creation of XBRL instance document for Cost Audit Report in accordance with Form CRA-3 of Companies (Cost Records and Audit) Rules, 2014 (as amended)..

The Guidance Manual is divided into several chapters. Besides providing introduction to XBRL concepts, it contains the complete architecture of costing taxonomy 2015 and also includes various general and stakeholders' Frequently Asked Questions (FAQs) on XBRL filings.

I would like to convey my appreciation for the efforts put in by CMA J.K. Budhiraja, Sr. Director (PD) and Mrs. Anita Singh, Addl. Director (IT) for compiling this manual and putting it together in its current form.

I am sure members of the Institute and other stakeholders will find this guidance manual useful in mapping and converting their Cost Audit Report in XBRL instances.

(CMA Kunal Banerjee)
Chairman
Technical Cell (CCRAR 2014)

New Delhi
September 04, 2015

Table of Contents

Chapter 1: Objectives of the Manual

1. The Ministry of Corporate Affairs (MCA) mandates certain class of companies to prepare and submit their cost related information based on Companies (Cost Records and Audit) Rules, 2014 (hereinafter referred to as **"Rules 2014"**) issued on 31st December, 2014. Rule 6 of the Companies (Cost Records and Audit) Rules, 2014 prescribes submission of Cost Audit Report to the Central Government by the companies as covered under the rules within 30 days from the date of receipt of the Cost Audit Report from the cost auditor.
2. The MCA has mandated companies to submit cost audit reports in XBRL format. Accordingly, taxonomy (hereinafter referred to as the **"Costing Taxonomy 2015"**) based on rules as prescribed in Rules 2014 is made available.
3. The companies falling under the purview of mandate need to use the Costing Taxonomy 2015 for creating XBRL instance documents. These XBRL instance documents are to be filed with MCA. The process of creating instance document using the taxonomy is explained in detail in the manual.
4. Note that even though Companies (Cost Records and Audit) Rules, 2014 do not require filing of Compliance Report, companies who did not file the Compliance Report or Cost Audit Report for financial years commencing prior to 1st April, 2014 would still be able to file their reports under the 2011 Rules.
5. Ministry of Corporate Affairs (MCA) has released XBRL validation tool version 2.0(beta) – based on costing taxonomy 2015 for filing of cost audit reports in XBRL format..
6. The purpose and objective of this guidance note is to provide general guidance to members of the Institute and Industry for preparation of the Cost Audit Report in XBRL format in accordance with the Costing Taxonomy as notified by the Ministry of Corporate Affairs and Business Rules thereof on 14th August 2015.
7. It should be kept in mind that the cost audit report is to be converted into XML format with proper tagging. The conversion into XML may be carried out using relevant software tools made available in the market by several vendors. After conversion the file into XML, the Instance Document will be created which is to be attached with the e-Form (CRA-4).
8. An important point that should be kept in mind by every user is that there are validation checks built into the taxonomy as well as XBRL validation tool made available by the

Ministry. This tool check the correctness of XBRL instance document as per the Costing Taxonomy 2015 architecture and related Business Rules..

9. This guide does not intend to educate the users on the fundamentals of XBRL and user is expected to be familiar basic concepts of XBRL. While the costing taxonomy has specific elements relating to Cost Audit Report and as given in the Companies (Cost Records and Audit) Rules 2014, the guide is not a complete guidance for MCA filings and one may need to refer to other materials released/to be released i by MCA for the XBRL filings with them. Before starting preparation of the Instance document for Cost Audit Report, the users are requested to read and understand the following documents:

   a) *Costing Taxonomy 2015* issued by MCA for understanding each elements of taxonomy (particularly as contained in excel file).

   b) Business Rules relating to Costing Taxonomy 2015, issued by MCA for understanding all the validations as required for preparing the Cost Audit Report as per the taxonomy.

   c) Scope and Level of *tagging* for understanding the requirements of *tagging* issued by MCA.

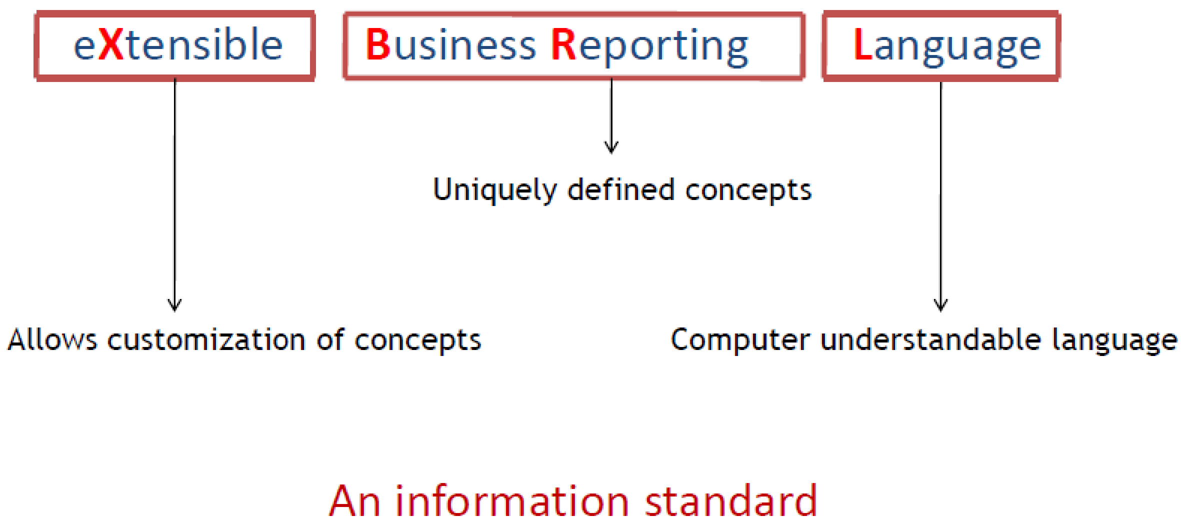
   d) Filing Manual issued by MCA for understanding the approach for *validation, understanding errors* and pre-scrutiny of *instance*documents.

   e) Preparer's Guide for referring to the sample *instance* documents created for the better understanding of costing taxonomy.

   f) FAQs on Costing Taxonomy 2015

Chapter 2: Introduction to XBRL

XBRL stands for eXtensible Business Reporting Language. It belongs to the XML (the eXtensible Markup Language) family of languages. An extensible language means one that is designed to easily allow addition of new features at a later date. It is an open standards-based reporting system that is built to accommodate the electronic preparation and exchange of business reports around the world. XBRL is all about the electronic tagging of data.



Source: IRIS

The initial goal of XBRL was to provide an XML-based framework that the global business information supply chain will use to create, exchange, and analyze business reporting information including, but not limited to, regulatory filings such as annual and quarterly financial statements, general ledger information, and audit schedules.

XBRL is freely licensed and facilitates the automatic exchange and reliable extraction of business information among various software applications anywhere in the world.

A standard set of XML-type tags can be used to create instance documents that can then be presented in a variety of formats. XBRL is not trying to set new accounting standards; it is attempting to standardise the XML-based tags that are used in business reporting so that the business reports prepared by organisations can be more easily compared and collated for regulatory and other purposes.

The introduction of XBRL tags enables automated processing of business information by computer software, cutting out laborious and costly processes of manual re-entry and comparison. Computers can treat XBRL data "intelligently"; they can recognise the information in a XBRL document, select it, analyse it, store it, exchange it with other computers and present it automatically in a variety of ways as per the requirements of the users. XBRL greatly increases the speed of handling of business data, reduces the chance of error and permits automatic checking of information.

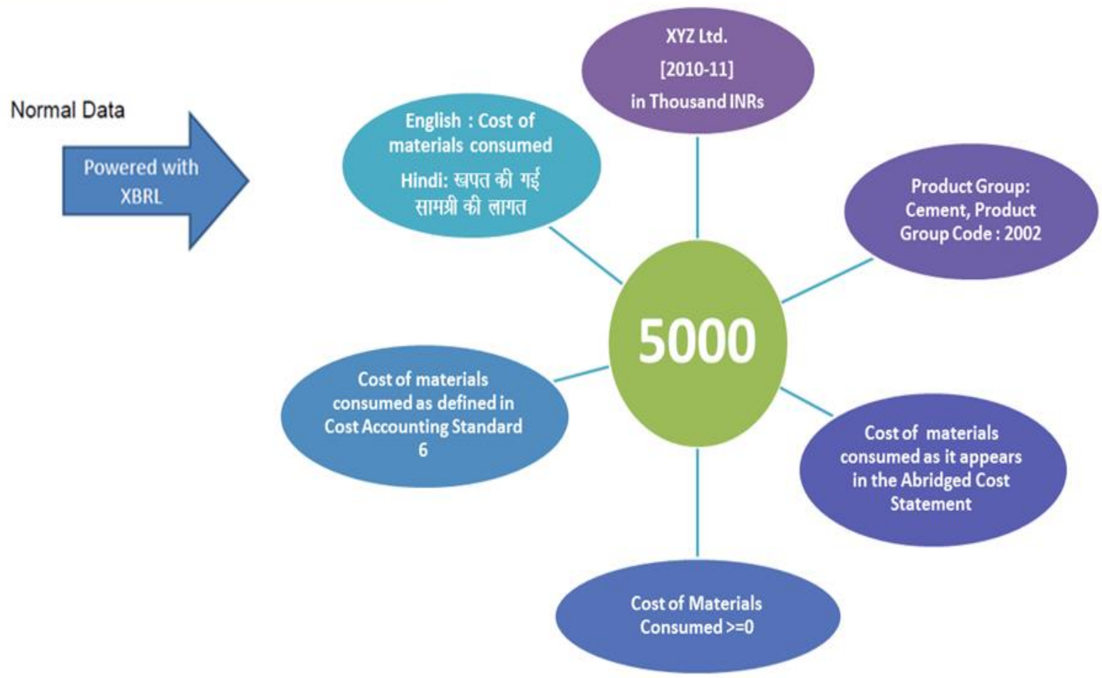
Companies can use XBRL to save costs and streamline their processes for collecting and reporting business information. Consumers of business data, including investors, analysts, financial institutions and regulators, can receive, find, compare and analyze data much more rapidly and efficiently if it is in XBRL format. XBRL can handle data in different languages and accounting standards. It can flexibly be adapted to meet different requirements and uses. Data can be transformed into XBRL by suitable mapping tools or it can be generated in XBRL by appropriate software. The main features of XBRL are:

- XBRL combines hierarchical xml data with relationships and references between the data points.
- It uses Xlink technology of linking xml files.
- It links the data xml files with various other files containing definitions, presentation, calculation, references relationships.
- XBRL data files are a set of xml and xsd files.

How XBRL Works

XBRL was developed with the objective of making the data, system understandable. XBRL is built around XML and is based on the concept of meta-data, which provides context to the information, making the data almost self-explanatory. Wherever the XBRL data moves, it carries along with it the context, which makes it intelligent and thus any software application can interpret and process the data. Information attributes like the period of the information, data structure it will hold (monetary, percentage, text etc.) are attached to the data.

XYZ Ltd Abridged Cost Statement of the Product Group : Cement, Product Group Code: 2002	For the Period 2010-11 (Rs. In Thousands)
Cost of Materials Consumed	5000
Cost of Direct Expenses	3500
Cost of Administrative Overheads	1000
Cost of Production	9500



In addition, labels in any language can be applied to information and also references to the legal or authoritative literature can be added. Along with the basic attributes, interrelationships amongst the data can also be stored in system readable manner. Thus XBRL can hold the calculations amongst the various data points or the manner in which it should be displayed and so on. One of the primary features of XBRL is extensibility and thus adapting XBRL to cater to the reporting requirements makes it more attractive and handy. Any type of unstructured information, which is collected from multiple formats and sources, can be made structured using XBRL.

XBRL: Key Benefits

In a nutshell, XBRL significantly increases the quality and efficiency of the information supply chain. This is achieved through the principle of assigning XBRL “bar codes” or tags to each information element that enables standardization and transparency to the data while offering tremendous ease of use through interoperability, with data flowing into analyst’s proprietary applications.

Every fact that is disclosed has a unique XBRL tag associated to it, which acts like a barcode. This XBRL tag explains the nature of data, the context of data and its relationships with other data. The advantage XBRL data has over other reporting formats is

- It is system-understandable
- Data becomes platform independent
- Flows smoothly across the software applications.

XBRL is rapidly being adopted worldwide as a de facto business reporting standard. Following are some of the key benefits of XBRL -

1. ***Accurate and Quality Data –*** XBRL validates the data based on the rules and relationships defined amongst the data elements, which results in obtaining clean and valid data.

2. ***Seamless Integration –*** The XBRL data carries along with it, the additional attributes and facts, which makes the data self-explanatory. And thus the data remains no longer dependent on any application or platform for interpretation and processing. The XBRL data can be easily integrated into any other software system.

3. ***Efficient Business Processing –*** As XBRL cuts down the time spent on less efficient processes like re-keying and re-arranging data, the entire business process now becomes more efficient and productive. XBRL streamlines the preparation of business reports for internal and external decision making.

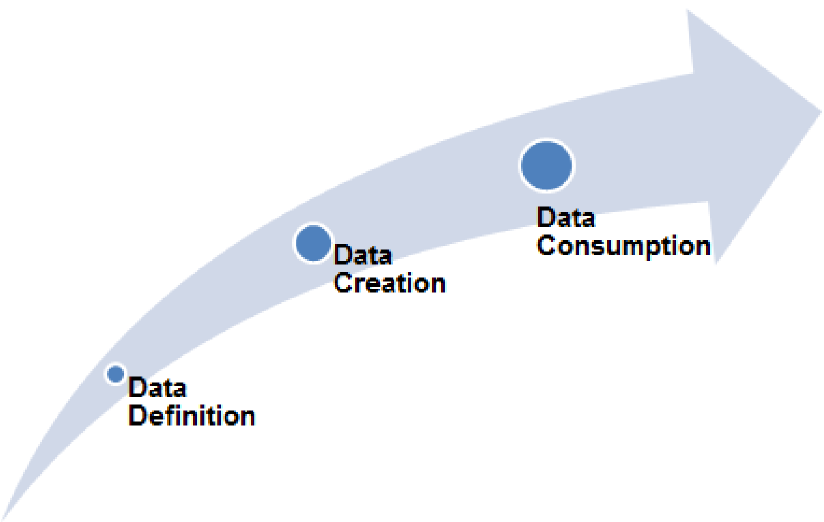
4. ***Easy location of data –*** All the information is identified with a unique XBRL tag and this makes locating the data from a vast information repository or from a voluminous report very easy and quick. Since related information is linked (like facts and relevant footnotes), retrieving of information is very easy.

5. ***Real-time data –*** Because of automation and creation of accurate and valid data, the processing of data becomes much faster and so does its dissemination. Thus the information seekers can access the data in real-time.

6. ***Better Coverage by Analyst community –*** The time required for analysis is quite high because the data is first rekeyed, validated and arranged according to the needs. Since all these activities are no longer required in XBRL based framework and hence the analyst have time to focus on the analysis of data.

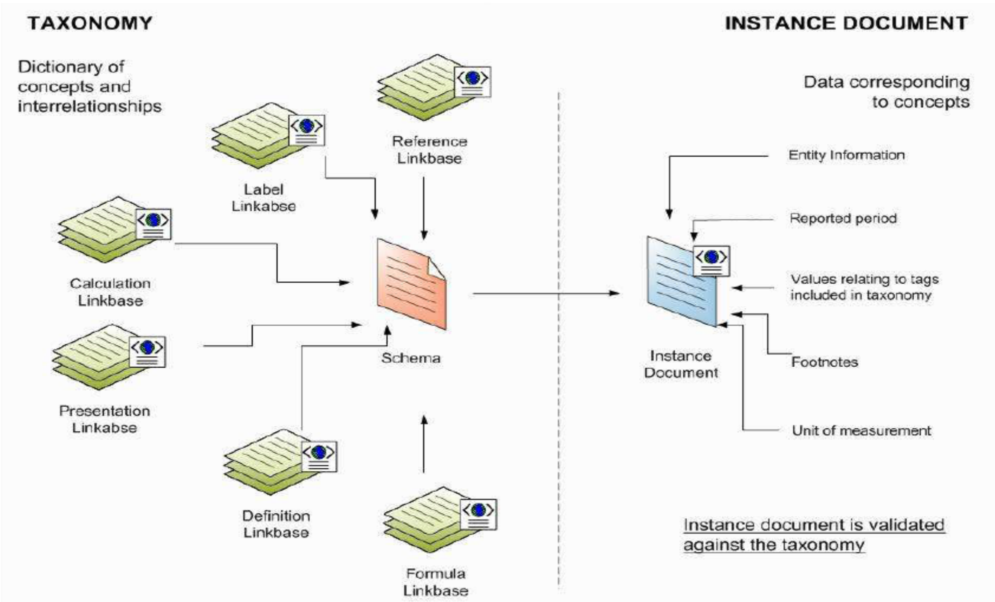
Stages in XBRL supply chain

There are three main stages in XBRL cycle –



1. **Data definition**: Defines the standards and describes how a certain set of data is structured. This is mainly concerned with the creation of the taxonomy.
2. **Data creation**: This involves the generation of data files based on taxonomy and is mainly concerned with creation of instance documents
3. **Data consumption**: This involves viewing and using the XBRL data.

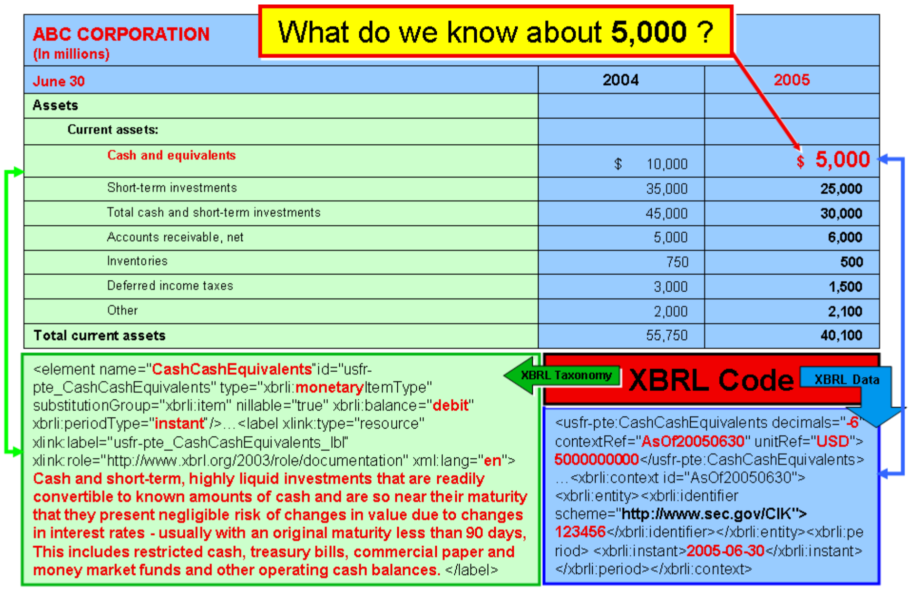
XBRL Documents



XBRL documents are made up two parts:

1. **Taxonomy:** Taxonomy is the core parts of XBRL which sets up standard structures and definitions for reporting requirements. Taxonomy is defined as vocabulary of all the business and costing concepts, along with their properties and interrelationships. Taxonomies are based on the reporting framework as applicable to the companies in a region or a country.
2. **Instance document:** Instance document contains the facts and related information corresponding to the concepts defined in the taxonomy.

Sample XBRL



Source: IRIS

Understanding XBRL Taxonomy

Taxonomy further can be divided into two components:

1. Schema
2. Link bases.

Schema

The purpose of XBRL schemas is to define taxonomy elements (concepts) and give each concept a name and define its characteristics. For every concept to be included in the schema, the following attributes are to be defined –

Element Name: It specifies the name of the concept which is defined.

Element ID: This attribute makes the concept defined unique. To make it unique, a prefix is attached to the element name which creates a reference point for the concept, for example, 'in-cost_ QuantitySoldOfManufacturedProduct ', which shows that the item 'QuantitySoldOfManufacturedProduct ' is from the in-cost taxonomy. It is not necessary to present this attribute explicitly in the taxonomy.

Data Type: This attribute defines the type of the fact that will be reported against the specified element. The most common data types that appear in costing statements are

1. Monetary
2. String
3. Date
4. Decimal
5. Pure
6. Percent
7. Textblock

Abstract: It helps to determine if the element carries any value against it. The abstract attribute can be either true or false. Abstract elements (the elements for which abstract=true), do not hold any value but are used as a place holders to bind the elements. The elements which have abstract=false, will hold a value in instance document.

Period Type: This helps in determining the nature of the element and defines the flow and stock concept of accounting with regard to every element in the taxonomy. Here the elements are distinguished into _Instant & _Duration where _Instant refers to the stock concept (E.g.: Assets & Liabilities as on a particular date) and _Duration refers to the flow concept (E.g.: Cost of Production, Revenue from Operations etc are from reporting period start date to reporting period end date).

Substitution Group: It defines the association of elements with other elements in the schema. For substitution group set to item, it means that the element is not associated to any other item in the schema and is not grouped with other elements in any way.

Balance Type: This attribute states the balance type of the concept that is being defined in the schema. The elements which are monetary item types are given a balance type of debit or credit depending on the nature of the concept.

These are the basic attributes that needs to be defined. In addition if there are any user-specific attributes or other XML attributes, they can also be used for the concepts. This is the extensible part of XBRL.

Linkbases

The purpose of XBRL linkbases is to combine labels and references to the concepts as well as define relationships between those concepts. The different kinds of linkbases (each having a special purpose) are:

Presentation linkbase: Business reports are in general organized into identifiable data structures e.g. Cost Audit Report and Compliance Report. The presentation linkbase stores information about relationships between elements in order to properly organize the taxonomy content. This enables a taxonomy user to view a representation or the display format of the elements.

Calculation linkbase: The calculation linkbase defines basic calculation validation rules (addition/subtraction), which must apply for all instances of the taxonomy.

Label linkbase: This linkbase defines all the labels for the various elements in the taxonomy as they appear in the presentation format. This linkbase enables business data labels to be defined in multiple languages. The labels are stored and linked to their respective elements in a label linkbase.

Reference linkbase: Most of the elements appearing in taxonomies refer to particular concepts defined by various authorities / boards. The reference linkbase stores the relationships between elements and the references e.g. Annexure to CRA-3, Part B, Para 1 .

Definition linkbase: The definition linkbase stores other pre-defined or self-defined relationships between elements.

Formula linkbase: One of the latest specifications developed by XBRL International. This linkbase can be used to build any kind of advanced and user defined mathematical and logical relationships between concepts.

Instance documents

The second part of XBRL document is an instance document. The XBRL instance document consists of the actual facts, values and information pertaining to the entity along with the contextual details like period, unit of measurement, footnotes etc. An instance document can have data for multiple periods or for multiple entities. An instance document contains the "code" for the tags and the structure that belongs to the tagged data. Instance documents are built from a combination of XML specifications and XBRL, structured to produce Cost statements. The document provides data plus structure for machine recognition, and human readability.

Sample Instance Document


```
<in-cost:OtherIncomesOfCompany decimals="2" contextRef="D2012" unitRef="INR">3278.31</in-cost:OtherIncomesOfCompany>
<in-cost:EarningsAvailableForDistribution decimals="2" contextRef="D2012" unitRef="INR">17170.16</in-cost:EarningsAvailableForDistribution>
<in-cost:ToEmployeesAsSalariesWagesRetirementBenefitsAndOthers decimals="2" contextRef="D2012" unitRef="INR">3057.03</in-cost:ToEmployeesAsSalariesWagesRe
<in-cost:ToShareholdersAsDividend decimals="2" contextRef="D2012" unitRef="INR">1646.16</in-cost:ToShareholdersAsDividend>
<in-cost:ToGovernmentAsTaxes decimals="2" contextRef="D2012" unitRef="INR">2443.02</in-cost:ToGovernmentAsTaxes>
<in-cost:OtherDistributionOfEarnings decimals="2" contextRef="D2012" unitRef="INR">725.67</in-cost:OtherDistributionOfEarnings>
<in-cost:DistributionOfEarnings decimals="2" contextRef="D2012" unitRef="INR">17170.16</in-cost:DistributionOfEarnings>
<in-cost:WhetherCostAuditorsReportHasBeenQualifiedOrHasAnyReservationsOrContainsAdverseRemarks contextRef="D2012">false</in-cost:WhetherCostAuditorsReport
<in-cost:CostOfSalesOfCompany decimals="2" contextRef="D2012" unitRef="INR">92414.04</in-cost:CostOfSalesOfCompany>
<in-cost:NetRevenueFromOperationsOfCompany decimals="2" contextRef="D2012" unitRef="INR">101920.06</in-cost:NetRevenueFromOperationsOfCompany>
<in-cost:ProfitBeforeTax decimals="2" contextRef="D2012" unitRef="INR">11278.44</in-cost:ProfitBeforeTax>
<in-cost:ProfitBeforeTaxToCapitalEmployed decimals="4" contextRef="D2012" unitRef="INR">0.1239</in-cost:ProfitBeforeTaxToCapitalEmployed>
<in-cost:ProfitBeforeTaxToNetWorth decimals="4" contextRef="D2012" unitRef="INR">0.2373</in-cost:ProfitBeforeTaxToNetWorth>
<in-cost:ProfitBeforeTaxToNetRevenueFromOperationsOfCompany decimals="4" contextRef="D2012" unitRef="INR">0.1107</in-cost:ProfitBeforeTaxToNetRevenueFromO
<in-cost:ProfitBeforeTaxToValueAddedOfCompany decimals="4" contextRef="D2012" unitRef="INR">0.8119</in-cost:ProfitBeforeTaxToValueAddedOfCompany>
<in-cost:DebtEquityRatio decimals="4" contextRef="D2012" unitRef="INR">0.2803</in-cost:DebtEquityRatio>
<in-cost:CurrentAssetsToCurrentLiabilities decimals="4" contextRef="D2012" unitRef="INR">1.4573</in-cost:CurrentAssetsToCurrentLiabilities>
<in-cost:ValueAddedToNetRevenueFromOperationsOfCompany decimals="4" contextRef="D2012" unitRef="INR">0.1363</in-cost:ValueAddedToNetRevenueFromOperationsO
<in-cost:ProfitLossForAuditedProductOrActivityGroups decimals="0" contextRef="D2012" unitRef="INR">562241021</in-cost:ProfitLossForAuditedProductOrActivit
<in-cost:ProfitLossForUnauditedProductOrActivityGroups decimals="0" contextRef="D2012" unitRef="INR">278633430</in-cost:ProfitLossForUnauditedProductOrAct
<in-cost:OvervaluationOfClosingStockInFinancialAccounts decimals="0" contextRef="D2012" unitRef="INR">50434810</in-cost:OvervaluationOfClosingStockInFinan
<in-cost:ProfitLossAsPerFinancialAccounts decimals="0" contextRef="D2012" unitRef="INR">1127844495</in-cost:ProfitLossAsPerFinancialAccounts>
<in-cost:NameOfProductOrActivityGroup contextRef="D2012_P1">Iron &amp; Non-Alloy Steel</in-cost:NameOfProductOrActivityGroup>
<in-cost:ProductOrActivityGroupCode contextRef="D2012_P1">4002</in-cost:ProductOrActivityGroupCode>
```


The process of creating instance document would be based on whether the data is in structured or unstructured format.

The structured data already being in a fixed format, the conversion process can be automated by using applications which can read the structured data and convert them into XBRL instances. In addition, XBRL applications can read the raw output from accounting systems, which can then be integrated with the application to directly create XBRL documents.

However, for unstructured data, the approach would be different. There would be a need for XBRL authoring tool and an XBRL specialist, who can analyse the unstructured documents, use an appropriate taxonomy and customize the same if required and generate the instance document

Rendering

Rendering refers to viewing and consuming the XBRL data and is the last mile in the XBRL implementation life cycle. XBRL data, being system readable and platform independent, can be viewed in any application, be it Word, Spreadsheet, PDF, Web or proprietary tools. Recently, XBRL International has released new specification for rendering on web, which is called as Inline XBRL or iXBRL.

Apart from viewing the data, the intuitive nature of XBRL data, makes it amenable for further processing and analytics. XBRL data can be easily integrated and populated into valuation models and be used for external and internal reporting. Business rules around XBRL data can be built, which can be then used for compliance checks, MIS, monitoring & control, audit trails etc.

XBRL: Future

Machine-readable XBRL files are currently used to submit operational, tax and risk reporting to regulators in dozens of jurisdictions around the world. And the range of information delivered in XBRL formats is growing every year. But the future of XBRL reporting is about much more than just compliance – it's about new ways of managing transaction data, new types of holistic reporting and new kinds of DataStream analytics.

XBRL has a bright future ahead of it that goes way beyond the current focus on regulatory reporting and compliance. By tagging data at the account/transaction level using XBRL every business can power its own journey towards financial transformation.

XBRL adoption in India

In India, the Ministry of Corporate Affairs is leading the XBRL initiative. The MCA has mandated the filings in XBRL format for the Cost Audit Report, Profit & Loss Account & Balance Sheet by all the companies (wherever applicable). The Ministry of Corporate Affairs (MCA) mandate for submitting XBRL data has been so far the largest in terms of coverage. With XBRL data, MCA is looking forward to receive cleaner, accurate and timely data, which can be used for compliance checks and data mining.

The Reserve Bank of India, India's central bank, is implementing XBRL in a phased manner. In October 2008, RBI launched XBRL-based reporting framework designed for the capital adequacy returns.

The Securities Exchange Board of India (SEBI) has mandated the top 100 companies listed on the two major exchanges viz. the Bombay Stock Exchange and the National Stock Exchange, to file their disclosures through XBRL-based Corp filing. In addition to the mandated companies, many companies are filing voluntarily their financial in XBRL. SEBI is also looking forward for mutual fund reporting in XBRL.

Steps involved in creating XBRL Documents

Step 1: A user who wants to create XBRL documents need to understand the costing taxonomy and the tags available in the costing taxonomy. This understanding of costing taxonomy makes mapping process easy and efficient. The easiest way to learn about the structure and content of the costing taxonomy is to navigate the costing taxonomy.

Step 2: Mapping of organization's Cost Audit Report and Compliance Report to corresponding elements in the taxonomy. The process of mapping includes matching of information given in report to elements included in the taxonomy. Prepares should only consider taxonomy ELRs, relationships and concepts that are relevant to their specific reports.

Step 3: Once the elements of the report are mapped with the taxonomy elements or tags, the next step is to create the instance document. An instance document is a XML file that contains the actual facts, values and information pertaining to the organization along with the contextual details like period, unit of measurement; footnotes etc. generated using tags from the XBRL costing taxonomy. Separate instance documents need to be created for the following:

a. Cost Audit Report of the company
b. Compliance Report of the company

Step 4: Once the instance document has been prepared, it needs to be ensured that the instance document is a valid instance document and all the required information has been correctly captured in the instance document. The instance document needs to be validated against the taxonomy as well as the specified business rules for the taxonomy using the validation tool available on the website of MCA.

Chapter 3: Costing Taxonomy 2015

1 Scope of Costing Taxonomy

From the perspective of scope, the taxonomy contains concepts for all disclosure requirements as per the notification issued by the MCA. This requires the implementation of the notification related information into the taxonomy, such as the terminology used and XBRL references to corresponding terminology or facts. For Costing Taxonomy 2015 reporting content scope is limited to Cost Audit Report under the Rules 2014 as well as Cost Audit Report and Compliance Report mandated under the earlier Rules 2011.

At the moment the Taxonomy is divided into concepts specific to Cost Audit Report. Users can use standard concepts to report aspects in accordance with their applicability, thus promoting the alignment of different reports and decreasing the costs of reporting.

2 "Costing Taxonomy 2015" Architecture

2.1 Considerations for determining Taxonomy Architecture

A taxonomy models the requirements of user (in this case regulator i.e. MCA) according to XBRL specifications. Therefore while designing the "Costing Taxonomy 2015", the following requirements have been considered -

- The "Costing Taxonomy 2015" is aligned as far as possible with the standard formats as notified by MCA.
- The "Costing Taxonomy 2015" is aligned with the disclosure provisions as notified by MCA. All reporting concepts present exist in the "Costing Taxonomy 2015" so that the user does not need to extend.
- The in-ca (MCA specific) elements are not imported instead created newly for costing. The nomenclature to be used for elements relating to Schedule III of the Companies Act, 2013 for "Costing Taxonomy 2015" are same as that used in C&I Taxonomy.
- Concepts are defined uniquely and reused.

2.2 Reporting content

From the perspective of reporting content, the "Costing Taxonomy 2015" contains concepts required for reporting in reports prepared for audit and compliance purposes. This requires the implementation of other information into the Taxonomy, such as information to identify the reporting period and preparation of instance document, formats followed for reports as notified and XBRL references to corresponding Standards and Acts.

2.3 Logical structure

Logical modeling refers to grouping the reporting content to allow viewing of the content based on some criteria. In other words, it facilitates users to view the information which is relevant to them. The grouping is commonly referred as entry-point. In Costing Taxonomy, entry-points are created based on following criteria –

Report applicability –

1. Whether a company falls under the purview of Rules 2014 or Rules 2011 in respect of cost audit or compliance report under Rules 2011.
2. Requirement to file XBRL for both the reports

Based on the above criteria, the grouping (entry-points) in "Costing Taxonomy 2015" are defined as follows –

1. Cost Audit Report 2015 (Financial Year commencing on or after 01/04/2014)
2. Cost Audit Report 2012 (Financial Year commencing prior to 01/04/2014)
3. Compliance Report 2012 (Financial Year commencing prior to 01/04/2014)

2.4 Physical structure

Physical structure refers to inter-linkages between the various files. The physical structure is depicted in figure 1 below

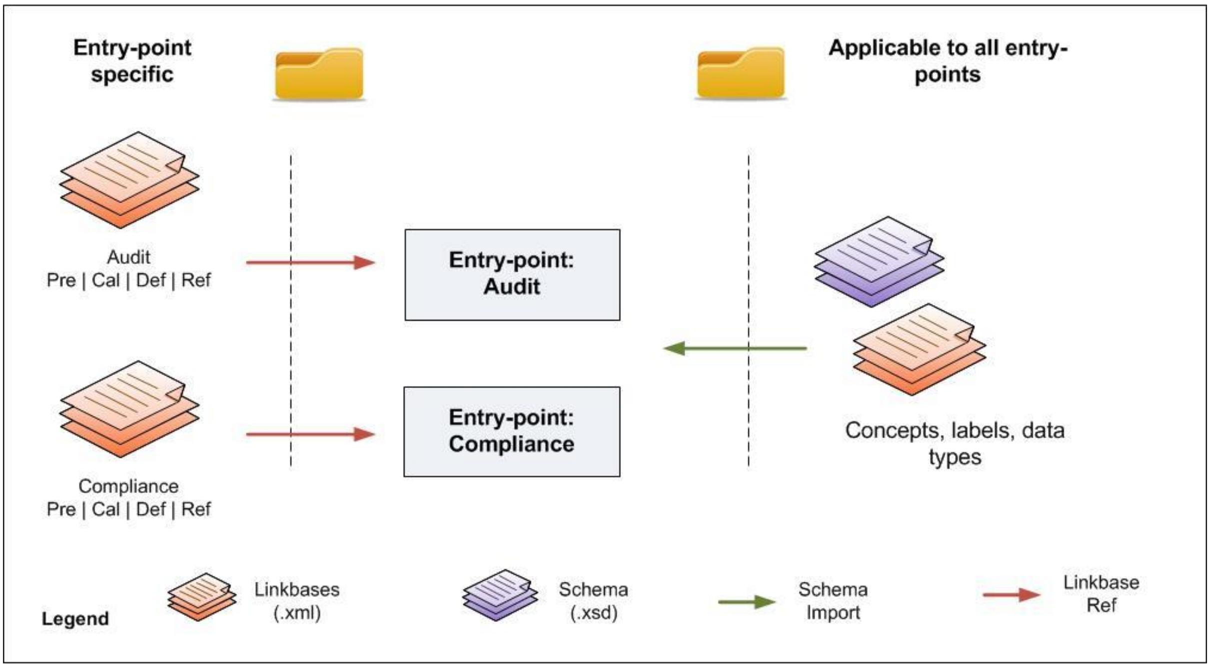


Figure 1 : Physical taxonomy structure

2.5 Folder and file structure

Taxonomy structure refers to the general composition of the files and folders within taxonomy. Under given in ***Figure 2 (below)*** is the structure of the general composition of the files and folders within taxonomy.

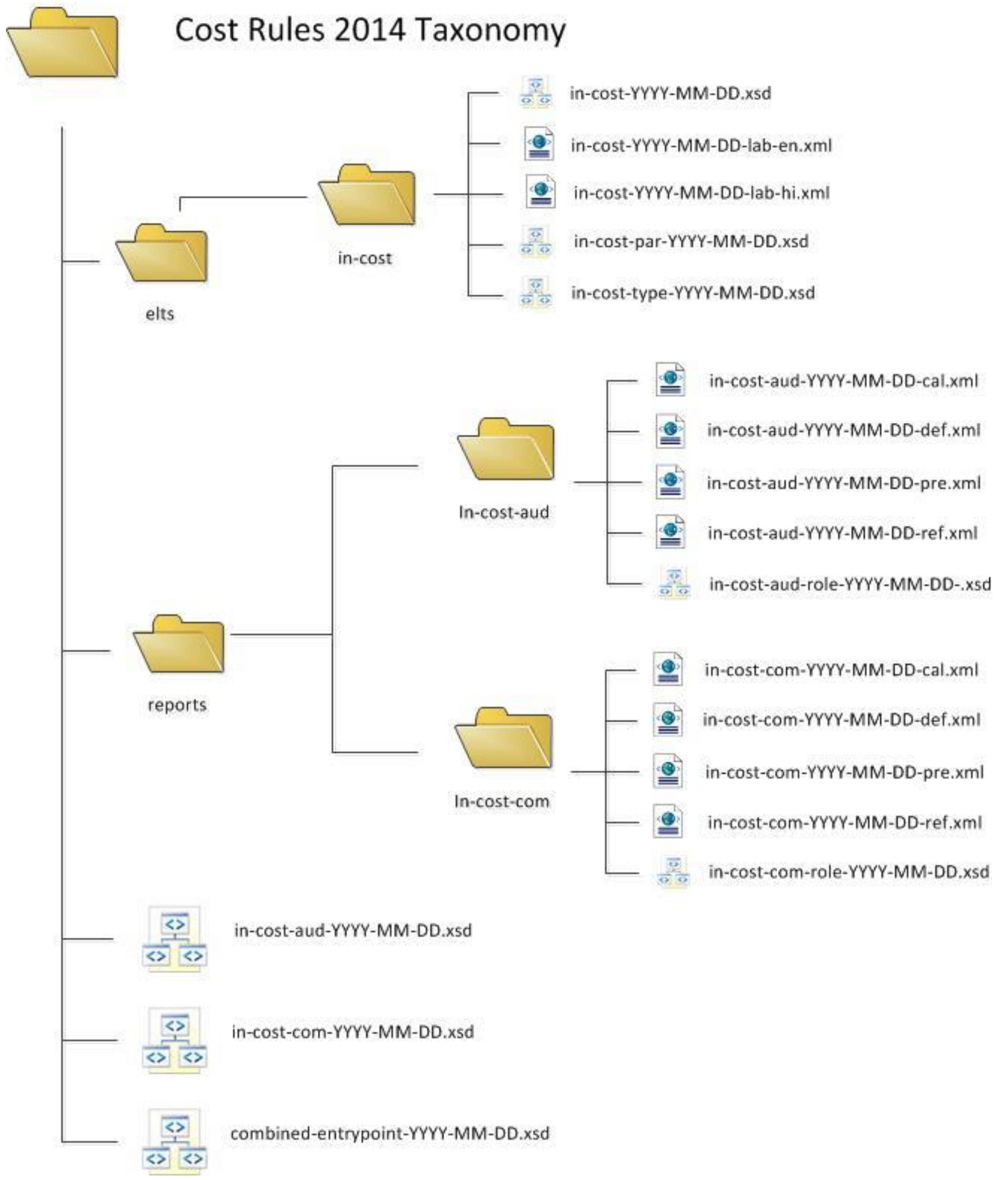


Figure 2: The folder structure

The above given modules can be understood through under given guidelines:

- **elts:** (denotes elements)

  This folder contains the definition and declaration of all the elements that are used in the taxonomy, the element description from the folders which are inside 'elts' is as follows:

  - ***in-cost:*** This is the core schema which contains reportable concepts based on the requirements of the reports and regulator. This folder contains:

i. *in-cost-YYYY-MM-DD.xsd:* is the core schema which contains Cost Audit and Compliance Report specific elements along with MCA specific elements.

ii. *in-cost-YYYY-MM-DD-lab-en.xml:* contains the labels in English language for the reportable concepts based on the requirements of the reports and regulator.

iii. *in-cost-YYYY-MM-DD-lab-hi.xml:* contains the labels in Hindi language for the reportable concepts based on the requirements of the reports and regulator.

iv. *in-cost-par-YYYY-MM-DD.xsd*: is the core schema which contains the typed domain references defined for Costing Taxonomy.

v. *in-cost-type-YYYY-MM-DD.xsd:* is the core schema which contains custom data types defined for Costing Taxonomy.

- **reports:** This folder contains the relationships between the elements that are defined in the 'elts' folder as described above in the form of linkbases along with the information about the extended links used in the taxonomy as given in ' in-cost-aud-role-YYYY-MM-DD.xsd' and 'in-cost-com-role-YYYY-MM-DD.xsd'. Extended links are the logical grouping of elements.

  There are two sub-folders inside this folder. Every sub-folder contains the following files the linkbase files for presentation, calculation, definition and reference and schema containing extended link role declaration. The suffixes/prefixes are used to identify each type of file:

  - pre : presentation linkbase
  - cal : calculation linkbase
  - def : definition linkbase
  - ref : reference linkbase
  - role : extended link role declaration

- ***in-cost-aud*-YYYY-MM-DD*.xsd:*** is the entry point for the Cost Audit Report containing the schema file wherein all the elements relating to audit report and the relationships among them are given.

- ***in-cost-com*-YYYY-MM-DD*.xsd:*** is the entry point for the Compliance Report containing the schema file wherein all the elements relating to compliance report and the relationships among them are given.

- **combined-entrypoint-YYYY-MM-DD.xsd:** is the entry point schema that combines all of the files for the Cost Audit report and Compliance report.

3 Blocks of Taxonomy design

A taxonomy design organizes the elements into data and meta-data definitions to be used in the physical model to articulate the taxonomy in XBRL. A cost audit report and compliance report disclosure in the form of an XBRL instance document will comprise many facts. The facts are represented by elements in the taxonomy. A fact, might relate to one or more elements in the taxonomy. An element can be used to report several different facts in an instance document.

3.1 Meaning of an element

The information given in the forms of Cost Audit Report and compliance report is organized in the taxonomy in form of elements each taxonomy element will be uniquely identifiable via name, id and labels for concepts, definitions of concepts, and/or references to the accounting or other authoritative literature issued by standards setters, regulators and scientific organizations. This information will be useful to preparers, analysts, and regulators.

Each element has a minimum of one label, references to authoritative literature except abstract elements and optionally documentation that defines the concept.

3.2 Approaches used for data modeling in taxonomy

The “Costing Taxonomy 2015” is developed following an approach in which taxonomy is developed Para wise as given in the standard format pertaining to the report of Cost Audit and Compliance (e.g. Form CRA-3 and Annexures etc.) Ministry disclosures requirements, guidance in each form and its annexure and parts are analyzed, modeled into an appropriate hierarchy and are eventually constructed into XBRL files. The benefit of following this approach is easy understandability of the taxonomy. Following this approach also results in the taxonomy being organized and structured in a manner that is familiar to preparers, thereby facilitating readability and usability.

For designing the taxonomy form wise various data modeling structures were used. The different modeling approaches used for the concepts given in the Para’s are as explained under.

3.3 Hierarchical/simple list model

The most common modeling technique used in the Costing Taxonomy is hierarchical modeling in the presentation, and calculation linkbases (or if there are no calculation relationships between the concepts, then only presentation linkbase is modeled).In other words, the concepts are organized in the form of a list in some logical order. The lists or hierarchies are one of the structural elements that have been used to capture the information which does not include representation of concepts as table. An example of hierarchical modeling is shown in **illustration 1**

- Ext [100370] Value addition and distribution of earnings
  - A Value addition and distribution of earnings (company as whole) [abstract]
    - A Earnings available for distribution [abstract]
      - I Gross revenue from operations of company
      - I Excise and other duties of company
      - I Net revenue from operations of company for value addition
      - I Export incentives of company
      - I Adjustments in work-in-progress and finished stocks of company
      - A Cost of bought out inputs of company [abstract]
        - I Cost of materials consumed of company
        - I Cost of process materials or chemicals of company
        - I Cost of stores and spares consumed of company
        - I Cost of utilities of company
        - I Cost of other bought out inputs of company
        - I Total cost of bought out inputs of company
      - I Value added of company
      - I Other incomes of company
      - I Extraordinary income
      - I Earnings available for distribution

Illustration 1: Hierarchy defined in Cost Audit Report

3.4 Dimensional Modeling

The second modeling technique used in the Costing Taxonomy is modeling via tables (hypercube) and axes (explicit dimensions and typed dimension). The non-dimensional elements are generally referred as line items. Each such axis can be connected to any set of line items (reportable concepts) via a table, thereby creating a dimensional structure.

Costing Taxonomy uses hierarchies and dimensional modeling. No tuples are defined in Costing Taxonomy.

A complete list of explicit and typed dimension used in the taxonomy is provided in Annexure 2.

3.4.1 Modeling using explicit members

Explicit Dimensions are used where the items corresponding to which information (line items) needs to be reported are predefined in the taxonomy. Each dimension can be connected to more than one primary item creating dimensional structures. Dimensions are used for modeling of particular concepts that frequently repeat when reporting certain facts. The axes of such dimensions have relationships with line items.

Illustration 2 provides an example model of the Reconciliation of Indirect Taxes [text block] by the means of axes. Line items can be reported for various members (domain members) of the axis Types of indirect taxes of company [axis], which are linked by the table Types of indirect taxes of company [table].

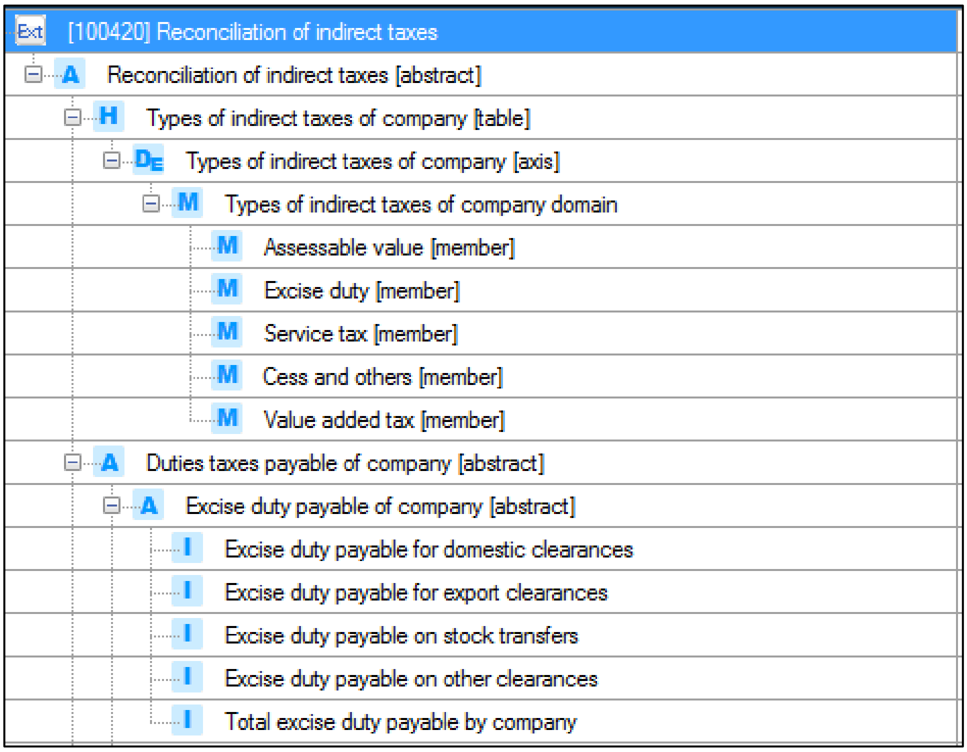


Illustration 2: Explicit Dimensional hierarchy defined for Para 6, Part D of Annexure to Form CRA-2

For example as given in ***Illustration 5*** preparers can report the line item as given in the first column, for the member Excise Duty [member], on the axis Types of indirect taxes of company [axis].

Reconciliation of indirect taxes [abstract]	**Assessable Value *[member]***	**Excise Duty *[member]***	**Service Tax *[member]***	**Cess and Others *[member]***	**Value Added Tax *[member]***
Excise duty payable of company [abstract]					

Excise duty payable for domestic clearances	***100000***
Excise duty payable for export clearances	***4000***
Excise duty payable on stock transfers	***2000***

Illustration 3: Tabular view of explicit Dimensional hierarchy and its reporting

3.4.2 Typed dimension

Typed Dimensions are used where the items corresponding to which information (line items) needs to be reported are not predefined in the taxonomy. Typed dimensions imply that allows user to define the domain members as per their requirements. It is a similar to concept of user-defined fields.

Illustration 4 provides an example model of the Manufactured product or service [abstract] by the means of axes. Line items can be reported for various members (domain members) of the axis 'Identification of manufactured product or service [axis]', which are linked by the table 'Manufactured product or service [table]'. For example, preparers can report the line item 'Nature of manufactured product or service', for the member, on the axis 'Identification of manufactured product or service [axis]'. In case of Typed dimension the domain members has to be specified by the user and any number of members can be added by the user without extending the taxonomy.

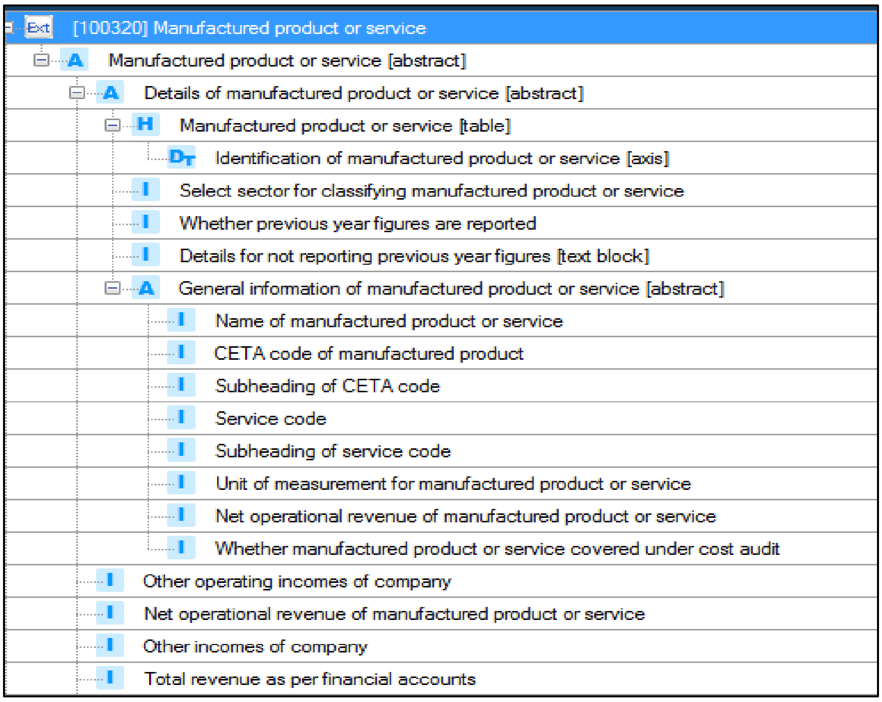


Illustration 4: Typed Dimension

Details of manufactured product or service [abstract]	*[Add manufactured product or service 1]*	*[Add manufactured product or service 2]*	*[Add manufactured product or service 3]*
Select sector for classifying manufactured product or service			
Whether previous year figures are reported			
Details for not reporting previous year figures [text block]			
General information of manufactured product or service [abstract]			
Name of manufactured product or service			
CETA code of manufactured product			
Subheading of CETA code			
Service code			
Subheading of service code			
Unit of measurement for manufactured product or service			
Net operational revenue of manufactured product or service			
Whether manufactured product or service covered under cost audit			

Illustration 5: Tabular view of Typed Dimension hierarchy

3.5 Absolute and relative paths

The unique root resource location (URI) of the “Costing Taxonomy 2015” is "http://www.icmai.in/in/xbrl/YYYY-MM-DD/, followed by the file path which is formed according to the file and folder structure.

The table below (below) provides examples of absolute paths to “Costing Taxonomy 2015” files.

File	Absolute path
Core schema for Accounting standards	http://www.icmai.in/in/xbrl/2015-04-01/in-cost
Role schema for CAR and Compliance report	http://www.icmai.in/in/xbrl/2015-04-01/in-cost-com-role http://www.icmai.in/in/xbrl/2015-04-01/in-cost-aud-role

Table 1: Absolute paths

Costing Taxonomy files can be referenced using both absolute and relative paths. Software vendors should note that the taxonomy files should not be amended and should therefore be referenced via absolute paths in order to avoid file changes being made by preparers and extenders. This is particularly important when working directly on the entry point schemas without importing them to another extension schema. In such cases, all linkbase amendments should be treated as an extension and saved in new, separate linkbase files.

3.6 Namespaces and prefixes

In order to differentiate between concepts in subsequent "Costing Taxonomy 2015" releases namespace unique resource identifiers (URIs) are used for each taxonomy release date. The "Costing Taxonomy 2015" uses namespaces constructed according to the guidelines presented in **Table 2** (below).

#	Namespace prefix	Namespace URI	Use
1	in-cost	http://www.icmai.in/in/xbrl/2015-04-01/in-cost	Main namespace for all "Costing Taxonomy 2015" concepts
2	in-cost-aud	http://www.icmai.in/in/xbrl/2015-04-01/in-cost-aud	Main namespace for all Taxonomy concepts relating to cost audit
3	in-cost-com	http://www.icmai.in/in/xbrl/2015-04-01/in-cost-com	Main namespace for all Taxonomy concepts relating to compliance report
4	in-cost-par	http://www.icmai.in/in/xbrl/2015-04-01/in-cost-par	Typed domain references
5	in-cost-type	http://www.icmai.in/in/xbrl/2015-04-01/in-cost-type	Custom data types

Table 2: Namespace prefixes and namespace URIs

3.7 Modularisation

Modularisation indicates the fragmentation of taxonomy components into different files.

3.7.1 Modularisation of schema

In the "Costing Taxonomy 2015", separate schemas are defined for reportable concepts, typed domain constraints, and custom data types. In addition; there is schema for extended link roles placed in each relationship folder. These role schemas contain definitions of the presentation, calculation and definition ELRs. Role schemas do not contain concepts, tables, axes or members. The individual entry point schemas created for viewing the respective entry-point and combined entry point schemas created for viewing all the entry-points together.

There are 485 elements defined in the reportable concepts schema. In addition to elements, there are new data types and typed dimension components defined for Costing Taxonomy in separate schema files.

3.7.2 Linkbase organization

In the "Costing Taxonomy 2015", all the five linkbases as specified in XBRL 2.1 specification are defined. These linkbases are modularised as per the logical modeling as mentioned in section 3.3 above. The linkbase files are referenced via a linkbaseRef from the entry point. The presentation, calculation and definition linkbases are modularised based on the reporting requirements as applicable to entities i.e. Cost Audit Report and Compliance Report. For each of these there are separate entry-points.

Linkbase	Count	Defined for
Calculation	2	Cost audit and compliance separately
Presentation	2	Cost audit and compliance separately
Definition	2	Cost audit and compliance separately
Reference	2	Cost audit and compliance separately
Label	2	Cost audit and compliance together

Table 3: Number of linkbases defined

3.8 Presentation Approach

The "Costing Taxonomy 2015" is developed following a 'Presentation-centric Approach', which effectively means that the taxonomy is developed to represent the presentation of a Cost Audit Report and compliance report based on the guidelines as notified by MCA and Acts. The disclosure requirements, guidance and examples are analysed, modelled into an appropriate hierarchy, and are eventually constructed into XBRL files. This approach facilitates grouping and structuring of taxonomy files in a manner which is familiar to prepares and consumer.

3.9 Concept definitions in schemas

3.9.1 Concept names and ids

In the "Costing Taxonomy 2015", concept names and identifiers (IDs) are defined as per the requirement of reports and MCA. The concept names reflect the underlying reporting element. Certain non-accounting words like *abstract, table, axis etc.* are also used as these required for constructing the taxonomy.

3.9.2 Concepts with a restricted list of allowed values

The Costing Taxonomy uses item types as defined in XBRL 2.1 specification and the additional data types as defined in add on schemas (numeric-2009-12-16.xsd and non-numeric-2009-12-16.xsd).

Certain concepts have restrictions on the allowed values, i.e., a range or a predefined list (enumeration). The restrictions will be enforced by creating special data types (XML schema enumerations). The definitions of these data types will be placed in a special module (called in-cost-type) which will be imported by schemas containing the concepts.

This module will import the data types defined by XBRL International

#	Data type	Enumerations/Restrictions
1	CategoryOfCostAccountant	Firm, Sole Proprietor
2	NatureOfEmploymentOfCostAccountant	In Employment, In Practice
3	TypeOfSector	Manufactured product, Service
4	BasisAdoptedToDetermineNormalPriceOfRelatedPartyTransactions	Comparable uncontrolled price method, Resale price method, Cost plus method, Profit split method, Transactional net margin method, Any other method
5	LevelOfRounding	Actual , Thousands , Lakhs, Millions , Crores, Billions
6	NatureOfMaterialConsumed	Indigenous purchased, Imported, Self-manufactured or produced
7	CINNumberItemType	Length = 21
8	SRNNumber	Length=9, pattern restriction= [A-Z][0-9][0-9][0-9][0-9][0-9][0-9][0-9][0-9] e.g.A12345678
9	PermanentAccountNumber	Length=10, pattern restriction=[A-Z][A-Z][A-Z][A-Z][A-Z][0-9][0-9][0-9][0-9][A-Z] e.g.AKGHI1234T
10	ProductGroupCode	Length=4, pattern restriction= [0-9][0-9][0-9][0-9] e.g. 1234
11	ServiceCode	Maximum Length=6, pattern restriction= [0-9][0-9][0-9][0-9][0-9][0-9] e.g. 432101, 12351 etc.
12	SubheadingCodeLength	Maximum Length =4

Table 4: List of new data types defined

3.10 Linkbases

Presentation-centric approach is used to develop the “Costing Taxonomy 2015”. This enables linkbases to be organised and viewed as a report prepared by different types of entities. To give practical effect to this, the taxonomy uses sort codes (an artificial 6-digit number) the beginning of each ELR definition which provide viewing and sorting functionality.

Complete list of ELRs are mentioned in Annexure I. Presentation, calculation and definition linkbases are modularized on the basis of standard formats of Cost Audit Report and compliance report and other regulatory requirements.

3.10.1 Reference linkbases

References to appropriate and authoritative literature must be added to all non - abstract concept defined in the taxonomy. The same concept can have non-contradictory multiple references.

The “Costing Taxonomy 2015” uses reference roles as listed in Table 5 (below).

Reference role	Use
http://www.xbrl.org/2003/role/disclosureRef	Reference to documentation that details an explanation of the disclosure requirements relating to the concept.

Table 5: Reference roles used in Taxonomy

A reference resource is made of several parts and these are parts defined in XBRL specification The “Costing Taxonomy 2015” uses the reference parts listed in ***Table 6 (below).***

Reference part	Use
Name	The particular publication ,e.g. “Companies (Cost Records and Audit) Rules 2014”
Publisher	Publisher of the reference material, like “MCA”
Section	Title of sections of standard or interpretation e.g. “Annexure to CRA-3 ; Part D”
Paragraph	Paragraph (number) in the standard

Table 6: Reference parts that are used in the Costing Taxonomy

Every reference can consist of at least one or all of the above mentioned parts.

3.10.2 Presentation linkbases

In order to ensure that presentation hierarchies and relationships between concepts are consistent, the Taxonomy follows a rule whereby a non-abstract concept that is a parent in a corresponding calculation linkbase is (generally) represented in the Presentation linkbase as the last of its calculation siblings, unless a different ordering is more practicable. Example of the presentation view of financial position and ratio analysis is provided in **Illustration 6** below

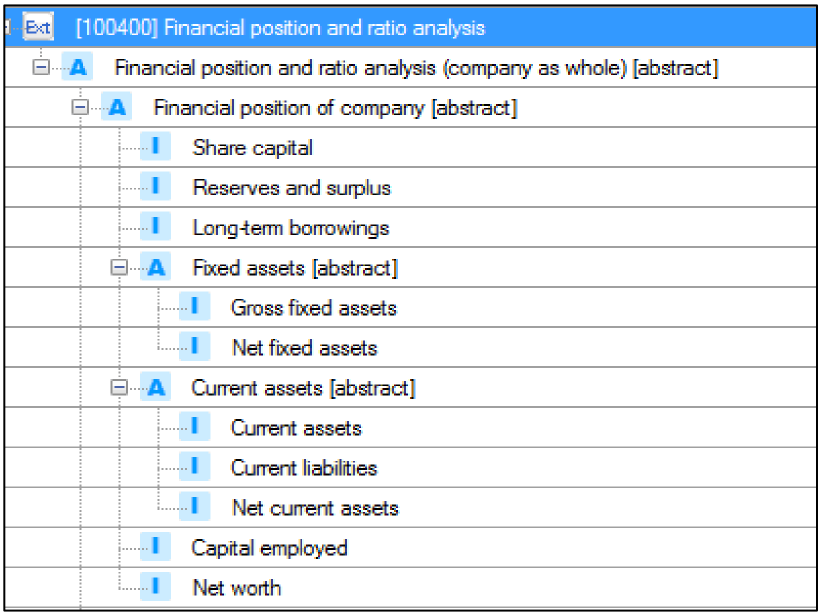


Illustration 6: Presentation view of financial position and ratio analysis

While in calculation linkbase, the calculated parent appears top of hierarchy, in presentation hierarchy, the totals appear at the end of hierarchy. In presentation hierarchy, header elements (called as abstracts) are created to facilitate a grouping of elements in hierarchy structure.

3.10.3 Calculation linkbases

The Taxonomy uses calculation linkbases in the manner prescribed by the XBRL 2.1 Specification and provides all possible calculations for hierarchies. Due to certain limitations of calculation linkbase, not all additive and subtractive relations are possible, and thus wherever applicable the calculation link is defined. **Illustration 7(below)** provides an example of the calculation view of financial position and ratio analysis

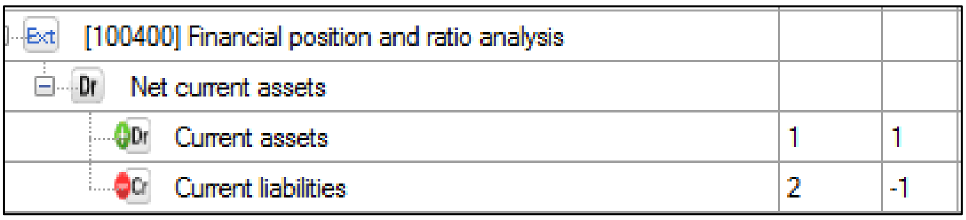


Illustration 7: Calculation view of financial position and ratio analysis

Weight of +1 denotes the element will be added while -1 indicates value to be reduced.

3.10.4 Definition linkbases

The Taxonomy uses definition linkbases to define dimensional relationships. Typed axes are used in the "Costing Taxonomy 2015" along with explicit ones. The dimensional definition linkbases also have an equivalent in the structure of the presentation linkbase. The principles followed while creating definition linkbase are –

1. Only the ELRs which have dimensional relationships are included in definition linkbase.
2. An ELR in definition linkbase will have at most one hypercube.
3. All defaults of explicit dimensions are defined together in one ELR.
4. Typed default is defined to report the primary items independently outside the hypercube. As the hypercube does not contain any domain members no values can be reported in it. So, the value would be reflected in it if it is reported in the normal context rather than dimensional context.
5. The arc role 'not all' has been used in the definition linkbase in case of Para 6, Part D of Annexure to Form CRA-2 'Reconciliation of Indirect Taxes' as explained in section 4.10.4.1.

3.10.4.1 Usage of 'not all'

"Not all" is used where it is required to freeze the cells in a dimensional table. It restricts inputting of values for certain combinations of primary elements and dimension members in the dimension table.

For example as shown in **Illustration 8** below, the 'not all' allows preparers to enter data for an element say "Excise duty payable for domestic clearances" under 'Assessable value [Member]' but prohibits entering data under 'Service tax [Member]'.

The preparers would be allowed to enter data against only those elements where there is symbol 'x' in the illustration.

	Types of indirect taxes of company				
	Assessable value [member]	Excise duty [member]	Service tax [member]	Cess and others [member]	Value added tax [member]
Reconciliation of indirect taxes [abstract]					
Duties taxes Payable of company [abstract]					
Excise duty payable of company [abstract]					
Excise duty payable for domestic clearances	X	X		X	

Excise duty payable for export clearances	X	X		X	
Excise duty payable on stock transfers	X	X		X	
Excise duty payable on others clearances	X	X		X	
Excise duty payable by company	X	X		X	
Service tax payable by company	X		X	X	
Value added tax and central sales tax payable by company					X
Other state taxes payable by company					X
Duties taxes payable by company	X	X	X	X	X
Duties taxes paid by company [abstract]					
Cenvat utilised [abstract]					
Input credits utilised		X		X	
Capital goods credits utilised		X	X	X	
Input services credits utilised		X	X	X	X
Other credits utilised		X	X	X	X
Credits utilised by company		X	X	X	X
Indirect taxes paid through PLA or cash		X	X	X	X
Duties taxes paid by company		X	X	X	X
Duties taxes recovered by company		X	X	X	X
Difference between duties taxes paid and recovered		X	X	X	X
Interest penalty fines paid by company	X	X	X	X	X
Notes to reconciliation of indirect taxes [text block]	X	X	X	X	X

Illustration 8: Table of 'Reconciliation of indirect taxes'

3.10.5 Label linkbase

The "Costing Taxonomy 2015" uses various kinds of label along with the standard label. The "Costing Taxonomy 2015" defines uses the label roles as specified in XBRL 2.1. All the labels are defined in English language.

The labels that are used in the Costing Taxonomy are:

Label role	Use
http://www.xbrl.org/2003/role/label	Standard label role for a concept. The standard labels are unique and reflect the complete element names.
http://www.xbrl.org/2003/role/totalLabel	The label role for a concept when it is to be used to present values associated with the concept when it is reported as the total of a set of other values. This role should not be used to infer semantics of facts reported in instance documents.
http://www.xbrl.org/2003/role/documentation	The label role for a concept when we need to give its definition or explanation pertaining to that concept.
http://www.xbrl.org/2003/role/terseLabel	The label role for a concept when we need to give a short label, often omitting text that should be inferable when the concept is reported in the context of other related concepts.

Table 7: Label roles

3.10.5.1 Total Label

This label is used in the presentation linkbase to indicate the calculation roll-ups. For example, if an element (which is numeric in nature) comprises of other elements, then total label role is used. **Illustration 9** below shows us the use of total label role

[100370] Value addition and distribution of earnings		
Value addition and distribution of earnings (company as whole) [abstract]		
Earnings available for distribution [abstract]	1	
Distribution of earnings [abstract]	2	
To employees as salaries, wages, retirement benefits and others	1	
To shareholders as dividend	2	
Funds retained by company	3	
To government as taxes	4	
Extraordinary expenses	5	
Other distribution of earnings	6	
Total distribution of earnings	7	Total Label

Table of Illustration 9: Use of preferred label role in presentation linkbase

Illustration 10 displays the calculation hierarchy of the example where total label is used in presentation linkbase

[100370] Value addition and distribution of earnings		
Earnings available for distribution		
Distribution of earnings		
To employees as salaries, wages, retirement benefits ...	1	1
To shareholders as dividend	2	1
Funds retained by company	3	1
To government as taxes	4	1
Other distribution of earnings	5	1

Illustration 10: Corresponding calculation hierarchy where total label role is used in presentation linkbase

3.10.5.2 Documentation

This provides better understanding of a concept or element contained in the taxonomy. It contains the definition or meaning of a particular element against which it is given.

Illustration 11 below shows us the use of label role

Cost of direct employees	Standard Label	en
The cost of employees which can be attributed to a cost object in an economically feasible way	Documentation	en

Illustration 11: Use of preferred label role in label linkbase

3.11 Key statistics

3.11.1 Extended link roles

Used in linkbase	Cost Audit Report	Compliance Report
Presentation	23	6
Calculation	9	2
Definition	23	4

Table 8: Statistics of number of extended link roles

3.11.2 Number of elements - substitution group wise

Substitution group	Count
xbrli:item	452
xbrldt:hypercubeItem	18
xbrldt:dimensionItem	15
Total	**485**

Table 9: Statistics of number of elements-substitution group wise

3.11.3 Number of elements – Data type wise

Row Labels	Count of Element Name
nonnum:domainItemType	47
nonnum:textBlockItemType	48
num:percentItemType	6
in-cost-type:CategoryOfCostAccountant	2
in-cost-type:TypeOfSector	1
in-cost-type:NatureOfEmploymentOfCostAccountant	1
in-cost-type:BasisAdoptedToDetermineNormalPriceOfRelatedPartyTransactions	1
in-cost-type:LevelOfRounding	1
in-cost-type:NatureOfMaterialConsumed	1
In-cost-type:CINNumberItemType	1
in-cost-type:PermanentAccountNumber	3
in-cost-type:ProductGroupCode	3
in-cost-type:SubheadingCodeLength	2
in-cost-type:ServiceCode	1
xbrli:booleanItemType	7
xbrli:dateItemType	9
xbrli:decimalItemType	85
xbrli:monetaryItemType	116

xbrli:IntegerItemType	1
xbrli: nonNegativeIntegerItemType	2
xbrli:stringItemType	142
xbrli:pureItemType	5
Total	**485**

Table 10: Statistics of number of elements-Data type wise

Chapter 4: General Instructions for creating XBRL instance document for Cost Audit Report

1. The Cost Audit Report as approved by the Board should be used as source for creation of the XBRL instance document.

2. It has to be ensured that the Cost Audit Report and XBRL instance document generated are as per the costing taxonomy defined by MCA. Please ensure the following in the instance document:

   a. **Completeness:** All the required information is reported. Please refer to Business Rules to ensure that all mandatory items are reported.

   b. **Mapping:** The elements tagged should be consistent with the meaning of the associated cost concepts in the Cost Audit Report.

   c. **Accuracy:** The amounts, dates, other attributes (for example, Monetary units), and relationships (order and calculations) in the instance document should be consistent with the Cost Audit Report.

   d. **Structure:** XBRL instance is structured in accordance with the costing taxonomy.

3. The instance document prepared should conform to the business rules framed by MCA for preparation and filing of the Cost Audit Report in XBRL mode.

4. If a company manufactures multiple products or renders the multiple services and has multiple units/ branches across the country and they have appointed multiple cost auditors, the Cost Audit Reports prepared by each individual cost auditor needs to be consolidated and only one XBRL instance document of the Cost Audit Report per company needs to be prepared. The cost audit report is to be filed by the company with the Central Government.

5. The XBRL Instance Document of Cost Audit Report is prepared on the basis of audited/certified cost data and other statements of the company. The Instance Document is to be prepared on the basis of the notified Costing Taxonomy 2015 following the related Business Rules. The process of conversion of audited/ certified cost

data and other statements into XBRL Instance Document require correct mapping to the appropriate tags given in the Costing Taxonomy 2015 notified by the Ministry of Corporate Affairs.

As mentioned above that in the XBRL Format, only the required data is filed against different elements, hence there is no requirement of preparing a "cost audit report" which will be filed in any particular format. However, there is a necessity of a report to be prepared for the approval of the Board of Directors in hardcopy containing all the data that is filed with signatures of the cost auditor and the company representatives. The members are also advised to take a human readable printout of the final instance document rendered by the software tool used by them to create the Instance Document and the same should be preserved duly certified by the cost auditor and the Director and Company Secretary or any 2 Directors of the company before uploading the requisite files on the MCA21 Portal.

6. Like previous Costing Taxonomy 2012 the present Costing Taxonomy 2015 also does not permit any extensions. All the facts need to be reported with the help of elements defined in the taxonomy.

7. Manufactured Products in the instance document should be strictly in accordance with the CETA headings mentioned in the Table A and Table B of the Companies (Cost Records and Audit) Rules 2014. It may be noted that the Companies (Cost Records and Audit) Rules 2014 do not contain Service Codes for the services included in these Rules. Also, the Ministry of Corporate Affairs has not notified the Service codes so far. Accordingly, in Part C formats of the Companies (Cost Records and Audit) Rules 2014, wherever it is mentioned to provide the "Service Code (if applicable)", no service code is to be entered in the formats and the MCA system will accept the reports of Service Industry as per the description of services provided by the cost auditor/ company in these formats.

8. An instance must not have more than one fact having the same element name and equal contextRef attributes.

9. Facts appearing multiple times in the Cost Audit Report are reported at one place using the same element throughout the instance document.

10. The amounts reported in instance document should have the appropriate sign based on the nature of the value in the Cost Audit Report, balance attribute, etc. of the element.

11. The instance document prepared must conform to all the calculations included in the calculation linkbase.

12. The level of rounding off used in cost statements is to be defined at one place and it is applicable to all the Paras of the Cost Audit Report.

13. The reporting currency is also defined at one place and is uniformly applicable to all the Paras of Cost Audit Report.

14. The financial year is required to be defined giving the start date and end date of the financial year.

15. The first previous year is also required to be defined by giving the start date and end date of the financial year. In case first previous year figures are not being given in the instance document, a valid reason for not providing the data needs to be specified. The first previous year will not be applicable for those companies which have been covered under the cost audit for the first time. However, if the companies prior to notification of the Companies (Cost Records and Audit) Rules 2014 were covered under the erstwhile Cost Rules 2011 and Cost Audit 2011/2012, they are required to provide the previous year figures.

16. The period information (for both instant and duration i.e. start Date/end Date) should follow the XBRL v. 1.0 Specification and should be expressed as YYYY-MM-DD. However, this would depend on the software tool being used and the way the tool has been configured to capture the data.

17. Every fact where some detailed information or bifurcation needs to be given; a footnote can be attached to it. Every footnote element must be linked to at least one fact.

18. Language attribute should be “en” for textual information.

19. The valid CIN (Corporate Identity Number) and FCRN (Foreign Company Registration Number) of the company issued by MCA needs to be provided as identifier for the company whose Cost Audit Report and XBRL instance is being created.

20. Only two financial years' data (Current Year & Previous Year) is to be provided in the Cost Audit Report.

21. The costing taxonomy allows data with three decimal places. Care must be taken to round off every figure at the time of preparation of cost accounting records and cost audit report in any spread sheet format. Unless every data is rounded off properly, spread sheet like Excel will store data with maximum decimal places though due to the formatting of the cell, the user will see the figure in 2 or three places of decimal. This will lead to inaccurate calculation of sum total and give rise to rounding off errors and the data will not get validated

Chapter 5: Para-wise instructions for creating XBRL instance document for Cost Audit Report as per the CCRAR 2014

Form CRA-3 of The Companies (Cost Records and Audit) Rules 2014 gives the Form of the Cost Audit Report and Annexure thereof (*For Annexure to Cost Audit Report, please Refer Annexure-1).* The taxonomy details are described below:

A. General information: ELR [100100]

1 ***Corporate identity number or foreign company registration number:*** This is a mandatory field. A valid CIN/FCRN Number of the Company (as per MCA Database) should be provided.

2 ***Name of company:*** This is a mandatory field. Name of the Company based on CIN or FCRN as applicable and as per MCA Database should be provided.

3 ***Address of registered office or of principal place of business in India of company:*** This is a mandatory field. The registered office address of the company is to be provided. In case of a foreign company, address of principal place of business as per MCA Database, should be given.

4 ***Address of corporate office of company:*** *This is a mandatory field.* The corporate office address of the company should be provided. In case this address is same as registered office, then registered office address as per MCA Database should be provided.

5 ***Email address of company:*** This is a mandatory field. Email address of the company should be given as per MCA Database.

6 **Current Financial Year**

6a. *Date of start of reporting period:* This is a mandatory field. The date of beginning of reporting financial year in dd/mm/yyyy format should be given. It should be greater than or equal to date of incorporation in case of Indian company or date of establishment of place of business in case of foreign company. It should be less than or equal to system date. It should be same as entered in XBRL Form. The financial year should be same for which the financial accounts have been/ are prepared and the cost auditor is appointed for audit of the cost records.

6b. ***Date of end of reporting period:*** This is a mandatory filed. The date of end of reporting financial year in dd/mm/yyyy format should be given. It should be less than or equal to system date. It should be greater than or equal to start date of reporting period. Difference between start date and end date should not be greater than 18 months. It should be same as entered in XBRL Form.

8 Duration in months of reporting period: The duration of cost audit report should be given e.g. if reporting period starts from 1st April 2014 to 31st March 2015, the duration will be twelve months. However, if the company got the extension for its financial year for filing of its financial statements upto 30th June 2015, the duration of cost audit report shall be fifteen months. It should be remembered that the period of filing the cost audit report and financial statements should be of the same duration.

9 First Previous Financial Year

9a. Date of start of first previous financial year: The beginning date of the immediately preceding financial year in dd/mm/yyyy format should be given. This is a mandatory field. It should be less than system date as well as start date of reporting period. It should be greater than or equal to date of incorporation in case of Indian company or date of establishment of place of business in case of foreign company. Difference between start date and end date should not be greater than 18 months. It should be same as entered in XBRL Form." It is not mandatory if is filing the report for first time.

9b. ***Date of end of first previous financial year:*** The end date of the immediately preceding financial year in dd/mm/yyyy format should be given. It is mandatory, if date of start of first previous financial year is entered and vice-a-versa. It should be less than system date. Difference between date entered in 'date of start of first previous and this date should not be greater than 18 months. It should be one day less than 'date of start of reporting period'." **It is not mandatory, if company is filing the report for first time.**

11 ***Duration in months of previous financial year:*** The duration for the previous year must be given as per example given above under *"Duration in months of reporting period"*. It is difference between "date of start of first previous financial year" and "date of end of first previous financial year"

12 ***Level of rounding used in cost statements:*** It is a mandatory field. Level of rounding off used for the report should be in Actual/ Thousands/ Lakhs/ Millions/ Crores/ Billions format. It is to be noted that the selected rounding off of figures must be adopted uniformly across the report for every para.

11 ***Reporting currency of entity:*** It is a mandatory field. The currency of reporting should be stated here. The value should be INR.

12 ***Number of cost auditor(s) for reporting period:*** It is a mandatory field. Detail of at least one cost auditor is to be provided here. The details of cost auditors are checked by the system based on database provided by the Institute of Cost Accountants of India to MCA. The cost auditor who is signing the cost audit report should give his/her membership number for verification by the system. Number of cost auditors as are appointed by the company for its units/ plants is to be given under this sub-para. It is to be noted that only one cost audit report needs to be filed by a company irrespective of number of products/services/units for which cost auditors are appointed. It may further be noted that the Rules vide para 2 to Part-A of the CRA-3 require to indicate Lead Auditor responsible for consolidating the Cost Audit Report. Lead Auditor may be appointed by the company afresh in addition to cost auditors appointed by the company for audit of the cost records. The appointment in this regard is to be intimated by the company to Central Government in CRA-2 (Intimation of Appointment of cost auditor by

the company to Central Government). In case the company has appointed a single cost auditor for audit of the cost records, then the same cost auditor may be designated as Lead Auditor to consolidate the Cost Audit Reports of all products/ Units of the company. Further, the Company may also designate any of the cost auditors as Lead Auditor out of the multiple cost auditors appointed by the company for audit of the cost records of all its units/ plants/ products/ services.

13 ***Date of board of directors meeting in which annexure to cost audit report was approved:*** It is a mandatory field. Date of meeting of Board of Directors approving the annexure to cost audit report should be in dd/mm/yyyy format. It should be less than or equal to system date. It should be greater than date of end of reporting period.

14 ***Whether cost auditors report has been qualified or has any reservations or contains adverse remarks:*** It is a mandatory field. This sub-para should be seen from the perspective of the Lead auditor. The Lead Auditor or the single auditor should mentioned "YES/NO" taking into consideration the reports of all the cost auditors.

15 ***Consolidated qualifications, reservations or adverse remarks of all cost auditors:*** It is a mandatory field if "yes" is selected in the field *'whether cost auditors report has been qualified or has any reservations or contains adverse remarks'*. Summary of qualifications, reservations or adverse remarks of all cost auditors are to be given by the Lead Auditor. In case of a single auditor, qualifications, reservations or adverse remarks of the single auditor should be given.

16 ***Consolidated observations or suggestions of all cost auditors:*** It is a mandatory field. Summary of observations or suggestions of all cost auditors should be given. In case of a single auditor, enter observations or suggestions of the single auditor should be given.

Note:

The individual cost auditors appointed for specific construction units/service would be required to audit and provide Para numbers A-4, B-1, B-2, B-2A, B-2B, B-2C, C-1, C-2, C-2A, C-2B, C-2C (as applicable), D-1 in respect of the products/services coming under the *purview of their respective audits. The individual auditors would also be required to submit to the Board of Directors the individual cost audit report as per Form of the Cost Audit Report given in CRA-3. The lead auditor would be responsible for auditing the Para numbers A-3, D-2, D-3, D- 4, D-5, D-6 and consolidated Para numbers A-4, B-1, B-2, B-2A, B-2B, B-2C, C-1, C-2, C-2A, C-2B, C-2C (as applicable), D-1 received from the individual cost auditors. The consolidated report should contain the reports of all the individual cost auditors including the report of the Lead Cost Auditor. In case individual cost auditors have any observations or suggestions or qualifications, they would be required to mention the same under Para 2 of the cost audit report and the lead auditor would have to mention the specific observations and/or qualifications of all the individual cost auditors in the place provided for the same in the under Para A-1. The consolidated report so prepared would be converted to XBRL and submitted to the Central Government by the Company in Form CRA-4.*

17 **Explanation of the company to every reservation or qualification of cost auditors:** This is a mandatory field if "yes" is selected in the field '*whether cost auditors report has been qualified or has any reservations or contains adverse remarks*'. Explanation of the company to each reservation/qualification of cost auditors must be given in the text block.

18 ***Whether company has related party transactions for sale or purchase of goods or services:*** Yes or No should be indicated. If yes is selected then Part D-5 of the Annexure to the cost audit report is mandatory. The details of Related Party Transactions should be for those transactions which have been asked vide Note.1 of Part D-5 of annexures to cost audit report i.e; separate details for each related party and each purchase / sale of products and services received / rendered.

B. General details of cost auditor: ELR [100300]

1 ***Details of cost auditors:*** The table is mandatory. Details of all cost auditors are required to be provided here in a table. The structure of the table has to be visualized where the

first column contains the narration of the requirements and the data/information is to be provided against each element for each of the auditor(s). The number of rows for entering cost auditor details would depend on the number of cost auditors entered in the relevant field in the General Information.

2 ***Whether cost auditor is lead auditor:*** It is a mandatory field. Select "YES" or "NO". This field would be YES for at least one cost auditor in case there is more than one cost auditor. Select "YES" in case of a single cost auditor.

3 ***Category of cost auditor:*** It is a mandatory field. Whether the cost auditor is a Firm, LLP, Sole Proprietor should be mentioned. An individual practising in individual name is to be considered under the Sole Proprietorship category.

4 ***Firm's registration number:*** It is a mandatory field. Registration number of the firm allotted by the Institute of Cost Accountants of India should be given. Cost Auditors are advised to check the Firm Registration Number allotted to them from the portal of the Institute and enters the correct number. In case of Partnership Firms, the Firm Registration number starts with "0" and in case of individuals or sole proprietors the number starts with "1". The Firm registration number is different from the Membership Number of individual members irrespective of whether the cost auditor is a Partnership Firm or a Sole Proprietor or Individual.

5 ***Name of cost auditor or cost auditors firm:*** It is a mandatory field. Name of the firm or trade name of the sole proprietor (including individual) or LLP should be given. This name must be same as per the Institute of Cost Accountants of India database.

6 ***Permanent account number of cost auditor or cost auditors firm:*** It is a mandatory field. Provide permanent Account Number (PAN) of firm in case the cost auditor is a Firm. In case of a sole proprietor or an individual, enter the PAN of the individual member. The individual PAN of the Partner of the Firm is not to be provided here.

7 ***Address of cost auditor or cost auditors firm:*** It is a mandatory field. Address of the firm as registered with the Institute of the Cost Accountants of India should be given.

8 ***Email id of cost auditor or cost auditors firm:*** It is a mandatory field. Email id of the firm should be given in case of Firm. In case cost auditor is individual/ sole proprietor the email id of the cost auditor may be given

9 ***Membership number of member signing report:*** It is a mandatory field. Give membership number of the signing Partner in case a Firm or LLP is appointed as the cost auditor. In case of Sole Proprietor or individual, enter membership number of Sole Proprietor or individual. It should be a valid membership number as per the Institute of Cost Accountants of India database.

10 ***Name of member signing report:*** It is a mandatory field. Give name of the member signing the report. The name should be entered as appearing in the database of the Institute of Cost Accountants of India. For example, if Institute database contains the name of Member as JUGAL KISHORE BUDHIRAJA then it should be given in this order only and any other order like BUDHIRAJA JUGAL KISHORE would not be accepted by the system.

11 ***Name(s) of product or industry:*** It is a mandatory field. Give name of the applicable product(s)/service(s) for which cost audit has been conducted. CETA code is mandatory for Products and to be provided as per TABLE A or TABLE B of Rule 3 of the Companies (Cost Records and Audit) Amendment Rules 2014 notified by the Ministry of Corporate Affairs on 31st December 2014.

12 ***SRN number of Form 23C/ form CRA-2:*** It is a mandatory field. Give SRN number of Form 23C/CRA-2. As per New Rules viz. Companies (Cost Records and Audit) Rules 2014, intimation of appointment is to be filed with the Central Government in CRA-2. However, some of the companies appointed cost auditors for the financial year 2014-15 filed Form 23C prior to notification of the amended Companies (Cost Records and Audit) Rules 2014 by the Ministry of Corporate Affairs as on 31st December 2014. The Ministry of Corporate Affairs, vide General Circular No. 42/2014 dated 12th November 2014 clarified that the companies which had filed the Form 23-C for the appointment of cost

auditor for the financial year 2014-15, are not required to file Form CRA-2 afresh. Accordingly, the companies which had filed Form 23C or CRA-2 and generated SRN for these are required to mention SRN accordingly.

There may be the case that the company might have filed more than one form 23C, a provision has been kept in costing taxonomy to provide SRN numbers of all such forms 23C. However in case the company has filed multiple form CRA-2, then only the latest SRN number of form CRA-2 should be given.

13 ***Number of audit committee meeting attended by cost auditor during year:*** It is a mandatory field. Give number of audit committee meetings attended by the cost auditor(s) during the reporting period.

14 ***Date of signing cost audit report and annexure by cost auditor:*** It is a mandatory field. Give date of signing of the cost audit report by the cost auditor in dd/mm/yyyy format. Date cannot be before date of Board meeting at which annexures to cost audit report are approved.

15 ***Place of signing cost audit report and annexure by cost auditor:*** Give name of place where the report is signed.

16 **Disclosure of cost auditors qualifications or adverse remarks in cost auditors report**

It is a mandatory field. The disclosures in this para would be the same required to be provided by a cost auditor as per notified Form CRA-3 of the Companies (Cost Records and Audit) Rules 2014*. In case of multiple cost auditors where the report is being consolidated by the Lead cost auditor, the statements of individual cost auditors would be required to be provided here verbatim as given by the individual cost auditor. All the elements are mandatory and must be completed as per requirement of the certification portion of the cost audit report.*

1. Disclosure regarding audit of cost records in conformity with Cost Auditing Standards

It is a mandatory field.

We, _____________, having been appointed as Cost Auditor under Section 148(3) of the Companies Act, 2013 (18 of 2013) of ______________, having its registered office at _________________ (hereinafter referred to as the company), (hereinafter referred to as the Company), have audited the Cost Records maintained under Section 148 of the said Act, in compliance with the cost auditing standards, in respect of ___________________ for the year ended _______ maintained by the company and report, in addition to our observations and suggestions in Part 2.

(i) ***Disclosure relating to availability of information and explanation for purpose of cost audit:***

It is a mandatory field. I/We have/have not obtained all the information and explanations, which to the best of my/our knowledge and belief were necessary for the purpose of this audit.

(ii) ***Disclosure relating to maintenance of cost records as per rule 5 of the companies cost records and audit rules 2014:***

It is a mandatory field. In my/our opinion, proper cost records, as per rule 5 of the Companies (Cost Records and Audit) Rules 2014, have/have not been maintained by the in respect of the product(s) / service(s) under reference .

(iii) ***Disclosure relating to availability of cost records of branches not visited:***

It is a mandatory field. In my/our opinion, proper returns adequate for the purpose of the Cost Audit have/have not been received from the branches not visited by me/us.

(iv) ***Disclosure regarding availability of information as per Companies Act 2013:***

It is a mandatory field. In my/our opinion and to the best of my/our information, the said books and records give/do not give the information required by the Companies Act, 2013, in the manner so required.

(v) ***Disclosure relating to adequacy of internal audit of cost records:***

It is a mandatory field. In my/our opinion, company has/does not have adequate system of internal audit of cost records which to my/our opinion is commensurate to its nature and size of its business.

(vi) Disclosure relating to the true and fair value of cost of production or service cost of sales margin and other information

It is a mandatory field. In my/our opinion, information, statements in the annexure to this cost audit report gives/ does not give a true and fair value of the cost of production of product(s)/ rendering of service(s), cost of sales, margin and other information relating to product(s)/ service(s) under reference.

(vii) Disclosure relating to availability of audited and certified cost statements and schedules for each unit and each product or service:

It is a mandatory field. Detailed unit-wise and product/service-wise cost statements and schedules thereto in respect of the product groups/activities under reference of the company duly audited and certified by me/us are/are not kept in the company.

(viii) ***Cost auditors observations or suggestions:*** It is a mandatory field. Enter any observations or suggestions of the cost auditor. The observations or suggestions of all the cost auditors must be consolidated provided here by the Lead Cost Auditor.

C. Cost Accounting Policy: ELR [100310]

All elements in this ELR are mandatory. The cost auditor is required to provide the cost accounting policy of the company in respect of each of the elements given below.

1 ***Cost accounting policy***

The Cost Auditor(s) is required to briefly give the cost accounting policy adopted by the Company and its adequacy or otherwise to determine correctly the cost of production/ operation, cost of sales, sales realization and margin of the product(s)/service(s) under reference separately for each product(s)/service(s). The policy should cover, inter alia, the following disclosures.

2 *Disclosure regarding identification of cost centres, cost objects and cost drivers*

Relevant disclosures about cost centres, cost objects and cost drivers to be given.

3 *Disclosure regarding accounting for material cost including packing materials, stores and spares, employee cost, utilities and other relevant cost components*

Relevant disclosures about material cost including packing materials, stores and spares, employee cost, utilities and other relevant cost components to be given here.

4 *Disclosure regarding accounting, allocation and absorption of overheads*

Relevant disclosures regarding accounting, allocation and absorption of overheads are to be given here.

5 *Disclosure regarding accounting for depreciation or amortization*

Relevant disclosures regarding accounting for depreciation or amortization are to be given here.

6 *Disclosure regarding accounting for by products, joint products and scraps or wastage*

Relevant disclosures regarding accounting for by products, joint products and scraps or wastage are to be given here.

7 *Disclosure regarding basis of inventory valuation*

Relevant disclosures regarding basis of inventory valuation are to be given here.

8 *Disclosure regarding valuation of inter unit or inter-company and related party transaction*

Relevant disclosures regarding valuation of inter unit or inter-company and related party transactions are to be given here.

9 *Disclosure regarding treatment of abnormal and non-recurring costs including classification of non-cost items*

Relevant disclosures regarding treatment of abnormal and non-recurring costs including classification of non-cost items are to be given here.

10 *Disclosure regarding other relevant cost accounting policy*

Relevant disclosures regarding other relevant cost accounting policy are to be given here.

11 Disclosure regarding changes in cost accounting policy during reporting period

Any change in the Cost Accounting Policy/ cost accounting principles and methods applied for the measurement and assignment of any of the cost elements included in the Cost Accounting Policy, if has a material effect on the products or services for which cost audit is done should be disclosed. Where the effect of such change is not ascertainable wholly or partly the fact should be indicated.

12 Disclosure regarding adequacy of budgetary control system

Summary of observation of all cost auditors with regard to adequacy or otherwise of the Budgetary Control System are to be given. In case of a single auditor, observation with regard to adequacy or otherwise of the Budgetary Control System of the single auditor should be given.

D. Manufactured product or service ELR: [100320]

a) Select sector for classifying manufactured product or service: Select sector(s) Manufacture or Service which are covered under cost audit. If "Select sector for classifying manufactured product or service" is "Manufactured Product" then the information will be provided for tables of "quantitative information, Abridged cost statements" for manufactured product. If "Select sector for classifying manufactured product or service " is "Service" then the information will be provided for tables of "quantitative information, Abridged cost statements" for service. The Companies (Cost Records and Audit) Rules 2014 provides Table A- Regulated Sector and Table B- Non Regulated Sector. Accordingly the cost auditor should provide the details of specific sector as per the classifications in Table A or Table B.

b) ***Whether previous year figures are reported:*** It is a mandatory field. The response to this element controls providing of previous year figures in Parts B-1, B-2, C-1, C-2 and D-1. If selected as "NO', then reason for not providing previous year figures is mandatory.

Irrespective of whether the response is "YES" or "NO" in this element, previous year figures are mandatory for all the Parts where data is to be provided for the company as a whole.

c) ***Details for not providing the previous year figures:*** If "NO" is selected against "***Whether previous year figures are reported"***, then reason for not providing the figures for previous year is to be entered.

d) ***Name of manufactured product or service:*** All the products/ services for which the company has booked the revenues in the books of account are to be given. The information for all manufactured products should be based on CETA heading irrespective of whether they are under cost audit or not. The Ministry of Corporate Affairs has not notified the service codes and all the services under this para should be mentioned without any code. All products of same CETA heading are to be consolidated and reported accordingly.

e) ***CETA code of manufactured product***: For manufactured products, CETA heading is mandatory and should be mentioned accordingly. In case any Product has multiple units of measurement, then the relevant Product shall be repeated against each unit of measurement separately.

f) ***Subheading of CETA code: Sub-heading of CETA Code to be provided here.***

g) ***Service code:*** As on date, MCA has not notified service codes, accordingly, this element has to be left blank.

h) ***Subheading of service code:*** As service codes are not notified, accordingly this element has to be kept blank. .

i) ***Unit of measurement for manufactured product or service:*** This is a mandatory field. Unit of measurement (UOM) for product(s) is mandatory and for service(s) it is optional, if applicable.

j) ***Net operational revenue of manufactured product or service:*** This is a mandatory field. The value of "Net revenue from Operations" in respect of each of the Products/services is to be provided for the current year as well as for previous year net of taxes and duties. It should be equal to summation of value for all products or services for which the details is provided under 'Net operational revenue of manufactured product or service'.

k) ***Whether manufactured product or service covered under cost audit:*** There should be at least one product or service which is covered under the cost audit. ***Other operating incomes of company: Enter Other Operating Incomes of the company.***

l) ***Total operating incomes of company:*** It shall be sum of net operational revenues of all the products/ services plus other operating incomes of the company for both current and previous years.

m) ***Other incomes of company:*** All the non-operating incomes as per audited Profit and Loss Account of the year shall be shown under this heading. The other incomes may be: (a) Interest Income; (b) Dividend Income; (c) Net gain/loss on sale of investments; (d) Other non-operating income.

n) ***Total revenue as per financial accounts:*** It shall be sum of Total operating incomes of company and Other Incomes of the company. This figure should be equal to the Total Revenue of the company as per audited annual accounts.

o) ***Extraordinary income:*** Enter extra ordinary income of the company as a whole as per audited annual accounts. It is to be noted that this extra ordinary income should be equal to extraordinary income shown in S. No. 9 of Para 3 of PART – D.

p) ***Total revenue including extraordinary income:*** This shall be sum of total revenue as per financial accounts and extra ordinary income of the company.

q) ***Turnover as per excise or service tax records:*** Indicate the information in respect of *"Assessable Value"* as per excise records and service tax records whichever is applicable.

The amount of turnover should be equal to assessable values shown in respective returns. In case there is difference, this should be explained in the note given below the table of this para, providing the reasons of such difference between Turnover as per Annual Accounts and Turnover as per Excise/Service Tax Records.

E. Quantitative Information of manufactured product: ELR [100330]

If "Select sector for classifying manufactured product or service" is "Manufactured Product" and "*whether manufactured product or service covered under cost audit*" is YES then mandatory to provide information in this table. Details under this para are required to be provided for each manufactured product or service under cost audit. The number of tables should at least be equal to the number of manufactured product(s) and/or service(s) covered under cost audit. In case a manufactured product(s) consists of product(s) having different unit of measurement, then the information in separate table is required to be provided for the same manufactured product for every different units of measurement.

<u>For example, Product A is measured in Kgs. as well as in litres both having the same CETA code. In such a situation, quantitative details of Product A (in Kgs) and Product A (in litres) is to be provided in separate statements though both the statements will be having the same CETA Code.</u>

1 ***Name of manufactured product:*** All the manufactured product(s) for which the company has booked the revenues in the books of account are to be given. The information for all products manufactured should be based on CETA heading irrespective of whether they are covered under cost audit or not. All products of same CETA heading are to be consolidated and reported accordingly.

2 ***CETA code of manufactured product:*** For manufactured products, CETA heading is mandatory and should be mentioned accordingly. In case any Product has multiple units of measurement, then the relevant Product shall be repeated against each unit of measurement separately. For manufactured product the most appropriate CETA code of the Product from the Table A or Table B has to be given.

3 ***Subheading of CETA code:*** Enter sub-heading of CETA Code.

4 ***Unit of measurement for manufactured product:*** Enter unit of measurement of the manufactured product. If the same manufactured product contain different units of measurement, separate tables to be prepared for each unit of measurement. This is a mandatory field.

5 ***Installed capacity on start of reporting period:*** Provide details if applicable. This is a numeric field.

6 ***Capacity enhanced during reporting period:*** Provide details if applicable. The figure should be entered on annualised basis. This is a numeric field.

Example: A company is following April 1 to March 31 as its accounting period. As at April 1, 2014 (beginning of the period), it has an installed capacity of 120000 MT. On January 1, 2015 the capacity gets enhanced by another 24000 MT. In such a case, for the period 2014-15, the enhancement of capacity to be considered would be (24000 / 12 x 3) = 6000 MT.

7 ***Capacity available through leasing arrangements:*** Provide details if applicable. This is a numeric field.

The Company might have taken on lease the complete manufacturing facility. Under this heading capacity contracted through leasing arrangements should be indicated for plant or machinery taken on lease.

8 ***Capacity available through loan license or third parties:*** Provide details if applicable. This is a numeric field.

Capacity available through loan license or third parties would be considered when the company is using entire production facility of another entity, i.e., the third party is having a dedicated plant for this company. Manufacturing or conversion done by a third-party on payment of conversion charges should not be considered as capacity being available under this head.

9 ***Total Available capacity of manufacture product:*** This is a sum total of all the capacities above. This is a numeric field.

10 ***Self-manufactured quantity:*** Production quantity manufactured by the unit(s) for all products under the given CETA Code. This is a numeric field.

Self-manufactured quantity would be the total production of all products comprised in the CETA code. If the company has different manufacturing units producing the same product or products falling under the same CETA Code, the sum total of all such products would be indicated here.

11 ***Quantity produced under leasing arrangements:*** Quantity manufactured through machines taken on lease by the company. This is a numeric field.

12 ***Quantity produced on loan license or by third parties on job work:*** The quantity manufactured through some other entity under loan license basis or production obtained through third parties on job work basis. This is a numeric field.

13 ***Total Actual production quantity:*** Sum of serials 10 to 12 above. This is a numeric field.

14 ***Production as per excise records:*** Self-explanatory. It may be noted that the Actual production quantity need not always be equal to Production as per Excise records.

15 ***In house capacity utilization (%):*** To be computed as (self-manufactured quantity) expressed as a percentage of sum of (Installed Capacity at the beginning of the year+ annualized capacity enhanced during the period).

16 ***Finished goods purchased of manufactured product [Abstract]:*** The quantity of total finished goods purchased should be same as in Para 4 of Part-A: Product/Service Details (for the company as a whole) .

17 ***Domestic purchase of finished goods:*** The quantity of finished goods purchased from domestic market for the given CETA code should be mentioned here.

18 ***Imports of finished goods:*** The quantity of finished goods imported for the given CETA code should be mentioned here.

19 ***Total finished goods purchased****:* It is numeric field and is the sum of Serial no. 17 & 18 above.

20 ***Change in stock of finished goods:*** It is difference between net quantity of opening and closing stocks of finished goods of the manufactured product.

21 ***Self or captive consumption including samples:*** It is quantity of self or captive consumption of manufactured product(s).

22 ***Other quantitative adjustments:*** Any other quantitative adjustments like gain or wastage. Other quantitative adjustments will be those which are made to arrive at the saleable production.

23 ***Total stock and other adjustments:*** The calculation would be (20-21+22) where 20, 21, 22 are Serial nos.

24 ***Available quantity for sale of product:*** "Actual Production quantity of manufactured product" plus "Finished Goods Purchased of manufactured goods" minus "Stock and other adjustments of manufactured product". This is a numeric field.

25 ***Domestic sales of manufactured products:*** Quantity of sales from own manufactured product in the domestic market. This is a numeric field.

26 ***Domestic sales of traded products***: It is traded quantity of sales of the manufactured product in the domestic market. This sale would be from the Finished Goods Purchased. This is a numeric field.

27 ***Export sale of manufactured products:*** It is Quantity of sales from own manufactured product exported. This is a numeric field.

28 ***Export sale of traded products:*** It is traded quantity of sales of the manufactured product exported. This sale would be from the Finished Goods Purchased. This is a numeric field.

29 ***Total quantity sold of manufactured and traded product:*** This is sum of items 25 to 28 above. This is a numeric field.

F. Abridged Cost Statement of manufactured product ELR: [100340]

This is a mandatory table for both current and previous years.

1 ***Name of manufactured product:*** Provide the name of manufactured product for which the quantitative detail is furnished.

2 ***CETA code of manufactured product:*** CETA codes corresponding to the manufactured product as per Table A and/or TABLE B as notified by the MCA vide the Companies (Cost Records and Audit) Rules 2014.

3 ***Subheading of CETA code:*** Enter sub-heading of CETA Code.

4 ***Unit of measurement for manufactured product:*** Provide unit of measurement of the manufactured product. If the same product contains different units of measurement, separate tables are to be prepared for each unit of measurement.

5 ***Actual production quantity:*** Provide the actual production quantity for the manufactured products.

6 ***Finished goods purchased:*** Provide the figure for Finished Goods Purchased.

7 ***Change in stock of finished goods:*** Provide the value for change in stock of finished goods. The value should be entered with proper sign.

8 ***Self or Captive consumption including samples:*** Provide quantity of self or captive consumption. This element has a negative weightage in the Taxonomy and the amount should be entered with positive sign.

9 ***Other quantitative adjustments:*** Provide the figure for quantitative adjustments, if any. The value should be entered with proper sign.

10 ***Total stock and other adjustments: Sl. [***7 – 8 + 9] as above.

11 ***Total quantity sold of manufactured and traded product:*** *5+6+10, where 5,6 & 10 are Serial Nos. above*

12 ***Cost Details of manufactured product:*** Provide the cost for each items of cost included for the manufactured product.

13 ***Cost of materials consumed:*** It shall be total cost of materials consumed to manufacture the product as shown under Abridged Cost Statement- Details of material consumed ELR: [100340a]. The materials cost shall be valued as per para 1 of CRA-1.

14 ***Cost of process materials or chemicals consumed:*** It shall be total cost of process materials and chemicals consumed to manufacture the product. The cost of process materials and chemicals shall be valued as per para 1 of CRA-1.

15 ***Cost of utilities consumed:*** It shall be total cost of utilities consumed to manufacture the product as shown under Abridged Cost Statement- Details of utilities ELR: [100340b]. The cost of utilities shall be valued as per para 3 of CRA-1.

16 ***Cost of direct employees:*** It shall be total cost of salaries and wages paid to employees directly engaged to manufacture the product. The cost of direct employees shall be valued as per para 2 of CRA-1.

17 ***Cost of direct expenses:*** It shall be total of all direct expenses incurred to manufacture the product. The cost of direct expenses shall be based on para 4 of CRA-1.

18 ***Cost of stores and spares consumed:*** It shall be total cost of stores and spares consumed to manufacture the product. The cost of stores and spares shall be valued as per para 1 of CRA-1.

19 ***Cost of repairs and maintenance:*** It shall be total expenses incurred towards repairs and maintenance to manufacture the product. The cost of repairs and maintenance shall be valued based on para 5 of CRA-1.

20 ***Cost of quality control:*** It shall be total expenses incurred on quality control to manufacture the product. The cost of quality control shall be valued as per para 12 of CRA-1.

21 ***Cost of research and development:*** It shall be total expenses incurred towards research and development to manufacture the product. The cost of research and development shall be valued based on para 11 of CRA-1.

22 ***Cost of technical knowhow fee or royalty:*** It shall be total expenses and fees incurred/ spent towards technical knowhow to manufacture the product. The cost of technical knowhow fee and royalty shall be valued based on para 10 of CRA-1.

23 Cost of depreciation or amortization: It will be total Depreciation/amortization cost on the items directly employed on manufacturing of the product and allocated amount of depreciation for the items commonly used for other manufacturing facilities. The cost of depreciation and amortization shall be based on para 6 of CRA-1.

24 Cost of other production overheads: It shall be total amount of direct and allocated production overheads related to the product. The cost of other production overheads shall be based on para 7 of CRA-1.

25 Cost of industry specific operating expenses: It shall be total of all industry specific operating expenses shown under Abridged Cost Statement- Details of industry specific operating expenses ELR: [100340c].

26 Total of inputs and conversion cost of product: This is sum total of serial nos 13 to 25

27 Cost of increase/decrease in work-in-progress: This will be difference between opening and closing work in progress. The cost of work in progress shall be valued based on para 19 of CRA-1.

28 Credits for recoveries: Enter amount of recoveries credited to cost of production, if any. This element has a negative weight in the Taxonomy and is to be entered with positive sign.

29 Cost of primary packing: It shall be total cost of primary packings which forms the part of cost of production of this product.

30 Cost of production or operations: 26 + (27 – 28 +29), where 26, 27, 28 & 29 are serial nos. above.

31 Cost of finished goods purchased: It shall be total cost of finished goods purchased for this product.

32 Total cost of production and purchases: 30 + 31, where 30 & 31 are serial nos. above

33 Cost of increase/decrease in finished goods: It shall be difference in opening and closing stocks of the finished goods relating to the product.

34 Cost of self or captive consumption: It shall be cost of self or captive consumption valued based on CAS-4, Cost Accounting Standards on Cost of Production for Captive Consumption issued by the Institute of Cost Accountants of India.

35 ***Cost of other adjustments:*** This shall be total sum of other adjustments.

36 ***Cost of production or operations of goods sold:*** It shall be sum of 32 + (33-34+35), where 32, 33, 34 & 35 are serial Nos. above

37 ***Cost of administrative overheads:*** It shall be total cost of administrative overheads as defined under Para 8 of CRA-1.

38 ***Cost of secondary packing:*** It shall be total cost of secondary packing valued as per para 15 of CRA-1. The secondary packing cost shall form part of distribution overheads.

39 ***Cost of selling and distribution overheads:*** It shall be total cost of selling and distribution overheads.

40 ***Cost of sales before interest***: 36+37+38+39, where 36,37,38 & 39 are Serial Nos. above

41 ***Cost of interest and financing charges:*** It shall be total cost of interest and financing charges valued as per para 16 of CRA-1.

42 ***Cost of sales:*** 40+41, where 41 & 42 are Serial Nos. above

43 ***Net sales realization of product:*** It is self explanatory.

44 ***Amount of margin of product as per cost accounts:*** 42 – 43, where 42 & 43 are Serial Nos. above.

45 ***Cost per unit details of manufactured product***

It may be noted that the cost per unit of a cost element is mandatory if the corresponding value of such cost element is greater than zero. However, the above validation will not be applicable to the following elements:

(i) Cost of Increase or Decrease in Finished Goods

(ii) Cost of Self or Captive Consumption

(iii) Cost of other Adjustments

(iv) Cost Per Unit of Stock and Other Adjustments

The divisor for all individual cost elements from Serial nos 13 to 29 above is “Quantity Produced”

The divisor for all individual cost elements from Serial nos 30 to 41 above is “Quantity Sold”

Accordingly, the following cost per unit values are to be calculated and submitted in the following elements:

46 Cost per unit of materials consumed

47 Cost per unit of process materials or chemicals consumed

48 Cost per unit of utilities consumed

49 Cost per unit of direct employees

50 Cost per unit of direct expenses

51 Cost per unit of stores and spares consumed

52 Cost per unit of repairs and maintenance

53 Cost per unit of quality control

54 Cost per unit of research and development

55 Cost per unit of technical knowhow fee or royalty

56 Cost per unit of depreciation or amortization

57 Cost per unit of other production overheads

58 Cost per unit of industry specific operating expenses

59 Cost per unit of total inputs and conversion cost for product

60 Cost per unit of increase/decrease in work-in-progress

61 Cost per unit of credits for recoveries

62 Cost per unit of primary packing

63 Cost per unit of production or operations

64 Cost per unit of finished goods purchased

65 Cost per unit of production and purchases

66 Cost per unit of stock and other adjustments

67 Per unit cost of production or operations of goods sold

68 Cost per unit of administrative overheads

69 Cost per unit of secondary packing

70 Cost per unit of selling and distribution overheads

71 Cost per unit of sales before interest

72 Cost per unit of interest and financing charges

73 Per unit cost of sales of product

74 Per unit net sales realization of product

75 Per unit margin as per cost accounts of product

Abridged Cost Statement- Details of material consumed ELR: [100340a]

Details of materials consumed for the material amount specified in the abridged cost statement are to be provided here. The following details of material consumed are to be provided:

- Description
- Natures (Indigenous purchased, Imported, Self-manufactured or produced)
- Unit
- Quantity
- Rate
- Cost

There is a provision to provide details of materials consumed upto 10 numbers of materials. If the no. of different materials consumed is more than 10, then top nine materials in terms of consumption value to be provided under first nine members and consolidated figures for the remaining may be provided in the tenth member as other materials.

Abridged Cost Statement- Details of utilities ELR: [100340b]

Details of utilities consumed for the utilities amount specified in the abridged cost statement are to be provided here. The following details of material consumed are to be provided:

- Description
- Unit
- Quantity
- Rate
- Cost

There is a provision to details of utilities consumed upto 10 utilities. If the no. of different utilities consumed is more than 10, then top nine utilities in terms of consumption value to be provided under first nine members and consolidated figures for the remaining may be provided in the tenth member.

Abridged Cost Statement- Details of industry specific operating expenses ELR: [100340c]

Industry Specific operating expenses are those which are peculiar to a particular industry such as Telecommunication Industry which shows expenses such as Network Operating cost, License fee, Radio Spectrum charges, Microwave charges etc. Such expenses are specific to this Industry and should be disclosed separately in the cost statement. The Industry Specific operating expenses will vary from industry to industry depending upon the nature of operations. It is not mandatory that each and every product will have certain items classified as industry specific operating expenses. There is a provision to provide details of industry specific operating expenses upto ten such expenses. If the no. of different industry specific operating expenses consumed is more than 10, then top nine industry specific operating expenses in terms of consumption value to be provided under first nine members and consolidated figures for the remaining may be provided in the tenth member.

G. Quantitative information of service: ELR [100341]

Details under this para are required to be provided for each service under cost audit separately. The number of tables should be at least equal to the number of services covered under cost audit. In case the services having different unit of measurement, then the information is required to be provided separately for the each service separately for different units of measurement.

1. ***Name of service:*** Provide the name of service for which the quantitative detail is furnished.
2. ***Service code (if applicable):*** Service codes are yet to be notified by the MCA. Hence, value corresponding to this line item has to be NULL/Empty.
3. ***Subheading of service code:*** Service codes / sub heading are yet to be notified by the MCA. Hence, value corresponding to this line item has to be NULL/Empty.

4 ***Unit of measurement for service:*** Provide unit of measurement of the service. If the same services contain different units of measurement, separate tables are to be prepared for each unit of measurement.

5 ***Installed capacity on start of reporting period:*** Details of installed capacity is to be provided for the current year as well as for previous year, if applicable. Further, the Installed Capacity should reflect the capacity as at the beginning of the reporting period. Any enhancement in the installed capacity would be reflected under the relevant item. The installed capacity as at the beginning of the year plus the proportionate enhancement in capacity during the period, if any, would give the total installed capacity. Generally installed capacity cannot be defined for this industry due to its peculiar nature. However, if available, this should be given.

6 ***Capacity enhanced during reporting period:*** Provide details for capacity enhanced during the year, if applicable. The figure should be entered on annualized basis.

7 ***Available Capacity of service:*** This shall be sum of “Total Installed Capacity” and “Capacity enhanced during the year”

8 ***Own Services:*** Provide details of own services rendered by the company.

9 ***Services under contractual arrangement:*** Give details of services which have been provided under contractual arrangement with a third party.

10 ***Outsourced Services:*** Provide details of outsourced services with an outside agency.

11 ***Total Actual Services provided:*** This is a sum of all the above serial nos. 8 to 10.

12 ***Total Services provided as per Service Tax Records:*** Provide the details of total services provided as per Service Tax Returns/ Records.

13 ***In-house Capacity Utilization (%):*** These are the services which have been utilized by the company internally. This is to be expressed in percentage terms.

14 ***Domestic Services rendered:*** Provide total value/Quantity of sales of services rendered in the domestic market.

15 ***Export Services rendered:*** Provide total value/Quantity of sales of services rendered outside India.

16 ***Total Actual Services Rendered:*** This is sum total of services rendered in domestic area and outside India.

H. Abridged cost statement of service: ELR [100342]

1 ***Name of service:*** Provide the name of service for which the quantitative detail is furnished.

2 ***Service code (if applicable):*** Service codes are yet to be notified by the MCA. Hence, value corresponding to this line item has to be NULL/Empty.

3 ***Subheading of service code:*** Service codes / sub heading are yet to be notified by the MCA. Hence, value corresponding to this line item has to be NULL/Empty.

4 ***Unit of measurement for service:*** Provide unit of measurement of the service. If the same services contain different units of measurement, separate tables are to be prepared for each unit of measurement. Providing of unit of measurement for services is optional.

5 ***Total actual service provided:*** Enter the value for total actual service provided.

6 ***Captive consumption:*** Provide the value for captive consumption of service.

7 ***Other quantitative adjustments:*** Provide details of other quantitative adjustment done for services rendered

8 ***Total actual service rendered:*** Provide value for total actual services rendered.

9 ***Cost of materials consumed:*** It shall be total cost of materials consumed for the service as shown under Abridged Cost Statement- Details of material consumed ELR: [100342a]. The materials cost shall be valued as per para 1 of CRA-1.

10 ***Cost of utilities consumed:*** It shall be total cost of utilities consumed for the service as shown under Abridged Cost Statement- Details of utilities ELR: [100342b]. The cost of utilities shall be valued as per para 3 of CRA-1.

11 ***Cost of direct employees:*** It shall be total cost of salaries and wages paid to employees directly engaged in rendering the service. The cost of direct employees shall be valued as per para 2 of CRA-1.

12 ***Cost of direct expenses:*** It shall be total of all direct expenses incurred in respect of rendering the service. The cost of direct expenses shall be based on para 4 of CRA-1.

13 ***Cost of stores and spares consumed:*** It shall be total cost of stores and spares consumed in rendering the service. The cost of stores and spares shall be valued as per para 1 of CRA-1.

15 ***Cost of repairs and maintenance:*** It shall be total expenses incurred towards repairs and maintenance in rendering the service. The cost of repairs and maintenance shall be valued based on para 5 of CRA-1. ***Cost of quality control:*** It shall be total expenses incurred on quality control in rendering the service. The cost of quality control shall be valued as per para 12 of CRA-1.

16 ***Cost of research and development:*** It shall be total expenses incurred towards research and development in rendering the service. The cost of research and development shall be valued based on para 11 of CRA-1.

17 ***Cost of technical knowhow fee or royalty:*** It shall be total expenses and fees incurred/ spent towards technical knowhow in rendering the service. The cost of technical knowhow fee and royalty shall be valued based on para 10 of CRA-1.

18 ***Cost of depreciation or amortization:*** It will be total Depreciation/amortization cost on the items directly employed in rendering the service and allocated amount of depreciation for the items commonly used for other services. The cost of depreciation and amortization shall be based on para 6 of CRA-1.

19 ***Cost of other overheads:*** It shall be total amount of direct and allocated other overheads related to the service. The cost of other overheads shall be based on para 7 of CRA-1.

20 ***Cost of industry specific operating expenses:*** It shall be total of all industry specific operating expenses shown under Abridged Cost Statement- Details of industry specific operating expenses ELR: [100342c].

21 ***Total of inputs and conversion cost of product:*** This is sum total of serial nos 9 to 20

22 ***Cost of increase/decrease in work-in-progress:*** This will be difference between opening and closing work in progress. The cost of work in progress shall be valued based on para 19 of CRA-1.

23 ***Credits for recoveries:*** This shall be sum of all credits which are required to be adjusted from the total inputs and conversion cost of the service.

24 ***Cost of primary packing***: It shall be total cost of primary packing which forms the part of cost of operation of this service.

25 ***Cost of production or operations:*** 21 + (22-23+24) where 21 to 24 are serial nos above

26 ***Cost of finished goods purchased:*** It shall be total cost of finished goods purchased for this service.

27 ***Total cost of production and purchases:*** 25 + 26 where 25 & 26 are serial nos above

28 ***Cost of increase/decrease in finished goods:*** It shall be difference in opening and closing stocks of the finished goods relating to the service.

29 ***Cost of self or captive consumption:*** It shall be cost of self or captive consumption of this service.

30 ***Cost of other adjustments:*** This shall be total sum of other adjustments.

31 ***Cost of production or operations of goods sold:*** 27 + (28-29+30) where 27 to 30 are serial nos above.

32 ***Cost of administrative overheads:*** It shall be total cost of administrative overheads as defined under As Para 8 of per CRA-1.

33 ***Cost of secondary packing:*** It shall be total cost of secondary packing valued as per para 15 of CRA-1.

34 ***Cost of selling and distribution overheads:*** It shall be total cost of selling and distribution overheads.

35 ***Cost of sales before interest:*** 31 + 32 + 33 + 34, where 31 to 34 are serial nos above.

36 ***Cost of interest and financing charges:*** It shall be total cost of interest and financing charges valued as per para 16 of As per CRA-1.

37 ***Cost of sales:*** It shall serial numbers 35 + 36.

38 ***Net sales realization of product:*** It is self explanatory.

39 Amount of margin of product as per cost accounts: 37 – 38, where 37 & 38 are serial nos.

40 Cost per unit details of manufactured product [abstract]

It may be noted that the cost per unit of a cost element is mandatory if the corresponding value of such cost element is greater than zero. However, the above validation will not be applicable to the following elements-

(i) Cost of Increase or Decrease in Finished Goods

(ii) Cost of Self or Captive Consumption

(iii) Cost of other Adjustments

The divisor for all individual cost elements from Serial nos 9 to 20 above is “Services Provided”

The divisor for all individual cost elements from Serial nos 21 to 36 above is “Services Rendered”

Accordingly, the following cost per unit values are to be calculated and submitted in the following elements:

41 Cost per unit of materials consumed

42 Cost per unit of process materials or chemicals consumed

43 Cost per unit of utilities consumed

44 Cost per unit of direct employees

45 Cost per unit of direct expenses

46 Cost per unit of stores and spares consumed

47 Cost per unit of repairs and maintenance

48 Cost per unit of quality control

49 Cost per unit of research and development

50 Cost per unit of technical knowhow fee or royalty

51 Cost per unit of depreciation or amortization

52 Cost per unit of other production overheads

53 Cost per unit of industry specific operating expenses

54 Cost per unit of total inputs and conversion cost for product

55 Cost per unit of increase/decrease in work-in-progress

56 Cost per unit of credits for recoveries

57 Cost per unit of primary packing

58 Cost per unit of production or operations

59 Cost per unit of finished goods purchased

60 Cost per unit of production and purchases

61 Cost per unit of stock and other adjustments

62 Per unit cost of production or operations of goods sold

63 Cost per unit of administrative overheads

64 Cost per unit of secondary packing

65 Cost per unit of selling and distribution overheads

66 Cost per unit of sales before interest

67 Cost per unit of interest and financing charges

68 Per unit cost of sales of product

69 Per unit net sales realization of product

70 Per unit margin as per cost accounts of product

Abridged Cost Statement- Details of material consumed ELR: [100342a]

Details of materials consumed for the material amount specified in the abridged cost statement are to be provided here. The following details of material consumed are to be provided:

- Description
- Natures (Indigenous purchased , Imported , Self-manufactured or produced)
- Unit
- Quantity
- Rate
- Cost

There is a provision to provide the details of materials consumed upto ten materials. If the no. of different materials consumed is more than 10, then top nine materials in terms of consumption value to be provided under first nine members and consolidated figures for the remaining may be provided in the tenth member.

Abridged Cost Statement- Details of utilities ELR: [100342b]

Details of utilities consumed for the utilities amount specified in the abridged cost statement are to be provided here. The following details of material consumed are to be provided:

- Description
- Unit
- Quantity
- Rate
- Cost

There is a provision to provide the details of utilities consumed upto 10 utilities. If the no. of different utilities consumed is more than 10, then top nine utilities in terms of consumption value to be provided under first nine members and consolidated figures for the remaining may be provided in the tenth member.

Abridged Cost Statement- Details of industry specific operating expenses ELR: [100342c]

The element of ***Industry Specific Operating Expenses*** has been specifically added to meet the requirement of Regulated Industry like Telecommunication or Petroleum etc. but not limited to only the Regulated Industries, where the cost elements or overheads would not match with the cost elements provided in the notified ELR: 100342. There is a provision to provide the details upto 10 nos. of industry specific operating expenses in ELR 100342c. If the no. of different industry specific operating expenses consumed is more than 10, then top nine industry specific operating expenses in terms of consumption value to be provided under first nine members and consolidated figures for the remaining may be provided in the tenth member.

I. Product and Service Profitability statement of manufactured product or service ELR: 100350

1 ***Name of the product or service:*** Provide the name of manufactured product or service for which the profitability detail is furnished.

2 ***CETA code of manufactured:*** CETA codes corresponding to the manufactured product as per Table A and/or TABLE B of the Companies (Cost Records and Audit) Rules 2014 as notified by Ministry of Corporate Affairs.

3 ***Subheading of the CETA Code:*** Table A & Table B provide CETA headings upto 4-digit. However, the company's products are cleared under excise duty for more than 4-digit, in that case the company may mention subheading of their products in addition to 4-digits CETA code.

4 ***Service Code:*** Service codes are yet to be notified by the MCA. Hence, value corresponding to this line item has to be NULL/Empty

5 ***Subheading of the service code:*** Service codes / sub heading are yet to be notified by the MCA. Hence, value corresponding to this line item has to be NULL/Empty

6 ***Details of Manufactured product and service profitability statement***

Manufactured Product or Service profitability details for audited products / services is to be given in this table for both current year as well as previous year. The following values for each audited product or service needs to be provided:

7 ***Sales:*** Value of 'Sales' in ELR 100350: Product and service profitability statement of manufactured product or service' should be equal to value of 'Net sales realization of product' in ELR 100340: Abridged cost statement of manufactured product ' in case of manufactured product. Value of 'Sales' in ELR 100350 Product and service profitability statement of manufactured product or service' should be equal to value of 'Net sales realization of service' in ELR 100342: Abridged cost statement of service' in case of service.

8 ***Cost of Sales:*** Value of 'Cost of sales' in ELR 100350: Product and service profitability statement of manufactured product or service' should be equal to value of 'Cost of sales of product' in ELR 100340: Abridged cost statement of manufactured product ' in case

of manufactured product. Value of 'Cost of sales' in ELR 100350, Product and service profitability statement of manufactured product or service' should be equal to value of 'Cost of sales of service' in ELR 100342: Abridged cost statement of service' in case of service.

9 ***Margin:*** Value of 'Margin' in ELR 100350: Product and service profitability statement of manufactured product or service' should be equal to value of 'Amount of margin of product as per cost accounts' in ELR 100340: Abridged cost statement of manufactured product ' in case of manufactured product. Value of 'Margin' in ELR 100350: Product and service profitability statement of manufactured product or service' should be equal to value of 'Amount of margin of service as per cost accounts' in ELR 100342: Abridged cost statement of service' in case of service.

J. Profit Reconciliation ELR: 100360

The profit reconciliation statement is for the company as a whole. The previous year figures are also required to be provided in addition to the current year figures.

1 ***Profit (loss) for audited product(s)/ service(s):*** the profit/loss of products under cost audit should be arrived at by adding the margin of individual products shown in the Abridged Cost Statements.

2 ***Profit (loss) for un-audited product(s)/ service(s):*** the sum total of profit/(loss) of products/services not covered under cost audit is to be reflected here.

3 ***Amount of incomes not considered in cost accounts-*** Incomes which are ‘Abnormal’ in nature or ‘purely financial’ is not considered in cost accounts to arrive at the costing Profit or Loss. Hence, such incomes would be required to be considered in the reconciliation statement to arrive at the profit/loss as per Financial Accounts.

Abnormal Income means unexpected heavy income in the nature of windfalls, abnormal gains. Income purely financial in nature: may be of the following nature:

i. *Interest received on investment, deposits outside the business*

ii. *Dividends received on investment outside the business*

iii. *Profits on sale of capital assets and investment*
iv. *Fees received on transfer of shares*
v. *Gains on foreign exchange fluctuation*
vi. *Prior period income*

4 ***Amount of expenses not considered in cost accounts-*** Expenses which are 'Abnormal' in nature and 'purely financial' are not considered in cost accounts to arrive at the costing Profit or Loss.

Examples of expenses not considered in cost accounts are:

Abnormal Expenses – Abnormal expenses may be:

i. *Abnormally high rejections;*
ii. *Defective work, spoilages etc.;*
iii. *Losses due to theft, pilferage, or acts of nature like earthquake, flood fire;*
iv. *Abnormal idle time;*
v. *Abnormal under-utilisation of plant facilities;*
vi. *Losses due to abnormal situation like strikes, war, accidents etc.*

Expenses Purely Financial in nature: may be of the following nature: for e.g. –

i. *Loss on sale of capital assets and investments*
ii. *Stamp duty and expenses on issue and transfer of shares*
iii. *Discount on bonds and debentures*
iv. *Fines and Penalties*
v. *Loss on investments*
vi. *Loss on foreign exchange fluctuations*
vii. *Premium on forward contract*
viii. *Liquidated damages*
ix. *Short recovery of Excise*
x. *Bad Debts*
xi. *Donations*
xii. *Prior period expenses*

xiii. *Expenses on Buy Back of shares*

xiv. *Preliminary expenses written off*

xv. *Reference also may be made to Cost Accounting Standards issued by the Institute of Cost Accountants of India for specific items of this nature*

The Reconciliation statement requires a complete reconciliation between the cost accounts and the financial accounts for the company as a whole. Situations may arise where the cost auditor has been appointed for cost audit of the products for which cost audit is applicable and the company may have other products/ services or activities outside the purview of the cost audit. Since the amount of profit/loss of products or services not covered under cost audit also forms part of this statement, a question arises as to how the cost auditor will certify the figures forming part of this statement that does not come under the purview of his cost audit and consequently the terms of his appointment.

In such a situation, it is suggested that the cost auditor should obtain a certificate from the management regarding the correctness of items of incomes/expenses that are outside the purview of cost audit and not checked by the cost auditor. The cost auditor should also make note of this fact in his report under "*Observations of cost auditor*" stating therein that figures in respect of activities forming part of his report and annexure have not been audited by him and that the figures have been provided as certified by the management.

5 Difference in stock valuation as per cost and financial records- This is self-explanatory.

6 Other adjustments- If company has made in other adjustments in the books of accounts than the items listed under Sl. No. (3) and (4) above, those items of adjustment should be given under this heading.

7 Profit (loss) as per financial accounts- The resultant figure after adjustments of all items as per Sl. (1) to (6) should be Profit or Loss as per Audited financial Accounts.

Profit Reconciliation- Details of incomes not considered ELR: [100360a]

Under this ELR the details of incomes not considered while computing the amount of incomes not considered in cost accounts as indicated under ELR [100360] are to be given. The specific details to be provided are:

1 ***Name of incomes not considered in cost accounts***

2 ***Amount of incomes not considered in cost accounts***

Profit Reconciliation- Details of expenses not considered ELR: [100360b]

Under this ELR the details of expenses not considered while computing the amount of expenses not considered in cost accounts as indicated under ELR [100360] are to be given. The specific details to be provided are:

1 ***Name of expenses not considered in cost accounts***

2 ***Amount of expenses not considered in cost accounts***

K. Value Addition and Distribution of Earnings ELR: [100370]

(a) All figures for the computation of Value Addition and Distribution of Earnings would flow from the audited Profit & Loss Account of the company.

(b) It is advisable to prepare a statement drawing the figures from the audited Profit & Loss Account showing details of individual elements. The resultant balance in the statement after consideration of all incomes, expenses, Income Tax, Dividend and transfer of undistributed profits to reserves should be equal to zero. This would ensure correctness of the computation.

(c) All the elements in this para are self-explanatory.

(d) The Net Revenue from Operations plus Export Incentives plus Other Incomes should be equal to the total revenue of the company as shown in Para 4 of Part-A to Annexure to Cost Audit Report.

The details to be given are:

1 ***Gross revenue from operations of company***

2 ***Excise and other duties of company***

3 ***Net revenue from operations of company for value addition-*** The Net Revenue from Operations plus Export Incentives plus Other Incomes should be equal to the total revenue of the company as shown in Para 4 of PART -A.

4 ***Export Incentives of company–*** The Government of India provides various incentives & facilities to the exporter. These export incentives and facilities are as follow:

- Duty Drawback (DBK)
- Duty Entitlement Passbook Scheme (DEPB)
- Focus Market Scheme (FMS)
- Focus Product Scheme (FPS).
- Duty Exemption Scheme
- Vishesh Krishi and Gram Udyog Yojna (VKGUY)
- Marketing Development Assistance (MDA)
- Export Promotion Capital Goods Scheme
- Served from India Scheme
- Exchange earner Foreign Currency Account (EEFC Account)

5 ***Adjustments in work-in-progress and finished stocks of company***

Sl. No. 6 to 11 relate to giving information about cost of bought out inputs of company.

6 ***Cost of materials consumed of company***

7 ***Cost of process materials or chemicals of company***

8 ***Cost of stores and spares consumed of company***

9 ***Cost of utilities of company***

10 ***Cost of other bought out inputs of company*** would include expenses incurred for purchase of all types of bought out services like Telephone, Postage, Printing & Stationery, Rates & Taxes, Travelling Expenses, Rent, Insurance, Freight, outside conversion charges (if not included in cost of materials and used as input for further processing), audit fees, commission charges, brokerage, discount etc. and Interest and

Financing Charges to the extent charged to cost. In other words, Employee Cost and Benefits, Depreciation, Borrowing Costs and other Non-Cost Items of expenses shall not be included here.

11 ***Total cost of bought out inputs of company***

12 ***Value added of company***

13 ***Other incomes of company***

14 ***Extraordinary income:*** Extraordinary incomes including exceptional items as reflected in the Profit & Loss Account.

15 ***Earnings available for distribution***

16 ***Distribution of Earnings:***

(i) ***To employees as salaries, wages, retirement benefits and others*** – This would include all items considered under Employee Benefits Expense in the Profit & Loss Account. Items to be considered shall include salaries, wages, contribution to provident and other funds, contribution to gratuity, other retirement benefits, medical benefits, staff welfare expenses etc.

(ii) ***To shareholders as dividend***– The proposed dividend, if any, payable to shareholders to be provided here. The dividend would include dividend payable on all types of shares.

(iii) ***Funds retained by company***– This would mean Depreciation and Amortization expenses charged to the Profit & Loss Account during the year and undistributed surplus in Profit & Loss Account transferred to Reserves arising out of the current year profits after payment of tax and dividend.

(iv) ***To government as taxes***– This would include Income Tax including taxes on dividend (if borne by the company) – both current and deferred, Wealth Tax, difference between Excise Duty Paid and Excise Duty recovered.

(v) ***Extraordinary expenses:*** Extraordinary expenses including exceptional items as reflected in the Profit & Loss Account.

(vi) ***Other distribution of earnings*** would include all non-cost expenses available on the face of the Profit and Loss Account, e.g., Loss on sale of capital assets and investments, Loss/gain on forex, bad debts, stores/stocks written off, Demurrage, Fines and Penalties to statutory authorities, prior period expenses etc. Exceptional Items, if any, and Interest & Financial Charges not considered in cost.

(vii) ***Total distribution of earnings***– This is to be computed as sum total of [Employees as salaries & wages, retirement benefits etc. + Shareholders as Dividend + Government as Taxes + Other Distribution of Earnings]. This will be equal to "Earnings available for Distribution" computed above.

L. Financial Position and Ratio Analysis ELR: [100400]

(a) All figures for the computation of the Financial Ratios would flow from the audited Profit & Loss Account and Balance Sheet of the company except cost of sales.

(b) The Profit to be considered for this para is the Profit before Tax of the company.

(c) The computation of individual line items of the para is explained below:

1. ***Share Capital:*** Subscribed and paid-up shares of any type including amount paid up on forfeited shares, if any.

2. ***Reserves and surplus:*** Any reserves and surplus appearing in the Balance Sheet of the company. The classification of Reserves and Surplus as per Schedule-III of the Companies Act 2013 is as follows:

(i) (a) Capital Reserves; (b) Capital Redemption Reserve; (c) Securities Premium Reserve; (d) Debenture Redemption Reserve; (e) Revaluation Reserve; (f) Share Options Outstanding Account; (g) Other Reserves–(specify the nature and purpose of each reserve and the amount in respect thereof); (h) Surplus i.e., balance in Statement of Profit and Loss disclosing allocations and appropriations such as dividend, bonus shares and transfer to/ from reserves, etc.; (Additions and deductions since last balance sheet to be shown under each of the specified heads);

(ii) A reserve specifically represented by earmarked investments shall be termed as a "fund".

(iii) Debit balance of statement of profit and loss shall be shown as a negative figure under the head “Surplus”. Similarly, the balance of “Reserves and Surplus”, after adjusting negative balance of surplus, if any, shall be shown under the head “Reserves and Surplus” even if the resulting figure is in the negative.

3. ***Long-term borrowings:*** This shall be same figure as shown in the Audited Balance Sheet. Schedule III of the Companies Act 2013 shows the following classification in respect of Long-Term Borrowings:

   (a) Bonds/debentures; (b) Term loans: (A) from banks. (B) from other parties. (c) Deferred payment liabilities; (d) Deposits; (e) Loans and advances from related parties; (f) Long term maturities of finance lease obligations; (g) Other loans and advances (specify nature). (ii) Where loans have been guaranteed by directors or others, the aggregate amount of such loans under each head shall be disclosed.

4. ***Gross fixed assets:*** For the purpose calculation of financial ratio under this ELR, the fixed assets would include Gross Tangible Assets, Gross Intangible Assets and Intangible Assets under Development. Capital work-in-progress is to be excluded from the computation.
5. ***Net fixed Assets***: This would be Net Tangible Assets, Net Intangible Assets and Intangible Assets under Development after adjusting depreciation/ amortisation if any at the end of the year.
6. ***Current assets:*** Current Assets will consist of Current investments, Inventories, Trade Receivables, Cash and Cash equivalents, Short-Term Loans and Advances and Other Current Assets.
7. ***Current liabilities:*** Current Liabilities would consist of Short-term borrowings, Trade payables, other current liabilities & short-term provisions.
8. ***Net Current Assets:*** Net Current Assets will be difference between Current Assets and Current Liabilities as shown above.

9. ***Capital Employed:*** Capital Employed means average of net fixed assets (excluding effect of revaluation of fixed assets) plus Non-current investments and net current assets existing at the beginning and close of the financial year.

10. ***Net Worth:*** As defined under clause (57) of section 2 of the Companies Act, 2013, which is given below:

"net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

11. ***Value added of company:*** Value added figure would be as per Para 3: Statement of Value Addition and Distribution of Earnings under Part D to Annexure to Cost Audit Report.

12. ***Net Revenue from Operations of company:*** Net revenue from operations of company would be as per para 3: Statement of Value Addition and Distribution of Earnings of PART - D to Annexure to Cost Audit Report.

13. ***Profit before Tax:*** Profit before Tax would be as per Profit & Loss Account. The Profit before tax amount reflected here must be equal to the "Profit or Loss as per Financial Accounts" shown in Para 2 of PART – D to Annexure to Cost Audit Report.

14. ***Profit before Tax to Capital Employed (%):*** Profit before Tax expressed as a percentage of Capital Employed.

15. ***Profit before Tax to Net Worth (%):*** Profit before Tax expressed as a percentage of Net Worth.

16. ***Profit before Tax to Value Added*** (%): Profit before Tax expressed as a percentage of Value Added.

17. ***Profit before Tax to Net Revenue from Operations (%):*** Profit before Tax expressed as a percentage of Net Revenue from Operations.

18. ***Debt-Equity Ratio***: Long Term Borrowings divided by Shareholders' Funds. Shareholders' Funds is Share Capital plus free Reserves & Surplus and money received against share warrants. This is to be expressed as a number.

19. ***Current Assets to current Liabilities:*** Current Assets divided by Current Liabilities. This is to be expressed as a number.

20. ***Value Added to Net Revenue from Operations of company (%):*** Valued Added expressed as a percentage of Net Revenue from Operations.

21. ***Raw materials stock to consumption of company (in months):*** Raw material stock divided by (Total Raw Material consumption divided by 12).

22. ***Stores and spares stock to consumption in months):*** Stores & spares stock divided by (Total Stores & Spares consumption divided by 12).

23. ***Finished goods stock to sales (in months):*** Finished goods stock divided by (Sales of company divided by 12).

M. Related Party Transactions: ELR [100410]

1. Details should be furnished for each Related Party and Product /Service separately.
2. Details of Related Party transactions without indicating the Normal Price and the basis thereof shall be considered as incomplete information.
   (a) The information under this para is to be provided for the company as a whole.
   (b) The information of related party transactions is to be given only for the period under cost audit. Previous year figures are not required to be provided.
   (c) Related Party for this para would have to be considered according to the definition as provided under sub-section 76 of section 2 of the Companies Act, 2013, which is as follows:
3. "related party" -

Section 2 (76) "related party", with reference to a company, means—

(i) a director or his relative;

(ii) a key managerial personnel or his relative;

(iii) a firm, in which a director, manager or his relative is a partner;

(iv) a private company in which a director or manager is a member or director;

(v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;

(vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any company which is—

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(ix) such other person as may be prescribed;

4. Further, the information under this para is to be provided for each related party transactions as asked vide Note.1 of Part D-5 of annexures to cost audit report i.e; separate details for each related party and each purchase / sale of products and services received / rendered.
5. CRA-1 gives the following basis for determination of Normal Price for transactions to be stated in the above para: (i) Comparable Uncontrolled Price Method, (ii) Resale Price Method, (iii) Cost Plus Method, (iv) Profit Split Method, (v) Transactional Net Margin Method and (vi) Any other method, to be specified.

6. The information in respect of related party transactions is to be aggregated for the Products/ Services. In case of product information is to be aggregated CETA heading wise for each product. Codes for Services are yet to be notified by the Ministry of Corporate Affairs. Accordingly, details are to be provided for all services which qualified to be “Related Party”.

N. Reconciliation of Indirect Taxes: ELR [100420]

1. This Para is to be prepared for the company as a whole covering excise duty, service tax and VAT (including CST and any other State Tax) for all types of products whether or not covered under cost audit.
2. The information of indirect taxes is to be given for current year and no previous year's figures are required.
3. Assessable Value relating to all types of taxes should be taken from the respective Returns submitted with the tax authorities. For example, assessable value for excise duty should be taken from ER-1;
4. The duties and taxes Payable is based on clearances of goods against the respective heads.
5. The Assessable value column would include only the value on which excise duty is paid and shall not include value of services for payment of service tax or value of services for reverse charge mechanism of payment of service tax.
6. Duties / Taxes Paid include CENVAT/ VAT Credit utilized on inputs, capital goods, input services and other utilization, if any.
7. Taxes paid through PLA/ Cash refer to the payment of Excise Duty, Service Tax, Cess & Others and VAT through debit in PLA account or deposit in to the PLA account or payment in to the bank account by way of cheque or cash through the GAR-7 Challan or the Challan for making the payment of VAT.
8. Duties /Taxes Recovered should be taken from Books of Account of the company.
9. Difference between duties / taxes paid and recovered refer to the amount of total duties/ taxes paid and recovered.

Appendix A: FAQs

XBRL FAQs

General FAQs

1. What is XBRL?

XBRL (eXtensible Business Reporting Language) is a language based on XML (Extensible Markup Language) family of languages. It is an open standards-based reporting system that is built to accommodate the electronic preparation and exchange of business reports around the world using internet as a medium. It has been defined specifically to meet the requirements of business and financial information.

It enables unique identifying tags to be applied to items of accounting data. The tags provide a range of information about the item, such as whether it is a monetary item, percentage or fraction. XBRL not only allows labels in any language to be applied to items, it also allows the accounting references or other subsidiary information to be added to the tags.

2. What are the potential uses of XBRL?

XBRL can be applied to a very wide range of business applications including financial and cost data. XBRL has applications in the following areas:-

- Reporting for internal and external purposes by an entity involving financial and costing data/information.
- Business reporting to all types of regulators, including tax and financial authorities, central banks and governments.
- Filing of loan reports and applications; credit risk assessments.
- Exchange of information between government departments, institutions and banks.

3. Who can benefit from using XBRL?

All types of organisations can make use of XBRL to automate their process of data collection and distribution to various stakeholders. It helps in saving costs and improving the efficiency in managing business information – financial or cost. XBRL, being extensible and flexible, can be adapted to a wide variety of requirements. All stakeholders whether they are preparers, transmitters or users of business data in the financial information supply chain can benefit from the use of XBRL.

4. What is the future of XBRL?

XBRL has a bright future ahead of it that goes way beyond the current focus on regulatory reporting and compliance. Businesses that are now creating XBRL filings for regulatory bodies should be thinking about how they can leverage their investment in understanding and using XBRL to drive more consistent and comparable internal reporting. By tagging data at the account/transaction level, by investigating how XBRL can help to deliver new holistic reports that integrate and connect financial and non-financial data, and by leveraging emerging online XBRL data streams for better industry performance and peer group analytics, every business can power its own journey towards financial transformation.

5. Who developed XBRL?

The Extensible Business Reporting Language (XBRL) is managed and promoted by XBRL International, a not-for-profit consortium, with companies, government bodies and other organizations as its members. Currently over 600 organizations are associated with XBRL International. It is comprised of jurisdictions, which represent countries, regions or international bodies and which focus on the progress of XBRL in their area.

6. What is the benefit of having cost related data in XBRL format?

Government and Regulators require cost data of different sectors for policy making. The availability of cost data [without compromising on the confidentiality] in XBRL format enables informed decision making and for sectoral studies.

With full adoption of XBRL, companies would be able to integrate its financial and cost data across its operational areas and exercise better control on its activities.

7. What is Costing Taxonomy?

Costing Taxonomy is a dictionary of all cost elements required in the cost audit report. The costing taxonomy contains the properties and interrelationships of all these cost elements for the purposes of capturing the required reporting data in XBRL format.

8. Where can I find the Costing Taxonomy and related Business Rules?

The Costing Taxonomy and related Business Rules including sample instance documents can be downloaded from the website of MCA (http://mca.gov.in). The specific links are as follows:

Costing Taxonomy –
http://www.mca.gov.in/Ministry/pdf/Costing_Taxonomy_2015-08-13_v2.0.zip

Business Rules –
http://www.mca.gov.in/Ministry/pdf/Revised_Business_Rules_Updated_XBRL_Costing_13.08.2015.zip

9. What is the use of other files given in xml / xsd format along with the taxonomy?

Taxonomy file has extensions of XML and XSD. An XBRL processor (computer software that understands and/or manipulates XBRL documents) will need those XML and XSD documents.

10. How and where can a person interested in filing cost audit report and compliance report in XBRL format take training for the same?

The Institute of Cost Accountants of India has been organizing XBRL training programmes across the country to familiarize interested professionals with the Costing Taxonomy. The details of the programmes are available on the website of the Institute (www.icmai.in) as well the website of MCA (www.mca.gov.in).

11. How can the cost audit report be converted into the XBRL format?

XBRL is an open source technology. Any of the following methods can be adopted to create the instance document required for filing of the respective reports.

- XBRL-enabled software packages developed by different software vendors which support the creation of cost reports in XBRL format can be used to create the necessary document.
- Various elements of Cost Audit Report and Compliance Report can be mapped into XBRL tags of the costing taxonomy using specialised XBRL software tools specifically designed for this purpose.
- Different third party packages can be integrated into the existing accounting systems to generate XBRL Cost statements.
- There are various web based applications available that take input reports in various formats viz. Microsoft Excel etc. and transform them into XBRL format.

The methodology adopted by an individual company will depend on its requirements and the cost accounting software and systems being used and other factors. The Institute of Cost Accountants of India has verified and checked the XBRL Formats generated by few of the third parties. Details of such packages are available with the PD Directorate of the Institute.

12. Does preparing XBRL Documents mean that the entire report has to be typed (Data Entry) in XBRL?

XBRL software is required for creating instance documents. The way of working and sequence of entering data in the software may be different, but the output, i.e. the XBRL instance document has to be same irrespective of the software used. The softwares developed by individual vendors being different, some may require data entry to be done, while some others may facilitate tagging on the document itself.

13. Is the XBRL software required to be purchased from a software vendor or MCA will provide the software. Which agency should I approach to get the XBRL software?

XBRL instance document creation software is required to be purchased from the software vendors in the market. This software is used to create XBRL instance documents for uploading on the MCA portal. MCA21 system provides facility for validation of the instance document and filing of the same. MCA is not recommending any specific XBRL software.

There are several software vendors in the market, who are in the business of developing XBRL software tools. The users are free to choose the one that suits their requirements in order to create XBRL documents for filing after ensuring that the conversion is done properly.

14. Which companies are required to file the Cost Audit Report in XBRL format and what is the authority for the same?

The Companies (Cost Records and Audit) Rules, 2014 issued u/s 148 of the Companies Act, 2013 has mandated conducting of cost audit and filing of the same for specific products and services meeting the threshold limits as prescribed in the Rules. Every company meeting the specified criteria and falling under the purview of the Companies (Cost Records and Audit) Rules, 2014 are required to file cost audit report for every financial year commencing on or after 1st April, 2014.

Further, every company that were covered under the Companies (Cost Accounting Records) Rules, 2011 and were required to get cost audit conducted for their financial years commencing prior to 1st April, 2014 but have not yet filed their cost audit report are also required to file the same in XBRL Mode in accordance with the erstwhile Rules.

15. What is the purpose of the Final Costing Taxonomy and the Business Rules?

The final costing taxonomy published by MCA is to be used for mapping of individual cost elements of the company to the Taxonomy. The Business Rules of the Costing

Taxonomy published by the MCA provides details of the character of individual elements of the taxonomy and the validation checks built into the system to ensure correctness of the information.

16. What process is to be followed to file the reports in XBRL Format?

The following steps have to be followed in sequence:

- Mapping the individual cost elements of the company to the elements of the costing taxonomy.
- Populating the relevant data in the software/filing tool.
- Creating instance document.
- Validating the Instance Document with the Validation Tool of MCA.
- Use available tool to convert the Instance document to a human readable format and check correctness of data.
- Attaching the Instance Document to the e-Form and filing on MCA Portal.

17. Is it necessary to convert the instance document (xml) into a human readable / pdf format?

Though technically, it is not required to convert the xml instance document into human readable / pdf format, it is advisable to generate a human readable format of the instance document to ensure its correctness by matching with relevant Cost Audit Report prepared by the Cost Auditor before it is uploaded.

18. Whether it is required to validate the instance document created before uploading the same on MCA portal?

Yes, validating the instance document is a pre requisite before filing the Cost Audit Report on MCA portal. A tool has been provided on the MCA portal for validating the generated XBRL instance document. You are required to download the tool from the portal and validate the instance document before uploading the same. The MCA XBRL validation tool can be downloaded from the XBRL website of the Ministry of Corporate Affairs. (www.mca.gov.in/XBRL/index.html)

19. Will extension to the taxonomy be allowed based on company specific requirements?

No extensions are allowed in the Costing Taxonomy. This means the tagging is required to be done with the elements already defined in the Costing Taxonomy and additional elements cannot be added.

8.2 Stakeholder's FAQs

Filing Related

1. **Which are the companies that need to file the Cost Audit Report in XBRL format?**

   Ministry of Corporate Affairs has mandated filing of the Cost Audit Report in XBRL Mode.
   The Companies (Cost Records and Audit) Rules, 2014 issued u/s 148 of the Companies Act, 2013 has mandated conducting of cost audit and filing of the same for specific products and services meeting the threshold limits as prescribed in the Rules. Every company meeting the specified criteria and falling under the purview of the Companies (Cost Records and Audit) Rules, 2014 are required to file cost audit report for every financial year commencing on or after 1st April, 2014.

   Further, every company that were covered under the Companies (Cost Accounting Records) Rules, 2011 and were required to get cost audit conducted for their financial years commencing prior to 1st April, 2014 but have not yet filed their cost audit report are also required to file the same in XBRL Mode in accordance with the erstwhile Rules.

2. **Which companies are not required to file the Cost Audit Report?**

   All such companies that do not fulfil the requirements of Rule 3 and Rule 4 of the Companies (Cost Records and Audit) Rules, 2014 are outside the purview of conducting cost audit.

3. **If my Cost Audit Report pertains to any financial year prior to financial year commencing on or after 1st April, 2014 then what is my duty?**

   The Companies Act, 2013 has come into effect from 1st April, 2013 and the Companies (Cost Records and Audit) Rules, 2014 has been notified by the Central Government u/s 148 of the Act. Prior to 1st April, 2014, Companies Act, 1956 and corresponding cost accounting records rules and cost audit report rules were applicable.

   In case the company was required to file cost audit report or compliance report in respect of any of the financial years that commenced prior to 1st April, 2013 but it has not yet been filed, then the company is required to file such reports under the erstwhile Rules in XBRL Mode by using the Costing Taxonomy and use the 2012 Module of the Costing Taxonomy. The Validation Tool issued by the MCA on 14th August, 2015 caters to both the Rules, i.e., Costing Taxonomy 2012 and Costing Taxonomy 2015.

4. **Who will certify XBRL filing for Cost Audit Report?**

   Rule 6(5) of the Companies (Cost Records and Audit) Rules, 2014 requires every cost auditor to forward his report to the Board of Directors of the company within a period of one hundred and eighty days from the closure of the financial year to which the report relates.

5. Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014 requires every company within a period of thirty days from the date of receipt of a copy of the cost audit report, furnish the Central Government with such report along with full information and explanation on every reservation or qualification contained therein, in Form CRA-4 along with fees specified in the Companies (Registration Offices and Fees) Rules, 2014. The filing of this report with the Central Government is to be done in XBRL Mode and the Form CRA-4 is required to be digitally signed by the Company Secretary or a Director of the company duly authorized by the Board.

6. **The responsibility of filing Cost Audit Report with the Central Government lies with the Company . Whose responsibility is it to create XBRL document?**

   Creation of the Cost Audit Report in XBRL format, as approved by the Board and certified by the Cost Auditor, is the responsibility of the company.

7. **I have completed the Cost Audit and the Board of Directors has also approved the Cost Audit Report. Is the Board of Directors of the company required to approve the Instance document of the Cost Audit Report?**

   No separate approval from the Board is required for the Instance Document of the Cost Audit Report since the data/information contained in the Instance Document would already have been approved by the Board of Directors. However, if the data & other information as given in the Instance Document differ from that approved by the Board, then it is advisable to get fresh approval of the revised Cost Audit Report.

8. **A company has not appointed anyone as the lead cost auditor. Is it required to appoint a lead cost auditor for consolidation?**

9. The company is not required to separately appoint a lead Cost Auditor. It may designate/nominate any one of the existing Cost Auditors as the lead Cost Auditor and assign the additional task of consolidation, who would be responsible for verifying the consolidated report.

Taxonomy Related

10. **Can I use C&I taxonomy to create Cost Audit Report -?**

No, there is a separate in-Cost taxonomy for creating Cost Audit Report Report. The Costing Taxonomy can be accessed from the website of Ministry of Corporate Affairs. The relevant link for the costing taxonomy is:

http://www.mca.gov.in/Ministry/pdf/Costing_Taxonomy_2015-08-13_v2.0.zip

11. **Do I need separate validation tool for validating the instance document of Cost Audit Report or the same validation tool as applicable for validating the instance document of Balance Sheet and Profit & Loss account can be used?**

Validation Tool for validating Instance Document created by using the Costing Taxonomy has been made available by the MCA.

12. **My company has to file Compliance report for previous years. Can I use the Costing taxonomy for both the reports?**

Yes. Costing Taxonomy 2015 contains elements for Cost Audit Report as per the the Companies Cost (Audit and Report) Rules 2014 as well as Cost Audit Report and Compliance Report under the Companies Act, 1956 pertaining to financial years prior to 1st April, 2014. The entry points are different for each of these in the Validation Tool.

13. **If my company deals in multiple products/services and there are multiple cost auditors appointed in the company. Do I need to file multiple Cost Audit Reports or only consolidated Cost Audit Report in XBRL format?**

In the XBRL format, you are required to file only one consolidated Cost Audit Report for the company as a whole. If a company has multiple Cost Auditors, then in such case, one of them may be designated/nominated as the lead Cost Auditor who will certify the consolidated cost audit report for the company as a whole.

14. **In the Abridged Cost Statement (Part B-2 and Part C-2) of the Cost Audit Report pertaining to my company, I want to report more than 10 numbers of materials / utilities / industry specific operating expenses? However, the taxonomy supports only reporting 10 numbers of materials / utilities / industry specific operating expenses in the corresponding link tables? How do I report additional cost elements under these heads?**

The materials/utilities/industry specific operating expenses link tables in the Abridged Cost Statement have a provision for reporting only 10 different cost elements respectively. In case, a company has more than 10 numbers of materials/utilities/industry specific operating expenses, 9 nos. of such materials/utilities/industry specific operating expenses, whose value is in descending order need to be reported separately and the balance may be clubbed together as "others" so as to ensure that the total value of such materials/utilities or industry specific operating expenses is equal to the materials cost or the utilities cost or the industry specific operating cost [as the case may be] reported in the main part of the Abridged Cost Statement. Since the "others" category would be an amalgamation of different elements, the unit, quantity and rate in the "others" category may be kept blank.

15. **Where do I get CETA Codes to be used for preparing the Cost Audit Report?**

The CETA Codes can be accessed from the link:
http://www.cbec.gov.in/excise/cxt2012-13/cxt_1213-idx.htm

No Service Codes have yet been notified the MCA. There should be no entry in the Service Code or sub-heading of Service Code fields while preparing the Instance Document. These fields should be NULL.

16. **In my company, two different units of measurement are used for the same product. How do I report details about such Manufactured products under the relevant Part of the Cost Audit Report?**

If a company has two different units of measurement for the same manufactured product, then details for the same manufactured product are to be reported twice with different units of measurement for all the relevant parts and such details should not be aggregated on the Manufactured Product Code..

17. **My company has related party transactions only in respect of financial transactions? Do I need to fill in the details of these transactions in the related party transactions para?**

In the cost audit report, details in respect of only the following types of transactions are to be reported.

(i) purchase and sale of raw materials, finished good(s), rendering of service(s), process materials and rejected goods including scraps, etc.;

(ii) utilisation of plant facilities and technical know-how;

(iii) supply of utilities and any other services;

(iv) administrative, technical, managerial or any other consultancy services;

(v) purchase and sale of capital goods including plant and machinery; and

(vi) any other payment related to the production of goods or rendering of services under reference.

18. **I am an individual practising cost accountant? What do I need to fill in the "Category of Cost Accountants" or the "Category of Cost Auditor"??**

An individual practising cost accountant needs to fill in as "Sole Proprietor" Option under the category of Cost Accountants or of the Cost Auditors. The category of Sole Proprietor includes individuals also.

19. **CRA-2 has been filed by my company but the same is not yet approved. Can the company still file the Cost Audit Report pertaining to the company?**

20. Cost Audit Reports can be filed for the company only after filing CRA-2. Obtaining prior approval of Central Government for appointing a cost auditor has been dispensed with in the Companies Act, 2013. Hence, the company will not receive any approval from the MCA after filing of Form CRA-2 and the form would be taken on record only.

21. **The taxonomy provides the option of providing multiple SRN number of Form 23C/CRA-2 for the same Cost Auditor. Under what circumstances do I provide multiple SRN Numbers for the same Cost Auditor?**

Due to delay in notifying the Companies (Cost Records and Audit) Rules, 2014 many companies filed Form 23C in respect of financial year commencing on 1st April, 2014. Form 23C was required to be filed separately for individual cost auditors in case the company opted to appoint more than one cost auditor. However, in respect of Form CRA-2 notified on 28th February, 2015 a company is now required to file only one Form CRA-2 in respect of multiple cost auditors and multiple products. Hence, question of providing multiple SRNs for Form CRA-2 should not arise.

In case the company has filed Form CRA-2 and for any reason filed a revised Form CRA-2 subsequently, then the last filed Form CRA-2 would be taken into account and the SRN of the revised Form would be required to be provided in the Instance Document.

22. **Does a company mandatorily require indicating previous year(s) figures in the relevant columns of the Part(s) to Annexure to the Cost Audit Report even if the**

Companies (Cost Records and Audit) Rules 2014 were not applicable to the company in the previous years?

Companies that get covered under the purview of cost audit in respect of any of its products or services for the first time by virtue of Companies (Cost Records and Audit) Rules 2014 shall not be required to provide audited previous year figures in the cost audit report for the first year of audit. All other companies who were covered under cost audit prior to 1st April, 2014 would be required to provide previous year figures irrespective of the year in which Companies (Cost Records and Audit) Rules 2014 becomes applicable on the company.

E-Filing Related

23. **Whether the existing e-forms are to be used for filing Cost Audit Report / in XBRL mode?**

For filing of cost audit reports pertaining to financial year commencing on or after 1st April, 2014, Form CRA-4 is to be used.
In respect of cost audit report or compliance report pertaining to financial years commencing prior to 1st April, 2014, Form I-XBRL or Form A-XBRL is to be used till such time the MCA notifies otherwise. These Forms will remain available for filing of cost audit report and compliance report for companies who are in default.

24. **By when can we file the Form CRA-4 for Cost Audit Report?**

The MCA has already activated the filing mechanism on its portal. However, one has to wait till Form CRA-4 is made available.

25. **Do we have the option to file detailed Cost Audit Report with the form as PDF attachment instead of XBRL format?**

No, the PDF formats of Cost Audit Report are not allowed to be attached. Only the XBRL instance document of Cost Audit Report needs to be attached with Form CRA-4.

26. **Whether the instance documents attached with Form CRA-4 needs to be digitally signed. If yes, by whom?**

No, the instance documents attached with the e-Forms are not required to be digitally signed. Only the e-Form CRA-4 for filing the Cost Audit Report need to be digitally signed by the Managing Director or Director or Secretary of the company.

27. **While filing Form CRA-2 in MCA-21 portal, there was some mistake pertaining to the name of the firm of the cost auditor. Can I still file the Cost Audit Report for the company?**

Yes, you can still file the Cost Audit Report in the XBRL format provided the CRA-2 belongs to the same company and same cost auditor.

28. **Does Government allow re-filing of the revised Cost Audit Report / in case of any errors in the original filings?**

There is no provision of filing a revised cost audit report. In case any mistake is detected subsequent to filing of the report, a company can file another report by making payment as per fees specified in the Companies (Registration Offices and Fees) Rules, 2014. The revised cost audit report would be considered as the correct report and earlier filings would not be considered. The date of revised filing would be considered as the date of filing of cost audit report.

29. **Does Government allow multiple filings of the Cost Audit Report / for the same company?**

For each company, only one consolidated Cost Audit Report for the company as a whole is required to be filed in the XBRL format.

30. **What shall be the process for uploading the filled Form CRA-4 on MCA portal?**

The process for uploading the filled Form CRA-4 is same as the process of filing of any other e-form, for example, CRA-2 or earlier e-form I-XBRL or A-XBRL for filing cost audit report.

31. **How to view the Cost Audit Report / submitted in XBRL format on MCA Portal?**

The Cost Audit Report / filed by the company are not public documents and cannot be viewed in public domain by anyone.

Appendix B: List of ELR definitions (sequenced in order of sort codes)

A. Cost Audit Report:

Extended Link Role definition	Used on
[100100] General information	presentationLinkbaseRef
[100300] General details of cost auditor	presentationLinkbaseRef, definitionLinkbaseRef
[100300a]General details of cost auditor for period prior to 01-APR-2014	presentationLinkbaseRef, definitionLinkbaseRef
[100310] Cost accounting policy	presentationLinkbaseRef
[100320] Manufactured product or service	presentationLinkbaseRef, calculationLinkbaseRef, definitionLinkbaseRef
[100330] Quantitative information of manufactured product	presentationLinkbaseRef, calculationLinkbaseRef, definitionLinkbaseRef
[100340] Abridged cost statement of manufactured product	presentationLinkbaseRef, calculationLinkbaseRef, definitionLinkbaseRef
[100340a] Abridged cost statement-Details of material consumed	presentationLinkbaseRef definitionLinkbaseRef
[100340b] Abridged cost statement-Details of utilities	presentationLinkbaseRef, definitionLinkbaseRef
[100340c] Abridged cost statement-Details of industry specific operating expenses	presentationLinkbaseRef, definitionLinkbaseRef
[100341] Quantitative information of service	presentationLinkbaseRef, calculationLinkbaseRef, definitionLinkbaseRef
[100342] Abridged cost statement of service	presentationLinkbaseRef, calculationLinkbaseRef, definitionLinkbaseRef
[100342a] Abridged cost statement-Details of material consumed	presentationLinkbaseRef, definitionLinkbaseRef
[100342b] Abridged cost statement-Details of utilities	presentationLinkbaseRef, definitionLinkbaseRef
[100342c] Abridged cost statement-Details of industry specific operating expenses	presentationLinkbaseRef, definitionLinkbaseRef
[100350] Product and service profitability statement of manufactured product or service	presentationLinkbaseRef, definitionLinkbaseRef
[100360] Profit reconciliation	presentationLinkbaseRef, calculationLinkbaseRef
[100360a] Profit reconciliation-Details of incomes not considered	presentationLinkbaseRef, definitionLinkbaseRef
[100360b] Profit reconciliation-Details of expenses not considered	presentationLinkbaseRef, definitionLinkbaseRef
[100370] Value addition and distribution of earnings	presentationLinkbaseRef, calculationLinkbaseRef
[100400] Financial position and ratio analysis	presentationLinkbaseRef, calculationLinkbaseRef
[100410] Related party transactions	presentationLinkbaseRef, definitionLinkbaseRef
[100420] Reconciliation of indirect taxes	presentationLinkbaseRef, calculationLinkbaseRef, definitionLinkbaseRef
[100421] Reconciliation of indirect taxes/not-all	definitionLinkbaseRef
[100421a] Reconciliation of indirect taxes/not-all	definitionLinkbaseRef

Extended Link Role definition	Used on
[100421b] Reconciliation of indirect taxes/not-all	definitionLinkbaseRef
[100421c] Reconciliation of indirect taxes/not-all	definitionLinkbaseRef
[100421d] Reconciliation of indirect taxes/not-all	definitionLinkbaseRef
[900000] Typed default	definitionLinkbaseRef
[910000] Axis-Defaults	definitionLinkbaseRef

B. Compliance Report:

Extended Link Role definition	Used on
[200100] General information compliance	presentationLinkbaseRef
[200300] Quantitative information	presentationLinkbaseRef , calculationLinkbaseRef , definitionLinkbaseRef
[200400] Reconciliation statement	presentationLinkbaseRef , calculationLinkbaseRef
[200400a] Reconciliation statement-Details of incomes not considered	presentationLinkbaseRef , definitionLinkbaseRef
[200400b] Reconciliation statement-Details of expenses not considered	presentationLinkbaseRef , definitionLinkbaseRef
[200500] Compliance report (Form B)	presentationLinkbaseRef
[990000] Typed default	definitionLinkbaseRef

Appendix C: List of Dimensions

A.	**Explicit Dimensions:**
1	Details of material consumed of manufactured product [axis]
2	Details of utilities of manufactured product [axis]
3	Details of industry specific elements of operating expenses [axis]
4	Details of material consumed of service [axis]
5	Details of utilities of service [axis]
6	Nature of related party transactions [axis]
7	Types of indirect taxes of company [axis]
8	Typed default [axis]

B.	**Typed Dimensions:**
1	General details of cost auditor [axis]
2	Identification of manufactured product or service [axis]
3	Identification of product or activity group [axis]
4	Details of expenses not considered in cost accounts [axis]
5	Details of incomes not considered in cost accounts [axis]
6	Name of related party [axis]
7	Identification details for product or service [axis]

Appendix D: Glossary

Abstract - An attribute of an element to indicate that the element is only used in a hierarchy to group related elements together. An abstract element cannot be used to tag data in an instance document.

attribute — a property of an element (e.g., its name, balance, and data type).

authoritative reference - Citations to specific authoritative accounting literature (pronouncements, standards, rules, and regulations) derived from various authoritative sources (Securities and Exchange Commission, Financial Accounting Standards Board, American Institute of Certified Public Accountants, *etc.*) and used to help define an element.

axis (pl. **axes**) - An instance document contains facts; an axis differentiates facts and each axis represents a way that the facts may be classified. For example, Revenue for a period might be reported along a business unit axis, a country axis, a product axis, and so forth.

Balance - An attribute of a monetary item type designated as debit, credit, or neither; a designation, if any, should be the natural or most expected balance of the element - credit or debit - and thus indicates how calculation relationships involving the element may be assigned a weight attribute (-1 or +1).

block tagging — the process of applying a selected element to a block of text in a report (e.g., an entire footnote disclosure, a significant accounting policy, or a table).

calculation linkbase — a file containing calculation relationships between elements.

context — the company- and report-specific information that indicates the relationships of tagged data to other information.

definition linkbase (or dimensional linkbase) — a file used to define dimensional relationships between elements.

Domain - An element that represents an entire set of other elements; the domain and its members are used to classify facts along the axis of a table. For example, "Arkansas" is a domain member in the domain "States," and would be used to classify elements such as revenues and assets in Arkansas as distinct from other states. When a fact does not have any domain member specified, that means it applies to the entire domain.

domain member - An element representing one of the possibilities within a domain.

Element - XBRL components (items, domain members, dimensions, and so forth). The representation of a financial reporting concept, including: line items in the face of the financial statements, important narrative disclosures, and rows and columns in tables.

extension taxonomy — a taxonomy that allows users to add to a base taxonomy by creating new elements or changing element relationships and labels without altering the original taxonomy. It will usually consist of a "schema file" (an XBRL term for an element declaration file) and several "linkbases" (an XBRL term for a relationships file).

Hierarchy - Trees (presentation, calculation, and so forth) used to express and navigate relationships.

identifier — an identifier for the business entity. For example, an SEC registrant might use the Central Index Key (CIK) code as its identifier.

instance document — an XML file that contains an entity's report-specific information. It represents a compilation of the reporting entity's financial and report-specific information using elements from one or more taxonomies.

label linkbase — a file used to associate labels with designated tags.

linkbase — an XBRL technical term for a relationships file.

mapping — the process of determining the appropriate tag or element for an item in the financial statements, including the notes to the financial statements and financial statement schedules, or determining if a new extension element should be created.

namespace — an XML namespace is a collection of names, identified by a Uniform Resource Identifier (URI) reference, which are used in XBRL documents as element types and attribute names.

parent-child hierarchy - Relationship between elements that indicates subordination of one to the other as represented in a print listing or financial statement presentation. Relationships files use parent-child hierarchies to model several different relationships, including presentation, summation of a set of facts, and membership of concepts within a domain used as the axis of a table.

presentation linkbase — a file that defines the organizational relationships (order) of elements using parent-child hierarchies.

reference linkbase — a file used to associate elements within the taxonomy to references to authoritative accounting literature.

relationships file — a taxonomy file that defines specific relationships between elements and other data about elements. There are five standard relationships file types: Presentation, Calculation, Definition (Dimensional), Label, and Reference.

schema — an XBRL Schema defines the structure and the content of the XBRL documents that refer to it, by defining, in particular, the elements and attributes and providing information about their type and possible content.

tag (noun) — an XBRL tag, or element, is a computer-readable financial reporting term or concept (e.g., a line item on the face of the financial statements, an important narrative disclosure, or an item disclosed in a financial statement schedule).

tagging (verb) — the process of associating or applying selected tags or elements to financial data, as well as adding context to the data. The tagging process is performed during the creation of an instance document.

taxonomy — a dictionary of computer-readable business reporting terms (known as tags or elements) in which each term is defined and assigned a relationship to other terms.

Uniform Resource Locator (URL) — a type of Uniform Resource Identifier (URI) that specifies where an identified resource is available and the mechanism for retrieving it.

validate — the process of verifying that certain aspects of instance documents and taxonomies comply with XBRL specifications.

Appendix E: Important Links

S.No.	About	Link
1.	Website of MCA	http://www.mca.gov.in
2.	Website of ICAI-CMA	http://www.icmai.in
3.	XBRL website of MCA	http://www.mca.gov.in/XBRL/index.html
4.	The Companies (Cost Records and Audit) Amendment Rules, 2014.	http://www.mca.gov.in/Ministry/pdf/Amendment_Rules_01012014.pdf
5.	The Companies (cost records and audit) Amendment Rules 2015 dated 12th June 2015 amending Forms CRA-2 and CRA-4.	http://www.mca.gov.in/Ministry/pdf/Companies_Cost_Records_and_Audit_%20amdt_Rules_2015.pdf
6.	CRA-2 and instruction Kit	http://icmai.in/upload/Institute/Updates/CRA2-Instructionkit.zip
7.	Table of Fees (pursuant to rule 12 of the Companies (Registration of Offices and Fees) Rules, 2014)	http://icmai.in/upload/carr-car/Fee-for-filing-doc-01042014.pdf
8.	Costing Taxonomy 2015	http://www.mca.gov.in/Ministry/pdf/Costing_Taxonomy_2015-08-13_v2.0.zip
9.	Business Rules 2015 based on Costing Taxonomy	http://www.mca.gov.in/Ministry/pdf/Revised_Business_Rules_Updated_XBRL_Costing_13.08.2015.zip
10.	Validation Tool for Costing Taxonomy Version 2.0 Beta	http://xbrltool.mca.gov.in/XBRL/XBRL_TOOL/MCAXBRLCostingTaxonomy_ValidationTool_Version2.0.zip
11.	Filing Manual for Costing Taxonomy	http://www.mca.gov.in/Ministry/pdf/XBRL_Filing_manual_Costing_1.0.pdf
12.	ITC HS Codes	http://www.mca.gov.in/XBRL/pdf/ITC_HS_codes.pdf

Annexure-1

FORM CRA-1

(Pursuant to rule 5(1) of the Companies (Cost Records and Audit) Rules, 2014)

Particulars relating to the Items of Costs to be included in the Books of Accounts

1. **Material Costs-**

(a) Proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of each item of raw material or input services (including all direct charges) required for the production of goods or rendering of services under reference.

(b) The material receipt shall be valued at purchase price including duties and taxes, freight inwards, insurance, and other expenditure directly attributable to procurement (net of trade discounts, rebates, taxes and duties refundable or to be credited by the taxing authorities) that can be quantified with reasonable accuracy at the time of acquisition.

(c) Finance costs incurred in connection with the acquisition of materials shall not form part of material cost.

(d) Self-manufactured materials shall be valued including direct material cost, direct employee cost, direct expenses, factory overheads, share of administrative overheads relating to production but excluding share of other administrative overheads, finance cost and marketing overheads.

(e) Spares which are specific to an item of equipment shall not be taken to inventory, but shall be capitalized with the cost of the specific equipment. Cost of capital spares and or insurance spares, whether procured with the equipment or subsequently, shall be amortised over a period, not exceeding the useful life of the equipment.

(f) Normal loss or spoilage of material prior to reaching the factory or at places where the services are provided shall be absorbed in the cost of balance materials net of amounts recoverable from suppliers, insurers, carriers or recoveries from disposal.

(g) Losses due to shrinkage or evaporation and gain due to elongation or absorption of moisture etc., before the material is received shall be absorbed in material cost to the extent they are normal, with corresponding adjustment in the quantity.

(h) The forex component of imported material cost shall be converted at the rate on the date of the transaction. Any subsequent change in the exchange rate till payment or otherwise shall not form part of the material cost.

(i) Any demurrage or detention charges, or penalty levied by transport or other authorities shall not form part of the cost of materials.

(j) Subsidy or Grant or Incentive and any such payment received or receivable with respect to any material shall be reduced from cost for ascertainment of the cost of the cost object to which such amounts are related.

(k) Issues shall be valued using appropriate assumptions on cost flow, e.g. First-in-First-out, Last-in-First-out, Weighted Average Rate. The method of valuation shall be followed on a consistent basis.

(l) Where materials are accounted at standard cost, the price variances related to materials shall be treated as part of material cost.

(m) Any abnormal cost shall be excluded from the material cost.

(n) Wherever, material costs include transportation costs, determination of costs of transportation shall be governed by Para No. 9 on Determination of Cost of Transportation.

(o) Self-manufactured components and sub-assemblies shall be valued including direct material cost, direct employee cost, direct expenses, factory overheads, share of administrative overheads relating to production but excluding share of other administrative overheads, finance cost and marketing overheads.

(p) The material cost of normal scrap or defectives which are rejects shall be included in the material cost of goods manufactured. The material cost of actual scrap or defectives, not exceeding the normal shall be adjusted in the material cost of good production. Material Cost of abnormal scrap or defectives should not be included in material cost but treated as loss after giving credit to the realisable value of such scrap or defectives.

(q) Material costs shall be directly traced to a Cost object to the extent it is economically feasible or shall be assigned to the cost object on the basis of material quantity consumed or similar identifiable measure and valued as per above principles.

(r) Where the material costs are not directly traceable to the cost object, the same shall be assigned on a suitable basis like technical estimates.

(s) Where a material is processed or part manufactured by a third party according to specifications provided by the buyer, the processing or manufacturing charges payable to the third party shall be treated as part of the material cost.

(t) Wherever part of the manufacturing operations or activity is subcontracted, the subcontract charges related to materials shall be treated as direct expenses and assigned directly to the cost object.

(u) The cost of indirect materials shall be assigned to the various Cost objects based on a suitable basis such as actual usage or technical norms or a similar identifiable measure.

(v) The cost of materials like catalysts, dies, tools, moulds, patterns etc, which are relatable to production over a period of time shall be amortized over the production units benefited by such cost.

(w) The cost of indirect material with life exceeding one year shall be included in cost over the useful life of the material.

2. Employee Cost

a) Proper records shall be maintained in respect of employee costs in such a manner as to enable the company to book these expenses cost centre wise or department wise with reference to goods or services under reference and to furnish necessary particulars. Where the employees work in such a manner that it is not possible to identify them with any specific cost centre or service centre or department, the employees cost shall be apportioned to the cost centre or service centres or departments on equitable and reasonable basis and applied consistently.

b) Employee Cost shall be ascertained taking into account the gross pay including all allowances payable along with the cost to the employer of all the benefits.

c) Bonus whether payable as a Statutory Minimum or on a sharing of surplus shall be treated as part of employee cost. Ex gratia payable in lieu of or in addition to Bonus shall also be treated as part of the employee cost.

d) Remuneration payable to Managerial Personnel including Executive Directors on the Board and other officers of a corporate body under a statute shall be considered as part of the Employee Cost of the year under reference whether the whole or part of the remuneration is computed as a percentage of profits. Remuneration paid to non-executive directors shall not form part of Employee Cost but shall form part of Administrative Overheads.

e) Separation costs related to voluntary retirement, retrenchment, termination etc. shall be amortised over the period benefitting from such costs.

f) Employee cost shall not include imputed costs.

g) Cost of Idle time is ascertained by the idle hours multiplied by the hourly rate applicable to the idle employee or a group of employees.

h) Where Employee cost is accounted at standard cost, variances due to normal reasons related to Employee cost shall be treated as part of Employee cost. Variances due to abnormal reasons shall be treated as part of abnormal cost.

i) Any Subsidy, Grant, Incentive or any such payment received or receivable with respect to any Employee cost shall be reduced for ascertainment of cost of the cost object to which such amounts are related.

j) Any abnormal cost where it is material and quantifiable shall not form part of the Employee cost.

k) Penalties, damages paid to statutory authorities or other third parties shall not form part of the Employee cost.

l) The cost of free housing, free conveyance and any other similar benefits provided to an employee shall be determined at the total cost of all resources consumed in providing such benefits.

m) Any recovery from the employee towards any benefit provided, namely, housing shall be reduced from the employee cost.

n) Any change in the cost accounting principles applied for the determination of the Employee cost should 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 enterprise.

o) Where the Employee services are traceable to a cost object, such Employees' cost shall be assigned to the cost object on the basis such as time consumed or number of employees engaged etc. or similar identifiable measure.

p) While determining whether a particular Employee cost is chargeable to a separate cost object, the principle of materiality shall be adhered to.

q) Where the Employee costs are not directly traceable to the cost object, these may be assigned on suitable basis like estimates of time based on time study.

r) The amortised separation costs related to voluntary retirement, retrenchment, and termination etc. for the period shall be treated as indirect cost and assigned to the cost objects in an appropriate manner. However unamortised amount related to discontinued operations, shall not be treated as employee cost.

s) Recruitment costs, training cost and other such costs shall be treated as overheads and dealt with accordingly.

t) Overtime premium shall be assigned directly to the cost object or treated as overheads depending on the economic feasibility and the specific circumstance requiring such overtime.

u) Idle time cost shall be assigned direct to the cost object or treated as overheads depending on the economic feasibility and the specific circumstances causing such idle time.

3. Utilities

a) Proper records shall be maintained showing the quantity and cost of each major utility such as power, water, steam, effluent treatment, etc. produced and consumed by the different cost centres in such detail as to have particulars for each utility separately.

b) Each type of utility shall be treated as a distinct cost object.

c) Cost of utilities purchased shall be measured at cost of purchase including duties and taxes, transportation cost, insurance and other expenditure directly attributable to procurement (net of trade discounts, rebates, taxes and duties refundable or to be credited) that can be quantified with reasonable accuracy at the time of acquisition.

d) Cost of self-generated utilities for own consumption shall comprise direct material cost, direct employee cost, direct expenses and factory overheads.

e) In case of Utilities generated for the purpose of inter unit transfers, the distribution cost incurred for such transfers shall be added to the cost of utilities determined as above.

f) Cost of Utilities generated for the intercompany transfers shall comprise direct material cost, direct employee cost, direct expenses, factory overheads, distribution cost and share of administrative overheads.

g) Cost of Utilities generated for the sale to outside parties shall comprise direct material cost, direct employee cost, direct expenses, factory overheads, distribution cost, share of administrative overheads and marketing overheads. The sale value of such utilities shall also include the margin.

h) Finance costs incurred in connection with the utilities shall not form part of cost of utilities.

i) The cost of utilities shall include the cost of distribution of such utilities. The cost of distribution will consist of the cost of delivery of utilities up to the point of consumption.

j) Cost of utilities shall not include imputed costs.

k) Where cost of utilities is accounted at standard cost, the price variances related to utilities shall be treated as part of cost of utilities and the portion of usage variances due to normal reasons shall be treated as part of cost of utilities. Usage variances due to abnormal reasons shall be treated as part of abnormal cost.

l) Any Subsidy or Grant or Incentive or any such payment received or receivable with respect to any cost of utilities shall be reduced for ascertainment of the cost to which such amounts are related.

m) The cost of production and distribution of utilities shall be determined based on the normal capacity or actual capacity utilization whichever is higher and unabsorbed cost, if any, shall be treated as abnormal cost. Cost of a Stand-by Utility shall include the committed costs of maintaining such a utility.

n) Any abnormal cost where it is material and quantifiable shall not form part of the cost of utilities.

o) Penalties, damages paid to statutory authorities or other third parties shall not form part of the cost of utilities.

p) Credits or recoveries relating to the utilities including cost of utilities provided to outside parties, material and quantifiable, shall be deducted from the total cost of utility to arrive at the net cost of utility.

q) Any change in the cost accounting principles applied for the measurement of the cost of utilities 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 organisation.

r) While assigning cost of utilities, traceability to a cost object in an economically feasible manner shall be the guiding principle.

s) Where the cost of utilities is not directly traceable to cost object, it shall be assigned on the most appropriate basis.

t) The most appropriate basis of distribution of cost of a utility to the departments consuming services is to be derived from usage parameters.

4. Direct Expenses

a) Proper records shall be maintained in respect of direct expenses in such a manner as to enable company to book these expenses cost centre wise or cost abject or department wise with reference to goods or services under reference and to furnish necessary particulars.

b) Direct expenses incurred for the use of bought out resources shall be determined at invoice or agreed price including duties and taxes, and other expenditure directly attributable thereto net of trade discounts, rebates, taxes and duties refundable or to be credited.

c) Other expenses shall be determined on the basis of amount incurred in connection therewith.

d) Direct Expenses paid or incurred in lump-sum or which are in the nature of 'one – time' payment, shall be amortised on the basis of the estimated output or benefit to be derived from such direct expenses.

e) If an item of Direct Expenses does not meet the test of materiality, it can be treated as part of overheads.

f) Finance costs incurred in connection with the self-generated or procured resources shall not form part of Direct Expenses. Direct Expenses shall not include imputed costs.

g) Where direct expenses are accounted at standard cost, variances due to normal reasons shall be treated as part of the Direct Expenses. Variances due to abnormal reasons shall not form part of the Direct Expenses.

h) Any Subsidy or Grant or Incentive or any such payment received or receivable with respect to any Direct Expenses shall be reduced for ascertainment of the cost of the cost object to which such amounts are related.

i) Any abnormal portion of the direct expenses where it is material and quantifiable shall not form part of the Direct Expenses.

j) Penalties, damages paid to statutory authorities or other third parties shall not form part of the Direct Expenses.

k) Credits or recoveries relating to the Direct Expenses, material and quantifiable, shall be deducted to arrive at the net Direct Expenses.

l) Any change in the cost accounting principles applied for the measurement of the Direct Expenses should 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 organisation.

m) Direct Expenses that are directly traceable to the cost object shall be assigned to that cost object.

5. Repairs and Maintenance

a) Proper records showing the expenditure incurred by the workshop, tool room and on repairs and maintenance in the various cost centres or departments shall be maintained under different heads.

b) Repairs and maintenance cost shall be the aggregate of direct and indirect cost relating to repairs and maintenance activity. Direct cost shall include the cost of materials, consumable stores, spares, manpower, equipment usage, utilities and other identifiable resources consumed in such activity. Indirect cost shall include the cost of resources common to various repairs and maintenance activities such as manpower, equipment usage and other costs allocable to such activities.

c) Cost of in-house repairs and maintenance activity shall include cost of materials, consumable stores, spares, manpower, equipment usage, utilities, and other resources used in such activity.

d) Cost of repairs and maintenance activity carried out by outside contractors inside the entity shall include charges payable to the contractor and cost of materials, consumable stores, spares, manpower, equipment usage, utilities, and other costs incurred by the entity for such jobs.

e) Cost of repairs and maintenance jobs carried out by contractor at its premises shall be determined at invoice or agreed price including duties and taxes, and other expenditure directly attributable thereto net of discounts (other than cash discount), taxes and duties refundable or to be credited. This cost shall also include the cost of other resources provided to the contractors.

f) Cost of repairs and maintenance jobs carried out by outside contractors shall include charges made by the contractor and cost of own materials, consumable stores, spares, manpower, equipment usage, utilities and other costs used in such jobs.

g) Each type of repairs and maintenance shall be treated as a distinct activity, if material and identifiable.

h) Cost of repairs and maintenance activity shall be measured for each major asset category separately.

i) Cost of spares replaced which do not enhance the future economic benefits from the existing asset beyond its previously assessed standard of performance shall be included under repairs and maintenance cost.

j) High value spare, when replaced by a new spare and is reconditioned, which is expected to result in future economic benefits, the same shall be taken into stock. Such a spare shall be valued at an amount that measures its service potential in relation to a new spare which amount shall not exceed the cost of reconditioning the spare. The difference between the total of the cost of the new spare and the reconditioning cost and the value of the reconditioned spare should be treated as repairs and maintenance cost.

k) The cost of major overhaul shall be amortized on a rational basis.

l) Finance costs incurred in connection with the repairs and maintenance activities shall not form part of Repairs and maintenance costs.

m) Repairs and maintenance costs shall not include imputed costs.

n) Price variances related to repairs and maintenance, where standard costs are in use, shall be treated as part of repairs and maintenance cost. The portion of usage variances attributable to normal reasons shall be treated as part of repairs and maintenance cost. Usage variances attributable to abnormal reasons shall be excluded from repairs and maintenance cost.

o) Subsidy or Grant or Incentive or amount of similar nature received or receivable with respect to repairs and maintenance activity, if any, shall be reduced for ascertainment of the cost of the cost object to which such amounts are related.

p) Any repairs and maintenance cost resulting from some abnormal circumstances, e.g., major fire, explosions, flood and similar events, if material and quantifiable, shall not form part of the repairs and maintenance cost.

q) Fines, penalties, damages and similar levies paid to statutory authorities or other third parties shall not form part of the repairs and maintenance cost.

r) Credits or recoveries relating to the repairs and maintenance activity, material and quantifiable, shall be deducted to arrive at the net repairs and maintenance cost.

s) Any change in the cost accounting principles applied for the measurement of the repairs and maintenance cost should 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 organisation.

t) Repairs and maintenance costs shall be traced to a cost object to the extent economically feasible.

u) Where the repairs and maintenance cost is not directly traceable to cost object, it shall be assigned based on either of the following the principles of (1) Cause and Effect - Cause is the process or operation or activity and effect is the incurrence of cost and (2) Benefits received – overheads are to be apportioned to the various cost objects in proportion to the benefits received by them.

v) If the repairs and maintenance cost (including the share of the cost of reciprocal exchange of services) is shared by several cost objects, the related cost shall be measured as an aggregate and distributed among the cost objects.

6. Fixed Assets and Depreciation

a) Proper and adequate records shall be maintained for assets used for production of goods or rendering of services under reference in respect of which depreciation has to be provided for. These records shall, inter-alia, indicate grouping of assets under each good or service, the cost of acquisition of each item of asset including installation charges, date of acquisition and rate of depreciation.

b) Depreciation and Amortisation shall be measured based on the depreciable amount and the useful life. The residual value of an intangible asset shall be assumed to be zero unless:

   i) there is a commitment by a third party to purchase the asset at the end of its useful life; or

   ii) there is an active market for the asset and:

      a. residual value can be determined by reference to that market; and

      b. it is probable that such a market will exist at the end of the asset's useful life.

c. The residual value of a fixed asset shall be considered as zero if the entity is unable to estimate the same with reasonable accuracy.

c) The minimum amount of depreciation to be provided shall not be less than the amount calculated as per principles and methods as prescribed by any law or regulations applicable to the entity and followed by it.

d) In case of regulated industry the amount of depreciation shall be the same as prescribed by the concerned regulator.

e) While estimating the useful life of a depreciable asset, consideration shall be given to the following factors:

   i) Expected physical wear and tear;

   ii) Obsolescence; and

   iii) Legal or other limits on the use of the asset.

f) The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period over which the entity expects to use the asset.

g) If the contractual or other legal rights are conveyed for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the entity without significant cost. The useful life of a re-acquired right recognised as an intangible asset in a business combination is the remaining contractual period of the contract in which the right was granted and shall not include renewal periods.

h) The useful life of an intangible asset, in any situation, shall not exceed 10 years from the date it is available for use.

i) Depreciation shall be considered from the time when a depreciable asset is first put into use. An asset which is used only when the need arises but is always held ready for use. Example: fire extinguisher, stand by generator, safety equipment shall be considered to be an asset in use. Depreciable assets will be considered to be put into use when commercial production of goods and services commences.

j) Depreciation on an asset which is temporarily retired from production of goods and services shall be considered as abnormal cost for the period when the asset is not in use.

k) Depreciation of any addition or extension to an existing depreciable asset which becomes an integral part of that asset shall be based on the remaining useful life of that asset.

l) Depreciation of any addition or extension to an existing depreciable asset which retains a separate identity and is capable of being used after the expiry of the useful life of that asset shall be based on the estimated useful life of that addition or extension.

m) The impact of higher depreciation due to revaluation of assets shall not be assigned to cost object.

n) Impairment loss on assets shall be excluded from cost of production.

o) The method of depreciation used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

p) An entity can use any of the methods of depreciation to assign depreciable amount of an asset on a systematic basis over its useful life, viz., Straight-line method; Diminishing balance method; and Units of production method.

q) The method of amortisation of intangible asset shall reflect the pattern in which the economic benefits accrue to entity.

r) The methods and rates of depreciation applied shall be reviewed at least annually and, if there has been a change in the expected pattern of consumption or loss of future economic benefits, the method applied shall be changed to reflect the changed pattern.

s) Spares purchased specifically for a particular asset, or class of assets, and which would become redundant if that asset or class of asset was retired or use of that asset was discontinued, shall form part of that asset. The depreciable amount of such spares shall be allocated over the useful life of the asset.

t) Cost of small assets shall be written off in the period in which they were purchased as per the accounting policy of the entity.

u) Depreciation of an asset shall not be considered in case cumulative depreciation exceeds the original cost of the asset, net of residual value.

v) Where depreciation for an addition of an asset is measured on the basis of the number of days for which the asset was used for the preparation and presentation of financial statements, depreciation of the asset for assigning to cost of object shall be measured in relation to the period, the asset actually utilized.

w) Depreciation shall be traced to the cost object to the extent economically feasible.

x) Where the depreciation is not directly traceable to cost object, it shall be assigned based on either of the following two principles, namely;

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

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

7. Overheads

a) Proper records shall be maintained for various items of indirect expenses comprising overheads pertaining to goods or services under reference. These expenses shall be analysed, classified and grouped according to functions.

b) Overheads representing procurement of resources 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.

c) Overheads other than those referred to above shall be determined on the basis of cost incurred in connection therewith.

d) Any abnormal cost where it is material and quantifiable shall not form part of the overheads.

e) Finance costs incurred in connection with procured or self-generated resources shall not form part of overheads.

f) Overheads shall not include imputed cost.

g) Overhead variances attributable to normal reasons shall be treated as part of overheads. Overhead variances attributable to abnormal reasons shall be excluded from overheads.

h) Any subsidy or Grant or Incentive or amount of similar nature received or receivable with respect to overheads shall be reduced for ascertainment of the cost of the cost object to which such amounts are related.

i) Fines, penalties, damages and similar levies paid to statutory authorities or other third parties shall not form part of the overheads.

j) Credits or recoveries relating to the overheads, material and quantifiable, shall be deducted from the total overhead to arrive at the net overheads. Where the recovery exceeds the total overheads, the balance recovery shall be treated as other income.

k) Any change in the cost accounting principles applied for the measurement of the 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.

l) While assigning overheads, traceability to a cost object in an economically feasible manner shall be the guiding principle. The cost which can be traced directly to a cost object shall be directly assigned.

m) Overheads shall be classified according to functions, viz., works, administration, selling & distribution, head office, corporate etc.

n) Assignment of overheads to the cost objects shall be based on either of the following two principles; (1) Cause and Effect - Cause is the process or operation or activity and effect is the incurrence of cost and (2) Benefits received – overheads are to be apportioned to the various cost objects in proportion to the benefits received by them.

o) The variable production overheads shall be absorbed to products or services based on actual capacity utilisation.

p) The fixed production overheads shall be absorbed based on the normal capacity.

q) Assignment of Administration Overheads shall be in accordance with para no. 8.

r) Marketing Overheads that can be identified to a product or service shall be assigned to that product or service.

s) Marketing Overheads that cannot be identified to a product or service shall be assigned to the products or services on the most appropriate basis.

8. Administrative Overheads

a) Administrative overheads shall be the aggregate of cost of resources consumed in activities relating to general management and administration of an organisation.

b) In case of leased assets, if the lease is an operating lease, the entire rentals shall be included in the administrative overheads. If the lease is a financial lease, the finance cost portion shall be segregated and treated as part of finance costs.

c) The cost of software (developed in house, purchased, licensed or customised), including up-gradation cost shall be amortised over its estimated useful life.

d) The cost of administrative services 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 discount), taxes and duties refundable or to be credited.

e) Any Subsidy or Grant or Incentive or any amount of similar nature received or receivable with respect to any Administrative overheads shall be reduced for ascertainment of the cost of the cost object to which such amounts are related.

f) Administrative overheads shall not include any abnormal administrative cost.

g) Fines, penalties, damages and similar levies paid to statutory authorities or other third parties shall not form part of the administrative overheads.

h) Credits or recoveries relating to the administrative overheads including those rendered without any consideration, material and quantifiable, shall be deducted to arrive at the net administrative overheads.

i) Any change in the cost accounting principles applied for the measurement of the administrative overheads should 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 organisation.

j) While assigning administrative overheads, traceability to a cost object in an economically feasible manner shall be the guiding principle.

k) Assignment of administrative 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.

9. Transportation Cost

a) Proper records shall be maintained for recording the actual cost of transportation showing each element of cost such as freight, cartage, transit insurance and others after adjustment for recovery of transportation cost. Abnormal costs relating to transportation, if any, are to be identified and recorded for exclusion of computation of average transportation cost.

b) In case of a manufacturer having his own transport fleet, proper records shall be maintained to determine the actual operating cost of vehicles showing details of various elements of cost such as salaries and wages of driver, cleaners and others, cost of fuel, lubricant grease, amortized cost of tyres and battery, repairs and maintenance, depreciation of the vehicles, distance covered and trips made, goods hauled and transported to the depot.

c) In case of hired transport charges incurred for despatch of goods, complete details shall be recorded as to date of despatch, type of transport used, description of the goods, destination of buyer, name of consignee, challan number, quantity of goods in terms of weight or volume, distance involved, amount paid and other related details.

d) Records shall be maintained separately for inward and outward transportation cost specifying the details particulars of goods despatched, name of supplier or recipient, amount of freight etc.

e) Separate records shall be maintained for identification of transportation cost towards inward movement of material (procurement) and transportation cost of outward movement of goods removed or sold for both home consumption and export.

f) Records for transportation cost from factory to depot and thereafter shall be maintained separately.

g) Records for transportation cost for carrying any material or product to job-workers place and back shall be maintained separately so as include the same in the transaction value of the product.

h) Records for transportation cost for goods involved exclusively for trading activities shall be maintained separately and the same shall not be included for claiming any deduction for calculating assessable value excisable goods cleared for home consumption.

i) Records of transportation cost directly allocable to a particular category of products shall be maintained separately so that allocation can be made.

j) For common transportation cost both for own fleet or hired ones, proper records for basis of apportionment shall be maintained.

k) Records for transportation cost for exempted goods, excisable goods cleared for export shall be maintained separately.

l) Separate records of cost for mode of transportation other than road like ship or air are to be maintained, which shall be included in total cost of transportation.

m) Inward transportation costs shall form the part of the cost of procurement of materials which are to be identified for proper allocation or apportionment to the materials or products.

n) Outward transportation cost shall form the part of the cost of sale and shall be allocated or apportioned to the materials and goods on a suitable basis.

o) The following basis shall be used, in order of priority, for apportionment of outward transportation cost depending upon the nature of products, unit of measurement followed and type of transport used:

   i) Weight

   ii) Volume of goods

   iii) Tonne-Km

   iv) Unit or Equivalent unit

   v) Value of goods

   vi) Percentage of usage of space

p) Once a basis of apportionment is adopted, the same shall be followed consistently.

q) For determining the transportation cost per unit, distance shall be factored in to arrive at weighted average cost.

r) Abnormal and non-recurring cost shall not be a part of transportation cost.

10. Royalty and Technical Know-how

a) Adequate records shall be maintained showing royalty and or or technical know-how fee including other recurring or non-recurring payments of similar nature, if any, made for the goods or services under reference to collaborators or technology suppliers in terms of agreements entered into with them.

b) Royalty and Technical Know-how Fee paid or incurred in lump-sum or which are in the nature of 'one–time' payment, shall be amortised on the basis of the estimated output or benefit to be derived from the related asset. Amortisation of the amount of Royalty or Technical Know-how fee paid for which the benefit is ensued in the current or future periods shall be determined based on the production or service volumes estimated for the period over which the asset is expected to benefit the entity.

c) Amount of the Royalty and Technical Know-how Fee shall not include finance costs and imputed costs.

d) Any Subsidy or Grant or Incentive or any such payment received or receivable with respect to amount of Royalty and Technical Know-how fee shall be reduced to measure the amount of royalty and technical know- how fee.

e) Penalties, damages paid to statutory authorities or other third parties shall not form part of the amount of Royalty and Technical Know-how fee.

f) Credits or recoveries relating to the amount Royalty and Technical Know-how fee, material and quantifiable, shall be deducted to arrive at the net amount of Royalty and Technical Know-how fee.

g) Any change in the cost accounting principles applied for the measurement of the amount of Royalty and Technical Know-how Fee should 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 organisation.

h) Royalty and Technical Know-how fee that is directly traceable to a cost object shall be assigned to that cost object. In case such fee is not directly traceable to a cost object then it shall be assigned on any of the following basis:

 i) Units produced

 ii) Units sold

iii) Sales value

i) The amount of Royalty fee paid for mining rights shall form part of the cost of material.

j) The amount of Royalty and Technical Know-how fee shall be assigned on the nature or purpose of such fee. The amount of royalty and technical know-how fee related to product or process know how shall be treated as cost of production; if it is related to trademarks or brands shall be treated as cost of sales.

11. Research and Development Expenses

a) Research, and Development Costs shall include all the costs that are directly traceable to research and or development activities or that can be assigned to research and development activities strictly on the basis of a) cause and effect or b) benefits received. Such costs shall include the following elements:

i. The cost of materials and services consumed in Research and Development activities.

ii. Cost of bought out materials and hired services as per invoice or agreed price including duties and taxes directly attributable thereto net of trade discounts, rebates, taxes and duties refundable or to be credited.

iii. The salaries, wages and other related costs of personnel engaged in Research, and Development activities;

iv. The depreciation of equipment and facilities, and other tangible assets, and amortisation of intangible assets to the extent that they are used for Research, and Development activities;

v. Overhead costs, other than general administrative costs, related to Research and Development activities.

vi. Costs incurred for carrying out Research, and Development activities by other entities and charged to the entity; and

vii. Expenditure incurred in securing copyrights or licences

viii. Expenditure incurred for developing computer software

ix. Costs incurred for the design of tools, jigs, moulds and dies

x. Other costs that can be directly attributed to Research, and Development activities and can be identified with specific projects.

b) Subsidy or Grant or Incentive or amount of similar nature received or receivable with respect to Research and Development Activity, if any, shall be reduced from the cost of such Research and Development Activity.

c) Any abnormal cost where it is material and quantifiable shall not form part of the Research and Development Cost.

d) Fines, penalties, damages and similar levies paid to statutory authorities or other third parties shall not form part of the Research, and Development Cost.

e) Research and Development costs shall not include imputed costs.

f) Credits or recoveries relating to Research, and Development cost, if material and quantifiable, including from the sale of output produced from the Research and Development activity shall be deducted from the Research and Development cost.

g) Research and Development costs attributable to a specific cost object shall be assigned to that cost object directly. Research & development costs that are not attributable to a specific product or process shall not form part of the product cost.

h) Development cost which results in the creation of an intangible asset shall be amortised over its useful life. Assignment of Development Costs shall be based on the principle of “benefits received”.

i) Research and Development Costs incurred for the development and improvement of an existing process or product shall be included in the cost of production. In case the Research and Development activity related to the improvement of an existing process or product continues for more than one accounting period, the cost of the same shall be accumulated and amortised over the estimated period of use of the improved process or estimated period over which the improved product will be produced by the entity after the commencement of commercial production, as the case may be, if the improved process or product is distinctly different from the existing process or product and the product is marketed as a new product. The amount allocated to a particular period shall be included in the cost of production of that period. If the expenditure is only to improve the quality of the existing product or minor modifications in attributes, the principle shall not be applied.

j) Development costs attributable to a saleable service namely; providing technical know-how to outside parties shall be accumulated separately and treated as cost of providing the service.

12. Quality Control Expenses

a) Adequate records shall be maintained to indicate the expenses incurred in respect of quality control department or cost centre or service centre for goods or services under reference. Where these services are also utilized for other goods or services of the company, the basis of apportionment to goods or services under reference and to other goods or services shall be on equitable and reasonable basis and applied consistently.

b) Quality Control cost incurred in-house shall be the aggregate of the cost of resources consumed in the Quality Control 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. Such cost shall include: Cost of conformance to quality: (a) prevention cost; and (b) appraisal cost.

c) Identification of Quality Control costs shall be based on traceability in an economically feasible manner.

d) Quality Control costs other than those referred to above shall be determined on the basis of amount incurred in connection therewith.

e) Finance costs incurred in connection with the self-generated or procured resources shall not form part of Quality Control cost.

f) Quality Control costs shall not include imputed costs.

g) Any Subsidy or Grant or Incentive or any such payment received or receivable with respect to any Quality Control cost shall be reduced for ascertainment of the cost of the cost object to which such amounts are related.

h) Any abnormal portion of the Quality Control cost where it is material and quantifiable shall not form part of the Cost of Quality Control.

i) Penalties, damages paid to statutory authorities or other third parties shall not form part of the Quality Control cost.

j) Any change in the cost accounting principles applied for the measurement of the Quality Control cost 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 organisation.

k) Quality Control cost that is directly traceable to the cost object shall be assigned to that cost object. Assignment of Quality Control cost to the cost objects shall be based on benefits received by them on the principles, namely;

(1) Cause and Effect - Cause is the process or operation or activity and effect is the incurrence of cost and

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

13. Pollution Control Expenses

a) Adequate records shall be maintained to indicate the expenses incurred in respect of pollution control. The basis of apportionment to goods or services under reference and to other goods or services shall be on equitable and reasonable basis and applied consistently.

b) Pollution Control costs shall be the aggregate of direct and indirect cost relating to Pollution Control activity. Direct cost shall include the cost of materials, consumable stores, spares, manpower, equipment usage, utilities, resources for testing & certification and other identifiable resources consumed in activities such as waste processing, disposal, remediation and others. Indirect cost shall include the cost of resources common to various Pollution Control activities such as Pollution Control Registration and such like expenses.

c) Costs of Pollution Control which are internal to the entity should be accounted for when incurred. They should be measured at the historical cost of resources consumed.

d) Future remediation or disposal costs which are expected to be incurred with reasonable certainty as part of Onerous Contract or Constructive Obligation, legally enforceable shall be estimated and accounted based on the quantum of pollution generated in each period and the associated cost of remediation or disposal in future.

e) Contingent future remediation or disposal costs e.g. those likely to arise on account of future legislative changes on pollution control shall not be treated as cost until the incidence of such costs become reasonably certain and can be measured.

f) External costs of pollution which are generally the costs imposed on external parties including social costs are difficult to estimate with reasonable accuracy and are excluded from general purpose cost statements.

g) Social costs of pollution are measured by economic models of cost measurement. The cost by way of compensation by the polluting entity either under future legislation or under social pressure cannot be quantified by traditional models of cost measurement. They are best kept out of general purpose cost statements.

h) Cost of in-house Pollution Control activity shall include cost of materials, consumable stores, spares, manpower, equipment usage, utilities, and other resources used in such activity.

i) Cost of Pollution Control activity carried out by outside contractors inside the entity shall include charges payable to the contractor and cost of materials, consumable stores, spares, manpower, equipment usage, utilities, and other costs incurred by the entity for such jobs.

j) Cost of Pollution Control jobs carried out by contractor at its premises shall be determined at invoice or agreed price including duties and taxes, and other expenditure directly attributable thereto net of discounts (other than cash discount), taxes and duties refundable or to be credited. This cost shall also include the cost of other resources provided to the contractors.

k) Cost of Pollution Control jobs carried out by outside contractors shall include charges made by the contractor and cost of own materials, consumable stores, spares, manpower, equipment usage, utilities and other costs used in such jobs.

l) Each type of Pollution Control e.g. water, air, soil pollution shall be treated as a distinct activity, if material and identifiable.

m) Finance costs incurred in connection with the Pollution Control activities shall not form part of Pollution Control costs.

n) Pollution Control costs shall not include imputed costs.

o) Price variances related to Pollution Control, where standard costs are in use, shall be treated as part of Pollution Control cost. The portion of usage variances attributable to normal reasons shall be treated as part of Pollution Control cost. Usage variances attributable to abnormal reasons shall be excluded from Pollution Control cost.

p) Subsidy or Grant or Incentive or amount of similar nature received or receivable with respect to Pollution Control activity, if any, shall be reduced for ascertainment of the cost of the cost object to which such amounts are related.

q) Any Pollution Control cost resulting from abnormal circumstances, if material and quantifiable, shall not form part of the Pollution Control cost.

r) Fines, penalties, damages and similar levies paid to statutory authorities or other third parties shall not form part of the Pollution Control cost.

s) Credits or recoveries relating to the Pollution Control activity, material and quantifiable, shall be deducted to arrive at the net Pollution Control cost.

t) Research and development cost to develop new process, new products or use of new materials to avoid or mitigate pollution shall be treated as research and development costs and not included under pollution control costs. Development costs incurred for commercial development of such product, process or material shall be included in pollution control costs.

u) Any change in the cost accounting principles applied for the measurement of the Pollution Control cost should 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 organisation.

v) Pollution Control costs shall be traced to a cost object to the extent economically feasible.

w) Direct costs of pollution control such as treatment and disposal of waste shall be assigned directly to the product, where traceable economically.

x) Where these costs are not directly traceable to the product but are traceable to a process which causes pollution, the costs shall be assigned to the products passing through the process based on the quantity of the pollutant generated by the product.

y) Where the Pollution Control cost is not directly traceable to cost object, it shall be treated as overhead and assigned based on either of the following two principles, namely;

(1) Cause and Effect - Cause is the process or operation or activity and effect is the incurrence of cost and

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

14. Service Department Expenses

a) Proper records shall be maintained in respect of Service Departments, i.e., cost centres which primarily provides auxiliary services across the enterprise, to indicate expenses incurred in respect of each such service cost centre like engineering, work shop, designing, laboratory, safety, transport, computer cell, welfare etc.

b) Each identifiable service cost centre shall be treated as a distinct cost object for measurement of the cost of services subject to the principle of materiality.

c) Cost of service cost centre shall be the aggregate of direct and indirect cost attributable to services being rendered by such cost centre.

d) Cost of in-house services shall include cost of materials, consumable stores, spares, manpower, equipment usage, utilities, and other resources used in such service.

e) Cost of other resources shall include related overheads.

f) Cost of services rendered by contractors within the facilities of the entity shall include charges payable to the contractor and cost of materials, consumable stores, spares, manpower, equipment usage, utilities, and other resources provided to the contractors for such services.

g) Cost of services rendered by contractors at their premises shall be determined at invoice or agreed price including duties and taxes, and other expenditure directly attributable thereto net of discounts (other than cash discount), taxes and duties refundable or to be credited. This cost shall also include the cost of resources provided to the contractors.

h) Cost of services for the purpose of inter unit transfers shall also include distribution costs incurred for such transfers.

i) Cost of services for the purpose of inter-company transfers shall also include distribution cost incurred for such transfers and administrative overheads.

j) Cost of services rendered to outside parties shall also include distribution cost incurred for such transfers, administrative overheads and marketing overheads.

k) Finance costs incurred in connection with the Service Cost Centre shall not form part of the cost of Service Cost Centre.

l) The cost of service cost centre shall not include imputed costs.

m) Where the cost of service cost centre is accounted at standard cost, the price and usage variances related to the services cost Centre shall be treated as part of cost of services. Usage variances due to abnormal reasons shall be treated as part of abnormal cost.

n) Any Subsidy or Grant or Incentive or any such payment received or receivable with respect to any service cost centre shall be reduced for ascertainment of the cost to which such amounts are related.

o) The cost of production and distribution of the service shall be determined based on the normal capacity or actual capacity utilization whichever is higher and unabsorbed cost, if any, shall be treated as abnormal cost. Cost of a Stand-by service shall include the committed costs of maintaining such a facility for the service.

p) Any abnormal cost where it is material and quantifiable shall not form part of the cost of the service cost centre.

q) Penalties, damages paid to statutory authorities or other third parties shall not form part of the cost of the service cost centre.

r) Credits or recoveries relating to the service cost centre including charges for services rendered to outside parties, material and quantifiable, shall be reduced from the total cost of that service cost centre.

s) Any change in the cost accounting principles applied for the measurement of the cost of Service Cost Centre 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 enterprise.

t) While assigning cost of services, traceability to a cost object in an economically feasible manner shall be the guiding principle.

u) Where the cost of services rendered by a service cost centre is not directly traceable to a cost object, it shall be assigned on the most appropriate basis.

v) The most appropriate basis of distribution of cost of a service cost centre to the cost centres consuming services is to be derived from logical parameters which could be related to the usage of the service rendered. The parameter shall be equitable, reasonable and consistent.

15. Packing Expenses

a) Proper records shall be maintained separately for domestic and export packing showing the quantity and cost of various packing materials and other expenses incurred on primary and or or secondary packing indicating the basis of valuation.

b) The packing material receipts should be valued at purchase price including duties and taxes, freight inwards, insurance, and other expenditure directly attributable to procurement (net of trade discounts, rebates, taxes and duties refundable or to be credited) that can be quantified at the time of acquisition.

c) Finance costs directly incurred in connection with the acquisition of Packing Material shall not form part of Packing Material Cost.

d) Self-manufactured packing materials shall be valued including direct material cost, direct employee cost, direct expenses, job charges, factory overheads including share of administrative overheads comprising factory management and administration and share of research and development cost incurred for development and improvement of existing process or product.

e) Normal loss or spoilage of packing material prior to receipt in the factory shall be absorbed in the cost of balance materials net of amounts recoverable from suppliers, insurers, carriers or recoveries from disposal.

f) The forex component of imported packing material cost shall be converted at the rate on the date of the transaction. Any subsequent change in the exchange rate till payment or otherwise shall not form part of the packing material cost.

g) Any demurrage, detention charges or penalty levied by the transport agency or any authority shall not form part of the cost of packing materials.

h) Any Subsidy or Grant or Incentive or any such payment received or receivable with respect to packing material shall be reduced for ascertainment of the cost to which such amounts are related.

i) Issue of packing materials shall be valued using appropriate assumptions on cost flow, namely; First In First Out, Last In First Out, Weighted Average Rate. The method of valuation shall be followed on a consistent basis.

j) Wherever, packing material costs include transportation costs, determination of costs of transportation shall be governed by Cost Accounting Standard on determination of average (equalized) cost of transportation.

k) Packing Material Costs shall not include imputed costs.

l) Where packing materials are accounted at standard cost, the price variances related to such materials shall be treated as part of packing material cost and the portion of usage variances due to normal reasons shall be treated as part of packing material cost. Usage variances due to abnormal reasons shall be treated as part of abnormal cost.

m) The normal loss arising from the issue or consumption of packing materials shall be included in the packing materials cost.

n) Any abnormal cost where it is material and quantifiable shall be excluded from the packing material cost.

o) The credits or recoveries in the nature of normal scrap arising from packing materials if any, should be deducted from the total cost of packing materials to arrive at the net cost of packing materials.

p) Packing material costs shall be directly traced to a cost object to the extent it is economically feasible.

q) Where the packing material costs are not directly traceable to the cost object, these may be assigned on the basis of quantity consumed or similar measures like technical estimates.

r) The packing material cost of reusable packing shall be assigned to the cost object taking into account the number of times or the period over which it is expected to be reused.

s) Cost of primary packing materials shall form part of the cost of production.

t) Cost of secondary packing materials shall form part of distribution overheads.

16. Interest & Financing Charges

a) Interest and Financing charges are costs incurred by an enterprise in connection with the borrowing of fund or other costs which in effect represent payment for the use of non- equity fund.

b) Interest and Financing Charges incurred shall be identified for:

   i) acquisition or construction or production of qualifying assets including fixed assets; and

   ii) Other finance costs for production of goods or operations or services rendered which cannot be classified as qualifying assets.

c) Interest and Financing Charges directly attributable to the acquisition or construction or production of a qualifying asset shall be included in the cost of the asset.

d) Interest and Financing Charges shall not include imputed costs.

e) Subsidy or Grant or Incentive or amount of similar nature received or receivable with respect to Interest and Financing Charges, if any, shall be reduced to ascertain the net interest and financing charges.

f) Penal Interest for delayed payment, Fines, penalties, damages and similar levies paid to statutory authorities or other third parties shall not form part of the Interest and Financing Charges. In case the company delays the payment of Statutory dues beyond the stipulated date, interest paid for delayed payment shall not be treated as penal interest.

g) Interest paid for or received on investment shall not form part of the other financing charges for production of goods or operations or services rendered;

h) Assignment of Interest and Financing Charges to the cost objects shall be based on either of the following two principles, namely;

(1) Cause and Effect - Cause is the process or operation or activity and effect is the incurrence of cost and

(2) Benefits received – to be apportioned to the various cost objects in proportion to the benefits received by them.

17. Any other item of Cost

Proper records shall be maintained for any other item of cost being indispensable and considered necessary for inclusion in cost records for calculating cost of production of goods or rendering of services, cost of sales, margin in total and per unit of the goods or services under reference.

18. Capacity Determination

a) Capacity shall be determined in terms of units of production or equivalent machine or man hours.

b) Installed capacity is determined based on:

i) Manufacturers' Technical specifications

ii) Capacities of individual or interrelated production centres.

iii) Operational constraints or capacity of critical machines or

iv) Number of shifts

c) In case manufacturers' technical specifications are not available, the estimates by technical experts on capacity under ideal conditions shall be considered for determination of installed capacity. In case any production facility is added or discarded the installed capacity shall be reassessed from the date of such addition or discard. In case the same is reassessed as per direction of the Government, it shall be in accordance with the principles laid down in the said directives. In case of improvement in the production process, the installed capacity shall be reassessed from the date of such improvement.

d) Normal capacity shall be determined vis-a-vis installed capacity after carrying out following adjustments:

   i) Holidays, normal shut down days and normal idle time,

   ii) Normal time lost in batch change over,

   iii) Time lost due to preventive maintenance and normal break downs of equipment,

   iv) Loss in efficiency due to ageing of the equipment, or

   v) Number of shifts.

e) Capacity utilization is actual production measured as a percentage of installed capacity.

19. Work-in-Progress and Finished Stock

The method followed for determining the cost of work-in-progress and finished stock of the goods and for services under delivery or in-process shall be appropriate and shall be indicated in the cost records so as to reveal the cost element that have been taken into account in such computation. All conversion costs incurred in bringing the inventories to their present location and condition shall be taken into account while computing the cost of work-in-progress and finished stock. The method adopted for determining the cost of work-in progress and finished goods shall be followed consistently.

20. Captive Consumption

If the goods or services under reference are used for captive consumption, proper records shall be maintained showing the quantity and cost of each such goods or services transferred to other departments or cost centres or units of the company for self-consumption and sold to outside parties separately.

21. By-Products and Joint Products

a) Proper Records shall be maintained for each item of by-product, if any, produced showing the receipt, issues and balances, both in quantity and value. The basis adopted for valuation of by-product for giving credit to the respective process shall be equitable and consistent and should be indicated in cost records. Records showing the expenses incurred on further processing, if any, as well as actual sales realization of by-product shall be maintained. The proper records shall be maintained in respect of credits or recoveries from the disposal of by-products.

b) Proper records shall be maintained the cost up to the point of separation of products or services shall be apportioned to joint products or services on reasonable and equitable basis and shall be applied consistently. The basis on which such joint costs are apportioned to different products or services arising from the process shall be indicated in the cost records. Proper records shall be maintained in respect credits or recoveries from the disposal of joint products or services.

22. Adjustment of Cost Variances

Where the company maintains cost records on any basis other than actual such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of the goods or services under such system. The cost variances shall be shown against separate heads and analysed into material, labour, overheads and further segregated into quantity, price and efficiency variances. The method followed for adjusting the cost variances in determining the actual cost of the goods or services shall be indicated clearly in the cost records. The reasons for the variances shall be duly explained in the cost records and statements.

23. Reconciliation of Cost and Financial Accounts

The cost statements shall be reconciled with the financial statements for the financial year specifically indicating the expenses or incomes not considered in the cost records or statements so as to ensure accuracy and to adjust the profit of the goods or services under reference with the overall profit of the company. The variations, if any, shall be clearly indicated and explained.

24. Related Party Transactions

a) Related Party means related party as defined under sub-section 76 of section 2 of the Companies Act, 2013.

b) "Normal" Price means price charged for comparable and similar products in the ordinary course of trade and commerce where the price charged in the sole consideration of sale and such sale is not made to a related party. Normal price can be construed to be a price at which two unrelated and non-desperate parties would agree to a transaction and where such transaction is not clouded due to the proximity of the parties to the transaction and free from influence though the parties may have shared interest.

c) The basis adopted to determine Normal price should be classified as under:

   i) Comparable uncontrolled price method

   ii) Resale price method;

   iii) Cost plus method;

   iv) Profit split method;

   v) Transactional net margin method;

   vi) Any other method, to be specified.

d) In respect of related party transactions or supplies made or services rendered by a company to a company termed "related party relationship" and vice-a-versa, records shall be maintained showing contracts entered into, agreements or understanding reached in respect of -

(vii) purchase and sale of raw materials, finished good(s), rendering of service(s), process materials and rejected goods including scraps, etc.;

(viii) utilisation of plant facilities and technical know-how;

(ix) supply of utilities and any other services;

(x) administrative, technical, managerial or any other consultancy services;

(xi) purchase and sale of capital goods including plant and machinery; and

(xii) any other payment related to the production of goods or rendering of services under reference.

e) These records shall also indicate the basis followed for arriving at the rates charged or paid for such goods or services so as to enable determination of the reasonableness of such rates in so far as they are in any way related to goods or services under reference.

25. Expenses or Incentives on Exports

a) Proper records showing the expenses incurred on the export sales, if any, of the goods or services under reference shall be separately maintained so that the cost of export sales can be determined correctly. Separate cost statements shall be prepared for goods or services exported giving details of export expenses incurred or incentive earned.

b) Proper records shall be maintained giving details of export commitments license-wise and the fulfilment of these commitments giving the reasons for non-compliance, if any. In case, duty free imports are made, the cost statements shall reflect this fact. If the duty free imports have been made after actual production, the statement shall reflect this fact also.

26. Production Records

Quantitative records of all finished goods (packed or unpacked) or services rendered showing production, issues for sales and balances of different type of the goods or services under reference, shall be maintained. The quantitative details of production of goods or services rendered shall be maintained separately for self-produced, third party on job work, loan license basis etc.

27. Sales Records

Separate details of sales shall be maintained for domestic sales at control price, domestic sales at market price, export sales under advance license, export sales under other obligations, export sales at market price, and sales to related party or inter unit transfer. In case of services, details of domestic delivery or sales at control price, domestic delivery or sales at market price, export delivery or sales under advance license, export delivery or sales under other obligations, export delivery or sales under market price, and delivery or sales to related party or inter unit transfer. Such details shall be maintained separately for each plant or unit wise or service centre wise for total as well as per unit sales realization.

28. Cost Statements

a) Cost statements (monthly, quarterly and annually) showing quantitative information in respect of each good or service under reference shall be prepared showing details of available capacity, actual production, production as per excise records, capacity utilization (in-house), stock purchased for trading, stock and other adjustments, quantity available for sale, wastage and actual sale during current financial year and previous year.

b) Such statements shall also include details in respect of all major items of costs constituting cost of production of goods and services, cost of sales of goods or services and margin in total as well as per unit of the goods and services. The goods or services emerging from a process, which forms raw material or an input material or service for a subsequent process, shall be valued at the cost of production or cost of service up to the previous stage.

c) Cost statements (monthly, quarterly and annually) in respect of reconciliation of indirect taxes showing details of total clearances of goods or services, assessable value, duties or taxes paid, CENVAT or VAT or Service Tax credit utilized, duties or taxes recovered and interest or penalty paid.

d) If the company is operating more than one plant, factory or service centre, separate cost statements as specified above shall be prepared in respect of each plant. Factory or service centre.

e) Any other statement or information considered necessary for suitable presentation of costs and profitability of goods or services produced by the company shall also be prepared.

29. Statistical Records

a) The records regarding available machine hours or direct labour hours in different production departments and actually utilized shall be maintained for production of goods or rendering of services under reference and shortfall suitably analysed. Suitable records for computation of idle time of machines or labor shall also be maintained and analysed.

b) Proper records shall be maintained to enable company to identify the capital employed, net fixed assets and working capital separately for the production of goods or rendering of services under reference and other goods or services to the extent such elements are separately identifiable. Non-identifiable items shall be allocated on a suitable and reasonable basis to different goods or services. Fresh investments on fixed assets for production of goods or rendering of services under reference that have not contributed to the production of goods or rendering of services during the relevant period or year shall be indicated in cost records. The records shall, in addition, show assets added as replacement and those added for increasing existing capacity.

30. Records of Physical Verification

Records for physical verification may be maintained in respect of all items held in the stock such as raw material, process materials, packing materials, consumables, stores, machinery spares, chemicals, fuels, finished goods and fixed assets etc. Reasons for shortages or surplus arising out of such verifications and the method followed for adjusting the same in the cost of the goods or services shall be indicated in the records.

Annexure-2

Annexure to the Cost Audit Report

Part-A

1. **General Information**

1	Corporate identity number or foreign company registration number	
2	Name of company	
3	Address of registered office or of principal place of business in India of company	
4	Address of corporate office of company	
5	Email address of company	
6	Date of beginning of reporting Financial Year	dd/mm/yyyy
7	Date of end of reporting Financial Year	dd/mm/yyyy
8	Date of beginning of previous financial year	dd/mm/yyyy
9	Date of end of previous financial year	dd/mm/yyyy
10	Level of rounding used in cost statements	Absolute/thousands/lacs/crores
11	Reporting currency of entity	INR
12	Number of cost auditors for reporting period	
13	Date of board of directors meeting in which annexure to cost audit report was approved	
14	Whether cost auditors report has been qualified or has any reservations or contains adverse remarks	
15	Consolidated qualifications, reservations or adverse remarks of all cost auditors	
16	Consolidated observations or suggestions of all cost auditors	
17	Whether company has related party transactions for sale or purchase of goods or services	

General Details of Cost Auditor

1	Whether cost auditor is lead auditor	
2	Category of cost auditor	
3	Firm's registration number	
4	Name of cost auditor/cost auditor's firm	
5	PAN of cost auditor/cost auditor's firm	
6	Address of cost auditor or cost auditor's firm	
7	Email id of cost auditor or cost auditor's firm	
8	Membership number of member signing report	
9	Name of member signing report	
10	Name(s) of product(s) or service(s) with 4 digit CETA Code	
11	SRN number of Form 23C / CRA-2	
12	Number of audit committee meeting attended by cost auditor during year	
13	Date of signing cost audit report and annexure by cost auditor	
14	Place of signing cost audit report and annexure by cost auditor	

2. Cost Accounting Policy

(1) Briefly describe the cost accounting policy adopted by the Company and its adequacy or otherwise to determine correctly the cost of production/operation**,** cost of sales, sales realization and margin of the product(s)/service(s) under reference separately for each product(s)/service(s). The policy should cover, inter alia, the following areas:

a) Identification of cost centres/cost objects and cost drivers.

b) Accounting for material cost including packing materials, stores and spares etc., employee cost, utilities and other relevant cost components.

c) Accounting, allocation and absorption of overheads

d) Accounting for Depreciation/Amortization

e) Accounting for by-products/joint-products or services, scarps, wastage etc.

f) Basis for Inventory Valuation

g) Methodology for valuation of Inter-Unit/Inter Company and Related Party transactions.

h) Treatment of abnormal and non-recurring costs including classification of other non-cost items.

i) Other relevant cost accounting policy adopted by the Company

(2) Briefly specify the changes, if any, made in the cost accounting policy for the product(s)/service(s) under audit during the current financial year as compared to the previous financial year.

(3) Observations of the Cost Auditor regarding adequacy or otherwise of the Budgetary Control System, if any, followed by the company.

3. PRODUCT/SERVICE DETAILS (for the company as a whole)

Name of Product(s) /Service(s)	UOM	CETA Heading (Wherever applicable)	Whether Covered under Cost Audit Yes / No	Net Operational Revenue (net of taxes, duties etc.)	
				Current Year Rs.	Previous Year Rs.
1.					
2.					
3.					
4.					
………					
Total Net revenue from Operations					
Other Incomes of Company					
Total revenue as per Financial Accounts					
Extra Ordinary Income, if any					
Total Revenue including Extra Ordinary Income, if any					
Turnover as per Excise/Service Tax Records					
Note: Explain the difference, if any, between Turnover as per Annual Accounts and Turnover as per Excise/Service Tax Records.					

PART-B

FOR MANUFACTURING SECTOR

1. QUANTITATIVE INFORMATION (for each product with CETA Heading separately)			
Name of Product			
CETA Heading			
Particulars	**Unit**	**Current Year**	**Previous Year**
1. Available Capacity			
(a) Installed Capacity			
(b) Capacity enhanced during the year, if any			
(c) Capacity available through leasing arrangements, if any			
(d) Capacity available through loan license / third parties			
(e) Total available Capacity			
2. Actual Production			
(a) Self manufactured			
(b) Produced under leasing arrangements			
(c) Produced on loan license / by third parties on job work			
(d) Total Production			
3. Production as per Excise Records			
4. Capacity Utilization (in-house)			
5. Finished Goods Purchased			
(a) Domestic Purchase of Finished Goods			
(b) Imports of Finished Goods			
(c) Total Finished Goods Purchased			
6. Stock & Other Adjustments			
(a) Change in Stock of Finished Goods			
(b) Self / Captive Consumption (incl. samples etc.)			
(c) Other Quantitative Adjustments, if any (wastage etc.)			
(d) Total Adjustments			
7. Total Available Quantity for Sale [2(d) + 5(c) + 6(d)]			
8. Actual Sales			
(a) Domestic Sales of Product			
(b) Domestic Sales of Traded Product			
(c) Export Sale of Product			
(d) Export Sale of Traded Product			
(e) Total Quantity Sold			

2. ABRIDGED COST STATEMENT (for each product with CETA Heading separately)

	Name of Product						
	CETA Heading						
	Unit of Measure						
		Production	**Finished Goods Purchased**	**Finished Stock Adjustment**	**Captive Consumption**	**Other Adjustments**	**Quantity Sold**
	Current Year						
	Previous Year						

		Current Year		**Previous Year**	
Sno.	**Particulars**	**Amount (Rs.)**	**Rate per Unit (Rs.)**	**Amount (Rs.)**	**Rate per Unit (Rs.)**
1	Materials Consumed (specify details as per Para 2A)				
2	Process Materials/Chemicals				
3	Utilities (specify details as per 2B)				
4	Direct Employees Cost				
5	Direct Expenses				
6	Consumable Stores & Spares				
7	Repairs & Maintenance				
8	Quality Control Expenses				
9	Research & Development Expenses				
10	Technical know-how Fee / Royalty				
11	Depreciation/Amortization				
12	Other Production Overheads				
13	Industry Specific Operating Expenses (specify details as per Para 2C)				
14	Total (1 to 13)				
15	Increase/Decrease in Work-in-Progress				
16	Less: Credits for Recoveries, if any				
17	Primary Packing Cost				
18	Cost of Production/Operations (14 + 15 to 17)				
19	Cost of Finished Goods Purchased				
20	Total Cost of Production & Purchases (18 + 19)				
21	Increase/Decrease in Stock of Finished Goods				
22	Less: Self/Captive Consumption (incl. Samples, etc.)				
23	Other Adjustments (if any)				
24	Cost of Production/Operation of Product Sold (20 + 21 to 23)				
25	Administrative Overheads				

26	Secondary Packing Cost				
27	Selling & Distribution Overheads				
28	Cost of Sales before Interest (24 to 27)				
29	Interest & Financing Charges				
30	Cost of Sales (28 + 29)				
31	Net Sales Realization (Net of Taxes and Duties)				
32	Margin [Profit/(Loss) as per Cost Accounts] (31 - 30)				
	NOTES:				
1.	Separate cost statement shall be prepared for each 4 digit CETA Code representing the product.				
2.	In case the same product has different unit of measure, separate cost statement shall be provided for different unit of measures.				
3.	The items of cost shown in the Proforma are indicative and the same should be reflected keeping in mind the materiality of the item of cost in the product. The Proforma may be suitably modified to meet the requirement of the industry/product.				
4.	In case the company follows a pre-determined or standard costing system, the above cost statement should reflect figures at actuals after adjustment of variances, if any.				

2A. Details of Materials Consumed								
Name of Product								
CETA Heading								
Description of Material	**Category**	**UOM**	**Current Year**			**Previous Year**		
			Quantity	**Rate per Unit (Rs.)**	**Amount**	**Quantity**	**Rate per Unit (Rs.)**	**Amount**
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
Category: Indigenous/ Imported/ Self Manufactured								

2B. Details of Utilities Consumed							
Name of Product							
CETA Heading							
Description of Material	UOM	Current Year			Previous Year		
		Quantity	Rate per Unit (Rs.)	Amount	Quantity	Rate per Unit (Rs.)	Amount
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

2C. Details of Industry Specific Operating Expenses		
Name of Product		
CETA Heading		
Description of Industry Specific Operating Expenses	Current Year	Previous Year
	Amount	Amount
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

PART-C

FOR SERVICE SECTOR

1. QUANTITATIVE INFORMATION (for each service separately)			
Name of Service			
Service Code (if applicable)			
Particulars	**Unit of Measurement**	**Current Year**	**Previous Year**
1. Available Capacity			
(a) Installed Capacity			
(b) Capacity enhanced during the year, if any			
(c) Total available Capacity			
2. Actual Services Provided			
(a) Own Services			
(b) Services under contractual arrangements			
(c) Outsourced Services			
(d) Total Services			
3. Total Services provided as per Service Tax Records			
4. Capacity Utilization (in-house)			
5. Actual Sales			
(a) Services rendered – Domestic			
(b) Services rendered – Export			
(c) Total Services Rendered			

2. ABRIDGED COST STATEMENT (for each service separately)

Name of Service	
Service Code (if applicable)	
Unit of Measure	

		Services Provided	**Captive Consumption**	**Other Adjustments**	**Services rendered**
	Current Year				
	Previous Year				

Sno.	**Particulars**	**Current Year**		**Previous Year**	
		Amount (Rs.)	**Rate per Unit (Rs.)**	**Amount (Rs.)**	**Rate per Unit (Rs.)**
1	Materials Consumed (specify details as per Para 2A)				
2	Utilities (specify details as per Para 2B)				
3	Direct Employees Cost				
4	Direct Expenses				
5	Consumable Stores & Spares				
6	Repairs & Maintenance				
7	Quality Control Expenses				
8	Research & Development Expenses				
9	Technical know-how Fee / Royalty				
10	Depreciation/Amortization				
11	Other Overheads				
12	Industry Specific Operating Expenses (specify details as per Para 2C)				
13	Total (1 to 12)				
14	Less: Credits for Recoveries, if any				
15	Cost of Services provided (13 - 14)				
16	Cost of Outsourced/Contractual Services				
17	Total Services available				
18	Less: Self/Captive Consumption				
19	Other Adjustments (if any)				
20	Cost of Services Sold (17 – 18 + 19)				
21	Administrative Overheads				
22	Selling & Distribution Overheads				

23 24	Cost of Sales before Interest (20+21+22) Interest & Financing Charges				
25 26	Cost of Sales (23 + 24) Net Sales Realization (Net of Taxes and Duties)				
27	Margin [Profit/(Loss) as per Cost Accounts] (26 - 25)				
	NOTES:				
1.	Separate cost statement shall be prepared for each service				
2.	The items of cost shown in the Proforma are indicative and the same should be reflected keeping in mind the materiality of the item of cost in the service.				
3.	The Proforma may be suitably modified to meet the requirement of the industry/service.				
4.	In case the company follows a pre-determined or standard costing system, the above cost statement should reflect figures at actuals after adjustment of variances, if any.				

2A. Details of Materials Consumed									
Name of Service									
Service Code (if applicable)									
Description of Material	**Category**	**UOM**	**Current Year**			**Previous Year**			
			Quantity	**Rate per Unit (Rs.)**	**Amount**	**Quantity**	**Rate per Unit (Rs.)**	**Amount**
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
Category: Indigenous/ Imported/ Self Manufactured									

2B. Details of Utilities Consumed								
Name of Service								
Service Code (if applicable)								
Description of Material	UOM	Current Year			Previous Year			
		Quantity	Rate per Unit (Rs.)	Amount	Quantity	Rate per Unit (Rs.)	Amount
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

2C. Details of Industry Specific Operating Expenses		
Name of Service		
Service Code (if applicable)		
Description of Industry Specific Operating Expenses	Current Year	Previous Year
	Amount	Amount
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

PART-D

1. PRODUCT AND SERVICE PROFITABILITY STATEMENT (for audited products/services)

Sno.	Particulars	Current Year			Previous Year		
		Sales Rs.	Cost of Sales Rs.	Margin Rs.	Sales Rs.	Cost of Sales Rs.	Margin Rs.
	Product 1						
	Product 2						
	Product 3						
	…… etc.						
	Service 1						
	Service 2						
	Service 3						
	…… etc.						
	Total						

2. PROFIT RECONCILIATION (for the company as a whole)

Sno.	Particulars	Current Year	Previous Year
		Rs.	Rs.
1	Profit or Loss as per Cost Accounting Records		
	(a) For the audited product(s)/service(s)		
	(b) For the un-audited product(s)/service(s)		
2	Add: Incomes not considered in cost accounts (specify details)		
	a)		
	b)		
	c)		
	d)		
	e)		
	f)		
	g)		
	h)		
	i)		
	j)		
3	Less: Expenses not considered in cost accounts (specify details)		
	a)		

	b)		
	c)		
	d)		
	e)		
	f)		
	g)		
	h)		
	i)		
	j)		
4	Difference in Valuation of stock between financial accounts and cost accounts		
5.	Other adjustments, if any		
6	Profit or Loss as per Financial Accounts		
Note: Show abnormal wastages, expenses on strikes/lock-outs and any other items of expenses or incomes of abnormal nature etc. not considered in cost separately			

3. VALUE ADDITION AND DISTRIBUTION OF EARNINGS (for the company as a whole)

Sno.	Particulars	Current Year	Previous Year
		Rs.	Rs.
	Value Addition:		
1	Gross Sales (excluding returns)		
2	Less: Excise duty, etc.		
3	Net Sales		
4	Add: Export Incentives		
5	Add/Less: Adjustment in Finished Stocks		
6	Less: Cost of bought out inputs		
	(a) Cost of Materials Consumed		
	(b) Process Materials / Chemicals		
	(c) Consumption of Stores & Spares		
	(d) Utilities (e.g. power & fuel)		
	(e) Others, if any		
	Total Cost of bought out inputs		
7	Value Added		
8	Add: Income from any other sources		
9	Add: Extra Ordinary Income		
10	Earnings available for distribution		

	Distribution of Earnings to:		
1	Employees as salaries & wages, retirement benefits, etc.		
2	Shareholders as dividend		
3	Company as retained funds		
4	Government as taxes (specify)		
5	Extra Ordinary Expenses		
6	Others, if any (specify)		
7	Total distribution of earnings		

4. FINANCIAL POSITION AND RATIO ANALYSIS (for the company as a whole)

Sno.	Particulars	Units	Current Year	Previous Year
A.	**Financial Position**			
1	Share Capital			
2	Reserves & Surplus			
3	Long Term Borrowings			
4	(a) Gross Assets			
	(b) Net Assets			
5	(a) Current Assets			
	(b) Less: Current Liabilities			
	(c) Net Current Assets			
6	Capital Employed			
7	Net Worth			
B.	**Financial Performance**			
1	Value Added			
2	Net Revenue from Operations of Company			
3	Profit before Tax (PBT)			
C.	**Profitability Ratios**			
1	PBT to Capital Employed (B3/A6)	%		
2	PBT to Net Worth (B3/A7)	%		
3	PBT to Value Added (B3/B4)	%		
4	PBT to Net revenue from Operations (B3/B2)	%		
D.	**Other Financial Ratios**			
1	Debt-Equity Ratio			
2	Current Assets to Current Liabilities			
3	Valued Added to Net Revenue from Operations	%		

E.	**Working Capital Ratios**			
1	Raw Materials Stock to Consumption	Months		
2	Stores & Spares to Consumption	Months		
3	Finished Goods Stock to Cost of Sales	Months		

Notes:

1. Capital Employed means average of net fixed assets (excluding effect of revaluation of fixed assets) plus Non-current investments and net current assets existing at the beginning and close of the financial year.
2. Net Worth is as defined under clause (57) of section 2 of the Companies Act, 2013.

5. RELATED PARTY TRANSACTIONS (for the company as a whole)

Sno.	Name & Address of the Related Party	Name of the Product / Service	Nature of Transaction (Sale, Purchase etc.)	Quantity	Transfer Price	Amount	Normal Price	Basis adopted to determine the Normal Price
1								
2								
3								
4								
5								
6			-					
7								
8								
9								
10								

NOTES:

1) Details should be furnished for each Related Party and Product /Service separately.
2) Details of Related Party transactions without indicating the Normal Price and the basis thereof shall be considered as incomplete information.

6. Reconciliation of Indirect Taxes (for the Company as a whole)

	Particulars	Assessable Value Rs.	Excise Duty Rs.	Service Tax Rs.	Cess & Others Rs.	VAT Rs.
	Duties/Taxes Payable					
	Excise Duty					
1	Domestic					
2	Export					
3	Stock Transfers (Net)					
4	Duty Free Clearance, Others etc.					
5	**Total Excise Duty (1 to 4)**					
6	Service Tax					
7	VAT, CST etc.					
8	Other State Taxes, if any					
9	**Total Duties / Taxes Payable (5 to 8)**					
	Duties/Taxes Paid					
10	Cenvat/VAT Credit Utilised - Inputs					
11	Cenvat/VAT Credit Utilised - Capital Goods					
12	Cenvat/VAT Credit Utilised - Input Services					
13	Cenvat/VAT Credit Utilised - Others					
14	Total (10 to 13)					
15	Paid through PLA/Cash					
16	Total Duties/Taxes Paid (14 + 15)					
17	Duties/Taxes Recovered					
18	Difference between Duties/Taxes Paid and Recovered					
19	Interest/Penalty/Fines Paid					
Note: Provide separate amounts in notes in respect of Item 4 above.						

SIGNATURE	SIGNATURE	SIGNATURE
NAME	NAME	NAME
COST AUDITOR	COMPANY SECRETARY/DIRECTOR	DIRECTOR
MEMBERSHIP NUMBER	MEMBERSHIP/DIN NUMBER	DIN NUMBER
SEAL	STAMP	STAMP
DATE	DATE	DATE

Notes:

(1) Wherever, there is any significant variation in the current year's figure over the previous year's figure for any item shown under each para of the Annexure to the Cost Audit Report, reasons thereof shall be given by the Cost Auditor.

(2) Wherever, duration of the current year or the previous year is not 12 (twelve) months, same shall be clearly indicated in the Report.