



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

Cost Accounting Standards Board (CASB)

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Nominations awaited from  
MCA, FICCI, CBDT

## COMMUNIQUE FROM CHAIRMAN-CASB

7<sup>th</sup> November 2012

Greetings for the festive season.

The past year has been a year of progress with the release of series of notifications by the Ministry of Corporate Affairs- Cost Audit Branch, realigning Cost Accounting Record Rules and Cost Audit Report Rules in line with the recommendations of the Expert Group report. In particular it also catapulted the Cost Accounting Standards(CAS) from a limited regulatory role to a wider gamut by a legal binding brought into the notifications for adherence to the CAS and GACAP.

The regulatory recognition of Cost Accounting standards and Generally Accepted Cost Accounting Principles (GACAP) is a welcome step which will further improve the level of maturity of the Cost Accountants in practice and provide industry and other stakeholders a structure for embedding the best practices in accounting, measurement and absorption of costs into the cost accounting systems of corporate sector. This will also enable the corporate sector to have a firm grip on the methodology to be followed in valuations based on cost accounting principles wherever it is followed starting with inventory valuation.

Cost Accounting Standards Board has completed development of standards (CAS) in respect of major elements of cost the Board is now initiating actions for completion of the task of developing cost accounting standards in respect of the other identified areas.

We have issued Exposure Draft on Cost Accounting Standard on Marketing Overheads and Exposure Draft on Guidance Note on Cost Accounting Standard on Administrative Overheads and Cost of Utilities for the facilitation of the members of the profession. This can be viewed on the website of the Institute.

The board is laying emphasis on developing a clarity project similar to the international practices to enable the users to understand the CAS in a simple and easily understandable guidance so that the cost accountants in practice as well as from industry can make effective implementation feasible.

With the spread of the Cost Accounting Records and Cost Audit across a wider spectrum of corporate sector, it has become imperative to evolve a common concise CAS for Small and Medium Enterprises, which will encompass the entire gamut of elements of costs and business processes. This is also in line with the emphasis the Ministry of Corporate Affairs has given to on addressing the concerns of of the MSME sector in corporate reporting and making it simpler and easier to adopt.

The application of costs go beyond the limited realms of corporate sector, as Governments both at the Central and State are concerned with providing goods and services to the larger sections of society on a cost based pricing formula on the Public Private Participatory mode. To facilitate this, the Board is also exploring the possibility of going vernacular and developing cost accounting standards in languages other than English, as many Govt. Transactions happen in vernacular. This will also provide useful guidance to the students of the institute, from rural and semi urban areas, who are on the current scheme of projects undertaken by the Institute jointly with State Governments.

I appeal to the members of the Institute belonging to the practice and industry to assimilate, understand and apply the CAS issued so far in a diligent manner, as many regulatory authorities have started making serious use of the certification of the cost statements by members, for arriving at the appropriate method of cost based valuations as and when it is applicable. It is also important that the CASB gets regular feedback from the members on the exposure drafts so that the Board can consider the practical aspects of application of CAS, before arriving at the final standard.

I would like to wish all the members of profession a very happy Deepawali and Laxmi Puja , Bhair Dhuja, Vishwakarma day and Guru Nanak Birthday.

M. Gopalakrishnan