

Lesson 14

Cost Accounting Records & Cost Audit under Companies Act, 2013

Key Concepts One Should Know

- Cost Audit
- Cost Record
- Applicability of cost audit
- Maintenance of cost record
- Purpose of cost audit
- Forms used in Cost audit

Learning Objectives

To understand the:

- Meaning of cost accounting records
- Purposes for which cost records are maintained
- Meaning of cost audit
- Various techniques used in cost audit and what is the applicability for cost audit etc.
- Nature, scope and utility of cost accounting records
- Cost audit based on different rules applicable

Regulatory Framework

- Section 148 of Companies Act, 2013
- Companies (Cost Records and Audit) Rules, 2014

Lesson Outline

- Introduction
- Rule 1: Short Title & Commencement
- Rule 2: Definitions
- Cost Record
- Rule 3: Application of Cost Record
- Rule 4: Applicability for Cost Audit
- Rule 5 : Maintenance of Cost Record
- Rule 6: Cost Audit
- Purpose of Cost Audit
- CRA-1: Forms in which Cost Records shall be maintained
- CRA-2: Form of Intimation of Appointment of Cost Auditor by the Company to Central Government
- CRA-3: Form of Cost Audit Report
- CRA-4: Form for filing Cost Audit Report with the Central Government
- LESSON ROUND UP
- GLOSSARY
- TEST YOURSELF

INTRODUCTION

The Companies Act, 2013 empowers the Central Government to make the rules so that companies engaged in specified industries, manufacturing, providing goods and rendering services are compelled to maintain their cost records by getting them audited, vide Section 148.

Thus, it is the “subordinate legislative power” of the Central Government to make rules for maintenance of cost records and audit thereof with respect to specific industries. Accordingly, the Central Government has made, from time to time, several notifications/orders, ever since the provisions were made in the erstwhile Companies Act, 1956, as well as under the current Act of 2013.

RULE 1: SHORT TITLE AND COMMENCEMENT

1. These rules may be called the Companies (Cost Records and Audit) Rules, 2014.
2. They shall come into force from the date of their publication in the Official Gazette issued on 30.06.2014.

RULE 2: DEFINITIONS

In these rules, unless the context otherwise requires -

- (a) “Act” means the Companies Act, 2013 (18 of 2013);
- (aa) “Customs Tariff Act Heading” means the heading as referred to in the Additional Notes in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);
- (b) “Cost Accountant in practice” means a cost accountant as defined in clause (b) of sub-section (1) of Section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959), who holds a valid certificate of practice under Sub-section (1) of Section 6 of that Act and who is deemed to be in practice under Sub-Section (2) of Section 2 thereof, and includes a firm or limited liability partnership of cost accountants;
- (c) “Cost Auditor” means a Cost Accountant in practice, as defined in clause (b), who is appointed by the Board;
- (d) “Cost Audit Report” means the duly signed Cost Auditor’s report on the cost records examined and cost statements which are prepared as per these rules, including attachment, annexure, qualifications or observations attached with or included in such report;
- (e) “Cost Records” means books of account relating to utilization of materials, labour and other items of cost as applicable to the production of goods or provision of services as provided in Section 148 of the Act and these rules;
- (f) “Form” means a form annexed to these rules;
- (fa) “Indian Accounting Standards” means Indian Accounting Standards as referred to in Companies (Indian Accounting Standards) Rules, 2015;
- (g) “Institute” means the Institute of Cost Accountants of India constituted under the Cost and Works Accountants Act, 1959 (23 of 1959);
- (h) All other words and expressions used in these rules but not defined, and defined in the Act or in the Companies (Specification of Definition Details) Rules, 2014 shall have the same meanings as assigned to them in the Act or in the said rules.

COST RECORD

As per Rule 2 (e) the Companies (Cost Records and Audit) Rules, 2014,

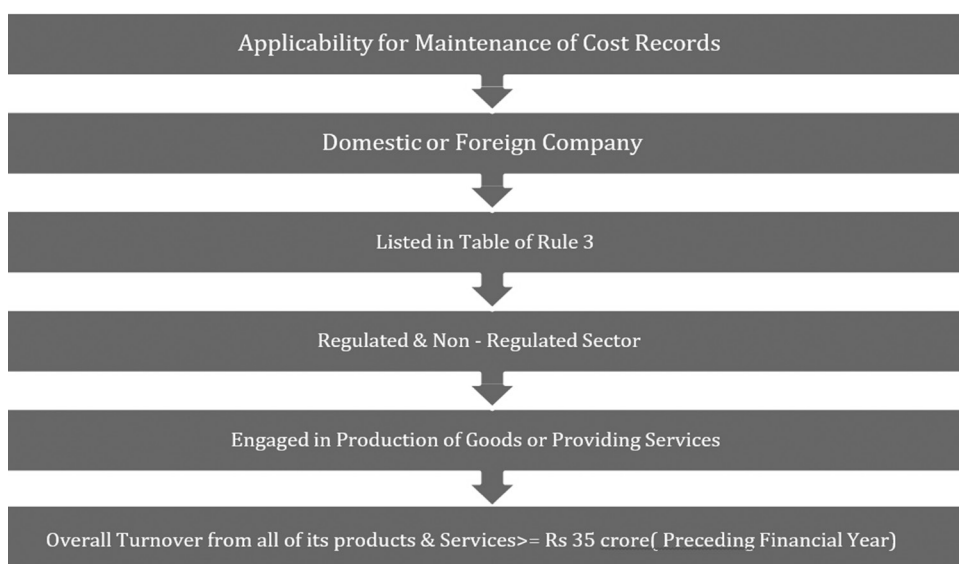
“Cost Records” means books of account relating to utilization of materials, labor and other items of cost as applicable to the production of goods or provision of services under the provisions of Section 148 of the Act. It is mandatory to keep the cost records for proper supervision and control.

Every company specified in item (A) of rule 3 shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees fifty crore or more as the aggregate turnover of the individual.

RULE 3: APPLICATION OF COST RECORDS

For the purposes of sub-section (1) of section 148 of the Act. the class of companies, including foreign companies defined in clause (42) of section 2 of the Act, engaged in the production of the goods or providing services, having an overall turnover from all its products and services of rupees thirty five crore or more during the immediately preceding financial year, shall include cost records for such products or services in their books of account,

DIAGRAMMATIC REPRESENTATION



Companies Engaged in the Production of following Goods or providing following Services :

(A) Regulated Sectors

Sl. No.	Industry/ Sector/ Product/ Service	3 rd Customs Tariff Act Heading (wherever applicable)
1.	Telecommunication services made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature and regulated by the Telecom Regulatory Authority of India under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997); including activities that requires authorisation or license issued by the Department of Telecommunications, Government of India under Indian Telegraph Act, 1885 (13 of 1885);	Not applicable.
2.	Generation, transmission, distribution and supply of electricity regulated by the relevant regulatory body or authority under the Electricity Act, 2003 (36 of 2003);	Generation- 2716; Other Activity- Not Applicable
3.	Petroleum products; including activities regulated by the Petroleum and Natural Gas Regulatory Board under the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006);	2709 to 2715; Other Activity- Not Applicable
4.	Drugs and pharmaceuticals;	2901 to 2942; 3001 to 3006.
5.	Fertilisers;	3102 to 3105.

6.	Sugar and industrial alcohol;	1701; 1703; 2207.
----	-------------------------------	-------------------

(B) Non-regulated Sectors

Sl. No.	Industry/ Sector/ Product/ Service	*“Customs Tariff Act Heading” (wherever applicable)
1.	Machinery and mechanical appliances used in defence, space and atomic energy sectors excluding any ancillary item or items; Explanation. - For the purposes of this sub-clause, any company which is engaged in any item or items supplied exclusively for use under this clause, shall be deemed to be covered under these rules.	8401; 8801 to 8805; 8901 to 8908.
2.	Turbo jets and turbo propellers;	8411
3.	Arms and ammunitions and Explosives;	3601 to 3603; 9301 to 9306.
4.	Propellant powders; prepared explosives (other than propellant powders); safety fuses detonating fuses; percussion or detonating caps; igniters; electric detonators;	3601 to 3603
5.	Radar apparatus, radio navigational aid apparatus and radio remote control apparatus;	8526
6.	Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons and parts of such vehicles, that are funded (investment made in the company) to the extent of ninety per cent, or more by the Government or Government agencies;	8710
7.	Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading 4 [services rendered for a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports under the Major Port Trusts Act, 1963 (38 of 1963)];	Not applicable.
8.	Aeronautical services of air traffic management, aircraft operations, ground safety services, ground handling, cargo facilities and supplying fuel rendered 5[at the airports] and regulated by the Airports Economic Regulatory Authority under the Airports Economic Regulatory Authority of India Act, 2008 (27 of 2008);	Not applicable.
9.	Iron and Steel;	7201 to 7229; 7301 to 7326
10.	Roads and other infrastructure projects corresponding to para No. (1) (a) as specified in Schedule VI of the Companies Act, 2013 (18 of 2013);	Not applicable.
11.	Rubber and allied products; including products regulated by the Rubber Board constituted under the Rubber Act, 1947 (XXIV of 1947);	4001 to 4017
12.	Coffee and tea;	0901 to 0902
13.	Railway or tramway locomotives, rolling stock, railway or tramway fixtures and fittings, mechanical (including electro mechanical) traffic signalling equipment's of all kind;	8601 to 8608,6[8609]

14.	Cement;	2523; 6811 to 6812
15.	Ores and Mineral products;	2502 to 2522; 2524 to 2526; 2528 to 2530; 2601 to 2617
16.	Mineral fuels (other than Petroleum), mineral oils etc.;	2701 to 2708
17.	Base metals;	7401 to 7403; 7405 to 7413; 7419; 7501 to 7508; 7601 to 7614; 7801 to 7802; 7804; 7806; 7901 to 7905; 7907; 8001; 8003; 8007; 8101 to 8113.
18.	Inorganic chemicals, organic or inorganic compounds of precious metals, rare-earth metals of radioactive elements or isotopes, and Organic Chemicals;	2801 to 2853; 2901 to 2942; 3801 to 3807; 3402 to 3403; 3809 to 3824.
19.	Jute and Jute Products;	5303, 6[5307], 5310
20.	Edible Oil;	1507 to 1518
21.	Construction Industry as per para No. (5) (a) as specified in Schedule VI of the Companies Act 2013 (18 of 2013);	Not applicable.
22.	Health services, namely functioning as or running hospitals, diagnostic centres, clinical centres or test laboratories;	Not applicable.
23.	Education services, other than such similar services falling under philanthropy or as part of social spend which do not form part of any business;	Not applicable.
24.	Milk powder;	0402
25.	Insecticides;	3808
26.	Plastics and polymers;	3901 to 3914; 3916 to 3921; 3925
27.	Tyres and tubes;	4011 to 4013
28.	[Pulp and Paper];	6[4701 to 4704], 4801 to 4802.
29.	Textiles;	5004 to 5007; 5106 to 5113; 5205 to 5212; 5303; 6[5307] 5310; 5401 to 5408; 5501 to 5516

30.	Glass;	7003 to 7008; 7011; 7016
31.	Other machinery and Mechanical Appliances;	8402 to 8487
32.	Electricals or electronic machinery;	8501 to 8507; 8511 to 8512; 8514 to 8515; 8517; 8525 to 8536; 8538 to 8547.
33.	Production, import and supply or trading of following medical devices, namely:-	9018 to 9022”].
	Cardiac stents; Drug eluting stents; Catheters; Intra ocular lenses; Bone cements; Heart valves; Orthopaedic implants; Internal prosthetic replacements; Scalp vein set; Deep brain stimulator; Ventricular peripheral shud; Spinal implants; Automatic impalpable cardiac 8[defibrillators], Pacemaker (temporary and permanent); Patent ductus arteriosus, atrial septal defect and ventricular septal defect closure device; Cardiac re-synchronize therapy ; Urethra spinicture devices; Sling male or female; Prostate occlusion device; and Urethral stents:	

Provided that nothing contained in serial number 33 shall apply to foreign companies having only liaison offices.

Provided further that nothing contained in this rule shall apply to a company which is classified as a micro enterprise or a small enterprise including as per the turnover criteria under sub-section (9) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)].

RULE 4: APPLICABILITY FOR COST AUDIT

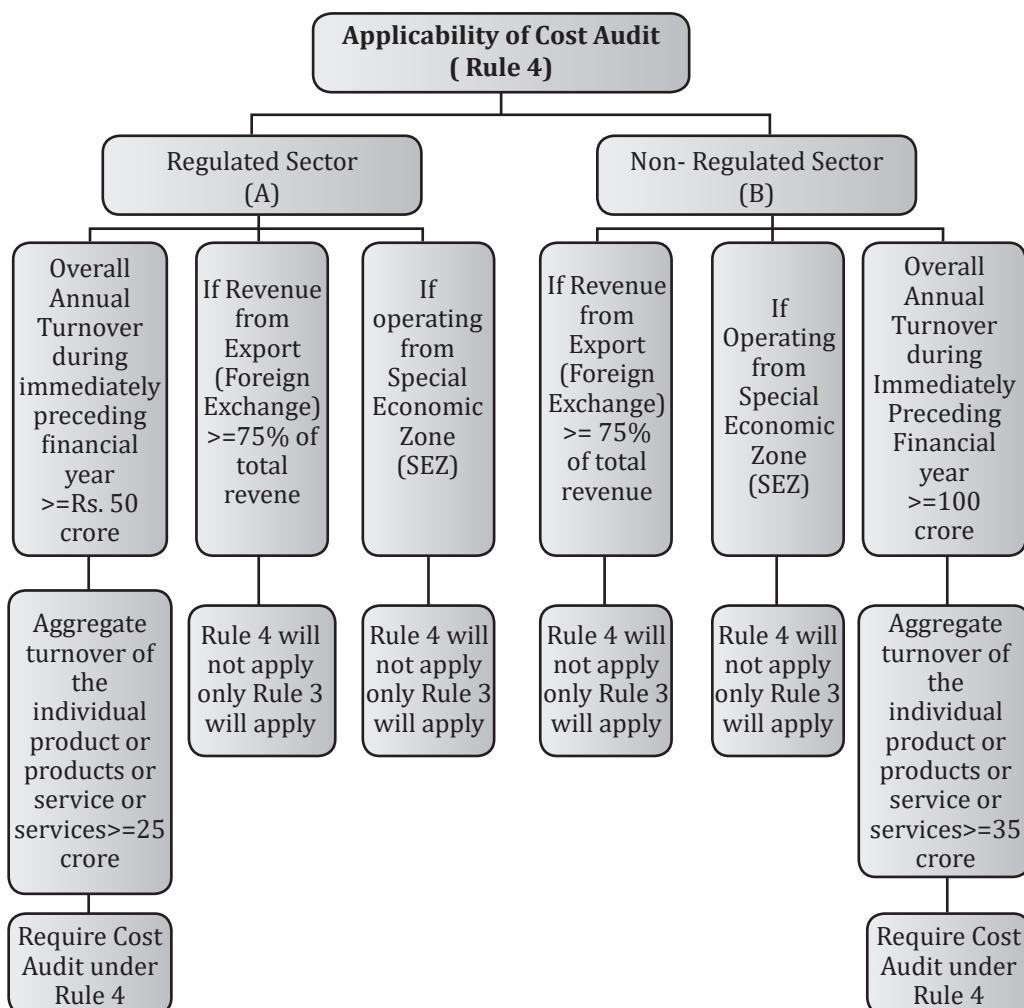
The companies required to include cost records in their books of account in accordance with subrule (1), shall be required to get such cost records audited by a cost auditor.

Every company specified in item (A) of rule 3 shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees fifty crore or more and the aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is rupees twenty five crore or more.

Every company specified in item (B) of rule 3 shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees one hundred crore or more and the aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is rupees thirty five crore or more.

The requirement for cost audit under these rules shall not apply to a company which is covered in rule 3; and

- (i) whose revenue from exports, in foreign exchange, exceeds seventy five per cent of its total revenue; or
- (ii) which is operating from a special economic zone;
- (iii) which is engaged in generation of electricity for captive consumption through Captive Generating Plant. For this purpose, the term “Captive Generating Plant” shall have the same meaning as assigned in rule 3 of the Electricity Rules, 2005.

RULE 4: DIAGRAMMATIC REPRESENTATION

RULE 5: MAINTENANCE OF COST RECORDS

- (1) Every company under these rules including all units and branches thereof, shall in respect of each of its financial year commencing on or after the 1st day of April, 2014, will maintain cost records in form 2 [CRA-1].

Provided that company is covered in serial number 12 and serial numbers 24 to 32 of item (B) of rule 3, the requirement under this rule shall apply in respect of each of its financial year commencing on or after 1st day of April, 2015.

- (2) The cost records referred to in the sub-rule (1) shall be maintained on regular basis in such a manner as to facilitate calculation of per unit cost of production or cost of operations, cost of sales and margin for each of its products and activities for every financial year on monthly or quarterly or half yearly or annual basis.
- (3) The cost records shall be maintained in such a manner so as to enable the company to exercise, as far as possible, control over the various operations and costs to achieve optimum economies in utilization of resources and these records shall also provide necessary data which is required to be furnished under these rules.

RULE 6: COST AUDIT

- (1) The category of companies specified in rule 3 and the thresholds limits laid down in rule 4, shall within one hundred and eighty days of the commencement of every financial year, appoint a cost auditor.

Provided that before such an appointment is made, the written consent of the cost auditor, and a certificate from him, as provided in sub-rule (1A), shall be obtained

- (1A) The cost auditor appointed under the sub-rule (1) shall submit a certificate that—
- (a) the individual or the firm, as the case may be, is eligible for appointment and is not disqualified for appointment under the Act, the Cost and Works Accountants Act, 1959 (23 of 1959) and the rules or regulations made thereunder;
 - (b) the individual or the firm, as the case may be, satisfies the criteria provided in Section 141 of the Act, so far as may be applicable;
 - (c) the proposed appointment is within the limits laid down by or under the authority of the Act; and
 - (d) the list of proceedings against the Cost Auditor or audit firm or any partner of the audit firm pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct.”
- (2) Every company referred to in the sub-rule (1) shall inform the cost auditor concerned of his appointment as such and file a notice of such appointment with the Central Government within a period of thirty days of the Board meeting in which such appointment is made, or within a period of one hundred and eighty days of the commencement of the financial year, whichever is earlier; through electronic mode, in form CRA-2, along with the fee as specified in Companies (Registration Offices and Fees) Rules, 2014.
- (3) Every cost auditor appointed as such shall continue in such capacity till the expiry of one hundred and eighty days from the closure of the financial year or till he submits the cost audit report, for the financial year for which he has been appointed.

Provided that the cost auditor appointed under these rules may be removed from his office before the expiry of his term, through a Board resolution after giving a reasonable opportunity of being heard to the Cost Auditor and recording the reasons for such removal in writing;

Provided further that the Form CRA-2 to be filed with the Central Government for intimating appointment of another Cost Auditor shall enclose the relevant Board Resolution to the effect;

Provided also that nothing contained in this sub-rule shall prejudice the right of the cost auditor to resign from such office of the company.

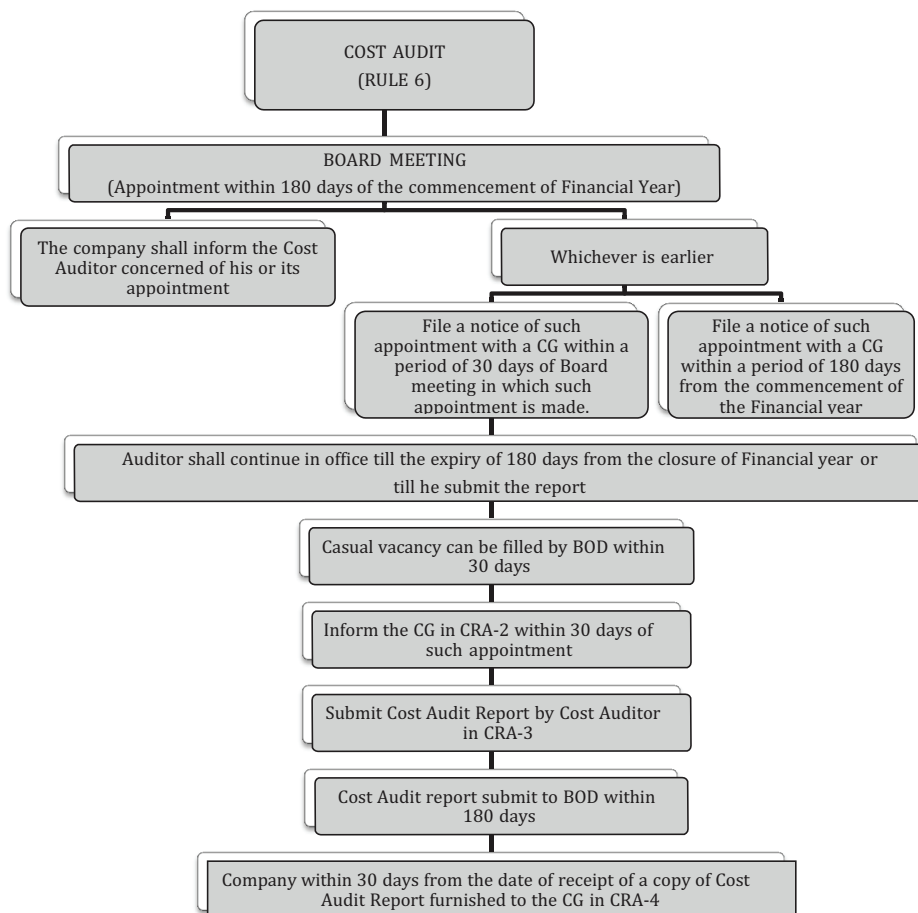
- (3A) Any casual vacancy in the office of a Cost Auditor, whether due to resignation, death or removal, shall be filled by the Board of Directors within thirty days of the occurrence of such vacancy and the company shall inform the Central Government in Form CRA-2 within thirty days of such appointment of cost auditor.

- (3B) The cost statements, including other statements to be annexed to the cost audit report, shall be approved by the Board of Directors before they are signed on behalf of the Board by any of the director authorized by the Board, for submission to the Cost Auditor to report thereon.
- (4) Every Cost Auditor, who conducts an audit of the cost records of a company, shall submit the cost audit report along with his or its reservations or qualifications or observations or suggestions, if any, in form CRA-3.
- (5) Every Cost Auditor shall forward his duly signed 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 and the Board of Directors shall consider and examine such report, particularly any reservation or qualification contained therein.
- (6) Every company covered under these rules shall, 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 in Extensible Business Reporting Language (XBRL) format in the manner as specified in the Companies (Filing of Documents and Forms in Extensible Business Reporting language) Rules, 2015 along with fees specified in the Companies (Registration Offices and Fees) Rules, 2014.”

Provided that the Companies which have got extension of time of holding Annual General Meeting under section 96 (1) of the Companies Act, 2013, may file form CRA-4 within resultant extended period of filing financial statements under section 137 of the Companies Act, 2013.]

- (7) The provisions of sub-section (12) of section 143 of the Act and the relevant rules made thereunder shall apply mutatis mutandis to a cost auditor during performance of his functions under section 148 of the Act and these rules.

RULE 6: DIAGRAMMATIC REPRESENTATION



PURPOSE OF COST AUDIT

The primary purpose of Cost Audit is to express an opinion on the cost accounts of the company whether these have been properly maintained and compiled according to the cost accounting system followed by the enterprise or not. However, the purposes of Cost Audit may be segregated into general and social objectives.

The general objectives can be described to include the following:

- (1) Verification of cost accounts with a view to ascertaining that these have been properly maintained and compiled according to the cost accounting system followed by the enterprise.
- (2) Ensuring that the prescribed procedures of cost accounting records rules are duly adhered to.
- (3) Detection of errors and fraud.
- (4) Verification of the cost of each “cost unit” and “cost centre” to ensure that these have been properly ascertained.
- (5) Determination of inventory valuation.
- (6) Facilitating the fixation of prices of goods and services.
- (7) Periodical reconciliation between cost accounts and financial accounts.
- (8) Ensuring optimum utilization of human, physical and financial resources of the enterprise.
- (9) Detection and correction of abnormal loss.
- (10) Inculcation of cost consciousness.
- (11) Advising management, on the basis of interfirm comparison of cost records, as regards the areas where performance calls for improvement.
- (12) Promoting corporate governance through various operational disclosures.

Social Purposes of Cost Audit

The following deserve special mention:

1. Facilitate in fixation of reasonable prices of goods and services produced by the enterprise.
2. Improvement in productivity of human, physical and financial resources of the enterprise.
3. Channelize enterprise resources to most optimum, productive and profitable areas.
4. Availability of audited cost data as regards contracts containing escalation clauses.
5. Facilitate in settlement of bills in the case of cost-plus contracts entered into by the Government.
6. Pinpointing areas of inefficiency and mismanagement, if any for the benefit of shareholders, consumers, etc., such that necessary corrective action could be taken in time.

CRA-1: FORMS IN WHICH COST RECORDS SHALL BE MAINTAINED

The form CRA-1 prescribes the form in which cost records shall be maintained. The form categorizes the requirement of maintaining proper details as per 30 headings. The headings are as follows:

1. Material Cost
2. Employee Cost
3. Utilities
4. Direct Expenses
5. Repair and Maintenance
6. Fixed Assets and Depreciation

7. Overheads
8. Administrative Overheads
9. Transportation Cost
10. Royalty and Technical Know-how
11. Research and Development expenses
12. Quality Control Expenses
13. Pollution Control Expenses
14. Service Department Expenses
15. Packing Expenses
16. Interest and Financing Charges
17. Any other item of Cost
18. Capacity Determination
19. Work-in-progress and finished stock
20. Captive Consumption
21. By - Products and Joint Products
22. Adjustment of Cost Variances
23. Reconciliation of Cost and Financial Accounts
24. Related Party Transactions
25. Expenses or Incentives on Exports
26. Production records
27. Sales records
28. Cost Statements
29. Statistical Records
30. Records of Physical Verification.

CRA-2: FORM OF INTIMATION OF APPOINTMENT OF COST AUDITOR BY THE COMPANY TO CENTRAL GOVERNMENT

- (1) Corporate Identity Number (CIN) or Foreign Company Registration Number (FCRN) of the company
- (2) General Information
- (3) Product(s)/Service(s) to which Cost Audit relates
- (4) Details of all the Cost Auditor(s) appointed
- (5) Financial year to be covered under the Cost Audit
- (6) Details of previous Cost Auditor which has not been reappointed
- (7) Attachments
 - Copy of the Board resolution of the company
 - Optional attachment - if any

CRA-3: FORM OF COST AUDIT REPORT

Clause (vii) have been added to auditor's report as under:

Detailed unit wise and product/service wise cost statements and schedules thereto In respect of the product/ services under reference of the company duly audited and certified by me/us are/are not kept in the company.

Annexure to Cost Audit Report

Annexure has been reclassified into Four Parts as under :

Part-A General Information

General Details of Cost Auditors,

Cost Accounting Policy,

Product/Service Details – of the company as a whole.

Part-B for Manufacturing Sector

Quantitative Information, Abridged Cost Statement, Details of Materials

Consumed, Details of Utilities Consumed, Details of Industry Specific Operating Expenses.

Part-C for Service Sector Quantitative Information, Abridged Cost Statement, Details of Materials Consumed, Details of Utilities Consumed,

Details of Industry Specific Operating Expenses.

Part-D Product and Service Profitability Statement, Profit Reconciliation, Value Addition and Distribution Of Earnings, Financial Position and Ratio Analysis,

Related Party Transactions,

Reconciliation of Indirect taxes.

CRA-4: FORM FOR FILING COST AUDIT REPORT WITH THE CENTRAL GOVERNMENT

1. Corporate Identity Number (CIN) or Foreign Company Registration Number (FCRN) of the company.
2. General Information.
3. Details of industries/ sectors/product(s)/ service(s) (CETA heading level, wherever applicable as per Rules for Regulated and Non-regulated sector) for which cost audit report is being submitted.
4. Details of industries/ sectors/product(s)/ service(s) (CETA heading level, wherever applicable as per Rules for Regulated and Non-regulated sector) not cover in cost audit report.
5. Details of cost auditor(s) appointment.
6. Details of observation of cost audit report.
7. Attachments :
 - XBRL document in respect of the cost audit report and Company's information and explanation on every qualification and reservation contained therein.
 - Optional attachment, if any.

LESSON ROUND-UP

- The Companies Act, 2013 empowers the Central Government to make the rules so that companies engaged in specified industries, manufacturing, providing goods and rendering services are compelled to maintain their cost records by getting them audited, vide Section 148.
- As per Rule 2(e) the Companies (Cost Records and Audit) Rules, 2014, “Cost Records” means books of account relating to the utilization of materials, labour and other items of cost as applicable to the production of goods or provision of services under the provisions of Section 148 of the Act.
- It is mandatory to keep the cost records for the purpose of proper supervision and control.
- The class of companies, including foreign companies defined in clause (42) of Section 2 of the Act, engaged in the production of the goods or providing services, having an overall turnover from all its products and services of Rs. 35 crore or more during the immediately preceding financial year, shall include cost records for such products or services in their books of account.
- Every company specified in item (A) of rule 3 shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees fifty crore or more and the aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is rupees twenty five crore or more.
- Every company specified in item (B) of rule 3 shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees one hundred crore or more and the aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is rupees thirty five crore or more.
- The cost records referred to in sub-rule (1) shall be maintained on regular basis in such a manner as to facilitate calculation of per unit cost of production or cost of operations, cost of sales and margin for each of its products and activities for every financial year on monthly or quarterly or halfyearly or annual basis.
- The cost records shall be maintained in such a manner so as to enable the company to exercise, as far as possible, control over the various operations and costs to achieve optimum utilization of resources, and these records shall also provide necessary data which is required to be furnished under these rules.
- The category of companies specified in rule 3 and whose thresholds limits laid down in rule 4, shall within one hundred and eighty days of the commencement of every financial year, appoint a cost auditor.
- Form CRA-1 shall be maintained to keep cost records
- Form CRA-2 is the form of intimation of appointment of cost auditor by the company to Central Government
- Overhead may be defined as the cost of indirect material, indirect labour and such other expenses, including services, as cannot be conveniently charged direct to specific cost centres or cost units.
- Direct costs (materials, labour, etc.) are associated with individual jobs or products.
- Indirect expenses or overheads are not associated with individual jobs or products; they represent the cost of the facilities required for carrying on the operations.
- Cost Sheet is the statement designed to show the output of the particular accounting period along with breakup of costs.

GLOSSARY**Cost Auditor**

Cost Auditor means a Cost Accountant in practice, as defined in clause (b), who is appointed by the Board

Cost Audit Report

Cost Audit Report means the duly signed Cost Auditor's report on the cost records examined and cost statements which are prepared as per these rules, including attachment, annexure, qualifications or observations attached with or included in such report

TEST YOURSELF

1. What do you mean by Cost Record? How should a company maintain the cost records?
2. Diagrammatically discuss the applicability of cost record.
3. State the provisions of the Companies Act, 2013 with respect to the Audit of Cost Accounts
4. As per Rule 4 of Companies Act 2013 explain the applicability of Cost Audit.
5. How can a Cost Auditor be appointed in a company? Explain the form of intimation of appointment of cost auditor by the company to the Central Government
6. What are the rights and responsibilities of a Cost Auditor?
7. Discuss the Cost Audit Report.
8. Whether maintenance of cost accounting records and cost audit thereof, subject to threshold limits prescribed, is applicable to products which are for 100% captive consumption?