

COST ACCOUNTING RECORDS (SHAVING SYSTEMS) RULES, 1996

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COST ACCOUNTING RECORDS (SHAVING SYSTEMS) RULES, 1996

¹1. Published in the Gazette of India Extraordinary. Part- II, Sec.

3(i), dated 6th May, 1996 (w.e.f. 6th May, 1996). In exercise of the powers conferred by sub-section (1) of Section 642, read with Cl. (d) of sub-section (1) of Sec. 209 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, namely:

1. Short title and commencement :-

(1) Proper records shall be maintained batchwise showing separately all receipts, issues and balances both in quantities and cost of each item of direct materials required and actually used in the production, processing or manufacture of different types of item referred to in rule 2, in any form or any type. These records for direct materials shall contain such details as to enable the company to determine the quantity, cost of receipt (including all direct charges upto the works in respect of all major direct materials), issues and balances of each item of direct material separately for imported and indigenous supplies for each batch of Shaving systems produced. In case of imported materials including those canalised through government agencies, details of cost, freight, insurance charges (CIF value) custom duty, port charges, inland freight and handling and clearancr charges paid shall be recorded separately. The basis on which the said quantities and costs of issue and consumption have been calculated shall be indicated in the cost records and followed consistently. The records relating to consumption of various materials in the manufacture of the Shaving systems referred to in rule 2, items shall be identified with the respective batch of production or the cost centres to which the materials are issued.

(2) Proper records shall be maintained to show the receipts, issues and balances both in quantities and costs of each item of process material and chemicals. The issues and consumption shall be properly identified with the departments, cost centres and the products manufactured.

(1) In case, where the process material/components/ chemicals etc. required in the production of items referred to in rule 2 are manufactured by the company, separate records showing the cost of manufacture of each such item indicating the break up of raw materials consumed for the production and conversion cost shall be maintained in Proforma 'BI' to Schedule II annexed to these rules or in any other proforma as near thereto as may enable the company to determine the cost of such process

materials/components/chemicals produced. The cost sheets for various components such as empty cartridges, seat, handle, cap or guard etc. should be separately shown in the said Proforma 'BI'.

(2) In case any raw material/process chemicals covered under any Cost Accounting (Records) Rules prescribed under the Companies Act, 1956, (1 of 1956) is manufactured by the company, proper cost accounting records shall also be maintained as per the relevant rules so as to arrive at the cost of such items.

(3) If the quantity and value of materials consumed are determined on the basis of standard costing, the method adopted shall be mentioned in the cost records and followed consistently. The overall reconciliation of such quantities and value of materials with the actuals shall be made atleast quarterly during the financial year explaining the reasons for variations. The treatment of such variations in determining the cost of the items referred to in rule 2 shall be indicated in the cost records.

(4) Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable stores, small tools and machinery spares. The cost shall include all direct charges upto works.

(1) In the case consumable stores and small tools the cost of which are insignificant, the company may, if it so desires, maintain such records for the main group of such items.

(2) The cost of consumption of consumable stores, small tools, and machinery spares shall be charged to the relevant cost centres on the basis of actual issues.

(5) Proper records shall be maintained showing the quantity and value of wastages, spoilages, rejections and losses of raw materials, process materials, consumable stores, small tools and machinery spares, whether in transit, storage, manufacture or at any other stage. The method followed for adjusting the above losses as well as the income derived from the disposal of rejected and waste materials including spoilages if any, in determining the cost of product shall be indicated in the cost records. Any abnormal wastages or spoilages etc. shall be indicated distinctly and separately alongwith reasons thereof.

(6) Where Modified Value Added Tax (Modvat) or any other benefits under Central Excise and Salt Act, 1944 are available on

any item of material, breakup details of such items should be furnished alongwith the proforma relating to cost of sales of the Sch. II annexed to these rules and also shown in cost of production or cost sheet of cost of sales.

2 \Application

. . These rules shall apply to every company engaged in the production, processing or manufacture of the classes of shaving systems used for shaving purposes by human beings, whether electronic or electric or mechanical or manual, as specified in the appendix annexed to these rules:- Provided that these rules shall not apply to company:

(a) the aggregate value of the machinery and plant installed in the undertaking of the company does not exceed sixty lakh rupees as on the last day of the preceding financial year, and for this purpose, the value of any Machinery or plant shall be:

(i) in the case of any machinery or plant owned by the company, the cost thereof to the company; and

(ii) in the case of any machinery or plant held by the company on lease or by hire purchase, the cost thereof as in the case of owner of such machinery or plant: and

(b) the aggregate value of the turnover made by the company from the sale or supply of all its products during the preceding financial year does not exceed ten crore rupees.

3. Maintenance of records :-

Detailed records shall be maintained to indicate expenses incurred in respect of each service department or cost centre like laboratory, welfare, transport etc. These expenses shall be apportioned to other services and production departments on equitable basis and applied consistently. Where these services are utilised for other products of the company, the basis of appointment to the Shaving system, referred to in rule 2 and to the other products shall be equitable and clearly indicated in the records and applied consistently.

4 \Penalty

. . If a company contravenes the provisions of rule 3, the company and every officer who is in default including the persons referred to in sub rule (c) of rule 3 shall subject to the provisions of Sec. 209 of the Companies Act, 1956 (1 of 1956) be punishable with fine which may extend to five hundred rupees and where the contravention is a continuing one with a further Fine which may extend to fifty rupees for every day after the first day during which period such contravention continues.

SCHEDULE 1

1

1. Materials :-

(1) Proper records shall be maintained batchwise showing separately all receipts, issues and balances both in quantities and cost of each item of direct materials required and actually used in the production, processing or manufacture of different types of item referred to in rule 2, in any form or any type. These records for direct materials shall contain such details as to enable the company to determine the quantity, cost of receipt (including all direct charges upto the works in respect of all major direct materials), issues and balances of each item of direct material separately for imported and indigenous supplies for each batch of Shaving systems produced. In case of imported materials including those canalised through government agencies, details of cost, freight, insurance charges (CIF value) custom duty, port charges, inland freight and handling and clearancr charges paid shall be recorded separately. The basis on which the said quantities and costs of issue and consumption have been calculated shall be indicated in the cost records and followed consistently. The records relating to consumption of various materials in the manufacture of the Shaving systems referred to in rule 2, items shall be identified with the respective batch of production or the cost centres to which the materials are issued.

(2) Proper records shall be maintained to show the receipts, issues and balances both in quantities and costs of each item of process material and chemicals. The issues and consumption shall be properly identified with the departments, cost centres and the products manufactured.

(1) In case, where the process material/components/ chemicals etc. required in the production of items referred to in rule 2 are manufactured by the company, separate records showing the cost of manufacture of each such item indicating the break up of raw materials consumed for the production and conversion cost shall be maintained in Proforma 'BI' to Schedule II annexed to these rules or in any other proforma as near thereto as may enable the company to determine the cost of such process materials/components/chemicals produced. The cost sheets for various components such as empty cartidges, seat, handle, cap or guard etc. should be separately shown in the said Proforma 'BI'.

(2) In case any raw material/process chemicals covered under any Cost Accounting (Records) Rules prescribed under the Companies Act, 1956, (1 of 1956) is manufactured by the company, proper cost accounting records shall also be maintained as per the relevant rules so as to arrive at the cost of such items.

(3) If the quantity and value of materials consumed are determined on the basis of standard costing, the method adopted shall be mentioned in the cost records and followed consistently. The overall reconciliation of such quantities and value of materials with the actuals shall be made atleast quarterly during the financial year explaining the reasons for variations. The treatment of such variations in determining the cost of the items referred to in rule 2 shall be indicated in the cost records.

(4) Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable stores, small tools and machinery spares. The cost shall include all direct charges upto works.

(1) In the case consumable stores and small tools the cost of which are insignificant, the company may, if it so desires, maintain such records for the main group of such items.

(2) The cost of consumption of consumable stores, small tools, and machinery spares shall be charged to the relevant cost centres on the basis of actual issues.

(5) Proper records shall be maintained showing the quantity and value of wastages, spoilages, rejections and losses of raw materials, process materials, consumable stores, small tools and machinery spares, whether in transit, storage, manufacture or at any other stage. The method followed for adjusting the above losses as well as the income derived from the disposal of rejected and waste materials including spoilages if any, in determining the cost of product shall be indicated in the cost records. Any abnormal wastages or spoilages etc. shall be indicated distinctly and separately alongwith reasons thereof.

(6) Where Modified Value Added Tax (Modvat) or any other benefits under Central Excise and Salt Act, 1944 are available on any item of material, breakup details of such items should be furnished alongwith the proforma relating to cost of sales of the Sch. II annexed to these rules and also shown in cost of production or cost sheet of cost of sales.

2. Salaries and Wages :-

(1) Proper records shall be maintained to show the attendance and earnings of all employees of the cost centres or departments and the work on which they are employed. The records shall also indicate the following separately for each cost centre:

(a) Piece rate wages earned (wherever applicable);

(b) Incentive wages earned individually or collectively as production bonus or under any other scheme based on output.

(c) Overtime Wages earned;

(d) Earnings of casual labour;

(2) The records shall be maintained in such a manner as themselves the company to furnish necessary particulars under this head in the various Annexure and Proformae of the Sch. I and II annexed to these rules. Where the employees work in such a manner that it is not possible to identify them with any cost centre, the labour charges shall be apportioned to the cost centres on equitable basis and applied consistently.

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

(4) Any wages and salaries allocable, to capital works such as additions to plant and machinery, buildings, or other fixed assets shall be accounted for under the relevant capital heads.

(5) If the wages and salaries are charged to production on the basis of standard costing, the method adopted shall be indicated in the cost records. The reconciliation of such wages and salaries with actuals shall be made at least quarterly during the financial year explaining the reasons for variations. The treatment of such variations in determining the cost of item referred to in rule 2 shall be indicated in the cost records.

3. Service department expenses :-

Detailed records shall be maintained to indicate expenses incurred in respect of each service department or cost centre like laboratory, welfare, transport etc. These expenses shall be apportioned to other services and production departments on equitable basis and

applied consistently. Where these services are utilised for other products of the company, the basis of appointment to the Shaving system, referred to in rule 2 and to the other products shall be equitable and clearly indicated in the records and applied consistently.

4. Utilities :-

(1) Water. Proper records showing the quantity and cost of treated/ cooling water produced and consumed for the manufacture of Shaving systems in different cost centres or departments shall be maintained in such details as may enable the company to furnish the necessary particulars in Annexure-I to this Schedule. Similar records shall be maintained for effluent treatment. The cost of treated water apportioned to the departments concerned shall be on a reasonable basis and applied consistently.

(2) Steam.

(1) Where steam is raised by the company, proper records showing the quantity and cost of steam raised and consumed in the production of Shaving systems as referred to in rule 2 in different cost centres or departments shall be maintained in such details as may enable the company to furnish the necessary particulars in Annexure-II to this Schedule. The cost of steam consumed by the Shaving systems, plant and other units of the company shall be calculated on a reasonable basis and applied consistently. Where steam is raised and supplied by and other unit of the company to the Shaving systems plant, the cost of steam so supplied shall be charged to Shaving system plant on a reasonable basis and applied consistently. Proper records shall be maintained for the quantity of the exothermic heat (waste heat) generated by other identical reaction plants and supplied to boiler house and any other service plants and credit should be given to the product(s). The credit shall be on a reasonable basis and applied consistently.

(2) Whenever steam is produced and used by process plants at different at (pressure), quantitative records for production and consumption of steam in different plants shall be maintained at actual pressure but the same shall be converted into an equated quantity in terms of one pressure (Low Pressure/Medium Pressure/High Pressure) for the purpose of computation of steam cost and also its allocation to different user departments. Equated pressure (ata) shall be suitably indicated in the cost sheet for

steam.

(3) In case steam is generated in waste heat boiler of the captive Power Plant, proper records of value of heat so used shall be maintained so that its cost is debited to the steam cost and appropriate credit given to the cost of generated power. Where it is not possible to exactly quantify this heat, this should be done on reasonable technical estimates or other methods like heat per unit of steam consumed in package boiler (main boiler) etc.

(3) Power.

(1) Proper records shall be maintained for the quantity and cost of power purchased. Where power is generated by the company itself, adequate records shall be maintained to show the cost of power generated and consumed for the production of Shaving systems in different cost centres and departments etc. These records shall be maintained in such details as may enable the company to furnish the necessary particulars in Annexure-III to this Schedule.

(2) Where power is generated and supplied by any other unit of the company to the Shaving systems Plant, adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power allocated to production of Shaving systems referred to in rule 2 shall be on a reasonable basis and applied consistently.

(4) Utilities other than water system and power.-

(1) Proper records shall also be maintained in respect of any other utilities other than water, steam and power produced or purchased by the company, to enable the company to furnish the particulars in Annexure I, II or III to this schedule whichever is appropriate.

(2) If an utility is purchased, proper records showing the delivered cost upto the works including all direct charges shall be maintained for the quantity and value of each utility purchased.

(3) Where an utility is produced and supplied by the other unit of the company, adequate records shall be maintained to assess cost and the quantity of the utility so supplied.

(4) The cost of utility if any supplied to any other unit(s) of the company, shall be calculated on reasonable basis and applied consistently.

(5) The cost of an utility allocated/apportioned to the cost centres and further to the individual products shall be on a reasonable basis and applied consistently.

5. Workshop/repairs and maintenance/tool rooms :-

(1) Proper records showing the expenditure incurred by the workshop under different heads and on repairs and maintenance by the various cost centres and departments shall be maintained. The records shall also indicate the basis of charging the workshop/tool/room expenses to different cost centres/departments and units. Where maintenance work is done by direct workers of any production cost centre, the wages and salaries of such workers shall be treated as direct expenses of the respective cost centre. If the services are utilised for other products also, the manner of charging a share to Shaving systems, referred to in rule 2 shall be equitable and clearly indicated in records and applied consistently.

(2) Expenditure on major repair works from which benefit is likely to accrue for more than one financial year, shall be shown separately in the cost records indicating the method of accounting in determining the cost with reference to the period for which the benefit of such expenditure is likely to last.

(3) Expenditure incurred on works of a capital nature shall be capitalised. The cost of such jobs shall include the expenditure on material, labour and due share of the overheads.

(4) The jobs carried out by workshops of Shaving system unit for other units of the Company shall be charged on a reasonable basis and applied consistently.

6. Depreciation :-

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

done prior to the aforesaid date.

(2) The basis on which depreciation is calculated and allocated apportioned to the various cost centres and departments and absorbed on the products shall be clearly indicated in the cost records. Depreciation chargeable to the different cost centres and departments shall be not less than the amount of depreciation chargeable in accordance with provisions of sub-section (2) of Sec. 205 of the Companies Act, 1956 (1 of 1956) and shall relate to plant, machinery and other fixed assets utilised in such cost centres and departments. In case the amount of depreciation charged in the cost accounts in any financial year is higher than the amount of depreciation chargeable under the aforesaid provisions of the Companies Act, 1956 (1 of 1956), the amount so charged in excess shall be indicated clearly in the cost records. The cost records shall also show the effect of the said excess on the per unit cost of Shaving systems referred to in rule 2. The cumulative depreciation charged in the cost records, against any individual item of asset shall not, however, exceed the original cost of the respective asset.

7. Royalty/technical know-how fee :-

Adequate records shall be maintained showing the royalty or other recurring or non-recurring payments if any, made to collaborators or technology suppliers in terms of agreements entered into with them. Such records shall be kept separately in respect of each such supplier. The basis of charging such amounts including one time payments to the products shall be indicated in the cost records.

8. Other overheads :-

(1) Proper records shall be maintained showing the various items of expenses comprising the other overheads. These expenses shall be analysed, classified and grouped according to functions, viz. works, administration and selling and distribution.

(2) Where the company is manufacturing any product(s) other than Shaving systems referred to in rule 2, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to the Shaving systems and other activities including capital works. Where certain expenses forming part of overheads can be identified with a particular activity or products, such expenses shall be segregated and charged to the relevant activity or product in the first instance and thereafter the common expenses under the above categories of

overheads shall be apportioned on a reasonable and equitable basis and applied consistently. Overheads chargeable to capital works shall be indicated separately in the cost records. Basis of apportionment or absorption of over-heads to the cost centres and products shall be indicated in the cost records.

(3) The details of works, administration and selling and distribution overheads shall be maintained in such a manner as to enable the company to fill up the necessary particulars in Annexures I to III of this Schedule and proformae A to F of Sch. II annexed to these rules.

9. Conversion Test :-

(1) Proper records shall be maintained for splitting up of conversion cost (the cost of manufacture less direct material cost) into fixed and variable cost for filling the relevant Annexures and Proformae in Sch. I and Sch. II annexed to these rules.

(2) When more than one manufacturing process is carried out in a particular machine(s) or series of machines, adequate records about the usage of such machine(s) for different products shall be kept. The cost of using such machine(s) shall be charged to the different products on an equitable basis e.g. equipment occupancy hours. Where composite machine hour rates are applied for absorption of wages, overheads and equipment usage, proper records relating to the utilisation of labour and multi-purpose machines for different processes connected with the manufacture of different products shall be kept to enable determination of total machine hours and the amounts chargeable to the respective Shaving system referred to in rule 2. The variance between the actuals and the amount charged at pre-determined rates shall be adjusted for arriving at the actual cost of production at the end of the financial year.

10. Research and development expenses :-

(1) Proper records showing the details of expenses, if any, incurred by the company for the research and development work on the products covered under these rules according to the nature viz. development of products, existing and new ! processes of manufacture, existing and new, design and development of new plant facilities and market research for the existing and new products etc. shall be maintained separately.

(2) The method of charging these expenses to the cost of the

products shall be indicated in the cost records. Where the utility of such research and development work extends over more than one financial year, such expenses shall be treated as deferred expenses and charged to cost of production of Shaving systems referred to in rule 2 and to other products, if any, on a reasonable basis and applied consistently.

(3) Expenses incurred by the Research and Development department for providing technical know-how to outsiders shall be recorded separately and excluded from the cost of Shaving systems referred to in rule 2. The amount recovered for providing technical know-how to outsiders shall also be indicated separately.

11. Interest :-

Proper records shall be maintained showing interest charges separately on term loan and cash credit over draft (working capital). The amount of interest shall be allocated/apportioned to the products covered by these rules and other activities on a reasonable and equitable basis which shall be followed consistently. The basis of such apportionment shall be spelt out clearly in the cost statements. Basis of further charging of the share of the interest to the various types of such products shall also be reasonable and the same shall be followed consistently.

12. Expenses/incentives on exports :-

Proper records showing the expenses incurred on the export sales of the products covered by rule 2, if any, shall be separately maintained, so that the cost of export sales can be determined correctly. The expenses incurred on exports as well as any export incentive(s) earned shall be reflected in the cost statement relating to export sales. Export incentives shall be treated as other income and reflected in the cost records. Separate cost statement as per Proforma 'C' and 'D' in Sch.II annexed to these rules (suitably modified) shall be prepared for products exported giving details of export expenses incurred/incentive earned. In case, duty free imports are made, the cost statements should reflect this fact. The company should maintain a separate priced stock ledgers for the duty free import items and their consumption. If the duty free imports have been made after actual production, the statements should reflect this fact.

13. Scrap and wastage :-

Proper records shall be maintained for all major items of scrap and wastage including steel strip, coil and polysterene etc. produced

showing the receipt, issues and balance both in quantity and value. The records for the scrap and wastage shall be maintained for all the major processes or cost centre separately so as to arrive at the process wise/cost centre wise scrap generation. The basis adopted for valuation of scrap for giving credit to the respective processes shall be equitable and consistent and should be indicated in cost records.

14. Joint products :-

Where more than one product which is of equal economic importance arises from processes, the cost upto the point of separation of products shall be apportioned to joint products on reasonable and equitable basis and shall be applied consistently. The basis on which such joint costs are apportioned to different products arising from the process/processes shall be indicated in the cost reports. The cost of products shall be shown in Proforma B of Sch.II annexed to these rules.

15. Captive consumption :-

Proper records shall be maintained in proforma B of Sch. II annexed to these rules showing the quantity and cost of items referred to under rule 2 transferred to other department(s)/unit(s) of the company for captive consumption. Such transfers shall be effected at cost and shall be disclosed in the cost records.

16. Packing :-

(1) Proper records shall be maintained showing the quantity and cost of various packing materials and other expenses incurred for packing the finished products for the marketing of Shaving systems referred to under rule 2. Where such expenses are incurred in common for other products including those stated under rule 2, the basis of apportioning the expenses between the relevant products shall be clearly indicated in the cost records and applied consistently. If such packing materials are manufactured by the company, proper records showing the cost of production of such items shall be maintained.

(2) Detail records of the expenses incurred on export packing, if any, shall also be kept separately and exhibited in the relevant cost statements for exports.

17. Expenses of capital nature :-

Material consumed, wages and other expenditure including appropriate share of overheads incurred in respect of works of

capital nature, carried out departmentally, such as additions to plants and machinery and other assets, shall be capitalised under relevant heads.

18. Work in progress and finished good stock :-

The method followed for determining the cost of work in progress and finished goods of Shaving systems referred to in rule 2, shall be indicated in the cost records so as reveal the cost elements that have been taken into account in such computation. The appropriate share of conversion cost upto the stage of completion shall be taken into account while computing the cost of work in progress. The method adopted for determining the cost of work in progress and finished goods shall be followed consistently.

19. Cost statements :-

(1) Separate cost of sales statement in respect of different type of intermediates produced and sold, if any, shall be maintained in proforma BI of Sch.II annexed to these rules. Summary cost statement as per Proformae C and D of Sch.II annexed to these rules shall be maintained for each product produced and sold.

(2) If the company is operating more than one plant/factory separate cost statements as specified above shall be maintained in respect of each plant/factory.

(3) Export of products referred to under rule 2 shall be exhibited separately in respective cost statements and the same shall be excluded from the cost statements meant for sale in the domestic market.

20. Production records :-

Quantitative records of all finished and packed production, issues for sales and balances of different types of products referred to in rule 2 produced by the company shall be maintained. The cost of all finished and packed production shall be kept in detail for each type of product or in the form of control accounts provided the value of the balances according to such control accounts are reconciled periodically atleast once in a year with the value of the quantities shown in the quantitative account maintained for each type of products referred to in rule 2.

21. Reconciliations of cost and financial accounts :-

(1) Cost records shall be reconciled with the financial books of

account for the financial year is to ensure accuracy. Variations, if any, shall be clearly indicated and explained. The reconciliation shall be done in such a manner that profit of the product under reference can be correctly arrived at and reconciled with the over all profit of the company.

(2) A statement showing the total expenses incurred and income received by the company under different heads of accounts and the share applicable to the products under rule 2 shall be maintained in Proforma E of Sch. II annexed to these rules and reconciled with the financial accounts for the period.

22. Adjustment of cost variances :-

Where the company maintains cost records on any basis other than actuals such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of product under such system. The method followed for adjusting the cost variances in determining the actual cost of the product shall be indicated clearly in the cost records. The cost variances shall be shown against the relevant heads in the respective proforma of Schedule II annexed to these rules and analysed into material, labour overheads and broken up into quantity, price, capacity utilisation etc. and shall be made at least quarterly during the financial year. The reason for the variance shall be duly explained in the cost records.

23. Records of physical verifications :-

Records of physical verifications shall be maintained in respect of all items held in stock, such as raw materials, consumable stores, packing materials, machinery spares, chemicals, fuels, finished goods and fixed assets. Reasons for shortages/surpluses arising out of such verifications and the method followed by adjusting the same in the cost of products shall be indicated in the records.

24. Inter-company transactions :-

(1) In respect to supplies made or services rendered by a company to its holding company or a subsidiary or a company under the same management as defined in Sec. 370 (1B) of the Companies Act, 1956 (1 of 1956) or a company in which a director of the company is also a director in such companies and vice versa, records shall be maintained showing contract entered into or agreements or understanding reached in respect of:

(a) the purchase and sale of raw materials, joint process materials,

finished products, components, rejected goods by products/joint products including scrap and fixed assets.

(b) utilisation of plant facilities:

(c) supply of utilities and

(d) administrative, technical, managerial and any other consultancy services.

(2) These records shall indicate the basis followed for arriving at the rate charged between them and that no reasonableness of the rates charged or paid for such services can be verified.

25. Statistical records :-

(1) Data regarding available machine hours/direct labour hours in different production departments and actually utilised shall also be maintained and shortfall suitably analysed. Suitable records for computation of idle time of machines shall be maintained. A statement showing reasons for loss of production due to various reasons shall be prepared in Proforma F of Sch. II annexed to these rules or in any form as near thereto as practicable.

(2) Adequate records shall be maintained to enable the company to identify the capital employed, as fixed assets and working capital separately for each type of product or group of products as listed under rule 2 and other activities. Fresh investments on fixed assets that have not contributed to the production during the relevant period, shall be indicated in the cost record. The records shall, in addition show assets added as replacement and that added for increasing existing capacity.

26. Pollution control :-

Expenditure incurred by the company on various measures to protect the environment like effluent treatment, control of pollution of air, waste etc., should be properly recorded under the relevant annexure to this Sch. 1.

SCHEDULE 2

2

ANNEXURE 1 (See rule 3)
SCHEDULE 1
ANNEXURE-1
(See rule 3)
Name of the Company_____

Name and address of the Factory _____

Statement showing the cost of Treated/Cooling Water/Effluent Treatment during the year

ending _____

		Unit	Current year	Previous year
1.	Installed capacity			
2.	Production			
3.	Purchases			
4.	Total produced and purchased			
5.	Consumption			
6.	Transit Losses			
7.	Production at 2 as a percentage of Installed			
	capacity mentioned at 1 above			
8.	Transit loss 6 as a percentage of total production			
	at 4 above.			