

ICWAI makes six standards mandatory

The norms will be implemented from April 1, 2010

SAPNA DOGRA SINGH
New Delhi, 28 April

The Institute of Cost and Works Accountants of India (ICWAI), the apex body regulating the cost accounting profession in the country, has made six cost accounting standards (CAS) mandatory from April 1, 2010.

These standards are for classifications of costs, capacity determination, overheads, cost of production for captive consumption, determination of average cost of transportation and material cost.

These standards would bring in principle-based accounting to give greater freedom to companies to treat different components of cost in an effective manner, bringing in flexibility and reducing compliance costs for companies.

"These standards would be applicable for all cost accountants in practice," said Kunal Banerjee, president of ICWAI.

At present, these standards are recommendatory only. How-



ever, from April next year, all practising cost accountants will have to make use of these standards while carrying out cost audits.

However, the standards are not mandatory on the part of corporate entities as they are governed under the Companies Act, as only cost accountants are covered under the ICWAI Act. If a company is not following these standards, cost accountants are asked to make a suitable disclosure or qualification while undertaking cost audit.

To make companies also to follow the cost accounting standards, an expert group constituted by the Ministry of Corporate Affairs (MCA) to review the working of the cost accounting profession in India

recommended that cost accounting standards should be part of the existing National Advisory Committee on Accounting Standards (NACAS) or a similar body should be set up.

NACAS was set up under the Companies Act and accounting standards prepared by the Institute of Chartered Accountants of India (ICAI) are notified after they are referred to the body.

The government has prescribed cost accounting records rules (CARR) in 43 industries. The companies which are covered by CARR are required to maintain the cost data in the manner prescribed under these rules. Cost audit, supported by cost accounting standards, can provide relevant and credible cost and revenue data to regulators to support their decisions.

As of now, the institute has come out with six standards only, though there would be 39 cost accounting standards in all. Banerjee said the institute would bring out four more standards soon.



MCA plans expert panel to formulate cost audit norms

Our Bureau

NEW DELHI

THE government may set up an expert panel to advise it on how to prepare norms for companies to record and submit sensitive operational details on cost of production.

The government, which is reviewing the scope of cost audit for enterprises, aims to have a separate body that will give crucial inputs on such standards before making them applicable. The panel is expected to have experts from various fields.

The idea is to set up the panel on the lines of National Advisory Committee on Accounting Standards (Nacas), which acts as the apex body to clear accounting standards in the country, an official in the ministry of corporate affairs (MCA) said on conditions of anonymity. Nacas, which comprises officials from industry chambers, professionals institutes, the government and regulators, acts as the last clearance authority for accounting standards that are primarily prepared by the Institute of Chartered Accountants of India (ICAI).

MCA, which is the administrative ministry on matters of accounting, feels that the setting up of an expert body will ensure that the proposed norms are thrown open to a wider discussion forum.

Cost audit allows the government to access sensitive operational details such as cost of production, raw material consumption, capacity utilisation, quality control, research expenses and royalty payments.

Cost data is becoming relevant in new areas like adjudicating on allegations of anti-competitive practices such as predatory pricing. It is also useful in detecting tax evasion and making policy decisions related to pricing. Under the competition law, cost data of a company is vital in determining whether it is guilty of predatory pricing.

चॅप्टर ऑफ काँस्ट अकॉंटंटर्फे गुणवंत विद्यार्थ्यांचा सत्कार

औरंगाबाद, ता. १५ : औरंगाबाद चॅप्टर ऑफ काँस्ट अकॉंटंटस् या आयसीडब्ल्यूएच्या (फोलकत्ता) स्थानिक शाखेतर्फे आयसीडब्ल्यूएच्या डिसेंबर २००८ मध्ये घेण्यात आलेल्या परीक्षेतील गुणवंत विद्यार्थ्यांचा सत्कार नुकताच हॉटेल अतिथी येथील

एका कार्यक्रमात करण्यात आला. अध्यक्षस्थानी निर्लेप ग्रुप इंडस्ट्रीजचे चेअरमन राम भोगले, तर अध्यक्षस्थानी एजीपी ग्रुप वर्ल्डवाईडचे ग्रुप सीएफओ आर. एन. भावे होते.

पाहुण्यांचे स्वागत आणि परिचय एस. पी. भंगाळे आणि आर. डी.

खंडाळकर, आर. जी. मोदानी, एम. आर. पंडित, सुरेश पिंपळे यांनी केले. चॅप्टरतर्फे राबविण्यात येणाऱ्या विविध उपक्रमांची माहिती चॅप्टरचे अध्यक्ष एस. पी. भंगाळे यांनी दिली. प्रशिक्षण समितीचे अध्यक्ष ए. आर. जोशी यांनी विद्यार्थ्यांचे अभिनंदन करून त्यांना मार्गदर्शन

केले. श्री. भोगले यांनी, विद्यार्थ्यांना अभ्यासक्रमाबरोबरच कार्यानुभव घेण्याचा सल्ला दिला, तर श्री. भावे यांनी विद्यार्थ्यांना करिअरसंबंधी मार्गदर्शन केले. गुणवत्ताप्राप्त विद्यार्थ्यांना ए. आर. जोशी, आर. जी. मोदानी, ए. आर. अस्थाना, संजय मुंदाडे, भरत असावा,

आशीष देवढे, मनोज मालपाणी, प्रणव पटेल यांनी पारितोषिके जाहीर केली. शिक्षकांचाही या वेळी सत्कार करण्यात आला. विद्यार्थ्यांनी मनोगत व्यक्त केले. सूत्रसंचालन राजेश शुल्का आणि आदिती मंडलिक यांनी केले. खंडाळकर यांनी आभार मानले.



औरंगाबाद : आयसीडब्ल्यूए औरंगाबाद चॅप्टरतर्फे गुणवंत विद्यार्थ्यांचा सत्कार करण्यात आला. या प्रसंगी प्रमुख पाहुणे आणि सभासदांसह विद्यार्थी.