Dear Professional Colleagues,

At the outset, I am very thankful to the President and my colleagues in the council for reposing their confidence again by bestowing me successively the Chairmanship of the Professional Development (PD) Committee for the term 2012-13. After the reform drive in the form of notifications by the Ministry of Corporate Affairs of principle based common and industry specific Cost Accounting Records Rules 2011 and Cost Audit Report Rules 2011, the PD Committee has played a pivotal role in bringing out Guidance Notes on various issues to facilitate the members of the profession to understand the intent and object of the Government for such notifications without any confusion and also provide the correct interpretations on these notifications.

During the year 2012, the Ministry of Corporate Affairs brought out many more notifications including notification for filing of Cost Audit Report and Compliance Report in XBRL Format using Costing Taxonomy and Business Rules thereof. The Guidance Note to facilitate such filings has also been issued by the Institute.

PD Committee has brought out the following Guidance Notes during the year 2012:

1. Guidance Note on Maintenance of Cost Accounting Records

The Guidance Note on Maintenance of Cost Accounting Records was brought out in June 2012 to facilitate the members in practice, employment and industries to prepare cost accounting records as per the requirement of cost accounting records rules. The primary focus was on the common Cost Accounting Records Rules notified by the Ministry of Corporate Affairs vide GSR 429(E) dated 3rd June, 2011 and the common principles as embodied in the other industry specific Cost Accounting Records Rules notified on 7th December, 2011. It provides a well-structured cost accounting system suited to the type, size and scale of operations. The results in creating the intended cost accounting records leading to collection, assignment, apportionment and absorption of correct cost data to the relevant cost objects in the organization. The sample formats and an illustrative list of cost accounting records have been given in the Guidance Note. The Guidance Note can be downloaded from the Institute website. The printed version of this Guidance Note is in incessant demand.

2. Guidance Note on Cost Audit

The revised structure of the cost audit report, as notified by the Central Government vide Companies (Cost Audit Report) Rules, 2011 vide GSR 430(E) dated 3rd June 2011 read with the Companies (Cost Audit Report) Amendment Rules, 2012 dated 30th November, 2012, require submission of cost audit reports in XBRL Format using the Costing Taxonomy published by the Ministry of Corporate Affairs and based on Generally Accepted Cost Accounting Principles (GACAP) and Cost Accounting Standards. The Guidance Note on Cost Audit (Form II) accentuates the revised structure of cost audit report rules and other changes having taken place during 2011-2012. The exposure draft is available on the Institute website for comments.

3. Guidance Note on Performance Appraisal Report (Form III)

The Guidance Note on Performance Appraisal Report (Form III) has been issued in November 2012. The Guidance Note would enable Cost Auditor in preparing the effective Performance Appraisal Report for Board of Directors with respect to providing an actionable insight into costs and profitability for the management in the strategic and operational context. The Companies (Cost Audit Report) Rules 2011 though specifies ten areas of performance indicators, the guidance note gives the other relevant indicators also for Performance Appraisal Report. This Guidance Note will be very much useful to the members in practice, employment and industries in filing Performance Appraisal Report of cost audit report as required by the cost audit report rules.


The MCA, vide General Circular No. 8/2012 dated 10th May, 2012 mandated the cost auditors and the companies to file Cost Audit Reports (Form-I) and Compliance Reports (Form-A) for the year 2011-12 onwards by using the XBRL taxonomy. To guide the cost auditors and companies to prepare the cost audit reports and compliance reports in XBRL Format, the Institute issued “Architecture, Training and Guidance Manual of filing Cost Audit Report and Compliance Report in XBRL Format”. It provides the guidance on filling up each paras of the Cost Audit Report and also Compliance Report in XBRL Format using costing taxonomy. It also provides guidance on creation of Instance Documents and e-filing of Cost Audit Report and Compliance Report on MCA21 portal. It contains FAQs relating to XBRL, Stakeholders and e-filing. The Guidance Note may be downloaded from the Institute website.

5. Guidance Note on Issuance of Compliance Report


6. Guidance Note on Classification of Product Group

Members may be aware that in my last communique I mentioned preparation of Guidance Note by the PD Committee on “Classification of Product Group”. The Exposure Draft in this regard was hosted by the Institute for public comments on 30th December 2011. After finalization of “Product Group Classification”, this was forwarded to the Ministry of Corporate Affairs for notification. I am happy to mention that the Ministry of Corporate Affairs has notified “Product or Activity Group Classification” vide S.O. 1747(E) in August 2012. The notification superseded the definition on “Product Group contained in Cost Accounting Records Rules and Cost Audit Report Rules. The PD Committee has taken various initiatives for professional development of members. Following are the few endeavors for CMA profession:

(a) Development of Costing Taxonomy for filing of Cost Audit Report and Compliance Report in XBRL Format
(b) Hosting on Institute website the Frequently Asked Questions (FAQs) on CARR & CAR
(c) Replying the queries on CARR & CAR to members and Industries
(d) Certified Facilitation Centre under ACES Scheme of CBEC
(e) IFRS E-Learning Course
(f) MOU with TAXMANN for providing its web contents to students and members at concessional rates
(g) Hosting on the Institute website the Practitioners’ kit

The following are other efforts which paid the dividend in the form of notification/circular by the Government Departments:

(h) On incessant representations by the Institute with the Ministry of Finance, Cost Accountants have been authorised to certify the refund claims of additional duties of Customs (4% CVD) vide Circular No. F.No.401/46/2008-Cus.III dated 5th February 2012.

(i) On incessant representations by the Institute, the Ministry of Commerce and Industry, Department of Foreign Trade, vide Public Notice F.No.01/94/180/468-Appendices/AM12/PC4 dated 11th October 2012, provides wherever certification by a Chartered Accountant was required, the exporters would be able to get certification done by a Cost Accountant also. Accordingly, the cost accountants can now issue certificate for all documents under Handbook of Procedure Vol. I and Appendices under Foreign Trade Policy.

Wishing you all a very Happy New Year.
With warm regards.

(CMA Sanjay Bhargave)
Chairman, PD Committee
1st January 2013