

EXECUTIVE PROGRAMME

SUPPLEMENT

FOR

COST AND MANAGEMENT ACCOUNTING

(Relevant for students appearing in December, 2015 Examination)

MODULE 1 - PAPER 2

Disclaimer-

This document has been prepared purely for academic purposes only and it does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.

Lesson 11: Cost Accounting Records and Cost Audit

Sl. no	Topic of updation	Updates required
1.	The Companies (Cost Records and Cost Audit) Rules, 2013	The Companies (Cost Records and Cost Audit) Rules, 2013 to be read as “The Companies (Cost Records and Audit) Rules, 2014” as these rules were notified on 30 th June, 2014
2.	Cost Audit Report	<p>Cost audit report means the report duly audited and signed by the cost auditor including attachment, annexure, qualifications or observations etc. to cost audit report. Every cost auditor, who conducts an audit of the cost records of the company, shall within 180 days from the close of the company’s financial year to which the report relates, submit the cost audit report along with his reservations or qualifications or observations or suggestions in the Form CRA-3 to the Board of Directors of the company.</p> <p>Every cost auditor shall forward his report to the Board of Directors of the company within a period of 180 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.</p>
3.	Appointment and Remuneration of Cost Auditor	The companies covered under the Cost audit category shall within 180 days of the commencement of every financial year, appoint a cost auditor at remuneration to be determined in accordance with provisions of section 148(3) of the Companies Act, 2013 and rules made thereunder.
4.	Applicability for Cost Audit	<p>Every such class of company and with such threshold limit as may be prescribed in the Companies (Cost Records and Audit) Amendment Rules, 2014, shall be required to get such cost records audited by a cost auditor.</p> <p>Cost Audit</p> <p>Every company covered under Rule 3 of the Companies (Cost Records and Audit) Amendment Rules, 2014 and with such threshold limits as specified in the Rules shall within one hundred and eighty days of the commencement of every financial year appoint a cost auditor. The company shall inform the cost auditor concerned of his or its 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, alongwith the fee as specified in Companies (Registration Offices and Fees) Rules, 2014.</p> <p>Further every cost auditor appointed as such shall continue in such capacity till the expiry of one hundred and eighty days from</p>

		<p>the closure of the financial year or till he submits the cost audit report, for the financial year for which he has been appointed. The 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.</p> <p>The cost auditor shall forward his 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.</p> <p>Every company covered above 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 alongwith full information and explanation on every reservation or qualification contained therein, in form CRA-4 alongwith fees specified in the Companies (Registration Offices and Fees) Rules, 2014.</p> <p>The provisions of section 143(12) of the Companies Act, 2013 and the relevant rules made thereunder shall apply mutatis mutandis to a cost auditor during performance of his functions under section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014.</p> <p>Exemptions</p> <p>The requirement of Cost Audit is not applicable for the following categories of companies even if they are covered under applicable class of companies:</p> <ul style="list-style-type: none">• whose revenue from exports, in foreign exchange, exceeds 75 per cent of its total revenue or• which is operating from a special economic zone.
--	--	--
