

The Cost Accounting Records (Electronic Products) Rules, 2001

UNION OF INDIA

India

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Rule

THE-COST-ACCOUNTING-RECORDS-ELECTRONIC-PRODUCTS-RULE of 2001

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The Cost Accounting Records (Electronic Products) Rules, 2001Published vide Notification No. G.S.R. 277(E), dated 24th April, 2001Ministry of Law, Justice and Company Affairs(Department of Company Affairs)G.S.R. 277(E). - In exercise of the powers conferred by sub-section (1) of section 642, read with clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, namely :-

1. Short title and commencement.

(1)These rules may be called the Cost Accounting Records (Electronic products) Rules, 2001.(2)They shall come into force on the date of their publication in the Official Gazette.

2. Application.

- These rules shall apply to every company engaged in the production, processing or manufacture of Electronic products and components thereof as specified in the Appendix to these rules :Provided that these rules shall not apply to a company,-(a)the aggregate value of the machinery and plant installed wherein, as on the last date of the preceding financial year, does not exceed the limits as specified for a small scale industries undertaking under the provisions of the Industries (Development and Regulation) Act, 1951 (65 of 1951); and(b)the aggregate value of the turnover made by the company from sale or supply of all its products during the preceding financial year does not exceed ten crore rupees.

3. Maintenance of records.

(1) Every company to which these rules apply shall, in respect of each of its financial year commencing on or after the 1st day of April, 2001 keep proper books of account containing, inter-alia, the particulars specified in Schedule I annexed to these rules and Proformae A, B, C and D, relating to the utilization of materials, labour and other items cost in so far as they are applicable to the manufacture or production of Electronic products and components referred to in rule 2: Provided that if the said company is manufacturing any other product(s) or is engaged in other activities in addition to manufacture of Electronic products and components thereof, the particulars relating to utilization of materials, labour and other items of cost in so far as they are applicable to such other products or activities shall not be included in the cost of Electronic products and components thereof. (2) The books of accounts referred to in sub-rule (1) shall be kept on a regular basis in such a manner as to make it possible to calculate the cost of production and cost of sales of all types and descriptions of Electronic products and components thereof manufactured or produced for every financial year from the particulars entered therein and every such books of account and the Proformae specified in said Schedule I, shall be completed not later than ninety days from the close of the financial year of the company to which they relate. (3) The statistical and other records shall be maintained in accordance with the provisions of the Schedule I which shall be such as to enable the company to exercise, as far as possible, control over the various operations and costs with a view to achieve optimum economies in cost. These records shall also provide the necessary data required by the Cost Auditor to suitably report on all the points referred to in the Cost Audit (Report) Rules, 1996 as amended from time to time. (4) It shall be the duty of every person, referred to in sub-section (6) and (7) of section 209 of the Companies Act 1956 (1 of 1956), to take all reasonable steps to secure compliance by the company with the provisions of sub-rules (1), (2) and (3) of this rule in the same manner as he is liable to maintain accounts required under sub-section (1) of section 209 of the said Act.

4. Penalty.

- If a company contravenes the provisions of rule 3, the company and every officer thereof who is in default, including the persons referred to in sub-rule (4) of rule 3, shall, subject to the provisions of section 209 of the Companies Act, 1956 (1 of 1956) be punishable with fine which may extend to five thousand rupees and where the contravention is a continuing one with a further fine which may extend to five hundred rupees for every day after the first day during which such contravention continues. Appendix (See rule 2) List of Electronic products and components for which the rule shall apply :

1. All Consumer electronics such as television both black & white and colour, video cassette recorder, video cassette player, audio compact disc player, video compact disc player, digital video compact disc player, radio receiver, tape recorder & combination, electronic watch and electronic clock, etc.

2. Industrial electronics including all control instrumentation and automation equipment.

3. Computer including personal computer, laptop, note book, server, workstations, supercomputers, data processing equipment and peripherals like monitors, keyboards, disk drivers, printers, digitizers, SMPs, modems, networking products and add-on cards.

4. Communication and broadcasting equipment including cable television equipment.

5. Strategic electronics and systems such as navigation and surveillance systems, radars, sonars, infra-red detection and ranging system, disaster management system, internal security system, etc.

6. Other electronic component and equipment such as picture tube, printed circuit board, etc.

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(See rule 3)

1.

1. Bought out Materials and Components:

(1)The proper records shall be maintained showing all receipts, issues and balances in quantities and values of each item of raw materials and components required for the manufacture of items referred to in rule 2. The cost of raw materials and components bought out should include all expenses upto the works. Where raw materials and components are imported, details of cost of such imports shall be maintained separately indicating the FOB value, overseas freight, insurance, customs duty and inland freight charges.(2)The proper records showing the consumption of materials for production shall be maintained. If the quantity and value of materials consumed are determined on any basis other than actuals, the method adopted shall be mentioned in the cost records. The overall reconciliation of such values of materials with the actuals shall be made, at least once in a year, explaining the reasons for variations. The treatment of such variations in determining the cost of items referred to in rule 2 shall be indicated in the cost records.

1.2Manufactured Materials and Components:(1)The proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of each item of raw material and components, required for the production of each type and description of Electronic products and components referred to in rule 2. These records shall contain such details so as to

enable the company to determine the quantity, cost of receipt (including all direct charges upto the works in respect of major raw materials), issues and balances in quantity as well as value of each item of all such raw materials. 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. In the case of imported raw materials, records shall be maintained showing FOB value, overseas freight, insurance, customs duty and inland freight charges. If both indigenous and imported materials are consumed, the records showing details of percentage mix of the same have to be maintained for each item. Materials processed through outside parties shall be recorded separately.(2)The proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable stores, tools and machinery spares etc. The cost shall include all direct charges upto works.(3)In the case of consumable stores and small tools the cost of which are insignificant, the company may, if it so desires, maintain such records for the group of such consumable stores and tools.(4)The cost of consumption of consumable stores, small tools and machinery spares shall be charged to the relevant cost centre or department on the basis of actual issues.(5)The proper records shall be maintained showing the quantity and value of wastage, spoilage, rejections and losses of raw materials, 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 spoilage, if any, in determining the cost of product, shall be indicated in the cost records. Any abnormal wastage or spoilage or rejection shall be indicated distinctly and separately along with reasons thereof. The records shall also be maintained to indicate the value of raw materials and components, finished and semi-finished, which have not moved for more than 12 months.(6)Where any credit under Modified Value Added Tax (MODVAT) or any other benefits of the nature of MODVAT credit under the Central Excise Act, 1944 (1 of 1944), are available on any item of material, the cost of such material should be shown after adjusting such credit or benefits.(7)If any of the materials purchased is processed by an outside party, proper records shall be maintained for the quantity sent for processing, quantity received after processing, by products received, if any, and the cost involved in processing.

2. Salaries and Wages:

(1)The 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 or department:(a)piece rate wages (wherever applicable);(b)incentive wages, either individually or collectively as production bonus or under any other scheme based on output;(c)overtime wages;(d)earnings of casual labour;(e)bonus or gratuity, statutory as well as other;(f)contribution to superannuation scheme(g)any other earning.(2)The records shall be maintained in such a manner as to enable the company to furnish necessary particulars under this head in Proformae A, B, C and D of Schedule I annexed to these rules. The records may be maintained to book these expenses cost centre-wise or department-wise as related to manufacture of Electronic products. Where the employees work in such a manner that it is not possible to identify them with any cost centre or department, the labour charges shall be apportioned to the cost centres or departments on equitable and reasonable basis and applied consistently.(3)The idle labour cost 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 the 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.

3. Service Department Expenses:

The 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 and reasonable basis and applied consistently. Where these services are utilized for other products of the company also, the basis of apportionment of such expenses to any type of Electronic products and components thereof and to the other products shall be on equitable and reasonable basis and applied consistently.

4. Utilities:

(1)Power - Where power is purchased, proper records shall be maintained for the units and cost of power consumed for the production of Electronic products and components thereof in different cost centres or departments. Where power is generated by the company itself, adequate records, showing all elements of cost shall be maintained to show the cost of power generated and consumed for the production of the Electronic products and components thereof in different cost centres or departments. Records shall also indicate installed capacity, number of units generated losses and consumption in each cost centre or department separately. Where power is generated and supplied by any other unit of the company to the Electronic products plant, adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power allocated to the production or manufacture of Electronic products and components thereof shall be on a reasonable basis and applied consistently. The records should state clearly the measures taken on conservation of energy and its corresponding impact on unit cost of production.(2)Other Utilities - Proper records showing quantity and cost shall be maintained in respect of utilities other than power produced or purchased by the company for the production or manufacture of Electronic products and components thereof.

5. Workshop or Repairs and Maintenance or Tool Rooms:

(1)The proper records showing the expenditure incurred by the workshop or tool room under different heads and on repairs and maintenance in the various cost centres or departments shall be maintained. The records shall also indicate the basis of charging the workshop or tool room expenses to different cost centres or departments. Where maintenance work is done by direct workers of any production cost centre or department, the wages and salaries of such workers shall be treated as direct expenses of the respective cost centre or department. If the services are utilized for other products also, the manner of charging a share to such products shall be on equitable and reasonable basis and applied consistently. In addition to the above, records shall indicate the amount and also the proportion of closing inventory of stores and spare parts representing items which have not moved for over 24 months.(2)The expenditure on major repair work from which benefit is likely to accrue for more than one financial year shall be allocated over the period expected

to benefit, on equitable and reasonable basis and applied consistently. Such costs shall be shown separately and the method of accounting alongwith the basis of allocation of such costs shall also be clearly indicated in cost records.

6. Depreciation:

The basis on which depreciation is calculated and allocated or apportioned to the various cost centres or departments and absorbed on all products shall be clearly indicated in the cost records. If depreciation charged or chargeable to the cost centres or departments is in excess or lower than the depreciation calculated by applying the rates of depreciation prescribed under the provisions of sub-section (2) of Section 205 of the Companies Act, 1956 (1 of 1956), such amount of excess or lower depreciation shall be indicated clearly in the cost records. The cost records shall also show the effect of such excess or lower depreciation as the case may be, on the per unit cost of Electronic products and components. 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. Other Overheads:

(1)The proper records shall be maintained for the product under reference showing the various items of expenses comprising the other overheads. These expenses shall be analyzed, classified and grouped according to functions, namely, works, administration, selling and distribution.(2)Where the company is manufacturing product(s) other than Electronic products and components thereof, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to such product(s) and Electronic products and components thereof, including capital works. Where certain expenses forming part of overheads can be identified with a particular activity or a product, such expenses shall be first segregated and charged to the relevant activity or product and thereafter the residue expenses under the above categories of overheads shall be apportioned on a reasonable and equitable basis and applied consistently. The overheads chargeable to capital works shall be indicated separately in the cost records. The basis of apportionment or absorption of overheads to the cost centres or departments and products shall be indicated in the cost records. The records shall be maintained in such a manner as to indicate the details of works, administration, selling and distribution overheads. The proper records shall be maintained for the critical spare parts supplied along with the product and shall be shown as part of the selling & distribution expenses.

8. Royalty or Technical Know-How Fee:

The adequate records shall be maintained showing the royalty and/or technical know-how fee including other recurring or non-recurring payments of similar nature if any, made for the products under reference to collaborators or technology suppliers in terms of agreements entered into with them. Such records shall be kept separately in respect of each such collaborator or supplier. The basis of charging such royalty amount, including lump sum payment, to the products, shall be at the point of incidence in accordance with royalty agreement and shall be indicated in the cost records.

9. Research and Development Expenses:

(1)The proper records showing the details of expenses, if any, incurred by the company for the research and development work on the product covered under these rules according to the nature of development of products, existing and new product, development of process of manufacture, existing and new, design and development of new plant facilities and market research for the existing and new products, shall be maintained separately.(2)The method of charging these expenses to the Electronic products and components thereof and all other 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 the cost of production of Electronic products and components thereof and all other products if any, on equitable and reasonable basis and applied consistently.(3)The 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 Electronic products and components thereof. The amount recovered for providing technical know-how to outsiders shall also be indicated separately and excluded from the income arising from the sale of electronic products.

10. Quality Control:

The adequate records shall be maintained to indicate the expenses incurred in respect of quality control department or cost centre for product under reference. Where these services are also utilized for other products of the company, the basis of apportionment to Electronic products and to other products shall be on equitable and reasonable basis and applied consistently.

11. Interest:

The proper records shall be maintained for interest charges paid. The amount of interest shall be allocated or apportioned to the product covered by these rules and other activities on a reasonable and equitable basis and applied consistently. The basis of further charging of the share of the interest to the various types of such products shall also be on a reasonable and equitable basis and applied consistently. The basis of such allocation or apportionment shall be spelt out clearly in the cost records or statements.

12. Expenses or Incentives on Exports:

The proper records showing the expenses incurred on the export sales, if any, of the Electronic products and components shall be separately maintained so that the cost of export sales can be determined correctly. Separate cost statement shall be prepared for Electronic products and components exported giving details of export expenses incurred or incentive earned. In case, duty free imports are made, the cost statements should reflect this fact. If the duty free imports have been made after actual production, the statement should reflect this fact also.

13. Packing Expenses:

(1)The proper records shall be maintained showing the quantity and cost of various packing materials and other expenses incurred on packing for marketing of the Electronic products and components. Where such expenses are incurred in common for other products also, the basis of apportioning the expenses between the relevant products shall be on equitable and reasonable basis and applied consistently.(2)The detailed records of the expenses incurred on export packing, if any, shall also be kept separately and exhibited in the relevant cost statements for exports.

14. Product Warranty Expenses:

The proper records shall be maintained to indicate the expenses incurred or provision made for providing free services to the products under warranty. The basis of charging such expenses shall be indicated in the cost records and applied consistently.

15. Work-in-Progress and Finished Stock:

The method followed for determining the cost of work-in-progress and finished stock of the Electronic products and components shall be indicated in the cost records so as to reveal the cost element that have been taken into account in such computation. The appropriate share of conversion cost up-to 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.

16. Cost Statements:

(1)The cost statement showing details of installed capacity, production, wastage, issues and sales and all elements of cost of the current financial year and previous year shall be prepared for each process adopted in manufacture or production of Electronic products and components thereof in Proforma A,B,C and D.(2)The components manufacturing in different production centres and going into final assembly of the product under reference, shall be valued at the cost of production up to the stage of such transfer.(3)If the company is operating more than one plant or factory, separate cost statements as specified above shall be prepared in respect of each plant or factory.

17. Production Records:

Quantitative records of all finished goods, whether packed or unpacked, showing production, issues for sales and balances of different types of the product under reference shall be maintained.

18. Reconciliation of Cost and Financial Accounts:

(1)The cost statements shall be reconciled with the financial statements for the financial year specifically indicating the expenses or incomes not considered in the cost records or statements so

as to ensure accuracy and to adjudge the profit of the product under reference with the overall profit of the company. The variations, if any, shall be clearly indicated and explained.(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 other products and the products under reference shall be prepared and reconciled with the financial statement.

19. Adjustment of Cost Variances:

Where the company maintains cost records on any basis other than actual such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of the 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 separate heads and analyzed into material, labour, overheads and further segregated into quantity, price and efficiency variances. The reasons for the variances shall be duly explained in the cost records or statements.

20. Statistical Records:

(1)The records regarding available machine hours or direct labour hours in different production departments and actually utilized shall be maintained for production of Electronic products and components and shortfall suitably analyzed. Suitable records for computation of idle time of machines shall also be maintained and analyzed.(2)The adequate records shall be maintained to enable the company to identify the capital employed, net fixed assets and working capital separately for the production or manufacture of Electronic products and other products and other activities. Fresh investments on fixed assets that have not contributed to the production of Electronic products during the relevant period shall be indicated in the cost records. The records shall, in addition, show assets added as replacement and those added for increasing existing capacity.(3)Whenever WTO provisions are attracted, proper records shall be maintained to identify the competitiveness of the product in the domestic as well as global market and the expenses, if any, incurred to combat the competition arising out of WTO provisions. Adequate statistical records shall also be maintained to identify the market share of the product manufactured and the likely impact thereon on account of competitive goods imported in to the country. These records shall indicate, inter alia, the total volume of imports, names of importers countries of origin and contain such empirical evidence as to show whether such imports can be construed as dumping and affecting the market share of the product. Proper records shall also be maintained, containing such details as may be necessary to show that the export price of the product is not such as to be construed as dumping in the importing country, by applying the provisions of WTO regarding anti dumping measures under Article VI of GATT 94.

21. Pollution Control:

Expenditure incurred by the company on various measures to protect the environment like effluent treatment, control of pollution of air, water, etc., should be properly recorded.

22. Human Resources Development:

Expenditure incurred by the company on the human resources development activity shall be recorded separately. Proforma 'A' Name of the company : Name and address of the factory : Statement showing the cost of Utilities like Power, Steam, Water, etc., produced and consumed during the year/period : A. Quantitative Information:

Serial number	Particulars	Current Year(unit)	Previous Year (unit)
1.	Installed capacity		
2.	Quantity produced		
3.	Capacity utilisation		
4.	Quantity recirculated		
5.	Quantity purchased		
6.	Self-consumption including other losses		
7.	Net units consumed		

B. Cost Information :

Serial number	Particulars	Rate Quantity (Rupees)per unit	Amount(Rupees)	Cost Per Unit (Rupees)	
				Current Year	Previous Year
A1.	Materials(specify)(a)(b)(c)				
2.	Utilities (specify)(a)(b)(c)				
3.	Consumable stores and spares				
4.	Salaries and wages				
5.	Repairs and maintenance				
6.	Other overheads				
7.	Depreciation				
8.	Total				
9.	Less: Credit(if any)				
10.	Net Total				
	Apportioned to				
B.	Cost/Production centre				
	:1.2.3.4...n.				

Note 1. - Separate cost sheet is to be prepared for each utility as well as effluent treatment. Note 2. - If any of the utility, which is manufactured by the company, is sold, proper credit should be given in the cost of generation of that utility. Proforma 'B' Name of the company : Name and address of the factory : Statement showing the cost of components or casting produced or manufactured during the year/period : A. Quantitative Information:

SI. No Particulars In Numbers

Current Year Previous Year

1. Installed Capacity
2. Quantity Produced
3. Capacity Utilization
4. Quantity sold(a) Domestic(b)Export
5. Captive consumption
6. Closing stock
7. Opening stock

B. Financial Information:

Serial Number	Particulars	Quantity	Rate	Amount	Per(in Unit)	
			Rupees per unit	(Rupees)	Current Year (Rupees)	Previous Year(Rupees)
	Material cost :					
	(item-wisecovering 80% of value)(a)Raw materials (specify majoritems)(b)Bought out semi-finishedcomponents(c) Others(d) Total(a to c)					
1.						
2.	Direct Wages and Salaries					
3.	Outside Job Charges					
	Utilities(a) Power(b)					
4.	Others(specify major items)(c) Total(a and b)					
5.	Consumable Stores and spares					
6.	Depreciation					
7.	Repairs and maintenance					
8.	Technical know-how fees					
9.	Research and development					
10.	Quality control					
11.	Other works overhead					
12.	Administrative overhead					
13.	Total(1 to 12)					
14.	Stock Adjustment(Work in progress)					
15.	Less: Credit for scraps					
16.	Cost of Production (13-15)					

17. Stock Adjustment (finished components)
18. Net cost of Production transferred to Proforma 'C'

Notes:-

1. Separate Proforma shall be prepared for each type and description of component manufactured.

2. If any of the component is also sold, the cost of sales and sales realisation shall be worked out in detail showing all expenses as illustrated against serial number 19 to 25 in Proforma 'C'.

Proforma 'C' Name of the company : Name and address of the factory : Statement showing the cost of production, cost of sales, sales realization and margin in respect of Electronic products produced or manufactured during the year/period : A. Quantitative Information:

SI. No	Particulars	In Numbers
	Current Year	Previous Year
1.	Installed Capacity	
2.	Quantity Produced	
3.	Capacity Utilization	
4.	Quantity sold(a) Domestic(b) Export	
5.	Captive consumption	
6.	Closing stock	
7.	Opening stock	

B. Financial Information:

Serial Number	Particulars	Quantity	Rate	Amount	Per(in Unit)
			Rupees per unit	(Rupees)	Current Year(Rupees)
					Previous Year(Rupees)
	Material cost : (itemwise covering 80% of value)(a) Raw materials (specify major items)(b) Manufactured component(c) Bought out component(d) Others(e) Total(a to d)				
1.					

2. Direct Wages and Salaries
3. Outside job charges
- Utilities(a) Power(b) Others
4. (specify major items)(c)
Total(a and b)
5. Consumable Stores and spares
6. Depreciation
7. Repairs and maintenance
8. Technical know-how fees
9. Research and development
10. Quality control
11. Other works overhead
12. Administrative overhead
13. Total(1 to 12)
14. Stock Adjustment (Work in progress)
15. Less: Credit for scraps
16. Cost of production (13-15)
17. Stock Adjustment (finished products)
18. Net cost of production
19. Packing Cost
- Selling and distribution expenses(a) Salaries and wages(b) Freight and transport charges(c)Commission to selling agents(d) Advertisement expenses(e) royalty(f) Spare parts supplied with theproduct(g) Others(h)
20. Total(a to g)
- Warranty expenses after adjusting income from chargeableservices
- 21.
22. Interest
23. Total cost of sales excluding excise duty (18 to 22)
24. Total sales realization Less :(i) excise duty(ii) export

incentives

25. Margin (24-23)

Notes:-

1. Separate Proforma shall be prepared for each type and description of Electronic product manufactured.

2. Separate Proforma shall be prepared for the quantity sold within the country and the quantity exported. Expenses incurred on export and the incentive earned thereon shall be indicated in the Proforma applicable for the quantity produced and exported.

Proforma 'D' Name of the company : Name and address of the factory : Statement showing the total production and allocation of total actual expenses and income of the company among various Electronic products and other activities for the year ending : A. Production Data:

Serial Number	Particulars	Current Year	Previous Year	Current Year	Previous Year
		Product 1	Product 2		
1.	Installed capacity				
2.	Budgeted capacity				
3.	Actual production during the year				
4.	Percentage of (3) to (1)				
5.	Percentage of (3) to (2)				

B. Allocation of total expenses and income for the year ending :

Serial number	Particulars	Total actual expenses	Share applicable to other activities not underreference	Share applicable to Electronic Product 1	Share applicable to
					Electronic Product 2 and soon
1.	Raw-material consumed				
2.	Process materials/chemicals consumed				
3.	Packing materials				
4.	Salaries and wages				
5.	Utilities				
6.	Consumable stores and spares				
7.	Depreciation				

8. Repairs and maintenance
9. Royalty
10. Research and Development
11. Quality control
12. Other works overheads
13. Administrative Overhead
14. Total(1 to 13)
15. Stock adjustment
(Work-in-progress)
16. Less: Credits (from scraps and
by-products)
17. Cost of production (14 to 16)
18. Stock adjustment (finished
products)
19. Net cost of Production of
unpacked finished goods (17+18)
20. Less: captive consumption
21. Packing cost(a) Materials(b)
Others
22. Less: captive consumption in
packed condition
23. Net cost of materials available
for sales
24. Selling and distribution
Expenses(a) salaries and
wages(b) freight and transport
charges(c)commission to selling
agents(d) advertisement
expenses(e) royalty(f) Spare
parts supplied with
theproduct(g) others(h) total(a
to g)
25. Warranty expenses after
adjusting income from
chargeableservices
26. Interest
27. Total cost of sales excluding
excise duty
28. Total sales realization Less:(i)
excise duty(ii) export incentives

29. Margin(28-27)

Note. - All items of income and expenditure in this Proforma shall be reconciled with the financial accounts for the relevant period.