

**COST ACCOUNTING
RECORDS(FOOTWEAR)RULES,1996
MINISTRY OF LAW, JUSTICE & COMPANY AFFAIRS
(Department of Company Affairs)**

NOTIFICATION

New Delhi, the 12th April, 1996

G.S.R. 186(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 (I of 1956), the Central Government hereby makes the following rules, namely:

1. Short title and commencement :

- (a) These rules may be called the Cost Accounting Records (Footwear) Rules, 1996.
- (b) They shall come into force on the date of their publication in the Official Gazette.

2. Application :

- (1) These Rules shall apply to every company engaged in the production, processing or manufacture of the Foot wear including shoes, boots, sandals, chappals, slippers play shoes and moccasins.
- (2) The provision of sub-rule (1) shall not apply to a company—
 - (a) [The aggregate value of the machinery and plant installed wherein company does not exceed the limit as specified for a small scale Industrial undertaking under the Industries (Development and Regulation Act 1951(65 of 1951), as on the last date of the preceding financial year]¹
 - (b) the aggregate value of the turnover made by the company from the sale

¹ Substituted by Cost Accounting Records (Footwear) amendment Rules , 1998 vide GSR 461 (E) dated 3.8.1998

or supply of all its products during the preceding financial year does not exceed ten crore rupees.

3. Maintenance of Records :

- (a) Every company to which these rules apply shall, in respect of each of its financial year commencing on or after the commencement of these rules, keep proper books of account containing, inter-alia, the particulars specified in Schedules I and II annexed to these rules or in a form as near thereto as practicable, relating to the utilisation of materials, labour and other items of cost in so far as they are applicable to Footwear as 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 footwear referred to in rule 2, the particulars relating to utilisation 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 the footwear referred to in rule 2.

- (b) 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 each type of footwear(s) referred in rule 2 for every quarter of the financial year (hereinafter referred to as the relevant period) as well as for the financial year as a whole, from the particulars entered therein and every such books of account and the proformae specified in Schedule II annexed to these rules shall be completed not later than ninety days from the closing of the financial year of the company to which they relate.
- (c) It shall be the duty of every person referred to in sub-section (6) and sub-section (7) of Section 209 of the Companies Act, 1956 (I of 1956) to take all reasonable steps to secure compliance by the company with the provisions of sub-rules (a) and (b) of rule 3 of these rules in the same manner as he is liable to maintain financial accounts required under sub-section (1) of section 209 of the said Act.
- (d) Statistical and other records shall be maintained in accordance with the provisions of the Schedules annexed to these rules 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 and provide the necessary data required by the Cost Auditor to suitably report on all the points referred to in Cost Audit (Reports) Rules, 1968. Such records shall be reconciled with the returns submitted to the Excise Department and other Government authorities from time to time.

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 section 209 of the Companies Act, 1956 (I of 1956), be punishable with fine which may extend to five Thousands 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.

SCHEDULE I

(See rule 3)

1. MATERIALS:

1. Proper records shall be maintained batch wise showing separately all receipts, issues and balances both in quantities and cost of each item of raw materials such as raw hides, fabrics and finished leather etc. used in the production processing or manufacture of different types of footwear as 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 receipts (including all direct charges upto the works in respect of all major direct materials), issues and balances of each item of direct materials, separately for imported and indigenous supplies for each batch of Footwear produced. In case of imported material including those canalised through Government agencies, details of cost, insurance, freight charges (CIF value), custom duty, port charges, inland freight and handling and clearance 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, related to consumption of various materials in the manufacture of Footwear referred to in Rule 2 shall be identified with the respective batch of production or the cost centers 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 materials and chemicals. The issues and consumption shall be properly identified with the departments, cost centers and products manufactured.
3. In case, where the Process materials/Chemicals/Components etc. required in the production of footwear 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 C1, C2 and C3 to Schedule II annexed to these rules to enable the company to determine the cost of such process materials/chemicals /components etc. produced. The cost sheets for various components such as shoe upper, \ shoe bottom etc. shall be separately shown in Proforma C1. The cost of Rubber compound/PVC, if any, manufactured during the period shall be shown in proforma C2 and he I Cost of finished leather manufactured during the period I shall be shown in Proforma C3.

4. Adequate quantitative records for determining the net consumption of process materials/chemicals, etc. which are used for the manufacture of footwear shall be maintained. Losses arising in the process of these items used for the manufacture of footwear shall be absorbed in a scientific manner. The said manner shall be clearly indicated in the Cost records.
5. In case, any raw material/process chemical covered under any Cost Accounting (Records) Rules prescribed under the Companies Act 1956, (I 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.
6. Proper records shall be maintained indicating the quantity and cost of by-product recovered in the different processes having significant value say five percent or above of the cost of input of materials. In the case of by-products recovered, which cannot be re-used in the process and are sold or disposed of without further processing, the realisation from such sales shall be recorded and adjusted against the process concerned on a reasonable basis. In case, further processing is necessary to make these by-products usable saleable, as the case may be, adequate records of cost involved for such further processing shall be maintained, and the net realisation adjusted against the process concerned.
7. Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of conservable

stores, small tools and machinery spares. The cost shall include all direct charges upto works.

8. 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 main group of such items.
9. The cost of consumption of consumable stores, small tools, and machinery spares shall be charged to the relevant cost centers on the basis of actual issues.
10. Proper records shall be maintained showing the quantity and value of wastages, spoilage's, 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 income derived from the disposal of rejected and waste materials including spoilage's if any, in determining the cost of product shall be indicated in the cost records. Any abnormal wastage's or spoilage's etc. shall be indicated distinctly and separately along with reasons thereof.
11. If the quantity and value of materials consumed are determined on any basis other than actuals, the method the 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 at least 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.
12. Where Modified Value Added Tax (Modvat) or any the other benefits under the Central Excise and Salt Act, 1944 (I of 1944) are available on any item of material, breakup details of such items should be furnished along with the proforma relating to cost of sales of the Schedule 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 centers or departments and the work on which they are employed. The records shall also indicate the following separately for each cost center :

- a) Piece rate wages earned (wherever applicable);
 - b) Incentive wages earned, either 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 to enable the company to furnish necessary particulars under this head in the Annexures and Proformae of the Schedules I and II appended to these rules. Where the employees work in such a manner that it is not possible to identify them with any cost center, the labour charges shall be apportioned to the cost centers 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 any basis other than actuals, 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 footwear 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 center like laboratory, welfare, transport etc. These expenses shall be applied 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 apportionment to the Footwear 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/Demineralised water produced and consumed for the manufacture of Footwear in different cost centers or department 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. a) Steam — Where steam is produced by the company, proper records showing the quantity and cost of steam produced and consumed in the production of Footwear, as referred to in rule 2 in different cost centers 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 Footwear plant and other units of the company shall be calculated on a reasonable basis and applied consistently. Where steam is produced and supplied by any other unit of the company to the Footwear plant, the cost of steam so supplied shall be charged to Footwear plant on a reasonable basis and applied consistently. Proper records shall be maintained for the quantity of the exo-thermic 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.
- b) Wherever steam is produced and used by process plants at different ata (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 quality 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.

- c) 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, on 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 :

- a) 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 Footwear in different cost centers 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.
- b) Where power is generated and supplied by any other unit of the company to the Footwear plant, adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power allocated to production of Footwear referred to in rule 2 shall be on a reasonable basis and applied consistently.

4. Utilities other than water, steam and power :

- a) Proper records shall also be maintained in respect of utilities other than water, steam and power produced or purchased by the company, to enable the company to furnish the particulars in Annexures I, II or III to this Schedule whichever is appropriate.
- b) 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.

- c) Where any other utility is produced and supplied by the other unit of the company, adequate records shall be maintained to assess the cost and quantity of the utility so supplied.
- d) The cost of utility, if any, supplied to any other unit(s) of the company, shall be calculated on a reasonable basis and applied consistently.
- e) The cost of any other utility allocated/apportioned to the cost centers 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 centers and departments shall be maintained. The records shall also indicate the basis of charging the workshop/tool room expenses to different cost centers/departments and units. Where maintenance work is done by direct workers of any production cost center, the wages and salaries of such workers shall be treated as direct expenses of the respective cost center. If the services are utilised for other products also, the manner of charging a share to Footwear 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 relevant period.
- 3. Expenditure incurred on works of a capital nature shall be capitalised. The cost of such jobs shall include the expenditure on materials, labour and due share of the overheads.
- 4. The jobs carried out by workshops of Footwear 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 still 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 centers and departments and absorbed on the products shall be clearly indicated in the cost records. Depreciation chargeable to the different cost centers and departments shall not be less than the amount of depreciation chargeable in accordance with provisions of sub-section (2) of Section 205 of the Companies Act, 1956 (I of 1956) and shall relate to plant, machinery and other fixed assets utilised in such cost centers 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 (I 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 footwear 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 Footwear 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 Footwear and other activities including capital works. Where certain expenses forming part of overheads can be identified with a particular activity or product, 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 overheads to the cost centers 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 necessary particulars Annexures I to III of this Schedule and Proformae 'A' to 'G' of Schedule II annexed to these rules.

9. CONVERSION COST :

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 in the relevant Annexures and Proformae in Schedules I & II annexed to these rules.
2. When more than one manufacturing process is carried out in a particular machine or series of machines, adequate records about the usage of such machine for different products shall be kept. The cost

of using such machine 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 Footwear referred to in rule 2. The variance between the actuals and the amounts charged at per-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 the 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 product(s) 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 furnishing technical know-how to outsiders shall be recorded separately and excluded from the cost of product(s) referred to in rule 2 of Schedule I. The amounts charged 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/overdraft (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, if effected, of the products covered by rule 2 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 incentives(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 'D' and 'E' in Schedule II appended to these rules shall be prepared for products exported given 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 the actual production, the cost statements should reflect this fact. However, no amount of notional custom duty etc. should be charged to this production.

13. 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 records. The cost of products shall be shown in Proforma C of Schedule II annexed to these rules.

14. CAPTIVE CONSUMPTION :

Proper records shall be maintained in Proforma C of Schedule II

appended to these rules showing the quantity and cost of footwear's referred to under rule 2 transferred to other departments)/unit(s) of the company for captive consumption. Such transfers shall be effected at cost and shall be disclosed in the cost records.

15. 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 marketing of footwears 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. 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.

16. 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.

17. WORK IN PROGRESS AND FINISHED GOODS STOCK :

The method followed for determining the cost of work in progress and finished goods referred to in rule 2, shall be indicated in the cost records so as to 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. Records showing the cost of works in progress and the quantities and the cost of finished goods shall be

maintained in such details as to enable the company to fill up the particulars in Proforma 'D' of Schedule II annexed to these rules.

18. COST STATEMENTS :

1. The product emerging from a process and which forms the raw material for a subsequent process shall be valued at the cost of production upto the previous stage and shown in proforma 'C' of Schedule II annexed to these rules. Separate cost statement shall be maintained for each product and for each type and size of pack, which is produced by further processing the output of previous process in the said Proforma 'C' or in any form as near thereto as practicable.
2. Separate cost of sales statement in respect of different varieties/grades of intermediates/components produced and sold, if any, shall be maintained in Proforma C1, C2 or C3 (whichever applicable) of Schedule II annexed to these rules. Summary cost statement as per Proforma 'D' and 'E' shall be maintained for each product produced and sold.
3. 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.
4. Export of products under rule 2 shall be exhibited separately in respective cost statement and the same shall be excluded from the cost statements meant for sale in the domestic market.

19. 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 at least 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.

20. RECONCILIATION OF COST AND FINANCIAL ACCOUNTS :

1. Cost records shall be reconciled with the financial books of account for the financial year so as 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 overall 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 'F' of Schedule II annexed to these rules and reconciled with the financial accounts for the period.

21. 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, efficiency, capacity utilisation etc. and shall be made at least quarterly during the financial year. The reason for the variances shall be duly explained in the cost records.

22. 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, machinery spares, chemicals, fuels, finished goods and fixed assets. Reasons for shortage/surpluses arising out of such verifications and the method followed for adjusting the same in the cost of products shall be indicated in the records.

23. [Inter - Company Transfer:

(Amendment Wide Notification No. G.S.R. 708(E) Dated 28th Sep.2001)

(1) In respect of related party transactions or supplies made or services rendered by a company to its holding company or subsidiary or a company termed “related party relationship” as defined below and vice-a-versa, records shall be maintained showing contracts entered into, agreements or understanding reached in respect of: -

- (a) Purchase and sale of raw materials, finished products, process materials, chemicals and rejected goods including scraps, etc.;
- (b) Utilization of plant facilities and technical know-how;
- (c) Supply of utilities and any other services;
- (d) Administrative, technical, managerial or any other consultancy services;
- (e) Purchase and sale of capital goods including plant and machinery;
- (f) Any other payment related to production, processing or manufacturing of product under reference.

These records shall also indicate the basis followed for arriving at the rates charged or paid for such products or services so as to enable determination of the reasonableness of such rates in so far as they are in any way related to product under reference.

(2) The transactions by the following “ related party relationships” shall be covered under sub-rule (1): -

- (a) Enterprises that directly or indirectly through one or more intermediate, control, or are controlled by, or are under common control with, the reporting enterprises (this includes holding companies, subsidiaries and fellow subsidiaries);
- (b) Associates and joint ventures of the reporting enterprises and the investing party or venturer in respect of which the reporting enterprise is all associate or a joint venture;
- (c) Individuals owing, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (d) Key management personnel and relatives of such personnel; and

(e) Enterprises over which any person described in (c) or (d) is able to exercise, significant influence. This includes enterprises owned by directors of major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise. “

However, the following shall not be deemed as related party relationships:-

- (a) Two companies simply because they have a Director in common, notwithstanding paragraph (d) or (e) above (unless the Director is able to affect the policies of both companies in their mutual dealings);
- (b) A single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and
- (c) The parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings, (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process);
 - (i) Providers of finance;
 - (ii) Trade unions;
 - (iii) Public utilities;
 - (iv) Government Departments and Government agencies including Government sponsored bodies.

Explanation: - For the purpose of these Rules: -

(a)“Related party relationships”

means parties who are considered to be related if at any time during the other party in making financial and/ or operating decisions;

(b)“Related party transaction”

means a transfer of resources or obligations between related parties, whether or not a price is charged;

(c)“Control” means

- (i) ownership, directly or indirectly, of more than one-half of the voting power of an enterprise; or
- (ii) control of the composition of the Board of Directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise; or
- (iii) a substantial interest in voting power and the power to direct statute or agreement, the financial and/or operating policies of the enterprise.

(d)“ Significant influence”

means participation in the financial or operating policy decisions of an enterprise, but not control of those policies;

(e)“ Associate”

means an enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party;

(f)“ Joint venture”

means a contractual arrangement where by two or more parties undertake an economic activity, which is subject to joint control;

(g)“ Joint control”

means the contractually agreed sharing of power to govern the financial and operating policies of an economic activity so as to obtain benefits from it;

(h)“ key management personnel”

means those persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting enterprise;

(i)“ Relative”-

in relation to an individual, means the spouse, son, daughter, brother, sister, father and mother who may connected by blood relationship;

(j)“ Holding company”

means a holding company within the meaning of Section 4 of the Companies Act, 1956 (1 of 1956);

(k)“Subsidiary”

means a subsidiary company within the meaning of Section 4 of the Compa-

nies Act, 1956 (1 of 1956);

(l)“ **Fellow subsidiary**”

means a company is said to be a fellow subsidiary of another company if both are subsidiaries of the same holding company;

(m)“ **State- controlled enterprise**”

means an enterprise which is under the control of the Central Government or a State Government.²]

24. 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 ‘G’ of Schedule 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, net 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 the existing capacity.

25. POLLUTION CONTROL :

² Substituted by Cost Accounting Records (Footwear) amendment Rules, 2001 vide GSR 741 (E) dated 28.9.2001

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 under the relevant annexure to this Schedule 1.

SCHEDULE I
(See Rule 3)
ANNEXURE-I

Name of the Company.....

Name and address of the Factory

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

S.no.	Particulars	Unit	Current Year	Previous Year
(1)	(2)	(3)	(4)	(5)

1. Installed capacity
2. Production
3. Purchases
4. Total produced and purchased Consumption

S.no	Particulars	Unit	Qty.	Rate Per unit	Amt.	Cost per Unit	
						Current Year	Previous Year
				(Rs.)	(Rs.)	(Rs.)	(Rs.)
1	2	3	4	5	6	7	8

- A. 1. Raw Materials
- (a)
 - (b) (to be specified)
 - (c)
2. Utilities
- (a) Water
 - (b) Steam

- (c) Power
 - (i) Purchased Kwh
 - (ii) Own Kwh
 - (d) Others (specify)
- B. Conversion Cost
1. Salaries & Wages
 2. Consumable stores/Chemicals
 3. Repairs and Maintenance
 4. Other process materials
 5. Factory overheads
 6. Administration overheads
 7. Depreciation
- B1. Total Conversion Cost (1-7)
- B.2 Fixed Conversion Cost
- B.3 Variable Conversion Cost
- C. Credit, if any.
- D. Net Total (Total of item A plus B less total of item C)
- E. Net transferred/sold
- a) Demineralised Water Plant
 - b) Steam Generation Plant
 - c) Captive Power Plant
 - d) Intermediate plants (specify)
 - e) End product plants (specify)
 - f) For non-plant use
 - g) Others (specify)

TOTAL : (As per item D above)

Notes:

1. Separate Cost sheet is to be prepared for each utility as well effluent treatment.
2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual amount paid on this account during the period and interest charges on borrowing including debentures shall be shown in proforma D, E and F only.

SCHEDULE I
(See Rule 3)
ANNEXURE-II.

Name of the Company.....

Name and address of the Factory

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

S.no.	Particulars	Unit	Current Year	Previous Year
(1)	(2)	(3)	(4)	(5)

1. Installed capacity
2. Production
 - a) High Steam Pressure *
 - b) Medium Steam Pressure
 - c) Low Steam Pressure *
 - d) Transit loss
 - e) Total

* indicate the steam pressure
3.2 as a percentage of 1.

S.no	Particulars	Qty. unit	Rate Per unit	Amt.	Cost per tonne of stream raised	
					Current Year	Previous Year
			(Rs.)	(Rs.)	(Rs.)	(Rs.)
1	2	3	4	5	6	7

- A.1. Water (As per Annexure-I)
2. Fuels
 - a) Coal
 - b) Fuel Oil

- c) Electricity
 - d) Others, (to be specified)
- Quantity of waste heat from the plant, if any

Total (1 to 3)

B. CONVERSION COST

- 1. Consumable stores/Chemicals
- 2. Salaries and wages
- 3. Repairs and maintenance
- 4. Factory overheads
- 5. Administration overheads
- 6. Other expenses, if any
- 7. Depreciation

B. Total Conversion Cost (I to 7)

B.1 Fixed Conversion Cost

B.2 Variable Conversion Cost

C. Credit, if any.

D. "Net Quantity" and cost of live steam

(Total of items A plus B Less total of item C)

Particulars	Unit	Amount Rs.
(1)	(2)	(3)

E. Consumed for:

- 1. Power Generation
- 2. Manufacturing Deptt. (to be specified)
- 3. Others, if any. (to be specified)
- 4. Others, if any. (to be specified)

Total (as per item D above)

Notes :

- 1. If the steam is supplied to any other outside party, necessary credit for recoveries shall be given against item C.
- 2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowing including debentures shall be shown in proforma D, E & F.
- 3. Basis adopted for Valuation of Steam at different pressure be also indicated in the records.
- 4. The rate at which waste heat is evaluated vide item A3 of this Annexure should be indicated giving details of cost center from which transferred.

SCHEDULE I
(See Rule 3)
ANNEXURE-III

Name of the Company.....

Name and address of the Factory

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

	Current Year	Previous Year
--	--------------	---------------

Installed capacity (KWH)

No. of units generated (KWH)

No. of units purchased (KWH)

Total

Self consumption in power house (KWH)

Other Losses (KWH)

Net Units consumed (KWH)

Percentage of loss to total power generated and purchased

Percentage of power generated to installed capacity.

S.no	Particulars	Qty. unit	Rate Per unit	Amt.	Cost per unit of power stream raised	
					Current Year	Previous Year
			(Rs.)	(Rs.)	(Rs.)	(Rs.)
1	2	3	4	5	6	7

A.I. a) Fuel Oil

b) Other materials (to be specified)

c) Other direct charges (such as Electricity Duty etc.)

B. Conversion Cost

1. Consumable Stores/Chemicals
2. Salaries and Wages
3. Repairs and Maintenance
4. Factory Overheads
5. Administrative Overheads
6. Other Expenses, if any
7. Depreciation
8. Total Conversion Cost (I to 7)

8.1 Fixed Conversion Cost

8.2 Variable Conversion Cost

- C. Less: (i) Credits for supply to other units of the company
(ii) Sale to outside parties

D. Net cost of power generated

(Total of items A plus B less total of item C)

E. Purchased power

F. Total (D&E)

G. Cost per unit (average)

H. Consumed in:

S.no.	Particulars	No. of Units	Amount
(1)	(2)	KWH	Rs.

1.

2.

3.

4.

5.

etc.

Total as per F

Notes :

- A. Cost per unit of Power generated shall be worked out with reference to net units of power available for use after deducting consumption in the Power House/Own generators and other losses.
- B. Where meters are not installed, consumption of power by the different Cost centers/Deptts, shall be assessed on a reasonable basis and applied consistently.
- C. If the rate of electricity duty or the cost of any input is different according to end use, these shall be loaded to the respective user department and suitably indicated in this statement.
- D. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual amount paid on this account during the period and interest charges on borrowings including debentures shall be showing proforma D, E and only.
- E. Realisation, if any, by sale of power to outside parties etc. shall be shown separately.
- F. If purchased power is used in a specific plant, its allocation should be shown accordingly.

SCHEDULE II
(See Rule 3)
PROFORMA 'A'

Name of the Company

Name and address of the Factory

Statement showing the conversion cost for various operation cost centers for footwear.....

for the year ended.....

S.n.	Particulars	Production/Service Cost Centers									
		Raw Hide./Tannery	Leather clucking	Pre-Fitting	Lasting Assembling/Sole Attaching	Bottom Finishing	Polishing & Finishing	Moulding	Quality Inspecting	Oth. (to be specified)	Total
1	2	3	4	5	6	7	8	9	10	11	12

A. Conversion Cost (Rs.)

1. Wages & Salaries
2. Consumable Stores/Operating supplies
3. Utilities
 - a) Water
 - b) Steam
 - c) Power
 - d) Others (to be specified)
4. Other direct expenses
(to be specified)
5. Repairs & maintenance
6. Depreciation
7. Other works overheads
8. Adjustment for opening/closing W.I.P.
9. Adjustment for cost variance

10. Total conversion cost
 - a) Fixed conversion cost
 - b) Variable conversion cost
- B.
 1. Machine hours/direct labour hours
 - a) Available
 - b) Worked
 2. Cost per machine/direct labour hour worked.
 - a) Fixed
 - b) Variable
 - c) Total
 3. Cost per Machine/direct labour hour worked. (Previous year)
 - a) Fixed
 - b) Variable
 - c) Total

Notes:

1. Cost centers are illustrative only.
2. Item A9 is applicable to companies maintaining cost records on standard costing.
3. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be exhibited in proforma D, E & F only.
4. Actual direct labour/machine hours utilised for each type and size of footwear shall be recorded batchwise.
5. Where special machines, such as high speed, automatic etc. are used for a particular process of manufacture, separate cost center shall be opened for each such machine or group of such machines.
6. The amount of Royalty paid/Payable on production should be shown against item A4.

SCHEDULE II
(See Rule 3)
PROFORMA 'B'

Name of the Company.....

Name and address of the Factory

Statement showing apportionment of conversion cost to various types of footwear/tannery for the year ended.....

S.n.	Particulars	Production/Service Cost Centers									
		Raw Hide./Tannery	Leather cutting	Pre-Fitting	Lasting Assembling/Sole Attaching	Bottom Finishing	Polishing & Finishing	Moulding	Quality Inspecting on	Oth. (to be specified)	Total
1	2	3	4	5	6	7	8	9	10	11	12
		AB	AB	AB	AB	AB	AB	AB	AB	AB	AB

Apportionment of conversion cost

- 1.
- 2.
- 3.
- 4.
- 5.
6. etc
- Total

Note :

- A. Actual direct labour/Machine hours utilised as per actual recording, appropriate basis of apportionment.
- B. Conversion cost in rupees.
- C. Cost centers are illustrative only.

SCHEDULE II
(See Rule 3)
PROFORMA 'C'

Name of the Company.....

Name and address of the Factory

Statement showing cost of Production of Footwear for the year ended

1. Name of the footwear.....
2. Type.....
3. Type of packing
4. Design No.....

Unit Current Year Previous Year

5. Installed capacity
6. Batch size...
7. Number of batches produced
8. Total production (pairs).
9. Capacity utilisation (Percentage) .

S.no	Particulars	Unit	Qty.	Rate Per unit (Rs.)	Amt. (Rs.)	Cost / Unit	
						Current Year (Rs.)	Previous Year (Rs.)
1	2	3	4	5	6	7	8

- A.I. Material Cost
 (each item to be specified)
 a) Imported

1. Upper
2. Bottom
3. etc.

b) Indigenous purchased

1. Upper
2. Bottom
3. etc.

c) Own manufactured

(As per proforma CI)

1. Upper
2. Bottom
3. etc.

d) Less wastage :

1. Upper
2. Bottom

A.2. Other raw material

(major materials cost to be specified)

a) Imported

- 1.
2. etc.

b) Indigenous

- 1.
2. etc.

Total material Cost

B. 1. CONVERSION COST

Pre-fitting

Variable

Fixed

2. Lasting/Assembling/Sole Attaching

Variable

Fixed

3. Bottom finishing
Variable
Fixed
4. Polishing & finishing
Variable
Fixed
5. Royalty, if any
Variable
Fixed
6. Etc. etc. (to be specified)
Total Conversion Cost

C. OTHER EXPENSES

1. Inspection
Variable
Fixed
2. Quality Control
Variable
Fixed
3. Labeling
Variable
Fixed
4. R&D
Variable
Fixed
5. Packing
Variable
Fixed
6. Other works overheads
Variable
Fixed
7. Administration overheads

- Variable
- Fixed
- 8. Others (to be specified)
 - Variable
 - Fixed
 - Total Other Expenses
- D. 1. Total cost (A+B+C)
- 2. Adjustment for opening & closing work in progress
- 3. Adjustment for cost variances
 - a) Raw material
 - b) Conversion cost
 - c) Other expenses
 - d) Total
- 4. a) Total Cost of Production transferred for sales :
- b) Specify the product

Note:

1. This proforma shall be prepared for each type and size of padding.
2. Separate statement shall be prepared as above for export padding.
3. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debenture shall be shown in proforma D, E & F only.
4. Item No. D. 3 is applicable for companies following standard costing system.
5. The cost of raw material shall be based on actual consumption for each size and type of footwear.
6. The basis on which realisable value is determined for the by-products shall be clearly indicated in the cost records.
7. Abnormal losses, if any. shall be indicated both in quantity and value

in a separate statement.

8. The apportionment of common overhead expenses to the various Products in the case of multi product units shall be equitable.
9. Intermediates transferred from one process to the next process shall be at actual cost.
10. The cost of other raw materials such as PVC Granules, fabric, lining leather or fabric and polish etc. shall be separately specified in item No. A2.
11. Cost Centers are illustrative only.
12. The Cost of captive consumption of leather should be taken from Proforma C-3.

SCHEDULE II
(See Rule 3)
PROFORMA 'C1'

Name of the Company.....

Name and address of the Factory

Statement showing the cost of production of self-manufactured materials /chemicals/components used in the manufacture of..... produced during the year.....

Unit	Current Year	Previous Year
------	--------------	---------------

Name of the Self manufactured component etc.

.....

Design Number

.....

Unit	Current Year	Previous Year
------	--------------	---------------

Licensed Capacity of the plant

Installed Capacity of the plant

Batch size

Number of Batches Produced

Total Production

Capacity utilisation (percentage)

Gross inputs

Gross Outputs

Yield Percentage*

Standard Yield Percentage*

*** Name of the Shoe and design number

* Yield Percentage may be indicated with reference to principal raw materials/intermediates.

S.no	Particulars	Qty.	Rate per unit	Amount	Cost per Unit								
					Current Year				Previous Year				
					Standard Norms		Actual		Standard Norms		Actual		
			(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	

- A. 1. Raw Material
(Each item to be specified)
2. Chemicals
3. Total Materials Cost
- B. CONVERSION COST
1. Clicking
Variable
Fixed
2. Closing (stitching)
Variable
Fixed
3. Bottom manipulation
Variable
Fixed
4. Etc.etc
(to be specified)
5. Royalty (if any on intermediate)
Fixed
Variable
6. Other works overheads
Fixed
Variable
7. Administration overheads

- Fixed
- Variable
- 8. Other expenses (to be specified)
 - Fixed
 - Variable
- C. 1. Total (A+B)
 - Less :
 - 2. i) Realisable value of by-products
 - ii) Other credits, if any
 - 3. Adjustments for the difference in the value of opening and closing Work-in-progress
 - 4. Cost of Production
 - 5. Stock Adjustments
 - Add: Opening Stock
 - Less: Closing Stock
 - 6. Cost of Self-manufactured ingredient/substance
- D. Transferred to
 - 1. Captive Consumption (Further processing)
 - a)
 - b) (specify the product)
 - 2. Transfer for sales
 - a)
 - b) (specify the product)
 - 3. Total

Note:

1. Separate cost sheet shall be maintained in respect of each Component/ Adhesive/Dressing material manufactured and used in the manufacture of Footwear as specified under rule 2.
2. The basis on which realisable value is determined for the by-products shall be clearly indicated in the cost records.
3. Abnormal losses, if any, shall be indicated both in quantity and value in a separate statement.

4. Reasons for variations between standards and actuals shall be clearly recorded. Circumstances leading to revision of standards, if any, shall also be indicated in the form of a footnote.
5. The apportionment of common overhead expenses to the products in the case of multi product units shall be equitable.
6. Where composite machine hour rates are applied, proper supporting records indicating the equipment usage in the case of multipurpose plants shall be maintained. The variances arising out of the predetermined rates shall be adjusted to arrive at the actual cost at the end of the year.
7. Details of raw materials used are to be incorporated under item A.I. If part of the product is sold, details of the quantity, price and value thereof shall be shown in the records.
8. Cost centers are illustrative only.
9. Proforma C-2 is to be used for computing the cost of Rubber/PVC compound, if any, manufactured during the year.
10. Proforma C-3 is to be used for computing the cost of finished leather, if any, manufactured during the year.
11. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proformae D, E & F only.
12. Intermediates transferred from one process to the next process shall be at actual cost.
13. If any intermediates are sold, details of the quantity, price and value thereof shall be shown in the records.

SCHEDULE-II
(See Rule 3)
PROFORMA C-2

Name of the Company

Name and address of the Factory

Statement showing the cost of Rubber/PVC compound manufactured during the period

S.no	Particulars	Mixing 'A'			Mixing 'B'			Total		
		Qty.	Rate	Amt	Qty	Rate	Amt	Qty.	Rate	Amt
		In	Per	(Rs.)	In	Per	(Rs.)	In	Per	(Rs.)
		Kg.	Kg.		Kg.	Kg.		Kg.	Kg.	
1	2	3	4	5	6	7	8	9	10	11

- A. Raw material
1. Rubber/PVC
 - a) Rubber, R.M.A.
 - b) Synthetic Rubber
 - c) Reclaimed Rubber
 - (d) Other raw materials to be specified)
 2. Carbon Black
 - a) H.A.F
 - b) F.E.F.
 - c) Others (to be specified)
 3. Chemicals
 (Antioxidants, accelerator, retarders etc., to be separately given)
- B. Conversion Cost
1. Mixing
 - Variable
 - Fixed
 2. Heating

- Variable
- Fixed
- 3. Etc.,etc.
(to be specified)
Variable
- Fixed
- 4. Other Works Overheads
Variable
- Fixed
- 5. Administration Overheads
Variable
- Fixed
- 6. Finishing
Variable
- Fixed
- 7. Other expenses
(to be specified)
Variable
- Fixed
- 8. Total conversion cost (I to 7)
- 8.1 Fixed Conversion Cost
- 8.2 Variable Conversion Cost
- C. Less Credits, if any
- D. Net total (A+B+C)
- E. Adjustments for the difference in the value, of opening and closing work in progress
- F. Cost of Production
- G. Stock Adjustments
Add: Opening stock
Less: Closing stock
- H. Transferred to:
 - 1. Captive consumption

(further processing)

a) (Specify the Product)

b)

2. Transfer for Sales

a) (Specify the Product)

b)

Note :

1. Separate details shall be given in respect of each type of Rubber/PVC compound manufactured and used in manufacture of footwear as specified under rule 2.
2. The basis on which realisable value is determined for the by-products shall be clearly indication in the cost records.
3. Abnormal losses, if any, shall be indicated both in quantity and cost in a separate statement.
4. Intermediates transferred from one process to the next process shall be at actual cost.
5. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual amount paid on this account during the period and interest charges on borrowings including debentures shall be shown in Proformae D, E & F only.
6. Cost Centers are illustrative only.

SCHEDULE II
(See Rule 3)
PROFORMA C-3

Name of the Company.....

Name and address of the Factory

.....

Statement showing the cost of finished leather manufactured during the period.....

1. Total quantity of raw skins in square feet
2. Total quantity of finished skin manufactured
3. Standard yield percentage
4. Actual yield percentage

S.no	Particulars	Raw Skin (Buffalo)			Raw Skin (Goat)			Total		
		Qty.	Rate	Amt	Qty	Rate	Amt	Qty.	Rate	Amt
		In Kg.	Per Kg.	(Rs.)	In Kg.	Per Kg.	(Rs.)	In Kg.	Per Kg.	(Rs.)
1	2	3	4	5	6	7	8	9	10	11

A. Raw materials cost of raw skin

B. Chemicals

1. Soaking & unhairing

Variable

Fixed

2. Liming & fleshing

Variable

Fixed

3. Skudding & Bailing

Variable

Fixed

4. Pickling & Tanning
Variable
Fixed
 5. Dyeing, Polishing & Finishing
Variable
Fixed
 6. Administration Overheads
Variable
Fixed
 7. Other expenses
(to be specified)
Variable
Fixed
- Total Conversion Cost (I to 7)

- B.1. Fixed Conversion Cost
- B.2. Variable Conversion Cost
- C. Less Credits, if any
- D. Net Total (A+B+C)
- E. Adjustments for the difference in the value of opening and closing W.I.P.
- F. Cost of Production
- G. Bought-out finished skins
- H. Stock Adjustments
Add: Opening stock
Less: Closing stock
- I. Transferred to:
 1. Captive consumption
(further processing)
 - a) (Specify the Product)
 - b)
 2. Transfer for Sales

- a) (Specify the Product)
- b)

Note:

1. Separate details shall be given in respect of each type of raw skin purchased/processed by the company.
2. The basis on which realisable value is determined for the by-products shall be clearly indicated in the cost Records.
3. Intermediates transferred from one process to the next process shall be at actual cost.
4. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual amount paid on this account during the period and interest charges on borrowings including debentures shall be shown in Proformae D, E & F only.
5. Abnormal losses, if any, shall be indicated both in quantity and cost in a separate statement.

SCHEDULE II
(See Rule 3)
PROFORMA 'D'

Name of the Company.....

Name and address of the Factory.....

Statement showing the cost of sales for the year.....

1. Name of the Footwear.....:

2. Type of the Footwear.....

3. Type of packing.....

4. Design No.....

	Current Year	Previous Year
--	--------------	---------------

5. Production

- a) Quantity produced
- b) Quantity packed
- c) Quantity lying ununpack)
- d) Quantity of packs sold

S.no	Particulars	Unit	Qty.	Rate Per unit (Rs.)	Amt. (Rs.)	Cost / Unit	
						Current Year (Rs.)	Previous Year (Rs.)
1	2	3	4	5	6	7	8

A. Cost of production transferred from Proforma-C

B. Packing materials

- 1. Cartons
- 2. Leaflets

3. Boxes
 4. Gum Tapes
 5. Others (to be specified)
 6. Less rejected waste
(Qty. to be specified)
 7. Total packing material cost
- C. Packing Cost Charges
1. Cartoning
Variable
Fixed
 2. Boxing
Variable
Fixed
 3. Waxing
Variable
Fixed
 4. Total Packing cost
Variable
Fixed
- D.
1. Cost of packed product (A+B+C)
 2. Less/Add: Adjustment for cost variances
 3. Total cost of packed product
 4. Less Qty: transferred for samples/trial
 5. Add : opening packed stock
 6. Less : Closing packed stock
 7. Cost of goods sold
 - a) Domestic
 - b) Exports
 - c) Total
- E. Selling & Distribution expenses
(for quantity sold only)

1. Salaries & wages
 2. Publicity
 3. Depot expenses
 4. Freight
 5. Handling Charges
 6. Discount/Commission
 7. Others
 8. Total Selling & Distribution expenses
- F. Interest Charges
- G. Other Expenses
(to be specified)
- H. Total expenses including interest & other charges (Excluding duty)

Note:

1. This proforma shall be prepared for each type and size of packing of footwear separately.
2. Separate statement shall be prepared as above for export packing.
3. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment during the period and interest charges on borrowings including debentures all be exhibited in Proforma D, E & F only.
4. Item No. D. 2 is applicable for companies following standard costing.
5. The cost of raw material and packing material shall be based on actual consumption for each size and type of footwear.
6. CY = Current Year.
PY = Previous Year.
7. Cost centers are illustrative only.

SCHEDULE II
(See Rule 3)
PROFORMA 'E'

Name of the Company.....

Name and address of the Factory.....

Statement showing cost of sales, sales realisation and margin for all types of footwear manufactured and sold during theyear ending.....

S.no	Particulars	Type and size of		Qty. issue for sale	Pack- ing	Sell ing & Distrib tion Exp.	Int- rest	Bonous	
		Pack ing	Qty. Unit to be spec- ified					Min. Satu tory	Oth. than Min. satu tor
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9(a)	9(b)

- 1.
- 2.
- 3.
4. etc.

Total

Gratuity	Current Year					Previous Year		
	Other exp. net of other income	Total cost of sales	Sales Realisation	Margin Total	Margin per unit	Cost of sales per unit	Sales realisa- sation per unit	Margin per unit
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10	11	12	13	14	15	16	17	18

- 1.
- 2.
- 3.
- 4.etc.

Total

SCHEDULE II
(See Rule 3)
PROFORMA 'F'

Name of the Company.....

Name and address of the Factory

Statement showing the Allocation of total Expenses incurred and income received by the company between Footwear/Tannery and other activities during the year ended..... (Figures In Rs.)

S.No.	Particulars	Total as per financial accounts	Expenditures allocated to production		Percentage share of exp. in total cost of production current year		Percentage share of exp. in total cost of production previous year	
			Footw-ear/Tann-ery	Other Activi-ties	Footw-ear/Tan-ery (%age)	Other Activit-ies (%age)	Footw-ear/Tan-ery (%age)	Other Activit-ies (%age)
1	2	3	4	5	6	7	8	9

A. Expenditure

1. Raw material consumed
2. Packing material consumed
3. Salaries/Wages
 - Bonus
 - a) Minimum statutory
 - b) Other than minimum
5. Company's contribution to PF &: other Funds
6. Welfare
7. Stores & Spares Parts
8. Power & Fuel
9. Repairs
 - Building
 - Plant & Machinery

- Others
- 10. Other Expenses
- 11. Rent
- 12. Rates and Taxes
- 13. Insurance
- 14. Travelling
- 15. Advertisement
- 16. Handling, Packing, Carriage and Freight
- 17. Commission & Service charges
- 18. Other Expenses
(to be specified)
- 19. Depreciation
- 20. Interest
- 21. Opening Stock
 - a) Work in process
 - b) Finished goods
- 22. Less: Closing stock
 - a) Work in process
 - b) Finished goods
- 23. Total
- B. Income
 - 1. Sales
 - 2. Other income
 - 3. Total
- C. Margin

Note:

1. Items detailed in column (2) are illustrative only and not exhaustive. While by and large expense heads may conform to items as mentioned in column (2). Wherever expenses are classified under other heads these may be adopted.
2. In case financial accounts have not been audited, figures in column (3) may be given on the basis of provisional financial accounts.

SCHEDULE II
(See Rule 3)
PROFORMA 'G'

Name of the Company.....

Address of the Factory.....

.....

Statement showing reasons for loss of production during the year ended.....

Name of section.....

Reasons of Production	Production Losses Hrs. Quantity	Under utilisation Installed Capacity	Remarks
1	2	3	4

1. Routine plant maintenance
(please Indicate the nature of maintenance)
2. Unforeseen breakdown of plant and machinery
3. Shortage of raw materials
4. Power failure
5. Strike/lock out etc.
6. Any other reason

Note : data in accordance with above performa shall be maintained separately for each production section and for utilities such as power house, boiler units etc.

[F.No.52/19/CAB-92]

R.D.Joshi

Joint Secretary