Practice as Cost Accountant

A Cost Accountant may build up his own practice by obtaining a licence from the Institute which would enable him to practice as a Cost Accountant, either individually or in partnership with one or more members of the Institute in practice. His clientele include private and public companies, large, medium and small scale undertakings, partnership and proprietary concerns, industrial, commercial and service undertakings etc. The types of service a cost accountant may offer his clients are varied. Some of these are listed below:

Maintenance of Cost Records

As per Section 209 (1)(d) of the Companies Act, certain companies are required to maintain cost records pertaining to any class of companies engaged in production, processing, manufacturing or mining activities, such particulars relating to utilization of material or labor or to other items of cost as may be prescribed, if such class of companies is required by the Central Government to include such particular in the books of account. The cost accountants may assist these companies in maintaining the cost records relating to above.

Cost Audit

Where in the opinion of the Central Government it is necessary so to do in relation to any company required under clause (d) of sub-section (1) of section 209 to include in its books of account the particulars referred to therein, the Central Government may, by order direct that an audit of cost accounts of the company shall be conducted in such manner as may be specified in the order by a cost accountant.

Ministry of Corporate Affairs, the Cost Audit Branch, under section 209 (1) (d) formulates & notifies Cost Accounting Records Rules (CARRs) for various industries. Such rules prescribe the manner in which cost records are to be maintained by specified class of companies. The Branch also undertakes rationalization of existing CARRs to reflect the changes in technology, manufacturing processes and accounting standards.

Under section 233B, orders are issued to individual companies for conducting cost audit of cost records in accordance to Cost Audit Report Rules from a Cost Auditor appointed by the Board of Directors with the prior approval of the Ministry. 44 selected industries have been covered under statutory maintenance of cost accounting records under section 233-B of the Company Act.

Important industries/products so far covered by CARRs can be broadly classified as under:

- **Agriculture Inputs:** Insecticides, Fertilizers, Electricity and Diesel.
- **Consumer Products:** Milk Food, Sugar, Vanaspati, Tea, Coffee, Textiles, Paper, Jute Goods, Bulk Drugs & Formulations, Soaps & Detergents, Footwear, Cycles, Tyres & Tubes, Air- Conditioners & Refrigerators, Motor Vehicles, Cement, Electronic Products, Electric Lamps, Fans, etc.
- **Industrial Products:** Steel Plants, Steel Tubes & Pipes, Electric Motors, Power driven Pumps, IC Engines, Transformers, Generators & Machine Tools and Bearings, Electric Cables & Conductors, Motor Vehicles, Industrial Alcohol, Aluminium, Rayon, Nylon, Polyester & Dyes, Chemicals, Mining and Metallurgy, Petroleum Products & Industrial Gases, and Generation of Electricity.
- **Services Sector:** Transmission & Distribution of Electricity and Telecommunication services.
- Click here for: Annexure-1

Audit and other Work

The Cost Accountants are authorised to conduct audit and other as follows:

- **Statutory Auditors under Value Added Tax Act of States:** Many States have authorised Cost Accountants for auditing, certification of returns and to appear as authorised representative on behalf of their clients under the Acts. The list of States where Cost Accountants are authorised to conduct VAT Audit is given at Annexure-2.
- **Central Board of Excise and Customs (CBEC) authorizes Cost Accountants in practice for the following work:**
    1. **Special Audit** under Section 14A & 14AA of the Central Excise Act 1944;
    2. Certification of refund of additional duty of Customs on the goods imported for subsequent sale under Indian Customs Act;

3. **Special Audit in certain cases** under Section 11 of Customs Act, 1962, The Chief Commissioner of Customs may, for reasons to be recorded in writing, direct a manufacturer to get the accounts of his warehouse, office, stores, godowns, factory, depot, or other establishment audited by a Cost Accountant, nominated by him in this behalf.
4. Under Rule 5 of **Customs valuation (Determination of Value of Export Goods) Rules, 2007**, the proper officer shall give due consideration to the cost-certificate issued by a Cost Accountant;
5. Under the **Fixation of brand rate of Drawback without pre-verification - Simplified procedure Scheme**, unless there are any special reasons, drawback rates are to be fixed without pre-verification of the date filed, (which should be duly verified by the applicant and Chartered Accountant/ Chartered Engineers / Cost Accountant) and the exporter would be authorised by provisional brand rate letters issued by the Ministry to claim the drawback rate considered admissible from the concerned Customs House (s);
6. **Under Rules 6 and 7 of the Customs and Central Excise Duties Drawback Rules, 1995**, the exporters may be asked to furnish the purchase invoice as to the procurement of the raw hides/wet blue leather. They should also furnish a certificate from the Chartered Accountant/Cost Accountant as to the consumption and cost of processing chemicals used for its processing and other incidental overhead charges incurred;
7. The Commissioner of Customs/Central Excise may direct the concerned developer to get his accounts audited by a Cost Accountant nominated by him in this behalf. The expenses of and incidental to such audit shall be borne by the concerned developer, vide **Circular No. 52/2002-Customs dated 14th August, 2002;**
8. Accepting services of the Cost Accountant's may also be considered by the respective Commissionrates depending upon the extent of complexity of the cases as provided under **Circular No.04/2006 dated 12th January, 2006** in respect Computation of freight of time chartered/daughter vessel and its inclusion in the assessed value as extended cost of transportation;
9. **Certified Facilitation Centres (CFCs)- under ACES-CBEC Scheme:** As per MOU with Central Board of Excise and Customs (CBEC), Ministry of Finance, Government of India, Cost Accountants are authorised to act as facilitators under Certified Facilitation Centre Scheme in filing various Excise and Service Tax Returns under the provisions of Central Excise Act and Service Tax Act.

- **Compliance Audit** of Reserve Bank of India (India's Central Bank) for the purpose Lending under Consortium Arrangement / Multiple Banking Arrangements, the banks are required to obtain regular certification from professional like Cost Accountants regarding compliance of various statutory prescriptions that are in vogue.
- **Half-yearly Internal Audit of Stock Brokers and Credit Rating Agencies** as prescribed by Securities Exchange Board of India **(SEBI)**;
- **Internal and Concurrent Audit for depository operations under** National Securities Depository Ltd (NSDL);
- **Stock Audit and Concurrent Audit** of many Public Sector and Private Sector Banks in India;
- Empanelled by many State Public Center Enterprises (SPSEs) as Internal Auditor for auditing financial books of account;
- Empanelled by many Public Sector Enterprises (PSEs), Public and Private limited companies as Internal Auditor for auditing financial books of accounts;
- Empanelled by many Cooperative Societies in States as Internal Auditor for auditing financial books of accounts;
- **Various Ministries of Government of India have authorised** the Cost Accountants in practice for certifying various returns and to issue compliance certificate as per their formats. Such ministries are Ministry of Finance, Ministry of Commerce, Ministry of Corporate Affairs, Ministry of Chemicals and Fertilizers, Ministry of Textile, Ministry of Consumer Affairs, Food and Public Distribution and gist of the work under them are as follows:
    1. Issuance of various certificates under Indian Foreign Trade Policy 2009-14 and Aayat Niryat (Import and Export) Forms (ANF).
    2. Certificate of Cost of production of captively consumed goods as per Rule 8 of Central Excise Act, 1944 in accordance with Cost Accounting Standard CAS-4 issued by our Institute.
    3. Certificate for Average Cost of transportation as per Rule 5 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
    4. Certificate towards the amount of duty paid on the materials used for the manufacture of exported goods as indicated in Forms DBK-I,II, IIA,III, IIIA under Customs Act, 1962
    5. Issuance of Various Certificates as prescribed by Fertilizer Industry Coordination Committee (FICC) in respect of certifying Cost Data for Subsidy Scheme, Transportation Claims, Escalation Claims and Equalize Freight Claims.
    6. Certificate of product wise position of production dispatches stock etc. for the year (Annexure III-A) under FICC.
    7. Issuance of Certificates in Form-I to VI as prescribed by National Pharmaceutical Pricing Authority (NPPA), is an organization established by the Government of India to fix/ revise the prices of controlled bulk drugs and formulations.
    8. Certificate of fulfillment of Hank Yarn obligation for Textile Industry and Textile Committee Cess- Monthly Return in Form-A.

9. Certifying half yearly return in Form ‘N’ for Quantity of Rubber purchased & consumed by manufacturers under rule 33 (f) of the Rubber Rules, 1955;
10. Certifying Performa CI & C2 under Anti Dumping as prescribed by Ministry of Commerce;
11. Certifying Statement of cost of production for Anti-dumping petition to Government of India;
12. Certification of Application for License and renewal thereof to act as Surveyor and Loss Assessor under Insurance Regulatory and Development Authority (IRDA)
13. Certification of various forms prescribed under the **Central Electricity Regulatory Commission (CERC);**

- Cost Accountants are eligible under various Acts and Regulatory Authorities to appear before the various Authorities including Appellate Tribunals etc.
  In the following cases, there is special work, which are being done by Cost Accountants:
- **Telecom Regulatory Authority of India (TRAI)**
  1. Right to Legal Representation before Appellate Tribunal as per Section 17 of TRAI Act,1997
  2. Reporting and Audit for System on Accounting Separation- Certification Work
  3. Audit for Metering and Billing Accuracy- authorised to conduct audit
- **Certified Filing Centers (CFCs) under MCA-21 Scheme:** Ministry of Corporate Affairs, Government of India have authorised Cost Accountants in practice to act as Certifying Filing Centres on their behalf for the purpose of certification of various type of e-forms and their filing with Registrar of Companies periodically as per the provisions of **Indian Companies Act, 1956 and Limited Liability Partnership (LLP) Firms;**
- Apart from other services many companies in Central & State Governments and their various Departments, Public, Private, Public Sector Banks have empanelled cost accountants for variety of work viz. Cost Management, Techno-economic Study, Systems, Computerization, ERP, Insurance companies and other Financial Institutions, Financial Management, Project Consultancy, Materials Management, Management Accountancy, Tax Planning, Diagnostic Accounting & Revival of Sick Units, Merchant Banking, Investment Counseling & Portfolio Management, Internal Management and Operational Audits, Organization Structure Review, Training and Executive Selection, Incentive Plans, Productivity, Conservation of Energy and Energy Audit and Environmental Audit etc.

Cost Accountants in Employment:
There has been increasing awareness amongst the business entrepreneurs of the most vital contribution made by cost and management accountancy services in the business houses to the attainment of business objectives. This has accentuated the demand for cost and management accounting services in all the sectors of economy. Many members of the Institute are holding top management positions, viz., Managing Director, Finance Director, Financial Controller, Chief Accountant, Cost Controller, Marketing Manager, Chief Internal Auditor, CEO, CFO. Those managing their own business have found in themselves a Manager and an Accountant to control and flourish their business. No wonder a Cost Accountant can attain the highest ladder of professional career.

Cost Accountants in Government Department:
Realising the importance of the profession of the Cost and Management Accountancy in the economic development of the nation, the Central Government has constituted an all-India cadre known as Indian Cost Accounts Service (ICAS) at par with other Class-I services such as IAS, IFS etc. to advise the government in cost pricing and in framing the appropriate fiscal and tax policies.

Cost Accountants in Education:
University Grants Commission (UGC) has notified “UGC Regulations on Minimum Qualifications for Appointment of Teachers and Other Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education, 2010 vide its Circular No. F.3-1/2009 dated 30th June 2010.

The Regulations prescribe the minimum qualification for appointment of teaching faculty in universities and colleges in the area of Management/ Business Administration. The qualifications specified for appointment of Assistant Professor, Associate Professor and Professor in the above area and Principal/Director/Head of the Institution include First Class Graduate and professionally qualified Cost and Works Accountant among other qualifications and subject to other requirements including qualifying NET/SLET/SET as the minimum eligibility condition for recruitment and appointment of Assistant Professors.