



केंद्रीय उत्पाद शुल्क, सीमा शुल्क एवंसेवाकर(लेखापरीक्षा-II)
CENTRAL EXCISE, CUSTOMS & SERVICE TAX (Audit-II),
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Reference No. IV (16) Cost/30-02/

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To,

CMA Shri J K Budhiraja
Secretary , CAS,
Institute of Cost accountants of India,
ICAI,CMABhawan, 3 institutional area,
LodhiRoad,New Delhi 110003

Subject- Clarification Regarding Cost accounting Standard CAS-4 (Scrap credit for Recoveries / scrap/By product/misc income

Dear Sir,

Referring to Above Subject one matter related to CAS-4 (Determination of cost for captive consumption) before this office seeking clarification "COST ACCOUNTING STANDARD 4 (CAS-4) issued by the Council of the Institute of Cost and Works Accountants of India on "Cost of Production for Captive Consumption". The standard deals with determination of cost of production for captive consumption."

Statement of Cost of production No 12 items refer to credit for Recoveries / scrap/By product/misc. incomethat transection show symbol for deduction of such Recoveries from Cost Total 11 (8+9+10)

- Seeking clarification regarding scrap, if unit removed scrap/By product to them self as captive consumption ,weather such transaction amount actually considered as "credit for Recoveries scrap/By product/misc. income" , where scrap/by product removal is for self consumption and same transection would deductible from Cost here important to reveal that scrap/ By product removal/sale not took place to other unrelated buyers.
- If transection not deductible in such cases what would be its treatment in Cost of production statement.
- As per costing literature/cost accounting principle/related reference, what quantity & its value can considered as Scrap/ By product out of total production quantity & value for product under cost is going to determine .

Your valuable clarification would really guide to us on said matter.

Ratan Kumar

(RATAN KUMAR KHATWANI)
DEPUTY DIRECTOR (COST)
AUDIT COMMISSIONER ATE II