



**Dakshin Haryana Bijli
Vitran Nigam**



Cost Accounting Manual

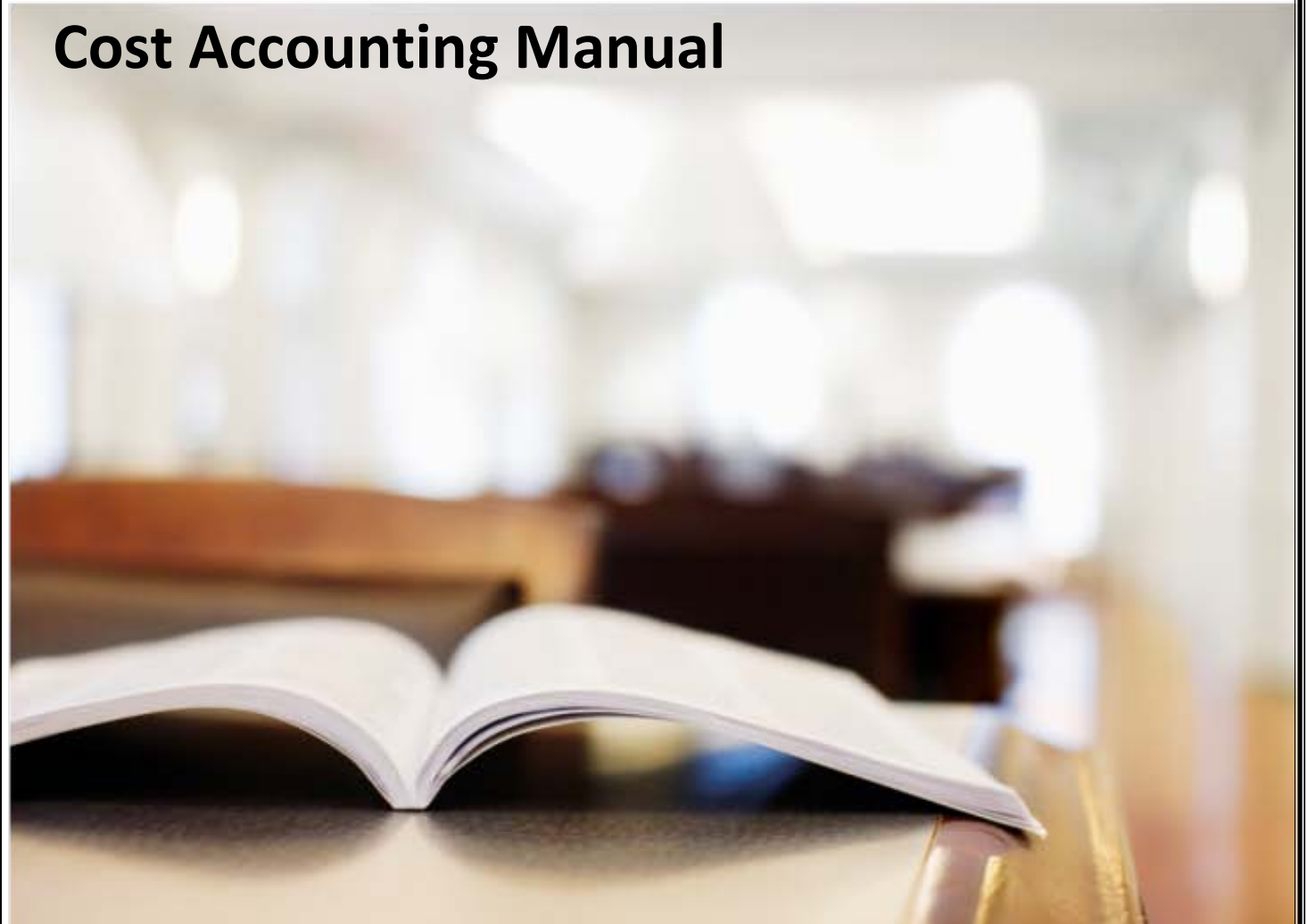


Table of Contents

1.	INTRODUCTION	3
2.	OBJECTIVES	3
	Key for R-A-C-I	4
3.	KEY SUB – PROCESSES	5
	3.1 Cost of Distribution of Power	7
	3.1.1 Objective	7
	3.1.2 Process	7
	3.1.3 PROFORMA'D'	10
	3.2 Category wise cost of supply	12
	3.2.1 Objective	12
	3.2.2 Process	12
	3.2.3 PROFORMA 'E'	17
	3.3 Assessment of Plant and machinery cost related to core activity of DHBVN	19
	3.3.1 Objective	19
	3.3.2 Process	19
	3.3.3 PROFOMA 'F'	21
	3.4 Allocation & apportionment of total expenses and income	22
	3.4.1 Objective	22
	3.4.2 Process	22
	3.4.3 PROFORMA 'G'	25
	3.4.4 PROFORMA 'G1'	28
	3.5 Reconciliation of cost records and financial records	29
	3.5.1 Objective	29
	3.5.2 Process	29
	3.5.3 PROFORMA 'H'	32
	3.6 Filing of Compliance report	34
	3.6.1 Objective	34
	3.6.2 Process	34

1. Introduction

Dakshin Haryana Bijli Vitran Nigam (DHBVN) is a state owned electricity utility company and responsible for distribution and retail supply of power to nine districts namely Hisar, Fatehabad, Bhiwani, Sirsa, Faridabad, Gurgaon, Mewat, Rewari and Narnaul.

Cost Accounting is an accounting function within the Finance function to collect and interpret information for decision makers. The necessity of having a cost accounting function has been recognized by the Companies Act 1956. All notified industries shall maintain their cost accounts in compliance with the rules issued for the particular industry. Cost Accounting Records (Electricity Industry) Rules, 2011 have been issued and are applicable to every company engaged in the production, processing, or manufacturing of electricity activities except company failing to meet certain parameters on account of annual turnover.

Further, Ministry of Corporate Affairs has mandated the cost audit for certain industries as per Section 233B of the Companies Act, 1956 vide Companies (Cost Audit Report) Rules, 2011.

Thus, DHBVN is required to maintain Cost Records as per the Performa suggested via notification number G.S.R. 913(E) dated December 21, 2001, as amended by notification dated 7th Dec, 2011, called **Cost Accounting Records (Electricity Industry) Rules, 2011.**

For the purpose of achieving its objectives, the Cost Accounting manual is developed to guide the cost accounting personnel and ensure consistency in book keeping.

2. Objectives

- 1) Cost records are maintained on regular basis to
 - a. Monitor per unit cost of operations
 - b. Monitor cost of sales
 - c. Appropriately allocate expenses across units, overheads, core, non-core and other activities
- 2) To ensure cost records and the books of accounts so maintained contain particulars as defined by the latest statutory requirements in the relevant form to facilitate preparation and submission of Compliance Report and relevant annexure.
- 3) To reconcile cost records and cost statements with the audited financial statements for the financial year specifically indicating expenses or incomes not considered in the cost records or statements so as to ensure accuracy and to reconcile the profit of all product groups with the overall profit of the company and the variations.
- 4) To ensure preservation of cost records, cost statements and reconciliation statements, maintained for a period as defined by the statutory guidelines from time to time in relevant form.

Key for R-A-C-I

Abbreviation	Description	
R	Responsible	Those who do the work to achieve the task. There is typically one role with a participation type of responsible, although others can be delegated to assist in the work required
A	Approver	The one ultimately answerable for the correct and thorough completion of the deliverable or task, and the one from whom responsible is delegated the work. In other words, an accountable must sign off (approve) on work that responsible provides. There must be only one accountable specified for each task or deliverable
C	Consulted	Those whose opinions are sought, typically subject matter experts; and with whom there is two-way communication.
I	Informed	Those who are kept up-to-date on progress, often only on completion of the task or deliverable; and with whom there is just one-way communication.

3. Key sub – Processes

S. No	Sub Process
3.1	Cost of Distribution of Power
3.1.1	Objective
3.1.2	Process
3.1.2.1	Receipt of Trial Balance
3.1.2.2	Categorization of Expenses
3.1.2.3	Preparation and review of Proforma 'D'
3.1.3	Proforma D
3.2	Category wise cost of supply
3.2.1	Objective
3.2.2	Process
3.2.2.1	Quantitative Information
3.2.2.2	Cost Information
3.2.2.3	Preparation and review of Proforma 'E'
3.2.3	Proforma E
3.3	Assessment of Plant and Machinery cost related to core activity of DHBVN
3.3.1	Objective
3.3.2	Process
3.3.2.1	Allocation of expenses to Core/ Non - Core Activities
3.3.2.2	Preparation and review of Proforma 'F'
3.3.3	Proforma F
3.4	Allocation & apportionment of total expenses and income
3.4.1	Objective
3.4.2	Process
3.4.2.1	Statement showing Allocation and Apportionment of Total Expenses and Income
3.4.2.2	Preparation and review of Proforma 'G/G1'
3.4.3	Proforma G
3.4.4	Proforma G1
3.5	Reconciliation of cost records and financial records
3.5.1	Objective
3.5.2	Process
3.5.2.1	Reconciliation of Cost Accounts and Finance Records
3.5.2.2	Preparation and review of Proforma 'H'
3.5.3	Proforma H
3.6	Filing of Compliance Report (Form A/B)
3.6.1	Objective

3.6.2	Process
3.6.2.1	Preparation and filing of the Compliance Report
3.6.2.2	Preservation of Records

3.1 Cost of Distribution of Power

3.1.1 Objective

- To ensure proper presentation and calculation of cost of distribution
- To ensure appropriate allocation of expenses
- To provide for correctness of cost and comparison with the financial books of accounts

3.1.2 Process

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.1.2.1 Receipt of Trial Balance								
1.	Obtain consolidated trial balance of all divisions and Head office of DHBVN	Within 60 days of closure of financial year	Trial Balance		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
3.1.2.2 Categorization of Expenses								
1.	Categorize the expenses into following cost account heads: <ul style="list-style-type: none"> • Cost of Power (Power purchased by HVPNL for DHBVN) • Repair & Maintenance <ul style="list-style-type: none"> - Plant and Machinery - Building/ Civil works - Line cable Network - Others • Wages/ Salary & Benefits (Total cost to company) • Insurance • Depreciation • Rent/ Lease Rent 	Annual	Trial Balance	Categorized Expenses	Manager Accounts or Third party Cost Accountants	DGM Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
	<ul style="list-style-type: none"> • Allocated Overheads <ul style="list-style-type: none"> - System operations - Workshop Expenses - Training Centre - Metering & Protection - Civil Works - Construction Divisions • Administration Overheads <ul style="list-style-type: none"> - Direct - Wages/ Salaries allocated - Others allocated) • Interest <ul style="list-style-type: none"> - Consumer Deposit - Interest & Finance Charges <p>The per unit cost should be computed by division to understand the spread of distribution cost across divisions. For the divisions with excessive distribution cost, the root cause analysis should be performed.</p>							
3.1.2.3	Preparation and review of Proforma 'D'							
1.	'Proforma D' is prepared according to Cost Accounting Records (Electricity Industry) Rules, 2011. The above calculated value for "Distribution" and previous year's value are plotted under 'Cost Information' head in the Proforma 'D'.	Annual	Allocated Expenses	Cost Information in Proforma D	Manager Accounts or Third party Cost Accountants	DGM Accounts		
2.	<p>The 'Quantitative Information' is mapped in the Proforma 'D' from following documents:</p> <ul style="list-style-type: none"> • Statement showing Power Distributed for financial year • Information on Length of Distributed lines from 	Annual	Information from Operation Department	Updation in Proforma D	Manager Accounts or Third party Cost Accountants	DGM Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
	Projects Department. <ul style="list-style-type: none"> Previous Year's Proforma 'D'. 							
3.	Independent review is performed to assess the correctness of cost as per Proforma 'D', by matching it with consolidated Trial Balance.	Annual	Trial Balance & Proforma D	Reconciliation Statement	DGM Accounts or Third party Cost Accountants	CGM Accounts		
4.	In case of any variation with the consolidated Trial Balance, the same is reviewed and explained.	Annual	Reconciliation Statement	Corrected/ Adjusted Proforma D	DGM Accounts or Third party Cost Accountants	CGM Accounts		
5.	Final Proforma 'D' is authorized by CGM Accounts.	Annual		Authorized Proforma D		CGM Accounts		

3.1.3 PROFORMA'D'

Statement showing the cost of Transmission or Distribution

Name of the Company	
Name and Address of the Generating Unit	
For the Period/Year	

I Quantitative Information:

S.No	Particulars	Unit	Current Year	Previous Year
A1	Surge Impedence Loading (SIL) or Rated Voltage			
2	Power received from generating units including purchased, if any			
3	Loss in transmission or distribution			
4	Self Consumption for employees and office			
5	Net Power Transmitted or Distributed			
6	Length of Transmission or Distribution lines			
B1	Gross Fixed Assets at the end of the year/period	Rs. Lakhs		
2	Net Fixed Assets at the end of the year/period	Rs. Lakhs		
3	Date of Commissioning			

II Cost Information

S.No	Particulars	Quantity	Rate Rs. per Unit	Amount Rs.	Cost per Unit (Rs.)	
					Current Year	Previous Year
1	Cost of Power : (a) Self generated transferred from Proforma 'C' (b) Purchased - (i) Thermal (ii) Hydro- electric (iii) Atomic, etc. (c) Sub- Total					
2	Utilities, (specify details)					
3	Direct Employees Cost					
4	Consumable Stores and Spare					
5	Repairs and Maintenance: (a) Sub station (b) Transmission Lines					
6	Insurance					
8	Lease Rent, if any					
9	Quality Control Expenses					
10	Research and Development					
11	Royalty or Technical knowhow fee, if applicable					
12	Depreciation or Amortization					
13	Other Plant Overheads					
14	Total Cost of Transmission/Distribution					
15	Less: Credits, if any					
16	Administrative Overheads					
17	Selling Expenses					

18	Interest and Financing Charges :					
19	Cost of Sales					
20	Total cost of Transmission or Distribution transferred to Proforma 'E'					
21	If sold, sales realization or Transmission Charges or Distribution Charges i) at Notified rates approved by Regulatory Bodies (a) Base amount (b) Incentive amount (c) others (specify) (ii) Sales at other than notified rates (a) Base amount (b) Incentive amount (c) Others (specify) (iii) Total (i) +(ii)					
22	Margin (20 +19)					
23	Add: Export Benefits and Incentives, if Any					
24	Total Margin (21 + 22)					

3.2 Category wise cost of supply

3.2.1 Objective

- To ensure proper presentation and calculation of cost of supply (consumer servicing and billing)
- To ensure data is captured for power supplied to different customer categories along with cost of supply and revenue generated

3.2.2 Process

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.2.2.1	Quantitative Information							
1.	Details of <i>Installed capacity</i> captured in 'Proforma E' helps in assessing the distribution capacity of the company and any expansion required, based on the increase in demand.	Annual	Installed Capacity details from Chief Engineer (P&D)		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
2.	Obtain data of power procurement from Monthly statements of Haryana Power Purchase Cell (HPPC) Panchkula.	Annual	Power Procurement data from HPPC		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
3.	<p>Details of Power supplied to various categories of customers shall be captured (in KWH). These details are sent to the accounts department by the divisions on a monthly basis.</p> <p><u>POWER SUPPLIED :</u></p> <ul style="list-style-type: none"> • Inter State Sale of Power • Domestic • Commercial (Non Domestic) • Industrial L.T. • Industrial H.T. • Agriculture - - Metered 	Annual	Details of Power supplied from all Division		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
	<ul style="list-style-type: none"> - Un-Metered • Irrigation (Lift/Tubewell/Canal) • Railway Traction • Bulk Supply • Metro (DMRC) • Street Light • Public Water works 							
4.	Losses i.e. <ul style="list-style-type: none"> • Difference between power received and power supplied and • Power supplied and power billed, The above mentioned losses shall be identified and necessary action to reduce such transmission and commercial losses shall be designed.	Annual	Loss incurred		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
5.	Area covered (in Sq Km.) for power distribution should be mentioned	Annual	Power Supplied to Area		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
6.	Capture details of Gross fixed assets and net fixed assets as on year end from fixed assets schedule.	Annual	Fixed Asset Schedule		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
3.2.2.2	Cost Information							
1.	Prepare statement showing cost of retail supply which shall include the following: <ul style="list-style-type: none"> • Cost of Power (Power procured by HVPNL for DHBVN) obtained from HPPC • Repair & Maintenance as per Trial Balance <ul style="list-style-type: none"> - Plant and Machinery - Building/ Civil works - Line cable Network 	Annual	Proforma 'D'	Cost of retail supply	Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
	<ul style="list-style-type: none"> - Others • Wages/ Salary & Benefits (Total cost to company) as per trial balance • Insurance as per Trial balance • Depreciation as per Trial Balance, etc. • Rent/ Lease Rent as per Trial Balance • Allocated Overheads as per sub account expense bifurcation <ul style="list-style-type: none"> - System operations - Workshop Expenses - Training Centre - Metering & Protection - Civil Works - Construction Divisions • Administration Overheads as per sub account expense bifurcation <ul style="list-style-type: none"> - Direct - Wages/Salaries allocated - Others allocated • Interest as per trial balance <ul style="list-style-type: none"> - Consumer Deposit - Interest & Finance Charges <p>The aggregate of above cost heads reflects total cost of retail supply.</p>							
2.	<p>Compute Total Sales Realization from distribution of power. Note: Total sales realization is sent by all divisions to HO accounts on monthly basis.</p>	Annual	Revenue Data from Divisions		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.	Calculate margin by deducting total cost of retail supply from total sales realization <i>Note: Margin means the profit/loss at which company is operating currently.</i>	Annual	Difference between Cost & Revenue		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
4.	AVERAGE SALES REALIZATION: Category wise revenue <ul style="list-style-type: none"> • Inter State Sale of Power • Domestic • Commercial (Non Domestic) • Industrial L.T. • Industrial H.T. • Agriculture - <ul style="list-style-type: none"> - Metered - Un-Metered • Irrigation (Lift/Tubewell/Canal) • Railway Traction • Bulk Supply • Metro (DMRC) • Street Light • Public Water works 	Annual	Categorywise Sales data from Operations	Proforma 'E'	Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
3.2.2.3	Preparation and Review of Proforma 'E'							
1.	'Proforma E' is prepared according to Cost Accounting Records (Electricity Industry) Rules, 2011. The above mentioned Quantitative and cost information for "Distribution of power" and previous year's value are plotted under respective heads in the Proforma 'E'.	Annual	Proforma D	Reconciliation Statement	DGM Accounts or Third party Cost Accountants	CGM Accounts		
2.	Independent review is performed to assess the correctness of cost as per Proforma 'E'. The same is captured in a Reconciliation statement prepared by Manager Accounts and approved by DGM Accounts	Annual	Proforma D	Reconciliation Statement	DGM Accounts or Third party Cost Accountants	CGM Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.	In case of any variation the same is reviewed and explained.	Annual	Reconciliation Statement	Corrected/ Adjusted Proforma E	DGM Accounts or Third party Cost Accountants	CGM Accounts		
4.	Final Proforma 'E' is authorized by CGM Accounts.	Annual	Proforma E	Authorized Proforma "E"		CGM Accounts		

3.2.3 PROFORMA 'E'

Statement showing the cost of supply (consumer servicing and billing, etc.)

Name of the Company	
Name and Address of the Supplying Unit	
For the Period/Year	

I. Quantitative Information:

S No.	Particulars	Current Year		Previous Year	
A1	Installed Capacity				
2	Power Received				
3	Power Supplied :	Number of consumers	Unit	Number of consumers	Unit
	(a) Domestic				
	(b) Commercial				
	(c) Industrial				
	(d) Public Lighting				
	(e) Agriculture				
	(f) Others				
	Total (a to f)				
4	Losses				
5	Area Covered (square KM)				
B1	Gross fixed assets at the end of the year/period (Rs./Lakhs)				
2	Net fixed assets at the end of the year/period (Rs./Lakhs)				
3	Date of Commissioning				

II. Cost Information

SNo.	Particulars	Quantity	Rate Rs. per Unit	Amount Rs.	Cost per unit (Rupees)	
					Current year	Previous Year
1	Cost of Power : (a) Transferred Proforma 'D' (b) Purchased (c) sub total					
2	Direct Employees Cost (a) Maintenance of lines (b) Billing including meter reading (c) Others (specify) Sub total (a to c)					
3	Consumables Stores and Spares					
4	Servicing and Contract Work					
5	Insurance					
6	Depreciation					
7	Lease Rent, if any					
8	Other Supply Overheads					
9	Administrative Overhead:					
10	Total (1 to 9)					
11	Selling Expenses					
12	Interest (net of Interest on consumer deposits)					
13	Total Cost of Sales					
14	Sales Realization					
15	Margin (14 - 13)					
16	Average Sale Realization (a) Domestic (b) Commercial (c) Industrial (d) Public Lighting (e) Agriculture (f) others					

3.3 Assessment of Plant and machinery cost related to core activities of DHBVN

3.3.1 Objective

- To ensure proper presentation and calculation of activity wise Capital Cost of Plant and Machinery or Equipment relating to Electricity Activity and other common services
- To provide for expense allocation to non-core activities as per defined rationale reconciling with the financial books

3.3.2 Process

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.3.2.1	Allocation of expenses to Core/ Non - Core Activities							
1.	Cost information is derived from 'Proforma D' The particulars relating to utilization of materials, labor and other expenses in so far as they are applicable to such other products or activities (not relating to core distribution business) shall be categorized as expenses on Non – Core activities. Separate Trial Balance is prepared for Core activities as well as Non – Core activities.	Annual	Trial Balance		Manager Accounts or Third party Cost Accountants	DGM Accounts		
3.3.2.2	Preparation and review of Proforma 'F'							
1.	'Proforma F' is prepared according to Cost Accounting Records (Electricity Industry) Rules, 2011. The above mentioned allocated expenses into core and non-core activities are plotted under respective heads in the Proforma 'F'.	Annual	Proforma D & E		Manager Accounts or Third party Cost Accountants	DGM Accounts		
2.	The values of Core activities from Proforma D and E are plotted in the Proforma 'F' along with the values for Non Core Activities segregated in above step.	Annual	Proforma D & E		Manager Accounts or Third party Cost Accountants	DGM Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.	The basis of allocation to Core/Non Core Activities is also documented in Proforma 'F'. <i>Note:</i> <i>Rationale for segregating expenses should be defined, e.g. for office rent the rationale can be the floor ratio used by core activity and non core activity.</i>	Annual	Core & Non Core Activities	Proforma F	Manager Accounts or Third party Cost Accountants	DGM Accounts		
4.	Independent review is performed to assess the correctness of cost as per Proforma 'F', by matching it with Trial Balance.	Annual	Trial Balance & Proforma F	Reconciliation Statement	DGM Accounts or Third party Cost Accountants	CGM Accounts		
5.	In case of any variation with the Trial Balance, the same is reviewed and explained.	Annual	Reconciliation Statement	Corrected/ Adjusted Proforma F	DGM Accounts or Third party Cost Accountants	CGM Accounts		
6.	Final Proforma 'F' is authorized by CGM Accounts.	Annual	Proforma F	Authorized Proforma "F"		CGM Accounts		

3.3.3 PROFOMA 'F'

Statement showing Activity wise Capital Cost of Plant and Machinery or Equipment relating Electricity Activity and other common services or activities

Name of the Company											
Name and Address of the Plant/Unit											
For the Period/Year											
Sno.	Particulars	Gross Block				Depreciation				Net	
	Assets (Specify assets activity wise)	Cost as at beginning of the year	Additions or Transfers during the year	Deductions or Transfer during the year	Total Cost at the end of the year	As at beginning of the year	For the year	On deductions during the year	Total at the end of the year	As at beginning of the year	As at the end of the year
A.	Generation (specify)										
1.											
2.											
et											
B.	Transmission										
1.											
2.											
etc											
C.	Distribution										
1.											
2.											
etc											
D.	Servicing or Billing or Administrative or Marketing										
1.											
2.											
etc											
E.	Common										
1.											
2.											
F.	Others										
1.											
2.											
H.	Grand Total as per Audited										

3.4 Allocation & apportionment of total expenses and income

3.4.1 Objective

- To ensure proper presentation, allocation & apportionment of total expenses and income of the company
- To perform independent review and reconcile the cost variance

3.4.2 Process

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.4.2.1	Statement showing Allocation and Apportionment of Total Expenses and Income							
1.	Total expenses of the company as per Audited Financial Accounts are extracted	Annual	Audited financial accounts		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
2.	Total expenses are classified as follows: <ul style="list-style-type: none"> • Total as per Annual Accounts of Generation Units • Total as per Annual Accounts of Transmission Units • Total as per Annual Accounts of Distribution Units 	Annual	Audited financial accounts	Allocation of expenses	Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
3.	To understand overhead and the profitability of products, services and customers, the total overheads incurred are apportioned into: <ul style="list-style-type: none"> • Factory Overheads • Administration Overheads • Marketing or Selling and Distribution Overheads • Other Cost centers 	Annual	Audited financial accounts	Apportioned expenses	Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
	<ul style="list-style-type: none"> Non Cost Expenses Again what is the basis of allocation and who reviews the allocation? 							
4.	The amount of electricity duty remitted to the government should be segregated for each vertical and overhead.	Annual	Electricity Duty amount		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
5.	To identify profit or loss for each vertical of business and for each cost center, revenue figures are segregated. The sales data to exclude electricity duty amount to arrive at correct profit figure.	Annual	Revenue figures	Segregated revenue figures	Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
6.	Profit or loss for each vertical can be arrived at by comparing cost figures with Sales realized.	Annual		Proforma G	Manager Accounts or Third party Cost Accountants	DGM Accounts		
3.4.2.2	Preparation and review of Proforma 'G/ G1'							
1.	'Proforma G/G1' is prepared according to Cost Accounting Records (Electricity Industry) Rules, 2011. The above mentioned allocated expenses into different activities are plotted under respective heads in the Proforma 'G/G1'.	Annual	Proforma G	Reconciliation Statement	DGM Accounts or Third party Cost Accountants	CGM Accounts		
2.	Independent review is performed to assess the correctness of cost as per Proforma 'G/ G1'.	Annual	Proforma G	Reconciliation Statement	DGM Accounts or Third party Cost Accountants	CGM Accounts		
3.	In case of any variation the same is reviewed and explained.	Annual	Reconciliation Statement	Corrected/ Adjusted Proforma G	DGM Accounts or Third party Cost Accountants	CGM Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
4.	Final Proforma 'G/G1' is authorized by CGM Accounts.	Annual	Proforma G	Authorized Proforma "G"		CGM Accounts		

3.4.3 PROFORMA 'G'

Statement showing Allocation and Apportionment of Total Expenses and Income of the Company

Name of the Company	
Name and Address of the Plant/Unit	
For the Period/Year	

(Amount in Rupees)

Sno.	Particulars	Total Expenses as per Audited Financial Accounts	Total as per Annual Accounts of Generation Units	Total as per Annual Accounts of Transmission Units	Total as per Annual Accounts of Distribution Units	Total as per Annual Accounts of supply or billing Units	Other activities (specify)	Utilities (separately for each)	Factory Overheads	Administration Overheads	Marketing or Selling and Distribution	Other cost centres (specify)	Non Cost Expenses
1.	Direct Materials (specify)												
2.	Process Materials (specify)												
3.	Chemicals (specify)												
4.	Power & Fuel												
a)	Fuel												
b)	Own Production												
5.	Employee Benefits:												
a)	Salaries, Wages, Bonus Etc.												
b)	Contribution to Provident and Other Funds												
c)	Staff Welfare Expenses												
6.	Consumable Stores and Spares												
7.	Repairs and Maintenance												
a)	Plant & Machinery												
b)	Buildings												
c)	Transmission and Distribution Assets												
d)	Others												

S.No.	Particulars	Total Expenses as per Audited Financial Accounts	Total as per Annual Accounts of Generation Units	Total as per Annual Accounts of Transmission Units	Total as per Annual Accounts of Distribution Units	Total as per Annual Accounts of supply or billing Units	Other activities (specify)	Utilities (separately for each)	Factory Overheads	Administration Overheads	Marketing or Selling and Distribution	Other cost centres (specify)	Non Cost Expenses
8.	Other Direct Expenses (specify)												
9.	Rent												
10.	Insurance												
11.	Rates and Taxes												
12.	Payment To Auditors												
13.	Traveling and Conveyance												
14.	Communication Expenses												
15.	Printing and Stationery												
16.	Bank Charges												
17.	Sales Promotion Expenses												
18.	Handling Expenses												
19.	Miscellaneous Expenses												
20.	Transportation Charges												
21.	Quality Control												
22.	Royalty or Technical Know- how												
23.	Technical Assistant Manager												
24.	Other Statutory Levies												
25.	Cess												
26.	Lease Rent												
27.	Research and Development												
28.	Borrowing Charges												
29.	Loss on Assets Sold, Lost or Written Off												
30.	Exchange Rate Fluctuations												
31.	Provision For Doubtful Debts, Advances, Claims & Obsolescence												

S.No.	Particulars	Total Expenses as per Audited Financial Accounts	Total as per Annual Accounts of Generation Units	Total as per Annual Accounts of Transmission Units	Total as per Annual Accounts of Distribution Units	Total as per Annual Accounts of supply or billing Units	Other activities (specify)	Utilities (separately for each)	Factory Overheads	Administration Overheads	Marketing or Selling and Distribution	Other cost centre (specify)	Non Cost Expense
32.	Provision for Cost Adjustment												
33.	Interest on Security Deposit												
34.	Delayed Payment Surcharge												
35.	Provision for Contingencies												
36.	Depreciation or Depletion												
37.	Total Expenses												
38.	Less, Credit for Recoveries												
39.	Less, Self Consumption, if any,												
40.	Total Cost of Sales excluding electricity Duty and other statutory levies, if any												
41.	Electricity Duty												
42.	Total Cost including electricity Duty and other statutory levies, if any												
43.	Total Sales Realization excluding Electricity Duty and other statutory levies, if any												
44.	Add: Export Benefit, if any												
45.	Profit as per Profit and Loss Account												

3.4.4 PROFORMA 'G1'

Statement showing Apportionment of Overheads

Name of the Company	
Name and Address of the Unit	
For the Period/Year	

Cost Centres	Factory Overheads	Administration Overheads	Marketing / Selling & Distribution	Other Overheads (specify)
	Rs.	Rs.	Rs.	Rs.
Utilities (specify)				
Cost Centres (specify)				
1.				
2.				
3.				
4.				
Others (specify)				
Total (as per Proforma H)				

3.5 Reconciliation of cost records and financial records

3.5.1 Objective

- To reconcile profit/ loss as per cost records with financial records
- To prepare reconciliation memorandum identifying financial charges/ income, adjustments due to overhead, stock valuation and depreciation

3.5.2 Process

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.5.2.1	Reconciliation of Cost Accounts and Finance Records							
1.	For the Cost Accounts and Finance Records to be reconciled, a memorandum of reconciliation is prepared, indicating the reasons for difference between the results disclosed by each system.	Annual	Cost accounts and Finance records	Memorandum of reconciliation	Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
2.	Items which appear only in financial accounts, and not in cost accounts, since they do not relate to the core activities, such as: Purely financial charges, reducing financial profit: <ul style="list-style-type: none"> • Losses on capital assets • Stamp duty and expenses on issue and transfer of stock, shares and bonds • Loss on investments. • Discount on debentures, bonds, etc. • Fines and penalties, • Interest on bank loans. 	Annual	Cost accounts and Finance records		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
	<p>shall be reduced from Cost Accounting Profit</p> <p>Further purely financial income, increasing financial profit such as:</p> <ul style="list-style-type: none"> • Rent received • Profit on sale of assets • Share transfer fee • Share premium • Interest on investment, bank deposits. • Dividends received. • Appropriation of profit – donations and charities <p>shall be added to Cost Accounting Profit</p>							
3.	<p>Item included in cost accounts but not in financial accounts to be adjusted such as:</p> <ul style="list-style-type: none"> • Interest on capital, which is not paid but included in cost accounts to show the notional cost of employing capital • Rent i.e. charging a notional rent of premises 	Annual	Cost accounts and Finance records		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
4.	<p>Items accounted for differently in cost accounting and financial accounting to be adjusted such as:</p> <ul style="list-style-type: none"> • Overhead – In cost accounts, overheads are applied to cost units at predetermined rates based on estimates, and the amount recovered may differ from actual expenses incurred. If such under-or over-recovery of overheads are not charged off to costing 	Annual	Cost accounts and Finance records		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
	<p>profit and loss account, the profits on two sets of books will differ.</p> <ul style="list-style-type: none"> • Stock valuation – In financial accounts, stock is valued at lower of cost or market value. In cost accounts, stock is valued at cost adoption one of the methods, such as FIFO, LIFO, average etc., which is suitable to the unit. Thus, there may be difference in stock valuation, which will reflect difference in profit between the two sets of books. • Depreciation – If different basis is adopted for charging depreciation in cost accounts as compared to financial accounts, the profits will vary. 							
5.	Cost accounting profit is reconciled with the accounting profit by adjusting the above mentioned items.	Annual	Memorandum of reconciliation		Assistant Manager Accounts or Third party Cost Accountants	Manager Accounts		
3.5.2.2	Preparation and review of Proforma 'H'							
1.	Memorandum of reconciliation is prepared in 'Proforma H' according to Cost Accounting Records (Electricity Industry) Rules, 2011.	Annual	Memorandum of reconciliation	Proforma H	DGM Accounts or Third party Cost Accountants	CGM Accounts		
2.	Independent review is performed to assess the correctness of Proforma 'H'	Annual	Proforma H	Reviewed Proforma H	DGM Accounts or Third party Cost Accountants	CGM Accounts		

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.	In case of any variation the same is reviewed and explained.	Annual	Reviewed Proforma H	Corrected/ Adjusted Proforma H	DGM Accounts or Third party Cost Accountants	CGM Accounts		
4.	Final Proforma 'H' is authorized by CGM Accounts.	Annual	Proforma H	Authorized Proforma "H"		CGM Accounts		

3.5.3 PROFORMA 'H'

Statement of Profit Reconciliation (for the company as a whole)

Name of the Company	
For the Period/Year	

Sno.	Particulars	Current Year (Rs)	Previous Year (Rs)
1	Profit or Loss as per Cost Accounting Records		
	a) For the audited product groups		
	b) For the un-audited product groups		
2	Add: Incomes not considered in cost accounts:		
	(a) Specify		
	(b)		
	(c)		
	(d)		
3	Less: Expenses not considered in cost accounts:		
	(a) Specify		
	(b)		
	(c)		
	(d)		
4	Add: Overvaluation of Closing Stock in Financial Accounts		
5	Add: Undervaluation of Opening Stock in Financial Accounts		
6	Less: Undervaluation of Closing Stock in Financial Accounts		
7	Less: Overvaluation of Opening Stock in Financial Accounts		
8	Adjustments for others, if any (specify		
9	Profit or Loss as per Financial Accounts		

3.6 Filing of Compliance report

3.6.1 Objective

- To ensure preparation and submission of Compliance Report and relevant annexure to the Central Government
- To ensure that the submissions are approved and filed in specified forms and as per specified timelines
- To institutionalize a practice for maintenance of cost accounting records as per statutory requirements

3.6.2 Process

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
3.6.2.1 Preparation and filing of the Compliance Report								
1.	DHBVN shall prepare and submit a compliance report, in respect of each of its financial year commencing on or after the 1st day of April, 2011, duly certified by a Cost Accountant, along with the Annexure to the Cent. Govt, in the specified form	Annual	Proforma (D,E,F,G,G1 & H)	Compliance Report	Manager Accounts	CGM Accounts		BOD
2.	The Annexure to the compliance report shall be approved by the Board of Directors and certified by the Cost Accountant before submitting the same to the Central Government by the company.	Annual	Compliance Report	Approved Compliance Report by BOD	CGM Accounts	BOD & Cost Accountant		
3.	DHBVN shall submit the compliance report to the Central Government within a period of one hundred and eighty days from the close of the company's financial year to which the compliance report relates.	Annual	Approved Compliance Report by BOD	Filed Compliance Report to Central Government	CGM Accounts	BOD & Cost Accountant		Central Government
3.6.2.2 Preservation of Records								

Sr. No	Procedure	Frequency	Input	Output	Approval/Responsibility			
					R	A	C	I
1.	As per <i>Cost Accounting Records (Electricity Industry) Rules, 2011</i> , cost records, cost statements and reconciliation statements, maintained for a period of not less than eight financial years immediately preceding a financial year, in respect of all the preceding years.	Ongoing	Cost Records		DGM Accounts	CGM Accounts		