

**BANGLADESH COST  
ACCOUNTING  
STANDARD BOARD  
(BCASB)**



**ICMAB**  
THE INSTITUTE OF COST AND MANAGEMENT  
ACCOUNTANTS OF BANGLADESH



## 1. Bangladesh Cost Accounting Standard Board (BCASB)

The National Council of the Institute of Cost and Management Accountants of Bangladesh (ICMAB), realizing the need for structured approach to the measurement of cost accounting as well as to provide guidance to the user organizations, government bodies, regulators, research agencies, academicians and others to achieve uniformity and consistency in classification, measurement and assignment of cost, has constituted the Bangladesh Cost Accounting Standards Board (BCASB) with the objective of formulating the Cost Accounting Standards. Many of the principles stipulated in the Cost Accounting Standards are applicable to entities engaged in manufacture of goods and providing services.

The composition of the BCASB would be broad based and should ensure participation of all interest groups i.e., councilor, academician, practitioner, service holder, regulator and ministry representative. The Board shall consist of following 07 (seven) members:

- a. Two members of the National Council nominated by the National Council;
- b. One nominee either from Ministry of Commerce or from Ministry of Industries (not below the rank of Additional Secretary);
- c. One Cost and Management Accountant in service;
- d. One eminent practicing Cost and Management Accountant;
- e. One faculty member from Department of Accounting & Information Systems, University of Dhaka (not below the rank of Associate Professor);
- f. One nominee from Financial Reporting Council, Bangladesh (not below the rank of Executive Director);

The quorum of the Board shall be four members. The terms and period of appointment will be decided by the Council.

## 2. Objectives and Functions of the Bangladesh Cost Accounting Standards Board

The main objective of the Bangladesh Cost Accounting Standards Board (BCASB) is to develop Cost Accounting Standards on important issues /topics relating to Cost and Management Accounting. In specific, the objective is to assist the Cost Accountants in preparation of uniform cost statements under various statutes. The detailed objectives are:

- a. To provide guidelines to Cost Accountants to make standard approach towards maintenance of Cost Accounting Records under clause (d) of sub-section (1) of Section 181 and undertaking Cost Audit under section 220 (1) of the Companies Act, 1994 and other prevailing rules in the country.
- b. To assist the corporate management to follow the standard cost accounting practices in the matter of compliance of statutory obligations.



- c. To help the country's industry and the Government towards better cost management.

**The functions of BCASB would be:**

- a. To issue the framework for the Cost Accounting Standards;
- b. To equip the Cost and Management Accounting professionals with better guidelines on Cost Accounting Practices;
- c. To provide interpretations on Cost Accounting Standards from time to time;
- d. To issue application guidance relating to a particular standard;
- e. To propagate the Cost Accounting Standards and to persuade the users to adopt them in the preparation and presentation of General Purpose Cost Statement;
- f. To persuade the Government and regulatory authorities to enforce Cost Accounting Standards, to facilitate the adoption thereof, by industry and corporate entities in order to achieve the desired objectives of standardization of Cost Accounting practices;
- g. To promote the users about the utility and need for compliance of cost accounting standards;

### 3. Procedure for issuing the Cost Accounting Standards

**The following procedure shall be adopted for formulating and issuing Cost Accounting Standards:**

- a. The selection of topics on which the Cost Accounting Standards have to be formulated and the sequence in which they will be developed would be decided by the BCASB, on its own volition or on the basis of requests received from any vested interest group.
- b. The BCASB will constitute a Task Force consisting of CMAs and other academicians for each topic selected for the formulation of the Cost Accounting Standard. The Task force will prepare the initial draft of the proposed standard. The draft of the standard will generally be as per in the following format:
  - i) Introduction
  - ii) Objectives
  - iii) Scope
  - iv) Key features
  - v) Definitions
  - vi) Standards
  - vii) Recording & Reporting
  - viii) Effective Date
  - ix) Appendix

Application Guidance will be provided as annexure, wherever required. In case of deviation from the above format, suitable explanation shall be provided by the Task Force preparing the standard.

- c. The standards formulated by the Bangladesh Cost Accounting Standards Board include paragraphs in bold italic and plain type. Paragraphs in bold italic type indicate the main principles. An individual Cost Accounting Standard should be read in the context of the objective stated in that standard and this Preface.
- d. The initial draft prepared by the Task Force shall be examined by the BCASB, with inputs from the technical team.
- e. The final draft would be circulated amongst the interest groups and stakeholders and members of the Institute through the website/email as exposure draft. The Exposure Draft will also be sent to the members of the Council, Past Presidents, members of the regional councils and chapters and the leading entities in public and private sectors and circulated for their comments.
- f. To allow adequate time for due consideration and comments from all interested parties, exposure period is of thirty days or longer as decided by the BCASB.
- g. After the expiry period, the draft standard needs to be presented in workshops and comments to be recorded based on floor discussion.
- h. The comments and suggestions received within the prescribed period are considered by the BCASB appropriately.
- i. After taking into consideration the comments received, the draft of the proposed Standard will be finalized by the BCASB as Bangladesh Cost Accounting Standard and will be submitted to the Council of ICMAB for approval.
- j. The Council of the ICMAB shall consider the proposed Standard, and if found necessary, shall modify the same in consultation with the BCASB based on the recommendation of the Council for adoption, the Bangladesh Cost Accounting Standard on the relevant subject will then be issued and published by ICMAB.
- k. The Bangladesh Cost Accounting Standards shall be issued under the authority of the Council of the ICMAB.
- l. The effective date of implementation of the Standard will be decided by the Council of the ICMAB in consultation with BCASB. However, no standards will have retrospective application unless otherwise stated.

#### 4. Authority attaching to Bangladesh Cost Accounting Standards

While formulating the Bangladesh Cost Accounting Standards, the BCASB will take into consideration the applicable laws, usage and business environment prevailing in Bangladesh. BCASB will also give due consideration to the Cost Accounting Standards, principles and practices being followed by the other countries in the world. If a particular standard or and part thereof is inconsistent with a law, the provisions of the said law shall prevail.

The Cost Accounting Standards are intended to apply to the items which are material. The Bangladesh Cost Accounting Standards Board may consider any issue requiring interpretation of any Standard. Interpretations shall be issued under the authority of ICMAB Council.

## 5. Procedure for Authority of Application Guidance

This preface recognizes, as one of the functions of the Bangladesh Cost Accounting Standards Board (BCASB), the issuance of Application Guidance (AG) relating to individual Cost Accounting Standards. For the purpose, the BCASB will identify implementation issues and consider how BCASB can best respond to such issues.

The response will take the form of Application Guidance which may take several forms like narratives, FAQs, Illustrative examples and others. The objective is to help preparers of cost statement, auditors and users to understand Cost Accounting Standards better, particularly first-time preparers and users and to ensure consistent application of a standard.

## 6. Procedure for preparation and issue of the Application Guidance

The BCASB would also issue application guidance to facilitate ease of application of the standards. The procedure for preparation of application guideline to be followed in will be as follows:

- a. The Application Guidance will be drafted by the BCASB with or without the support of task force. The draft shall take into account issues identified by the BCASB and queries or opinions received from various stakeholders during the exposure period of the Standard and after its publication.
- b. The Exposure Draft of the Application Guidance will be approved by the BCASB with or without modification to the initial draft and the same shall be posted on the ICMAB website at least for thirty days for public comments.
- c. The BCASB will finalize the Application Guidance based on the comments received from the practitioners and academicians and recommend the same, to ICMAB Council.
- d. The BCASB shall consider and approve, with or without modification, the Application Guidance for issuance.

## 7. Authority attached to the application Guidance

The Application Guidance will be explanatory to the corresponding Cost Accounting Standard and will not override the same.




## 8. Compliance with the Cost Accounting Standards

The Bangladesh Cost Accounting Standards will be mandatory from the respective date(s) mentioned in the respective Cost Accounting Standard(s). The mandatory status of a Cost Accounting Standard implies that while discharging their attest functions, it will be the duty of the members of the Institute to examine whether the Cost Accounting Standard is complied with in the preparation of the General Purpose / Special Purpose Cost Statement which is required to be attested by the Cost Auditors wherever applicable.

As far as maintenance of cost accounting records under the Companies Act or any other statute is concerned, relevant matter covered under the standards, wherever applicable shall be followed. In the event of any deviation from the Cost Accounting Standard, it will be the duty of cost auditors to make adequate disclosures in their cost audit reports so that the users of cost statements may be aware of such deviation.

Cost Statements cannot be described as complying with the Cost Accounting Standards unless they comply with all the requirements of applicable Standards.

## 9. Procedure for revision of the Standards and Guidance Notes issued by the BCASB

The BCASB undertakes revision of the Standards and Guidance Notes based on the subsequent legal or professional requirements or any other national or international developments in the field of Cost Accounting. The procedure followed for revision is the same as that followed for formulation of a new Standard and Guidance Note as the case may be, as detailed above. Limited revision of Standards and Guidance Notes due to change in reference of Act and Rules thereof shall be carried out by the Board with the approval of the Council of the Institute. Also limited revision due to adoption of standardized definition in any standard shall be carried out in all the Cost Accounting Standards by the Board with approval of the Council of Institute. 



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