

Cost Audit Filing Related FAQs

- 1. Which companies are required to file Cost Audit Report and Compliance Report in XBRL format and what is the authority for the same?**

Ministry of Corporate Affairs has mandated filing of the Cost Audit Report and Compliance Report from the financial year 2011-12 onwards (including overdue reports relating to any previous year) by all cost auditors and companies concerned by using the XBRL taxonomy. MCA vide Circular No. 18/2012 dated July 26, 2012, has extended the last date of filing of cost audit reports and compliance reports with the Central Government in XBRL format up to December 31, 2012. The relevant General Circular No. 8/2012 dated 10.5.2012 [as amended on 29.6.2012] and No. 18/2012 dated 26.7.2012 issued by MCA can be accessed from the following link:

http://www.mca.gov.in/Ministry/companies_act.html.

- 1. Which companies are not required to file the Cost Audit Report?**

All such companies that are **NOT** covered under the company specific Cost Audit Orders issued prior to 31.3.2011 and/or under the industry specific Cost Audit Order No. 52/26/CAB-2010 dated 2nd May 2011, 30th June 2011 and 24th January 2012 are not required to file Cost Audit Report. However, companies meeting with the threshold limits as prescribed in the relevant Cost Accounting Records Rules 2011 are required to file Compliance Report in the XBRL format.

- 2. Which companies are exempted from filing the Compliance Report?**

All such companies that are not covered under any of the Cost Accounting Records Rules notified in 2011 are not required to file the Compliance Report.

Further, as per MCA's General Circular No. 68/2011 dated 30.11.2011 read with the General Circular No. 12/2012 dated 4.6.2012, such companies that are covered under any of the Cost Accounting Records Rules notified in 2011 but wherein all their products/activities, excluding the exempted categories, are covered under cost audit, are not required to separately file the Compliance Report.

- 3. If my Cost Audit Report pertains to the financial year prior to 2011-12, then do I need to file the report in XBRL format?**

As per MCA's General Circular No. 8/2012 dated 10.5.2012, all Cost Audit Reports required to be filed with the Central Government starting from

financial year 2011-12 and also in respect of any financial years prior to 2011-12 [that has not been filed so far] need to be filed in XBRL format.

4. **Central Government vide General Circular no. 18/2012 dated July 26, 2012 has extended filing of the Cost Audit Report in XBRL format till December 31, 2012. A company follows different financial year viz. from October 01, 2011 to September 30, 2012. As per Companies (Cost Audit Report) Rules, 2011, filing of Cost Audit Report becomes due by March 27, 2013, i.e. within 180 days from the end of the reporting year. Is this company still required to file the Cost Audit Report in XBRL format by December 31, 2012 or it would be allowed to file the report until March 27, 2013?**

The companies are required to file their Cost Audit Report [or the Compliance report] for the year 2011-12 within 180 days of the close of the financial year or by December 31, 2012, whichever is later.

5. **Who will certify XBRL filing for Cost Audit Report?**

The Cost Auditor [or the lead Cost Auditor in case the company has more than one Cost Auditors] is required to digitally sign and file the Cost Audit Report for the company as a whole.

6. **Who will certify XBRL filing for Compliance Report?**

Any valid Member of the Institute of Cost Accountants of India who is either in full-time employment with the concerned company or is holding full-time Certificate of Practice can only certify the Compliance Report.

7. **I am holding valid membership of the Institute of Cost Accountants of India as well as of the Institute of Company Secretaries of India. As a full-time employee of the company, can I certify its Compliance Report?**

Yes, being a valid Member of the Institute of Cost Accountants of India and in full-time employment with the concerned company, you can certify its Compliance Report provided you are not signing the Compliance Report as Company Secretary or as Director of the company also.

8. **The responsibility of filing Cost Audit Report with the Central Government lies with the Cost Auditor. Whose responsibility is it to create XBRL document?**

Creation of the Cost Audit Report in XBRL format, as approved by the Board and certified by the Cost Auditor, is the responsibility of the company. However, filing the Cost Audit Report in XBRL format with the Central Government is the responsibility of the Cost Auditor, who has to ensure the

correctness of data and other information contained in the XBRL Instance Document.

9. **I have completed the Cost Audit and the Board of Directors has also approved the Cost Audit Report / Compliance Report. Is the Board of Directors of the company required to approve the Instance document of the Cost Audit Report / Compliance Report?**

No separate approval from the Board is required for the Instance document of the Cost Audit Report or of the Compliance Report since the data/information contained in the Instance document would already have been approved by the Board of Directors. However, if the data & other information as given in the Instance document differ from that approved by the Board, then it is advisable to get fresh approval of the revised Cost Audit Report or the Compliance Report unless the Board while according approval had authorized any officer of the company to make modifications as required in the XBRL document.

10. **A company has not appointed anyone as the lead cost auditor. Is it required to appoint a lead cost auditor for consolidation?**

The company is not required to separately appoint a lead Cost Auditor. It may designate/nominate any one of the existing Cost Auditors as the lead Cost Auditor and assign the additional task of consolidation, who would be responsible for verifying the consolidated report and filing the same with the Central Government.

11. **Is Performance Appraisal Report required to be filed with the Central Government as a part of the Cost Audit Report?**

As per provisions of the Companies (Cost Audit Report) Rules, 2011, every cost auditor, who submits a cost audit report, is also required to furnish Performance Appraisal Report to the Board/Audit Committee of the company in the prescribed format (Form III). However, this report will not be required to be filed with the Central Government.

12. **My company is in the business of power generation. As per the MCA Circular, power companies are not required to file the Balance Sheet and Profit & Loss Account in XBRL format. Do I still need to file Cost Audit Report / Compliance Report (as applicable) in XBRL format?**

Power generation companies have been exempted from filing their Balance Sheet and Profit & Loss Account in XBRL format as the relevant taxonomy as per disclosure requirements under the Electricity Act, 2003 is still under development. However, under the said Act, there are no such separate

disclosure requirements for cost details. Hence, the costing Taxonomy for filing the Cost Audit Report or the Compliance Report is common to all companies. Therefore, companies engaged in the business of power generation, transmission or distribution are also required to file Cost Audit Report / Compliance Report (as applicable) in the XBRL format.