

Cost Audit Taxonomy Related FAQs

- 1. Can I use C&I taxonomy to create Cost Audit Report or Compliance Report?**

No, there is a separate in-Cost taxonomy for creating Cost Audit Report or Compliance Report. The Costing Taxonomy can be accessed from the website of Ministry of Corporate Affairs. The relevant link for the costing taxonomy is:

http://www.mca.gov.in/Ministry/pdf/Costing_Taxonomy_2012-11-22_v1.0.zip

- 2. Do I need separate validation tool for validating the instance document of Cost Audit Report/Compliance report or the same validation tool as applicable for validating the instance document of Balance Sheet and Profit & Loss account can be used?**

Yes. Ministry of Corporate Affairs has developed separate validation tool to validate the instance documents of Cost Audit Report or Compliance report. The MCA XBRL validation tool can be downloaded from the XBRL website of the Ministry of Corporate Affairs from the following link:

http://xbrltool.mca.gov.in/XBRL/XBRL_TOOL/MCAXBRLCostingTaxonomy_ValidationTool_Version1.0.zip

- 3. My company has to file both Cost Audit Report and Compliance report. Can I use the same taxonomy for both the reports?**

Yes. The in-Cost taxonomy contains elements for both Cost Audit Report and Compliance Report. The entry points are different. However, common elements are defined at one place only.

- 4. Costing taxonomy shows variation when compared to the formats of Cost Audit Report and Compliance Report given in the notified Cost Accounting Records Rules and Cost Audit Report Rules. Can the instance documents created as per Costing taxonomy be filed with the Central Government or I need to create instance document conforming to the notified formats?**

In XBRL mode, only the requisite data & other information as per the Costing Taxonomy is required to be filed by attaching the valid instance document with the relevant e-Form. No other formats as earlier notified are required to be filed. The final Costing Taxonomy as available on the MCA website supersedes the formats of Cost Audit Report and Compliance Report as given in the earlier notified Cost Accounting Records Rules and Cost Audit Report Rules.

5. **The revised structure of the Compliance Report as well as the Cost Audit Report has stipulated reporting at the “Product or Activity Group” level. What would be the basis of determining a “Product or Activity Group” for a multi-product company?**

“Product or Activity Group classification” shall be strictly in accordance with the notification issued by the Ministry of Corporate Affairs vide S.O. No. 1747(E) dated 7th August 2012. The link for accessing the product group notification is:

[http://mca.gov.in/Ministry/pdf/S.O.\(E\)1747_07_08_2012.pdf](http://mca.gov.in/Ministry/pdf/S.O.(E)1747_07_08_2012.pdf)

6. **If my company deals in multiple product groups and there are multiple cost auditors appointed in the company. Do I need to file multiple Cost Audit Reports or only consolidated Cost Audit Report in XBRL format?**

In the XBRL format, you are required to file only one consolidated Cost Audit Report for the company as a whole. If a company has multiple Cost Auditors, then in such case, one of them may be designated/nominated as the lead Cost Auditor who will file the consolidated cost audit report for the company as a whole. However, the lead Cost Auditor would be required to provide details of all the Cost Auditors of the company including the report of the individual Cost Auditors with their comments and observations separately for each Cost Auditor in the consolidated report. Only the data contained in para 3 to 11 would be consolidated, wherever applicable.

7. **In the Abridged Cost Statement (Para 5) of the Cost Audit Report pertaining to my company, I want to report cost elements for which I am not able to find the corresponding elements in the taxonomy? How do I report such costs?**

In the Costing taxonomy, there is provision for separate link Table for Industry Specific Operating Expenses in the Abridged Cost Statement of the Cost Audit Report. Such cost details, for which no matching corresponding cost element is found in the Abridged Cost Statement, such cost elements are to be defined and reported in the industry specific operating expenses link table.

8. **In the Abridged Cost Statement (Para 5) of the Cost Audit Report pertaining to my company, I want to report more than 10 numbers of materials / utilities / industry specific operating expenses? However, the taxonomy supports only reporting 10 numbers of materials / utilities / industry specific operating expenses in the corresponding link tables? How do I report additional cost elements under these heads?**

The materials/utilities/industry specific operating expenses link tables in the Abridged Cost Statement have a provision for reporting only 10 different cost elements respectively. In case, a company has more than 10 numbers of materials/utilities/industry specific operating expenses, 9 nos. of such materials/utilities/industry specific operating expenses, whose value is in descending order need to be reported separately and the balance may be clubbed together as “others” so as to ensure that the total value of such materials/utilities or industry specific operating expenses is equal to the materials cost or the utilities cost or the industry specific operating cost [as the case may be] reported in the main part of the Abridged Cost Statement. Since the “others” category would be an amalgamation of different elements, the unit, quantity and rate in the “others” category may be kept blank.

9. **Where do I get 8-digit ITC Codes / NPCS Codes to be used for preparing the Cost Audit Report?**

The 8-digit ITC Codes can be accessed from the link:

http://www.mca.gov.in/XBRL/pdf/ITC_HS_codes.pdf

The 8-digit NPCS Code can be accessed from the link:

http://mca.gov.in/XBRL/pdf/NPCS_codes.pdf

10. **In my company, two different units of measurement are used for the same product group. How do I report details about such product groups under the relevant Para of the Cost Audit Report?**

If a company has two different units of measurement for the same product group, then details for the same product group are to be reported twice with different units of measurement for all the relevant paras and such details need not be aggregated on the Product or Activity Group Code. In this connection, the notes provided in the notification issued by the Ministry of Corporate Affairs vide S.O. No. 1747(E) dated 7th August 2012 may be referred to.

11. **My company has related party transactions only in respect of the financial transactions? Do I need to fill in the details of these transactions in the related party transactions para?**

In the cost audit report, as per the notified taxonomy, details in respect of only the following types of transactions are to be reported. Therefore, details of all the remaining financial transactions with the related parties are not to be reported in the Cost Audit Report.

1. Sale or Purchase of Goods

2. Services Received or Rendered

12. **I am an individual practising cost accountant? What do I need to fill in the “Category of Cost Accountants” or the “Category of Cost Auditor”? It only gives the option of “Firm / Sole Proprietor”?**

An individual practising cost accountant needs to fill in as “Sole Proprietor” Option under the category of Cost Accountants or of the Cost Auditors. The category of Sole Proprietor includes individuals also.

13. **Form 23C has been filed by my company but the same is not yet approved. Can I still file the Cost Audit Report pertaining to my company?**

Cost Audit Reports can be filed for the company only after filing Form 23C and ensuring that the same is approved.

14. **Form 23C has been filed by my company but related Form 23D has not been filed. Can I still file the Cost Audit Report pertaining to my company?**

Filing of Form 23D has been made mandatory for appointments of cost auditors from the financial year commencing on or after April 1, 2011. Since earlier years’ reports (prior to 2011-12) are also required to be filed in the XBRL format for which no Form 23D was applicable, hence filing of Form 23D is not applicable for filing such cost audit reports.

15. **The taxonomy provides the option of providing multiple SRN number of Form 23C and Form 23D for the same Cost Auditor. Under what circumstances do I provide multiple SRN Numbers for the same Cost Auditor?**

If the company has filed multiple Form 23C against the same cost auditor either for the same or for different products/units, then the SRN numbers of all such Form 23C and the SRN numbers of all the corresponding Form 23D filed by the cost auditor(s) are required to be provided in the fields provided for the same in the taxonomy. Such cases would arise in respect of Form 23C filed before the new Form 23C was introduced enabling appointment of a cost auditor for multiple products under multiple cost audit orders.

16. **Does a company mandatorily require indicating previous year(s) figures in the relevant columns of the Para(s) to Annexure to the Cost Audit Report even if the Cost Accounting Records Rules were not applicable to the company in the previous years?**

If a company was already covered under erstwhile Cost Accounting Records Rules, previous year figures are required to be given in the cost audit report

even in the first year of cost audit. Suitable disclosure may be made by the cost auditor that the previous year figures are as provided by the management.

In case some of the products of the company was under cost accounting records/cost audit prior to 2011-12 and additional products have come under cost accounting records and cost audit from 2011-12, then previous year figures in respect of such products that were under cost accounting records prior to 2011-12 is required to be provided. The taxonomy provides reporting of previous year figures according to product group and the same should be suitably disclosed in Para 3.

However, if both cost accounting records rules and cost audit becomes simultaneously applicable for the first time on a company, then disclosure of previous year figures is optional.

Any non-disclosure of previous year figures must be supported with reasoned justification.