



**Institute's views on MCA's General Circular No. 18/2012
dated 26th July, 2012**

Date: 30th July 2012

Ministry of Corporate Affairs vide their General Circular No. 18/2012 dated 26th July, 2012 has said that all cost auditors and the concerned companies will be allowed to file their Cost Audit Reports and Compliance Reports for the year 2011-12 [including the overdue reports relating to any previous year(s)] with the Central Government in the XBRL mode, without any penalty, upto 31st December, 2012. For this purpose, it has further said that

- a) Filing of Cost Audit Reports and Compliance Reports for the year 2011-12 [including the overdue reports relating to any previous year(s)] with the Central Government in the XBRL mode is mandatory.
- b) The applicable XBRL taxonomy, business rules, validation tools, etc. and also the "Product Group" classification required for preparing the cost audit reports and compliance reports as per the notified Cost Accounting Records Rules, 2011 and Cost Audit Report Rules, 2011 are under preparation and would soon be made available by the Ministry.
- c) The actual date for enabling XBRL filing will be intimated separately.

In connection with the provisions contained in the relevant Rules read with the aforesaid Circular, the following may be noted:

- (i) Rule 5 of the Companies (Cost Audit Report) Rules, 2011 says that the Cost Auditor shall forward his cost audit report to the Central Government within 180 days from the close of the company's financial year to which the report relates. Rule 7 prescribes that the Annexure to the cost audit report shall be approved by the Board of Directors.
- (ii) Similarly, Rule 6 of the Companies (Cost Accounting Records) Rules, 2011 says that every company shall submit compliance report to the Central Government within 180 days from the close of the company's financial year to which the report relates. Rule 7 prescribes that the Annexure to the compliance report shall be approved by the Board of Directors.
- (iii) The above time limit of 180 days has been prescribed for submission of the cost audit report by the cost auditor and for submission of the compliance report by the company, with the Central Government. For



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filing such reports for the financial year 2011-12 [including the overdue reports relating to any previous year(s)], MCA vide their General Circular No. 18/2012 dated 26th July, 2012 has extended this period of 180 days to 31st December 2012.

- (iv) MCA is yet to notify the applicable XBRL taxonomy, business rules, validation tools, etc. and also the "Product Group" classification required for preparing the cost audit reports and compliance reports.
- (v) In view of above, audit of cost records, approval by the Board, and filing of cost audit report & compliance report with the Central Government should be completed by 31st December 2012.
