

## **Stakeholder's FAQs**

### **Filing Related**

1. **Which are the companies that need to file the Cost Audit Report and Compliance Report in XBRL format?**

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 using the XBRL taxonomy. 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](http://www.mca.gov.in/Ministry/companies_act.html).

2. **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 2<sup>nd</sup> May 2011, 30<sup>th</sup> June 2011 and 24<sup>th</sup> 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.

3. **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.

4. **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.

5. **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.

6. **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.

7. **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.

8. **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.

9. **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.

10. **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.

11. **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.

12. **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.

13. **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.

### **Taxonomy Related**

**14. 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\\_2012-09-12.zip](http://www.mca.gov.in/Ministry/pdf/Costing_taxonomy_2012-09-12.zip)

**15. 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?**

Ministry of Corporate Affairs is in the process of developing a single validation tool that will validate all types of instance documents whether it is for Cost Audit Report or Compliance report or Balance Sheet and Profit & Loss account. However, while validating, the user would be required to select appropriate taxonomy used for creation of the Instance document.

**16. 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.

**17. 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.

18. **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 7<sup>th</sup> 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)

19. **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.

20. **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.

21. **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.

**22. 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](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](http://mca.gov.in/XBRL/pdf/NPCS_codes.pdf)

**23. 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 7<sup>th</sup> August 2012 may be referred to.

**24. 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

25. **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.

26. **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.

27. **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.

28. **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.

29. **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.

#### **E-Filing Related**

30. **Whether the existing e-forms are to be used for filing Cost Audit Report / Compliance Report in XBRL mode?**

No, the existing forms are not to be used for filing Cost Audit Report/ Compliance Report. For this, new Form 23CAR-XBRL and 23CR-XBRL will be shortly made available on the MCA portal.

31. **By when can we file the Form 23CAR-XBRL and 23CR-XBRL for Cost Audit Report & Compliance Report?**

All cost auditors and companies can file their Cost Audit Reports / Compliance Reports by 31<sup>st</sup> December 2012, in XBRL mode by using e-Form 23CAR-XBRL and 23CR-XBRL, without any penalty, up to 31<sup>st</sup>December 2012 or 180 days from the end of the financial year, whichever is later.

32. **Do we have the option to file detailed Cost Audit Report/ Compliance Report with the form as PDF attachment instead of XBRL format?**

No, the PDF formats of Cost Audit Report / Compliance Report are not allowed to be attached. Only the XBRL instance documents of Cost Audit Report / Compliance Report needs to be attached with the Form 23CAR-XBRL and 23CR-XBRL respectively.

33. **Whether the instance documents attached with Form 23CAR-XBRL and 23CR-XBRL needs to be digitally signed. If yes, by whom?**

No, the instance documents attached with the e-Forms are not required to be digitally signed. Only the e-Form 23CAR-XBRL for filing the Cost Audit Report need to be digitally signed by the Cost Auditor [or by the lead Cost Auditor as the case may be as well as by one director and another director/manager/company secretary of the company.

The e-Form 23CR-XBRL for filing the Compliance Report need to be digitally signed by the Cost Accountant who has certified such Compliance Report of the company as well as by one director and another director/manager/company secretary of the company.

34. **While filing the Form 23C in MCA-21 portal, there was some mistake pertaining to the name of the firm. Can I still file the Cost Audit Report for the company?**

Yes, you can still file the Cost Audit Report in the XBRL format provided the Form 23C belongs to the same company and same cost auditor.

35. **Does Government allow re-filing of the revised Cost Audit Report / Compliance Report in case of any errors in the original filings?**

For the current year, the MCA-21 system would allow re-filing of the revised Cost Audit Report/ Compliance Report of the company only in case of an error in the original filings.

36. **Does Government allow multiple filings of the Cost Audit Report / Compliance Report for the same company?**

For each company, only one consolidated Cost Audit Report/ Compliance Report for the company as a whole is required to be filed in the XBRL format.

37. **What shall be the process for uploading the filled Form 23CAR-XBRL and 23CR-XBRL on MCA portal?**

The process for uploading the filled Form 23CAR-XBRL and 23CR-XBRL is same as the process of filing of any other e-form, for example, Form 23C or Form 23D or earlier e-form for filing cost audit report with pdf attachment.

38. **How to view the Cost Audit Report / Compliance Report submitted in XBRL format on MCA Portal?**

The Cost Audit Report / Compliance Report filed by the company are not public documents and cannot be viewed in public domain by anyone.