

Update

Filing of cost audit reports under XBRL mode – *wait comes to an end*



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The Extensible Business Reporting Language (“XBRL”) was an initiative of the Ministry of Corporate Affairs (“MCA”) to ensure transparency and minimal human intervention in the filing of annual financial accounts by companies. This was introduced in first the year 2011 for filing of annual financial accounts by the notified class of companies for the financial year ended March 31, 2011.

On the same lines, the MCA had mandated filing of cost audit reports and compliance reports, including overdue reports relating to *any previous year* in the XBRL format by issuing the following:

1. General Circular No. 8/2012 dated May 10, 2012¹.
2. General Circular dated June 29, 2012².
3. General Circular No.18/2012 dated July 26, 2012³
4. Notification dated November 30, 2012⁴ (“**Notification 1**”) whereby Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Second Amendment Rules, 2012 have also been notified (“**Rules 2012**”). The Rules amend the existing Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2011) so as to include filing of two additional documents in XBRL mode: a) Cost Audit Report; and, b) Compliance Report for complying with various cost audit rules.

Effect of Notification 1

After issue of Notification 1, Rules 2012 covers the following:

A. Filing of Annual Accounts u/s 220

The Rules 2012 are the second amendment to the original rules, whereby the MCA has notified applicability of reporting under Extensible Business Reporting Language (“XBRL”) to companies filing their balance sheet, profit and loss u/s 220 of the Companies Act, 1956 (“**Act**”) for the *financial year commencing on or after April 01, 2011* as follows :

1. All companies listed in India and their Indian subsidiaries; *OR*
2. All companies having paid up capital of rupees five crore and above; *OR*
3. All companies turnover of rupees one hundred and above; *OR*
4. All companies covered under Rule 3⁵.

¹ http://www.mca.gov.in/Ministry/pdf/General_Circular_No_08_2012.pdf

² http://www.mca.gov.in/Ministry/pdf/General_Circular_No_2_8_12_2012.pdf

³ http://www.mca.gov.in/Ministry/pdf/General_Circular_18_2012.pdf

⁴ http://www.mca.gov.in/Ministry/pdf/GSR_XBRL_Notification_30nov2012.pdf

⁵ For companies filing annual accounts u/s 220 for FY on or after March 31, 2011.

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B. Filing of cost audit report

The Notification 1 has also inserted Rule 5 which relates to filing of cost audit report with the Central Government, whereby *every cost auditor or every lead cost auditor has to file cost audit report and other related documents* as per Section 233B of the Act for the financial year commencing on or after April 01, 2011, using the XBRL taxonomy as provided in Annexure III with Form I-XBRL specified under the Companies (Cost Audit Report) Rules, 2011.

C. Filing of compliance report with Central Government

Every company has to file its compliance report using the XBRL taxonomy in the format given in Annexure III for the financial year ended April 01, 2011 with Form A- XBRL specified under:

1. Companies (Cost Accounting Records) Rules, 2011
2. Cost Accounting Records (Telecommunication Industry) Rules, 2011
3. Cost Accounting Records (Petroleum Industry) Rules, 2011
4. Cost Accounting Records (Telecommunication Industry) Rules 2011
5. Cost Accounting Records (Petroleum Industry) Rules 2011
6. Cost Accounting Records (Electricity Industry) Rules 2011
7. Cost Accounting Records (Sugar Industry) Rules 2011
8. Cost Accounting Records (Fertilizer Industry) Rules 2011
9. Cost Accounting Records (Pharmaceutical Industry) Rules 2011

The Rules 2012 were to come into effect from December 02, 2012.

Our Analysis

It is pertinent to note that the MCA has mandated the notified class of companies to file their balance sheets in XBRL for the financial year commencing on or after April 1, 2011. However, in case of cost audit reports, filing in XBRL has been mandated based on a date. In other words, a cost audit report pertaining to any period filed after a certain date is required to be filed using the XBRL Taxonomy. One of the reasons, in our view, may be the existence of cost audit rules which have recently mandated companies to have their cost records audited. However, the companies which previously also used to file the cost audit report and were covered by company-specific cost audit orders of MCA may face trouble as all their cost audit reports due to be filed pertaining to all previous year now will be filed in XBRL mode.

Further, the language of the Rules 2012 makes a cost auditor responsible for filing of its audit reports with MCA in XBRL Taxonomy. Under Section 220, where it is the duty of all companies to file their accounts with the MCA, filing of cost audit reports

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is the duty of cost auditors and not the company! Provisions are not clear on penalty/prosecution in case of non filing or delayed filing of cost audit reports.

With the issue of Notification 1 and by bringing out the taxonomy for filing cost audit report and compliance report under XBRL mode, the MCA has finally ended the long wait. Further, by extending the date for filing of balance sheet and profit and loss under XBRL mode by its General Circular no. 34/2012 dated October 25, 2012 to December 15, 2012 or 30 days from the date of annual general meeting, the new taxonomy has come well in time.

You can view articles on cost audit, filing under XBRL by visiting the links provided below:

1. [http://india-financing.com/MCA's latest on cost auditor requirement and cost auditor appointment.pdf](http://india-financing.com/MCA's%20latest%20on%20cost%20auditor%20requirement%20and%20cost%20auditor%20appointment.pdf)
2. http://india-financing.com/note_cost_audit_in_XBRL_mode.pdf
3. [http://india-financing.com/Note applicability of cost audit records and rules.pdf](http://india-financing.com/Note_applicability_of_cost_audit_records_and_rules.pdf)
4. [http://india-financing.com/note on cost auditor read with cost rules and order.pdf](http://india-financing.com/note_on_cost_auditor_read_with_cost_rules_and_order.pdf)
5. [http://india-financing.com/Phase II companies specified by MCA for XBRL filling.pdf](http://india-financing.com/Phase_II_companies_specified_by_MCA_for_XBRL_filing.pdf)