

# Note

VINOD KOTHARI & COMPANY

## Filing under XBRL mode- now for cost audit also!

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## Note

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 the year 2011 first for filing of annual financial accounts by 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, 2012 (“Circular 1”).
2. General Circular No. 8/2012 dated June 29, 2012 (“Circular 2”).
3. General Circular No.18/2012 dated July 26, 2012 (“Circular 3”).

### Circular 1

This was the first circular to be issued on this subject. The same is applicable for companies, including foreign companies (but not to a body corporate governed by a special act) u/s 591 of the Companies Act, 1956 (“the Act”) as prescribed in Companies (Cost Accounting Records) Rules, 2011 and provided below:

1. Engaged in production, processing, manufacturing, or mining activities and
2. Aggregate value of net worth as on the last date of the immediately preceding financial year exceeds five crores or,
3. The aggregate value of the turnover from the sale or supply of all the products or activities during the immediately preceding financial year exceeds twenty crores or
4. The company’s equity or debt securities are either listed or in the process of being listed, in or outside India.

Circular 1 is also applicable to companies covered under:

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

Companies covered by Companies (Cost Audit Report Rules), 2011 would also have to comply with Circular 1.

Such cost auditors and companies are required to file Cost Audit Reports in Form-I and Compliance Report in Form-A with the Central Government after June 30, 2012, by when the relevant taxonomy and Forms were likely to be ready and notified.

### Circular 2

## Note

With this, the date of filing was extended to after July 31, 2012.

### Circular 3

Just as the start date for filing under XBRL mode was approaching, the MCA came up with this circular intimating that:

1. The requisite taxonomy, business rules, validation tools and also 'product group' classification required for preparation of compliance report and cost audit report are under preparation and would be made available in sometime.
2. The actual date for XBRL filing would be intimated separately.
3. Companies have been allowed to file cost audit reports and compliance reports for the year 2011-12 (including overdue reports relating to any previous year) may be filed in the XBRL mode upto December 31, 2012, *without penalty*.

As was the trend set by MCA when it issued clarifications to the provisions of cost audit at frequent intervals, the same had been also followed in this topic. With no definite date still known about the date of filing of reports by XBRL mode, it is only a 'wait and watch' scenario for cost auditors and companies. By extending time till December 31, 2012, MCA has also given itself time to develop the required tools. With the practice of issuing circulars just days before the start date, the MCA has shown its complete unpreparedness in developing the requisite XBRL tools. Thus, where on one hand MCA had mandated that compliance report and cost audit report should be filed within 180 days from the close of financial year, the extension can mean a strenuous wait to complete the compliances relating to cost audit.