XBRL - AN OVERVIEW

XBRL is a new emerging concept in India which becomes mandatory for the Indian Coporates. XBRL is set to become the standard way of recording, storing and transmitting business financial information. The Ministry of Corporate Affairs (MCA) vide its General Circular No. 37/2011 dated 07.06.2011 has mandated the following class of companies to file Balance Sheet and Profit and Loss Account along with Director's and Auditor's Report in XBRL form only from the financial year 2010-11:

- All listed companies in India and their Indian subsidiaries,
- All companies with paid up capital of Rs. 5 Crores and above
- All companies with turnover of Rs. 100 Crores and above.

However Banking Companies, Insurance Companies, Power Companies and Non Banking Financial Companies (NBFCs) are exempted from XBRL filing for this financial year due to under the different regulatory control and the separate taxonomies are under development for these companies according to their regulatory requirements.

INTRODUCTION

XBRL stands for eXtensible Business Reporting Language. XBRL is a language for the electronic communication of business and financial data which is revolutionising business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data. All types of entities can experience cost benefits and process efficiencies with the use of XBRL. Extensibility being one of the underlying principles of XBRL, it can be easily adapted to a wide variety of different requirements.

XBRL is an open, royalty-free software specification developed through a process of collaboration between accountants and technologists from all over the world. Together, they formed XBRL International which is now made up of over 650 members, which include global companies, accounting, technology, government and financial services bodies.

India is now an established jurisdiction of XBRL International. A separate company, under section 25 has been created, to manage the operations of XBRL India. The main objectives of XBRL India are:

- To promote and encourage the adoption of XBRL in India as the standard for electronic business reporting in India
- To facilitate education and marketing of XBRL
- To develop and manage XBRL taxonomies
- To keep the developed XBRL taxonomies updated with regard to international developments

- To represent Indian interests within XBRL International
- To contribute to the international development of XBRL

(For more information on XBRL India visit the website i.e. http://www.xbrl.org/in)

BENEFITS OF XBRL

XBRL provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data.

All types of organizations can use XBRL to save costs and improve efficiency in handling business and financial information. Because XBRL is extensible and flexible, it can be adapted to a wide variety of different requirements. All participants in the financial information supply chain can benefit, whether they are preparers, transmitters or users of business data.

XBRL increases the usability of financial statement information. The need to re-enter financial data for analytical and other purposes can be eliminated. By presenting its statements in XBRL, a company can benefit investors and other stakeholders and thereby enhance its profile. It will also meet the requirements of regulators, lenders and others consumers of financial information, who are increasingly demanding reporting in XBRL. This will improve business relations and lead to a range of benefits. With full adoption of XBRL, companies can automate data collection. For example, data from different company divisions with different accounting systems can be assembled quickly, cheaply and efficiently. Once data is gathered in XBRL, different types of reports using varying subsets of the data can be produced with minimum effort. A company's finance division, for example, could quickly and reliably generate internal management reports, financial statements for publication, tax and other regulatory filings, as well as credit reports for lenders. In XBRL not only is the data handling automated by removing time-consuming & error-prone processes, but the data can also be checked by software for accuracy.

XBRL- HOW IT'S WORK

XBRL makes the data readable, with the help of two documents –

Taxonomy and instance document.

Taxonomy contains description and classification of business & financial terms, while the instance document is made up of the actual facts and figures. Taxonomy and Instance document together make up the XBRL documents.

Taxonomies are based on the regulatory requirements and standards which are to be followed by the companies. Accordingly, depending on the requirements of every country, there can be country specific taxonomies. In India taxonomies are developed for Indian companies on the basis of following regulatory requirements:

- Schedule VI of Companies Act,
- Accounting Standards, issued by ICAI
- SEBI Listing requirements.

An XBRL instance document is a business report in an electronic format created according to the rules of XBRL. It contains facts that are defined by the elements in the taxonomy it refers to, together with their values and an explanation of the context in which they are placed. XBRL Instances contain the reported data with their values and “contexts”. Instance document must be linked to at least one taxonomy, which defines the contexts, labels or references.

INTRODUCTION OF NEW FORMS FOR XBRL FILING

The existing Form 23AC and Form 23ACA can not to be used for filing balance sheet and profit and loss account in XBRL mode. Accordingly, the Ministry of Corporate Affairs vide its Notification dated 05th October, 2011 introduced the new forms 23AC-XBRL and 23ACA-XBRL (w.e.f. 6th October, 2011) for filing of documents in XBRL mode.

Further, the Central Government has also issued the Companies (Filing of documents and forms in Extensible Business Reporting Language) Rules, 2011 w.e.f. 06th October, 2011.

STEPS FOR E-FILING OF XBRL DOCUMENTS ARE DETAILED BELOW:

(i) Creation of XBRL instance document:

First create the XBRL instance document by mapping each financial statement element to a corresponding element in the published taxonomy.

(ii) Validate the Instance document using XBRL validation tool A tool has been provided on the MCA XBRL portal for validating the generated XBRL instance document. Validating the instance document is a pre-requisite before filing the balance sheet and profit & loss account on MCA portal. The following validations shall be performed by the tool:

- the instance document is as per the latest and correct version of taxonomy prescribed by MCA
- All mandatory elements have been entered
- Other business rules as specified by MCA
- Other validations as per taxonomy

(iii) Pre-scrutiny of the instance document

Once the instance document is successfully validated from the tool, the next step is to pre-scrutinise the validated instance document with the help of the same tool. For pre-scrutinizing the instance document, a working internet connection shall be required. In the pre-scrutiny, the server side validations (i.e. validations which are to be validated from the MCA21 system) shall be performed.

(iv) Convert to pdf and verify the contents of the instance document.

(This step is essential to ensure that the textual information entered in the instance document is clearly viewable)

(v) Attach instance document to the Form 23AC-XBRL and Form 23ACA-XBRL. First fill up the Form 23AC-XBRL and Form 23ACA-XBRL.

Thereafter, attach the validated and pre-scrutinised instance document for Balance sheet to Form 23AC-XBRL. Similarly, the instance document for Profit and Loss account is to be attached to Form 23ACA-XBRL.Separate instance documents need to be attached w.r.t. standalone financial statements and consolidated financial statements.

(vi) Submitting the Form 23AC-XBRL and Form 23ACA-XBRL on the MCA portal

After the forms are filled, the following steps are required to be performed:

- Pre-scrutiny of the forms
- Signing the forms
- Upload the forms as per the normal e-filing process.

It should be ensured that the attached instance documents are validated and pre-scrutinised from the XBRL validation tool. The instance documents attached with Forms are not required to be digitally signed. Only the e-Forms 23AC-XBRL and 23ACAXBRL need to be digitally signed by the authorized signatories of the company. *The forms are also required to be certified by a practicing professional (i.e. a member of ICAI/ ICSI/ ICWAI).*

The XBRL instance documents submitted along with Form 23AC-XBRL and 23ACA-XBRL are in machine readable format. Therefore, for viewing the same in a human readable format, these shall be converted into human readable format by the MCA21 system. For viewing the same on MCA portal and for taking certified copies of the same, these converted documents will be available on MCA website.

Regards,

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