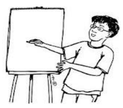
Guwahati Branch of EIRC
The Institute of Chartered Accountants of India
(A statutory body established under an Act of Parliament)

"the *future* of *financial reporting*"



Presented by:
NIRMAL GHORAWAT
ACA, B.Com (Hons)

SESSION 1 OVERVIEW

XBRL - SETTING THE SCENE

- WHY?
- WHAT?
- WHO?
- HOW?
- WHERE?
- BENEFITS!
- HOW TO DO THE TAGGING?

Presented By: CA. Nirmal Ghorawat 2

SETTING THE SCENE

Presented By: CA. Nirmal Ghorawat 3

Presented By: CA. Nirmal Ghorawat 4

Presented By: CA. Nirmal Ghorawat 5

WHAT WE SAY TO INVESTORS?

PUBLIC CORPORATION LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 2011		
Sales	**1,500,000**	**1,000,000**
Cost of Sales	1,300,000	900,000
Operating Profit	200,000	100,000
Finance Expenses (Net of Income)	70,000	50,000
Net Profit before Tax	270,000	150,000
Provision for Taxation	90,000	45,000
Net Profit	**180,000**	**105,000**
Earnings Per Share	**1.80**	**1.05**

Presented By: CA. Nirmal Ghorawat 6

WHAT THEY HEAR?

PUBLIC CORPORTATION LIMITED

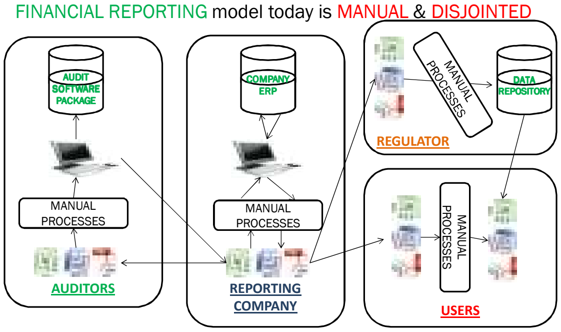
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 2011		
Sales	**1,500,000**	**1,000,000**
BLAH BLAH	1,300,000	900,000
BLAH BLAH	200,000	100,000
BLAH BLAH	70,000	50,000
BLAH BLAH	270,000	150,000
BLAH BLAH	90,000	45,000
Net Profit	**180,000**	**105,000**
Earnings Per Share	**1.80**	**1.05**

CAN WE TALK?

Courtesy: Ms. Liv Watson, XII

WHY XBRL?

FINANCIAL REPORTING model today is MANUAL & DISJOINTED



WHY XBRL?

FINANCIAL REPORTING INVOLVES
MANUAL PROCESSES
INSPITE OF AUTOMATION
OF DATA PROCESSING

WHY?

BECAUSE COMPUTER APPLICATIONS
SELDOM INTERACT THEMSELVES

WHY?

DIFFERENT APPLICATION HAVE
DIFFERENT DATA STRUCTURES

MANUAL EXTRACTION AND REKEYING OF DATA

ACCESSING REPORTING DATA TODAY..!!

Courtesy: Ms. Liv Watson, XII

WHY XBRL?

FINANCIAL REPORTING
IS DISJOINTED

WHY?

BECAUSE REGULATORS/ USERS
HAVE DIFFERING REQUIREMENTS

SEBI / ROC
INCOME TAX DEPARTMENT
RBI / CERC / IRDA
BANKS / FI's / LENDERS
IF INTERNATIONAL OPERATIONS?
ET CETERA

WHAT IS XBRL?

An Abbreviation for:
eXtensible
Business
Reporting
Language

WHAT IS XBRL?

XBRL is

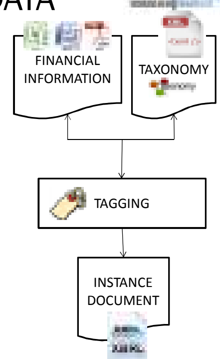
- Tagged Data
- Open Standard
- Based on XML
- Language for Electronic Communication of
- Business and Financial Information & On the Internet
- eXtensible

XBRL IS THE EMERGING GLOBAL STANDARD OF FINANCIAL REPORTING

XBRL IS TAGGED DATA

XBRL tags INDIVIDUAL CONCEPTS for Electronic Dissemination

CONCEPTS are defined based on a Common Framework (say, Indian GAAP, IFRS) – in a TAXONOMY



WHAT IS TAGGING?

PLAIN 'UNSTRUCTURED' TEXT

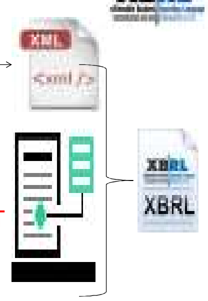
Nirmal Ghorawat
434, Ajanta Shopping Centre, Ring Road,
Surat – 395002
Gujarat
+91-261-2327434
nirmal.ghorawat@icai.org

TAGGED DATA

WHAT'S IN A TAG?

- Label
- Description
- Data Type
- Balance Type
- Period Type
- Reference
- Presentation
- Calculation

ATTRIBUTES OR META DATA (DATA ABOUT DATA)



XBRL IS OPEN STANDARD

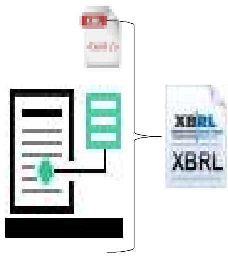
XBRL is

- FREE OF ALL LICENSES
- SOFTWARE / APPLICATION INDEPENDENT

XBRL IS 'customized' XML

XBRL is
- Based on the XML

However, XBRL is
- Powerful & Flexible version of XML
- Defined specifically to meet the requirements of Business & Financial information



XBRL IS EXTENSIBLE

FLEXIBLE..

Every entity's business operations have UNIQUE aspects of reporting.

TAXONOMY

ANNUAL REPORT

USE THE CONCEPT DEFINED IN THE TAXONOMY

- DEFINE THE CONCEPT
- DISCLOSE THE DEFINITION TOGETHER WITH THE FACT

EXTENSION TAXONOMY

WHO DEVELOPS XBRL?

Mr. Charles Hoffman, AICPA, proposed the idea to use XML for electronic reporting of Financial Information to the AICPA High Tech Task Force

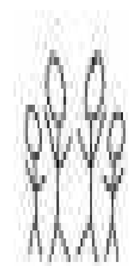
Mr. Charles Hoffman, AICPA

XBRL was born...!!

WHO DEVELOPS XBRL?

XBRL is being developed by XBRL International Inc. (XII)

XII is Not for Profit Consortium of Regulators / Government Agencies, Accountancy Institutes, Leading Corporates & IT & Financial / Professional Services Companies.



WHO DEVELOPS XBRL?

XBRL International Inc. (XII) is a Consortium similar to how the U. P. C. Seal (commonly 'Bar Code') was developed...

& BAR CODING HAS REVOLUTIONISED PRODUCT DISTRIBUTION...

WHAT WILL XBRL DO TO FINANCIAL REPORTING?

HOW XBRL WORKS?

Unstructured Text

Inventory

Inventory consists of produce purchased for resale and supplies and are stated at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory as of December 31, 2006 and 2005 amounted to **$45,594** and **$34,456**, respectively.

Courtesy: Mr. Charles Hoffman, AICPA

HOW XBRL WORKS?

Structured Text

<InventoryInformation>

Inventory

Inventory consists of produce purchased for resale and supplies and are stated at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory as of December 31, 2006 and 2005 amounted to $45,594 and $34,456, respectively.

</InventoryInformation>

Unstructured Text

Inventory

Inventory consists of produce purchased for resale and supplies and are stated at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory as of December 31, 2006 and 2005 amounted to **$45,594** and **$34,456**, respectively.

Courtesy: Mr. Charles Hoffman, AICPA

HOW XBRL WORKS?

Structured for PRESENTATION

<html>

<p><bold>Inventory</bold></p>

<p>Inventory consists of produce purchased for resale and supplies and are stated at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory as of December 31, 2006 and 2005 amounted to <bold>$45,594</bold> and <bold>$34,456</bold>, respectively.</p>

</html>

Unstructured Text

Inventory

Inventory consists of produce purchased for resale and supplies and are stated at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory as of December 31, 2006 and 2005 amounted to **$45,594** and **$34,456**, respectively.

Courtesy: Mr. Charles Hoffman, AICPA

HOW XBRL WORKS?

Structured for MEANING

<Inventory>
<ConsistsOf>produce purchased for resale and supplies</ConsistsOf>
<StatedAt>lower of cost or market</StatedAt>
<ValuationMethod>FIFO</ValuationMethod>
<Value2006>$45,594</Value2006>
<Value2005>$34,456</Value2005>
</Inventory>

Unstructured Text

Inventory

Inventory consists of produce purchased for resale and supplies and are stated at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory as of December 31, 2006 and 2005 amounted to **$45,594** and **$34,456**, respectively.

Courtesy: Mr. Charles Hoffman, AICPA

HOW XBRL WORKS?

Structured for MEANING, GLOBAL STANDARD

<InventoryComponents contextRef="D-2006">produce purchased for resale and supplies</InventoryComponents>
<InventoryCostBasis contextRef="D-2006">lower of cost or market</InventoryCostBasis >
<ValuationMethod contextRef="D-2006">FIFO</ValuationMethod>
<Value2006 contextRef="D-2006" unitRef="USD"decimals="0">45594</Value2006>
<Value2005 contextRef="D-2006" unitRef="USD"decimals="0">$34,456</Value2005>

Unstructured Text

Inventory

Inventory consists of produce purchased for resale and supplies and are stated at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory as of December 31, 2006 and 2005 amounted to **$45,594** and **$34,456**, respectively.

Courtesy: Mr. Charles Hoffman, AICPA

TERMS IN XBRL

TAXONOMY

LABELS

CONCEPTS

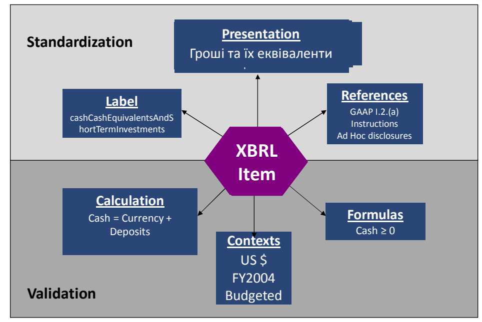
An XBRL TAXONOMY is a dictionary of financial reporting terms or concepts which the XBRL language uses, and it helps to define specific tags (LABELS) for individual items of data (CONCEPTS) .

TERMS IN XBRL

INSTANCE DOCUMENT

An XBRL instance document is an XML file, designed to be read only by computers, that contains business reporting information and represents a collection of financial facts using tags from one or more XBRL taxonomies.

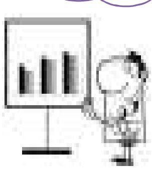
XBRL TAXONOMY



Courtesy: Ms. Liv Watson, XII

TERMS IN XBRL

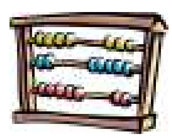
PRESENTATION LINKBASE



- Part of Taxonomy
- Defines relationships that arrange elements allowing them to NAVIGATE the taxonomy content in parent-child structures (hierarchies).

TERMS IN XBRL

CALCULATION LINKBASE



- Part of Taxonomy
- Defines ADDITIVE (+ OR -) relationships between NUMERIC items in taxonomy expressed as parent-child structures (hierarchies).

TERMS IN XBRL

REFERENCE LINKBASE

- Part of Taxonomy
- LINKS the Concepts to their Statutory References or to authoritative (Accounting Standards) references in the GAAP.

TERMS IN XBRL

FORMULA LINKBASE

$E = mc^2$

- Part of Taxonomy
- Defines LOGICAL relationships between NUMERIC items in taxonomy expressed as parent-child structures (hierarchies).

TERMS IN XBRL

BUSINESS RULES

- FORMAL statements that defines or constrains some aspect of the concepts in the taxonomy or to control or influence their behaviour in the INSTANCE DOCUMENT.

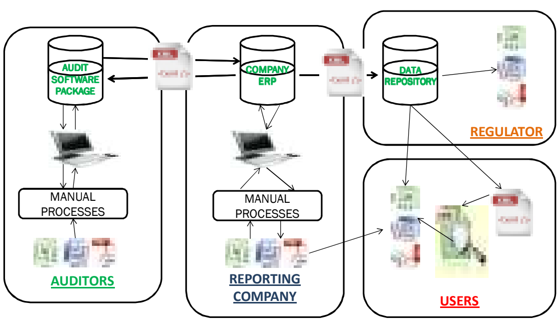
AFTER XBRL..!!

yes... we can..!!

Courtesy: Ms. Liv Watson, XII

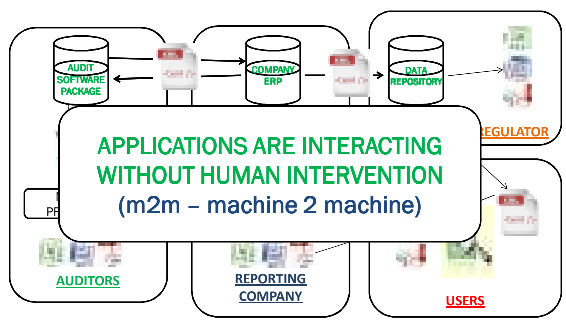
AFTER XBRL..!!

FINANCIAL REPORTING IN THE ERA OF XBRL WILL BE AUTOMATED.



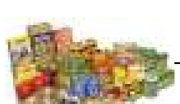
AFTER XBRL..!!

FINANCIAL REPORTING IN THE ERA OF XBRL WILL BE AUTOMATED.

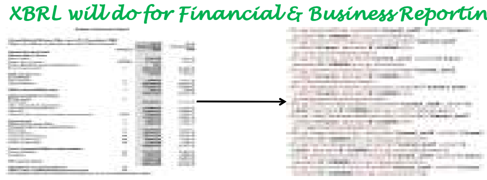


APPLICATIONS ARE INTERACTING WITHOUT HUMAN INTERVENTION (m2m – machine 2 machine)

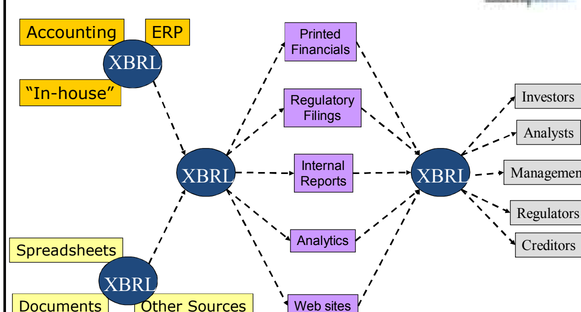
BENEFITS OF XBRL !!



what Bar Code has done for Product Distribution, XBRL will do for Financial & Business Reporting



AFTER XBRL..!!



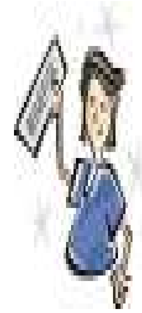
XBRL USES..!!

- Company internal and external Financial Reporting
- Reporting to all types of Regulators
  - Tax and Financial Authorities
  - Corporate Regulators
  - Loan Reports to Banks / Central Banks
- Exchange of Information between Government Departments
- Can be used for a wide range of other financial and statistical data which needs to be stored, exchange and analysed.

BENEFITS OF XBRL !!

- ✓ Cost Savings,
- ✓ Greater Efficiency and
- ✓ Improved Accuracy and reliability
- ✓ Enhanced Comparability

To all those who create, transmit, use or analyze financial and business information



BENEFITS OF XBRL !!

"Through Internet delivery, XBRL will also provide analysts and investors with extensible financial data to make informed decisions about the company. We see XBRL as not only the future standard for publishing, delivery and use of financial information over the Web, but also as a logical business choice."

- John Connors, Chief Financial Officer, Microsoft

XBRL MYTHS..!!

XBRL is

- Complex & Difficult
- an Accounting Standard
- a Computer Program
- a Limited Chart of Accounts
- Proprietary Information Standard or software
- Reporting / Regulatory burden

XBRL does not change what is Reported, only how it is Reported...!!

XBRL WHERE?

Source: www.xbrlplanet.org

XBRL IN PLAIN ENGLISH

How we submitted Financial Information till date..!!

Particulars	31/03/2011	31/03/2010
Cash and Cash Equivalents	20,000	15,000

How we will submit Financial Information in XBRL..!!

```
<in-gaap:CashCashEquivalents id="TAB1" decimals="0" contextRef="I2011" unitRef="INR">20000</in-gaap:CashCashEquivalents>
<in-gaap:CashCashEquivalents id="TAB2" decimals="0" contextRef="I2010" unitRef="INR">15000</in-gaap:CashCashEquivalents>
```

XBRL IN PLAIN ENGLISH

Decoding the XBRL Label/ Tag

TAG LABEL | TAG ID | DECIMALS

<in-gaap:CashCashEquivalents id="TAB1" decimals="0" contextRef="I2011" unitRef="INR">20000</in-gaap:CashCashEquivalents>

CONTEXT | UNIT | VALUE | TAG LABEL

Presented By: CA. Nirmal Ghorawat 49

The story so far..!!

- XBRL is all about tagging
  ... but these tags are electronic
- A bit like a bar code
  ... but for financial reporting concepts

Presented By: CA. Nirmal Ghorawat 50

A bit like a bar code ...

- But instead of tagging a tin of beans
- ... we're tagging an item in a set of accounts

HOW TO DO THE TAGGING?

Presented By: CA. Nirmal Ghorawat 51

YEAR- END ACCOUNTS FILING

Bookkeeping → Year-end accounts → Filing

Presented By: CA. Nirmal Ghorawat 52

POST-PRODUCTION TAGGING

Bookkeeping | Year-end accounts | Extra process | Tagged accounts

Software adds XBRL tags

NO CHANGE IN THE PRESENT PROCESS

EXTRA PROCESS

Presented By: CA. Nirmal Ghorawat 53

ACCOUNTS PRODUCTION SOFTWARE

Bookkeeping | Year-end accounts | Tagged accounts

Software adds XBRL tags

+ other adjustments and inputs

INTEGRATED PROCESS

Presented By: CA. Nirmal Ghorawat 54

SESSION 2 OVERVIEW

XBRL IN INDIA

- XBRL INDIA – ESTABLISHED JURISDICTION OF XII
- REGULATORS ADOPTING XBRL IN INDIA
- MCA21 FILING & CONVERSION
- XBRL CERTIFICATION
- XBRL ~ AN OPPORTUNITY..!!

Presented By: CA. Nirmal Ghorawat 56

XBRL IN INDIA

XBRL India
is the Indian Jurisdiction of XBRL International.
is a Company registered under Section 25 of Companies Act, 1956
is incorporated for managing the affairs of Indian Jurisdiction of XBRL International.

Its main objective is to **promote and encourage the adoption of XBRL in India as the standard for electronic business reporting in India.**

Presented By: CA. Nirmal Ghorawat 57

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Presented By: CA. Nirmal Ghorawat 58

XBRL IN INDIA

IMPLEMENTED
Capital Adequacy Reporting by Banks as per Basell II Norms

MANDATED
e-Filing of Annual Reports for a class of Companies from April 1, 2011

Presented By: CA. Nirmal Ghorawat 59

XBRL IN INDIA

UNDER DEVELOPMENT
"SUPER-D" FILING for ALL
LISTED COMPANIES / MUTUAL FUNDS

UNDER DEVELOPMENT
XBRL based REGULATORY INFORMATION MANAGEMENT SYSTEM (RIMS)

Presented By: CA. Nirmal Ghorawat 60

XBRL IN INDIA

XBRL will change the way we COMMUNICATE with REGULATORS in the coming years..!!

MCA XBRL IMPLEMENTATION APPROACH

PHASE I – 1/APRIL/2011

SELECT Class of Companies

- All Listed Companies & their Subsidiaries
- Companies with Paid up Capital > 5 crores
- Companies with Turnover > 100 crores
- However, Banking, NBFC, Insurance & Power Sector companies are excluded.

PHASE II – 1/APRIL/2012

- **ALL COMPANIES** (Including Banking, NBFC, Insurance & Power Sector Companies)
- Existing **C & I (Commercial & Industrial)** Taxonomy to be **UPDATED & MAINTAINED** to conform with **REVISED SCHEDULE VI.**
- New Taxonomy(ies) for Banking, NBFC, Insurance & Power Sector Companies.

Source: http://xbrl.icai.org

MCA XBRL IMPLEMENTATION APPROACH

PHASE I – 1/APRIL/2011 ← NOT APPLICABLE →

Companies WHICH ARE

1. NOT Listed Companies or their Subsidiaries
2. Companies with Paid up Capital < 5 crores
3. Companies with Turnover < 100 crores
4. Banking, NBFC, Insurance & Power Sector companies

Are EXCLUDED.

VOLUNTARY

MCA21 XBRL FILING PROCESS

- **Taxonomy EXTENSIONS are NOT ALLOWED**
- **SEPARATE INSTANCE DOCUMENTS** FOR
  - BALANCE SHEET &
  - PROFIT & LOSS ACCOUNT

  AND IF APPLICABLE :
  - CONSOLIDATED BALANCE SHEET &
  - CONSOLIDATED PROFIT & LOSS ACCOUNT

FORM 23AC BS

FORM 23ACA PL

MCA21 XBRL SCOPE

FORM 23AC – BALANCE SHEET

- BALANCE SHEET
- SCHEDULES RELATED TO BALANCE SHEET
- CASH FLOW STATEMENT
- NOTES ON ACCOUNTS
- DIRECTORS RESPONSIBILITY STATEMENT AUDITOR'S REPORT
- DIRECTOR'S REPORT
- GENERAL INFORMATION ABOUT THE COMPANY
- SIGNATORIES TO THE BALANCE SHEET

FORM 23AC A– P&L ACCOUNT

- PROFIT & LOSS ACCOUNT
- SCHEDULES RELATED TO PROFIT AND LOSS ACCOUNT

MCA21 XBRL MUTUALLY EXCLUSIVE EXTENDED LINKS

- BALANCE SHEET
  - SOURCE & APPLICATION OF FUNDS (VERTICAL)
  - TOTAL ASSETS AND LIABILITIES (HORIZONTAL)
- INCOME STATEMENT
  - MAIN
  - ALTERNATIVE
- CASH FLOW STATEMENT
  - DIRECT METHOD
  - INDIRECT METHOD

MCA21 XBRL

INSTANT (I)	"AS AT"
DURATION (D)	"FOR THE PERIOD ENDED ON"
ABSTRACT	GROUP OF ELEMENTS
TUPLES	TABLE OF ELEMENTS
DETAILED TAGGING	
BLOCK TEXT TAGGING	

MCA21 XBRL Filing Manual

Use of Footnotes

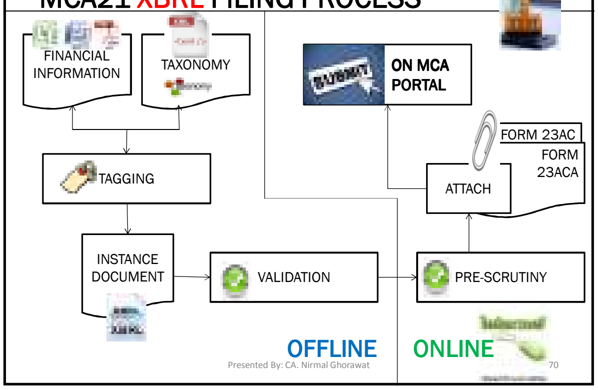
- *Link on Non-financial information in Annual Reports to the Concepts*
  - *for eg. Security furnished in the case of Secured Loans*
- *Whenever any value or information are adjusted or clubbed to match the calculation relationships (and thus are different from the actual financial statements of the company) – XBRL Filing Manual*

MCA21 XBRL Filing Manual

HTML Guidelines

- Only specific HTML tags are allowed in XBRL Instance Document
- "Clean HTML" Converters – available with the Filing Tool / Freely available on the Internet.
- Warning Message during the Validation

MCA21 XBRL FILING PROCESS



MCA21 XBRL

PROPER XBRL FILING

VALIDATION AS PER MCA VALIDATION TOOL

CERTIFICATION OF XBRL FINANCIAL STATEMENTS BY PRACTISING PROFESSIONAL

ICAI Guidance Note on XBRL Certification

Objective

To provide guidance to the practitioners in certification of XBRL formatted statements in terms of the requirements of the Ministry's General Circular No. 57/ 2011 dated July 28, 2011 read with MCA's General Circular No. 43/2011 dated July 07, 2011.

ICAI Guidance Note on XBRL Certification

General Approach to Preparation of XBRL Financial Statements

- Completeness
- Mapping
- Accuracy
- Structure

ICAI Guidance Note on XBRL Certification

Management Responsibility - Primary

- Selection, Maintenance and Testing of Taxonomy.
- Accurate Tagging & Mapping of Data Elements to XBRL reports..
- Enforcing change Management Procedures for XBRL processes

ICAI Guidance Note on XBRL Certification

Practitioner's Responsibility

- To certify that the said XBRL financial statements fairly present, in all material respects, the audited financial statements of the Company from which such XBRL financial statements have been prepared, in accordance with the taxonomy prescribed by MCA.

ICAI Guidance Note on XBRL Certification

Practitioner's Responsibility - Procedures

- Compare Source Document (Annual Report) with XBRL Instance Document (Human Readable generated through relevant converter.
- Management Representation Letter

XBRL - AN OPPORTUNITY ..!!

- COMPLIANCE WITH MCA REGULATORY ENVIRONMENT
- IMPACT ASSESSMENT OF XBRL ON MIS
- MAPPING / TAGGING OF LINE ELEMENTS IN MIS (ACCOUNTS MASTER) WITH XBRL TAXONOMY
- CONSIDERING THE NEED FOR EXTENSION TAXONOMY