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XBRL-INTRODUCTION:

Over the past one year most of the practising professionals, big corporate started pronouncing the word XBRL. The word XBRL is a short form of EXTENSIVE BUSINESS REPORTING LANGUAGE. XBRL is a language for the electronic Communication of business and Financial data. XBRL is an universally preferred language for transmitting information via Internet. ***The main purpose of using XBRL is uniform set of accounting data available throughout the country.***

It helps in comparison of performance between same type of industry throughout the world via internet. *XBRL is not an accounting standard or rule and it does not change what is being reported but it changes only how it is reported.*

XBRL International is a not for profit making international consortium of more than 650 companies to build the XBRL Language for business reporting. XBRL is an open standard, free of license fees being developed by a non profit making international consortium. This process of developing XBRL language begins in 1998 by Charles Hoffman from Tacoma, Washington and it is digitized business reports in accordance with rules of accounting in each country.

HTML (Hypertext Markup Language) is a standard way of marking up a document so it can be published on the World Wide Web and viewed in a browser.

RELATIONSHIP OF XBRL AND XML:

XBRL is XML Based schema (Extensive Mark Up Language). It uses XML syntax and technologies. XML is a standard language maintained by the World wide Web Consortium.XML is an advanced language of HTML..XML does not replace HTML but XML allows data to be rendered on any device such as a computer, cell phone, PDA or tablet device.XML neither defines nor limits tags. XML provides a framework for defining tags (ie.,taxanomy) and the relationship between Schema.

The basis of XBRL and ***Bar code Reader*** is Tagging. Using the tags, without any human intervention the system can read the data for each item , value and description. It is a standard based way to communicate Business and Financial Information. The tools in XBRL will convert the data mode automatically by using XML Syntax.XBRL greatly increases the speed of handling of financial data and reduces the error.

WORKING OF XBRL:

XBRL has the ability to "Tag' or code each element on a financial report such as reporting currency, Directors details in MCA, related party transactions, holding company and its subsidiary details. XBRL shows how items are related to each other. All the elements are grouped together into a collection of financial and business reporting terms called "TAXANOMY". Taxanomy is similar to a Dictionary. The output of financial data is known as "INSTANCE DOCUMENT". Taxonomy is composed of an element names file(.xsd) and relationship files represented by schema.

TAXANOMY:

There are 3075 items in MCA Taxanomy. For IFRS Financials separate taxanomy is used. The main advantage of MCA Taxanomy is to identify the exact profit in all areas of industry .There are five based link bases in MCA Taxanomy such as Reference based, Presentation based, Calculation based etc., Taxanomies are different for each reporting process. Reporting is same for all the stakeholders but only the way of reporting is different.

PROCESS OF XBRL:

There are 5 steps in the process of XBRL.They are as follows.

STEP 1 – MAPPING THE FINANCIAL STATEMENTS OR TAGGING :

The first and foremost step is filling the financial statements of the company. There are different ways of filling the data. Mapping the financial statements is possible and also can fill the XBRL Template by entering numeric value and enter TEXT in the provided column. After completing each sheets in template there is an option Verify the sheet individually. After feeding all the relevant data in a template, there is an option “VERIFY ALL SHEETS AT ONCE”. With the help of Error locator, error can be identified easily and ratified in a fraction of seconds.

The instance document can be generated either through the software directly or by up loading the templates in the website of concerned software vendor. The software will provide two separate xml documents. One will be Balance Sheet and its schedule and the second will be Profit and Loss Account and its schedule.

STEP 2 – DOWNLOAD XBRL VALIDATION TOOL FROM MCA PORTAL :

MCA has developed the validation and conversion tool. The same is available in the MCA XBRL Portal. The software has to be downloaded and installed in the system. Validating the instance document is a pre requisite before filing the balance sheet and profit & loss account on MCA portal.

STEP 3 – USE THE TOOL TO VALIDATE THE INSTANCE DOCUMENT

Once the tool has been downloaded, by clicking open the document we can upload the file into XBRL Validation tool after getting an alert message the document can be uploaded successfully we can proceed with next step. The next step is to validate the instance document. The following validations shall be performed by the tool-Validating that the instance document is as per the latest and correct version of taxonomy prescribed by MCA. All mandatory elements have been entered We will get the message “Validation successful”

STEP 4: PERFORM PRE-SCRUTINY OF THE VALIDATED INSTANCE DOCUMENT THROUGH THE TOOL :

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. Also, there shall be a feature provided in the tool to verify the appearance of the generated XBRL instance document using the built in Viewer. It is imperative that the company should use this feature to verify the accuracy of the instance document.

STEP 5: ATTACH INSTANCE DOCUMENT TO THE FORM 23AC AND FORM 23ACA

There shall be a separate set of Form 23AC and Form 23ACA available on the MCA portal for filing in XBRL form. First fill up the Form 23AC and Form 23ACA. Thereafter, attach the validated and pre-scrutinised instance document for Balance sheet to Form 23AC. Similarly, the instance document for Profit and Loss account is to be attached to Form 23ACA. Separate instance documents need to be attached w.r.t. Standalone financial statements and consolidated financial statements. The forms can be filed in MCA Portal in Annual E form Filing Link .

BENEFITS OF XBRL:

The following are the benefits of XBRL

1. Better business reporting and analysis
2. It saves Cost
3. Data once entered can use infinite times
4. It is faster and more reliable
5. It provides accurate data and greater efficiency
6. It gives better quality of information and decision making
7. It avoids time consuming and manual comparison of data
8. It avoids re entry of data
9. It is directly used by all types of stakeholders like Bankers / Investors

XBRL -A NEW CONCEPT IN INDIA:

Not Suddenly, in the month of March,2011 MCA has decided to mandate annual filing through XBRL. It is an old concept using for the past 3 years in different sector in India. In the year 2008 RBI launched XBRL reporting system for capital adequacy returns. In addition to RBI and Stock Exchanges, now MCA has also mandated certain companies to file their financials in XBRL Mode from financial year ended 31.03.2011 onwards.

(1).All companies listed in India and their Indian Subsidiaries;
(2) All Companies having a paid up capital of Rs.5 Crore and above
(3) All companies having a turnover of Rs.100 crore and above

But Banking Companies, insurance companies, power companies and NBFC are exempted for XBRL Filing, till further orders. It is expected that in a phased manner the net will be widen to cover all companies into XBRL.

CONCLUSION:

***NECESSITY IS THE MOTHER OF INVENTION*.** Due to the recent Scams in the corporate world it has become inevitable to regulate the financial reporting system. MCA has taken initiative step and successfully completed more than 50,000 XBRL Filings in this regard through which all financial events occurred in the company being disclosed to the Ministry along with certain non-financial events.