XBRL

- The Future language of Finance and Accounts

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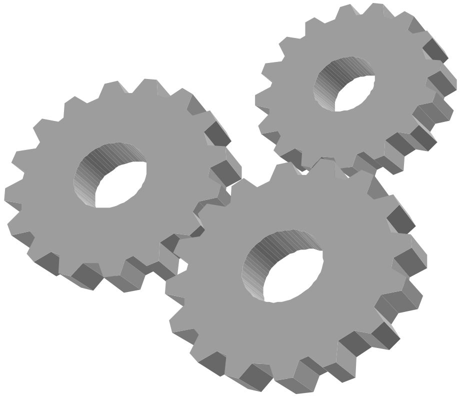
Agenda

- What is XBRL ?
- Why XBRL
- History
- What are the benefits?
- Let us Develop our Language
- Conclusion

What is XBRL?

XBRL is Defined by meta-data set out in taxonomies which capture the definition of individual reporting concepts and the relationships between them.



What XBRL is not ?

Not an all together new software language, but it is merely a reporting language which supports a global standard for exchanging business information.

Neither represents Accounting standards or GAAP (or IFRS) nor is GAAP translator and doesn't facilitate conversion but it is merely a platform on which content will be represented.

Not a standard chart of accounts, but instead it is an extensible form.

What XBRL is not ?

Not a proprietary technology, but is freely licensed like an open source.

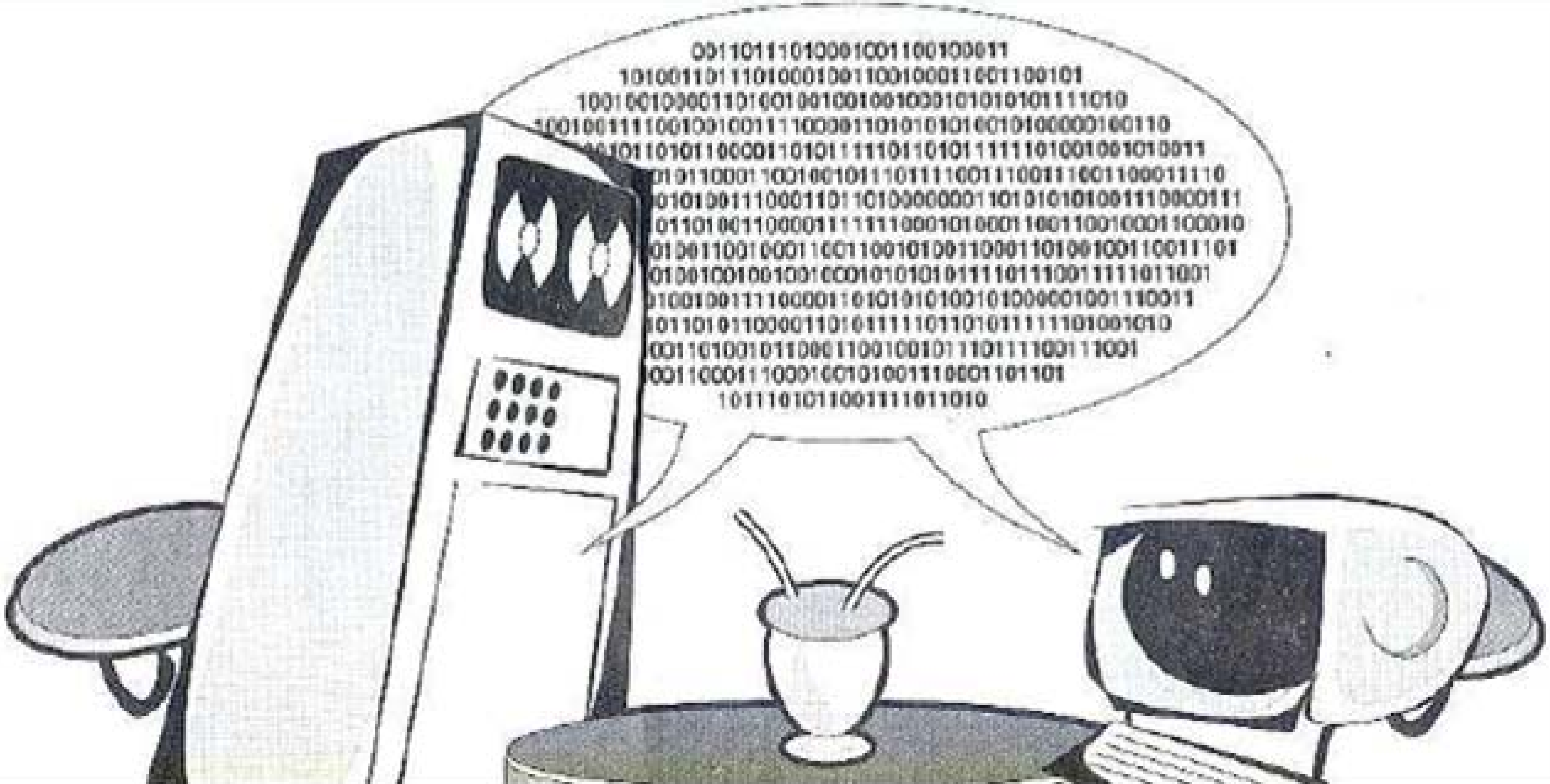
Does not require companies to disclose additional information, it is merely about improving the quality and transparency of information already submitted to authority.

Not too complicated to understand, you don't need to get acquainted with auto combustion engine, RPMs, but just know how to drive car……

Setting Scene…

CAN WE TALK?

XBRL
eXtensible Business Reporting Language



First let us understand the existing system of MCA

Section 220 of Companies Act,1956

- Three copies of balance sheet and profit and loss account are required to be submitted with the registrar within 30 days from the date on which such books have been laid at the Annual General Meeting.

Section 220 of Companies Act,1956

- Form 23AC
- Form 23ACA

MCA Mandate – XBRL Companies

Vide General Circular No.16/2012 dated 06/07/2012

Specified class of companies have to compulsorily file their Balance Sheet and Profit & Loss Account in XBRL mode for the F.Y. commencing on or after 01.04.2011

Specified Class of Companies

- All companies listed with any Stock Exchange(s) in India and their Indian subsidiaries; or
- All companies having paid up capital of Rupees five crore and above; or
- All companies having turnover of Rupees one hundred crore and above; or
- All companies who were required to file their financial statements for FY 2010-11, using XBRL mode.

Why XBRL ?

1) The trend…. The journey along..

	Past	Present	Future
Framework	Historical	Mixed	Fair value
Focus	Profit and loss	Mixed	Balance sheet
GAAP	Indian	Indian	IFRS
Standard setter	ICAI	Multiple	IASB
Reporting	Annual	Quarterly	XBRL
Tax	Significant	Important	Delinked
Complexity	Low	Medium	High

2) Information overload


What we say to dogs
Okay, Ginger! I've had it! You stay out of the garbage! Understand, Ginger? Stay out of the garbage, or else!


what they hear
blah blah GINGER blah blah blah blah blah blah blah blah GINGER blah blah blah blah blah blah...

WHAT WE SAY TO INVESTORS?

PUBLIC CORPORTATION 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**

WHAT THEY HEAR?

PUBLIC CORPORATION 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**

3) Data misinterpretation

CA Mehul Shah

4) Clerical errors

A recent report from MCA says that around 209 Listed Companies have summation and totalling up errors in Balance Sheet

- Source : Economic Times

5) Redundancy due to same Financial Information submitted to Different Authorities in different formats


Business Reporting
Reserve Bank of India
HTML
Service Tax
PDF
Ministry Of corporate Affairs
Documents Submitted to Creditors
Income Tax Department

The scope of data is defined by the law but agencies have some freedom as far as format of data they collect.

Often various agencies or bodies are collecting the same information, which is another issue.

Let us develop our own Language

Tagging?

Plain Unstructured Text

MEHUL R. SHAH

O-1, SILVERPALM

BUILDING,

TIMALIYAWAD,

NANPURA,

SURAT.-395001

GUJARAT.

Phone: 91-9723459572

EMAIL: mehul@raseshca.com

Tagged Data

<Name> **Mehul R. Shah** </Name>
<Address>
<FlatNo>**O-1**</FlatNo>
<ResidenceName> **SilverPalm building** </ResidenceName>
<RoadOrStreet>**Timaliyawad** <:/RoadOrStreet>
<Area>**Nanpura**</Area>
<City>**SURAT**</City>
<PinCode>**395001**</PinCode>
</Address>
<Phone>
<countrycode>**91**</countrycode>
<PhoneNo>**9723459572**</PhoneNo>
</Phone>
<Emailid>**mehul@raseshca.com** </Emailid>

UNSTRUCTURED TEXT

Inventory is valued at lower of cost or market value using FIFO method.

Inventory as of 31st March 2010 and 2009 amounted to Rs. 4,00,000/- and Rs. 5,00,000/- respectively.

STRUCTURED TEXT

<Inventoryinformation>

Inventory is valued at lower of cost or market value using FIFO method.

Inventory as of 31st March 2010 and 2009 amounted to Rs. 4,00,000/- and Rs. 5,00,000/- respectively.

</Inventoryinfomation>

Content—without Context

Searching for the word “Mercury” on the Web can provide a wide variety of results—too many—such as:

“Content with Context”

▪Auto Industry		▪<CAR-MODEL>
▪Chemical Industry		▪<SYMBOL>
▪Publishing or Mythology		▪<GOD>
▪Music Industry		▪<RECORD-LABEL>
▪Aerospace Industry		▪<PROGRAM>
▪Astronomy		▪<PLANET>

STRUCTURED FOR MEANING

<Inventoryinformation>

<stated at> valued at lower of cost or market value </stated at>

<vmethod> FIFO </vmethod>

<value2010> 4,00,000 </value2010>
<value2009> 5,00,000 </value2009>

</Inventoryinfomation>

STRUCTURED FOR GLOBAL MEANING

<InventoryComponentscontextRef=“D-2010”>

<InventoryCostBasiscontextRef=“D-2010”> valued at lower of cost or market value </InventoryCostBasis>

<ValuationMethodContextRef=“D-2010”> FIFO </ValuationMethod>

<value2010ContextRef =“D-2010”> 4,00,000 </value2010>

<value2009ContextRef =“D-2009”> 5,00,000 </value2009>

</InventoryComponents>

Who are the developer of XBRL?

- Mr. Charles Hoffman, AICPA, Proposed the idea to use XML for electronic reporting of financial information to the AICPA high tech task force
- XBRL is being developed by the XBRL international Inc. (xii) is not for profit consortium of regulators / government agencies, Accounting Institutes, Leading corporate IT & financial/ professionals service companies.

Benefits of XBRL

Reduced costs
Improved access to financial information
Increased productivity
Improved data quality & validity
Fluidity of shared information

Opportunities for CA, CS and ICWAI

- Outsourcing XBRL conversions
- Developing taxonomy with ICAI
- Implementation of XBRL in organization
- Improvisation in Audit, Assurance & consultancy services
- Support to Software vendors
- Creating awareness and Training

Some facts--

India is a hot destination for XBRL data conversion work

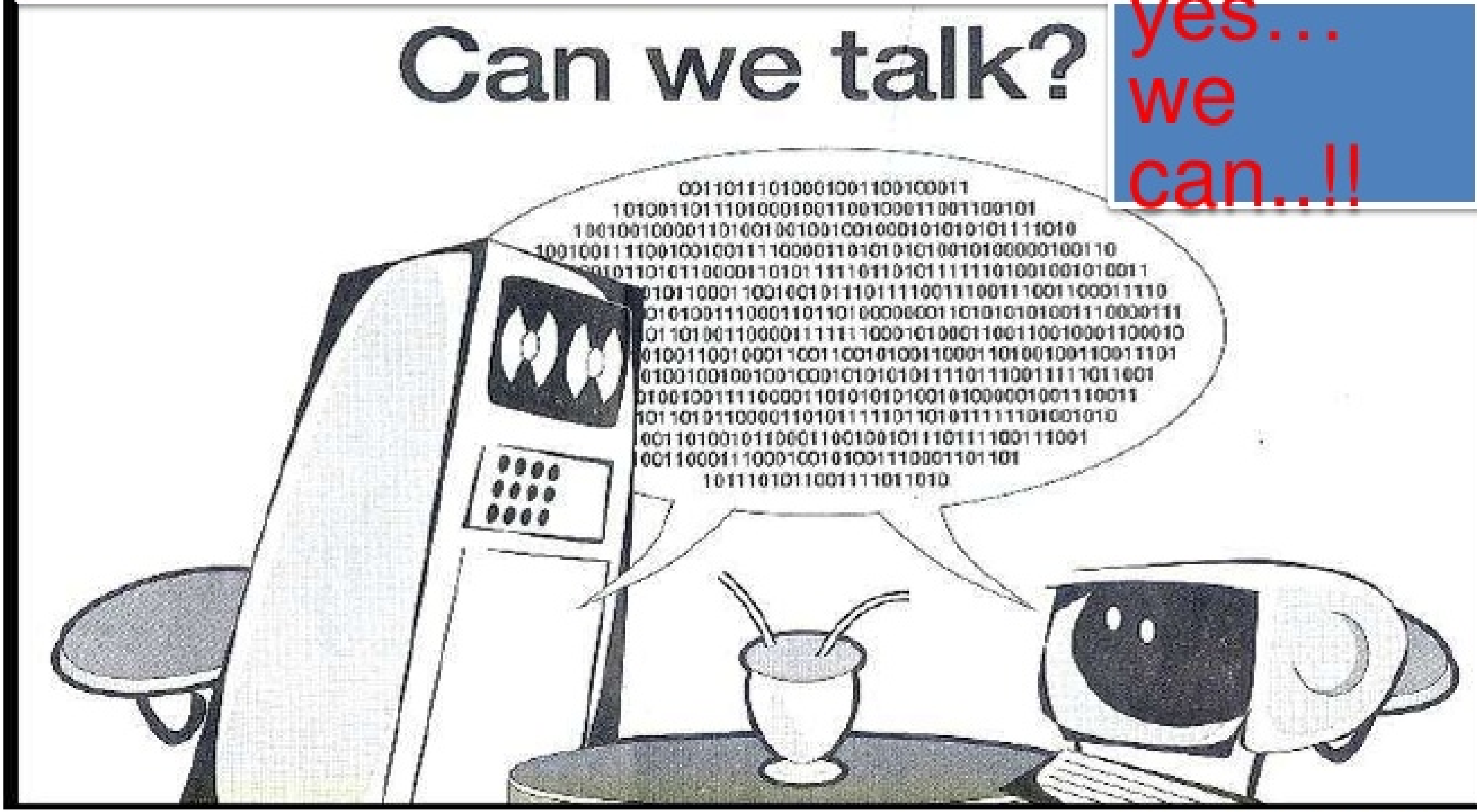
A major portion of US SEC filing work is being outsourced to India

MNCs such as Merrill IT, RR Donley, Aptara have set up offices in India for XBRL data conversion work

A substantial portion of UK HMRC filing work is expected to be outsourced to India

Finance Professionals with knowledge of XBRL are in demand for outsourced work

AFTER XBRL..!!



yes… we can..!!

Courtesy: Ms. Liv Watson, XII

In case of query ,

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Partner

Rasesh Shah and Assocaites


Thank You!