

XBRL – AN INSIGHT

OCTOBER ISSUE



“
XBRL will move
from the early adopter
phase to become the
generally accepted
way to report
business information”

XBRL FINANCIAL STATEMENTS – REQUIREMENTS IN INDIA

The following class of companies have to file their Balance Sheet, Profit and Loss Account and other documents as required under section 220 of the Companies Act, 1956 with the Registrar using the Extensible Business Reporting Language (XBRL) taxonomy given in Annexure enclosed to the rules for the financial year ending on or after 31st March, 2012 with e-Form no. 23AC-XBRL and 23ACA-XBRL specified under the Companies (Central Government) General Rules and Forms, 1956, namely:-

- (i) all companies listed in India and their Indian subsidiaries;
- (ii) all companies having a paid up capital of Rs 5 crore and above; and
- (iii) all companies having a turnover of Rs 100 crore and above.
- (iv) all companies who were required to file their financial statements for FY 2010-11, using XBRL.

However, banking companies, Power companies, Non Banking Financial Companies (NBFC) and Insurance companies are exempted from XBRL filing till further order.

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What is XBRL?

XBRL is a data-rich dialect of XML (Extensible Markup Language), the universally preferred language for transmitting information via the Internet. It was developed specifically to communicate information between businesses and other users of financial information, such as analysts, investors and regulators. XBRL provides a common, electronic format for business reporting. It does not change what is being reported but only changes how it is reported. XBRL is a worldwide standard, developed by an international, non-profit-making consortium, XBRL International Inc. (XII). XII is made up of many hundred members, including government agencies, accounting firms, software companies, large and small corporations, academics and business reporting experts. XII has agreed the basic specifications, which define how XBRL works.

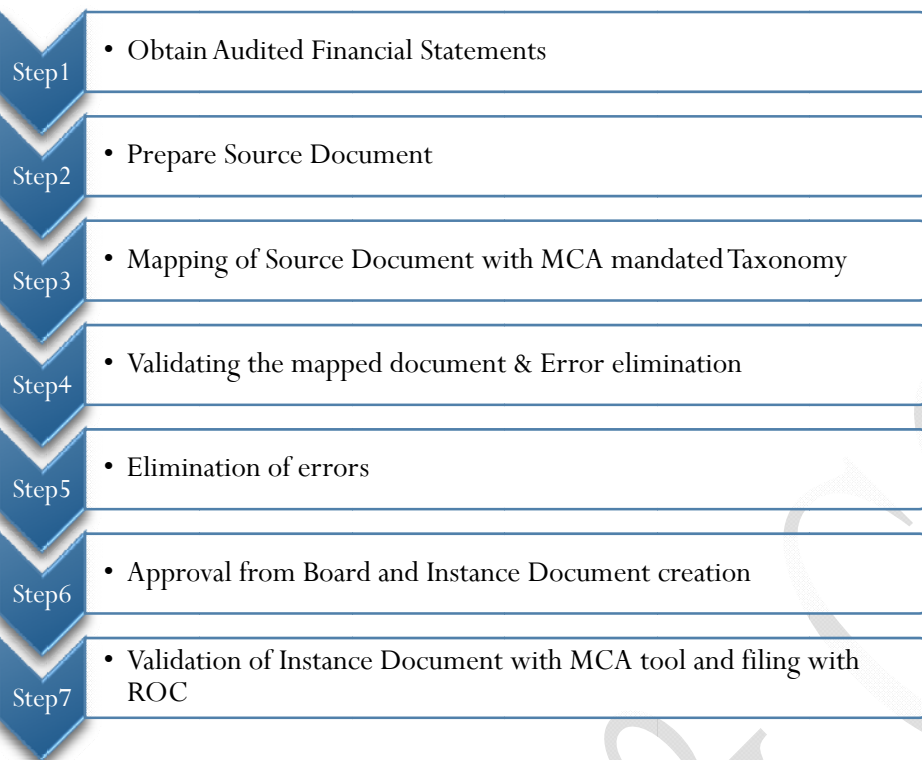


HOW XBRL WORKS?

XBRL makes the data readable, with the help of two documents – Taxonomy and instance document. Taxonomy defines the elements and their relationships based on the regulatory requirements. Using the taxonomy prescribed by the regulators, companies need to map their reports, and generate a valid XBRL instance document. The process of mapping means matching the concepts as reported by the company to the corresponding element in the taxonomy. In addition to assigning XBRL tag from taxonomy, information like unit of measurement, period of data, scale of reporting etc., needs to be included in the instance document.

The entire process of XBRL conversion can be shown in 7 steps as in the next page.





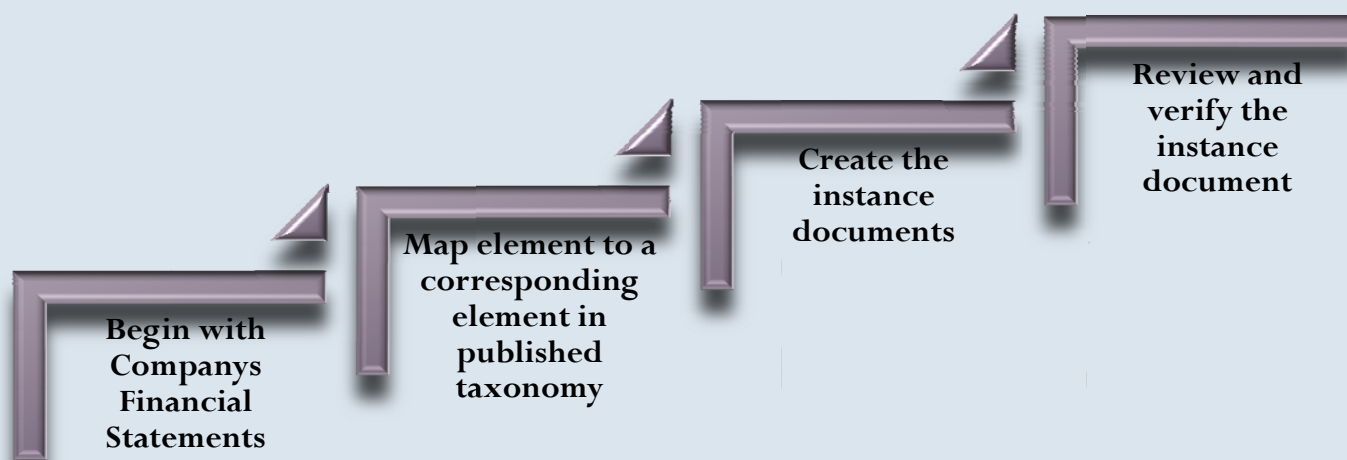
Documents Required For XBRL Conversion:

- a) Audited Accounts including Balance Sheet, Profit & Loss account and Cash Flow Statement
- b) Director's Report
- c) Auditor's Report
- d) Subsidiary Company Information
- e) Additional information required under XBRL Taxonomy.



Steps for filing financial statements in XBRL format on MCAportal:

- Creation of XBRL instance document
- Download XBRL validation tool
- Load the instance document
- Validate the instance document
- Pre-scrutiny of the instance document
- Convert to pdf and verify the contents of the instance document. (This step is essential to ensure that the disclosures contained in XBRL document are as per Audited Financial Statement adopted in the AGM and the textual information entered in the instance document are clearly viewable)
- Attach instance document to the Form 23AC-XBRL and Form 23ACA-XBRL
- Submitting the Form 23AC-XBRL and Form 23ACAXBRL on the MCA portal
- Viewing of balance sheet and profit and loss submitted in XBRL form on MCA portal

STEPS FOR FILING FINANCIAL STATEMENTS IN XBRL FORMAT ON MCA FORMAT:**Creation of XBRL Instance Document****Download MCA XBRL validation tool from MCA portal**

A Validation 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 MCA XBRL validation tool can be downloaded from the XBRL website of the Ministry (www.mca.gov.in/XBRL). This Validation Tool shall be used for all MCA XBRL filings i.e. Financial Statement FY 2010-11 (based on previous Schedule VI) and FY 2011-12 (based on new Schedule VI) as well as Cost Audit and Compliance Report (which shall be enabled later in the tool). Before Validating an Instance document, the applicable taxonomy is to be selected by the user from the drop down option “taxonomy”.

Use the tool to validate the instance document

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
- Business Rules as specified by MCA
- Validations relating to XBRL technical Specifications as per taxonomy

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-scrutinize 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.

Final verification post pre-scrutiny of the document

Once the instance document has been successfully pre-scrutinized, the next step is to generate pdf by using 'Export to pdf' functionality in the tool to verify the final instance document. It is imperative that the company and the professional certifying the instance documents should use this feature to verify the accuracy of the instance document.

Attach instance document to the Form 23AC-XBRL and Form 23ACA-XBRL

There is a separate set of Form 23AC-XBRL and Form 23ACA-XBRL available on the MCA portal for filing in XBRL instance documents by the Company under section 220 of the Companies Act. First fill up the Form 23AC-XBRL and Form 23ACA-XBRL. Thereafter, attach the validated and pre-scrutinized 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 prepared for Standalone financial statements and consolidated financial statements.

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

After the forms are filled, you are required to perform pre-scrutiny of the form, sign the form and then upload the same as per the normal e-Form filing process. It shall be validated that the attached instance documents are validated and pre-scrutinized from the XBRL validation tool.

Viewing of balance sheet and profit and loss submitted in XBRL form on MCA portal

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 shall be made available.



The advantages of XBRL data over conventional forms of data:

Standard - XBRL is a standard that has been accepted and adopted the world over thus reducing inconsistencies in terminologies and data formatting.

Accuracy - XBRL provides highly accurate data as the data can be both calculated and verified.

Speed - XBRL allows much faster and real-time preparation of reports and at the same time allows efficient, accurate and relevant ways to search data

Reusable - XBRL data once entered can be reused to represent the same data in multiple ways and multiple formats.

Platform Independent - XBRL is an open standard and hence platform independent, this allows the data to be exchanged and transferred with ease.

Region Independent - XBRL allows the presentation and exchange of data in many different languages.

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