

eXtensible Business Reporting Language (XBRL)

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Introduction

XBRL is a language for the electronic communication of business and financial data which is revolutionising business reporting around the world. The word XBRL is short form of eXtensible Business Reporting Language. 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. It is an open standard, free of licence fees, being developed by a non-profit making international consortium. XBRL International is a not-for-profit consortium of approximately 550 companies and agencies worldwide working together to build the XBRL language and promote and support its adoption.

This collaborative effort began in 1998 and has produced a variety of specifications and taxonomies to support the goal of providing a standard, XML-based language for digitizing business reports in accordance with the rules of accounting in each country or with other reporting regimes such as banking regulation or performance benchmarking.

All of us know that 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. It provides a set of pre-defined tags describe on how content appears in a browser. For example, it describes the font and color of text. It gives little information on meaning or context. XML (Extensible Markup Language) uses tags to identify the meaning, context and structure of data. XML is a standard language which is maintained by the World Wide Web Consortium (W3C). XML does not replace HTML; it is a complementary format that is platform independent, allowing XML data to be rendered on any device such as a computer, cell phone, PDA or tablet device. It enables rich, structured data to be delivered in a standard, consistent way. Whereas HTML offers a fixed, pre-defined number of tags, XML neither defines nor limits tags. Instead, XML provides a framework for defining tags (i.e. taxonomy) and the relationship between them (i.e. schema). Extensible Markup Language (XML) is a universally preferred data description language used to describe the data we store, manipulate, and exchange via the web. The basis for this technology is a "tagging" process by which each value, item, and descriptor, etc. in the exchanged information can be given a unique set of tags with which to describe it. Using these tags, computer programs can read the data without human

intervention. In short, XML is a language designed to develop other languages, such as XBRL.

Thus XBRL is an XML-based schema that focuses specifically on the requirements of business reporting. XBRL builds upon XML, allowing accountants and regulatory bodies to identify items that are unique to the business reporting environment. The XBRL schema defines how to create XBRL documents and XBRL taxonomies, providing users with a set of business information tags that allows users to identify business information in a consistent way. XBRL is also extensible in that users are able to create their own XBRL taxonomies that define and describe tags unique to a given environment.

How XBRL Works

As seen XBRL is a member of the family of languages based on XML, or Extensible Markup Language, which is a standard for the electronic exchange of data between businesses and on the internet. Under XML, identifying tags are applied to items of data so that they can be processed efficiently by computer software.

XBRL is a powerful and flexible version of XML which has been defined specifically to meet the requirements of business and financial information. It enables unique identifying tags to be applied to items of financial data, such as 'net profit'. However, these are more than simple identifiers. They provide a range of information about the item, such as whether it is a monetary item, percentage or fraction. XBRL allows labels in any language to be applied to items, as well as accounting references or other subsidiary information.

XBRL can show how items are related to one another. It can thus represent how they are calculated. It can also identify whether they fall into particular groupings for organisational or presentational purposes. Most importantly, XBRL is easily extensible, so companies and other organisations can adapt it to meet a variety of special requirements.

The rich and powerful structure of XBRL allows very efficient handling of business data by computer software. It supports all the standard tasks involved in compiling, storing and using business data. Such information can be converted into XBRL by suitable mapping processes or generated in XBRL by software. It can then be searched, selected, exchanged or analysed by computer, or published for ordinary viewing.

XBRL Taxonomies, are the vocabularies or dictionaries which the language

uses. These are the categorisation schemes which define the specific tags for individual items of data (such as "net profit"). National jurisdictions have different accounting regulations, so each may have its own taxonomy for financial reporting. Many different organisations, including regulators, specific industries or even companies, may also require taxonomies to cover their own business reporting needs. A special taxonomy has also been designed to support collation of data and internal reporting within organisations. This is the GL taxonomy

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Ordinary users of XBRL may be largely or totally unaware of the technical infrastructure which underpins the language. However, software companies, such as accountancy software providers, need to take account of XBRL and its features when producing their products.

The idea behind XBRL, eXtensible Business Reporting Language, is simple. Instead of treating financial information as a block of text - as in a standard internet page or a printed document - it provides an identifying tag for each individual item of data. This is computer readable. For example, company net profit has its own unique tag.

The introduction of XBRL tags enables automated processing of business information by computer software, cutting out laborious and costly processes of manual re-entry and comparison. Computers can treat XBRL data "intelligently": they can recognise the information in a XBRL document, select it, analyse it, store it, exchange it with other computers and present it automatically in a variety of ways for users. XBRL greatly increases the speed of handling of financial data, reduces the chance of error and permits automatic checking of information.

Companies can use XBRL to save costs and streamline their processes for collecting and reporting financial information. Consumers of financial data, including investors, analysts, financial institutions and regulators, can receive, find, compare and analyse data much more rapidly and efficiently if it is in XBRL format.

XBRL can handle data in different languages and accounting standards. It can flexibly be adapted to meet different requirements and uses. Data can be transformed into XBRL by suitable mapping tools or it can be generated in XBRL by appropriate software.

Benefits to a company from putting its financial statements into XBRL

XBRL increases the usability of financial statement information. The need to re-key financial data for analytical and other purposes can be eliminated. By presenting its statements in XBRL, a company can benefit investors and raise 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 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. Not only can data handling be automated, removing time-consuming, error-prone processes, but the data can be checked by software for accuracy.

XBRL facilitates the communication of entire reports, avoiding 'template reporting', which can be misleading and inaccurate. Where aspects of a particular business demand unique tags, report owners can create them, communicating the definition of a concept as well as its relationship to other parts of a report. In other words, there is no need to force a reporting concept into an ill-fitting box. XBRL is not a standard chart of accounts. It allows the standardization of common business reporting concepts while providing flexibility to extend the vocabulary to meet individual circumstances.

Because XBRL is based on core internet technologies, it is possible to search across XBRL documents and extract individual concepts that might be needed for particular types of analysis. It is also possible to transform XBRL reports into any other format, including those more commonly used such as HTML and PDF.

Potential uses of XBRL

XBRL can be applied to a very wide range of business and financial data. Among other things, it can handle:

- Company internal and external financial reporting.
- Business reporting to all types of regulators, including tax and financial authorities, central banks and governments.

- Filing of loan reports and applications; credit risk assessments.
- Exchange of information between government departments or between other institutions, such as central banks.
- Authorative accounting literature - providing a standard way of describing accounting documents provided by authoritative bodies.
- A wide range of other financial and statistical data which needs to be stored, exchanged and analysed.

Database used with XBRL

XBRL is a format for exchanging information between applications. Therefore each application will store data in whatever form is most effective for its own requirements and import and export information in XBRL format so that it can be readily imported or exported in turn by other applications. In some applications, for example, the XBRL formatted information being used may be mostly tabular numeric information, hence easily manipulated in a relational database. In other applications, the XBRL information may consist of narrative document-like structures with a lot of text, so that a native XML database may be more appropriate. There is no mandatory relationship between XBRL and any particular database or other processing or storage architecture.

Usage in Accounting Institutes

A core purpose of Accounting Institutes around the world is to enhance the access, quality and breadth of financial information available to the investing public. XBRL will help achieve this. Institutes also believe that the development of XBRL will help position their members as valued knowledge providers for their clients. Businesses, large and small, are undergoing fundamental change. Accountants, as the managers of the underlying language of business, can help organisations fit into the new digital world, solve business issues and capitalise on opportunities

The IASB is developing a taxonomy which reflects International Financial Reporting Standards (IFRS). National XBRL jurisdictions will extend this taxonomy to reflect their particular local implementation of IFRS. Taxonomies will thus be available to enable those reporting under IFRS in different countries to use XBRL, enhancing efficiency and comparability as adoption of IFRS expands around the world.

ICAI and XBRL

Envisioning the rising importance of XBRL in the times to come and considering its benefits to those concerned with the accountancy profession, ICAI, has established a forum for the development and promotion of XBRL in India. The Institute has also decided to develop taxonomy for XBRL based reporting bearing in mind the peculiarities of the Indian Accounting Standards. Further, it intends to liaise with XBRL International and foster communication and implementation of XBRL in India. Towards this goal the Institute has set up a Group. The Group will essentially be a policy formulation group and, apart from performing above activities, it will also delve into the following issues:

- a) The purpose and the scope of the taxonomy i.e.,
 - i) identifying the intended external users (SEBI, creditors, investors etc) and internal users (management, accountants etc) of this technology
 - ii) areas for which taxonomies have to be developed: Financial reporting taxonomy, Indian GAAP commercial and industrial taxonomy etc.
- b) Laying down the theoretical framework and the empirical approach for developing taxonomies.
- c) Reconciling Indian XBRL taxonomy with the global International Financial Reporting Standards (IFRS) taxonomy

Conclusion

XBRL is set to become the standard way of recording, storing and transmitting business financial information. It is capable of use throughout the world, whatever the language of the country concerned, for a wide variety of business purposes. It will deliver major cost savings and gains in efficiency, improving processes in companies, governments and other organisations.