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# **XBRL Demystified**

**BASICS AND OVERVIEW OF XBRL**

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# Index

- ❖ XBRL – Regulatory Requirements under Companies Act, 2013
    - ✓ Section 134
    - ✓ Section 137
    - ✓ Rule 12 of Companies (Accounts) Rules, 2014
    - ✓ XBRL Applicability wide General Circular No. 16/2012 dated July 6, 2012
    - ✓ Clarification on XBRL filing for the F.Y. 2014-15 wide General Circular No. 10/2015 dated July 13, 2015
  - ❖ What is XBRL and How it Works
  - ❖ Key Concepts
    - ✓ Key Terms
    - ✓ Dimensions
    - ✓ Business Rules/ Validations
  - ❖ XBRL filing with MCA- Process and Procedure
  - ❖ Practical issues to remember
    - ✓ Quality
    - ✓ FAQ's
  - ❖ Q & A
  - ❖ Contact Us
-



# **Regulatory Requirements under Companies Act 2013**



# Regulatory Requirements under Companies Act, 2013

Relevant Law/ Provision	What Law says?
<p><b>Section 134</b> (Financial statement, Board's report, etc. to shareholders)</p>	<p>✓ A copy of financial statement, <b>including</b> Consolidated financial statement, duly signed shall be issued along with copy of:-</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Notes annexed to or forming part of such financial statement (annexed)</li> <li><input type="checkbox"/> Auditor's report (Attached)</li> <li><input type="checkbox"/> Board's report (Attached)</li> </ul>
<p><b>Section 137</b> (Copy of financial statement to be filed with Registrar)</p>	<p>✓ A copy of the financial statements, including consolidated financial statement, along with all the documents which are required to be or <b>attached<sup>1</sup></b> to financial statement, <b>duly adopted at the AGM of the company, shall be filed with the RoC</b> within 30 days of the date of AGM</p>
<p><sup>1</sup><b>Attachments</b></p>	<ul style="list-style-type: none"> <li>✓ Section 134(3) - Board's Report per Section 134(3)</li> <li>✓ Section 134(2)- Auditor's Report per Section 143</li> </ul>

## Regulatory Requirements under Companies Act, 2013 *Contd...*

Relevant Law/ Provision	What Law says?
<b>Rule 12</b> of Companies (Accounts) Rules, 2014	<ul style="list-style-type: none"><li>✓ Every company shall file the financial statements with Registrar together with <b>Form AOC-4</b></li><li>✓ <b>Class of companies as notified by the CG from time to time, shall mandatorily file their financial statement in <u>Extensible Business Reporting Language (XBRL) format</u></b></li></ul>
XBRL Applicability wide <b>General Circular No. 16/2012</b> dated July 6, 2012 ( <b><u>For the time being</u></b> )	<ul style="list-style-type: none"><li>✓ It has been decided by MCA that following class or classes of Companies shall file their Financial statement in XBRL Format:-<ul style="list-style-type: none"><li><input type="checkbox"/> Companies listed with any Stock Exchange(s) in India and their Indian subsidiaries; or</li><li><input type="checkbox"/> Companies having paid up capital of Rupees <b>5 crore</b> and above; or</li><li><input type="checkbox"/> Companies having turnover of Rupees <b>100 crore</b> and above; or</li><li><input type="checkbox"/> Companies who were required to file their financial statements for FY 2010-11, using XBRL mode</li></ul></li></ul>

## Regulatory Requirements under Companies Act, 2013 *Contd...*

Relevant Law/ Provision	What Law says?
XBRL Applicability wide <b>General Circular No. 16/2012</b> dated July 6, 2012 (Contd...)	<ul style="list-style-type: none"><li>✓ Following Companies are <b>exempted</b> from XBRL filing:-<ul style="list-style-type: none"><li><input type="checkbox"/> Banking Companies</li><li><input type="checkbox"/> Insurance Companies</li><li><input type="checkbox"/> Power Companies</li><li><input type="checkbox"/> Non Banking Financial Companies</li></ul></li></ul>
Clarification on <b>XBRL filing</b> for the F.Y. 2014-15 wide <b>General Circular No. 10/2015</b> dated July 13, 2015	<ul style="list-style-type: none"><li>✓ MCA clarified that for the financial year on or after 1<sup>st</sup> April, 2014, Companies shall file their Financials in <b>eForm AOC 4 or AOC 4 XBRL</b> as the case may be.</li><li>✓ It further clarified that electronic version of Forms AOC 4 and AOC 4 XBRL shall be made available latest by <b>30<sup>th</sup> September, 2015</b></li><li>✓ In view of above, MCA has decided to relax additional fees payable on filing eForm AOC 4 and AOC 4 XBRL upto <b>31<sup>st</sup> October, 2015</b></li></ul>

# Regulatory Requirements under Companies Act, 2013 *Contd...*

## *WHY MORE RELEVANT to ICAI Members NOW...*

Relevant Law/ Provision	What Law says?
<b>Section 137 (3)</b>	<ul style="list-style-type: none"><li>✓ If a company fails to file a copy of the financial statements u/s 137 (1) or (2)...</li><li>✓ The <b>Company shall be punishable with a fine</b> of Rs. 1000 Per day upto Rs. 10 Lakhs</li><li>✓ <b>AND</b></li><li>✓ The MD and <b>CFO.....</b></li><li>✓ shall be <b>punishable with imprisonment for a term which may extend to six months or a fine which shall not be less than Rs. 1 lakh but upto Rs. 5 Lakhs.</b></li></ul>

It is pertinent to note that what is being filed with MCA is not the physical signed copy of the Annual Report etc but the Annual report in XBRL format





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## **What is XBRL and How it Works**

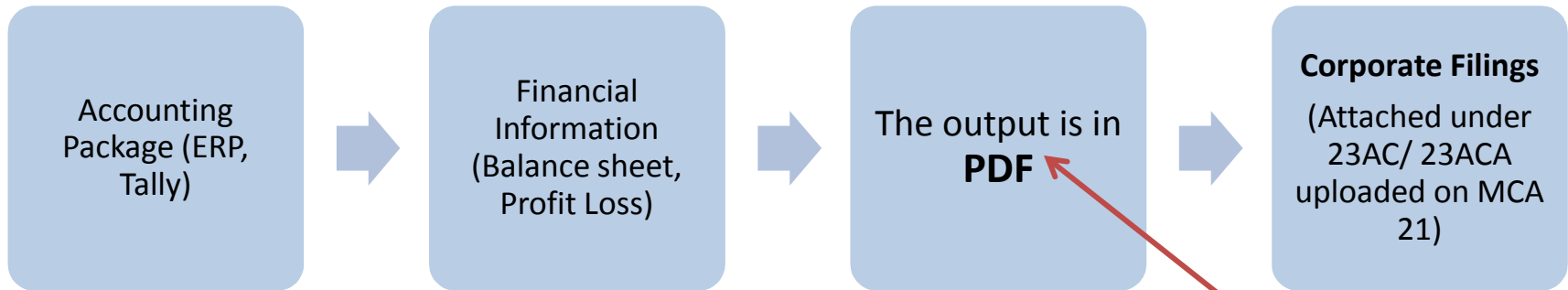
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# What is XBRL and How it Works

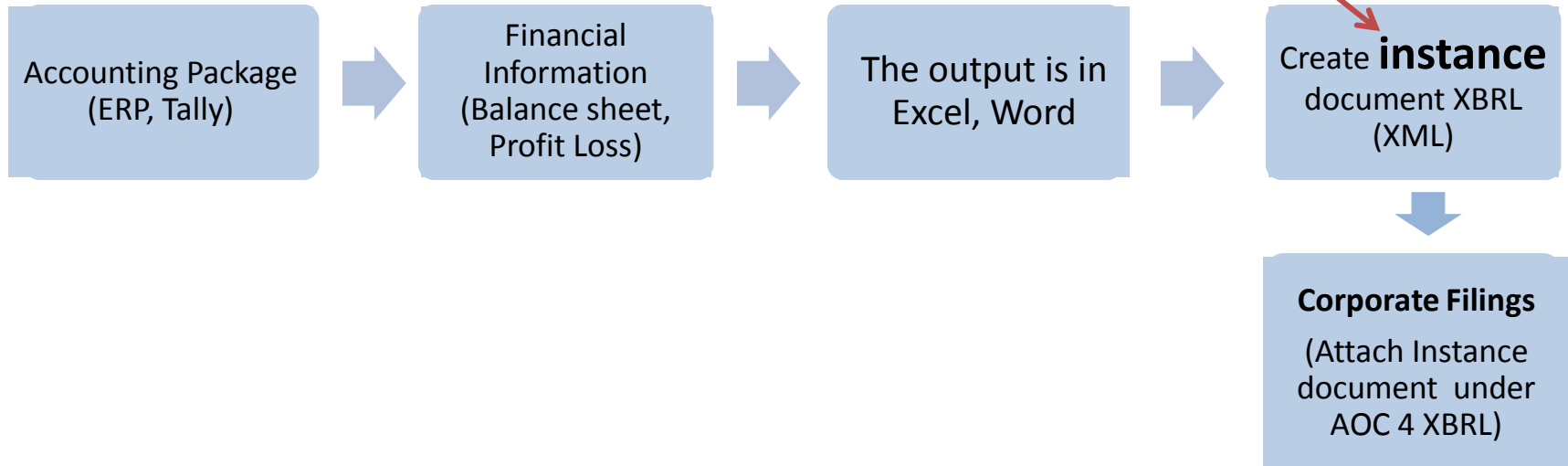
- ❖ XBRL stands for *eXtensible Business Reporting Language* (“XBRL”) is based on XML – *Extensible markup Language* (machine Readable Language) which is a standard for electronic exchange of data between businesses.
- ❖ XBRL facilitates:
  - ✓ Standardisation in presentation of financial information
  - ✓ Improved data quality
  - ✓ Better discipline in financial reporting by companies
- ❖ XBRL can be compared to a **Bar code**
- ❖ XML Instance document is the bar code / **zipped** version of the Company’s Annual report
- ❖ This allows data to be treated **intelligently**
- ❖ Hence a normal annual report and general info of **approx 2.6 MB** file size is converted to XML documents of approx **100-150 KB (in India)**

# What is XBRL and How it Works *Contd...*

- ❖ How did Corporate (ROC) filing happen before XBRL ?

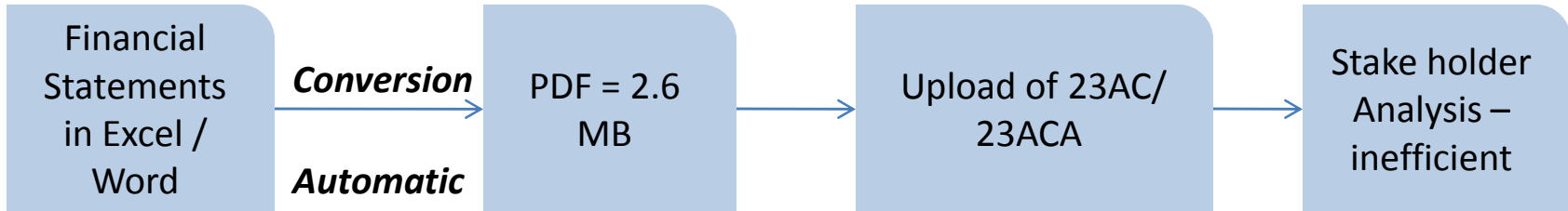


- ❖ How is it different in XBRL?

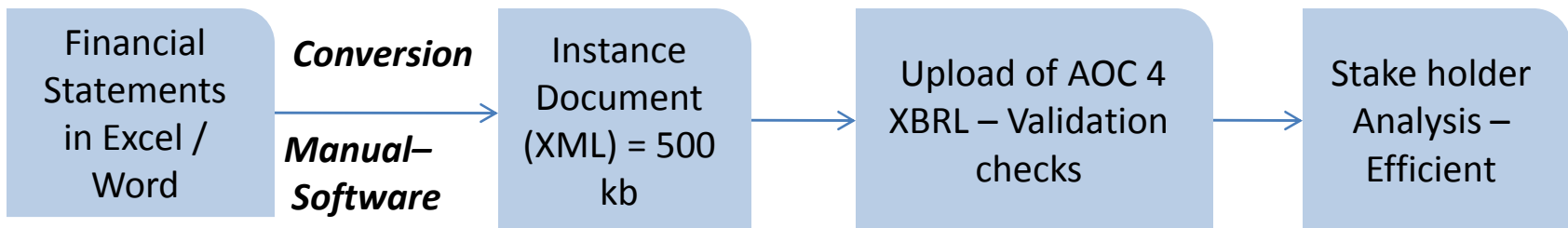


# What is XBRL and How it Works *Contd...*

## ❖ Earlier:



## ❖ Now:



## ❖ Why XBRL?

- |   |
|---|
| ✓ XBRL – XML Instance document is replacing PDF                                       |
| ✓ Instance document will have the <b>same/ similar</b> info as PDF i.e. Annual report |
| ✓ Acts as a <b>mirror</b> to requirements of preparing an annual report               |

# XBRL Filing with MCA- Process and Procedure

## Source Document

### Annual Accounts (GAAP & Corporate Law)

- Balance Sheet & Notes
- Profit and Loss Account & Notes
- Cash Flow
- Notes to Accounts
- Auditor's Report
- Director's Report
- Company information etc.

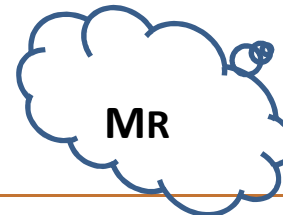
Mapped



Tagged

## XBRL

Taxonomy	Business Rules	Calculations
-GAAP -Companies Act 2013  <b>(Dictionary of concepts in an organised manner)</b>	-For various concepts	To ensure correctness of Financial statements



Using a Software...

Instance Document  
(XML)

## XBRL Filing with MCA- Process and Procedure *Contd...*

- ❖ **Annual Report** = Requirements of Companies Act 2013 (CA)  
= (Information related to financial statements)  
**(Sections 128- 138 etc.)**  
  
= **GAAP + Pure CA**
- ❖ **GAAP** = (Requirements of Schedule III) +(Requirement of AS/ IND AS) + (others/ Best Practices)  
(Format/Presentation) (Recognition + Measurement + Disclosure)
- ❖ **Pure CA** = Subsidiary information + Signatories + Directors information + CIN/DIN etc
- ❖ Accordingly, to **mirror** the requirements of **Annual report** as well as to ensure authentic data being filed, MCA has introduced :
  - ✓ **Taxonomy**
  - ✓ **Business rules**
  - ✓ **Calculation requirements**
- ❖ XBRL Filing is primarily the compliance of **Section 137** (Companies Act 2013) requirement in India



# Key Concepts

# Key Concepts– Key Terms

- ❖ Taxonomy
    - ✓ Elements/ Label
      - Machine Readable
      - Human Readable
    - ✓ Dimensions
  - ❖ Attributes eg: Data Types
  - ❖ Fact and balance
  - ❖ Context
  - ❖ Instance Document
  - ❖ Business Rules
  - ❖ Validations
-



## Key Concepts – Key Terms *Contd...*

	Concept	Fact	Data Type	Balance	Context
1.	Intangible Assets	1000000	Monetary (Number)	Debit	Instant
2.	Sundry Creditors	5000000	Monetary (Number)	Credit	Instant
3.	Revenues	10000000	Monetary (Number)	Credit	Duration
4.	Name of the subsidiary	Sample co. Ltd	Text/ String	-	Instant
5.	Date of Board meeting	30-04-2011	Date	-	Instant

❖ The following in the table above are already pre-defined in the taxonomy:

- ✓ Concepts
- ✓ Data types
- ✓ Balance
- ✓ Context

❖ The calculations are also pre-defined in the taxonomy

❖ The business rules are pre-defined

❖ For creation of instance document, one needs to attach facts to the concepts keeping in mind the attributes etc.

# Key Concepts - Dimensions

## ❖ **Dimension**

Practically a dimension denotes collating information in a tabular format. Each dimension has

- **Axis**

- **Members**

- **Line items**

## ❖ **Axis (pl. axis)**

An instance document contains facts, an axis differentiates facts and each axis represents a way that the facts may be classified.

## ❖ **Members**

Are options under a given axis, one needs to choose from as per revised schedule VI and other requirements.

## ❖ **Line items**

Elements against which facts have to be attached. All the relevant elements/line items have to be filled for each records/set of records.


## ❖ **Explicit Dimensions v Typed dimensions**

## Key Concepts – Dimensions *Contd...*

Particulars	Elements	Amount	Remarks
<b>Example – Borrowings</b>			
Tables	Classification of borrowings		Schedule - III
Axis 1	<b>Classification based on time period</b>		Schedule - III
Members	<b>Long-term [Member]</b>		Schedule - III
	<b>Short-term [Member]</b>		Schedule - III
Axis 2	<b>Classification of borrowings</b>		Schedule - III
Members	<b>Term loans [Member]</b>	100	Schedule - III
	<b>Bonds/debentures [Member]</b>	-	Schedule - III
	<b>Other elements</b>	200	Schedule - III
Axis 3	<b>Sub classification of borrowings</b>		Schedule - III
Members	<b>Secured borrowings [Member]</b>	200	Schedule - III
	<b>Unsecured borrowings [Member]</b>	500	Schedule - III

# Key Concepts – Dimensions *Contd...*

<b>Classification based on time period [Axis]</b>	<b>Long-term [Member]</b>	
<b>Classification of borrowings [Axis]</b>	<b>Term Loans [Member]</b>	
<b>Sub classification of borrowings [Axis]</b>	<b>Secured Term loans [Member]</b>	
	<b>Current Year</b>	<b>Previous Year</b>
Borrowings notes [Abstract]		
Details of borrowings [Abstract]		
Details of borrowings [Line Items]		
Borrowings	200	500


  
**Facts** stated above to be **tagged**  
 against the **Taxonomy element.....**

## Key Concepts – Dimensions *Contd...*

Particulars	Elements	Remarks
<b>Example - Director Details</b>		
Tables	Disclosure of directors and remuneration to directors	In-CA
Axis	Directors	In-CA
Members	-	In-CA
Line Items	Disclosure of directors and remuneration to directors [Line Items]	In-CA
	Name of director	In-CA
	Director identification number of director	In-CA
	Date of birth of director	In-CA
	Designation of director	In-CA
	Qualification of director	In-CA
	Shares held by director	In-CA

## Key Concepts – Business Rules/ Validations

- ❖ The business rules provided are the **minimum** set of rules which are required to be reported i.e. **complete information** as contained in the **annual accounts** and related documents
- ❖ Business rules makes the instance document a valid document. **356** Business rules have been prescribed by MCA. Following is a summary nature wise :

S.No	Type	Particulars	Counts
1	Based upon CIN	This Category includes the elements for which rules are decided with references to CIN as per MCA database.	<b>19</b>
2	Based upon Date	This Category includes the elements for which rules are decided upon date.	<b>15</b>
3	Value greater than Zero	This category includes the elements if those value exceeds zero than one related tag should be used.	<b>16</b>
4	Based upon Zero Value	This category includes the elements which value should be equal to or greater than zero.	<b>132</b>
5	Mandatory Field	This category includes the tags which are mandatory without any condition.	<b>79</b>
6	Mandatory filed with Condition	This category includes the elements which are mandatory but some conditions are attached with them.	<b>43</b>
7	Others	This category includes the residual rules which doesn't fall into above category.	<b>52</b>

## Key Concepts – Business Rules/ Validations *Contd...*

In addition to above business rules there are **Three** other categories of business rules

### ❖ **List of mandatory elements required in the instance documents**

- ✓ There are **7** mandatory elements in addition to the mandatory fields covered under the above 395 business rules

### ❖ **Minimum tagging requirement**

- ✓ There are **38** elements for which mandatory tagging has to be done as the minimum tagging requirements by MCA

### ❖ **Generic Business rules**

- ✓ There are **13** generic business rules. Borrowings

**Thus**

Instance Document:-

- Has to be Replica of Annual Report**
  - Free from any Error emanating from all above Business Rules/ Validations**
-

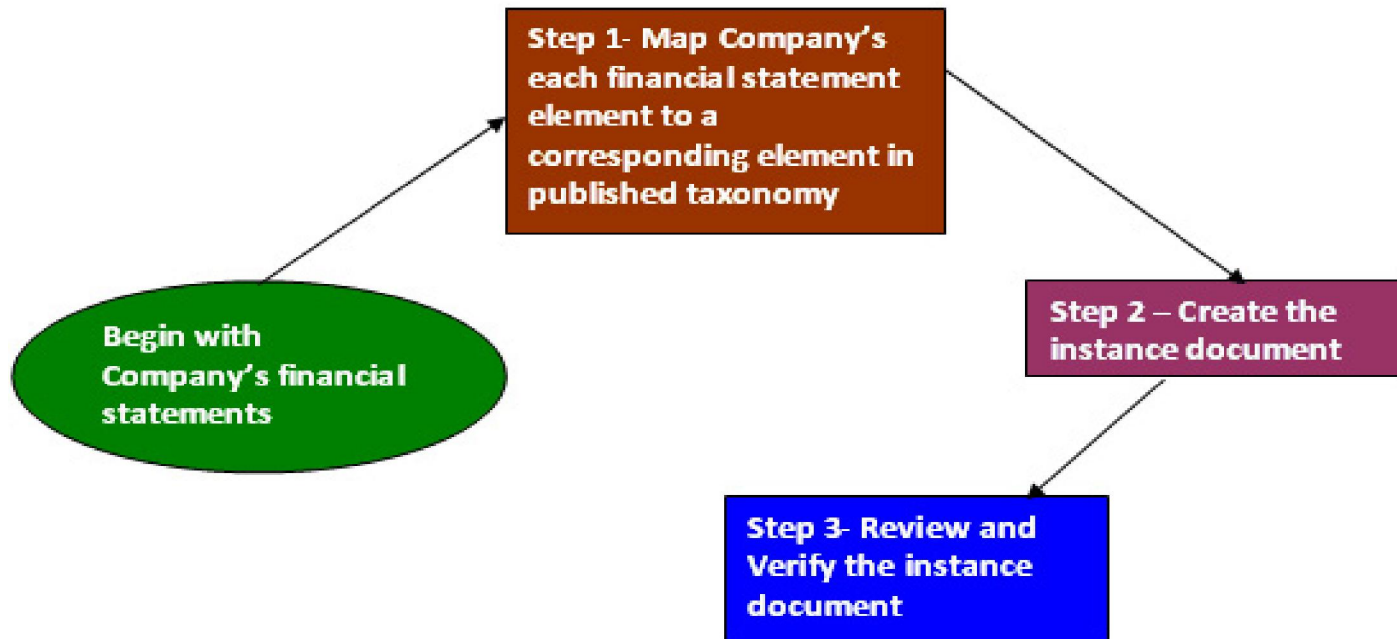


# **XBRL Filing with MCA- Process and Procedure**



# XBRL Filing with MCA- Process and Procedure *Contd...*

## ❖ Step 1 – Creation of Instance document



- ❖ Separate instance documents need to be created for the following
  - ✓ **Stand Alone** Balance sheet and profit Loss Account of the company
  - ✓ **Consolidated** Balance sheet and profit Loss Account of the company

## XBRL Filing with MCA- Process and Procedure *Contd...*

### ❖ **Step 2 – Download XBRL validation tool from MCA Portal**

- ✓ There shall be a tool provided at the MCA 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.

### ❖ **Step 3 – Use the tool to **validate** the instance document**

### ❖ **Step 4 - Perform **pre-scrutiny** of the **validated instance document** through the tool (through internet)**

### ❖ **Step 5 - Attach instance document to the eForm AOC 4 XBRL**

### ❖ **Step 6 - Submitting the eForm AOC 4 XBRL on the MCA portal by checking the form and performing pre-scrutiny**

The balance sheet and profit and loss submitted in XBRL form on MCA portal can be viewed through PDF viewer

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# XBRL Filing with MCA- Process and Procedure *Contd...*

❖ To summarise:

## Generation of Valid Instance Document

- Mapping
- Tagging (Attaching facts to Taxonomy elements / concepts)
- Validations and pre-scrutiny

## Filing of Forms

- Filing of forms
- Verification by Director – Digital signature
- Certification by Practicing CA/ CS/ CWA – Digital signature
- Check forms + pre scrutiny
- Upload

## MCA Validation Tool

- **Step 1** – Successful **upload of document** (has to be as per XBRL specifications prescribed by MCA)
- **Step 2 – Validation** – this step will throw up errors if data entry/ transfer/ upload not per the business rules and calculations prescribed by MCA
- **Step 3 – Pre scrutiny** – for this one has to be online and here the tool through MCA data base shall check CIN/DIN/SRN/Membership etc



## **Practical Issues to Remember**

## Practical Issues to remember- Quality

- ❖ MCA has released a general circular No. 33/2012 regarding quality of XBRL filing certified by professional members which states:-
  - ✓ Random scrutiny of XBRL filing reveals significant variations in disclosures in published results and XBRL filing due to **“Incorrect”** mapping of disclosures. *(Refer Table 1 for incorrect tagging- below)*
  - ✓ Such filings are inaccurate and do not adequately represent **true and fair view** of the state of affairs of the company, it is **unfortunate that Professionals** have/ are certifying such incorrect data, for which they are **liable to penalised**.
  - ✓ It is the **duty of the institute** to direct its members to take necessary steps to **improve the quality of XBRL filing**.

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**Thus, Quality of tagging is a Focus area with MCA**

## Practical Issues to remember- Quality

### GENERAL XBRL FILING ERRORS

Errors	Observation
<b>Cash Flow Statement not tagged</b>	The Cash Flow Statement for FY 2010-11 is available in the Audited Financial Statements (PDF file). However, the same has not been tagged in XBRL financial statements filed at MCA portal.
<b>Information of all subsidiaries not provided in XBRL financial statements</b>	Information about one Subsidiary has been tagged in XBRL financial statements whereas the Company had nine Subsidiaries.
<b>Footnotes not tagged in XBRL financial statements.</b>	Footnotes on Share Capital, Secured Loan, Reserve and Surplus, unsecured loan-Fixed deposits, Investments, Fixed Assets, Security deposit, etc. have not been tagged. Footnote on "Investments" has not been given.
<b>Incorrect usage of Footnote</b>	Director's Report provided by way of footnote whereas separate tags are available for tagging of Directors' Report. Similarly, for Auditors' Report, Significant Accounting policies, Unsecured Loan, Current Liabilities, etc. Footnote has been incorrectly used.

## Practical Issues to remember- Quality Contd...

### INCORRECT USAGE OF TAGS

Line Item	Tag Used (label)	Correct Tag (label)
Secured Cash Credit from Banks	Term Loan	Working Capital Loans Banks Secured
Bad debts written off	Other Provisions Created	Bad debts Advances written off
Investment (joint Venture)	Equity securities long-term unquoted non-trade	Investment joint ventures
Travelling and conveyance	Legal professional charges	Travelling conveyance
Power and fuel expenses	Electricity expenses	Cost power fuel
Advertising and Brand marketing	Travelling conveyance	Advertising and promotional expenses
Investment in Quoted Equity Shares	Unutilized Money	Equity Securities Long Term Quoted

## Practical Issues to remember- FAQ's

**Q** - Whether Gross Turnover (i.e., inclusive of duties and taxes) are to be considered for determining **Rs. 100 crores** turnover threshold of companies for XBRL filing, or the Net Turnover (i.e., exclusive of duties and taxes) is to be considered?

**Response-** Gross turnover (i.e. inclusive of duties and taxes) is to be considered for determining **Rs. 100 crores** turnover threshold for eligibility of a company for XBRL filing.

**Q** - Whether we have to file the consolidated financials or the standalone financials of the Holding Company? Whether it would suffice if the company files the consolidated financials alone in XBRL format?

**Response-** Standalone financial statement of the holding company is to be filed mandatorily in XBRL. It will also contain details on information of its subsidiaries as per "Notes - Subsidiary Information". Consolidated financials, if applicable, may also be filed with MCA as the taxonomy has elements for consolidation as well.

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## Practical Issues to remember- FAQ's Contd...

**Q** - If the subsidiary Company's paid up capital is **less than Rupees 5 Crore**, then I want to know whether its financial statements are to be filed in XBRL.

**Response-** **Indian subsidiaries of a listed company** are required to file in XBRL format, irrespective of their paid up capital or turnover.

**Q** - The company is having '**Unclassified Shares**' in the financial statements as on the balance sheet date. Where should the same be included while preparing financial statements in XBRL mode?

**Response-** There is **no separate element for unclassified shares** in the taxonomy. It needs to be provided either as equity or preference shares only. Necessary details/clarifications can be provided as a footnote.

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## Contact Us

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## Contact Us

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