

XBRL Filing for the year 2014-15

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Brief background

- Ministry of Corporate Affairs has mandated a prescribed class of companies to file their financial statements in XBRL format with the ROC from the year 2010-11.
- XBRL taxonomy is developed on the basis of accounting and regulatory requirements for the companies.
- With every change in the accounting or regulatory framework, the taxonomy needs updation/revision.
- XBRL Taxonomy for the FY 2014-15 has been updated in line with the changes in the Company Law in India.

XBRL Taxonomy_2014-15

- Recently, the draft taxonomy for the year 2014-15 has been exposed for public views.
- On browsing through the taxonomy, following broad changes have been observed:
 - Inclusion of the disclosures of MGT-9 [Extract of annual return] in the ELR of Directors Report.
 - Inclusion of disclosure requirements under Section 135 and CSR Rules in the new ELR of CSR.
 - Inclusion of a few disclosure requirements of Secretarial Audit and Auditor in the new ELR of Secretarial Audit.
 - ELR of Auditors Report has been modified in the light of the CARO 2015 in place of CARO 2003.
 - Requirements of Form AOC-1 and AOC-2 have also been built into the taxonomy.

XBRL filing

- For XBRL filing, we require the revised taxonomy, updated validation rules and the E-form AOC-4.
- As of now, these are not available on the website of the Ministry.
- Upon finalisation of the taxonomy, validation rules and e-form, the XBRL filing for the year 2014-15 will be enabled.
- AOC-4 need to be certified by the practicing Chartered Accountant.

General Circular 33/2012 of MCA

- MCA has raised few concerns on the quality of XBRL filing certified by professional members.
- A random scrutiny of XBRL filing by few companies reveals significant variations in disclosures made in published results and XBRL filings due to 'incorrect' mapping of disclosures.
- It had been observed that few disclosures were tagged with incorrect accounting concept despite availability of appropriate element in taxonomy.

General Circular...contd.

- It has also been observed that provisions of “block text tagging” and/or “footnote” have been inappropriately used to report disclosures like related party transactions, etc.
- Few major instances of incorrect tagging have been mentioned below:
 - Cash flow statement left untagged even where the company has prepared the cash flow statement.
 - Information of all subsidiaries and all related parties not provided in XBRL financial statements.
 - Additional disclosures left untagged in XBRL files.
 - Improper usage of footnotes.

General Circular...contd.

- Such filings are inaccurate and do not adequately represent true and fair view of the state of affairs of company as per Company Law.
- Such XBRL filings, apart from misleading, also dilute the effectiveness of XBRL for stakeholders' usage.
- It is unfortunate that professionals have certified the authenticity of such incorrect data, for which they are liable to be penalised.
- XBRL filings are being minutely scrutinised to see if similar mistakes also appear in a larger sample.

Steps for quality XBRL filing

- Understand the scope and level of tagging laid down by the MCA.
- Have a good and sound understanding of XBRL taxonomy and the validation rules issued by the MCA.
- Read the filing manual released by the MCA.
- As per the Guidance Note on Certification of XBRL Financial Statements, practicing CA should ensure the following while certifying the XBRL FS:
 - Completeness
 - Mapping
 - Accuracy
 - Structure

*All the aforesaid documents are available on the website of the MCA.

For any kind of clarification/queries on XBRL or on this presentation, write at xbml@aaaprofessionals.com

Furthermore, if you want me to review your XBRL financial statements from quality angle, send your XBRL financial statements at xbml@aaaprofessionals.com. We shall review the same and send back our observations (of course, without any charges).

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