

## **MCA confident of meeting deadline for XBRL filing**

The ministry of corporate affairs (MCA) is expected to meet its 30 November deadline of making 30,000 companies file their income statements and balance sheets in eXtensible Business Reporting Language (XBRL) format—a computer language for reporting financial statements.

The deadline was changed twice and all the necessary elements to implement XBRL had to be overhauled. These include revision of the glossary of financial terms or taxonomy and validation tools, which were fraught with bugs.

Analysts, however, say MCA will have to constantly work on an upgradation process, which will need revision in pricing of XBRL conversion tools. Besides, certain things such as certification by professionals and lack of assurance standards will act as stumbling blocks.

“We opened the filing platform last week and around 8-10 filings have already happened. The ministry is quite sure that 30,000-odd companies will be able to file their profit and loss accounts and balance sheet in XBRL format by 30 November,” said an MCA official aware of the development, who did not wish to be identified.

MCA wants to switch to XBRL format as data representation in that format is more precise and gives companies less scope to manipulate numbers.

The ministry has made it mandatory for companies with a paid-up capital of Rs.5 crore and above, or revenue of Rs. 100 crore to file their balance sheets and profit and loss accounts for the year ended 31 March in XBRL format in the first phase.

The earlier deadlines were July and September.

The official said because of MCA’s proactive role, the prices of XBRL conversion tools being sold by various vendors have come down. “While earlier vendors were quoting Rs. 1 lakh to Rs. 1.5 lakh, they have come down to asking for as low as Rs. 9,000 for a kit,” he said.

These tools will be used by professionals and enterprises for filing data in XBRL format.

Arun Bhatnagar, chief executive officer, SoftPark 21 (India), which provides XBRL solutions, while welcoming changes in taxonomy and validation tools, said prices have come down because all kinds of conversion tools have been flooded by vendors.

“Those costing Rs. 9,000 are first-generation tools and are basic template-based and will break, in cases of change in things like taxonomy and tags, which is inevitable. What Softpark is offering is third-generation and will work in most situations,” said Bhatnagar. Softpark’s packages, he said, range between Rs. 10,000 and Rs. 3.5 lakh.

The Institute of Chartered Accountants of India (Icai) has issued a guidance note on certification of XBRL financial statements as all such statements have to be duly signed by a professional. Vinod Kashyap, director, NextGen Knowledge Solutions Pvt. Ltd, however, cast doubt on professionals’ ability to authenticate these statements.

“In India, most of the finance professionals are not familiar with the XBRL instant generation process and asking them to provide assurance on XBRL document will be a big challenge,” Kashyap said.

NextGen is into providing training to professionals.

R. Ramaswamy, president of Icai, disagreed. “Financial statements will remain the same as being filed in current PDF (portable document format). XBRL is more sophisticated and, therefore, a step forward,” he said.

“Indian chartered accountants are capable of upgrading their skills, especially with the guidance note,” said Ramaswamy.

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