



Corporate Reporting- XBRL and IFRS

KEYWORDS

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ABSTRACT Corporate Reporting is a voluntary public presentation of information about an organization's financial and non-financial performance which includes economic, environmental, social and other relevant aspects of business. It is the communication of financial statements and other related financial information to external users including investors, money lenders, suppliers, customers, govt. agencies by a corporate form of organization.

Corporate reporting promotes transparency and accountability aspects for an organization

XBRL is a freely available and global standard for exchanging business information such as financial statement. It was developed specially to communicate the information between business and other users of financial information such as analyst, investors, regulators.

This research paper focuses on the point that XBRL AND IFRS provides uniformity of reporting and standards which leads to comparability of financial information of different companies in same country and in different countries too.

INTRODUCTION ABOUT CORPORATE REPORTING

Reporting is derived from word "re-port" . where 're' means again and 'port' a description of what has been said.

Corporate Reporting is a voluntary public presentation of information about an organization's financial and non-financial performance which includes economic, environmental, social and other relevant aspects of business . In other words, Corporate Reporting may be defined as communication of financial statements and other related financial information to external users including investors, money lenders, suppliers, customers, govt. agencies by a corporate form of organization.

A report may be published as a stand-alone document on a company website or incorporated into an annual report.

Corporate reporting promotes transparency and accountability aspects for an organization

corporate reporting refers to presenting data to internal and external users such as management , shareholders, regulatory authorities, general public and various specific shareholder groups .At the end of financial year, a company has to prepare financial statements , that is, profit and loss account and balance sheet and other related information. These financial are duly audited and certified by the auditor

OBJECTIVES OF CORPORATE REPORTING

RELIABILITYà To provide reliable information about economic resources& obligations ,changes in net resources& other information relevant to users.

RELEVANCE à Means selecting the information most likely used by users in their economic decisions.

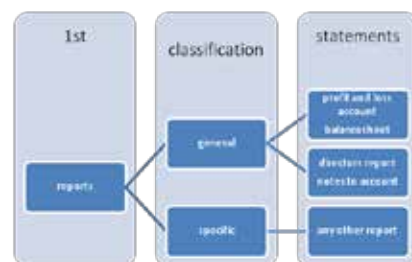
NEUTRALITY à It implies that the accounting information is directed towards the common needs of users rather than the particular needs of specific users.

TIMELINESS à There should be early communication of information to avoid delays in economic decision making.

COMPARABILITYà Reporting should be done in such a way that users must be able to make INTER & INTRA comparisons.

PRUDENCEà It the inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty such that assets and incomes are not overstated.

TYPES OF REPORT



WEB-BASED CORPORATE REPORTING

The concept of globalization was germinated in 1960's by "Prof. Marshall Mehuhan" university of Toronto. He referred the whole world as global village. Globalization is referred as death of distances. Globalization gained popularity in late 20th and early 21st century. With globalization, technology was progressed especially in the field of information & communication.

Internet facilitated the access to information available in digital format. Undoubtly ,by using internet ,the sharing & exchange information has boosted global economy but it has created new opportunities and new challenges for business at the same time. One of the most rapidly growing areas of information technology is the world wide web (www) , which is used for business communication in various forms. In the past few years ,rapid developments in information technology (IT) ,particularly communication ,

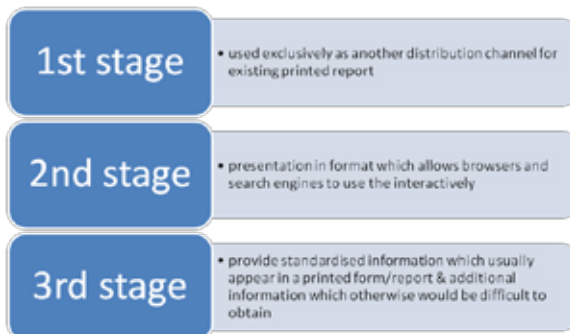
electronics service network ,multimedia ,websites e-mail, video conferencing, e-commerce , chatting ,file transfer applications have opened up new opportunities for the corporate.

Web based corporate reporting allow businesses to provide financial and non- financial business information through their websites. It is a voluntary practice rapidly adopted by many companies now – a days .it is known as voluntary reporting, internet reporting , web reporting , internet disclosures , web disclosure by companies.

Web based corporate reporting includes



◆ **IASB have divided financial reporting into three stages**



With the help of internet anyone can access the information at any time and everywhere on the globe

XBRL AND IFRS

XBRL

○ It stands for EXTENSIBLE BUSINESS REPORTING LANGUAGE.

○ It is a freely available and global standard for exchanging business information such as financial statement.

○ It was developed specially to communicate the information between business and other users of financial information such as analyst, investors, regulators.

○ It is digital language of business reporting.

○ It is a language which is used to organize and define the financial data.

○ It has its own set of special words known as codes.

○ It enhances the accessibility and usability of financial information that companies are required to report. Thus, it adds value for anyone who accesses business data.

○ It provides correct and reliable information to make better business and investment decisions.

○ XBRL specification is developed and published by XBRL INTERNATIONAL (XII)

○ These communications are defined by metadata set out in the taxonomies, which capture the definition of individual reporting concepts.

○ Information being exchanged is provided within an XBRL instance (P&L A/C, BAL SHEET)

○ While building the taxonomy, three broad categories have been considered taking into account the different reporting requirements:-

✓ COMMERCIAL AND INDUSTRIAL

✓ BANKING COMPANIES

✓ NON BANKING FINANCIAL COMPANIES

○ All these would fall under any one of the above but current version of XBRL TAXONOMY is for the purpose only for commercial and industrial group(C&I) which include oil and gas, services providing entities, real estate and construction companies and all other commercially operated.

○ It has been constructed to conform the to the Indian Accounting Standards and Company Law while adopting the features of IFRS TAXONOMY 2006

○ A business report that has been prepared using XBRL is known as INSTANCE DOCUMENT.

IFRS (International Financial Reporting Standards):-

▪ IFRS is a set of International Accounting Standards.

▪ It is issued by IASB(International Accounting standards board).

▪ It states how particular type of transactions and other events should be reported in financial statements.

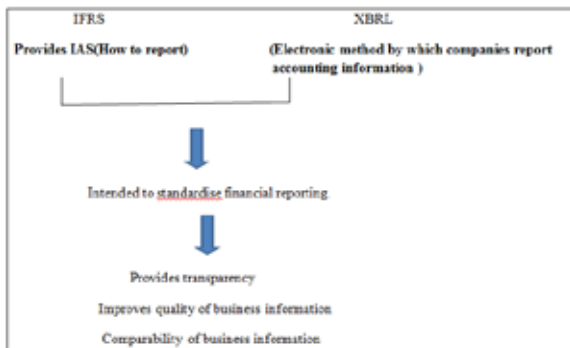
As we know different countries have their own GAAPs, so to overcome the differences between the interpretation of financial statements (of companies) of different countries, IFRS is required.

IFRS provides standardization for financial reporting.

Example: In India LIFO method is not advisable according to Indian GAAP but in other countries like US, CHINA etc. LIFO method can be used. It results in different interpretations by users of financial statements. So, IFRS is solution to overcome them.

TAXONOMY	
XBRL	IFRS
XBRL taxonomy is the computer readable dictionary of reporting principles.	IFRS taxonomy is XBRL representation of IFRS which is given by IFRS foundation.
It contains elements and their properties.	It is an electronic standard to transmit financial information with XBRL.
It is used to prepare instance documents.i.e Statement of Profit and Loss A/C and Balance Sheet.	It is released in a year to incorporate new IFRS and to improve existing IFRS.

XBRL taxonomy provide definitions for XBRL Tags and they organise the tags so that they have meaningful structure. IFRS taxonomy is developed to format system of due process and broad international consultation. This insures transparency and compliance with best practice and quality.



Both IFRS AND XBRL provides clarity of financial information. There is no confusion and cloudiness. It provides complete picture of business information.

As we know XBRL gives detailed information of every item of financial information so this provide quality information to the users who can then make better decisions.

XBRL AND IFRS provides uniformity of reporting and standards which leads to comparability of financial information of different companies in same country and in different countries too.



The mission of IFRS foundation is to provide the approach for implementation of IFRS. IFRS foundation provides standards which provides value to the users by providing them easy understanding. The standards of IFRS foundation are effective and accepted universally.

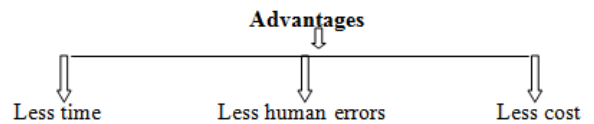
IFRS foundation provides:

- Taxonomy development
- Translations
- Support materials
- Global outreach

RELATION BETWEEN IFRS & XBRL

The goal of IFRS foundation and IASB is to provide the world; common language for financial reporting whereas XBRL was developed to provide common electronic format for business reporting. So both are in perfect partnership.

XBRL automatically access, extract and process the financial information by computers; the advantages of which:



IFRS foundation recognised the potential impact of financial reporting and realised that if XBRL is applied in conjunction with IFRS:

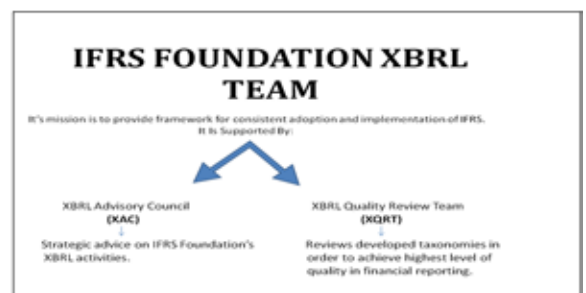
It could improve access for users to financial information

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Could also support IFRS adoption and implementation.

Therefore, it launched IFRS XBRL initiative in 2001 & IFRS Foundation XBRL Team was created.

The team consults with IASB technical staff and provide input on the structure and modeling of IFRS disclosure requirements. In the current economic climate where transparency in financial reporting is regarded as vital the regulatory and investment community are requiring more increasingly complex business information to be reported with greater accuracy and speed.



IFRS Foundation's XBRL activities

In XBRL activities, IFRS foundation develops taxonomy which is known as IFRS taxonomy which is consistent with IFRSs issued by IASB. IFRS foundation makes effort to promote the use of XBRL with IFRS around the world.

Another XBRL activity of IFRS foundation is translation of IFRS taxonomy. To date IFRS taxonomy has been translated into more than ten languages including Spanish, german, Japanies, Chinese, French etc.

Conclusion

Adoption of IFRS around the world is growing. Almost

120 countries permitted the use of IFRS since 2001. IASB is promoting IFRS to remove the differences in the interpretations of GAAP of different countries. XBRL adoption and implementation are being realised but in gradual manner XBRL's new functionalities and easy implementation are expected to come. So, it can be said that XBRL & IFRS has a bright future.

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