



## XBRL IMPLEMENTATION IN USA, CANADA, CHINA, AUSTRALIA AND INDIA

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### Abstract

XBRL (extensible Business Reporting Language)-is a language for the electronic communication of business and financial data which is revolutionizing business reporting around the world. The prerequisite for XBRL implementation is sound institutional framework. The objective of this study is to examine the institutional framework for XBRL implementation among USA, Canada, China, Australia and India.. The secondary data were collected from the websites using content analysis method. The results will show xbrl has progress in selected countries. The findings of the study will help to know how xbrl is in the current state and will be useful for other countries to implement.

**Keywords: XBRL, Financial Reporting.**

### 1. Introduction

Due to the ever rising scams and frauds there was a need for technology based reporting. XBRL was the solution, it is the new buzz word of financial reporting. XBRL is having widespread effects on financial reporting XBRL is fundamentally XBRL is being continuously being developed by XBRL international since 1998 consisting of more than 650 organizations. XBRL was conceived by Charles Hoffman a CPA from USA in 1998. XBRL is the electronic communication of financial and business reporting. It will be the big change from current reporting practices where the exchange of information is done by PDF, Spread sheets or HTML. XBRL is an XML based markup language used to communicate business and financial data.

Bergeron describes XBRL as “an open, platform independent , international standard for the timely, accurate, efficient and cost effective storage, manipulation, repurposing and communication of financial and business reporting data”.

In 2003, china became the first country to launch an XBRL voluntary filing program in their stock exchanges and made the filing mandatory in the following year. As of 2008, Stock Exchanges in Japan, Singapore, South Korea and the Netherlands have also made XBRL reporting a requirement. USA adopted voluntary filing program in the year 2005 and made in mandatory in 2009. The global XBRL movement has ushered in a new age of financial reporting. XBRL often referred to as interactive data gives the financial community a standard based method to prepare, publish, exchange, search and analyze financial statements across all software formats and technologies.

XBRL is a language for the electronic communication of business and financial data which is revolutionizing business reporting around the world. Just as HTML (Hypertext Markup Language) is the foundation for web pages and the WWW (World Wide Web) which revolutionized the internet, XBRL Will revolutionizes the use of business information through the internet and other digital media. HTML was developed for formatting the display of information (Content), While XBRL; a derivative of XML (Extensible Markup Language) is being developed not just for displaying the information but also for maintaining the context of the information. (Srivastava. 2009)

XBRL is neither an Accounting Standard nor a computer program. It is also not a limited chart of accounts or a proprietary information standard or software.

Simply stated, XBRL **is a language for transmitting information.** It must accurately reflect data reported under different standards and regulations – it does not change them.

XBRL works with the help of two documents Taxonomy and instance document. Taxonomy are like dictionaries that take into account the accounting rules of each country and the development of taxonomy is the responsibility of each country. It is the electronic dictionary of the reporting concepts An instance document is a business report in electronic format created according to the rules of XBRL.

The implementation of XBRL differs from country to country. Australia implemented in 2002, India in 2011 so there was a necessity on the part to study the part from the point of view of institutional framework. Institutional framework means laws, rules regulations governing the system. So the study was dealt from this purview



## 2. Need for the study.

In the world over where different reporting formats are reported to different regulatory requirements there felt a need for language to multiplication of reporting. XBRL provides the solution. XBRL is not what is being reported it is how is being reported. There felt a need to study how XBRL has been implemented in these countries

## 3. Literature Review

### Wei Xiao-

The paper conceptual in nature speaks about XBRL from the Chinese point of view. The author summarized about XBRL main features of cost savings, greater efficiency and high performance in analyzing and searching and then some defects in technical platform, taxonomy unification, security and other aspects are analysed. Further how to deal with the defects was also suggested about improvement of XBRL in china.

The authors concluded that the boost in technology would make a mark on the transparency and efficiency of internet financial information. Development of XBRL is hard with technical defects. So china should co-operate with experts in other countries who are facing the similar problem so that the introduction and development of XBRL can be more smoothly in china.

### Zhenkun Wang (2007)-

The paper descriptive in nature speaks about the fallacies and benefits of XBRL with online financial reporting. The purpose of this paper was to evaluate the impact of the new type of business reporting to our current finance and accounting system. The author concentrated on different applications like MS-Word, PDF and MS-Excel and made a comparison about how XBRL is better when compared to others.

The authors concluded that XBRL provides a strong background that enable the possibilities and release the power of online business reporting. The application of XBRL was very likely to surge a new era of financial report system into our business life on many aspects. By 2010, XBRL will become a mature, commonly applied and powerful technology for financial reporting, online business reporting will became a basic method to communicate and store financial data efficiently and people can search, store and analyse financial data in a wider scope and more proficiently than ever before

### Vasal & Srivastava(2002)

The paper is theoretical in nature. It speaks out about how XBRL can be useful for India. The primary objective of the study is to investigate some of the major issues in delivery of business information through the Web using the 'digital' language of business called the eXtensible Business Reporting Language (XBRL).

The findings of the study are As a technology, XBRL is attempting to provide a language (digital) to the (electronic) accounting statements so that they are able to talk. XBRL shall enable financial reports to converse across all software and technologies.

## 4. Objective of the study

To study the implementation of Extensible Business Reporting Language in five countries

## 5. Research Methodology

The research methodology used in this study consists of the sample of XBRL implemented countries. The sample is taken from randomly among XBRL implemented countries. The countries selected for the study is USA, Canada, China, Australia and India. The study is web based.

## 6. Results and Discussions

### About XBRL international

It is the international organization which is looking after the adoption, progress and development of XBRL around the world. Presently there are 27 full Jurisdictions and one Provisional Jurisdiction. The Jurisdiction will oversee the progress and implementation in their respective countries. In this study we are taking only five countries that is USA, Canada, China, Australia and India.

### XBRL in USA

The XBRL technology standard for business information reporting was initiated in 1998 when a handful of forward-looking accounting and technology experts came up with the idea of structured data for business information. They took their idea to



the American Institute of Certified Public Accountants (AICPA) which established a committee to explore the concept and provided funding to begin research and development.

XBRL is a royalty-free, open specification for software that uses XML data tags to describe financial information for public and private companies and other organizations. XBRL benefits all members of the financial information supply chain by utilizing a standards-based method with which users can prepare, publish in a variety of formats, exchange and analyze financial statements and the information they contain. Some of the world's leading accounting, financial, government and software organizations are involved in the adoption and use of XBRL in the U.S.

Since its start in 1998, XBRL International has grown into an international consortium which is now a separate nonprofit entity, comprised of 27 country-specific jurisdictions.

XBRL US, Inc. (XBRL US), the US jurisdiction of the international organization, was also a committee of the AICPA until September, 2006, when it became a separate, nonprofit. At the same time, with the spin-off from the AICPA, XBRL US hired its first-ever President & CEO, initiating the creation of a professionally staffed, resource-rich organization.

In April 2008, XBRL US completed the first release of the XBRL US GAAP Taxonomy and subsequently published the 2009 Release. The FASB has since taken on maintenance of the XBRL US GAAP Financial Reporting Taxonomy and XBRL US continues to work closely with them to support them in their efforts.

Since 2009, XBRL US has focused its efforts on maximizing the quality of XBRL data, particularly in the US GAAP reporting domain by providing education, training and tools to support preparers and to encourage usage. The data quality focus centers on the 2010 launch of the XBRL Consistency Suite, the establishment of the Best Practice Committee and the expansion of the educational programs conducted by XBRL US.

As of Now 9,008 public companies filed 52,225 XBRL submissions. There are sector wise taxonomies like Commercial and Industrial Taxonomy, Banking and Savings Institutions Taxonomy, Brokers and Dealers Taxonomy, Document and Entity Information Taxonomy, Insurance Taxonomy, Investment Taxonomy, Real Estate Taxonomy.

#### **XBRL in Canada**

XBRL Canada is a not-for-profit consortium of leading Canadian companies and organizations, whose role is to create and maintain XBRL taxonomies based on Canadian reporting standards, to increase the awareness, knowledge and understanding of XBRL and its uses in Canada and to stimulate and promote the adoption of XBRL in Canada. XBRL Canada is a jurisdiction of XBRL International.

Initially, XBRL Canada created two taxonomies designed to enable preparation of XBRL based financial statements that conformed to Canadian Generally Accepted Accounting Principles (GAAP) prior to the adoption of IFRS. The first is referred to as the Primary Financial Statements (PFS) taxonomy, and covers the Balance Sheet, Income Statement and Statement of Cash Flow. The second, the Notes taxonomy, is for the preparation of the Notes to the Financial Statements. Both taxonomies have been "acknowledged" by XBRL International.

Subsequently, XBRL Canada created a single Canadian GAAP taxonomy, for preparation of the primary financial statements and the notes. This taxonomy is a combination of the previous two taxonomies, with some updates to reflect new standards. While Canadian publically accountable companies will be using IFRS beginning in 2011, non-publically accountable companies will largely be using the Canadian GAAP accounting standards reflected in Part 11 of the CICA Accounting Handbook. The new combined taxonomy can be used to prepare XBRL financial statements in accordance with the standards for non-publically accountable companies..

XBRL Canada also conducts seminars and webinars for companies and individuals wishing to learn more about XBRL. Currently, XBRL Canada is also working on projects to assist companies with convergence to IFRS.

#### **XBRL in China**

China first country in the world to mandate XBRL reporting. Started in 2003 with 50 companies on voluntary basis. In February 2006, "XBRL China Jurisdiction Promotion Organization" was jointly established by the China Securities



Regulatory Commission Information Center, the China Insurance Regulatory Commission Information Center, the Credit Information System Bureau of the People's Bank of China, the Research Center of Finance Sciences & Technology of Graduate University of the Chinese Academy of Sciences and the Shanghai Stock Exchange. Meanwhile the preparation for "XBRL China Jurisdiction" was well under way thanks to the guidance and support of officials from the Ministry of Finance. Moreover, the organization invited experts of XBRL International for field survey in China in October 2006 and April 2007 respectively. The organization, which spared no effort in applying to the XBRL International in the name of the China Accounting Standards Committee in September 2007, was finally granted approval in November. XBRL International announced to the whole world on December 3, 2007 at the XBRL International Conference in Canada the official establishment of the XBRL China.

The Founding Meeting of China Accounting Informatization Committee and XBRL (eXtensible Business Reporting Language) China Jurisdiction was held on November 12, 2008 in Beijing. According to Vice Finance Minister Wang Jun, the Ministry of Finance, together with relevant departments of the State Council, will consolidate the construction of China's accounting informatization for the standard accounting information language, the automatic and integrated accounting information utility, the marketized and socialized accounting information service as well as the intelligent and modern accounting industry. All this contributes to implementing the Scientific Outlook on Development, enhancing the capital market's transparency and improving the socialist market economy system.

### **XBRL in Australia**

XBRL in Australia was introduced way back in 2002. XBRL Australia is a member of XBRL International Inc. and is supported by leading Australian companies and government agencies. The objectives are a) To raise the awareness of, and demand for, XBRL as the preferred standard for electronic business reporting in Australia by consumers and preparers of business reports. b) To facilitate the adoption of XBRL in the preparation and consumption of Australian financial reporting by domestic and international users of business reports.

### **XBRL in India**

XBRL India is the Indian Jurisdiction of XBRL international. Its main objective is to promote and encourage the adoption of XBRL in India as the standard for electronic business reporting. Members of XBRL India include regulators, Stock Exchanges, Software

In India RBI introduced the On-line Returns Filing System (ORFS) in the year 2004 for commercial banks to upload data in XML format. With the objective of adopting XBRL for return submission by commercial banks, the RBI formed a High Level Steering Committee in the year 2007 that chartered a pilot survey for studying the feasibility of adopting an XBRL-based data submission system. Reserve Bank of India capital adequacy reporting by banks as per Basel II norms in XBRL. The SEBI has introduced Clause 52 in the equity listing agreement, requiring listed companies to file information with the exchange only through Corporate Filing and Dissemination System (CFDS). CFDS is the portal put in place jointly by BSE and NSE and offers a XBRL-enabled common platform for listed companies to file such information, statements and reports as may be specified by BSE and NSE. Listed companies are required, in a phased manner, to file information with the stock exchange only through CFDS. The Ministry of Corporate affairs has taken a big leap forward by making mandatory for certain class of companies in XBRL format. Next Generation MCA 21 was introduced where the information of a number of companies can be collated, analyzed and retrieved at the same time. The government has the largest database of more than 3,00,000 companies, including the private companies, and XBRL is expected to provide significant benefit to the various users of business data, including governments, regulators, economic agencies, stock exchanges, financial information companies and also those who produce or use it, including accountants, auditors, company managers, financial analysts, investors and creditors. The MCA is working with sectoral regulators such as the RBI, the SEBI, the Insurance Regulatory & Development Authority (IRDA), to put in place a

Centralized data pool that would help banks and lending institutions assess risk factors associated with a particular sector or company From 1<sup>st</sup> April 2011 Ministry of corporate affairs has mandated e-filing of annual reports for certain specified class of companies in XBRL format. The following are the companies which need to file in XBRL format

- a) Companies listed in India and their Indian subsidiaries
- b) Companies having a paid up capital of ₹ 5 crores and above
- c) Companies having a turnover of ₹ . 100 crores and above

From 1<sup>st</sup> April 2012, Companies such as Banking, NBFC, Insurance and Power sector companies are required to file their annual reports in XBRL format. But this has been delayed

The data has been analysed taking only five countries comparing on different parameters. The data has been collected from the websites of respective countries.

**Table 1: Status of XBRL in different countries**

Items	USA	Canada	China	Australia	India
Implementation of XBRL	2005	2003	2004	2002	2011
Jurisdiction	Full	Full	Full	Full	Full
IFRS Adoption for Public companies	Not permitted	Not permitted	Not permitted	Required for all domestic listed companies	Not permitted
Regulatory bodies	Securities Exchange Commission	Canada Securities Administrators	China Securities Regulatory commission, Sanghai Stock Exchange	Australian Prudential Regulatory Authority	Ministry of corporate affairs, SEBI
Member of IASB	Yes	Yes	Yes	Yes	Yes
Name of the sector specific Taxonomies	Commercial and Industrial Banking and Savings Institutions Brokers and Dealers Document and Entity Information Insurance Investment Real Estate	Canadian GAAP Primary Financial Statements Canadian GAAP Notes to the financial statements Canadian GAAP-05-05-10-Document ation	CN Listed Company Information Disclosure Taxonomy Framework Financial Taxonomy CN fund company Information Disclosure Taxonomy Framework	Australian Annual Report Extension Taxonomy	Commercial and Industrial taxonomy

**a) Countries With XBRL**

**Table 2: Countries with XBRL**

Regulatory Frame work	Number of Countries	Percentage
Mandatory	16	38.09
Voluntary	13	30.95
Implementation stage	13	30.96
Total	42	100.00

XBRL since it was conceived in 1998 was implemented by many countries. Till today around 16 countries have made it mandatory. Infact the regulatory authority will over see the implementation of XBRL in their respective countires..

**b) Implementation of XBRL**

**Table 3: Implementation of XBRL**

Name of the country	USA	Canada	China	Australia	India
Implementation date	2005	2003	2004	2002	2011

Even though XBRL was introduced in the year 1998 by Charles Hoffman in USA. USA went for voluntary adoption in 2005 and made it mandatory in the year 2009. Whereas India went for XBRL by making mandatory for certain specific class of companies. Recently Banking Taxonomy has been released and in the process of implementing to the other sectors like Insurance, Power etc.,

**c) Jurisdiction**

**Table 4: XBRL jurisdictions**

Name of the country	USA	Canada	China	Australia	India
Jurisdictions	Full	Full	Full	Full	Full



The role of jurisdiction is to over see the development of XBRL in their respective countries. At Present there are 27 full jurisdiction and one provisional jurisdiction

**d) Sector specific taxonomies**

**Table 5 : Sector specific taxonomies**

Name of the country	USA	Canada	China	Australia	India
Taxonomy	Yes	yes	yes	yes	yes

All the countries have sector specific taxonomy. Taxonomy is nothing but electronic dictionary of financial concepts. taxonomy is necessary in order to have proper presentation of statements.

**7. Conclusions**

XBRL is not what is being reported it is how it is being reported. The study conducted is only a gist of xbrl in adopted countries. XBRL is here to stay it will change the face of reporting. The study has highlighted about how xbrl has been implemented in countries and about the regulatory authorities.

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