



## **SECP implementing XBRL to transform corporate financial reporting**

**ISLAMABAD, January 29:** The SECP is introducing eXtensible Business Reporting Language (XBRL), a user-friendly online language that makes the analysis and exchange of corporate financial information easier and more reliable.

Traditionally, the financial statements filed with the SECP are prepared by the companies in conventional word processing, spreadsheet or portable document formats, rendering analysis and comparison of such statements difficult. The XBRL transforms financial reporting process by creating an Internet-based global reporting language that permits the investors, analysts, and regulators to review and evaluate financial data more easily and efficiently.

XBRL is a data-rich dialect of eXtensible Markup Language (XML), which is the universally preferred language for transmitting information via the Internet. Through this language, tagged data can be automatically searched and analyzed thereby greatly reducing the chances of error.

The SECP has already held various brainstorming sessions for setting out the milestones in a way to implement mandatory filing of corporate financial information in XBRL format for designated classes of companies. The Institute of Chartered Accountants of Pakistan (ICAP) has already been taken on board for developing the IFRS (International Financial Reporting Standards) taxonomy as a prerequisite, which define elements and relationship of financial data based on the regulatory requirements. Using the regulator-approved taxonomy, companies would map their reports and generate a valid XBRL instance document.

The XBRL is a globally accepted standardized business reporting tool, which will help not only the SECP in easily dissecting the bulk of corporate financial information without delay but will also facilitate other regulatory authorities, bourses and the investors in analyzing the corporate financial data in order to make an informed decision. Moreover, the current economic crisis has depleted investors' confidence in the capital markets. Greater

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transparency in business and financial information is critical to the economic recovery. In the medium to long run, XBRL is poised to move from the early adopter phase to becoming the generally accepted way of reporting business information.

***Tickers:***

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