Background on XBRL

What is XBRL?

XBRL is the open international standard for digital business reporting, managed by a global not for profit consortium, XBRL International. We are committed to improving reporting in the public interest. XBRL is used around the world, in more than 50 countries. Millions of XBRL documents are created every year, replacing older, paper-based reports with more useful, more effective and more accurate digital versions.

In a nutshell, XBRL provides a language in which reporting terms can be authoritatively defined. Those terms can then be used to uniquely represent the contents of financial statements or other kinds of compliance, performance and business reports. XBRL lets reporting information move between organizations rapidly, accurately and digitally.

The change from paper, PDF and HTML based reports to XBRL ones is a little bit like the change from film photography to digital photography, or from paper maps to digital maps. The new format allows you to do all the things that used to be possible, but also opens up a range of new capabilities because the information is clearly defined, platform-independent, testable and digital. Just like digital maps, digital business reports, in XBRL format, simplify the way that people can use, share, analyze and add value to the data.

What does XBRL do?

Often termed "bar codes for reporting", XBRL makes reporting more accurate and more efficient. It allows unique tags to be associated with reported facts, allowing individuals using information to:

- publish reports with confidence that the information contained in them can be consumed and analyzed accurately
- test reports received against a set of business and logical rules, in order to capture and avoid mistakes at their source
- consume information in different languages, with alternative currencies and in their preferred style
- have confidence that the data provided to them conforms to a set of sophisticated pre-defined definitions

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Comprehensive definitions and accurate data tags allow the:
- preparation
- validation
- publication
- exchange
- consumption; and
- analysis

of government and business information of all kinds. Information in reports prepared using the XBRL standard is interchangeable between different information systems in entirely different organizations. This allows for the exchange of business information across a reporting chain. People that want to report information, share information, publish performance information and allow straight through information processing all rely on XBRL.

In addition to allowing the exchange of summary business reports, like financial statements, and risk and performance reports, XBRL has the capability to allow the tagging of transactions that can themselves be aggregated into XBRL reports. These transactional capabilities allow system-independent exchange and analysis of significant quantities of supporting data and can be the key to transforming reporting supply chains.

What is XBRL GL?

XBRL is mostly used to allow the unambiguous transfer of aggregate performance information, from place to place and organisation to organisation. From company to regulator. From government agency to central government agency. From subsidiary to headquarters. From supplier to customer. All at a summary level, suitable for making many decisions.

Summary data is often all you need. But what if you want to drill down to the detail? XBRL Global Ledger or "XBRL GL" provides that capability.

Electronic accounting and ERP systems work at a transactional level by storing a range of information about each individual entry in a specialised ledger, which, in turn, is summarised into a general ledger. The data in the general ledger are themselves summarised in order to provide reports. In doing so, especially if the information is moved from its originating system, much or all of the details of each original transaction become unavailable.

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XBRL Global Ledger: the open standard for transactional reporting

To get around this problem, you need a standard way to capture, archive, transmit and aggregate *all* of the information contained in the original ledgers, as well as what's in the general ledger, journal entries etc. You need a standardised way to store all of the operational data and data definitions contained in an accounting or ERP system. XBRL GL is designed to do just that. XBRL GL can:
- assist and automate audit review of accounting ledgers,
- facilitate data consolidation in a mixed (or heterogeneous) environment,
- provide detailed reporting in situations where that's needed; and
- facilitate transfer of transactional accounting data from system to system.

XBRL GL ("Global Ledger" not "General Ledger" so as to indicate that *any* transactional information can be dealt with) provides a generic and system-independent way to record all of the details in any kind of ledger. XBRL GL allows those transactions to be aggregated or rolled up for a wide variety of reporting purposes, while retaining the ability to drill back down to the detail. Because the connections between counter-parties and products can be retained, XBRL GL can also be used to manage eliminations between related accounts.

The potential cost savings and enhanced knowledge that XBRL GL can provide are significant. While XBRL GL has been part of the XBRL standard for a long time, in many ways it is only coming into its own now that so called "big data" technologies that can aggregate very large quantities of disparate information have become available.

Who uses it?

The international XBRL consortium is supported by more than 500 member organizations, from both the private and public sectors. The standard has been developed and refined over more than a decade and supports many kinds of reporting, while providing a wide range of features that enhance the quality and consistency of reports, as well as their usability. XBRL is used in many different ways, for many different purposes, including by:

Regulators
- Financial regulators that need significant amounts of complex performance and risk information about the institutions that they regulate.
- Securities regulators and stock exchanges that need to analyze the performance and compliance of listed companies and securities, and need to ensure that this information is available to markets to consume and analyze.
- Business registrars that need to receive and make publicly available a range of corporate data about private and public companies, including annual financial statements.
- Tax authorities that need financial statements and other compliance information from companies in order to process and review their corporate tax affairs.
- Statistical and monetary policy authorities that need financial performance information from many different organizations.

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Companies

- Companies that need to provide information to one or more of the regulators mentioned above.
- Enterprises that need to accurately move information around within a complex group.
- Supply chains that need to exchange information to help manage risk and measure activity.

Governments

- Government agencies that are simplifying the process of businesses reporting to government and reducing red tape, by either harmonizing data definitions or consolidating reporting obligations (or both).
- Government agencies that are improving government reporting by standardizing the way that consolidated or transactional reports are prepared and used within government agencies and/or published into the public domain.

Data Providers

- Specialist data providers that use performance and risk information published into the marketplace and create comparisons, ratings and other value-added information products for other market participants.

Analysts and Investors

- Analysts that need to understand relative risk and performance.
- Investors that need to compare potential investments and understand the underlying performance of existing investments.

Accountants

- Accountants use XBRL in support of clients reporting requirements and are often involved in the preparation of XBRL reports.

What XBRL implementations are in place today?

In the United States, XBRL is used for:
·   Bank institutions report financial statement call report data to the FDIC
·   Public company reporting of quarterly financial statements to the U.S. Securities and Exchange Commission (SEC)
·   Mutual fund reporting to the SEC
·   Credit rating agency reporting to the SEC

Outside the U.S., many countries require their public and private companies to report to government authorities, e.g., securities regulatories, tax authorities, etc., in XBRL format. Specific programs of note:
·   Standard Business Reporting (SBR) programs in the Netherlands (http://www.sbr-nl.nl/english/)
·   SBR programs in Australia (http://www.sbr.gov.au/)

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What are some of the most important features of XBRL?

Clear Definitions

XBRL allows for the creation of reusable, authoritative definitions, called taxonomies, that capture the meaning contained in all of the reporting terms used in a business report, as well as the relationships between all of the terms. Taxonomies are developed by regulators, accounting standards setters, government agencies and other groups that need to clearly define information that needs to be reported upon. XBRL doesn't limit what kind of information is defined: it's a language that can be used and extended as needed.

Testable Business Rules

XBRL allows the creation of business rules that constrain what can be reported. Business rules can be logical or mathematical, or both. Business rules can be used to:

- stop poor quality information being sent to a regulator or third party, by being run by the preparer while the report is in draft.
- stop poor quality information being accepted by a regulator or third party, by being run at the point that the information is being received. Business reports that fail critical rules can be bounced back to the preparer for review and resubmission.
- flagging or highlighting questionable information, allowing prompt follow up, correction or explanation.
- create ratios, aggregations and other kinds of value-added information, based on the fundamental data provided.

Multi-lingual Support

XBRL allows concept definitions to be prepared in as many languages as necessary. Translations of definitions can also be added by third parties. This means that it's possible to display a range of reports in a different language to the one that they were prepared in, without any additional work. The XBRL community makes extensive use of this capability as it can automatically open up reports to different communities.

Strong Software Support

XBRL is supported by a very wide range of software from vendors large and small, allowing a very wide range of stakeholders to work with the standard.

Additional Resources

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Visit www.xbrl.org
Contact us with questions at info@xbrl.us

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Data Standards Glossary of Terms

As Is - In data provider terms, data presented in the same, or substantially similar manner to that published by an Issuer. *cf Normalised data.*

Closed reporting – XBRL based filing environments that require the preparation of data purely in terms of a pre-prepared template, without any filer-specific variants. *cf* Open reporting. Typically used by financial regulators that require information about risk and performance in a strictly standardized manner, including multi-dimensional data.

Comparable – the process of examining facts from two or more performance reports using either harmonized or normalized definitions.

Concept (element) – describes a specific type of reported fact, for example, Revenue or Award.

Data-centric versus Document-centric – Data-centric architecture relates to software in which databases and the underlying data play a key role. Document-centric refers to software or programs that reference the document rather than the data embedded within the document.

Dimension – a hierarchical disaggregation of reporting facts along pre-defined categories used by a business to organize its information. Used in segment reporting, financial instrument and derivative reporting, risk reporting and geographic reporting.

Face financials – The primary financial statements contained in a set of accounts – generally the Statement of Financial Position or Balance Sheet, Statement of Comprehensive Income, or Income Statement, Statement of Changes in Equity; and Statement of Cash Flows. These statements provide a financial overview of an organization's performance, although without the detail and nuance contained in the Notes to the Accounts.

Filing system - A system in which XBRL formatted data are filed, received, analysed and redistributed.

Formula – Within XBRL taxonomies, formulae can be used to describe business rules for creating new XBRL facts and for describing consistency checks for filed data.

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Harmonization – consistent definition for a reporting concept, generally across territories. Harmonized data is prepared by different issuers using the same rules for preparation. *cf* Normalisation.

IFRS Taxonomy – the Taxonomy developed by the IFRS Foundation; it is the XBRL representation of the IFRSs, including International Accounting Standards (IASs) and Interpretations, as issued by the IASB in the form of the IFRS Bound Volume. Physically, the Taxonomy consists of a set of XBRL files.

Instance document – a government or business report in XBRL format; it contains tagged business facts (whose definitions can be found in the taxonomy (ies) that the instance document refers to), together with the context in which they appear and unit description.

Reporting entity – an agency, a company or firm that issues public securities through a legally recognized exchange or market. Also known as a listed company and sometimes referred to as "firm" or "filer".

iXBRL – inline XBRL; a standard for embedding XBRL fragments into an HTML document. This mechanism provides documents which can be formatted according to the preparers preferences, viewed in a browser, while simultaneously making XBRL tags available to consuming applications.

Metadata – metadata is data about data (literally, since it is composed of the Greek word *meta* and the Latin term *data*, together meaning information); in XBRL it means computerised information about business concepts.

Non-proprietary data – data that is open and free for use with no license restrictions. All open data.

Non-proprietary standard – A standard that is not owned by a particular entity and therefore can be freely used.

Normalization – The process of asserting comparability between reporting concepts, even though they are not identical or harmonized. Normalization involves judgement by users or their proxies (such as a data provider).

Normalized data – Data that has been through a process of adjustment by way of normalization, so as to allow the comparison of otherwise diverse financial disclosures.

Open data standard – anyone can access, use or repurpose information created using this standard

Preparer – an issuer itself (ie: the reporting agency or company), or sometimes, the employee or service provider to the issuer concerned with the preparation of financial data.

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Render *or* **rendering -** To process a computer readable instance document into a layout that facilitates human readability and understanding of its contents.

Semantics – the *meaning* of the collection of machine usable definitions that underpin an instance document. The meaning contained within the Metadata.

Standard Business Reporting – A government-led program designed to reduce the regulatory burden for business. The concept is to make business the center when it comes to managing business-to-government reporting obligations.

Structured Data - granular facts that are highly organized and well defined, expressed in a manner that disperate conformant systems can utilize. *Cf* Unstructured Data.

Tag (noun) - Identifying information that describes a unit of data in an instance document and encloses it in angle brackets (< and >). All facts in an instance document are enclosed by tags that identify the element of the fact.

Tag (verb) - To apply tags to an instance document.

Taxonomy – taxonomy in general means a catalogue or set of rules for classification; in XBRL, a taxonomy is an electronic dictionary of government or business reporting elements used to report business data, containing computer-readable definitions of business reporting terms as well as relationships between them and links connecting them to resources (metadata);

An XBRL taxonomy can also be defined as an electronic description and classification system for the contents of financial statements and other business reporting documents. Taxonomies may represent hundreds or even thousands of individual business or government reporting concepts, mathematical and definitional relationships among them, along with text labels in multiple languages, references to authoritative literature, and information about how to display each concept to a user.

Taxonomy extension – adds concepts and modifies the relationships between the concepts in the taxonomies that they extend; they are created to support specialized reporting requirements in specific accounting jurisdictions, in specific industries, or for specific companies; taxonomy extensions allow users to add to a published taxonomy in order to define new elements or change element relationships and attributes (presentation, calculation, labels, and so forth) without altering the original.

Unstructured Data - information contained in a format that can't be unambiguously, easily and automatically broken down into consistent facts that reference supporting metadata and reused. The opposite of Structured Data.

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User – The consumer of performance information published or filed by a Reporting Agency or an Issuer, that utilizes that data to support decision-making or recommendations.

Validate – To check or prove the validity or accuracy of something. XBRL's structure allows validation to be used at many points in the reporting supply chain, including at the point where data is created, where it is processed and when it is consumed.

W3C – The World Wide Web Consortium. The not for profit global consortium concerned with the development and management of standards that support the internet.

XBRL – eXtensible Business Reporting Language. The standard for expressing business reporting concepts, developed and supported by the XBRL consortium, a global community working to enhance reporting in the public good.

XBRL Dimension – Mechanism inside the XBRL specifications to allow the organization of XBRL data into dimensional and multi-dimensional hierarchies.

XBRL GL – XBRL Global Ledger. A framework for expressing ERP and accounting data, including transactional data, using XBRL syntax, in a system-independent manner, and in a way that allows the aggregation of filtered transactions into discrete financial reporting facts.

XML – Extensible Markup Language. The base standards for expressing complex structured data, developed and maintained by the W3C. XML metadata is generally machine readable.

For more information, go to www.xbrl.us or www.xbrl.org
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