

CPA AUSTRALIA NSW BRANCH WORKSHOP

UNDERSTANDING XBRL

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INTRODUCTION

The eXtensible Business Reporting Language (commonly known as XBRL) consortium had humble beginnings back in 1997 when Charlie Hoffman, a USA CPA, was looking for a way to transfer product pricing information from its accounting system to its web site. Hoffman used XML to provide a solution to this problem and then had the vision to see other uses for the XML technology. That vision has now become XBRL.

The many journal articles, conference papers, press releases and web sites make a number of claims of what XBRL has the potential to achieve. Some feel that these might be unrealistic, but achievements in many areas in the last decade tend to indicate that the potential is definitely achievable.

A detailed explanation of the objectives of XBRL can be found on the official XBRL web site (<http://www.xbrl.org/overview.htm>). There is quite a long list of key points explaining XBRL.

A key point to make very early is that XBRL is not about changing accounting standards. Whilst XBRL may provide a vehicle for better harmonisation of accounting, this is not one of its key goals. XBRL is about a better way of reporting current financial accounting standards and other information to interested users, both external users and internal users of information.

XBRL is about enhancing the reporting of existing accounting standards in all countries and adapting to changes in standards.

There are a number of problems with the way that financial reporting is currently conducted. Firstly, most organisations need report to a number of different bodies, and the requirements of those bodies differ. Quite often this means reproducing the same information in a number of different ways and/or formats. For example, what is reported to ASIC may be exactly the same as reported to the ASX, but the format required is different. One of the goals of XBRL is to create the information once and be able to easily present it in many ways. The goal is to achieve this electronically rather than having to do it manually.

Secondly, the information available to users is quite often out of date. If you are not an existing shareholder, then finding the information may be even more difficult. If you do not have access to the internet you have significant problems in locating the data you need. Even if the data is on the company's web site, you may have difficulty finding that information. Once you find it there may be problems with the format in which that information is provided.

Thirdly, there are significant problems for users of the information, particularly external users such as regulators and stockbrokers. Whilst some companies do report their financial information on their web sites, the information may be in a variety of formats. For example, research has found that the formats can include word processing documents, spreadsheets, acrobat documents (.pdf files) and simple HTML pages.

Fourthly, no matter the format of the information, if you want to do some analysis of the data found, you need to re-key that information into a form that you can use in your existing systems. Every time data needs to be re-entered from one system to another there is the chance that errors will be made. It can almost become like Chinese whispers where what was sent and what goes into the end system do not match.

The goal of XBRL is to provide the information more quickly, make it easier to find and easier to use by not having to re-key the information.

A BRIEF HISTORY OF XBRL

As time passes, a brief history of XBRL becomes more difficult as that history grows daily.

As mentioned previously, the genesis of XBRL started back in 1997 when Charlie Hoffman realised the potential for the use of XML for financial reporting. Hoffman put his ideas to the AICPA and a project was approved.

In October 1998, the AICPA approved a project to fund a prototype of what has become XBRL. This was completed in December 1998, and in July 1999 the AICPA undertook to fund what was then called XFRML. In August 1999, 12 companies joined with the AICPA to form the first Steering Committee.

Somewhere between August 1999 and July 2000 the project/organisation was renamed from XFRML to XBRL.

The first specification was released in July 2000. This was released along with some sample statements for US companies to show the capabilities of XBRL. At the same time, the first XBRL taxonomy for Commercial and Industrial firms in the US was released (US CI taxonomy). The draft of Specification 2.0 was first released for comment in July 2001 and was released as a recommendation in December 2001.

Membership has now grown to in excess of 120 organisations. The draft of the first taxonomy for International Accounting Standards was released in April 2002, after many months of hard work by members from a number of countries. This was quickly followed by the release of the draft Australian taxonomy.

The Core Requirements for XBRL for General Ledger were released late in 2001 and is expected to be finalised as a recommendation at the Toronto Symposium in June 2002.

To date, four international symposiums have been conducted – London, New Orleans, Sydney and Berlin. The next symposium is to be held in Toronto in June 2002. This will be followed by one in November, 2002 in Tokyo.

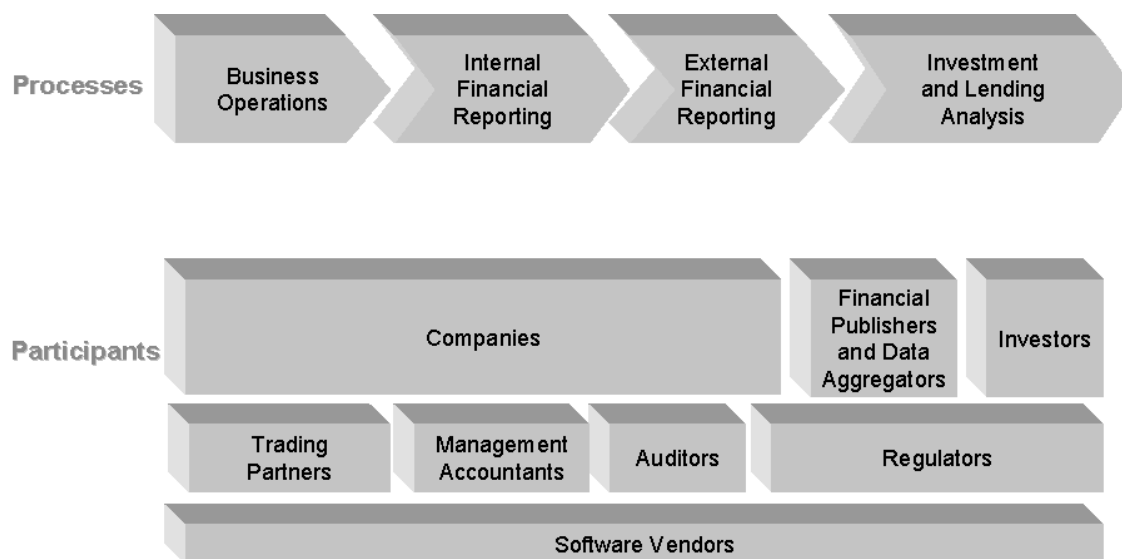
Symposiums are held 3 times each year and members of XBRL can attend any of symposiums. Each symposium usually includes an open day where XBRL is explained to non-members and software developers also get an opportunity to exhibit their latest versions of XBRL-related software.

AN INTRODUCTION TO XBRL

XBRL 'is a global effort to build "the digital language of business" by participants of the business reporting supply chain (www.xbrl.org) It will allow businesses to communicate financial information without the need to re-key data when the recipient of the information needs to use it for whatever purpose.

A diagram showing the processes and participants in the business reporting supply chain is found in figure 1. The processes begin with the internal business operations of an organisation. Data is recorded in the internal accounting system of the organisation. At the end of the period, the accounting department prepares its financial

reports for use by both internal and external users. This information can then be analysed by various people for a variety of purposes.



**Figure 1: The Business Reporting Supply Chain
Adapted from “XBRL for CFOs” (www.xbrl.org)**

Participants in the business reporting supply chain include the organisation preparing the data, financial data publishers and aggregators, investors, trading partner, auditors, regulatory authorities and computer software vendors. All of these participants can benefit from the implementation of XBRL.

This is achieved by creating a digital version of any financial information. This digital version is created using a ‘common’ language.

Figure 1 provides an overview of the participants in the business reporting supply chain. The complexity and the different types of the reports typically used within the supply chain are represented in Figure2.

The reports produced within this environment are often from different operating systems requiring further manipulation or redesign to enable sharing amongst the recipients.

In organisations with multi exchange of information, such as those in large organisations with many business partners, reduction in the complexity of the exchange of data will lead to large cost savings.

Today: A Convolved Information Supply Chain

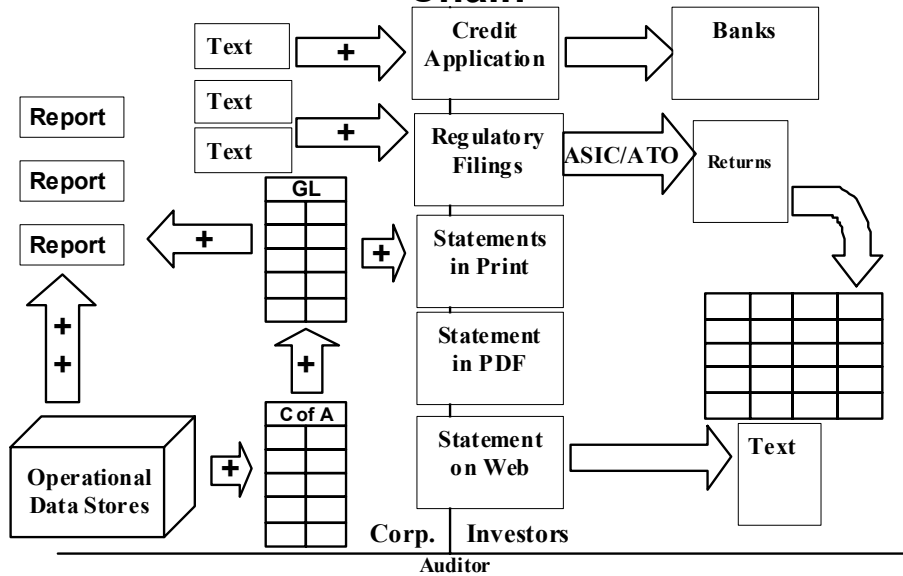


Figure 2 - Adapted from "XBRL for CFOs" (www.xbrl.org)

A more simplified way of exchanging data is reflected figures 3 & 4. The application of XBRL, the applicator of the needed 'common language', provides a streamlined environment an also facilitates reducing time and cost.

With XBRL: Multiple Outputs from a Single Specification

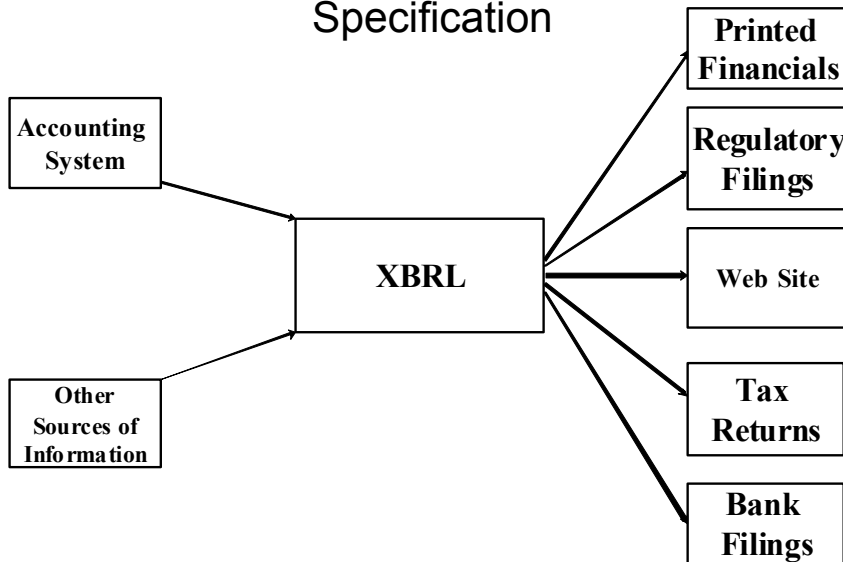


Figure 3 - Source "XBRL for CFOs" (www.xbrl.org)

XBRL: Information flow TO stakeholders

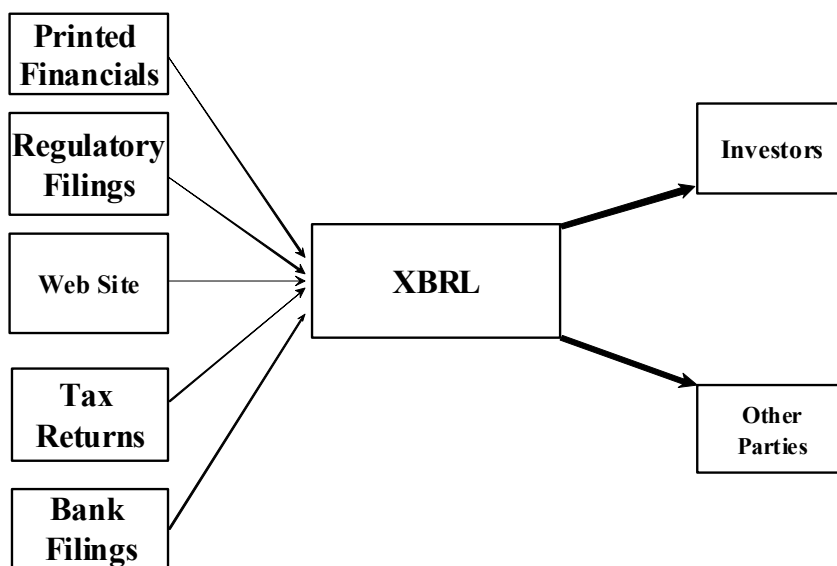


Figure 4- Source "XBRL for CFOs" (www.xbrl.org)

The basis of XBRL is the eXtensible Markup Language (commonly referred to as XML). XML is a recommendation of the World Wide Web (W3C) and is a subset of SGML (Standard Generalised Markup Language). HTML is also a subset of SGML, but XML has been designed to overcome some limitations of HTML. According to Hoffmand and Strand (2000), XML is a "free public standard for defining data sharing, publishing and exchange systems" (p. 1).

A key feature of XML is that it separates information from the way it is presented. XML works by first defining a structure for the data – referred to as a schema. This defines the structure and the element names for data without referring to any values of the data. Secondly, files (called instance documents) are created that contain the data, but do not contain any information about how that data is to be presented or published. As a result, the data is also separated from its presentation or style.

This means that a single instance document can be presented in several different ways by the use of another XML technology – XML style sheets – or other forms of report writers. Once the instance document has been created, programs to generate paper reports, web pages or any other output required can be created using any computer language that is understood by the report creator. (For more information on industry specific developments in XML see http://www.xml.org/xml/industry_industrysectors.jsp.)

One of the key promises of XBRL is that it will save time and reduce costs. These will occur for both preparers and users of financial information and other data that is normally associated with financial reporting.

The time and cost savings will come about largely because XBRL will reduce, and perhaps even eliminate, the need to re-key data whenever it is needed by its various users.

As mentioned previously, XML is a recommendation of the W3C, an international organisation that prepares recommendation for the world-wide web (WWW). Since it is a voluntary organisation, it cannot enforce its standards; it can only recommend them.

One of the problems of HTML is that is really only for formatting data rather than retaining the context of the data as it is transferred from one use to another. Whether you realise it or not, Word documents contain a lot more information than is displayed on your computer scree. There are many tags that hidden from the user that tell the computer to display a portion of text as **bold** or *italic* or however else you want to display the words in your document.

XML also uses tags to identify the data that are contained in an instance document. The tags that are contained in the instance document are determined by what is called a schema. XBRL uses this technology and refers to a schema as a taxonomy. XBRL is about defining the tags that are to be used for data belonging to the business reporting supply chain.

The tags contained in the instance documents are understood by a variety of computer programs and are recognised by virtually all computer systems. The files are simple ascii or text files, and so they do not restricted to a particular form of hardware or operating system. However, working with these files is not particularly easy as the data becomes more complex and larger in scale. Software developers are beginning to provide tools that make is easier to implement XML technologies and more specifically XBRL technologies.

Once the data has been tagged, it is easier to search and find the specific value that you are trying to find. You can search through an instance file using “find” in Windows Notepad or WordPad, or whatever software you want to use. If you know the tag name, you can search for that tag. Once the tag is found the data is automatically found. This is because the data is enclosed by the tags. For example, let’s say we created an element and we called it **netProfit**. If the net profit amount was stored in the XBRL instance document, at a minimum the entry in the file might look like this:

```
<netProfit>100345</netProfit>
```

By searching for and finding **netProfit** you also find its value.

Transferring data also becomes easier. Rather than filling out a form each month and sending it to the bank, you can create an instance document and email it to the bank. If you meet the requirements of an XBRL instance document (beyond the scope of this workshop) the data transferred to the bank will contain the data plus it will identify the organisation that has sent it and the period or point in time to which it relates. the information is generated more easily and it is transferred to then bank faster.

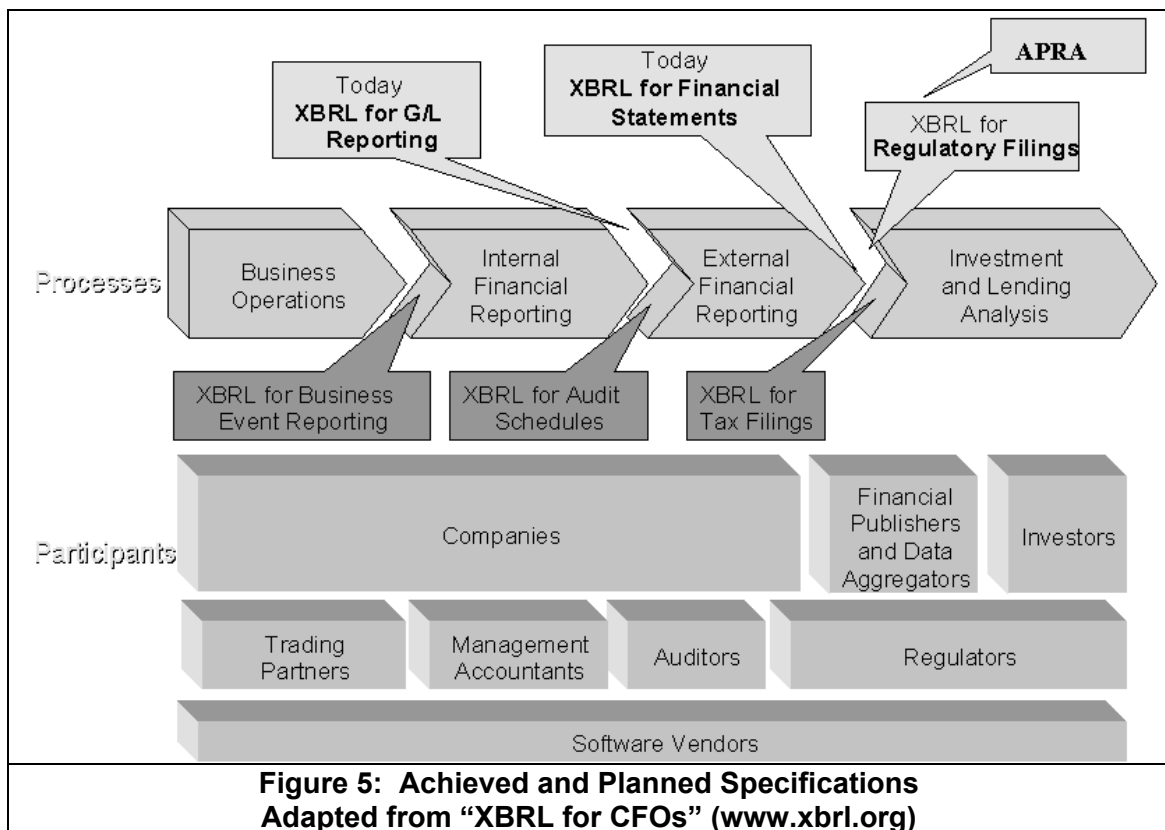
The financial information that is currently available on the internet makes that information easier to find that having to search through paper documents. Whilst finding the information is not as easy as it could be, it is still easier than using hard copy documents that have to be located from a variety of sources. To find information on the web, currently requires very specific, precise searches. Debreceeny and Gray (2000) have published some statistics based on searches for financial report data for a small sample of USA companies.

Once the data has been located, it may be in one a many forms. It may be a Word document, an Excel spreadsheet, a web page or a .pdf file. In most cases, once the user locates the data, he or she will have to re-key the data because it is not in a format that is useful to the user. Financial statement prepared using XBRL (and therefore XML) will be able to be directly imported into user software that is XML compatible. This is already true for Excel.

Since XML/XBRL separates data from style, the data is readily available in the required format and does not need to have any extraneous “tags” removed. The data transferred via XBRL does not contain any information about how the data should be presented. It simply contains the tags and the values for each of those tags.

XBRL: ACHIEVED AND PLANNED SPECIFICATIONS

Figure YY shows the business reporting supply chain and indicates where current and future XBRL taxonomies fit into the supply chain.



XBRL AUSTRALIA LIMITED

XBRL Australia Limited is the official organisation responsible for the development of XBRL in Australia. In turn, XBRL Australia Limited is a member of XBRL International and David Hardidge from Ernst and Young is a member of the International Steering Committee. Each country (referred as a jurisdiction) has to be recognised by XBRL International before it can use the official logo and represent the XBRL consortium.

By joining XBRL Australia Limited your organisation automatically becomes a member of XBRL International and you are able officially participate in the activities and attend

the international symposiums as a member. You are also eligible to join the various email discussion groups that are hosted on Yahoo Groups.

XBRL Australia Limited has the two professional accounting bodies as its shareholders. Each organisation has one of three directors and the third is elected. Trevor Pyman has been contracted to provide day-to-day management services, and has been instrumental in getting XBRL Australia Limited registered as a company, get an ABN, etc. Prior to the formation of XBRL Australia a small group of volunteers led by David Hardidge promoted XBRL within Australia and organised the international symposium held in Sydney in October 2001.

XBRL Australia Limited is made up of a number of working groups. Each working group has two co-chairs and the co-chairs, along with the directors, form the Steering Committee.

The current working groups are:

Strategy
Specification
Domain
Liaison
Education

Details of each of the working groups and the contact details for the co-chairs are available from the web site (<http://www.xbrl.org.au/wkgrps/>).

Each working group has specific tasks, but they also co-operate on various tasks. For example, the Liaison group is responsible for communicating with potential new members and making presentations to industry groups. They are also responsible for the XBRL Australia web site and other events. However, when a training session is conducted, in some ways you are educating and promoting at the same time. For those attending this workshop it is fulfilling two functions: it is explaining XBRL in more detail than has been presented at previous XBRL presentations at State Congresses, etc. and at the same time is providing a greater knowledge of how XBRL works.

AN OVERVIEW OF THE XBRL PROCESS AND HOW YOU MIGHT PARTICIPATE

Figure 6 presents a summary of the various processes involved in XBRL from W3C recommendations to the various outputs that might be produced as a result. The diagram does not consider what the recipients of the information might do and how accountants could also assist users.

W3C Recommendations

The starting point of any XML language, of which XBRL is only one of many under development, starts with the recommendations created by the W3C consortium.

In the development of any W3C specification there are at least stages:

- Specification
- Working Draft
- Recommendation

An Overview of the XBRL Process

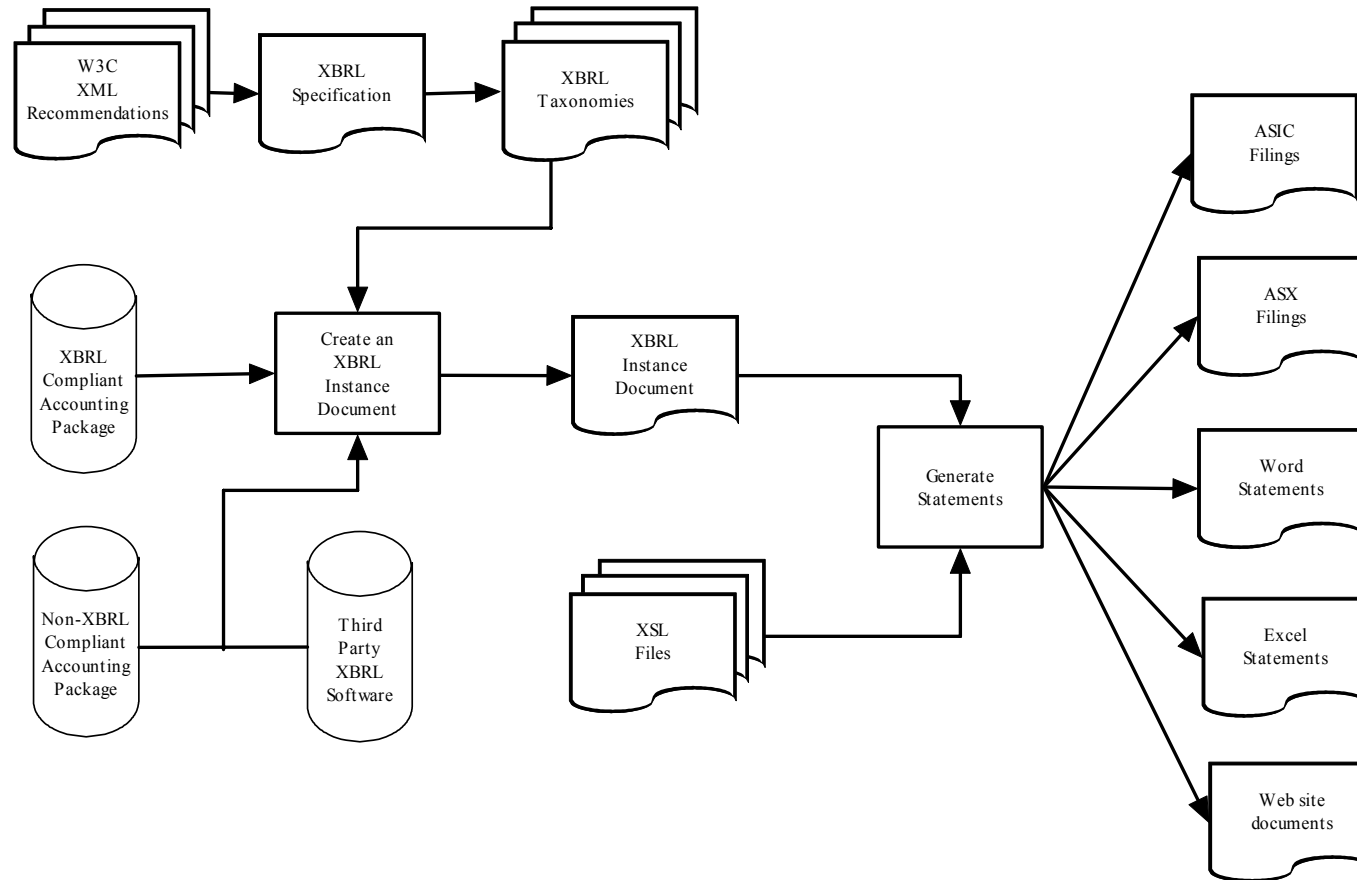


Figure 6: An Overview of the XBRL Process

Any particular W3C specification may go through these processes a number of times. Others never pass the first step, while others never make to it a final recommendation.

At present XBRL Specification 2.0 uses the following W3C recommendations:

- XML
- XML Schema
- Xlink
- XML Namespace
- XPath
- XSLT

These recommendations are usually written technical experts and it is unlikely for accountants to be involved at this point in the process.

XBRL Specification

The XBRL Specification is initially prepared by the Specification Working Group of XBRL International. A number of drafts are usually produced and these are distributed for comment to the wider XBRL community. XBRL Australia has representation on the Specification Working Group.

In 2000 Specification 1.0 was released and the Australian Prudential Regulatory Authority (APRA) was the first organisation world-wide to implement a system based on XBRL Specification 1.0.

In December, 2001, Specification 2.0 was released and the International Accounting Standards (PFS) Taxonomy (current in alpha format) is being developed according to Specification 2.0.

As XML develops, the XBRL Specification is updated to implement new XML recommendations, if they are appropriate for use within XBRL.

Members of this group need a combination of skills and/or the group consists of people with complimentary skills. Firstly, some are accountants who have a good understanding of the various XML recommendations used by XBRL. Others have a basic accounting knowledge, but a detailed understanding of the XML recommendations. In order to be involved in writing/updating the XBRL specification it is important to not only understand the XML technologies behind the specification, but to also understand how financial statements and their accompanying notes are produced and how they are used in the wider community. There is no point in producing a specification that has no validity for the users of financial information.

The Specification is an ongoing task for XBRL. The current version is Specification 2.0, which was released in December 2001. Discussions are still continuing on improvements and including new XML specifications as they become available.

The most recent development in the specification area has been the recent release of the specification for XBRL for General Ledger (XBRL GL). This is another area where accountants can be involved. XBRL GL moves XBRL technologies further back into the financial reporting chain process. The knowledge possessed by accountants will enable them to be able to contribute as this level in the project.

XBRL Taxonomies

The next step in the process is to develop the taxonomies for financial statements. A number of taxonomies can be involved in the creation of a single XBRL instance document. The current emphasis on taxonomy development is for International Accounting Standards. Once this has been finalised other more specific taxonomies can be created at country (referred to as jurisdiction) and industry levels.

To be involved in taxonomy creation at the International Accounting Standards level needs significant knowledge of International Accounting Standards and some knowledge of the current XBRL Specification. XBRL Australia Limited is actively represented on the working group developing the IAS taxonomy.

Once the international taxonomy is completed, there is a need to create a taxonomy for each country (eg., Australia). Countries that have officially joined XBRL International are referred to as jurisdictions.

There may be items that are required for disclosure in Australia that are not required in other countries, or Australia has not yet adopted the relevant IAS.

The next level is to create taxonomies for a specific industry. For example, there may be items that are unique to the financial services sector and so another taxonomy is created to meet their specific needs. Alternatively, there may be items in a particular industry that are reported differently for that particular industry grouping.

The next level down is where a particular firm makes voluntary disclosures that are not in any other taxonomy. It will be necessary for that firm to create its' own taxonomy in accordance with the XBRL specification.

Accountants can be involved in creating taxonomies at all levels. They can be involved at the international, national, industry or firm level. It depends on the skill level and the interest of each individual in the overall development process.

At some stage, many accountants are going to be involved in taxonomy development. At the lowest level, they may need to be involved in developing a small taxonomy for items unique to their firm. If they do not create the taxonomy themselves, they may work with a consultant who will be able to create the taxonomy for them.

In creating an XBRL instance document, the relevant taxonomies are referenced within the document and that document is validated against the taxonomies. This is to check that the instance documents only contains elements that are included in the taxonomies it references. The different taxonomies are referenced by what is termed an XML namespace. This ensures that a user is aware of the taxonomy where the element in the instance document originated.

XBRL Compliant Accounting Software

As XBRL is implemented, the various software development companies providing accounting software will update their software so that it is XBRL compliant. If you look at the various XBRL web sites you will see that many of the major accounting software developers are members of the XBRL consortium.

For example, Great Plains (now owned by Microsoft) has already released an XBRL compliant version of its software. The current version, however, is compliant with Specification 1.0 and will need to be upgraded to Specification 2.0.

Accountants can be involved at this level by working with the software solution providers in developing new versions that are XBRL compliant. This will make it much easier to generate the XBRL instance documents. This will require an understanding of the accounting package and the current details of XBRL.

Third-Party Software Developers

In the interim period (and also in the longer term), third-party software developers are creating various ways to extract data from existing accounting packages and enabling users to create XBRL instance documents. Again, as a user of these tools, accountants will be able to work in partnership with software developers to create the sort of interface and features they prefer.

There are a number of international software developers currently involved in this process. For example, UBMatrix (USA), FRS Solutions (South Africa), SemanSys (Germany) and eNumerate (USA) are examples of companies involved in creating third-party XBRL tools. The Corporate Tax Department of General Electric announced in February 2002 that it has adopted an XBRL solution from eNumerate. This will allow it to much more easily and quickly complete its end-of-year consolidation process for the over 150 distinct general ledgers that are used by its subsidiaries. GE's US tax return consists of more than 40,000 pages. The distinct general ledgers are not currently XBRL compliant, but the eNumerate solution allows the data to be extracted and converted into XBRL format.

Creating XSLT Files to Create Various Outputs

One of the many claims of the developers of XBRL is that one of its big advantages is that you create an instance document once but can easily render it many times in different formats. The diagram provided earlier shows an organisation that needs to make ASIC and ASX filings, creates a word document of its statements (possibly for transmission to its printer for inclusion in its annual report), creates an Excel spreadsheet to perform some analysis of its performance, and displays its financial statements on the organisation's web page.

By using an XBRL instance document and a variety of XML-based XSLT style sheets it is possible to create all of the documents electronically. The unique tagging system used by the XBRL taxonomies allows this to occur.

Under current reporting methods, creating the various documents may be a manual process or a cutting and pasting from other documents to produce the necessary variety of documents. Whilst there may be similarities between the documents, there are unique aspects to each document that are not contained in all of the others.

Creating XSLT style sheets to produce the various documents in some ways mirrors the use of report writers to create non-standard reports from existing accounting systems. The requirement is the same, but the tools will be different and will allow accountants to produce various reports quicker and cheaper.

For example, many accounting firms use Solution6 as their package for undertaking client accounting. It comes with a number of standard Freeform reports. Provided the Chart of Accounts used meets the necessary rules, the accounting firms can simply use the standard reports provided by Solution6. If additional reports are needed, they create their own Freeform reports by learning the appropriate underlying language. The same applies to many accounting packages that use Crystal Report writer as their

reporting language. In the past, accountants will have learned how to use Crystal Reports in order to generate specific reports.

The same will need to be done with XBRL, but accountants will use XML-based tools to complete the task. Tools to assist in this process will be developed as XML becomes more integrated into business systems.

XSLT is just one of several ways that instance documents can be rendered into outputs in different formats. Java, Javascript, C++, Visual Basic or any other programming languages are other options. In the long-term, it is expected that XML tools will be developed to make this process simpler. If there is a market for tools to create the XSLT style sheets required to make this possible, software developers will provide the solution.

Generating the Statements

Once all of the above has been completed, it is a simple exercise to create the various reports. You simply match an XBRL instance document with an XSLT sheet and the required output will be created.

XBRL Instance Document Recipients

The benefits for XBRL are not only for preparers of financial reports, but also the receivers of those reports. The initial catch cry for XBRL was “better, cheaper, faster”. All of these apply to external parties who are interested in the financial performance of your firm or your clients’ firms.

For example, stockbrokers will be able to import the XBRL instance documents directly into XML compatible spreadsheets rather than having to re-key the data into their spreadsheets. The Australian Prudential Regulatory Authority (APRA) was the first organisation world-wide to incorporate XBRL technologies into its systems. Clients of APRA now enter the necessary data into APRA provided software (Direct2APRA) rather than complete a paper-based form. The output from the program can then be emailed directly to APRA. Once APRA receive the data, they know that it has already been validated during data input. The time to aggregate the data that it transfers to the Bureau of Statistics and the Reserve Bank has been significantly reduced. This means APRA staff can now spend more time on their regulatory role rather than simply acting as a data entry and aggregator organisation.

The Australian Stock Exchange is also considering accepting data in XBRL format in the near future. Discussions have also been held with the Australian Tax Office and the Australian Bureau of Statistics. If you lodge your BAS electronically then you are communicating with the ATO using XML technologies on which XBRL is based.

In the UK, it was announced in February 2002 that from 2004-2005 the entire tax filing system, including the supporting statutory accounts, will be able to be submitted in XBRL format.

There are opportunities for accountants who are familiar with XBRL to be involved as consultants to various organisations that receive financial data to assist in the implementation of XBRL in their client organisations.

WORKSHOP EXERCISE – WHY XBRL NEEDS TO BE AN INTERNATIONAL PROCESS

Given that XML is a meta-data language that describes the data to be used in any particular system, it is possible for each country or even each organisation to develop its own taxonomy. However, if this were to occur many of the benefits of XBRL would not be able to be realised.

One the major benefits of XBRL is based on the idea of standardised tags being able to be attached to data elements that make up the usual set of financial reports and their related notes to the accounts. The purpose of this exercise is to show that if different groups/countries/companies develop their own taxonomies, they will all end up with different element names. This will occur even if they use the same source documents as a starting point to build their own taxonomy.

Element Names

Before we begin the exercise, you need to learn a little about how element are named in XML. Here are some basic rules for naming elements:

- element names must start with letters
- element names cannot start with digits
- element names can only contain letters, digits, a period (.), a dash (-) or an underscore.
- element names cannot begin with any of the special characters mentioned above
- XML is case sensitive
- element names cannot begin with the letters XML in case or combination of case; that is, Xml, xML, xMI, etc cannot be used to start an element name

(Adapted from Gulbrandsen, 2000, p 79)

The Exercise

Attached to this document are Balance Sheets for two organisations. You are required to use a representation of a Balance Sheet to prepare a element names that will allow the development of an instance document for an organisation.

You only need to use one firm as the basis to develop your element names. If your group number is an odd number, you will prepare element names using Company A. If your group number is an even number you will prepare element names using Company B.

Company A
Balance Sheet
As at June 30, 2001

Assets	
Current Assets	
Cash and cash equivalents	\$ 1,157
Receivables	5,473
Inventories	31,160
Other current assets	2,043
Total current assets	\$ 39,833
Property, plant and equipment	17,968
Other assets	20,887
Total assets	\$ <u>78,668</u>
Liabilities and Shareholders' Equity	
Current liabilities	
Notes payable	\$ 4,949
Accounts payable	11,457
Accrued expenses	8,393
Other current liabilities	3,163
Total current liabilities	\$ 27,962
Long-term debt	30,888
Other liabilities	4,916
Total liabilities	\$ 63,766
Shareholders' equity	14,922
Total liabilities and shareholders' equity	\$ <u>78,688</u>

Company B
Balance Sheet
As at June 30, 2001

Assets	
Current Assets	
Cash and cash equivalents	\$ 520,127
Receivables	95,702
Merchandise inventories	1,060,788
Other current assets	33,660
Total current assets	<u>\$ 1,710,277</u>
Property, and equipment	581,572
Less: Accumulated depreciation	248,648
Net property, and equipment	<u>\$ 332,924</u>
Other assets	13,145
Total assets	<u>\$ 2,056,346</u>
Liabilities and Shareholders' Equity	
Current liabilities	
Accounts payable	\$ 762,652
Accrued compensation payable	48,772
Accrued liabilities	182,719
Accrued income taxes	24,608
Current portion of long-term debt	14,925
Total current liabilities	<u>\$</u>
Long-term liabilities	
Long-term debt	210,397
Other long-term liabilities	254,527
Total long-term liabilities	<u>\$ 464,924</u>
Total liabilities	<u>\$ 1,498,600</u>
Shareholders' equity	
Issued capital	\$ 270,607
Retained earnings	287,139
Total shareholder's equity	<u>\$ 557,746</u>
Total liabilities and shareholders' equity	<u>\$ 2,056,346</u>

HOW XBRL WILL AFFECT THE ACCOUNTING PROFESSION

XBRL will have a significant impact on the way the accounting profession prepares financial reports in the future and will give accounting firms an additional value added activity to its current range of activities.

Firstly, XBRL will have a significant impact by streamlining the processes in the financial information supply chain. The initial catch cry of XBRL was "better, cheaper faster." The information will be better in the sense that it will be tagged with consistent tags that are familiar/known to users and/or software for both preparers and recipients of financial and related information. It will be cheaper because there will be less time involved in preparing many of the necessary and varied reports that an organisation is required to prepare on a regular basis. This will apply to both internal and external reporting. It will be faster due to shorter preparation time and also due to electronic transmission.

Secondly, knowledge of XBRL will give you a competitive advantage. You will be better able to assist your clients in the information age and you will be able to generate increased revenues through supplying new value-added activities. This will enable you to position yourself as a premier knowledge professional. Remember that XBRL is based on XML, and there are many groups who are developing systems in XML. This will allow greater integration of systems that are currently not able to be integrated very easily.

XBRL does and always will rely on published accounting standards. XBRL is not about changing accounting standards; it is about making it easier to implement existing accounting standards in a way that makes comparison and evaluation easier and faster. Statements will be continued to be presented in existing ways, but new methods will enable greater flexibility in the way reports are generated and the reports than can be generated.

RECENT DEVELOPMENTS

XBRL continues to change on a daily basis. Modifications are being made to taxonomies until they are released as Gold versions. Even then, changes will be made but will always be backwards compatible. New taxonomies will be located in new directories so that they will always be available.

In Australia, the draft Australian taxonomy was released on April 30, 2002. This was only a week after the IAS draft taxonomy was released. As the taxonomies have been developed, problems have arisen and they are being solved on a daily basis.

On an international level, there have been a number of major developments in recent months. In February 2002 the draft Specification for XBRL for General Ledger was released for public comment. It is expected that it will be approved at the Toronto Symposium after the comments from the discussion period have been incorporated into the Specification.

As has been mentioned above, the draft IAS taxonomy was released in April 2002. This is still undergoing refinements as details emerge during the comment period. A number of issues are being resolved as we meet.

In March 2002 it was announced that the UK IRS will accept XBRL filings from 2003-2004 financial year. This decision came after 18 months of detailed negotiations and a business plan for the implementation of XBRL into the UK IRS.

In the same month, GE announced that it had adopted an XBRL solution that will assist in its end-of-year consolidation processes. GE has in excess of 150 different General Ledger systems amongst its subsidiary organisations. Most of these GL packages do not allow the integration of data between the systems. The solution adopted will enable the consolidation process to be much more automatic than is currently possible.

FUTURE DEVELOPMENTS

XBRL tools to make the process simpler and easier for users are currently under development in a number of countries including the USA, South Africa, Germany and Canada. The availability of software tools specifically for XBRL rather than general XML tools will make the processes easier for users.

In the short-term, countries are beginning to develop their own taxonomies. Australia was the first to release its taxonomy after the release of the IAS taxonomy. The Danes are currently working towards the completion of their taxonomy. As each country develops its own taxonomy, small problems are being found that will eventually result in a better IAS taxonomy.

As XML develops, then XBRL will continue to develop. There have been significant changes to the way XBRL is implemented between Specifications 1.0 and 2.0. As new WML technologies are developed, they will be incorporated into XBRL if they are deemed appropriate.

For example, currently all XML files are simple text/ascii files. This creates a problem as far as security is concerned. W3C groups are currently working on two aspects to security that will eventually be included in future XBRL specifications. The first is that of encryption. As the data is simple text files, encryption is a vital element of the future on XML and XBRL. A second working group is looking at the implementation of digital signatures. This is a further security issue that is particularly appropriate for those who want to ensure that the data has been audited and is correct and secure.

MORE INFORMATION

Further information can be obtained from a number of sources. These include web sites as well as books and journals.

Web Sites

Some existing web sites, which are being constantly updated include:

XBRL Australia Limited (<http://www.xbrl.org.au/>)

XBRL.org (now XBRL International) (<http://www.xbrl.org/>)
This site has links to a number of other XBRL and XML sites.

CPA Australia (<http://cpaonline.com.au/>)

Institute of Chartered Accountants in Australia (<http://www.icaa.org.au/>)

CFO magazine "How the Web was won"
(<http://www.clonet.com/html/Articles/CFO/2000/00FEhowt.html>)

Scientific America
"XML and the Second Generation Web"

(<http://www.sciam.com/1999/0599issue/0599bosak.html>)

FASB report "Electronic Distribution of Business Reporting Information"
(<http://www.rutgers.edu/Accounting/raw/fasb>)

IASC report "Business Reporting on the Internet"
(http://www.iasc.org.uk/frame/cen3_26.htm)

PowerPoint Presentations

Bryant College XBRL Education Web Site (<http://web.Bryant.edu/~xbrl/xbrlsildes.html>)

Books

The only book currently available is:

Hoffman and Strand, 2001, "XBRL Essentials", AICPA.

Currently being written and due for release during 2002:

Hannon and Coffin, 2002, "Understanding XBRL", Prentice-Hall

Watson and Vasarhelyi, 2002, "Essentials of XBRL", John Wiley

Examples of XBRL Financial Statements

Reuters (<http://www.reuters.com/results/2001-pr/html/xbrl.asp>)

Morgan Stanley (<http://www.morganstanley.com/xbrl>)

Microsoft (<http://www.microsoft.com/msft/>)

REFERENCES:

Gulbransen, D., (2000), "The Complete Idiot's Guide to XML", QUE.

Hoffman, C., and Strand, C., (2001), "XBRL Essentials", AICPA.

Hampton, L. and van Kannon, D., (2001), "Extensible Business Reporting Language (XBRL) 2.0 Specification", XBRL.org.

Appendix Contents

The attached appendix contains the solutions provided by students to the Exercise contained within the workshop notes. The reason for the use of upper case names for most solutions is due to the book chapter they were required to read on XML element naming suggested the use of upper case letters.

The important point to look for is the variation in the "taxonomies" even though the groups were working from the same Statement of Financial Position.

Appendix: Student Solutions to Workshop Exercise

Company Name	title		COMPANY NAME
Report Name	balanceSheet		BALANCE SHEET
	dated		DATE
Balance Sheet Classification			
Assets Classification	assets	ASSETS	ASSETS
Current Asset Classification	currentAssets	CURRENT ASSETS	CURRENT ASSETS
Cash and cash equivalents	cashAndCashEquivalents	CASH AND CASH EQUIVALENTS	CASH
Receivables	receivables	RECEIVABLES	RECEIVABLES
Merchandise Inventories	merchandiseInventories	INVENTORIES	INVENTORIES
Other Current Assets	otherCurrentAssets	OTHER CURRENT ASSETS	OTHER CURRENT ASSETS
Total Current Assets	totalCurrentAssets	TOTAL CURRENT ASSETS	TOTAL CURRENT ASSETS
			NON-CURRENT ASSETS
Property plant and equipment	propertyAndEquipment	PROPERTY PLANT AND EQUIPMENT	PROPERTY PLANT AND EQUIPMENT
Accumulated depreciation	lessAccumulatedDepreciation		
Net property and equipment	netPropertyAndEquipment		
Other assets	otherAssets	OTHER ASSETS	OTHER ASSETS
			TOTAL NON-CURRENT ASSETS
Total assets	totalAssets	TOTAL ASSETS	TOTAL ASSETS
Liabilities and Shareholders' Equity Classification	liabilitiesAndShareholders'Equity	LIABILITIES AND SHAREHOLDERS' EQUITY	LIABILITIES AND SHAREHOLDERS' EQUITY
			LIABILITIES
Current Liabilities Classification	currentLiabilities	CURRENT LIABILITIES	CURRENT LIABILITIES
		NOTES PAYABLE	NOTES PAYABLE
Accounts Payable	accountsPayable	ACCOUNTS PAYABLE	ACCOUNTS PAYABLE
Accrued compensation payable	accruedCompensationPayable		
Accrued liabilities	accruedLiabilities	ACCRUED EXPENSES	ACCRUED EXPENSES
Accrued income taxes	accruedIncomeTaxes		
Current portion of long-term debt	currentPortionOfLong-TermDebt		
		OTHER CURRENT LIABILITIES	OTHER CURRENT LIABILITIES
Total current liabilities	totalCurrentLiabilities	TOTAL CURRENT LIABILITIES	TOTAL CURRENT LIABILITIES
Long-term liabilities classification	long-TermLiabilities		NON-CURRENT LIABILITIES
Long-term debt	long-TermDebt	LONG-TERM DEBT	LONG-TERM DEBT
Other long-term liabilities	otherLong-TermLiabilities	OTHER LIABILITIES	OTHER LIABILITIES
Total long-term liabilities	totalLong-TermLiabilities		TOTAL NON-CURRENT LIABILITIES
Total liabilities	totalLiabilities	TOTAL LIABILITIES	TOTAL LIABILITIES
Shareholders' Equity Classification	shareholders'Equity	SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY
Issued capital	issuedCapital		
Retained earnings	retainedEarnings		
Total shareholders' equity	totalShareholders'Equity		
Total liabilities and shareholders' equity	totalLiabilitiesAndShareholders'Equity	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

	TITLE	COMPANY b	
		BALANCE SHEET	
		JUNE 30 2001	
Assets	ASSETS	ASSETS	
Current Assets	CURRENT ASSETS	CURRENT ASSETS	
Cash and cash equivalents	CASH AND EQUIV	CASH	
Receivables	RECEIVABLES	ACCOUNTS RECEIVABLE	
Merchandise inventory	INVENTORIES	INVENTORIES	
Other current assets	OTHER CA	OTHER CURRENT ASSETS	
Total current assets	TOTAL CA	TOTAL CURRENT ASSETS	
Property, plant and equipment	PROP PLANT EQUIP	PROPERTY AND EQUIPMENT	
Less: accumulated depreciation		LESS ACCUMULATED DEPRECIATION	
Net property and equipment		NET PROPERTY AND EQUIPMENT	
Other assets	OTHER ASSETS	OTHER ASSETS	
Total assets	TOTAL ASSETS	TOTAL ASSETS	
Liabilities and shareholders equity	LIABILITIES AND EQUITY		
		LIABILITIES	
Current liabilities	CURRENT LIABILITIES	CURRENT LIABILITIES	
	NOTES PAYABLE		
Account payable	ACCOUNTS PAYABLE	ACCOUNTS PAYABLE	
Accrued compensation payable			
Accrued liabilities	ACCRUED EXPENSES	ACCRUED ACCOUNTS PAYABLE	
Accrued income taxes		ACCRUED INCOME TAXES	
Current portion of long-term debt		PORTION LONG TERM DEBT	
	OTHER CL		
Total current liabilities	TOTAL CL	TOTAL CURRENT LIABILITIES	
Long-term liabilities		NON-CURRENT LIABILITIES	
Long-term debts	LONG-TERM DEBT	LONG TERM DEBT	
Other long-term liabilities	OTHER LIABILITIES	OTHER LONG TERM LIABILITIES	
Total long-term liabilities		TOTAL LONG TERM LIABILITIES	
Total liabilities	TOTAL LIABILITIES	TOTAL LIABILITIES	
Shareholders equity	SHAREHOLDERS EQUITY	SHAREHOLDER EQUITY	
Issued capital		ISSUED CAPITAL	
Retained earnings		RETAINED EARNINGS	
Total shareholders equity		TOTAL SHAREHOLDER EQUITY	
Total liabilities and shareholders equity	TOTAL LIABILITIES AND EQUITY	TOTAL LIABILITIES AND SHAREHOLDER EQUITY	