

# The Journal Taxonomy

## XBRL GL and the journey towards a single, timely, consistent version of the truth

by Colm O hAonghusa

The June 2005 issue of Accountancy Ireland, in an article entitled *Business Information, the need for a Single, Timely, Consistent Version of the Truth*, describes how a financial portal solution can assist the finance function in meeting this need. This article suggests that by using an open standards approach in developing the financial portal, that journey could be over.

Chartered Accountants occupy positions across a very broad spectrum of the business world. They are employed at every level in Government, Regulatory Agencies, Educational Establishments, Public Practice, Professional Services and Industry. In their varied roles as Policy Makers, Regulators, Educators, Auditors, Professional Advisors and Corporate Managers, Chartered Accountants have an almost insatiable need for business information.

### Changing Nature of Business Information

The nature and extent of business reporting is changing, particularly as advances are made in web-based services, including e-filing<sup>1</sup> such as the Irish Revenue on-Line Service.

Other examples include:

- ▶ Continuous web-based external auditing.
- ▶ Tax Auditing and Compliance via the Internet.

Regulation is creating an ever-increasing need for more detailed, high quality and verifiable information. Apart from quality information being necessary for decision making, it is imperative to enable directors and senior

management meet their fiduciary responsibilities. The providers of such information need to demonstrate a commitment to hold themselves responsible and accountable for the quality of the information provided if further regulation and supervision is to be avoided.

### XBRL AND BUSINESS INFORMATION – THE STORY THUS FAR

The publicity to date around XBRL has focused on a number of key initiatives which have been almost exclusively in either the Government or Regulatory sectors. The August edition of *Accountancy Ireland* provided a succinct summary thereof.

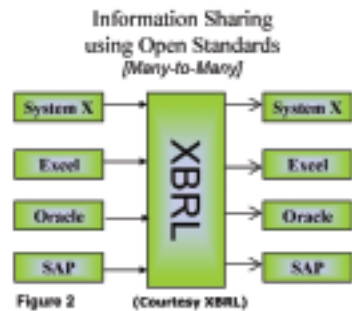
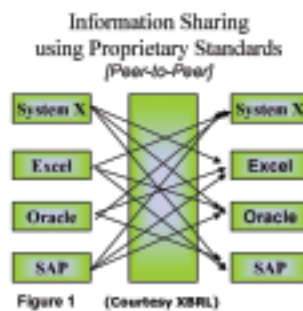
Arguably, from a business perspective, none of the current projects are

designed to predominantly help businesses. Mandatory electronic filing as opposed to paper based filing, be it for the tax authorities or the Companies Office or the Central Statistics Office, is simply a different way of fulfilling the compliance burden.

Businesses are set up to make money for stakeholders. Paying tax, filing accounts, making returns are all consequences of being in business. These activities are in the 'external reporting' space, so to speak.

To make money for stakeholders, businesses need access to information for decision making, i.e. for internal reporting purposes.

The rest of this article will explore the use of XBRL for internal reporting, which in the author's opinion, is where the real



# XBRL & The Business Reporting Supply-Chain



Figure 3 (Courtesy XBRL International) (XBRL is a trademark of the AICPA)

competitive advantage is to be gained from using XBRL.

If implemented for internal reporting, the 'external reporting' requirements will be simply a by-product of its implementation.

It is doubtful if implementing XBRL purely to meet external reporting requirements will ever make a sustainable business case, but will instead be viewed as a cost of doing business, with all the attendant negativity.

## OPEN STANDARD SOLUTIONS

Open standard solutions, as opposed to proprietary solutions, enable businesses extract the maximum benefit from a solution right across all its activities, while future-proofing the investment, with minimum maintenance cost.

At the hardware level, open standards allow businesses select their platform of choice, as opposed to having one imposed.

At the software level, open standards enable the straight forward integration of existing legacy systems, easily catering for additional systems, and can be maintained without being dependant on specialist technical expertise. This final point is particularly relevant in an environment where decreasing

A taxonomy describes how things are classified.  
<http://en.wikipedia.org/wiki/Taxonomy>

numbers of students are embarking on third level information technology courses.

In Figure 1 each system requires a separate and proprietary interface to communicate with all the other systems. In Figure 2 the simplicity offered by open source standards is self evident.

### Open Standards in Business Reporting Language

Open standards are publicly developed, freely available specifications that have been developed for different purposes. Bearing in mind the readership of *Accountancy Ireland*, coupled with the previous reference to business information, this article promotes eXtensible Business Reporting Language [XBRL] as the language of choice for use with business information. XBRL is a structured form of the Extensible Mark-up Language [XML]. The term mark-up comes from the printing industry, where paper proofs were marked up with printing formats which were then typeset<sup>2</sup>. Extensible means being

capable of being extended, in this discussion easily extensible is implicit in an open standard environment.

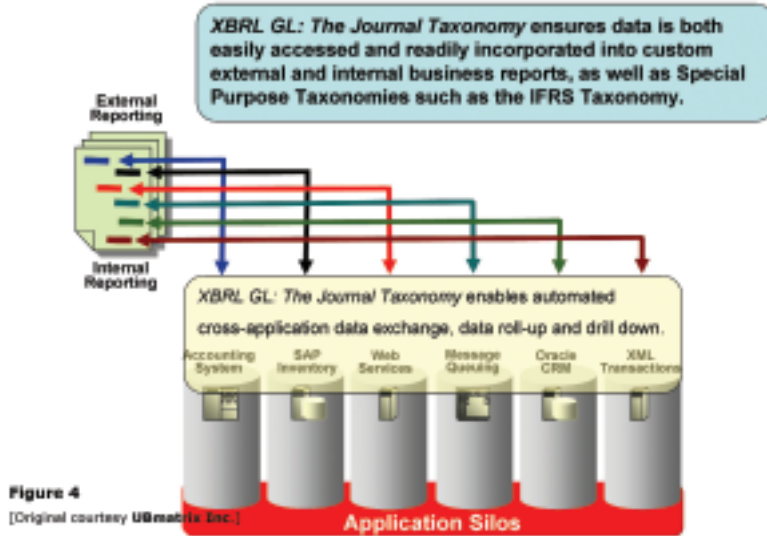
## WHAT IS XBRL?

XBRL is four things:

1. A consortium (XBRL International) of more than 300 organizations around the world that have 'agreed to agree' to work together to standardise the business reporting supply chain, to carry the information that flows with trading partners, through the corporation, and on to regulators, investors, and other 3rd parties.
2. An agreement on how to use XML (Extensible Mark-up Language) to express taxonomies and other related documents.
3. Common agreements on how to express the information required for particular areas of business reporting, such as financial statements, tax returns, regulatory reporting and general ledger transactions.
4. Is about sharing information between members of the business reporting supply chain.

XBRL is very similar to bar-coding. A piece of business information [numeric or otherwise] is tagged with lots of additional information [metadata] that makes it much more useful than if left untagged.

## XBRL Enabled Enterprise Wide Integration



For example, metadata such as time period, currency, company name and accounting basis can all be attached to a numerical value, say, net profit, so that wherever the numerical value is required subsequently, the metadata goes along with it. In other words, the tagged data is created once, but re-used many times. In the same way as bar-coding is not software, neither is XBRL. XBRL makes data very inter-operable.

### XBRL'S TRINITY OF BENEFITS

Better, Faster, Cheaper are the most common words used when describing the benefits of using XBRL. A detailed description of these benefits is beyond the scope of this article as every business information requirement will have different processes and procedures. By using XBRL, all business processes can be performed Better, Faster and Cheaper.

### XBRL GL: THE JOURNAL TAXONOMY

XBRL GL: The Journal Taxonomy is structurally different from all other XBRL taxonomies, which are generally referred to as XBRL Financial Reporting (FR) Taxonomies. These FR Taxonomies are used to represent data as found in financial reports, i.e. data at summary level.

The Journal Taxonomy is designed to provide a standard format to represent the data fields found in any accounting and operational system at the detail level. In other words, data can be tagged at the transaction level.

The Journal Taxonomy is a standard data exchange format that provides a platform from which it is possible not only to transfer data from one application to another, but also to translate, transform and integrate different ways of expressing business information, such as different accounting practices or different local practices in a multinational and multilingual environment.

Where the Journal Taxonomy has been incorporated, the following benefits have been achieved:

- ▶ Total flexibility in information system design, selection and implementation.
- ▶ Management, by accessing the metadata through the taxonomy, has a single environment for creating and using business performance rules.
- ▶ Vast improvement in data quality due to direct system to system feeds.
- ▶ Reduction in costs due to the 'Create once, Re-use many times' concept.
- ▶ Real-time environment for gathering business information.
- ▶ A single interface for report writing and data extract query tools.

- ▶ Integrated roll-up and drill down to transaction level to support detailed analysis.
- ▶ Improved inter-group communication in a multilingual environment due to ISO language standards.

## CONCLUSIONS

By virtue of its flexibility and extensibility, the Journal Taxonomy will transform the business information reporting landscape.

Businesses will no longer be constrained by their reliance on specialist hardware, software and associated personnel.

It bridges the gap between operational off-site or outsourced systems and back-office accounting and reporting systems.

With the Journal Taxonomy, businesses are almost at journey's end in the search for a single, timely, consistent version of the truth.

#### Notes

<sup>1</sup> *Electronic Filing and Reporting, A Research Study* published by the Canadian Institute of Chartered Accountants in 2005. [www.cica.ca]  
<sup>2</sup> *Essentials of XBRL Financial Reporting in the 21st Century* by Bryan Bergeron. Wiley, 2003, p. 104.  
 (Both titles referred to are in stock in the ICAI Library. Email: iene.o'callaghan@icai.ie).

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