



XBRL – Lessons learned (so far)

by Beckie Bown

June 18, 2012

It is now three years since the first wave of companies were required by the SEC to use XBRL in their financial statements. At the end of this month, the final stage of the transition will be complete, as smaller filers submit their detailed tagging of financial statement notes for the first time.

In addition to first-time detailed “taggers”, other companies will likely give their XBRL filings additional focus this quarter. For some, XBRL information now must be filed with, rather than “furnished to”, the SEC. This means that companies will be subject to greater liability if the XBRL information is incorrect or misleading. In addition, some registrants are re-examining the new 2012 taxonomy to see whether certain tags previously used in filings should be amended.

Given all of these changes, we thought it would be helpful to highlight some XBRL best practices and lessons learned ... so far.

Focus on content not format

Unlike conventional financial statements, the data in an XBRL filing is not intended to be read in its entirety. It is devised so that individual pieces of information can be pulled out and used in analysis – and it is the XBRL tagging that determines what information is extracted.

In fact, there is no requirement that the format of the XBRL filing be identical to the HTML financial statements. So, the focus should be on the quality of the tagging rather than the format of the information in an XBRL viewer.

This becomes even more important now that companies are tagging tables within financial statement notes. The SEC has indicated that the standard format table tags within the taxonomy should be used as much as possible and tags should not be customized in order to achieve a desired formatting.

Making the complex understandable



Consider your software

The XBRL file itself is unreadable to the human eye without the use of XBRL viewing software. Therefore it is essential that a good XBRL viewer is used to ensure that all aspects of the tagging can easily be checked. The SEC provides a free pre-viewer on its website but this may not be the best way of check the XBRL data for accuracy.

Many XBRL software programs include the ability to cross-reference the tags selected to the definition in the taxonomy, which helps with the review process, and some software can also easily identify common errors, such as inappropriate negative values, depreciated tags and calculation tagging errors.

Avoid common errors

Although the number of XBRL errors has tended to decrease over time, many issues still arise. From time to time, the SEC publishes the results of recent reviews of XBRL filings on its website (xbrl.sec.gov). Recent findings include use of unnecessary extensions and a lack of completeness in tagging all required elements.

Selecting the tags

One of the most difficult aspects of preparing the XBRL data is determining whether to use a tag from the 15,000 within the taxonomy or to develop a customized tag.

Companies have gained much experience in searching the taxonomy and determining which tags are appropriate, but this still remains an area of judgement.

Having said this, improvements in 2012 have introduced 1,300 new tags – including many new industry specific tags – and corrected many of the problems with the 2011 taxonomy. Therefore companies should consider adopting the 2012 taxonomy, especially if preparing the detailed tagging of the financial statement notes this quarter.

In conclusion, the advances in XBRL software and experience gained by companies are continually enhancing the quality of companies XBRL filings. However, there are still areas where companies can make improvements and the end of the XBRL liability limitation period and comments from the SEC continue to put focus on the quality of XBRL filings.

Making the complex understandable