

New language transforms business reporting

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"It's about better, faster and cheaper business reporting," says Olivier Servais, director of the IST project XBRL Europe. "This was once done with proprietary electronic formats. XBRL (eXtensible Business Reporting Language) is an open standard that brings a common understanding, vocabulary and method to financial statements."

Unlike Hypertext Markup Language (HTML), eXtensible Markup Language (XML) neither defines nor limits tags. XBRL is part of the XML family and focuses on business reporting needs, by flagging up everything from net assets to sales. Computers can read these tags, speeding up the preparation, analysis and communication of business information.

External reports are only the iceberg's visible tip. XBRL will soon be used widely for internal company reports, which make up the bulk of business reporting. Within five years it will also be common in the credit risk arena, enabling banks to do away with the manual inputting of customers' financial details.

The language originated in the United States when an accountant began tagging data to facilitate the exchange, comparison and analysis of financial reports. The idea quickly caught on, supported by influential bodies such as the American Institute of Certified Public Accountants. "However," adds Servais, "since our 2004 project launch, the world has largely viewed XBRL as European, because of the numerous first-class XBRL projects here."

The two-year project sought to accelerate the use of XBRL, by increasing awareness and creating user groups. These goals were timely, given the European Union's emerging focus on competitiveness, growth and transparency – not to mention recent worldwide adoption of the International Financial Reporting Standards (IFRS). Indeed, according to Servais, "IFRS and XBRL make a sort of dream team!"

Driven by the project's activities, the language is today widely adopted in Europe with at least one project in each EU Member State. The United Kingdom's Inland Revenue, for example, accepts tax filings in XBRL. All Spanish public companies must now use it when filing with authorities and Belgian companies will follow suit from 2007.

The project organised 120 events across Europe to show how the format can improve people's way of working. Of the 5,000 attendees, several were high-level regulators and national ministers, notes Servais.

He also highlights the creation of national working parties or 'jurisdictions' in eight European countries. Designed to reinforce XBRL use, they bring together public bodies and commercial companies and are led by a neutral, independent party such as a central bank. "This neutrality is important and was a major reason why the European Commission agreed to fund us," he adds.

Early in the project, the partners built contact databases, an intranet and the website. These tools and the newsletter – now distributed to 3,500 people in Europe –strengthened the profile of XBRL. Though the project has ended, the website and newsletter will live on with jurisdiction funding.

Looking ahead, Servais expects most business vendors to have adopted XBRL by the decade's end. He also believes the term will eventually disappear: "It will probably just be called business reporting, when

everyone uses it."

XBRL, a worldwide initiative, is being driven to a large extent by Europe. A new organisation known as XBRL Europe, registered in Belgium and part of the umbrella worldwide body XBRL International, will continue the project's work. "Most people have now heard of XBRL," says Servais, "so we'll concentrate on its adoption and implementation, especially by organising training workshops throughout Europe."

Source: [IST Results](#)

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