

XBRL for General Ledger, the Journal Taxonomy

ON TWO OCCASIONS AT THIS YEAR'S IMA

Annual Conference in Nashville, audiences were treated to Eric E. Cohen speaking about how XBRL (eXtensible Business Reporting Language) can be used in connection with a general ledger. Eric is the principal architect of the international GL taxonomy, or list of XBRL-compliant XML tags that comprise XBRL-GL, the Journal Taxonomy. Moving XML tagging down to the level of accounting inception brings exciting possibilities for financial information to be exchanged internally and externally.

To-date, most of the attention on XBRL has focused on external financial reporting. The initial push to develop XBRL successfully engaged large software developers, large CPA firms, accounting organizations, and a few technical XML experts. When you look at the more than 200 organizations worldwide participating in the ongoing development of XBRL, the wisdom of the initial approach becomes apparent.

Today, however, companies and governmental organizations around the globe are beginning to recognize the potential for moving XBRL down into the general ledger. Led by the Wacoal Corporation of Japan, firms are recognizing that XBRL-GL can be used to significantly reduce the cost of transforming and transmitting data from one system to another.

What is XBRL-GL, and why bring XBRL into a general ledger?

XBRL-GL is an application of XML technology that has the ability to capture and communicate any fact gather-

ing required for business reporting that is represented by the accounting entry core of "account," "amount," and "date." XBRL-GL has a hierarchal structure that helps in collecting and communicating information regardless of the original data's operating system or financial system. This means that any account or amount can be transformed and transmitted by the XBRL-GL taxonomy.

Once data is tagged at the lowest level of accounting recognition, it can be used and reused for any purpose. For example, companies with multiple divisions and multiple financial systems could use XBRL-GL as a kind of middleware, bridging the gap from one system to another. XBRL-GL can also facilitate drill-down analysis of reporting elements and help share information with supply chain partners.

Other XBRL-GL applications

According to Masatomo Goto, a member of the XBRL-GL working group and the XML technologies lead for Fujitsu Laboratories of America, Inc., "XBRL-GL provides a method of writing any information that can be expressed in a general ledger in a way that can be easily exchanged among various accounting systems." The Wacoal project certainly is proof of the data exchange concept.

In other projects similar to the Wacoal project, entities are beginning to create the ability to convert multiple data feeds from various systems into XBRL-GL data mapping applications for exchange into financial systems that process the information further and then exchange it with other relevant parties. FRS, Financial Reporting So-

lutions (Pty) Ltd. (FRS) in South Africa (www.frsolutions.com), is working on a retirement fund reporting application using XBRL. The application converts retirement fund accounting data into an XBRL-GL format that it imports and that, after further processing, produces financial statements compliant with the Financial Services Board (FSB) regulations. (The Financial Services Board is an independent institution established by statute to oversee the South African Nonbanking Financial Securities Industry.) FRS, PricewaterhouseCoopers, and the FSB are busy with a pilot project that will allow the regulator (FSB) in South Africa to immediately process the 18,000 sets of financial statements received by the agency each year using XBRL. This major project is scheduled to go live in late 2003. ■