Special Issue on the World Wide Adoption of XBRL for Financial Reporting and Beyond

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**Greater Accountability, Less Red Tape: The Australian Standard Business Reporting Experience** by Paul Madden

This paper is a great overview and description of the process and value of the standard business reporting (SBR) in various aspects of the society. Although several countries were considering SBR for virtually all aspects of business reporting including government reporting, Australia is the first country to carry this vision to the reality. One focus of this effort is to create a seamless business-to-government reporting using XBRL (eXtensible Business Reporting Language). “The SBR Program aims to simplify and improve business-to-government reporting and reduce the regulatory burden. It is an integrative and standardising e-government project. Treasury is the lead agency on SBR, with participation from … 12 agencies.” Creating the SBR taxonomy was a major challenge but accomplished. “Clearly, the exercise of harmonising names, definitions and references across reporting terms and forms was not just a walk in the park.” One has to imagine the challenge of having business leaders and 12 government agencies to agree on specific terms for a new reporting system. Other core components of the SBR are SBR Core Services (similar to post offices that sort and deliver mail but not responsible for content), single credential for secure sign-on, and government systems accepting reports from SBR.

“Using SBR capabilities, companies and their accountants will map the SBR Taxonomy to underlying financials, which will allow aggregation of inputs to financial statements. Software will allow translation of financial statement reports to PDF and/or XBRL documents, which can be sent electronically and securely from accounting software to ASIC (Australian Securities and Investments Commission).” The paper also cautions the reader that SBR is still at in early stages of implementation, and full benefits will occur in the near future.

**The Improvement of Governance Decision Making Using XBRL** by Ahmad Ahmadpour

This paper is an empirical evaluation of whether XBRL-based information improves the decision making in the context of recognition versus disclosure of stock option compensation schemes for the management. The research question is related to the corporate governance where information transparency and availability of XBRL-based data should limit management intensive for financial manipulation and therefore improves overall governance. This paper hypothesizes that in the presence of search-
facilitating technology, users’ judgments of financial statement reliability will be more influenced by the choice of recognition versus disclosure of stock option compensation than in the absence of search-facilitating technology. The study suggests that when the stock option accounting varies between two firms, the search technology helps in both acquiring and integrating relevant information. Further, the paper suggests the implementation of XBRL improves transparency of financial information and managers’ choices for reporting that information. Only in recent years, academics have considered contribution of XBRL to the corporate governance and business reporting supply chain such as corporate governance taxonomy that has been developed for listed companies in Tokyo Stock Exchange. Two of papers in this Special Issue also address opportunities with XBRL in areas other than financial accounting.

**Interoperability of XBRL Financial Statements in the U.S.** by Hongwei Zhu and Harris Wu

This paper relies on empirical investigation of recent XBRL filings with the U.S. Securities and Exchange Commission (SEC) to suggest areas and issues that would improve interpretability of financial information provided to the public. Investing public relies on information that is publically available about companies and the U.S. Securities and Exchange (SEC) Commission is responsible for collecting and making available to the public financial information of such companies. Recently the SEC made a commitment to support XBRL reporting for company filings, and this has become a mandate since June 2009. Many interest groups including academics have been waiting to view and analyse such company filings. The first obvious question is whether company filings are in compliance with the U.S. XBRL taxonomy and SEC filing guidelines. This is an important question because among reasons for adopting XBRL, investors would like to see more comparability of financial data through standardization as well as more interoperability of XBRL financial statements data.

This paper examines latest company filings with the SEC to respond to the above question. The paper suggests on average, 63% data elements are not comparable between a pair of statements. The incomparability is partly caused by issues related to the GAAP taxonomy and misuse of the taxonomy by companies. The paper also looks at the frequency of elements used in the U.S. GAAP XBRL taxonomy to provide statistics on what elements have or have not been used frequently. One question is whether XBRL as a standard should continue to include a number of unpopular financial statements elements, and therefore contributing to much of variations in the markets. Finally, the paper recognizes that some of issues raised regarding interoperability will be addressed as the XBRL taxonomy goes through revision every year.

**XBRL Taxonomy for Estimating the Effects of Greenhouse Gas Emissions on Corporate Financial Positions** by Fumiko Satoh

Benefits of standardizing business reporting are going beyond the domain of regulated financial reporting. Several such measures are currently in place in several developed capital markets. One of the upcoming environmental standards being negotiated at the global level is greenhouse gas (GHG) emission standard(s). It is critical to have reliable data on the impact of emissions on the financial statements. Today GHG reporting is voluntary in many countries yet there are many companies interested in environmental reporting and accountability. Such reporting not only improves the image of the company but also have long terms positive impact on the financial position of the company. The paper proposes a preliminary XBRL taxonomy for GHG emissions reporting. This taxonomy is to supplement XBRL financial reporting to also include emissions reports/information. The paper makes a significant contribution toward proper reporting and maintaining GHG information. The impact of GHG through standardization will be reflected on financial reports of the
company, where both management and external parties will be able to effectively and efficiently access and compare GHG data. Currently there is limited information regarding actions by companies regarding environmental costs and benefits. Such information sometimes can be obtained through the regulators with limited guidance in reporting format. The GHG data also needs to be monitored by the management and verified by the auditor.

The XBRL platform would also help with reusability and transportability of GHG information that is really intended for multiple purposes. For example, data from various divisions of a company is aggregated at the company level, then data from various companies would be aggregated to measure the performance or compliance per country or world regions. The proposed GHG taxonomy also allows for extension to the taxonomy. Finally, the paper presents two cases to evaluate this taxonomy and its usefulness. I believe GRC (governance and risk controls) reporting is another area that would benefit from standardization and XBRL, GRC measures are similar to charts of accounts of a business. XBRL allows systems to communicate business and financial reporting information, whether it is GHG or GRC measure.

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