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January 2011

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INNOVATIONS

The increasing relevance of XBRL

The computer language XBRL, which was developed to process financial reporting information, has established itself internationally as the standard for electronic financial reporting. XBRL is increasing in importance in Switzerland, with three Swiss companies (Credit Suisse, ABB and Novartis) now using the XBRL format to transfer data.



XBRL CH

XBRL CH is an organisation that promotes the increased use of XBRL in a national framework, in order to improve the efficiency and standardisation of accounting and financial reporting in both the public and the private sectors. XBRL CH is the official Swiss jurisdiction of XBRL International.

→ www.xbrl-ch.ch

XBRL Swiss Code of Obligations taxonomy

The first version of the XBRL Swiss Code of Obligations taxonomy is available to download on the XBRL CH website (<http://www.xbrl-ch.ch/taxonomy>). All interested parties are invited to take part in the consultation period, which runs until the end of April 2011.

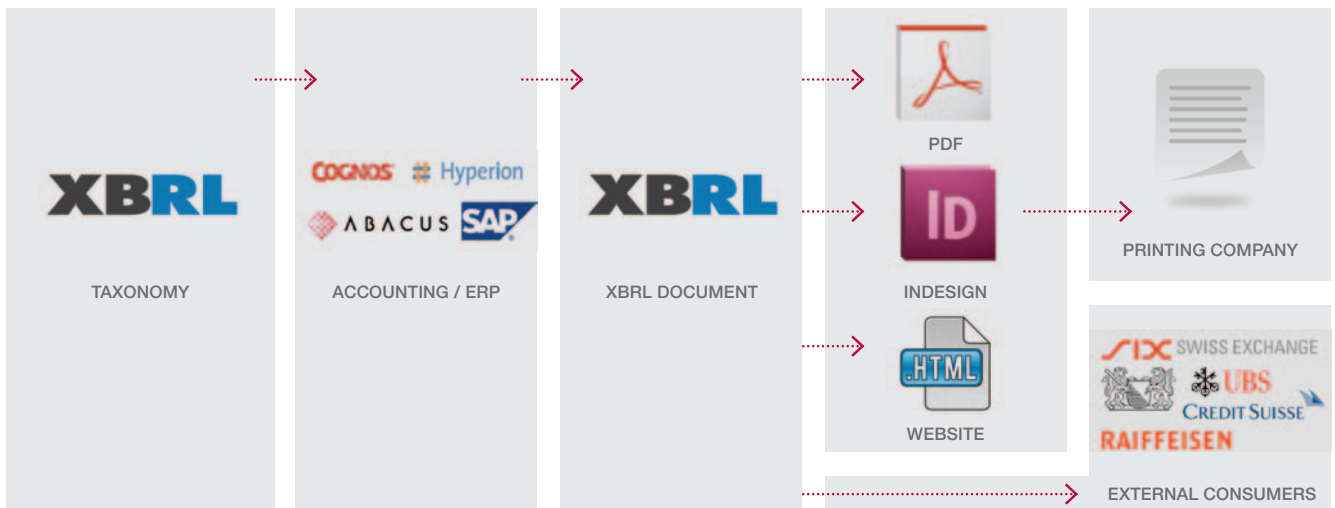
XBRL has all the prerequisites to act as the foundation of a system that can deliver rapid and comprehensive financial reporting and make the evaluation of financial data easy. The **XBRL taxonomy** for financial accounting in accordance with the Swiss Code of Obligations, which was unveiled at the XBRL-CH day on 10 November 2010, increases the relevance and appeal of XBRL and electronic financial reporting for Swiss companies.

What advantages does XBRL confer?

The question that remains to be answered is whether using XBRL really optimises processes, increases the quality of financial reports and is even able to cut costs. What exactly are the advantages of XBRL? The recipients of financial reports are the obvious beneficiaries. Authorities, banks and lenders want to be able to validate, analyse and evaluate companies' financial data automatically. It makes it easier to compare company data. Nevertheless, generating electronic documents in XBRL format also confers benefits on the originator's side. Routine tasks can be automated, the quality of the information improved and the number of format mismatches reduced.

End-to-end financial reporting

The objective is to have as complete a financial reporting process as possible based on data in XBRL format, which starts with the provision of data from the financial system and ends with the evaluation of figures in an analytical system, something that is to the advantage of all stakeholders. Even the source system of the financial data, i.e. the financial system, should support the easy production of documents in XBRL format. It should be as easy to export a balance sheet to an XBRL document as it is to export it to an Excel sheet. This means that a company can produce an electronic XBRL document quickly and efficiently, without having to grapple with the technical details of XBRL. Where financial data such as the balance sheet and profit and loss statement are available in XBRL format, the reporting company can use this data for the purposes of publishing its financial assets. Generating financial reports for different target groups with different layouts in PDF format becomes easy. To produce comprehensive annual reports, the XBRL document should in future be imported into an editorial system or linked to a layout programme such as Adobe InDesign. As yet, no automated solutions are available for this purpose in Switzerland.



The process from consolidation tool to data usage using XBRL.

Automated analysis of annual reports

Recipients of reports in XBRL format can automate the analysis of these financial reports to a significant extent. Numerical values are clearly marked in XBRL documents, which makes calculating and comparing key data simple. This makes comparing the financial data of several companies and identifying special cases easy. The use of XBRL enables lenders, stock market regulators and tax authorities to dramatically reduce the manual workload involved in evaluating companies.



Author

Adrian Zimmermann, XBRL specialist at Atorex AG. Atorex AG is specialised in the integration of electronic content into interactive websites and is a member of XBRL Switzerland.



Contact details

Adrian Zimmermann
 adrian.zimmermann@atorex.com
 Tel. +41 43 344 90 92
 Atorex AG, Staffelstrasse 12, 8045 Zurich
 → www.atorex.com

No integrated solutions at present

The new XBRL taxonomy for financial accounting in accordance with the Swiss Code of Obligations helps to optimise the financial reporting process for Swiss companies and authorities. The tax authorities will in future be able to demand the balance sheet and income statement in XBRL format based on the Swiss Code of Obligations taxonomy for tax assessment purposes. This allows the tax authorities to evaluate companies' financial data automatically and efficiently and to identify inconsistencies. To this end, the reporting company should be in a position to generate the XBRL data from its accounting system with integrated Swiss Code of Obligations taxonomy. The company could also use the XBRL data for its own ends, to generate an automated annual report or publish its financial figures on the company website. Given that preparing annual reports with XBRL means that the reports are available in electronic format, the financial reporting processes can be optimised and reporting is made much quicker. End-to-end integration allows data validation and improves the quality of the reports. To be able to utilise these advantages easily and efficiently and, over the longer term, reduce costs, it will be necessary to integrate XBRL into current software applications. This is something the market has yet to tackle. At present, the emphasis is on solutions for individual companies.