This snapshot is a brief introduction to XBRL (eXtensible Business Reporting Language) and the XBRL representation of the IFRSs, known as the IFRS Taxonomy.
The IFRS XBRL initiative

The goal of the IFRS Foundation and its independent standard-setting body, the International Accounting Standards Board (IASB), is to provide the world’s integrating capital markets with a common language for financial reporting.

XBRL (eXtensible Business Reporting Language) was developed to provide a common, electronic format for business and financial reporting. Because both IFRSs and XBRL are intended to standardise financial reporting in order to promote transparency and to improve the quality and comparability of business information, the two form a perfect partnership.

XBRL can also easily handle language differences and therefore ease the burden associated with information translation. It is estimated that the use of XBRL could reduce the time spent analysing a single financial statement by 15 - 30 per cent, and this is without considering the improved accuracy of the data.

The IFRS Foundation recognised the potential impact that XBRL could have on financial reporting. The Foundation also realised that if XBRL were applied in conjunction with IFRSs, it could improve access for users to financial information and could also support IFRS adoption and implementation.

The IFRS Foundation therefore launched the IFRS XBRL initiative in 2001 and the IFRS Foundation XBRL Team was created.

In the current economic climate where transparency in financial reporting is regarded as vital, the regulatory and investment community are requiring more, increasingly complex business information to be reported with greater accuracy and speed.

This demand places additional pressure on those who prepare, compile and analyse this information. However, the majority of this work continues to involve manual processing and is therefore prone to time delay and (human) error, and is cost-intensive.

XBRL could potentially solve - or at least mitigate - these problems.

XBRL works in such a way that it allows financial information to be automatically accessed, extracted and processed by computers. The need to manually re-key information to adapt it to specific needs is removed.

Issuers are able to compile financial reports more speedily and with less chance of error. This in turn gives users access to more timely and accurate data, thereby enabling them to make better, more informed decisions and to produce more accurate reports in less time.

Because XBRL is adaptable and is not restricted to particular formats or tools, XBRL information can be transmitted to users in a variety of ways. Furthermore, the information contained within an XBRL report allows for increased comparability and therefore improved analysis.
The IFRS Foundation XBRL Team

The mission of the IFRS Foundation XBRL Team is to: create and provide a framework for the consistent adoption and implementation of IFRSs with a high-quality IFRS Foundation-developed IFRS Taxonomy that is consistent with IFRSs. This mission is part of the adoption and implementation strategy of the IFRS Foundation and is integrated with the development of IFRSs.

The IFRS Foundation XBRL Team is supported by two external committees: the XBRL Advisory Council (XAC) and the XBRL Quality Review Team (XQRT).

The XAC provides strategic advice on the IFRS Foundation’s XBRL activities, while the XQRT reviews developed taxonomies in order to achieve the highest level of quality by providing input and offering practical recommendations on the usability of the IFRS Taxonomy from the perspectives of both XBRL technology and financial reporting.

The IFRS Foundation XBRL Team maintains an ongoing dialogue with the IASB through the XBRL Board Advisory Group, which is composed of six IASB members, the Director of Technical Activities and the Chief Operating Officer. The team consults the Board Advisory on a broad range of strategic issues relating to the implementation of IFRSs with XBRL.

The team also consults with IASB technical staff and provides input on the structure and modelling of IFRS disclosure requirements.

In the future, it is likely that XBRL will come to play an increasingly significant role in the IASB’s standard-setting process.

Illustration: XBRL governance at the IFRS Foundation.
The IFRS Foundation’s XBRL activities

Taxonomy development

The IFRS Foundation develops a licence-free taxonomy known as the IFRS Taxonomy, that is consistent with IFRSs issued by the IASB. It is developed in accordance with a thorough, open, participatory and transparent due process.

By providing the IFRS Taxonomy, the IFRS Foundation seeks to address the demand for an electronic standard to transmit IFRS financial information.

Global outreach

The IFRS Foundation makes a concerted effort to promote the use of XBRL in conjunction with IFRSs around the world. The IFRS Foundation also encourages co-operation and communication with stakeholders of the IFRS Taxonomy.

Support materials

The IFRS Foundation produces a number of support materials to facilitate the use and understanding of the IFRS Taxonomy, including:

- XBRL illustrative examples, which illustrate the use of the IFRS Taxonomy in financial statements, in accordance with the XBRL architecture outlined in The IFRS Taxonomy Guide.
- xIFRS (IFRSs with XBRL), an online tool that supports viewing and understanding of the IFRS Taxonomy. xIFRS presents a view of the electronic IFRSs with embedded XBRL.*
- The IFRS Taxonomy Illustrated, a document that presents the structure of the IFRS Taxonomy in a simplified, visual format that does not require knowledge of XBRL.
- The IFRS Taxonomy Guide, a technical guide for users of the IFRS Taxonomy.
- The IFRS Taxonomy Modules Manager, an online tool that guides users though the process of navigating and customising the IFRS modules that make-up the IFRS Taxonomy.

Translations

Translations of the IFRS Taxonomy are provided into key languages, in order to support users of IFRSs and the IFRS Taxonomy whose primary language is not English.

To date, the IFRS Taxonomy has been translated into more than 10 languages, including Arabic, Chinese, Dutch, French, German, Italian, Japanese, Korean and Spanish.

* eIFRS (the electronic IFRSs) is the IFRS Foundation’s online subscription service that contains the electronic consolidated editions of the IFRSs and accompanying documents. It can be accessed from the IFRS website at http://eifrs.ifrs.org/.
What is XBRL?

XBRL is a data-rich dialect of XML (Extensible Markup Language), the universally preferred language for transmitting information via the Internet.

It was developed specifically to communicate information between businesses and other users of financial information, such as analysts, investors and regulators.

XBRL provides a common, electronic format for business reporting. It does not change what is being reported. It only changes how it is reported.

A typical business report on an Internet page is a closed and self-contained document. Although it can be viewed and transmitted using the Internet, its format and content is fixed; neither the format nor the content can be changed unless you change the Internet page.

As a result, to extract the information from such a report for computerised analysis requires exporting or re-keying the data into a format that can be handled by computer software.

A business report that has been prepared using XBRL is known as an instance document, and it is different to a standard business report. The information contained in the instance document is not closed and does not have a predefined, fixed format. The data can be used interactively because it can be accessed, extracted and processed automatically by computers. This interactiveness is made possible by the use of tags.

XBRL was developed specifically to communicate information between businesses and other users of financial information, such as analysts, investors and regulators.
In XBRL, information is not treated as a static block of text or set of numbers. Instead, information is broken down into unique items of data (e.g., total liabilities = 100). These data items are then assigned mark-up tags that make them computer-readable. For example, the tag `<Liabilities>100</Liabilities>` enables a computer to understand that the item is liabilities, and it has a value of 100.

Computers can treat information that has been tagged using XBRL ‘intelligently’; they can recognise, process, store, exchange and analyse it automatically using software.

Because XBRL tags are formed in a universally-accepted way, they can be read and processed by any computer that has XBRL software.

To demonstrate how XBRL tags work, an example excerpt from a typical company’s statement of financial position that has been filed using IFRS and XBRL is displayed opposite.

On the left-hand side excerpt, the company’s current assets are listed as six line items of text as they would appear in a statement, starting with Assets, Current assets, Cash, etc, and ending with Total current assets.

The right-hand side excerpt displays the same information from the same statement. However, the formatting has been removed to reveal the computer-readable XBRL tags concealed beneath the human-readable report.

An example of a statement line item and the corresponding XBRL tag has been highlighted.

Users would only encounter an XBRL report as it appears in the left-hand side excerpt (i.e., the human-readable version). This is because XBRL tags are read and processed by computers, behind the computer screen. Rendering software is then used to convert the XBRL tags in an instance document to present the information in a human-readable format, such as a statement of financial position or a cash flow statement.
About XBRL taxonomies

XBRL tags are defined and organised using categorisation schemes called taxonomies.

Taxonomies are the computer-readable ‘dictionaries’ of XBRL. Taxonomies provide definitions for XBRL tags, they provide information about the tags, and they organise the tags so that they have a meaningful structure.

As a result, taxonomies enable computers with XBRL software to:

- understand what the tag is (eg whether it is a monetary item, a percentage or text);
- what characteristics the tag has (eg if it has a negative value);
- its relationship to other items (eg if it is part of a calculation).

This additional information is called metadata. When information that has been tagged with XBRL is transmitted, the meta-data contained within the tags is also transmitted.

Taxonomies differ according to reporting purposes, the type of information being reported and reporting presentation requirements. Consequently, a company may use one taxonomy when reporting to a stock exchange, but use a different taxonomy when reporting to a securities regulator.

Taxonomies are available for most of the major national accounting standards around the world. For a company reporting in IFRS, the IFRS Foundation publishes tags for all IFRS disclosures. These tags are organised and contained within the IFRS Taxonomy.

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The IFRS Taxonomy

The IFRS Taxonomy is the XBRL representation of the IFRSs, including International Accounting Standards (IASs), Interpretations, and the IFRS for Small and Medium-sized Entities (SMEs), issued by the IASB.

The IFRS Taxonomy is an open core taxonomy, which means that it has been developed to allow companies to tailor it to their specific needs by adding their own tags. Company-specific tags that are added to a taxonomy are known as taxonomy extensions.

Like the IFRS Bound Volume*, the IFRS Taxonomy is released once a year to incorporate new IFRSs, improvements to existing IFRSs, and also changes in XBRL technology.

The annual development cycle of the IFRS Taxonomy involves the construction of an XBRL technology framework (known as an architecture) and the implementation of up-to-date IFRS disclosure and presentation requirements (i.e., financial reporting content).

The two are then combined and the result is a set of XBRL computer files which make up the IFRS Taxonomy.

This year, the financial reporting content scope of the IFRS Taxonomy has been expanded to include IFRS application and implementation guidance and illustrative examples that are commonly used by entities. This is intended to reflect IFRSs more comprehensively, thereby supporting preparers of IFRS financial statements in XBRL format.

In addition to the core taxonomy the IFRS Foundation, beginning in 2010, has also started to publish IFRS Taxonomy extensions following the publication of new IFRSs by the IASB. These extensions are known as IFRS Taxonomy *interim releases.* They contain additional taxonomy items that reflect new or improved IFRSs which are not included in—the core IFRS Taxonomy.

By publishing interim releases, the IFRS Foundation aims to support the early adoption of IFRSs by providing taxonomy items for new IFRSs once they are published by the IASB, which eliminates the need for early-adopting entities to create their own taxonomy items.

The IFRS Taxonomy is developed through a formal system of due process and broad international consultation.

This ensures transparency and compliance with best practice, and also provides quality assurance and opportunities to engage with stakeholders in order to understand their concerns and the impact that the IFRS Foundation’s decisions will have.

*The IFRS Bound Volume is the printed consolidated text of the IASB’s authoritative pronouncements and the accompanying documents—illustrative examples, implementation guidance, bases for conclusions and dissenting opinions—as issued by the IASB at the beginning of a calendar year. The IFRS Bound Volume is available from the IFRS e-shop at [http://buy.ifrs.org](http://buy.ifrs.org)."
Due process guiding considerations

Business considerations

Consistency with IFRSs
The IFRS Taxonomy reflects and is consistent with IFRSs at all times. Common-practice or industry-specific disclosures which are not included in IFRSs are not included in the IFRS Taxonomy.

Time line
The development time line of the IFRS Taxonomy is aligned with the IASB delivery timetable as closely as possible (ie with the publication of the IFRS Bound Volume).

Availability
The IFRS Taxonomy and all related files and materials are freely available.

Functional considerations

Stability
The IFRS Taxonomy is intended for use throughout the financial reporting supply chain. Consequently, the XBRL architecture and financial reporting content of the IFRS Taxonomy are developed to ensure that the taxonomy is stable and sustainable, although alignment with IFRSs requires necessary amendments to the taxonomy from a financial reporting perspective.

Extensibility
Users of the IFRS Taxonomy are permitted to extend it for their specific needs.

Usability
The IFRS Taxonomy is usable throughout the financial reporting supply chain in all scenarios and geographic regions where IFRSs are implemented, thereby improving market transparency, supporting better analysis and reducing the reporting burden.

Interoperability
The IFRS Taxonomy ensures that interoperability between different software systems is possible.

Technical considerations

Compliance
The IFRS Taxonomy is compliant with all specifications recommended by XBRL International.

New technologies and best practices
The IFRS Foundation considers the impact of new XBRL technologies (specifications) and best practices developed by XBRL International.
Applying XBRL to financial statements

Step 1: choose a taxonomy

In order to create an instance document, a company must first identify a taxonomy to use. In some cases, a company may not have the choice of the taxonomy it uses. For example, the company is filing with an agency and the agency has prescribed a specific taxonomy that must be used. If a taxonomy is not prescribed then a company must decide whether to use a published taxonomy, or to create its own taxonomy, or do a combination of the two and use a published taxonomy but add items that are specific to its own reporting needs.

Step 2: compare information

Once the taxonomy is chosen, a company must compare the line items in their chart of accounts or financial statements with the elements contained in the chosen taxonomy. The company must then identify the taxonomy elements that are equivalent to these line items. For example, the statement may report the company's liabilities, and if the taxonomy contains the element "liabilities," then this element can be used by the company. This process is known as mapping and can be done manually using a spreadsheet or using an XBRL viewing tool.

Example excerpts from a typical company's statement of financial position and the IFRS Taxonomy are displayed on the right-hand side (a statement line item and the corresponding IFRS Taxonomy element have been highlighted).

Step 3: create extensions

If the company's financial statements contain line items that do not have equivalent taxonomy elements, then a company must create its own element, known as a taxonomy extension.

Again, there are some cases when a company may not create an extension. For example, the company is filing with an agency and the agency has prohibited the use of extensions. In these cases, the company must identify an element from the taxonomy provided.

Step 4: create tags and an instance document

Once all line items and their equivalent elements have been identified (and/or created), numeric facts (monetary, decimal or share values) or text facts from the statement are tagged using XBRL software. These tags associate the facts with the taxonomy (and extension) elements, and are used to generate an instance document. The instance document should then be reviewed and checked (validated).
The origins of XBRL

XBRL is highly adaptable (extensible). Because it is an open standard without licence fees, XBRL is software and hardware independent. As a result, data that has been tagged in XBRL can be transmitted in a variety of formats and using a variety of tools. XBRL’s adaptable nature also means that it can be applied to different languages.

Although XBRL’s most recognised and common function is financial reporting, XBRL tags can be created and adapted to virtually all reporting needs and to support all standard tasks involving both financial and non-financial business data.

XBRL was originally developed in 1998 by a Certified Public Accountant to improve the exchange, publication and analysis of business information, including financial data.

Today, the ongoing development of XBRL is coordinated by XBRL International, a not-for-profit consortium of approximately 550 companies, organisations and government agencies around the world, including the IFRS Foundation.

There are currently almost thirty XBRL jurisdictions around the world. Each jurisdiction is responsible for creating taxonomies - generally for the main local accounting standards - and for promoting and facilitating the implementation of XBRL in that region.

The growing number of XBRL jurisdictions reflects the growing emergence of the standard around the world.

Illustration: XBRL jurisdictions around the world (source: XBRL International)
The future of IFRSs and XBRL

Adoption of IFRSs around the world is growing. Since the formation of the IASB and IFRS Foundation in 2001, almost 120 countries have required or permitted the use of IFRSs. All remaining major economies have established time lines to converge with, or adopt IFRSs in the near future, and few are doing so without also considering XBRL and the IFRS Taxonomy. XBRL adoption is also growing of its own accord, with new jurisdictions and projects emerging across the world.

In order to support a growing number of stakeholders and convergence of financial reporting standards, new IFRSs and improvements are being published. XBRL is also evolving with new, robust specifications being developed by international working groups, and software solutions being developed to harness these new functionalities and to ease implementation.

Combined with the lack of an alternative standard that is able to offer the same capabilities and benefits, XBRL is ideally placed to become the de facto standard for business reporting.

Yet despite a steadily rising number of users and stakeholders, and despite the success of numerous individual initiatives and projects, on a global scale XBRL remains in the early adoption phase. The benefits of XBRL adoption and implementation are being realised, but gradually.

Consequently, while XBRL is in the early phases of adoption, now is an opportune time to learn about XBRL and to prepare an implementation plan.

The IFRS Taxonomy and all related materials are freely available from the IFRS website at http://www.ifrs.org/XBRL.
Frequently asked questions (FAQs)

What is XBRL?
XBRL stands for eXtensible Business Reporting Language. It is a digital ‘language’ that was developed specifically to communicate information between businesses and other users of financial information. In XBRL, mark-up tags are used to make business information computer-readable and consumable.

Does using XBRL change the information that is reported?
No. XBRL provides a common, electronic format for business reporting. It does not change what is reported. It only changes how it is reported.

Does XBRL change financial reporting standards?
No. Financial reporting standards can be ‘translated’ into XBRL but their meaning and disclosures remain unchanged.

Is XBRL restricted to financial reporting?
No. Although XBRL’s most recognised and common function is financial reporting, XBRL tags can be created and adapted to virtually all business reporting needs.

What is a taxonomy?
A taxonomy is a computer-readable ‘dictionary’ that defines and organises XBRL tags to give the tags order and meaning.

What is the IFRS Taxonomy?
The IFRS Taxonomy is the XBRL representation of IFRSs issued by the IASB. The IFRS Taxonomy contains tags for all IFRS disclosures.

Why did the IFRS Foundation develop a taxonomy for IFRSs?
The IFRS Taxonomy was developed to address the demand for an electronic standard to transmit IFRS financial information.

What is the relationship between IFRSs and XBRL?
The goal of the IFRS Foundation is to provide the world’s integrating capital markets with a common language for financial reporting. XBRL was developed to provide a common format for business and financial reporting. Both IFRSs and XBRL are intended to standardise financial reporting, in order to promote transparency and to improve the quality and comparability of business information.

Useful links
IFRS Foundation: www.ifrs.org/xbrl
XBRL International: www.xbrl.org
Notes
For further information about the IFRS XBRL initiative, please contact the IFRS Foundation XBRL Team on telephone: +44 (0)20 7246 6410 or email: xbrl@ifrs.org