

Canadian XBRL Perspectives

From XBRL Canada

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Up-to-date News and Information on XBRL as it affects Canada

CONTENTS

Section 1 Welcome	
Section 2 Brussels, Then Montreal.....	
Section 3 ERP Survival Strategies	
Section 4 IFRS-XBRL Happenings.....	
Section 5 Forthcoming Events in Canada	
Additional Information	

SECTION 1 WELCOME

By Wasim Thaha, Past Chair of XBRL Canada

Although I rarely get a chance to watch TV, I was fortunate enough to recently watch the TV quiz show Jeopardy and saw something very interesting that I thought may be worthwhile sharing with our group.

On a recent episode of the show, Brad Rutter, the biggest all-time money winner of the show, alongside Ken Jennings, the record holder for the longest championship streak on the show, competed against a computer system capable of answering questions posed in natural language. The computer system named Watson was developed by IBM's DeepQA project and used four terrabytes of structured and unstructured data to accurately respond to clues provided by Game Show Host Alex Trebek.

Watson consistently outperformed its human opponents on the game's signaling device, but had trouble responding to a few categories, notably those having short clues containing only a few words. For each clue, Watson's three most probable responses were displayed by the television screen. Watson had access to 200 million pages of structured and unstructured content consuming four terabytes of disk storage, including the full text of Wikipedia. Watson was not connected to the Internet during the game.

The outcome resulted in a lopsided victory for Watson with a score of \$77,147, besting Jennings who scored \$24,000 and Rutter who scored \$21,600.

So you may be asking yourself at this point - well what does this have to do with XBRL?

“Elementary my dear Watson...”

XBRL seeks to structure and standardize business information, thereby making it computer understandable and enabling machines like Watson to provide more accurate and timely information to humans for decision making. Just as machines revolutionized factory jobs in the 20th Century, a similar revolution for knowledge workers appears to be on the horizon

with standards like XML and XBRL laying the groundwork for a more efficient and intelligent type of computing.

Sure today Watson maybe just answering gameshow questions, but tomorrow Watson could be providing business analytics to organizations, medical assistance to doctors, technical support to end-users, and much more. The possibilities are endless and we are limited only by our imagination.

XBRL Canada, the Canadian jurisdiction of XBRL International, has been at the forefront of XBRL knowledge and development in Canada. The consortium is dedicated to providing businesses and government information on XBRL powered solutions.

SECTION 2 BRUSSELS, THEN MONTREAL

By Gerald Trites, FCA

The 22nd XBRL International Conference is slated for May 17 – 19 at the Sheraton Brussels. The theme is “Sharing Economic Information in a Global World: The XBRL Contribution”. According to the XII website, “The program committee will shape the conference around the theme of burden reduction and Interoperability by sharing experiences on how XBRL favourably impacts enterprises and investor communication, regulatory reporting, accountancy and audit, supervisors and business registers, and data processing solutions.”

Numerous speakers and presenters will explain how XBRL has helped to reduce the burden of electronic filing of information. For example, adoption of XBRL by the National Bank of Belgium resulted in a reduction of 35% in filing fees and global savings in administrative costs of 17.3 million Euros annually.

Adoption of XBRL by several regulators and government departments in Australia is expected to save in the order of 800 million dollars annually.

XBRL also improves data quality, largely through the reduction in human involvement in data generation. The FFEIC, regulator of the banks in the United States, adopted XBRL for all bank call reports in 2006. Since then they reported that 95% of the XBRL data met quality requirements as opposed to 66% of the pre XBRL data and were 100% mathematically accurate in XBRL as opposed to 30% prior.

These and other experiences with XBRL will provide lots of good material for discussion.

The next XII conference after Brussels will be held in Montreal during the week of October 23rd, 2011. Mark your calendars!

SECTION 3 ERP SURVIVAL STRATEGIES

By Mark O'Connor,
Multi-Access Systems

Both IFRS and US GAAP, are leading to the production of increasingly more complex Financial Statement notes and supporting schedules.

Already stretched to the limit, monolithic ERPs like SAP, PeopleSoft and Lawson, are being further challenged by accounting standard schedules and scenario analysis requirements. ERPs have difficulty for example, in tracking and valuation of fleet aircraft equipment. These assets are reported separately by component part including; airframes, engines, interior and cockpit instruments. Each accounted for hourly or by number of landings - if they are in active

service. For these records equipment maintenance reporting logging systems are usually a source, among others, of asset use information.

Spreadsheet Hell

The result is that accounting groups have fallen back to Excel spreadsheets to feed the Financial Statement's and their notes and schedules. The statements and schedules become effectively a dead-end and may require re-creation for further annual and quarterly reporting or for other management reporting. Adjustments require problematic dual postings.

A common tactic in Financial Statement close and publication is to use the ERP to a point – say a partial draft statement - then load only what is necessary into a spreadsheet or application for the remaining processes. As a result Financial Statement production has become riskier, more complex, and more challenging for regulatory CFO/CEO certification signoffs.

XBRL tagging, as required by the SEC and others, adds another layer of complexity to report production processes. Yet, with XBRL, there lies the opportunity to wrestle back control and reduce risk by using XBRL to structure, standardize and classify information through automation. After the initial couple of years of manually managing revised reporting standards and regulation there will be a need for sustainability and to better manage risk. To help, either ERP vendors will come up with support for XBRL, account data and process integration or new specialized software tools will emerge to standardize information tracking.

Strategies

More organizations are looking at strategies for supporting statement and schedule data gathering and XBRL tagging close to the source and flow of information. There is a compelling argument for using XBRL in any business application or process that will supply business intelligence reporting information. Specialized application software is slowly emerging to assist firms. Therefore accounting system architectural strategies need to be nimble to take advantage of these common processes as they become available.

Software application developers are targeting gaps in information gathering and processing. Further opportunities exist for specialized applications to collect, format and manage information for statement preparation and management reporting. ERP vendors are expected to follow or to acquire software firms that have the technology solutions. ERP vendors have, in the past decade, been observers of XBRL standards progress. However they have a weak track record of providing process and data integration tools for support of management reporting and financial statement preparation. Environmental and non-traditional accounting metrics tracking are further indicators of opportunities for software development entrepreneurs to service this niche using the XBRL standard.

XBRL is an opportunity to strengthen the backbone automated accounting processes while reducing management risk.

SECTION 4 IFRS-XBRL HAPPENINGS

The IFRS Foundation has issued a call for listed IFRS filers to participate in a voluntary XBRL Detailed Tagging Task Force.

The Foundation is establishing a task force to examine detailed XBRL (eXtensible Business Reporting Language) tagging in IFRS (International Financial Reporting Standards) financial statements, and is looking to work directly with preparers from listed companies from different industries and regions.

The task force is a follow-up to the pilot initiative that it recently concluded with US-listed foreign companies to produce US-SEC (United States Securities and Exchange Commission)-compliant IFRS financial reports in XBRL format.

The detailed tagging of financial statements using the IFRS taxonomy is of concern to over 350 Canadian companies – those who are cross-listed with the SEC and are converting to IFRS this year. Detailed tagging has been of some concern to those companies who use US GAAP and have had to file with the SEC. While detailed tagging promises to be less onerous under the IFRS taxonomy, it will still lead to issues that could be addressed in time for implementation. So it is in the interests of companies to take part in the IASB Foundation project. Applications to participate will be accepted until April 10.

For More information

View more details about the voluntary XBRL Detailed Tagging Task Force on <http://www.ifrs.org/News/XBRL/Detailed+tagging+taskforce.htm>.

SECTION 5 FORTHCOMING EVENTS IN CANADA

XBRL Canada offers a series of seminars during the year. Generally, they are half day seminars, with a registration fee of \$175, including morning juice, coffee and muffins. Registration is available at www.xbri.ca.

The seminars currently scheduled include the following:

- 1 April 7, 2011, Toronto – Intro to XBRL – Wasim Thaha and Gerald Trites.
- 2 April 20, 2011, Toronto (CICA) – Using the IFRS Taxonomy, Hands on Workshop
- 3 May 10, 2011, Ottawa – Intro to XBRL
- 4 June 16, 2011, Toronto (CICA) – Using the IFRS Taxonomy, Hands on Workshop

ADDITIONAL INFORMATION

XBRL Canada

Supported and administered by

The Canadian Institute of Chartered Accountants

277 Wellington St W

Toronto, Ont

M5V3H2

Newsletter Editor

Gerald Trites, FCA

gtrites@xbri.ca

Website

www.xbri.ca