1. Introduction

Digital financial reporting, using global standard technical specifications such as the Extensible Business Reporting Language (XBRL), is fast becoming the new paradigm for financial reporting. Digital financial reporting is part of a broader trend, digital business reporting in general. While this new digital paradigm has not overtaken the current financial reporting paradigm, chances are that it will. Now one knows for sure exactly when, no one knows everything about what this change might mean.

To remain relevant, CPAs and other accountants need to adjust their thinking about how to appropriately modify financial reporting to keep up with the digital revolution. These and other business professionals need to figure out the best ways to employ this new digital medium, where, and the impact of any change.

This document helps CPA, other accountants, financial analysts, regulators, and other business professionals understand the moving pieces of the new digital financial reporting paradigm.

1.1. About this document

This resource helps accountants, internal and external auditors, financial analysts, regulators, and other business professionals work with financial information which is expressed using digital financial reports. This resource helps these business users cut through all the noise and misunderstandings; allowing them to focus on what is truly important and not be distracted by the underlying technology which there is no need for business users to ever deal with.

This resource also helps software vendors understand what business users truly need from software applications in support of digital financial reporting.

While this resource uses XBRL to explain digital financial reporting, XBRL is really only one of many technical tools which will be employed for digital financial reporting. While XBRL is a widely technical tool, it is not the only tool and there is more to digital financial reporting than the XBRL technical tools. XBRL is simply one of many enabling technologies.

Information in this document was accumulated over a period of about twelve years. It represents, arguably, the best resource available today to understanding digital financial reporting. The information and knowledge has been accumulated, synthesized, organized, and explained as best as possible given the current point in time of the evolution of XBRL, digital financial reporting, software available to business users, etc.

1.2. Assumptions about reader

We make the following assumptions about the reader of this resource:

- We assume that you are not the average user but rather somewhat of an early adopter or someone who will be helping the average business user understand digital financial reports. As software improves, the complexity of digital financial reports will be absorbed by software. However, at this stage of the evolution of digital financial reports we have not reached the ease of use required for the average accountant to make use of digital financial reports.

- We assume that you understand the basics of the XBRL technical syntax. If this is not the case we would encourage the reader to become familiar with the XBRL technical syntax to get the most from this document. A good resource for the understanding of the XBRL technical syntax which the reader needs is chapter 4 An XBRL Primer in the book *XBRL for Dummies*.

- We assume that you understand financial reporting and will not explain fundamental financial reporting concepts and terminology.

- We assume that you will dig into the details of examples provided using good software. This will help you grasp important details. This is not a resource for understanding how to use any specific software application for the purpose of digital financial reporting.

1.3. Organization of this document

We have organized this resource into sections. Each section serves a specific purpose and fulfills a specific need for any business user endeavoring to understand digital financial reporting.

Digitizing Financial Reports explains how we get from paper-based financial reports to digital financial reports. It also provides necessary background for understanding the differences between paper-based or electronic financial reports and digital financial reports.

Overview of Accountants Perspective helps bring into focus things accountants should be thinking about as they endeavor to understand digital financial reporting.

Foundation for Understanding provides necessary background information which will allow business users to understand the technology they are working with. It is key to have a sound understanding of the difference between syntax and semantics as well as the difference between unstructured and structured information, as an example.

Resources for Getting Started point you to resources which will be useful as to undertake your journey.

Identifying and Defining Financial Report Semantics sets the foundation for understanding digital financial reports. This section brings into consciousness things that accountants understand, but don't really think about. These things need to be put into a form so that computers can work with them in order for a computer to help accountants derive value from a digital approach to financial reporting.

Understanding Financial Reporting Domain Semantics explains the next layer of semantics about the financial report itself, semantics which relates to the financial reporting domain, the industry/activity, and semantics unique to the reporting entity. Very high level but specific examples are provided in order to help accountants grasp these critical ideas.

Financial Report Model Elements reconciles the model we will be using to the financial report semantics brought into consciousness in the previous section.

The **Relations Between Financial Report Model Elements** further explains the model by explaining the relations between the report elements described in the prior section.

Verification of Digital Financial Reports dives into helping you understand if a digital financial report is a true and fair representation and the representation which you intended.

One highly desirable result of expressing financial reports digitally is so the information can be more easily used by analysts. The section **Analysis and Comparison of Digital Financial Reports** covers important aspects of using digital financial reports.

Special or Specific Modeling Considerations dives into a little more specific examples related to digital financial reports.

Metapattern Examples, **Business Use Case Examples**, **Comprehensive Example**, **Financial Disclosure Template Examples**, and **Reference Implementation of Model** sections provide a rich set of detailed examples you can use to further your understand this material.

1.4. Additional resources

Throughout this document sample files, examples, and other information is referenced. Each section will refer you to this additional information which is useful. All of this information is also summarized in one location which you can find here:

http://xbrl.squarespace.com/digital-financial-reporting/

We will also provide additional information, updated information, and otherwise provide additional resources you might need at this blog.

The following is other resources which you will likely find helpful:

- *Digital Financial Reporting Wiki* (http://digitalfinancialreporting.wikispaces.com/home) is where you can find updated information, downloads, examples, error corrections, etc.

- *Digital Financial Reporting Blog* (http://xbrl.squarespace.com) contains the most current information and other additional resources.

- *XBRL for Dummies* (http://xbrl.squarespace.com/xbrl-for-dummies) by Charles Hoffman and Liv Watson helps understand what XBRL is, what it is not, and provides good chapter, An XBRL Primer, which helps you understand the XBRL technical syntax should you want to delve into that. It also helps you understand how others are making use of XBRL and helps business readers understand the notion of a supply chain.

- *Everything is Miscellaneous* (http://goo.gl/wvGZT) by David Wenberger helps business readers understand the strategic implications of digital financial reports and how fundamental things will change about financial reporting.

- *Models Behaving Badly* (http://goo.gl/HX3fY) by Emanuel Derman helps business users understand the difference between a theory, a model, metaphor. The first section "Models" is crucial, the entire book is interesting.

- *Arelle (http://arelle.org)* is a high quality, free, open source XBRL processor. For those who are more technical, this is a great resource.

1.5. Where next

Digital financial reporting is just getting started. Many new opportunities will be created for accountants who learn to harness these new tools. Older tools will become less relevant.

Even though something like the SEC XBRL mandate does not affect you directly does not mean that you should not be proactive and that there is nothing that can be learned from the pioneers who are blazing the digital financial reporting trail.

Get some software, try things out, maybe even dig deeper into the details provided by links in this document, additional details provided within the appendices of this document, or resources you discover elsewhere.

1.6. Acknowledgements

While I did physically create the information in this resource, I could have not done so without the gracious help of a number of people, directly and indirectly, over the years. I see myself as merely a custodian of this important information, nurturing it along for the benefit of all, condensing countless discussions into something hopefully useful for the common good.

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