Essentials of XBRL-based Digital Financial Reporting

Understanding and using modern approaches to financial reporting when the report model can be altered or reshaped by report creators

by

Charles Hoffman, CPA

A resource for professional accountants who want to understand and otherwise work with XBRL-based digital financial reports including external financial reporting managers, internal auditors, external auditors, financial analysts, regulators, and other business professionals. A resource for software engineers who want to implement useful software which will be used by professional accountants.

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http://xbrlsite.azurewebsites.net/2021/essentials/Index.html
About the author:

Charles Hoffman, CPA, is credited as being the Father of XBRL. He started his public accounting career as an auditor with the international firm then called Price Waterhouse, served various roles in industry and public accounting for over 25 years, and has worked with XBRL since its introduction by the AICPA in 1998. In 2006, he received the AICPA Special Recognition Award for his pioneering role in developing XBRL. He has authored numerous publications including XBRL for Dummies, a number of Journal of Accountancy articles, writes a blog relating to XBRL, and contributed to a number of XBRL related technical specification and best practices documents. Currently, Charlie works as a consultant to CPAs and software vendors who want to better understand the subtle details of this new digital medium.

Charlie was co-editor of the first ever US GAAP XBRL taxonomy, contributor to the XBRL 2.1 Specification and the XBRL Dimensions specification, editor of the Financial Reporting Taxonomy Architecture and Financial Reporting Instance Standards, co-author of the US GAAP Taxonomy Architecture, part of the project team which created the US GAAP Taxonomy, and a major contributor to the IFRS XBRL taxonomy for a five-year period, and consultant to numerous other XBRL taxonomy projects.

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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There are others which I probably left off and for this I apologize. I acknowledge and appreciate the thinking others contributed to this endeavor.
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"I skate to where the puck is going to be, not where it has been.”  Wayne Gretzky, legendary Canadian hockey star

"Being ignorant is not so much a shame, as being unwilling to learn.”  Benjamin Franklin

A **best practice** is a method or technique that has been generally accepted as superior to any other known alternatives because it produces results that are superior to those achieved by other means or because it has become a standard way of doing things.

Best practices (or good practices) are techniques that have produced outstanding results in other situations, inside or outside of a particular organization and which can be validated, codified, and shared with others and recommended as models to follow. This document helps professional accountants understand the essentials of XBRL-based digital financial reports, the dynamics of those reports, and a best practices (good practices) **control mechanism** or method that has proven to consistently yields high-quality XBRL-based financial reports where the report model can be “reshaped” or “altered” or “modified” by report creators. US GAAP, IFRS, and UK GAAP are such financial reporting schemes.

In this document we try and provide essential information with a comprehensive set of references to additional material which provides more detailed explanations of these important ideas.

1. **Introduction**

In this section we will take a very basic introductory look at the physical and logical details of financial reports and XBRL and provided an over-arching framework that is helpful in pulling the details together. The goal is to provide you with a high-level understanding of XBRL and a path to greater understanding. We expose XBRL to you in layers with each level building on the previous. We are not going to teach you specific software applications in this document, you are on your own for finding the software you need. We do point you to some free and open source software that gets the job done.

We will not be covering the subtleties and nuances of XBRL here. We do provide a foundation upon which to build. You do not need to understand accounting or financial reporting to understand this section; but because many people understand the basics of a financial report and because this is targeted mainly at professional accountants and because I am a professional accountant; I will be providing a lot of financial reporting related examples. For the details see *Mastering XBRL-based Digital Financial Reporting*.

1.1. **Essence of a General Purpose Financial Report**

A general purpose financial report is a high-fidelity, high-resolution, high-quality information exchange mechanism. The report is a collection of values and disclosures.

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(complex logical information) required by statutory and regulatory requirements plus whatever management of an economic entity wants to voluntarily disclose. The report represents quantitative and qualitative information about the financial condition and financial performance of an economic entity. That financial report is expected to be a true and fair representation of information about the reporting economic entity. There are a number of different financial reporting schemes that might be used to create that report: US GAAP, IFRS, IPSAS, GAS, FAS, etc.

Financial reports are not forms. Financial reports are not uniform. Financial reports have variability allowed by reporting rules. This consciously allowed variability is an essential, characteristic trait of robust reporting schemes such as US GAAP, IFRS, and others. This variability contributes to the richness, high-fidelity, and high-resolution of reported financial information that is unique to an industry sector, a style of reporting, or an economic entity. This variability is a feature of such reporting schemes. Different reporting styles, different subtotals used to aggregate details, and using some specific approach given a set of allowed alternatives are examples of variability. Variability does not mean “arbitrary” or “random”. There are known identifiable patterns.

And so, any technical implementation of financial reporting needs to be able to properly, correctly, and fully support that allowed variability so that those reporting information and those consuming that reporting information are on the same page. Report creators can adjust, reshape, and otherwise modify a financial report model within permitted bounds. Those modifications must be controlled appropriately in order to achieve the necessary quality and an effective information exchange. And keep in mind that one of the users of this information could be a machine such as an intelligent software agent.

Consider the following use case of a general purpose financial report:

Two economic entities, A and B, each have information about their financial position and financial performance. They must communicate their information to an investor who is making investment decisions which will make use of the combined information so as to draw some conclusions. All three parties (economic entity A, economic entity B, investor) are using a common set of basic logical principles (facts, statements, deductive reasoning, inductive reasoning, etc.), common financial reporting standard concepts and relations (i.e. US GAAP, UK GAAP, IFRS, IPSAS, etc.), and a common world view so they should be able to communicate this information fully, so that any inferences which, say, the investor draws from economic entity A’s information should also be derivable by economic entity A itself using basic logical principles, common financial reporting standards (concepts and relations), and common world view; and vice versa; and similarly for the investor and economic entity B.

The following is a set of principles related to a general purpose financial report:

- A general purpose financial report is a high-fidelity, high-resolution, high-quality information exchange mechanism.
- Prudence dictates that using information from a financial report should not be a guessing game.

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• All formats conveying information should convey the exact same meaning be that format paper, e-paper, or some machine-readable format.

• Explicitly stated information from information bearers or reliably derived information is preferable to requiring information receivers to make assumptions.

• Double entry accounting enables processes that allow for the detection of information errors and to distinguish errors (unintentional) from fraud (intentional).

• Catastrophic logical failures are to be avoided at all cost as they cause systems to completely fail.

Depicted graphically; the essence of what is taking place when an economic entity, an information bearer, provides information to some information receiver such as an investor, regulator, or lender; is such:

All of this can be described logically in a manner that is easy for a professional accountant to understand.

Rules are used to articulate allowed variability and “channel” creators of reports in the right direction and therefore control variability, keeping the variability within permitted limits. That keeps report quality where it needs to be. Rules enable things like preventing a user from using a concept meant to represent one thing from unintentionally being used to represent something different. Further, the discipline of describing something in a form a computer algorithm can understand also assists you in understanding the world better; weeding out flaws in your understanding, myths, and misconceptions about accounting and reporting standards.

Given the sophisticated requirements of something like a general purpose financial report the XBRL technical syntax needs to be able to reliably deliver specific
functionality to make XBRL-based digital general purpose financial reports work appropriately.

1.2. How XBRL Works

For step one in your journey into XBRL-based digital financial reporting, I would suggest that you watch the popular video, How XBRL Works\(^5\). The video will supply you with a very brief explanation as to what XBRL actually is and how it works. If you would like some supplemental background information, also watch the video XBRL Overview\(^6\).

In a future and optional section, we are going to show you the ugly, technical details of XBRL. The good news is that you will never need to look at XBRL at this technical level ever again if you do not want to. That level is intended for consumption by a computer. We are going to focus on the logical description of an XBRL-based financial report. After all, a financial report is a logical system.

1.3. Financial Report is a Logical System

A financial report is a logical system devised by man between about 5,000 and 10,000 years ago\(^7\). There is nothing natural about financial reports, they do not exist in nature. A financial report is not an economic entity, it simply conveys certain specific details about the financial status and financial performance of an economic entity. To discuss financial report logical systems, we need a bit of precise jargon which we will provide now in as simple terms as possible to provide that description.

Representation theory\(^8\) is a way of taking complicated objects and "representing" them with simpler objects. Essential elements are provided for and unimportant information is ignored. Domain experts determine what is essential and what is unimportant.

1.4. Simple Explanation of Logical System

A system can be explained by a logical theory. A logical theory is an abstract conceptualization\(^9\) of specific important details of some area of knowledge. The logical theory provides a way of thinking about an area of knowledge by means of deductive reasoning to derive logical consequences of the logical theory.

A logical theory enables a community of stakeholders trying to achieve a specific goal or objective or a range of goals/objectives to agree on important logical statements used for capturing meaning or representing a shared understanding of and knowledge in some area of knowledge.

A logical theory is made up of a set of logical models, structures, terms, associations, rules, and facts. In very simple terms,

- **Logical theory**: A logical theory is a set of models that are consistent with and permissible per that logical theory.

\(^6\) YouTube.com, Charles Hoffman, CPA, XBRL Overview, https://youtu.be/ibfQwRTP4_c
- **Model**: A *model*\(^\text{10}\) is a set of structures that are consistent with and permissible interpretations of that model.

- **Structure**: A *structure* is a set of logical statements which describe the structure.

- **Logical statement**: A *logical statement* is a proposition, claim, assertion, belief, idea, or fact about or related to the area of knowledge to which the logical theory relates. There are four broad categories of logical statements:
  - **Terms**: *Terms* are logical statements that define ideas used by the logical theory such as “assets”, “liabilities”, “equity”, and “balance sheet”.
  - **Associations**: *Associations* are logical statements that describe permissible interrelationships between the terms such as “assets is part of the balance sheet” or “operating expenses is a type-of expense” or “assets = liabilities + equity” or “an asset is a ‘debit’ and is ‘as of’ a specific point in time and is always a monetary numeric value”.
  - **Rules**: *Rules* are logical statements that describe what tend to be IF…THEN…ELSE types of relationships such as “IF the economic entity is a not-for-profit THEN net assets = assets - liabilities; ELSE assets = liabilities + equity”.
  - **Facts**: *Facts* are logical statements about the numbers and words that are provided by an economic entity within a financial report. For example, the financial report might state “assets for the consolidated legal entity Microsoft as of June 20, 2017 was $241,086,000,000 expressed in US dollars and rounded to the nearest millions of dollars.

**Properties** are logical statements about the important qualities and traits of the models, structures, terms, associations, rules, and facts.

Fundamentally, a logical theory is a set of logical statements. Those logical statements can be represented in human-readable form or they could be expressed in machine-readable form. Once in machine-readable form, those logical statements can be interrogated using software applications. To the extent that this can be performed effectively; software tools can assist professional accountants, financial analysts, and others working with those logical statements.

### 1.5. Properly Functioning Logical System

In her book *An Introduction to Ontology Engineering*\(^\text{11}\), C. Maria Keet, PhD, provides discussion about what constitutes a good and perhaps a not-so-good ontology. There are three categories of errors she discusses:

- **Syntax errors**: She discusses the notion that a syntax error in an ontology is similar to computer code not being able to compile. For example, when an XBRL processor tells you that your XBRL taxonomy is not valid per the XBRL technical specification.

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• **Logic errors**: She discusses the notion of logical errors within an information which cause the information to not work as expected. For example, if you represented something in your XBRL taxonomy as a credit when it should have been a debit.

• **Precision and coverage errors**: Finally, Keet discusses the notions of precision and coverage when it comes to judging whether information is good or bad.

Keet uses those terms, others use different terms including sound, complete, and effective to describe a well-functioning logical system. There are other descriptions as well. The following is the description that I will use.

A logical system is said to be **consistent** with a logical theory if there are no contradictions with respect to the logical statements made by the logical theory that describes the logical system.

A logical theory can have high to low **precision** and high to low **coverage** with respect to describing a logical system.

**Precision** is a measure of how precisely the information within a logical theory has been represented as contrast to reality of the logical system for the area of knowledge. **Coverage** is a measure of how completely information in a logical theory has been represented relative to the reality of the logical system for the area of knowledge.

When a logical system is consistent and it has high precision and high coverage the logical system can be considered a **properly functioning logical system**. When a logical system is properly functioning, it creates a virtuous cycle\(^\text{12}\).

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A logical theory conveys knowledge and that knowledge can be represented within a knowledge graph. For more detailed information related to logical theories and logical systems, please see *Logical Systems*\(^{13}\).

### 1.6. **Very Simple Example of Logical System**

We will provide an example of a logical system to strengthen your understanding of logical systems. A very simple example of a logical system is the accounting equation. Here is a description of the accounting equation logical system in both human-readable terms and machine-readable terms using XBRL:\(^{14}\):

**Terms**: Three simple terms are defined: Assets, Liabilities, Equity. One complex term is defined, balance sheet.

**Structure**: One structure is defined, the balance sheet, and identified using the term balance sheet.

**Associations**: The three terms Assets, Liabilities, and Equity are associated in that they are all PART-OF the structure balance sheet.

**Rules**: A mathematical assertion is made that "Assets = Liabilities + Equity".

**Facts**: Instances of three facts are established to exercise the model: Assets of $5,000; Liabilities of $1,000; Equity of $4,000.

**Model**: All of the terms, associations, assertions, structures, and facts describe the model. We created only one model, or permissible interpretation, of the logical theory. (As accountants know, if you reverse the equation using the rules of math to "Equity = Assets - Liabilities" and change the term "Equity" to "Net Assets"; then you get another permissible interpretation or model.)

Because this is a very simple example with only a few statements it is easy to get your head around this system and see that it is consistent, complete, and precise. As expected, you see three facts described by three terms which are related to one structure and the one rule is consistent with expectation:

As the size of the logical system increases it becomes increasingly more challenging to verify that the logical system is properly functioning using manual processes. We will discuss the types of things that can go wrong with a system in a later section. Essentially, the models, terms, structures, rules, and facts form a directed acyclic

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graph or knowledge graph such as this simplified knowledge graph which describes the system we are discussing:

Eventually you get the general idea from this simplified wireframe representation of our logical system as a knowledge graph.

While a typical financial report is significantly larger (i.e. the Microsoft 2017 10-K is made up of 194 structures, 2035 facts, etc.) every financial report works the same as this very simple example but just has more pieces.

To engrain the basic ideas of a logical system and the financial report logical system in your mind, let us look at a very simple “hello world” example of a fragment of an XBRL-based digital financial report logically.

If you want more information about the financial report logical system at this point, I would encourage you to watch the YouTube.com video playlist Understanding the Financial Report Logical System.

2. Basics

Here we start with the very basics of XBRL-based digital financial reporting. In this section, please focus on the mechanics of what you are doing so that you understand the mechanical aspects of what you are doing. In the next section we will build on your conceptual understanding.

We will work through the Hello World tutorial here in this section. If you have a software application for creating XBRL-based models and reports and feel comfortable

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16 YouTube.com, Charles Hoffman, CPA, Understanding the Financial Report Logical System, [https://www.youtube.com/playlist?list=PLqMZRUzQ64B7EwamzDP-WaYbS_W0RL9nt](https://www.youtube.com/playlist?list=PLqMZRUzQ64B7EwamzDP-WaYbS_W0RL9nt)
then move to the next section now. If you don’t have software and don’t feel comfortable; then please work through the Accounting Equation, SFAC 6 Very Basic, SFAC 6 with Dimensions and Common Elements of Financial Report examples using the free Luca software application, the free open source Microsoft Access database software application, or any software application of your choice. Work on these specific examples until you feel that you have the mechanical aspects of using your specific software application down pat.

These four videos will help you work through the mechanics of using the Luca or Microsoft Access database application:

- Accounting equation using Luca: https://youtu.be/KfT-uL-DIvE
- Accounting equation using Access: https://youtu.be/POPq49tp9PE
- SFAC 6 using Luca: https://youtu.be/O5TuDPPuvQ

Again, the focus is on getting down the mechanics of creating a very basic XBRL-based digital financial report; understanding the terms model, structure, term, association, rule, and fact; and understanding the basics of how all these pieces fit together.

To synthesize this understanding for you, we will walk through a very basic example next.

### 2.1. Cloud-based Luca

Another alternative to understanding the basics is to use a new cloud-based version of Luca.

With this new cloud based version of Luca you can enter information manually, import information using Excel, or use an application programming interface (API) to create XBRL-based financial reports.

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2.2. Hello World! (logical perspective)

You have used a conceptual model if you are an accountant and probably don’t even realize it. Electronic spreadsheets are broken down into the rows, columns, cells, sheets, and workbooks that make up the pieces of an electronic version of a spreadsheet. Those ideas came from the paper-based spreadsheet that likewise had rows, columns, cells, and sheets.
Did you realize that Excel is actually similar to the XBRL XML files? Create a workbook, rename the extension “.zip”, and then go into the ZIP file. You will see a bunch of XML files. Do you ever work with Excel at the level of those XML files? Probably not. It is also highly-likely that you will never work with XBRL at the level of the XML files that holds the contents of the XBRL either.

So, we will start with exactly the same screen shot of the same fragment of a financial report that we might use to look at the ugly technical syntax which software generates from the underlying XBRL file. Here is that human readable representation:

<table>
<thead>
<tr>
<th>Property, Plant and Equipment, Net [Roll Up]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-12-31</td>
</tr>
<tr>
<td>Land</td>
<td>5,347,000</td>
</tr>
<tr>
<td>Buildings, Net</td>
<td>244,508,000</td>
</tr>
<tr>
<td>Furniture and Fixtures, Net</td>
<td>34,457,000</td>
</tr>
<tr>
<td>Computer Equipment, Net</td>
<td>4,169,000</td>
</tr>
<tr>
<td>Other Property, Plant and Equipment, Net</td>
<td>6,702,000</td>
</tr>
<tr>
<td>Property, Plant and Equipment, Net</td>
<td>295,183,000</td>
</tr>
</tbody>
</table>

We enter the terms in a software application called Luca which you can download for free and use to create this Hello World example. The Luca application uses a conceptual model, the Logical Theory Describing Financial Report, to hide the XBRL technical syntax to the software user, exposing only accounting logic which accountants understand. So, there is no need to understand the XBRL technical syntax.

**Terms** (simple terms)

From a logical perspective, we first define the simple terms that are used by the report model and the report itself. If you use Luca, after you have entered each term you see the following: (i.e. if you create this it should look exactly like the following)

**Structures** (complex terms)

From a logical perspective, we need to define structures using complex terms into which terms and association types will be used to explain the associations or

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relationships between terms. There is only one structure in the Hello World example: (again, what you create should look identical to what you see below)

Associations

From a logical perspective, we must explicitly define the associations that enable a machine to understand how to organize facts and terms into the rendering that you see above. There are two sets of logical relations that we must express.

*Presentation model structure*

Mathematical roll up relations (one alternative approach for representing roll ups)

Rules (optional, we already defined rule using XBRL calculations above)

From a logical perspective, we must explicitly define rules that enable a machine to understand required and/or permissible constraints, restrictions, derivation, assertions, and other such rules.

In this case, the only mathematical computation is the roll up of property, plant and equipment net which is expressed using XBRL calculation relations. We will duplicate this rule using a consistency rule:
Facts

From a logical perspective, we must explicitly represent the facts that will be provided within the report. Here are those facts:

![Fact Table](https://example.com/fact_table.png)

**IMPORTANT NOTE!!!** Notice the “Save” button above the facts that were entered. Be sure to press that “Save” button or the facts will not be saved by the application.

The end result is exactly the same as the technical perspective representation. The logical representation is used to generate the technical representation.

If you are interested, this link below has a Microsoft Access database application that generated all of the Hello World example files. If you are motivated, this is a great way to understand how to represent the conceptual model of a financial report within a relational database:


The database generated application is a bit more sophisticated because it contains XBRL references and Inline XBRL examples. Software engineers trying to create financial reporting or business reporting tools that output XBRL might find this example useful.

After all the above is entered, saved as XBRL, verified to be consistent with the XBRL technical specification, and then loaded into a software application that understands XBRL you should see something like the following:

![Hello World Representation](https://example.com/hello_world_representation.png)

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Alternatively, if you load this into Pesseract, it would look like the following:

It may not seem obvious but what you are seeing is actually pretty remarkable. Two completely different software applications created by two completely different software vendors and the information looks virtually the same. Why is that? The reason is that XBRL is a global standard. Agreement as to the technical syntax and as to the logic of the representation means that any software application that supports the standard can use the reported information.

Not every detail is exactly the same, but important details are the same.

So, let's have a bit of a more detailed look what commercial software provides for the simple Hello World example that we created in XBRL.

2.3. Hello World! (commercial software perspective)

Now we are going to look at the exact same thing as that ugly technical stuff (that is coming in the next section) but we will look using a commercially available software tool provided by XBRL Cloud called the Evidence Package. We are using this because it is simply a set of HTML pages that shows you what is contained in those XBRL files in terms a professional accountant can understand. XBRL Cloud has let me make this and other examples available so that you can easily have a look at the examples that I am providing.

Now, in the explanation of the technical details of taxonomy schemas and linkbases I left a few details out to make the bigger picture easier to grasp. As I said, we will drill down into many of those details in this document. But to master all of the technical details will require more work that just reading this very basic primer.

But, let's go through what you will see in the next section with the technical details but this time we are applying a logical conceptual model and see how much easier all this stuff is to read. Remember, what you see in the human readable representations was created from only the XBRL files that we created in the prior section. So here we go, preparing you to have a look at the technical details in the next section.

Terms

In the next section we will talk about the taxonomy schema and the label linkbase. Well, here that information is in a nicer computer-generated rendering:

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23 Pesseract, [http://pesseract.azurewebsites.net](http://pesseract.azurewebsites.net)

Rules

And, remember the mathematical relations represented by the XBRL calculation relations. Well, here are those in an easier to read form:\(^25\):

<table>
<thead>
<tr>
<th>Label</th>
<th>Rendered</th>
<th>Reported</th>
<th>Calculated</th>
<th>Balance</th>
<th>Decimals</th>
<th>Message</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment, Net [Roll Up]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>5,347,000</td>
<td>5,347,000</td>
<td>5,347,000</td>
<td>DR</td>
<td>INF</td>
<td></td>
</tr>
<tr>
<td>Buildings, Net</td>
<td>244,508,000</td>
<td>244,508,000</td>
<td>244,508,000</td>
<td>DR</td>
<td>INF</td>
<td></td>
</tr>
<tr>
<td>Furniture and Fixtures, Net</td>
<td>34,457,000</td>
<td>34,457,000</td>
<td>34,457,000</td>
<td>DR</td>
<td>INF</td>
<td></td>
</tr>
<tr>
<td>Computer Equipment, Net</td>
<td>4,169,000</td>
<td>4,169,000</td>
<td>4,169,000</td>
<td>DR</td>
<td>INF</td>
<td></td>
</tr>
<tr>
<td>Other Property, Plant and Equipment, Net</td>
<td>6,702,000</td>
<td>6,702,000</td>
<td>6,702,000</td>
<td>DR</td>
<td>INF</td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment, Net</td>
<td>295,183,000</td>
<td>295,183,000</td>
<td>295,183,000</td>
<td>DR</td>
<td>INF</td>
<td></td>
</tr>
</tbody>
</table>

Associations

Finally, here are the XBRL presentation relations represented in an easier to read form:\(^26\):

<table>
<thead>
<tr>
<th>Label</th>
<th>Report Element Class</th>
<th>Period Type</th>
<th>Balance</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment, Net [Roll Up]</td>
<td>[abstract]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings, Net</td>
<td>[concept] Monetary</td>
<td>As Of</td>
<td>Debit</td>
<td>pattern:Land</td>
</tr>
<tr>
<td>Furniture and Fixtures, Net</td>
<td>[concept] Monetary</td>
<td>As Of</td>
<td>Debit</td>
<td>pattern:FurnitureAndFixturesNet</td>
</tr>
<tr>
<td>Computer Equipment, Net</td>
<td>[concept] Monetary</td>
<td>As Of</td>
<td>Debit</td>
<td>pattern:ComputerEquipmentNet</td>
</tr>
<tr>
<td>Other Property, Plant and Equipment, Net</td>
<td>[concept] Monetary</td>
<td>As Of</td>
<td>Debit</td>
<td>pattern:OtherPropertyPlantAndEquipmentNet</td>
</tr>
<tr>
<td>Property, Plant and Equipment, Net, Total</td>
<td>[concept] Monetary</td>
<td>As Of</td>
<td>Debit</td>
<td>pattern:PropertyPlantAndEquipmentNet</td>
</tr>
</tbody>
</table>

---


A little more computer magic\textsuperscript{27}; you take all those machine-readable details, run them through what is called an XBRL processor, and presto-chango; you get that nice looking, easy to read computer-generated rendering. And remember, the information is also readable by machine-based processes\textsuperscript{28}:

<table>
<thead>
<tr>
<th>Property, Plant and Equipment, Net [Roll Up]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-12-31</td>
</tr>
<tr>
<td>Land</td>
<td>5,347,000</td>
</tr>
<tr>
<td>Buildings, Net</td>
<td>244,508,000</td>
</tr>
<tr>
<td>Furniture and Fixtures, Net</td>
<td>34,457,000</td>
</tr>
<tr>
<td>Computer Equipment, Net</td>
<td>4,169,000</td>
</tr>
<tr>
<td>Other Property, Plant and Equipment, Net</td>
<td>6,702,000</td>
</tr>
<tr>
<td>Property, Plant and Equipment, Net</td>
<td>295,183,000</td>
</tr>
</tbody>
</table>

Again, remember that I left some of the details out to help provide an easy-to-understand introduction to XBRL. One commercial software vendor provides a static rendering and other reports that explains the information in an XBRL document that I can provide here for you to fiddle with\textsuperscript{29}. If you want to dig into the XBRL technical syntax, here is a ZIP file that provides the actual XBRL that is behind the human readable reports\textsuperscript{30}.

2.4. **Hello World! (OPTIONAL technical perspective)**

Here is the technical view of this information that we were promising. If you don’t like technical stuff, then skip this section. If you are curious about the technical details, read on.

Everyone these days knows what a hello world example is. We start our very basic primer with a *Hello World* example of XBRL. Consider this graphic below:

\textsuperscript{27} YouTube.com, *How XBRL Works*, https://www.youtube.com/watch?v=nATjBPOiTxM (it really is not using magic)


\textsuperscript{30} Hello World example machine readable XBRL, http://xbrlsite.azurewebsites.net/2018/HelloWorld/RollUp.zip
What do you see? You see five items that add up to a total. Information is shown for two years. You can tell that this is a total because of the single and double underscores above and below the total value. The cell of the totals is green indicating that the items add up to the total.

The screen shot above was generated using XBRL. You can fiddle with that XBRL-based report using this rendering which was generated from the XBRL. What we are going to do is explain to you how the information above was represented in XBRL. In order to enable a computer to work with the information, we need to put the information into machine-readable form. We will use the XBRL technical syntax. XBRL is a type of XML31. Don't worry about that now, just know that XBRL is XML.

**XBRL Taxonomy**

The following is a taxonomy schema that is used as we begin to represent the information from that graphic in machine readable XBRL form.

```xml
<?xml version="1.0" encoding="utf-8"?>
<schema
    xmlns="http://www.w3.org/2001/XMLSchema"
    xmlns:xbrli="http://www.xbrl.org/2003/instance"
    <element
        id="helloWorld_Land"
        name="Land"
        type="xbrli:monetaryItemType"
        substitutionGroup="xbrli:item"
        xbrli:periodType="instant" />
    <element
        id="helloWorld_BuildingsNet"
        name="BuildingsNet"
        type="xbrli:monetaryItemType"
        substitutionGroup="xbrli:item"
        xbrli:periodType="instant" />
    <element
        id="helloWorld_FurnitureAndFixturesNet"
        name="FurnitureAndFixturesNet"
        type="xbrli:monetaryItemType"
        substitutionGroup="xbrli:item"
        xbrli:periodType="instant" />
    <element
        id="helloWorld_ComputerEquipmentNet"
        name="ComputerEquipmentNet"
        type="xbrli:monetaryItemType"
        substitutionGroup="xbrli:item"
        xbrli:periodType="instant" />
</schema>
```


32 W3C, Extensible Markup Language (XML) 1.0 (Fifth Edition), [https://www.w3.org/TR/xml/](https://www.w3.org/TR/xml/)
Note the "name" in the XBRL in what is called the taxonomy schema shown above. You can go to that actual XBRL taxonomy schema. Note that there is an element which has a "name" for every line in the graphic on the prior page. You see elements with the name “Land”, “BuildingsNet”, “FurnitureAndFixturesNet”, “ComputerEquipmentNet”, “OtherPropertyPlantAndEquipmentNet”, and “PropertyPlantAndEquipmentNet”.

An XBRL taxonomy schema is an XML Schema.

Labels

Those names are sort of ugly to work with, so XBRL allows you to add labels and associate a label with a name. So, let’s add labels to make the human readable rendering of the information easier to read. Those labels are created using what is called a linkbase. Below you see a linkbase of labels, called an XBRL label linkbase:

```xml
<?xml version="1.0" encoding="utf-8"?>
<linkbase
xmlns="http://www.xbrl.org/2003/linkbase"
xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
xmlns:xlink="http://www.w3.org/1999/xlink">
<labelLink xlink:type="extended" xlink:role="http://www.xbrl.org/2003/role/link">
<loc xlink:type="locator" xlink:label="helloWorld_BuildingsNet" xlink:href="HelloWorld.xsd#helloWorld_BuildingsNet" />
</labelLink>
</linkbase>
```

---


34 W3C, W3C XML Schema Definition Language (XSD) 1.1 Part 1: Structures, [https://www.w3.org/TR/xmlschema11-1/](https://www.w3.org/TR/xmlschema11-1/)

35 W3C, XML Linking Language (XLink) Version 1.1, [https://www.w3.org/TR/xlink11/](https://www.w3.org/TR/xlink11/)
If you look closely at the information in the linkbase above, you can see the names of the concepts and you can see labels. The human readable labels are associated with the names of the taxonomy schema. Each name in the taxonomy schema has a human readable label associated with it in the XLink linkbase that is shown above. Here is the Hello World XBRL label linkbase36.

Pretty ugly stuff, right? Well, it gets even uglier...because there are more linkbases.

**XBRL calculations**

Again, looking at the human readable rendering of the information you see that there are mathematical computations in the information that is being represented. In this case, there is a common type of mathematical computation called a roll up. XBRL uses XLink, just like for the labels, to articulate the mathematical computation, the roll up in this case, that the information we are trying to represent has. You can see the **XBRL calculation relations** below:

36 Hello World XBRL label linkbase, [http://xbrlsite.azurewebsites.net/2020/master/hello-world/HelloWorld-label.xml](http://xbrlsite.azurewebsites.net/2020/master/hello-world/HelloWorld-label.xml)
Here is the XBRL calculations linkbase that you see above.

**XBRL presentation relations**

Unfortunately, there is one other ugly set of XLink linkbase relations we need to show you. Notice that the lines in that graphic of the property, plant, and equipment roll up are in a specific order. **XBRL presentation relations** are used to describe the ordering of the information you want to represent.

Here are the XBRL presentation linkbase that you see above.

There is another linkbase, the **XBRL definition relations** linkbase which is more advanced in nature, we will explain that and a few other linkbases later.

**XBRL instance**

---


Finally, we look at the XBRL instance. An XBRL instance contains the information for the report itself. Everything we were looking at previously is used to represent the model of the report. We will explain models if future sections.

```xml
<?xml version="1.0" encoding="utf-8"?>
<xbrl xmlns="http://www.xbrl.org/2003/instance"
     xmlns:xbrli="http://www.xbrl.org/2003/instance"
     xmlns:link="http://www.xbrl.org/2003/linkbase"
     xmlns:xlink="http://www.w3.org/1999/xlink"
     xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"

<link:schemaRef xlink:type="simple" xlink:href="HelloWorld.xsd" />
<context id="I-2020">
  <entity>
    <identifier scheme="http://www.SampleCompany.com">SAMP</identifier>
  </entity>
  <period><instant>2020-12-31</instant></period>
</context>
<context id="I-2019">
  <entity>
    <identifier scheme="http://www.SampleCompany.com">SAMP</identifier>
  </entity>
  <period><instant>2019-12-31</instant></period>
</context>

<unit id="U-Monetary">
  <measure>iso4217:USD</measure>
</unit>

<helloWorld:Land contextRef="I-2020" unitRef="U-Monetary" decimals="INF">5347000</helloWorld:Land>
<helloWorld:Land contextRef="I-2019" unitRef="U-Monetary" decimals="INF">1147000</helloWorld:Land>
<helloWorld:BuildingsNet contextRef="I-2020" unitRef="U-Monetary" decimals="INF">244508000</helloWorld:BuildingsNet>
<helloWorld:BuildingsNet contextRef="I-2019" unitRef="U-Monetary" decimals="INF">366375000</helloWorld:BuildingsNet>
<helloWorld:FurnitureAndFixturesNet contextRef="I-2020" unitRef="U-Monetary" decimals="INF">34457000</helloWorld:FurnitureAndFixturesNet>
<helloWorld:FurnitureAndFixturesNet contextRef="I-2019" unitRef="U-Monetary" decimals="INF">34457000</helloWorld:FurnitureAndFixturesNet>
<helloWorld:ComputerEquipmentNet contextRef="I-2020" unitRef="U-Monetary" decimals="INF">4169000</helloWorld:ComputerEquipmentNet>
<helloWorld:ComputerEquipmentNet contextRef="I-2019" unitRef="U-Monetary" decimals="INF">5313000</helloWorld:ComputerEquipmentNet>
<helloWorld:OtherPropertyPlantAndEquipmentNet contextRef="I-2020" unitRef="U-Monetary" decimals="INF">6702000</helloWorld:OtherPropertyPlantAndEquipmentNet>
<helloWorld:OtherPropertyPlantAndEquipmentNet contextRef="I-2019" unitRef="U-Monetary" decimals="INF">6149000</helloWorld:OtherPropertyPlantAndEquipmentNet>
<helloWorld:PropertyPlantAndEquipmentNet contextRef="I-2020" unitRef="U-Monetary" decimals="INF">295183000</helloWorld:PropertyPlantAndEquipmentNet>
<helloWorld:PropertyPlantAndEquipmentNet contextRef="I-2019" unitRef="U-Monetary" decimals="INF">6702000</helloWorld:PropertyPlantAndEquipmentNet>
</xbrl>
```

Here is the XBRL instance that you see above.39

**Putting Everything Together**

---

39 Hello World XBRL instance, [http://xbrlsite.azurewebsites.net/2020/master/hello-world/HelloWorld-SampleInstance.xml](http://xbrlsite.azurewebsites.net/2020/master/hello-world/HelloWorld-SampleInstance.xml)
The XBRL instance references the XBRL taxonomy. You can see the same names in the XBRL instance as was in the XBRL taxonomy schema. We will explain the technical details later.

What we want to point out is that when a computer loads the XBRL instance; the XBRL instance points to the XBRL taxonomy schema. The XBRL taxonomy schema points to each of the linkbases associated with the model and will load those. All of this happens automatically and is part of the XBRL technical specification and how software is supposed to process the XBRL.

So, here are all the XBRL files and other information for the example above which you can download and have a look at:

http://xbrlsite.azurewebsites.net/2020/master/hello-world/

So, those are the ugly technical details. There is great news! Professional accountants will never have to deal with those ugly technical details. Why? Because there is this other technical thing called a conceptual model.

We hope you enjoyed the technical information, but let us get back to an XBRL-based digital financial report using a more understandable logical perspective.

If you feel you want more technical information, I would suggest two resources. The first is a Very Basic XBRL Technical Primer\(^\text{40}\) which is about 40 pages. The second is The XBRL Book: Simple, precise, technical\(^\text{41}\) which is about 350 pages and can be obtained from Amazon.com should you feel you want to make that investment.

Once you have the mechanics of using software down, let us move to understanding the logical conceptualization of a financial report better which we will do now.

### 3. Logical Conceptualization of a Financial Report

In this section we will walk you through a narrative of the logical conceptualization of a financial report. In this section, please focus on the conceptual ideas even though you might not be able to implement these ideas using a software application yet.

The first question you might have is how did we come up with the logical conceptualization. Well, we did that by looking at a bunch of XBRL-based financial reports and we looked for patterns. We worked out the details, gave things names, and condensed what we saw into a model which we documented in the Logical Theory Describing Financial Report\(^\text{42}\).

Now, you don’t need to understand that theory in detail. Understanding all the details can be helpful; but most of the details are for software engineers that need to build software applications that provide the nice looking human readable information that we have shown.

\(^{40}\) Charles Hoffman, CPA, Very Basic XBRL Technical Primer, http://www.xbrlsite.com/mastering/Part00_Chapter01_B_XBRLPrimer.pdf


First, we had to figure out the logical pieces of what is in XBRL-based financial reports. The information below is for a set of 6,023 XBRL-based financial reports submitted to the SEC by public companies43:

- Total reports: 6,023
- Total facts reported: 8,532,275
- Average facts per report: 1,416
- Total networks in all reports: 462,786
- Average networks per report: 77
- Total fact sets in all reports: 754,430
- Average fact sets per report: 125
- Average fact sets per network: 1.6
- Average facts per network: 18
- Average facts per fact set: 11

Of the 754,430 fact sets there are:

- Text blocks: 407,392 (54%) are text blocks (Level 1 Notes, Level 2 Policies, Level 3 Disclosures)
- Sets: 181,063 (24%) are sets (or hierarchies, no mathematical computations)
- Roll ups: 120,708 (16%) are roll ups
- Roll forwards: 37,721 (5%) are roll forwards
- Roll forward info: 7,546 (1%) are roll forward infos or something else

Rather than simply working with a report, software can interact with the primitive pieces and the functional or complex pieces of that report with good affect44.

3.2. Establishing the Financial Report Logical Conceptualization

And so, every XBRL-based financial report submitted to the SEC using US GAAP or IFRS, the ESMA field tests45, and all my prototypes46 fit into my one common meta-meta-model. How do I know this? Because I loaded 100% of US GAAP and IFRS XBRL-based reports, ESMA field tests, and all my prototypes into my model47 to be

---

certain that my model was correct (i.e. test the model). What you are seeing is effectively the end result of all that work.

Here are the results from one of those tests:

And so, you should be able to see the connections between the information from the 754,430 fact sets (a.k.a. Blocks) from above and the “Pattern” column in the PROOF representation which we will get to later and is used to TEST the meta-meta-model to see if our model provides everything that is necessary below. (Note that “Hierarchy” and “Set” are synonyms).

Now we will walk you through the logical conceptualization of a financial report in a manner that is approachable to professional accountants. Buckle up!

3.3. Scalar

A scalar is a fact which has no characteristics; it stands on its own. For example, the value of pi is a scalar, the value never changes; it always has the same value for everyone. (Pi or \( \pi \) is the ratio of a circle's circumference to its diameter and always has the value of equal to 3.14)

3.4. Facts

A financial report communicates facts. A fact defines a single, observable, reportable piece of information contained within a financial report, or fact value, contextualized for unambiguous interpretation or analysis by one or more distinguishing aspects (a.k.a characteristics). For example, below are two facts with the values of “2,000” and “1,000”. However, the two facts above are not contextualized.

3.5. Aspects (a.k.a. Dimensions)

An aspect\(^{51}\) describes a fact. An aspect provides information necessary to describe a fact or distinguish one fact from another fact within a report. For example, below you see the concept aspect of the numbers “2,000” and “1,000” which relates to the concepts “Revenues” and “Net income” respectively:

![Concept Aspect Table]

To fully describe a fact, you need more than just one aspect. In XBRL-based financial reports, a fact must always provide three core aspects\(^{52}\): reporting entity that reported the fact, calendar period of the reported fact, and the concept that describes the reported fact. Below you see two facts which are characterized by three core aspects which are used to differentiate the two facts from one another.

![Core Aspect Table]

In XBRL-based financial reports, in addition to the core aspects that you always must use, creators of reports can also provide additional noncore aspects\(^{53}\). A noncore aspect is simply some additional aspect that is created to further distinguish facts beyond the capabilities of the three core aspects.

Below you see the noncore aspect “Legal Entity Aspect” has been added to the two facts we have been working with:

![Noncore Aspect Table]

Fact values can be numeric\(^{54}\) or nonnumeric\(^{55}\). Numeric fact values require additional information to describe the units of the numeric fact and the rounding that is used to report the numeric fact. Units\(^{56}\) and rounding\(^{57}\) are properties of the fact value that provide information necessary to describe numeric fact values.

Below you see that the units of “US Dollars” and that the rounding of “Thousands of dollars”:


\(^{56}\) Units, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/Units.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/Units.html)

To summarize where we are thus far and to be crystal clear; below you see one fact. That single fact is characterized by a set of four aspects. The numeric fact value is described as having units of “US Dollars” and that the fact value is rounded to the nearest “Thousands of dollars”.

### 3.6. Information Block (a.k.a. Fact Set)

An information block[^58] or simply block is a set of facts which go together (tend to be cohesive and share a certain common nature) for some specific purpose within a financial report.

Below you see three facts that make up an information block that are used to describe the breakdown of revenues by geographic area.

### 3.7. Rules

Rules[^59] guide, control, suggest, or influence behavior. Rules cause things to happen, prevent things from happening, or suggest that it might be a good idea if something did or did not happen. Rules help shape judgment, help make decisions, help evaluate, help shape behavior.

Don't make the mistake of thinking that rules are completely inflexible and that you cannot break rules. Sure, maybe there are some rules that can never be broken. Maybe there are some rules that you can break. It helps to think of breaking rules as penalties in a football game. The point is that the guidance, control, suggestions, and influence offered by rules are a choice of business professionals. The meaning of a rule is separate from the level of enforcement someone might apply to the rule.

[^58]: Fact Set, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/FactSet.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/FactSet.html)
So, considering our fact set below we know that the value “2,000” is for the concept “Revenues”, for the period “Jan 1, 2019 to Dec 31, 2019”, relates to the legal entity “Consolidated entity”, of the reporting entity “ABC Company” and is the total of all “Geographic Areas”. “North America” and “South America” are part of the whole “All Geographic Areas Combined”. A rule that expresses that relationship might be expressed as:

“All Geographic Areas Combined = North America + South America”.

Rules both describe and can be used to verify that reported facts are consistent with the provided description. There are many different types of rules including mathematical, structural, mechanical, logical, and accounting related rules.

<table>
<thead>
<tr>
<th>Reporting Entity Aspect</th>
<th>Legal Entity Aspect</th>
<th>Geographic Area Aspect</th>
<th>Calendar Period Aspect</th>
<th>Concept Aspect</th>
<th>Fact Value</th>
<th>Units</th>
<th>Rounding</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Company</td>
<td>Consolidated entity</td>
<td>All Geographic Areas Combined</td>
<td>Jan 1, 2019 to Dec 31, 2019</td>
<td>Revenues</td>
<td>2,000 US Dollars</td>
<td>Thousands of dollars</td>
<td></td>
</tr>
<tr>
<td>ABC Company</td>
<td>Consolidated entity</td>
<td>North America</td>
<td>Jan 1, 2019 to Dec 31, 2019</td>
<td>Revenues</td>
<td>1,000 US Dollars</td>
<td>Thousands of dollars</td>
<td></td>
</tr>
<tr>
<td>ABC Company</td>
<td>Consolidated entity</td>
<td>South America</td>
<td>Jan 1, 2019 to Dec 31, 2019</td>
<td>Revenues</td>
<td>1,000 US Dollars</td>
<td>Thousands of dollars</td>
<td></td>
</tr>
</tbody>
</table>

### 3.8. Granularity

**Grain**[^60] is the level of depth of information or granularity. The lowest level of granularity is the actual transaction, event, circumstance, or other phenomenon represented as the actual transaction within an accounting system. The highest level of granularity is the summarized information that is represented as a line item of say the income statement.

Considering the information block you see below the fact outlined in red is one level of granularity as contrast to the other two facts that are outlined in green which provides the same information as is provided by the fact outlined in red, but at a different level of granularity.

And so hopefully you get an idea of the logical model of a financial report. Now we want to shift gears a bit and be a bit more specific as to how financial reports are represented using XBRL.

3.9. **Information Model Definition (a.k.a. Model)**

An information model definition is created to represent each fragment of a report using the XBRL format. The following pieces, or report elements, are used to construct the information model description: **Network**, **Hypercube (a.k.a. Table)**, **Dimension (a.k.a. Axis)**, **Member**, **Line Items**, **Abstract**, and **Concept**.

Below you see the information model description of the structure of a fragment of a report, in this case one fact set which is used to describe the components of inventory:

<table>
<thead>
<tr>
<th>#</th>
<th>Label</th>
<th>Report Element Class</th>
<th>Period Type</th>
<th>Balance</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inventory by Component [Table]</td>
<td>Table</td>
<td></td>
<td></td>
<td>gaapInventoryByComponentTable</td>
</tr>
<tr>
<td>2</td>
<td>Legal Entity [Axis]</td>
<td>Axis</td>
<td></td>
<td></td>
<td>frm:LegalEntityAxis</td>
</tr>
<tr>
<td>3</td>
<td>Consolidated Entity [Member]</td>
<td>Member</td>
<td></td>
<td></td>
<td>frm:ConsolidatedEntityMember</td>
</tr>
<tr>
<td>4</td>
<td>Inventory by Component [Line Items]</td>
<td>Line Items</td>
<td></td>
<td></td>
<td>gaapInventoryByComponentLineItems</td>
</tr>
<tr>
<td>5</td>
<td>Finished Goods [Concept] Monetary As Of Debit</td>
<td></td>
<td></td>
<td></td>
<td>gaap:FinishedGoods</td>
</tr>
<tr>
<td>6</td>
<td>Work in Progress [Concept] Monetary As Of Debit</td>
<td></td>
<td></td>
<td></td>
<td>gaap:WorkInProgress</td>
</tr>
<tr>
<td>7</td>
<td>Raw Material [Concept] Monetary As Of Debit</td>
<td></td>
<td></td>
<td></td>
<td>gaap:RawMaterial</td>
</tr>
<tr>
<td>8</td>
<td>Inventory [Concept] Monetary As Of Debit</td>
<td></td>
<td></td>
<td></td>
<td>gaap:Inventory</td>
</tr>
</tbody>
</table>

Something is important to point out. We mentioned that in XBRL you have core aspects and noncore aspects. In the typical software application created today, the core aspects reporting entity and calendar period are not represented in the information model description that is typically created by software applications.

Below you see a truer information model description which includes the reporting entity and the calendar period. Also, per the US GAAP XBRL Taxonomy, the IFRS XBRL Taxonomy the term “[Axis]” is used as a synonym of “Aspect”. Axis and aspect are synonyms and mean the same thing. Also “Period” and “Calendar Period” are the same thing.

<table>
<thead>
<tr>
<th>#</th>
<th>Label</th>
<th>Report Element Class</th>
<th>Period Type</th>
<th>Balance</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inventory by Component [Table]</td>
<td>Table</td>
<td></td>
<td></td>
<td>gaapInventoryByComponentTable</td>
</tr>
<tr>
<td>2</td>
<td>Reporting Entity [Axis]</td>
<td>Axis</td>
<td></td>
<td></td>
<td>frm:ReportingEntityAxis</td>
</tr>
<tr>
<td>4</td>
<td>Period [Axis]</td>
<td>Axis</td>
<td></td>
<td></td>
<td>frm:PeriodAxis</td>
</tr>
<tr>
<td>5</td>
<td>12/31/2010 [Member]</td>
<td></td>
<td></td>
<td></td>
<td>12/31/2010</td>
</tr>
<tr>
<td>6</td>
<td>Legal Entity [Axis]</td>
<td>Axis</td>
<td></td>
<td></td>
<td>frm:LegalEntityAxis</td>
</tr>
<tr>
<td>7</td>
<td>Consolidated Entity [Member]</td>
<td></td>
<td></td>
<td></td>
<td>frm:ConsolidatedEntityMember</td>
</tr>
<tr>
<td>8</td>
<td>Inventory by Component [Line Items]</td>
<td>Line Items</td>
<td></td>
<td></td>
<td>gaapInventoryByComponentLineItems</td>
</tr>
<tr>
<td>10</td>
<td>Work in Progress [Concept] Monetary As Of Debit</td>
<td></td>
<td></td>
<td></td>
<td>gaap:WorkInProgress</td>
</tr>
<tr>
<td>11</td>
<td>Raw Material [Concept] Monetary As Of Debit</td>
<td></td>
<td></td>
<td></td>
<td>gaap:RawMaterial</td>
</tr>
<tr>
<td>12</td>
<td>Inventory [Concept] Monetary As Of Debit</td>
<td></td>
<td></td>
<td></td>
<td>gaap:Inventory</td>
</tr>
</tbody>
</table>

---

64 Table, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/Table.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/Table.html)
66 Member, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/Member.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/Member.html)

---

**CC0 1.0 Universal (CC0 1.0) Public Domain Dedication** [https://creativecommons.org/publicdomain/zero/1.0/](https://creativecommons.org/publicdomain/zero/1.0/)
Another part of the information model description is the mathematical rules that are used to describe and verify the roll up relations of the concepts that are a part of the information model description. Here is the roll up relations that are part of this information model description.

<table>
<thead>
<tr>
<th>#</th>
<th>Label</th>
<th>Report Element Class</th>
<th>Weight</th>
<th>Balance</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inventory</td>
<td>[Concept] Monetary</td>
<td></td>
<td></td>
<td>gaap:Inventory</td>
</tr>
<tr>
<td>2</td>
<td>Finished Goods</td>
<td>[Concept] Monetary</td>
<td>+1</td>
<td>Debit</td>
<td>gaap:FinishedGoods</td>
</tr>
<tr>
<td>3</td>
<td>Work in Progress</td>
<td>[Concept] Monetary</td>
<td>+1</td>
<td>Debit</td>
<td>gaap:WorkInProgress</td>
</tr>
<tr>
<td>4</td>
<td>Raw Material</td>
<td>[Concept] Monetary</td>
<td>+1</td>
<td>Debit</td>
<td>gaap:RawMaterial</td>
</tr>
</tbody>
</table>

Another part of the information model description is the facts within the information block themselves. Here is the fact table\(^{70}\) for the information block for the facts that go with the information model description provided above.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://regulator.gov/kv134567890">http://regulator.gov/kv134567890</a></td>
<td>12/31/2018</td>
<td>Finished Goods</td>
<td>Consolidated Entity [Member]</td>
<td>600,000</td>
<td>USD</td>
<td>Thousands</td>
</tr>
<tr>
<td><a href="http://regulator.gov/kv134567890">http://regulator.gov/kv134567890</a></td>
<td>12/31/2009</td>
<td>Finished Goods</td>
<td>Consolidated Entity [Member]</td>
<td>600,000</td>
<td>USD</td>
<td>Thousands</td>
</tr>
<tr>
<td><a href="http://regulator.gov/kv134567890">http://regulator.gov/kv134567890</a></td>
<td>12/31/2018</td>
<td>Work in Progress</td>
<td>Consolidated Entity [Member]</td>
<td>300,000</td>
<td>USD</td>
<td>Thousands</td>
</tr>
<tr>
<td><a href="http://regulator.gov/kv134567890">http://regulator.gov/kv134567890</a></td>
<td>12/31/2009</td>
<td>Work in Progress</td>
<td>Consolidated Entity [Member]</td>
<td>300,000</td>
<td>USD</td>
<td>Thousands</td>
</tr>
<tr>
<td><a href="http://regulator.gov/kv134567890">http://regulator.gov/kv134567890</a></td>
<td>12/31/2018</td>
<td>Raw Material</td>
<td>Consolidated Entity [Member]</td>
<td>100,000</td>
<td>USD</td>
<td>Thousands</td>
</tr>
<tr>
<td><a href="http://regulator.gov/kv134567890">http://regulator.gov/kv134567890</a></td>
<td>12/31/2009</td>
<td>Raw Material</td>
<td>Consolidated Entity [Member]</td>
<td>100,000</td>
<td>USD</td>
<td>Thousands</td>
</tr>
<tr>
<td><a href="http://regulator.gov/kv134567890">http://regulator.gov/kv134567890</a></td>
<td>12/31/2018</td>
<td>Inventory</td>
<td>Consolidated Entity [Member]</td>
<td>1,000,000</td>
<td>USD</td>
<td>Thousands</td>
</tr>
<tr>
<td><a href="http://regulator.gov/kv134567890">http://regulator.gov/kv134567890</a></td>
<td>12/31/2009</td>
<td>Inventory</td>
<td>Consolidated Entity [Member]</td>
<td>1,000,000</td>
<td>USD</td>
<td>Thousands</td>
</tr>
</tbody>
</table>

A software application takes the information model description structure, the information model description rules provided, the facts that are included within the information block, and known best practices for rendering a business report that are coded into the software application in some manner and then generates a human-readable rendering of the reported information for a fragment or information block of a report.

The following is the rendering\(^{71}\) of the inventory components disclosure that we are working with above:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished Goods</td>
<td></td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Work in Progress</td>
<td></td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Raw Material</td>
<td></td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Inventory</td>
<td></td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

Different software applications will provide slightly different renderings using the same XBRL-based input information.

---

\(^{70}\) Fact Table, TO DO...

\(^{71}\) Rendering, TO DO...
Here is what the information model description looks like in that software application:

Here is what the roll up rule relations representation looks like in that software application:

Software applications use the rule relations that describe or explain the relations to verify that reported facts are consistent with that explanation. Here is the software application interface for verifying that the reported facts are consistent with the rules that explain the relations between the facts:
Information about the properties of each report element which makes up the information model description should be accessible to the user of the financial report:

Information about the properties of each fact which is represented within the report is accessible to the user of the financial report:

This same information is provided for each and every information block that makes up a financial report. Facts could be used in multiple information blocks. The facts used
in information blocks must be consistent within a information block and between the individual information blocks that make up a report.

3.10. Information Model

A financial report can be broken down into fragments. A **fragment**\(^{72}\) is a set of one to many **information blocks** which go together for some specific purpose within a report. For example, a balance sheet is a fragment of a financial report that is made up of two fact sets: a roll up of assets and a roll up of liabilities and equity. Fragments can be categorized into Document, Statement, Disclosure, and Schedule.

Each fact set has a concept arrangement pattern property. A **concept arrangement pattern**\(^{73}\) specifies the nature of the relationship between the concept aspect of an information model definition.

A **set**\(^{74}\) is a type of concept arrangement pattern where concepts have no mathematical relations. Essentially, a set is a flat list of concepts. A synonym for set is hierarchy.

A **roll up**\(^{75}\) is a type of concept arrangement pattern which represents a basic roll up type mathematical relationship: Fact A + Fact B + Fact C = Fact D (a set of items and a total).

A **roll forward**\(^{76}\) is a type of concept arrangement pattern which represents a basic roll forward mathematical relation: Beginning balance (stock) + change1 (flow) + change2 (flow) + change3 (flow) = Ending balance (stock).

An **adjustment**\(^{77}\) is a type of concept arrangement pattern which represents a basic mathematical reconciliation between an originally stated value and a restated value usually due to a correction or error: Originally stated balance + adjustment1 + adjustment2 + adjustment3 = restated balance.

A **variance**\(^{78}\) is a type of concept arrangement pattern which represents a mathematical difference between two reporting scenarios: Amount (projected scenario) + Amount(variance) = Amount (actual scenario).

An **arithmetic**\(^{79}\) is a type of concept arrangement pattern which represents any arbitrary mathematical relationship between a set of numeric facts. A complex computation is comprised of some flat set of numeric concepts and a rule that represents the mathematical relation between that set of concepts.

A **roll forward info**\(^{80}\) is a type of concept arrangement pattern which represents a non-mathematical relation of information about a roll forward.

---


\(^{77}\) Adjustment, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/Adjustment.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/Adjustment.html)


A **text block**\(^{81}\) is a type of concept arrangement pattern which represents a non-mathematical relationship in the form of prose. A text block concept arrangement pattern is comprised of exactly one concept. There are three sub classes or type of text blocks: **Level 1 Note Text Block**\(^{82}\), **Level 2 Policy Text Block**\(^{83}\), and **Level 3 Disclosure Text Block**\(^{84}\).

Each fact set has a member arrangement pattern property. A **member arrangement pattern**\(^{85}\) expresses the relations between members within an aspect other than the concept aspect (which is explained by the concept arrangement pattern).

The members of an axis might be related mathematically. **Member aggregation**\(^{86}\) is a type of member arrangement pattern where the members of an axis roll up the same as the roll up concept arrangement pattern. **Member nonaggregating**\(^{87}\) is a type of member arrangement pattern where the members of an axis are not related mathematically but simply are used to differentiate reported facts.

Reported facts could need additional arbitrary descriptive information. A **parenthetical explanation**\(^{88}\) provides additional descriptive information about a fact. A synonym for parenthetical information is comment.

### 3.11. Introducing the Hypercube

We want to now introduce you to the notion of the Hypercube. A **Hypercube** is a mechanism for defining a structure in the XBRL technical syntax. Before now, we were using another mechanism for defining structures in XBRL, the **Network**. To round out the three different approaches to defining a structure there is also the approach of using a combination of a **Network and a Hypercube** to define a structure.

The first question you might have is, “Why three approaches?” That is a very good question but providing a good answer is harder. For now, don’t worry about the answer to the question because creating XBRL-based reports using IFRS or US GAAP allows either approach. The “best approach” can be a matter of personal preference. Other times you will not have a choice.

Both a Hypercube and a Network are ways of connecting associations together to define a structure. Networks must always exist in XBRL-based reports. Hypercubes are optional until you need what only they can provide to structure information effectively.

---


\(^{82}\) Level 1 Note Text Block, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/Level1NoteTextBlock.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/Level1NoteTextBlock.html)

\(^{83}\) Level 2 Policy Text Block, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/Level2PolicyTextBlock.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/Level2PolicyTextBlock.html)


\(^{85}\) Member Arrangement Pattern, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/MemberArrangementPattern.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/MemberArrangementPattern.html)

\(^{86}\) Member Aggregation, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/MemberAggregation.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/MemberAggregation.html)

\(^{87}\) Member Nonaggregating, [http://xbrlsite.azurewebsites.net/2019/Framework/Details/MemberNonaggregation.html](http://xbrlsite.azurewebsites.net/2019/Framework/Details/MemberNonaggregation.html)

Essentially, Networks and Hypercubes connect sets of associations and facts together. What we try and do is make the notion of a Network and Hypercube invisible to you and expose only the notion of the Structure itself. This is done by automatically generating the Network, Hypercube, or combination of Network + Hypercube by cleverly designing software.

But, let’s forget about all that for now and look at a Hypercube. We do this by looking at the following structure of the SFAC 6 representation:

Notice the “Comprehensive Income Statement [Hypercube]” in the representation above. In this case whether the Hypercube does or does not exist changes nothing about the meaning of the information conveyed by the XBRL-based information provided.

We are going to cover Hypercubes more in a bit. But first, we need to Segway by looking at a pathological structure in order to better understand structures.

3.12. Pathological Structure
An excellent way to understand a good structure is to look at bad structures and compare them with good structures.

What you see below is four logical structures that have been represented as one physical structure within an XBRL-based report.

---

The best way to understand why the pathological representation is not elegant, let’s look at a minor improvement to that pathological example which separates the structures better:

---

While the above is a bit easier to read and understand because of the addition of four [Abstract] report elements which are used to separate the four structures; however, there is still room for improvement.

An even better representation of exactly the same information makes the information much clearer⁹¹:

---

<table>
<thead>
<tr>
<th>Income Statement [Roll Up]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>7,000</td>
</tr>
<tr>
<td><strong>(Expenses)</strong></td>
<td>(3,000)</td>
</tr>
<tr>
<td><strong>Gains</strong></td>
<td>1,000</td>
</tr>
<tr>
<td><strong>(Losses)</strong></td>
<td>(2,000)</td>
</tr>
<tr>
<td><strong>Comprehensive Income</strong></td>
<td>3,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flow Statement [Abstract]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td><strong>Net Cash Flow [Roll Up]</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net Cash Flow Operating Activities</strong></td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Net Cash Flow Investing Activities</strong></td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Net Cash Flow Financing Activities</strong></td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>3,500</td>
</tr>
<tr>
<td><strong>Assets [Roll Forward]</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Assets, Beginning Balance</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>3,500</td>
</tr>
<tr>
<td><strong>Assets, Ending Balance</strong></td>
<td>3,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Highlights [Set]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Comprehensive Income</strong></td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Distributions to Owners</strong></td>
<td>500</td>
</tr>
</tbody>
</table>

Notice how the four structures (i.e. income statement which is a roll up, net cash flow roll up and assets roll forward which makes up the cash flow statement, and the unrelated set of facts which make up the financial highlights set) are significantly more understandable.

---

While it is true that all three versions of this same example convey exactly the same meaning and all drive the same Inline XBRL representation (see next page); it is likewise true that all things considered the third representation that you see above is more explicit and tends to be easier to understand. Here is the same information represented using Inline XBRL:

### Statement of Comprehensive Income
ABC Company, Inc.
(See accompanying notes to the financial statements.)

<table>
<thead>
<tr>
<th>(in US Dollars)</th>
<th>For period ended December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive income:</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$7,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>(3,000)</td>
</tr>
<tr>
<td>Gains</td>
<td>1,000</td>
</tr>
<tr>
<td>Losses</td>
<td>(2,000)</td>
</tr>
<tr>
<td><strong>Comprehensive Income</strong></td>
<td><strong>$3,000</strong></td>
</tr>
</tbody>
</table>

### Cash Flow Statement
ABC Company, Inc.
(See accompanying notes to the financial statements.)

<table>
<thead>
<tr>
<th>(in US Dollars)</th>
<th>For period ended December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash flow:</strong></td>
<td></td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>$1,500</td>
</tr>
<tr>
<td>Net cash flow from investing activities</td>
<td>1,000</td>
</tr>
<tr>
<td>Net cash flow from financing activities</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td><strong>3,500</strong></td>
</tr>
<tr>
<td>Assets, beginning balance</td>
<td>0</td>
</tr>
<tr>
<td><strong>Assets, ending balance</strong></td>
<td><strong>$3,500</strong></td>
</tr>
</tbody>
</table>

### Financial Highlights
ABC Company, Inc.

<table>
<thead>
<tr>
<th>(in US Dollars)</th>
<th>For period ended December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial highlights:</strong></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$7,000</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>3,000</td>
</tr>
<tr>
<td>Distributions to owners</td>
<td>500</td>
</tr>
</tbody>
</table>

---

Notice how the third representation is the most consistent with the Inline XBRL representation and note how a better model tends to yield a better automated rendering of information without the need for taking the time to create the Inline XBRL.

4. **Proof of Logical Conceptualization**

OK, so we explained the logical conceptualization of a financial report. How do we know the logical conceptualization works and exactly how to represent that conceptualization using the XBRL technical syntax? Well, we build a simple proof that exercises 100% of the logical conceptualization to test it and show how to construct it to prove that it does work correctly.

We are going to do this in two steps. In the first step we are going to build each piece of the Proof\(^{93}\) to see that each piece works as expected and in the second step we are going to put all of the pieces together into one XBRL-based report Proof\(^{94}\) to be sure all the pieces work together as would be expected.

We are not going to walk you through building each piece because this is just a mechanical exercise. We will provide you with a complete example of each piece so that you can see every detail. We strongly suggest that you create each piece and compare what you created with the example we provided.

We are going to start with the easiest pieces of the Proof and with pieces with which you have already been exposed to in the accounting equation, SFAC 6, common elements of financial report, and Hello World examples. Where something new is introduced, we will take the time to fill you in on those new details.

For each piece we will show you the model structure and point you to all of the details. Included in the details is a version of the free open source Microsoft Access database application with the completed piece. Also included is an XBRL Cloud Evidence Package you can have a look at.

Let’s get started with the most basic piece, a simple set of financial highlights.

**4.1. Set\(^{95}\)**

The financial highlights of the Proof is an example of a set information model. A set is simply some set of facts. Here we have a set of three facts:

<table>
<thead>
<tr>
<th>Financial Highlights [Line Items]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td><strong>Financial Highlights [Set]</strong></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>7,000</td>
</tr>
<tr>
<td>Comprehensive Income</td>
<td>3,000</td>
</tr>
<tr>
<td>Distributions to Owners</td>
<td>500</td>
</tr>
</tbody>
</table>


\(^{94}\) Proof Baseline, [http://xbrlsite.azurewebsites.net/2021/essentials/Proof/index.html](http://xbrlsite.azurewebsites.net/2021/essentials/Proof/index.html)

Not much else to point out here.

4.2. **Roll Up**[^6]

The income statement (alternative) is a basic example of a roll up information model. Here you again see three facts. The difference between the set and the roll up is that the roll up has a rule that says the first two facts “roll up” to the third fact which is the total of the roll up:

<table>
<thead>
<tr>
<th>Income Statement [Line Items]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income [Roll Up]</td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
</tbody>
</table>

| Income from Normal Activities of Entity | 2,000 |
| Income from Peripheral or Incidental Transactions of Entity | 1,000 |
| **Net Income** | **3,000** |

For a roll up there is always a rule that specifies the mathematical relations between the facts which is expressed using either XBRL calculation relations or XBRL formulas.

4.3. **Roll Forward**[^7]

The statement of changes in equity is a basic example of a roll forward information model. Again, you have some set of facts and a mathematical relation; except the mathematical relation of a roll forward is different from the mathematical relation of a roll up. A roll forward reconciles a beginning balance to an ending balance via some set of changes. You see this below:

<table>
<thead>
<tr>
<th>Changes in Equity [Line Items]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in Equity [Roll Forward]</strong></td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td>Equity, Beginning Balance</td>
<td>0</td>
</tr>
<tr>
<td>Comprehensive Income</td>
<td>3,000</td>
</tr>
<tr>
<td>Investments by Owners</td>
<td>1,000</td>
</tr>
<tr>
<td>(Distributions to Owners)</td>
<td>(500)</td>
</tr>
<tr>
<td><strong>Equity, Ending Balance</strong></td>
<td><strong>3,500</strong></td>
</tr>
</tbody>
</table>

XBRL calculation relations are only for roll ups, so we need to use XBRL Formula to represent the roll forward mathematical rule for this piece of the report.


4.4. **Adjustment**\(^{98}\)

A prior period adjustment is an example of the adjustment information model. Once again, we have some set of facts and a mathematical relation between the set of facts. An adjustment reconciles an originally stated balance to a restated balance via some set of adjustments. You see this below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2019-12-31</td>
</tr>
<tr>
<td><strong>Prior Period Errors [Adjustment]</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity, Originally Stated</td>
<td>Prior Report [Member]</td>
<td>2,000</td>
</tr>
<tr>
<td>Changes in Accounting Policy</td>
<td>Current Report [Member]</td>
<td>(1,500)</td>
</tr>
<tr>
<td>Correction of an Error</td>
<td>Current Report [Member]</td>
<td>(500)</td>
</tr>
<tr>
<td>Equity, Restated</td>
<td>Current Report [Member]</td>
<td>0</td>
</tr>
</tbody>
</table>

XBRL calculation relations are only for roll ups, so once again we need to use XBRL Formula to represent the adjustment mathematical rule for this piece of the report.

4.5. **Adjustment (Alternative)**\(^{99}\)

There is an alternative approach that is also used to sometimes represent a prior period adjustment. While the syntax used to represent the adjustment (alternative) we show here and the adjustment we show above; the semantics or meaning of the information is 100% the same for the two different approaches.

Here the same prior period adjustment is represented using XBRL Dimensions to differentiate each fact rather than using concepts. You see this below:

<table>
<thead>
<tr>
<th>Prior Period Errors [Line Items]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019-12-31</td>
</tr>
<tr>
<td><strong>Prior Period Errors [Adjustment]</strong></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>Changes in Accounting Policy [Member]</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Again, XBRL Formula must be used to represent the adjustment mathematical rule for this alternative piece of the report.

4.6. **Variance**\(^{100}\)

The variance analysis is a basic example of a variance information model. Once again, you have some set of facts and a mathematical relation. Here the mathematical relation of the variance is the difference between a budgeted amount and an actual amount per some variance. You see this below:

---


\(^{100}\) Variance, [http://xbrlsite.azurewebsites.net/2021/essentials/InformationModel/variance/index.html](http://xbrlsite.azurewebsites.net/2021/essentials/InformationModel/variance/index.html)
Again, XBRL Formula must be used to represent the variance mathematical rule for this piece of the report. XBRL calculations or XBRL formula can be used to represent the roll up mathematical relations.

There is something else going on here that is worth pointing out. In this report piece you actually have two different information model patterns that work together to represent the information. In addition to the variance, you see a Roll Up information model. If the line item “Net Income” were removed; then the additional information model would be a Set information model. This could just as well be a Roll Forward or an Adjustment information model. The point here is that information models can work together with each other.

### 4.7. Roll Forward Info

The weighted average grant date fair value piece is a basic example of a roll forward info information model. There is one subtle difference between a roll forward and a roll forward info model. A roll forward has a mathematical rule and a roll forward looks like it has a mathematical rule per the formatting; but there really is no mathematical relation between the set of facts. You see this below:

<table>
<thead>
<tr>
<th>Weighted Average Grant Date Fair Value [Line Items]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td>Nonvested Fair Value, Beginning Balance</td>
<td>32.72</td>
</tr>
<tr>
<td>Granted</td>
<td>41.51</td>
</tr>
<tr>
<td>Vested</td>
<td>36.92</td>
</tr>
<tr>
<td>Forfeited</td>
<td>35.93</td>
</tr>
<tr>
<td>Nonvested Fair Value, Ending Balance</td>
<td>36.92</td>
</tr>
</tbody>
</table>

Nothing else to point out.

---

101 Roll Forward Info, 
http://xbrlsite.azurewebsites.net/2021/essentials/InformationModel/rollforwardinfo/index.html
4.8. **Text Block**

The policies piece is a basic example of a text block information model. A text block is simply one fact that contains prose of any sort. There are no mathematical relations or other facts to be associated with. Each individual text block is always an individual information model.

<table>
<thead>
<tr>
<th>Revenue Recognition Policy [Text Block]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period [Axis]</td>
</tr>
<tr>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Note that the Proof has three text blocks and we are only modeling one text block for you here because the other two would be the same as the one shown above; just different concepts.

4.9. **Arithmetic**

The accounting equation is a basic example of an arithmetic information model. An arithmetic information model is simply some set of facts and some mathematical rule that describes how the facts are mathematically related to one another. You see this below:

<table>
<thead>
<tr>
<th>Balance Sheet [Arithmetic]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-12-31</td>
</tr>
<tr>
<td></td>
<td>2019-12-31</td>
</tr>
<tr>
<td>Assets</td>
<td>3,500</td>
</tr>
<tr>
<td>Liabilities</td>
<td>0</td>
</tr>
<tr>
<td>Equity</td>
<td>3,500</td>
</tr>
</tbody>
</table>

XBRL Formula must be used to represent the arithmetic mathematical rule and any rule that can be represented using XBRL Formula is a valid rule that can be used to represent this information model.

Here, the rule is "Assets = Liabilities + Equity"; the accounting equation.

4.10. **Member Aggregation**

The segment revenues piece is a basic example of a member aggregation information model. A member aggregation is some set of facts that have one total and some set of members that aggregate to that total. Semantically, a member aggregation is logically equivalent to a roll up. You see this below:

---

XBRL Formula must be used to represent the member aggregation mathematical rule for this piece of the report.

### 4.11. Member Nonaggregation

The weighted average grant date fair value piece of the report, with one modification, is a basic example of a member nonaggregation information model. As we mentioned before, information models can be used together. Here, roll forward infos are provided for three different plans and no total is shown and therefore we have a set of members with no aggregation. You see this below:

Again, there is no mathematical rule because there is no mathematical relation between any of the facts shown in this piece.

### 4.12. Component

The balance sheet piece of the Proof report is a basic example of a component information model. A component is simply some set of information models that make up a complex information model.

The balance sheet is comprised of two other information models: (1) an assets roll up and (2) a liabilities and equity roll up. Each of the information models in the component are controlled by the rules for that specific information model.

In addition, it could be the case that additional rules come into play because you have more than one fact set. Here the total of the assets roll up must equal the total of the

---


liabilities and equity roll up because a fundamental rule in accounting is that “Assets = Liabilities and Equity” (the double entry accounting model). You see this below:

<table>
<thead>
<tr>
<th>Balance Sheet [Line Items]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-12-31</td>
</tr>
<tr>
<td><strong>Assets [Roll Up]</strong></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>500</td>
</tr>
<tr>
<td>Noncurrent Assets</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td>3,500 1</td>
</tr>
<tr>
<td><strong>Liabilities and Equity [Roll Up]</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities [Roll Up]</strong></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>0</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td>0</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>Equity [Roll Up]</strong></td>
<td></td>
</tr>
<tr>
<td>Equity Attributable To Controlling Interests</td>
<td>3,000</td>
</tr>
<tr>
<td>Equity Attributable to Noncontrolling Interests</td>
<td>500</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>3,500</td>
</tr>
<tr>
<td><strong>Liabilities and Equity</strong></td>
<td>3,500</td>
</tr>
</tbody>
</table>

4.13. Component (Second Example)\(^{107}\)

The cash flow statement piece of the Proof report is another basic example of a component information model. You see this below:

<table>
<thead>
<tr>
<th>Cash Flow [Line Items]</th>
<th>Period [Axis]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td><strong>Net Cash Flow [Roll Up]</strong></td>
<td></td>
</tr>
<tr>
<td>Net Cash Flow Operating Activities</td>
<td>1,500</td>
</tr>
<tr>
<td>Net Cash Flow Investing Activities</td>
<td>1,000</td>
</tr>
<tr>
<td>Net Cash Flow Financing Activities</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>3,500 1</td>
</tr>
<tr>
<td><strong>Assets Roll Forward</strong></td>
<td></td>
</tr>
<tr>
<td>Assets, Beginning Balance</td>
<td>0 1</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>3,500</td>
</tr>
<tr>
<td>Assets, Ending Balance</td>
<td>3,500 1</td>
</tr>
</tbody>
</table>

---

\(^{107}\) Component 2,
http://xbrlsite.azurewebsites.net/2021/essentials/InformationModel/component2/index.html
What is different here and worth showing is that components can be made up of different information models. Here you see a roll up of net cash flow and a roll forward of assets (because we don’t have a Cash and Cash Equivalents line item on the balance sheet for this PROOF report).

4.14. Proof Baseline

The Proof Baseline\(^\text{108}\) representation pulls each of the individual information model representations into one combined report to be sure (a) individual information models work effectively and (b) individual information models interact correctly to other information models to represent a complete report. The interrelation between report pieces can be visualized as such\(^\text{109}\):

The combined Proof Baseline report for which information is represented in 14 networks which have 14 hypercubes which contain 18 unique “blocks” of information\(^\text{110}\). Everything that you would ever run across in any XBRL-based financial report using US GAAP, UK GAAP, IFRS, or as far as I can tell any other financial reporting scheme is contained within the Proof Baseline representation.

In fact, I have reconciled a version of the Proof Baseline to US GAAP, UK GAAP, IFRS, Australian IFRS to compare and contrast the Proof Baseline with other important financial reporting schemes\(^\text{111}\). One would expect that each financial reporting scheme would represent the same logical associations in the same manner. Or saying this another way, why would US GAAP represent a roll up one way and IFRS represent a roll up in some other way? A roll up is a roll up no matter what the financial reporting scheme.

\(^{108}\) Proof Baseline, [http://xbrlsite.azurewebsites.net/2021/essentials/Proof/index.html](http://xbrlsite.azurewebsites.net/2021/essentials/Proof/index.html)

\(^{109}\) Proof Baseline, Mathematical relations, [http://xbrlsite.azurewebsites.net/2021/essentials/Proof/ProofMathematicalComputations.jpg](http://xbrlsite.azurewebsites.net/2021/essentials/Proof/ProofMathematicalComputations.jpg)


I would encourage you to take the time to create the Proof Baseline representation in an XBRL-based financial report creation tool of your choice to fully understand the important information provided by this Proof Baseline representation.

5. Back to Hypercubes, Networks, and Structures

There are a few additional nuances and subtleties we need to point out related to hypercubes, networks, and the structures they represent. First, there are two reasons you create a new structure: (1) because you have to and (2) because you want to.

5.1. Networks

There are two important aspects to keep in mind when you think about XBRL networks. The first you have already been exposed to which is to separate the fragments which make up a report. As we said above, you separate things because you have to or because you want to. Sometimes it does not matter logically if two fragments are combined or if those same two fragments are separated into different networks, separating the fragments simply might be more elegant when you look at the XBRL-based digital financial report than when the two fragments are combined.

But the other thing an XBRL network does is combined information across the different technical mechanisms for creating associations. An example will make this very easy to see and understand.
Below you see one fragment of a report represented within one network and you see the three common types of associations that are represented in XBRL-based reports: XBRL presentation relations, XBRL calculation relations, and XBRL definition relations:

How do you, or more importantly a software application, understand that the three sets of information go together? The answer is that they have the same network identifier. Each of the sets of XBRL presentation relations, XBRL calculation relations, and XBRL definition relations use the same network identifier to indicate that the information in each set of associations goes together. It is also the case that XBRL Formulas uses networks to indicate which network an XBRL formula resource goes with.

Finally, XBRL has a default network that can be used to indicate that information is global. For example, XBRL labels and XBRL references use the default role to identify information because labels and references tend to always relate globally throughout a report as opposed to be used only for one specific network.

Saying this another way; while networks are used to separate report fragments (i.e. vertical structures) the same networks are use to combine XBRL technical fragments (i.e. horizontal structures) so that users of the information understands that the technical fragments go together.

5.2. Structures
You have to create a new structure when a conflict occurs when you do not. For example, in the Proof Baseline representation there are two different roll up alternatives provided for an Income Statement which each has a different roll up of Net Income we provide here:

Alternative 1:


---

Alternative 2:\(^{113}\):

<table>
<thead>
<tr>
<th>Comprehensive Income Statement [Line Items]</th>
<th>Period [As of]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020-01-01 - 2020-12-31</td>
</tr>
<tr>
<td>Comprehensive Income [Roll Up]</td>
<td></td>
</tr>
<tr>
<td>Income from Normal Activities of Entity</td>
<td>2,000</td>
</tr>
<tr>
<td>Income from Peripheral or Incidental</td>
<td>1,000</td>
</tr>
<tr>
<td>Transactions of Entity</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>3,000</td>
</tr>
</tbody>
</table>

It is literally impossible to represent both alternatives using the same physical structure, so two different structures are required to be created. In this case two networks are used to keep the two different mathematical associations from “logically colliding” with one another. There is no way around this.

But sometimes you just want to create another structure. You can do that also. For example, you could represent the balance sheet and income statement within the same structure because each of those disclosures use completely separate terms, associations, and rules so you would not get a logical conflict if you did put those two structures together into the same network or even within the same hypercube. Or, you could make the choice to use two separate structures. In this circumstance, either approach works fine logically because there are no logical conflicts. However, aesthetically it is good practice to separate these into two different networks.

**5.3. Hypercubes**

And so, when you do create a new structure, we pointed out that there are three alternatives for doing so when it comes to whether you do or do not use hypercubes and how you name those hypercubes. Here we show each of those three approaches. We will contrast the income statement of the three approaches to help you differentiate the approaches.

**Approach 1 (No Hypercubes)\(^ {114}\):** SFAC 6 Very Basic representation

In this first approach, note that neither the balance sheet, either income statement, nor changes in equity have hypercubes. In each case the Table (a.k.a. Hypercube) field says “(Implied)” which means that no explicit hypercube has been defined and therefore an imaginary hypercube that does not really exist is implied. Each network has a unique identifier and can be used to distinguish one structure from another.

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\(^{114}\) No hypercubes, SFAC 6 Very Basic, [http://xbrs vẻsite.azurewebsites.net/2021/essentials/Hypercubes/sfac6-NoHypercube/index.html](http://xbrs vẻsite.azurewebsites.net/2021/essentials/Hypercubes/sfac6-NoHypercube/index.html)
However, consider the following. What if you combined the Comprehensive Income [Roll Up] and the Balance Sheet [Set] into the same network. Could you use the Network to differentiate one structure from the other when they share the same network? The answer is no; you would need to provide additional information.

**Approach 2 (Unique Hypercubes)**\(^{115}\): SFAC 6 Introducing Hypercubes representation

In this second approach, notice that every structure provides a hypercube; the balance sheet, each income statement, and the changes in equity. But notice one important detail. Both of the income statements use the same hypercube name, “Comprehensive Income Statement [Hypercube].”

So, while each structure does contain a hypercube, because the hypercubes are not uniquely named, the hypercube cannot be used to distinguish or identify structures. While you can distinguish the balance sheet and statement of changes in equity; you cannot do the same with the two income statements that use the same hypercube.

Or, saying this another way; if each of the hypercubes did have a unique name, then the hypercube alone could be used to differentiate each structure.

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\(^{115}\) SFAC 6 Introducing Hypercubes, [http://xbrlsite.azurewebsites.net/2021/essentials/Hypercubes/sfac6-UniqueHypercube/index.html](http://xbrlsite.azurewebsites.net/2021/essentials/Hypercubes/sfac6-UniqueHypercube/index.html)
Approach 3 (Same Hypercube)\textsuperscript{116}: SFAC 6 Alternative Hypercube Approach representation

In this alternative representation using hypercubes, the approach where one hypercube named “Hypercube [Hypercube]” is used to represent the balance sheet, each of the two income statements, and the changes in equity. See the first income statement here and look at the line below to see each of the others. Further note that the Line Items term, “Hypercube [Line Items]”, is used in the representation of each hypercube.

What does sharing hypercubes and the same line items term between structures achieve? Well, first you save having to create a new hypercube and the line items terms; you simple have to

create them once and use them many times which reduces the number of terms you must define.

Second, it forces one to use the network to physically identify the structure. Because each hypercube has the same name, it is useless in the identification of which structure you are referring to.

Third, because you use the same hypercube name the creator of XBRL taxonomies is forced to only use one hypercube per network. Why? If you only have one hypercube to use and you put them in the same network, then conflicts will occur when associations between terms are defined within a network for hypercubes that have the same name. The vast majority of XBRL-based reports already have only one hypercube her network; this forces every report to use this approach.

Fourth, when you do want to extract information from a report and you want to leverage a hypercube for doing so but each hypercube has the same name plus network identifiers are of no help because both the SEC and ESMA require reporting entities to define and use their own network identifiers (as contrast to each company having to use a network identifier defined by the FASB or IASCF or SEC or ESMA) how can you possibly extract information from a report for a specific structure?

Well, that is an excellent question! The answer to that important question is to use what is known as prototype theory117 which is beyond the scope of this introduction. In a nutshell, you use the parts of a structure to identify the structure as contrast to a unique name that identifies each structure.

5.4. Best Approach for Representing Structures

And so, this begs the question: What is the best approach for representing structures? Using Networks, Hypercubes, or both? Well, the answer to the question is not that simple and depends on your perspective.

In order to define a proper XBRL taxonomy for, say, US GAAP or IFRS; you would have to know 100% of the hypercubes in advance in order to use a hypercube to identify each possible disclosure structure. While that is possible, it is challenging.

Today, most quality creators of XBRL-based reports for the SEC are using hypercubes to represent all information in a report. For example, the Microsoft 10-K118 has 128 Networks, 128 hypercubes (a.k.a. Tables), and 194 information blocks. Every structure is represented within a hypercube, but the hypercubes are not uniquely named (i.e. that hypercube us-gaap:StatementTable is used numerous times to identify numerous structures). Therefore, hypercubes are useless for extracting information.

Internally within the enterprise, I would speculate that people would find it easier to deal with unique hypercubes for each unique disclosure.

6. Intermediate

Fundamentally, XBRL-based digital financial reports are a medium for exchanging information\textsuperscript{119} which is important in today’s digital world and which can supercharge what artificial intelligence can achieve for professional accountants.

Accounting existed before writing. Between 5,000 and 10,000 years ago farmers in Mesopotamia, where agriculture was born, used physical objects to count crops and animals\textsuperscript{120}. The distinction between types of crops or animals was made by using different types and shapes of objects. These farmers began documenting information using clay tablets in the earliest form of human writing ever discovered called Cuneiform. They partitioned their clay tablet into rows, columns, and cells. Then, in about 3200 BC, around 5,000 years ago, the first spreadsheet was invented. Clay tablets gave way to papyrus, then paper. In the late 20\textsuperscript{th} century, paper began being replaced by electronic versions of paper such as PDF files, word processing documents, HTML files, and electronic spreadsheets.

Structured formats such as XBRL take this transition one step further making the information contained within those documents and making that information not only readable but understandable and interpretable by computer-based processes. This is an important feature in the information age as the complexity and volume of information increases and manual processes are overwhelmed.

Ultimately, software applications will be able to assist professional accountants in the repetitive, monotonous, routine, mechanical, mundane, rote processes and tasks that they perform much like a calculator augments the ability of a professional accountant to do math.

How exactly can this be made to work? Magic? There is no magic involved, just sound engineering and attention to detail. While no magic is involved the resulting functionality will seem quite magical. So how exactly do we get computers to perform this work?

6.1. Getting Computers to Effectively Perform Work

Per Wikipedia, a computation\textsuperscript{121} is defined as:

“A computation is any type of calculation that includes both arithmetical and non-arithmetical steps and which follows a well-defined model (e.g. an algorithm).”

The key takeaway here is that by computation we don’t just mean math. Computation means steps that can be followed by a computer. Per Wikipedia (paraphrasing), algorithm\textsuperscript{122} is defined as:

\textsuperscript{119} Understanding that XBRL is a Knowledge Media, http://xbrl.squarespace.com/journal/2017/1/16/understanding-that-xbrl-is-a-knowledge-media.html
\textsuperscript{120} Denise Schmandt-Bessersat, On the origins of writing, YouTube.com, https://www.youtube.com/watch?v=kidWY-pJFb0
\textsuperscript{122} Wikipedia, Algorithm, https://en.wikipedia.org/wiki/Algorithm
“An algorithm is a finite sequence of well-defined instructions, typically to solve a class of problems or to perform a computation. Algorithms are always unambiguous and are used as specifications for performing calculations, data processing, automated reasoning, and other tasks.”

Computational logic\(^{123}\) is the use of logic to perform or reason about computation. Logic is used to define the steps and tasks. Logic is a set of principles that forms a framework for correct reasoning.

Humans are very capable of carrying out steps and performing tasks. Mechanical devices can also be created to carry out steps and perform tasks, for example a vending machine is such a device. A calculator is also such a device. Computers via the software programs they run can likewise carry out steps and perform tasks.

Can computers perform all work?\(^{124}\) The answer is no. For example, computers cannot exercise professional judgment. But computers can help out with many routine, repetitious, monotonous, mechanical, boring, grueling tasks and processes of accounting, reporting, auditing, and analysis.

So again, how do you get computers to perform work? ‘Hope’ is not a sound engineering principle. To get computers to do work effectively one needs “know how”. Know how is a type of practical knowledge. A best practice is a method or technique that has been generally accepted as superior to any other known alternatives because it produces results that are superior to those achieved by other means or because it has become a standard way of doing things. This information provides an introduction to a tested, proven, best practices-based method for creating XBRL-based financial reports\(^{125}\).

Key to getting computers to perform work effectively is controlling processes. Key to controlling computer-based processes is using computer understandable rules.

### 6.2. Control + Rules = Effective Automation (High Quality)

If a process cannot be controlled then the process simply cannot repeatedly and reliably output high-quality. If process output is not high-quality, automation cannot possibly be effective.

So, control of a process is necessary in order for the process to be effective. How do you control a process? You control a process using rules. Manual processes are controlled by rules that are read by humans. Automated processes are controlled by rules that are readable by both machines (i.e. to execute the process) and humans (i.e. to make sure the rules are right).

Who creates these machine-readable rules that are used to control processes that yield effective automation? Accountants must create these rules because the rules tend to be accounting oriented. Technical rules tend to relate to rule syntax and such technical rules can be hidden from business professionals. What is left is the business logic and accounting rules that are used to control information and control process workflow. As such, the creation of machine-readable rules must be “self-service”. Business

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\(^{125}\) *Understanding Method (Abridged)*, [http://xbrlsite.azurewebsites.net/2020/Library/UnderstandingMethod_Abridged.pdf](http://xbrlsite.azurewebsites.net/2020/Library/UnderstandingMethod_Abridged.pdf)
professionals must be empowered to create, adjust, maintain, and otherwise manage the rules that are used to control and therefore effectively automate processes. We covered this in the introduction, but we will repeat our explanation of what a logical theory is because it introduces a bit of important jargon we need to communicate effectively about this topic.

6.3. **Accounting Equation, a Simple Financial Report**

The double-entry accounting model and the accounting equation provide the very foundation of financial reporting. There are many different sources for the accounting equation, but I will use Wikipedia’s version\(^\text{126}\), of the accounting equation: **Assets = Liabilities + Equity**

As Wikipedia points out, that fundamental accounting equation, also called the balance sheet equation, represents the relationship between the line items assets, liabilities, and equity of an economic entity. It is the foundation for the double-entry bookkeeping system. For each transaction, the total debits equal the total credits.

We can leverage this very simple equation to understand the fundamentals of XBRL-based financial reporting and learn important subtleties and nuances of working with this new digital report format.

We represented this accounting equation in the form of a model which looked something like the following in our gentle introduction to XBRL-based financial reports\(^\text{127}\):  

As every accountant knows the accounting equation can be represented in another way to make it more appropriate for not for profit entities. That alternative equation is “**Net Assets = Assets - Liabilities**” and when represented in XBRL might look something like the following:

So, what if you wanted to combine the first representation and the second representation together, how can you achieve that? You have to come up with some term that describes the first set of things and the second set of things.

That term is what we call a **structure**. As we defined the notion of a structure; it is a set of statements that describe the structure.


\(^{127}\) Accounting Equation, Very Basic, [http://xbrlsite.azurewebsites.net/2020/introduction/ae-basic/ae_ModelStructure.html](http://xbrlsite.azurewebsites.net/2020/introduction/ae-basic/ae_ModelStructure.html)
Here we combine the first set and the second set together and create the structures “Balance sheet” and “Statement of Net Assets” to differentiate the first structure from the second structure\(^\text{128}\) using a name for the structure:

<table>
<thead>
<tr>
<th>Line</th>
<th>Label</th>
<th>Object Class</th>
<th>Period Type</th>
<th>Balance</th>
<th>Report Element Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01: Balance Sheet</td>
<td>Network</td>
<td></td>
<td><a href="http://www.xbrlsite.com/ae/role/BalanceSheet">http://www.xbrlsite.com/ae/role/BalanceSheet</a></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Assets</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Debit</td>
<td>actAssets</td>
</tr>
<tr>
<td>4</td>
<td>Liabilities</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Credit</td>
<td>actLiabilities</td>
</tr>
<tr>
<td>5</td>
<td>Equity</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Credit</td>
<td>actEquity</td>
</tr>
<tr>
<td>8</td>
<td>Assets</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Debit</td>
<td>actAssets</td>
</tr>
<tr>
<td>9</td>
<td>Liabilities</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Credit</td>
<td>actLiabilities</td>
</tr>
<tr>
<td>10</td>
<td>Net Assets</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Credit</td>
<td>actNetAssets</td>
</tr>
</tbody>
</table>

The statements that describe each of the terms used by each structure and the associations between those terms describe the structure. Do the structures have names? Can they be identified by someone who is looking for each of the structures in a report?

Note that for XBRL-based reports submitted to the SEC and to the ESMA, the networks that are used to define the structures as is being done above are each defined by the economic entity creating a report. So, for example, the balance sheet structure for Microsoft might be something like “http://microsoft.com/role/BalanceSheet” and Apple might define their balance sheet using something like “http://apple.com/role/BalanceSheet” and you would be able to identify the balance sheet of Microsoft and the balance sheet of Apple; but there is no way to identify the notion of a balance sheet to a machine. Just keep this notion in the back of your mind for now and the ramifications of what we are describing here will become more apparent in a few moments. To a human, those identifiers might be distinguishable as describing the same thing. But to a computer, those are two different names and some mechanism must be used to help a computer understand that they are in fact describing the same idea “balance sheet”.

The simple idea of the accounting equation is helpful here to communicate some basic ideas, but we will now move on with a slightly larger financial report structure, the SFAC 6 Elements of Financial Statements, so we can understand a few more moving pieces of an XBRL-based financial report. Again, while SFAC 6 is a simple system it is perfectly capable of getting the important ideas across.

### 6.4. SFAC 6 Elements of Financial Statements

As we pointed out in the introduction SFAC 6 Elements of Financial Statements includes three structures: balance sheet, income statement, and changes in equity\(^\text{129}\):


So, we have three distinct structures as can be observed above.

However, a close reading of the definitions of the terms that make up SFAC 6, you will recognize that a second approach to representing an income statement is permissible which separates income into two groups: income from normal activities and income from peripheral or incidental activities. This is represented by adding a second income statement structure as can be seen below

As professional accountants understand, financial reports are not static forms. The conceptual frameworks of both US GAAP and IFRS have the notion of intermediate components which can be different totals and subtotals. In these two income statement examples, the total “Comprehensive Income” is summarized in two different ways. Each of these ways is fundamentally a different income statement format.

And so, above you see two income statements. A careful reading of SFAC 6 makes it clear that each of the concepts Revenues, Expenses, Gains, and Losses could include either from normal activities or peripheral/incidental activities so the two statements are correctly disjointed.

---

130 SFAC 6 which adds second income statement, http://xbrlsite.azurewebsites.net/2020/introduction/sfac6-dim/sfac6_ModelStructure.html
Further, SFAC 6 discusses net assets and therefore it would be very appropriate to add another structure for the notion of a statement of net assets. We will not make that addition here but will do so later to try and keep the examples as small as possible.

We talked about the notion of an XBRL network and how they are used to separate structures because you want to or because you have to in order to avoid conflicts. XBRL has another mechanism for creating structures which is called the hypercube which we will introduce now.

Note that the IFRS Conceptual Framework is similar in their explanation of these dynamics, they simply use slightly different terms\(^ {132}\). In fact, these dynamics are the same for every financial reporting framework\(^ {133}\).

### 6.5. More Information about Defining Structures using Hypercubes

We introduced you to the notion of a hypercube and how hypercubes can be used to define structures or must be used to define structures when you need additional non-core dimensions. The variance analysis, segment breakdown, and prior period adjustment are all cases where you must use hypercubes.

To round out the three different approaches to defining a structure there is also the approach of using a combination of both a **Network and a Hypercube** to define a structure.

The first question you might have is, “Why three approaches?” That is a very good question but providing a good answer is harder. For now, don’t worry about the answer to the question because creating XBRL-based reports using IFRS or US GAAP allows either of the three approaches. The “best approach” can be a matter of opinion and circumstances.

Both a Hypercube and a Network are ways of connecting associations together to define a structure. Networks must always exist in XBRL-based reports. Hypercubes are optional until you need what only they can provide to structure information effectively.

Essentially, Networks and Hypercubes connect sets of associations and facts together and distinguish one set of associations with another set. What we try and do is make the notion of a Network and Hypercube invisible to you and expose only the notion of the Structure itself. This is done by automatically generating the Network, Hypercube, or combination of Network + Hypercube by cleverly designing software. If defining hypercubes are automatic, then using hypercubes becomes somewhat invisible to an accountant creating an XBRL-based report and that is one less decision that needs to be made or thing that needs to be understood.

But, let’s forget about all that for now and look at a Hypercube. We do this by looking at the following SFAC 6 representation which for simplicity reverts back to a single income statement:\(^ {134}\)

---


A hypercube is a type of XBRL report element. Up until now we have not really discussed the different types of XBRL report elements because there was only one type, the concept, which could or could not be abstract. Along with the hypercube comes two additional types of report elements: the dimension and the member.

A hypercube is a structure which combines a set of dimensions, members, and concepts to represent some set of information within an XBRL-based financial report. For now, we will briefly introduce the notion of the XBRL report element the fact that there are seven different categories of such report elements, and that the pattern of how those report elements can be arranged within a structure is explained by the following matrix:

<table>
<thead>
<tr>
<th>Parent</th>
<th>Network</th>
<th>Table</th>
<th>Axis</th>
<th>Member</th>
<th>Line Items</th>
<th>Abstract</th>
<th>Concept</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network</td>
<td>Illegal XBRL</td>
<td>Illegal XBRL</td>
<td>Illegal XBRL</td>
<td>Illegal XBRL</td>
<td>Illegal XBRL</td>
<td>Illegal XBRL</td>
<td>Illegal XBRL</td>
</tr>
<tr>
<td>Table</td>
<td>OK</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>OK</td>
<td>Disallowed</td>
</tr>
<tr>
<td>Axis</td>
<td>Disallowed</td>
<td>OK</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
</tr>
<tr>
<td>Member</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>OK</td>
<td>OK</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
</tr>
<tr>
<td>Line Items</td>
<td>Disallowed</td>
<td>OK</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
</tr>
<tr>
<td>Abstract</td>
<td>OK</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>OK</td>
<td>Disallowed</td>
</tr>
<tr>
<td>Concept</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>Disallowed</td>
<td>OK</td>
<td>Disallowed</td>
</tr>
</tbody>
</table>

A report element can be a parent and/or it could be a child in an association. The matrix simply summarizes the appropriate and inappropriate parent/child associations of the different categories of report elements. Note that a “Table” is an alias for the term Hypercube and that “Axis” is an alias for the term Dimension. The US GAAP and IFRS XBRL taxonomies use the terms Table and Axis as opposed the terms Hypercube and Dimension to describe those two categories of report elements. We are going to use the terms Hypercube and Dimension throughout this document.

Let us leave report elements for now, we will explain them in more detail as they are introduced in our modeling of different financial reporting related models.

So, to summarize what you see in the representation of SFAC 6 above; you have both a uniquely named network and a uniquely named hypercube that are used to represent each structure that we use to represent SFAC 6: balance sheet, income statement, changes in equity.
Is this the only approach? No. Let’s now look at an alternative approach to representing exactly the same set of information from SFAC 6 and let’s also add back that second income statement structure.

### 6.6. Mathematical Connections Between Proof Information Structures

The Common Elements of Financial Statements representation was specifically referenced to make the point that is communicated in both the SFAC 6 conceptual framework and IFRS conceptual framework which is the notation of articulation. Articulation is the notion that the primary financial statements are connected together mathematically:

Expanding this notion of articulation using the additional mathematical associations of the PROOF representation it becomes apparent that the information fragments represented are correctly represented because the model is completely intact mathematically as is shown below:

Specifically note that:

1. The prior period adjustment properly connects to the beginning balance of the changes in equity roll forward.
2. The segment revenues member aggregation properly connects to the income statement roll up.

---

135 Articulation of Four Statement Model, [http://xbrlsite.azurewebsites.net/2020/core/master-common/ArticulationFourStatementModel.jpg](http://xbrlsite.azurewebsites.net/2020/core/master-common/ArticulationFourStatementModel.jpg)

136 Articulation of Proof representation mathematical relations, [http://xbrlsite.azurewebsites.net/2021/essentials/Proof/ProofMathematicalComputations.jpg](http://xbrlsite.azurewebsites.net/2021/essentials/Proof/ProofMathematicalComputations.jpg)
3. The variance analysis actual amounts tie to the income statement roll up and the variance between actual and budget foot and cross cast.

This proves that the XBRL-based representation of financial report information is appropriate because that representation is confirmed by the global standard XBRL and rules processors show they are consistent with expectation.

6.7. **Understanding Intersections between Structures and “Dimension Defaults”**

As pointed out in the prior section one structure can be intersected with one or more other structures. For example, there is a relation between the structure which breaks down segment Revenues by segment and the structure that represents the subcomponents of Net Income which also contains the fact Revenues:

The fact Revenues for the period 2020-01-01 to 2020-12-31 exists only once in the report, but it is used to represent information in both structures. Notice that the dimensions of the fact Revenues is different in the two structures. Whereas in the income statement income breakdown there is no “Segments [Axis]” but in the segment revenues breakdown that dimension does exist. See that here by comparing these two fact tables.

**Income statement**[^137]:

Here is what is going on?

If you examine the XBRL instance, the fact distinguished as representing Revenues for the period distinguished as being 2020-01-01 to 2020-12-31 exists in that XBRL instance only once. That fact “morphs” into the form it needs to be in, with or without that Segments [Axis] dimension using a mechanism named the “dimension-default”. Many people misinterpret the function of the dimension-default as there to save you time from having to enter a dimension. But that is not what is going on. What is going on is the dimension-default mechanism tells the fact how to morph in order to work correctly in both structures.

Proper morphing the dimensions to suit both hypercubes in the example structures above shows you how dimension-defaults are used to virtually indicate information that is not physically represented within the XBRL instance context information for an explicit dimension.

Further note that the Revenues fact as used in the variance analysis fact table has yet another different dimension, Scenario [Axis]139:

6.8. Difference between Signal and Noise

Constructing hypercubes effectively is a learned skill. There is a big difference between providing “signal” which is more information and “noise” which is unimportant stuff that just gets in the way140. Contrast the use of dimensions on these hypercubes:

---


Here is the financial highlights of the Proof Baseline to use as a starting point for our comparison:\footnote{Proof, Financial Highlights, \url{http://xbrlsite.azurewebsites.net/2021/essentials/Proof/evidence-package/contents/index.html#Rendering-FinancialHighlights-proof_FinancialHighlightsHypercube.html}}:

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
Component: (Network and Table) & \\
\hline
Network & I4-Financial Highlights \\
& \url{http://www.xbrl.com/proof/role/FinancialHighlights} \\
Table & Financial Highlights [Hypercube] \\
\hline
\end{tabular}
\caption{Financial Highlights [Line Items]}
\end{table}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
Slicers (applies to each fact value in each table cell) & \\
\hline
Reporting Entity [Axis] & GH25940070MPUOLS65II \url{http://standards.iso.org/iso/17442} \\
\hline
Financial Highlights [Line Items] & \\
\hline
\multicolumn{2}{|c|}{Period [Axis]} \\\n\hline
\hline
\end{tabular}
\caption{Financial Highlights [Set]}
\end{table}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
Slicers (applies to each fact value in each table cell) & \\
\hline
Reporting Entity [Axis] & 10810137DFS76384asa \url{http://standards.iso.org/iso/17442} \\
\hline
\end{tabular}
\caption{Financial Highlights [Line Items]}
\end{table}

This representation is very simple. There are no additional noncore dimensions provided, but there is a hypercube being used. Note that you do not need to provide dimensions when you use a hypercube.

Here is a slightly more realistic set of financial highlights that contains a few additional facts and five periods rather than just one; but the structure still does not make use of dimensions:\footnote{XASB representation, financial highlights, no dimensions, \url{http://xbrlsite.azurewebsites.net/2021/essentials/Dimensions/dimensions-none/evidence-package/contents/index.html#Rendering-FinancialHighlightsSchedule-gaap_FinancialHighlightsTable.html}}:

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
\multicolumn{2}{|c|}{Period [Axis]} \\\n\hline
\hline
\end{tabular}
\caption{Financial Highlights [Hierarchy]}
\end{table}

It is relatively easy to transition between the first and second representation of financial highlights.

Here is another representation of financial highlights, this time using three noncore dimensions; Legal Entity [Axis], Report Date [Axis], and Reporting Scenario [Axis]; each of which uses the dimension default member as the value of the dimension:\footnote{XASB representation, financial highlights, three noncore dimensions added, \url{http://xbrlsite.azurewebsites.net/2021/essentials/Dimensions/dimensions-moderate/evidence-package/contents/index.html#Rendering-FinancialHighlightsSchedule-gaap_FinancialHighlightsTable.html}}:

---

\textsuperscript{141} proof, Financial Highlights, \url{http://xbrlsite.azurewebsites.net/2021/essentials/Proof/evidence-package/contents/index.html#Rendering-FinancialHighlights-proof_FinancialHighlightsHypercube.html}

\textsuperscript{142} XASB representation, financial highlights, no dimensions, \url{http://xbrlsite.azurewebsites.net/2021/essentials/Dimensions/dimensions-none/evidence-package/contents/index.html#Rendering-FinancialHighlightsSchedule-gaap_FinancialHighlightsTable.html}

\textsuperscript{143} XASB representation, financial highlights, three noncore dimensions added, \url{http://xbrlsite.azurewebsites.net/2021/essentials/Dimensions/dimensions-moderate/evidence-package/contents/index.html#Rendering-FinancialHighlightsSchedule-gaap_FinancialHighlightsTable.html}
What is the difference between the logic provided in the first and second representations of the XASB representation? The answer is that logically, both of these convey exactly the same meaning although the second explicitly provides those three noncore dimensions information and the first does not.

Let us take this a bit farther. Here you see the same information conveyed in the previous two XASB representations but here several more dimensions are added so that we now have 11 noncore dimensions:

---

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment, Description of Major Class</td>
<td>All Major Classes</td>
</tr>
<tr>
<td>Customer</td>
<td>All Customers</td>
</tr>
<tr>
<td>Debt Instrument, Identifier</td>
<td>All Debt Instruments</td>
</tr>
<tr>
<td>Business Segment</td>
<td>Business Segments, All</td>
</tr>
<tr>
<td>Related Party, Name</td>
<td>All Related Parties</td>
</tr>
</tbody>
</table>

---

What is the difference between the logic provided in the first and second representations of the XASB representation? The answer is that logically, both of these convey exactly the same meaning although the second explicitly provides those three noncore dimensions information and the first does not.

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---

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<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment, Description of Major Class</td>
<td>All Major Classes</td>
</tr>
<tr>
<td>Customer</td>
<td>All Customers</td>
</tr>
<tr>
<td>Debt Instrument, Identifier</td>
<td>All Debt Instruments</td>
</tr>
<tr>
<td>Business Segment</td>
<td>Business Segments, All</td>
</tr>
<tr>
<td>Related Party, Name</td>
<td>All Related Parties</td>
</tr>
</tbody>
</table>

---

We already established that the last two representations of financial highlights were logically the same; so what about now. What does adding the additional eight dimensions get you?

Logically, the three XASB representations are identical. Running each through an XBRL Formula processor shows this and that each of the representations is valid XBRL technical syntax.

Yes, adding dimensions can make more information explicitly available than necessary to derive. However, this comes at a cost. The more dimensions you add that are not relevant the harder it can be to interpret the reported information.

Balancing the needs of humans and the needs of computers reading information is a learned skill.

7. Other Odds and Ends

I don’t have a good title for this section yet, I will figure that out over time. Here are some additional important odds and ends that need to be understood and consciously considered.

7.1. Patterns and Models are Rules

Why all the work to identify and understand patterns and models? Well, because patterns and models provide rules. These patterns and rules provide a specification for what is permissible per XBRL-based financial reporting.

These patterns and models are documented in the *Logical Theory Describing Financial Report*[^145]. Software engineers have a tendency to implement the XBRL technical specification verbatim. While that will work, it makes implemented software applications harder to use because you need to learn about the XBRL technical specification. Leveraging higher level models makes software both easier to implement and easier to use.

Software engineers use the rules provided by patterns and models to build software that is easy and straightforward to use.

7.2. Software Interoperability

Software interoperability, ease of use, completeness of functionality, and capability to prove that an XBRL-based financial report is a properly functioning logical system is important to effectively exchanging information using the XBRL technical format. Here are four software applications that support this method:

- Pesseract: [http://xbrlsite.azurewebsites.net/2020/master/Pesseract.html](http://xbrlsite.azurewebsites.net/2020/master/Pesseract.html)
- Pacioli: [http://xbrlsite.azurewebsites.net/2020/master/Pacioli.html](http://xbrlsite.azurewebsites.net/2020/master/Pacioli.html)

There is likely other software that can be used for XBRL-based digital financial reporting, I am simply pointing out software that I have rigorously tested.

7.3. Identifying Disclosures

When we work with a financial report, we generally work with the fragments that make up the report. As I have pointed out we can break a full report into the individual fragments that make up that report. Those fragments can be broken and identified by humans as to the individual disclosures that comprise a particular financial report. For example, a financial report can be broken down into the balance sheet, income statement, cash flow statement, statement of changes in equity, individual policies, and individual detailed disclosures that are included within the notes of a financial statement.

It is of critical important to differentiate the notion of a “note” and a “disclosure” in your mind. A disclosure is an informational artifact and indicates information that is being disclosed. A note is a presentational artifact and is comprised of a set of one to many disclosures. Accountants can somewhat arbitrarily organize disclosures into notes. But the disclosures themselves are generally prescribed and are driven by the information provided by the disclosure rather than what note a disclosure ends up being located within. Also, accountants may have different alternatives as to what form a disclosure can take and even whether a disclosure is required/necessary or not in some cases. But what makes up an individual disclosure is generally prescribed.

Accountants can work with these disclosures and even communicate with one another about individual disclosures fairly effectively. But computers cannot work with disclosures effectively unless you give each disclosure a unique name that identifies each individual disclosure.

We have done this for the disclosures relating to the PROOF representation. You can get to those disclosures in machine readable form here:

If you open that machine-readable list of disclosures for the PROOF representation which is represented using the XBRL technical syntax and shown below using standard XBRL software, you can read that list:

---

147 Proof disclosures, http://xbrlsite.azurewebsites.net/2020/intermediate/proof/disclosures.xsd
What is more important is that a computer can read that list also.

Think about this for a moment. Have you ever seen a complete list of disclosures before? Probably not. No one has really bothered to create such a list. But what if where were such a list of disclosure names. What if that same list of names was uses by intermediate accounting textbooks, the authoritative literature, interpretations of the authoritative literature, disclosure checklists used to create financial reports, the preparers of financial reports, analysts extracting information from financial reports, etc. You probably get the point. None of the value of a complete, reliable, and machine-readable list is available until someone creates the list and puts that information into machine readable form. Here\(^\text{148}\) is that list for US GAAP which contains 995 disclosures which have been named (a working prototype). Here\(^\text{149}\) is a human readable version of that same list that is searchable and filterable.

---


And so, each disclosure for US GAAP can be named and 995 such named disclosures are provided for US GAAP in the working prototype above. Similar lists can be created for IFRS\textsuperscript{150} or any financial reporting scheme really.

For example, one disclosure name for US GAAP is “\textbf{InventoryNetRollUp}”. The specific details of that disclosure are also described\textsuperscript{151} including as an example a specific permissible prototype of the disclosure:

<table>
<thead>
<tr>
<th>Line</th>
<th>Object Class (Data Type)</th>
<th>Period Type</th>
<th>Balance</th>
<th>Report Element Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inventory balances</td>
<td>Abstract</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Raw materials and packaging</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Debit</td>
</tr>
<tr>
<td>3</td>
<td>Finished goods</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Debit</td>
</tr>
<tr>
<td>4</td>
<td>Other</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Debit</td>
</tr>
<tr>
<td>5</td>
<td>Total inventories</td>
<td>Concept (Monetary)</td>
<td>As Of</td>
<td>Debit</td>
</tr>
</tbody>
</table>

What is more, examples of actual disclosures provided by economic entities are available and identifiable from reports of public companies submitted to the Securities and Exchange Commission (SEC). These are all freely available in both human-readable form and machine-readable form. For example, here is the inventory roll up disclosure (\textit{InventoryNetRollUp}) provided by Boeing\textsuperscript{152}:

\textsuperscript{150} IFRS Disclosures, human-readable, \url{http://xbrlsite.azurewebsites.net/2020/reporting-scheme/ifrs/documentation/Disclosures.html}

\textsuperscript{151} Inventory Net Roll Up disclosure details, \url{http://xbrlsite.azurewebsites.net/2020/reporting-scheme/us-gaap/disclosures-topics/disclosures-detail/Disclosure-517.html}

\textsuperscript{152} Boeing Inventory Disclosure, \url{http://www.xbrlsite.com/2015/fro/us-gaap/html/Disclosures/Exemplars/20982-Exemplar.html}
In fact, an entire system for researching disclosures can be created by taking the simple step of creating a name and then using that name to specify what disclosure you want to see examples for:


All this shows you the power of metadata and what can be achieved by the simple step of giving each disclosure a unique name so that you can refer to any disclosure in a manner that a software application can understand what you are talking about and do this for any financial reporting scheme!

---

But how do you use a name to discover a disclosure? Well, you don’t use the name. You use other information that you attach to the name to help you discover the report fragment that discloses specific information.

7.4. Disclosure Mechanics

Disclosure mechanics is a set of machine-readable rules represented using XBRL\textsuperscript{154} that describes how a specific disclosure is represented within an XBRL-based financial report. You can use that information for two things. First, you can use the information to detect the disclosure within the report. Second, you can use the information to verify that the disclosure is represented consistent with your expectations. Here is an example of the disclosure mechanics validation results of the Proof representation we are using.

Consider the first disclosure, “Assets Roll Forward”. If you click on the plus sign, a human readable version of the rule is shown which appears as follows:

\begin{center}
\begin{tabular}{|c|c|c|c|c|c|c|c|c|}
\hline
# & Disclosure & Category & Level & Pattern & Disclosure Found & Disclosure Consistent & Applicable & Representation Concept \ettel{FIND BLOCK} & Representation Concept \ettel{DETAIL} \\
\hline
1 & Assets Roll Forward & Unknown & Level\texttt{Detail} & RollForward & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Assets \\
2 & Assets Roll Up & Unknown & Level\texttt{Detail} & Roll\texttt{Up} & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Assets \\
3 & Balance Sheet & Unknown & Unknown & Component & True & \texttt{CONSISTENT} & True & - & - \\
4 & Basis of Reporting & Unknown & Level\texttt{Detail} & TextBlock & True & \texttt{CONSISTENT} & True & Basis of Reporting \ettel{Text Block} & NOT-EXPECTED \\
5 & Cash Flow Statement & Unknown & Unknown & Component & True & \texttt{CONSISTENT} & True & - & - \\
6 & Change in Equity & Unknown & Unknown & Component & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Equity \\
7 & Change in Equity Highlights & Unknown & Unknown & Component & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Equity \\
8 & Income Statement & Unknown & Unknown & Component & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Comprehensive Income \\
9 & Income Statement Alternative & Unknown & Unknown & Component & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Comprehensive Income \\
10 & Liabilities and Equity Roll Up & Unknown & Level\texttt{Detail} & Roll\texttt{Up} & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Liabilities and Equity \\
11 & Nature of Operations & Unknown & Level\texttt{Detail} & TextBlock & True & \texttt{CONSISTENT} & True & Nature of Operations \ettel{Text Block} & NOT-EXPECTED \\
12 & Net Assets Roll Up & Unknown & Level\texttt{Detail} & Roll\texttt{Up} & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Net Assets \\
13 & Net Cash Flow Roll Up & Unknown & Level\texttt{Detail} & Roll\texttt{Up} & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Net Cash Flow \\
14 & Prior Period Errors & Unknown & Level\texttt{Detail} & RollForward & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Equity \\
15 & Revenue Recognition Policy & Unknown & Level\texttt{Detail} & TextBlock & True & \texttt{CONSISTENT} & True & Revenue Recognition Policy \ettel{Text Block} & NOT-EXPECTED \\
16 & Segment Revenues & Unknown & Level\texttt{Detail} & RollForward & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Revenues \\
17 & Stock Plan Activity & Unknown & Level\texttt{Detail} & RollForward & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Non-vested Fair Value \\
18 & Variance Analysis & Unknown & Level\texttt{Detail} & Roll\texttt{Up} & True & \texttt{CONSISTENT} & True & NOT-EXPECTED & Comprehensive Income \\
\hline
\end{tabular}
\end{center}

You see the name of the disclosure which is “AssetsRollForward”. You see that the disclosure is required to be represented within the “proof:CashFlowHypercube”. You see that the disclosure is a Roll Forward. Finally, you see that the disclosure is required to have the concept “proof:Assets” as the instant concept of that Roll Forward information pattern. Of the fragments contained within the Proof XBRL-based report there is only one fragment that has all of these characteristics above which you can see in the screen shot below:

\begin{center}
\includegraphics[width=\textwidth]{proof_rls.png}
\end{center}

\footnote{\textsuperscript{154} Disclosure Mechanics Rules for Proof, \newline http://xbrlsite.azurewebsites.net/2020/intermediate/proof/dm.xsd}
Further, if you press on the “Line of Reasoning” tab you see the line of reasoning used to detect the disclosure:

The rule itself and the line of reasoning can help you have 100% transparency into what a disclosure must look like and why a computer algorithm did or did not locate the disclosure being sought.
In the case of the “Assets Roll Forward” disclosure, all you really needed was the name of the hypercube in order to discover where the disclosure was in the XBRL-based report. The information model of the disclosure (i.e. RollForward) and the required instant concept (i.e. proof:Assets) is not necessary for the disclosure discovery process. However, that information is necessary to determine whether the disclosure has been structured appropriately.

What we are showing for the Proof example might seem simplistic. To give you a better idea of the power of the reasoning software and the rules, consider this example of a US GAAP XBRL Taxonomy rule related to the InventoryNetRollUp disclosure:

<table>
<thead>
<tr>
<th>Rules: disclosures:InventoryNetRollUp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure mechanics validation for disclosure: disclosures:InventoryNetRollUp</td>
</tr>
<tr>
<td>Roll up of details of components of current inventory net.</td>
</tr>
<tr>
<td>This disclosure:</td>
</tr>
<tr>
<td>- MUST be represented by the networks with the SEC Category: DISCLOSURE</td>
</tr>
<tr>
<td>- MUST be represented as an SEC Level 4 Disclosure Detail with the concept arrangement pattern: ROLL UP</td>
</tr>
<tr>
<td>o ROLL UP REQUIRES the total concept: us-gaap:InventoryNet</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:InventoryNetOfAllowancesCustomerAdvancesAndProgressBillings</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:PublicUtilitiesInventory</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:AirlineRelatedInventory</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:RetailRelatedInventory</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:EnergyRelatedInventory</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:AgriculturalRelatedInventory</td>
</tr>
<tr>
<td>- MUST be represented using the SEC Level 3/2 Disclosure Text Block: us-gaap:ScheduleOfInventoryCurrentTableTextBlock</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:ScheduleOfUtilityInventoryTextBlock</td>
</tr>
<tr>
<td>- Requires the note to be reported using the SEC Level 1 Note Text Block: us-gaap:InventoryDisclosureTextBlock</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:InventoryMajorClassesPolicy</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:InventoryDepreciationPolicy</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:InventoryWorkinProcessPolicy</td>
</tr>
<tr>
<td>o or alternative concept: us-gaap:InventoryFinishedGoodsPolicy</td>
</tr>
</tbody>
</table>

There are two important things to notice about the US GAAP XBRL taxonomy rule above. First, notice that no specific hypercube or network is referenced. The disclosure can be effectively discovered without network or hypercube information. Second, notice that other disclosures that should exist if the inventory is found are also queried for such as the inventory policy text block (level 2 text block), the disclosure text block (level 3 disclosure text block), and the note text block (level 1 note text block).

Effectively, the rules engine of software applications can use prototype theory to discover report information even if disclosures are not specifically identifiable via network or hypercube names. Prototype theory is simply a technique used to find something based on the characteristics of the thing you are looking for instead of a uniquely identifiable name. For more information on prototype theory, see Understanding Prototype Theory155.

Note that not all information about a disclosure is provided, only the essential information that identifies each disclosure. More and more information can be added to differentiate one disclosure from another.

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155 Understanding Prototype Theory, [http://xbrl.squarespace.com/journal/2013/12/21/understanding-prototype-theory.html](http://xbrl.squarespace.com/journal/2013/12/21/understanding-prototype-theory.html)
7.5. Reporting Checklist

Professional accountants use what they call a reporting checklist or disclosure checklist as a memory jogger for making sure a financial report is correctly created\(^\text{156}\). A similar strategy can be used to make sure an XBRL-based financial report is correctly created. Here are the machine readable disclosure rules of the proof representation\(^\text{157}\) and what those rules look like in human readable form:

There are the validation results from running the reporting checklist rules against the Proof representation:

Again, while these ideas are explained to the reader using rather simple examples in order to make a basic explanation easier; these reporting checklist rules are quite sophisticated in nature. You can see a working prototype of Microsoft’s 10-K financial report which was submitted to the SEC using a commercially available tool provided by XBRL Cloud that leverages these reporting checklist rules\(^\text{158}\):
7.6. Some Final Thoughts

We began this discussion talking about getting computers to do work and how you use rules to control that work in order to effectively automate processes. For automation to be effective, the results of processing an XBRL-based financial report should be deterministic. That is the only way two parties can agree on what information is being conveyed by such reports effectively. For more information, please start with Understanding Method (Abridged)\textsuperscript{159}.

The new medium for exchanging complex financial information, XBRL, will undoubtedly contribute to reducing the monotonous, repetitive, mechanical tasks and processes accountants need to perform which will free these professionals up to better add value in the information age.

To further your understanding, I would encourage you to work through the analysis of the Microsoft 2017 10-K financial report which ties the ideas and examples used in this document to a real world XBRL-based financial report\textsuperscript{160}.

The examples provided here may seem too simple. They are not too simple; they communicate only what is essential. Consider this more complex example from an actual Microsoft 10-K report\textsuperscript{161}:

Adding more dimensions or adding more members to a dimension does not get you any closer to testing the essence of XBRL-based financial reporting. Sure, you can

\textsuperscript{159} Understanding Method (Abridged), http://xbrlsite.azurewebsites.net/2020/Library/UnderstandingMethod_Abridged.pdf


\textsuperscript{161} Microsoft, Complex Example 1, http://xbrlsite.azurewebsites.net/2020/master/complex1/reference-implementation/evidence-package/contents/index.html#Rendering-DisclosureLongTermDebtDetail-base_DebtInstrumentTable.html
test to see how well such reports scale. But that is a completely different subject. Here, we are focused on effectiveness.

8. Understanding Errors that Can Occur

An excellent way of making sure things are right is by studying what can go wrong.

The following is a comparison of 9 states of the simple financial report logical system, the accounting equation\(^\text{162}\). The point of using such a simple financial report logical system is to explain specific things that can go wrong so that a reader can understand why each of the categories of rules are necessary to control a process to make sure things are in fact right. These 9 states can occur in any financial report with one fragment, two fragments, or 194 fragments like the Microsoft 10 K. Again, *Mastering XBRL-based Digital Financial Reports*\(^\text{163}\) walks you through small and simple to large and complex. For more information about these impediments, please watch the video playlist *Understanding the Financial Report Logical System*\(^\text{164}\), in particular the three videos related to impediments.

Here is a summary of all nine states with the first state outlined in green being the only properly functioning logical system proven to be complete, consistent, and precise:

[Diagram of 9 states of the simple financial report logical system]

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\(^\text{162}\) Accounting equation, [http://xbrlsite.azurewebsites.net/2020/master/ae/index.html](http://xbrlsite.azurewebsites.net/2020/master/ae/index.html)


\(^\text{164}\) Understanding the Financial Report Logical System, [https://www.youtube.com/playlist?list=PLqMZRUzQ64B7EWamzDP-WaYbS_W0RL9nt](https://www.youtube.com/playlist?list=PLqMZRUzQ64B7EWamzDP-WaYbS_W0RL9nt)
In the following sections I want to make some adjustments to the logical system which make the logical system either inconsistent, incomplete, or imprecise and explain why the system is then not a properly functioning logical system. I made videos that explain each of these impediments to a properly functioning logical system which you can see in this video playlist, *Understanding the Financial Report Logical System*.

Before we get to the improperly functioning logical systems, let’s take one final look at the properly functioning logical system so that you can use that as a baseline for comparing and contrasting the properly functioning and improperly functioning logical systems so that you can understand they sorts of errors that can occur.

### 8.1. State 1: Properly Functioning Logical System

For completeness, I want to start by mentioning again our properly functioning logical system which is consistent, complete, and precise. It can be helpful to contrast other states to this state to understand the difference between properly functioning logical systems and improperly functioning systems.

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165 *Understanding the Financial Report Logical System*, https://www.youtube.com/playlist?list=PLqMZRuZQ64B7EWamzDP-WaYbS_W0RL9nt
Again, this is considered a properly functioning logical system because (a) all the statements within the system are consistent; (b) the set of statements that describe the system is complete; and (c) the information conveyed by the system is precise in its representation of reality. Further, we are formally declaring this “reality” to be our base understanding.

Also, we need to be explicit. We defined three terms “Assets”, “Liabilities”, and “Equity.”

Now, you may know what those three terms are; but a computer does not. You have to define what you work with relative to something that you know. Imagine our system defines four terms, “fac:Assets”, “fac:Liabilities”, “fac:Equity”, and “fac:LiabilitiesAndEquity”. You understand your system but you have to map every external system into your system. Your internal system understands more than the accounting equation system (i.e. you have LiabilitiesAndEquity). You have to be able to compute that value based on some other system’s information. It is perfectly reasonable for our system to create a concept LiabilitiesAndEquity and compute that value even though the accounting equation logical system does not have that explicit value.

The point is that different economic entities have different models; but all models of a financial reporting scheme are reconcilable from/to one another in some manner.

8.2. State 2: Incomplete Coverage by Rules

The logical system #2 below is intended to show exactly the same information as our #1 properly functioning logical system, except that #2 leaves out the rule “Assets = Liabilities and Equity” which is showed as grayed out (i.e. because it is assumed to be missing from the logical system.

Coverage is a measure of how well you do or can represent a domain of information within a logical system. “Do” is about using the tools you have correctly and effectively. “Can” is about the capabilities of the tools you are using to represent the rule.

For example, if your logical system neglects to include the rule “Assets = Liabilities + Equity” or if your tools don’t provide the capabilities to allow you to represent that

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166 YouTube, Reality, https://youtu.be/eq2jw6waaCI


168 Mapping from accounting equation to fundamental accounting concepts in our system, http://xbrlsite.azurewebsites.net/2020/core/master-ae/fac-mapping-definition.xml

169 XBRL Formula to derive the value for LiabilitiesAndEquity, http://xbrlsite.azurewebsites.net/2020/core/master-ae/fac-ImputeRule-LiabilitiesAndEquity-formula.xml

rule; then there is the possibility that the facts being represented to be represented incorrectly and the system will not detect the inconsistency. As such, that logical system has **incomplete coverage**.

| Consistent | Assets = 5,000 |
|Incomplete  | Liabilities = 1,000 |
|            | Equity = 4,000 |
| Precise    | Assets = Liabilities + Equity |

While this specific state #2 does have the Assets, Liabilities, and Equity facts consistent with the absent rule; the system is still incomplete because the coverage can be improved by adding the missing rule. If that missing rule is added, then the logical system can be considered complete again.

### 8.3. State 3: Inconsistent and Imprecise

All the statements in the system must be consistent for the logical system to be considered properly functioning. If statements are inconsistent, the logical system is not properly functioning. In this system #3, the values for Assets, Liabilities, and Equity are inconsistent with the rule “Assets = Liabilities + Equity”. From looking at the information provided, it is impossible to know exactly which of the three facts are incorrect; it is only possible to understand that the statements made within the logical system is inconsistent. It could be the case that the rule is incorrect.

| Inconsistent | Assets = 8,000 |
| Complete     | Liabilities = 1,000 |
| Imprecise    | Equity = 4,000 |
|              | Assets = Liabilities + Equity |

However, given that we know from state #1 that the value for Assets is 5,000 and not 8,000; the facts in this system is imprecise because the fact for Assets does not reflect reality.

### 8.4. State 4: Unreported Facts

In state #4, the situation is that the economic entity representing information in their report neglected to include the fact for Liabilities. Whether it is the case that a fact can, or cannot, be left unreported is a decision that can be made by the stakeholders of the system.

If it is the case that it is decided that the fact “Liabilities” can be omitted if both Assets and Equity are reported; then you must provide a rule to derive the value of Liabilities when that fact is not reported. Below you see that the system has been adjusted in state #4’ to add the rule “IF Assets exists and if Equity exists; THEN Liabilities = Assets
- Equity”¹⁷¹. (NOTE that this rule should actually be “IF Assets exists and if Equity exists and if not(exists) Liabilities; THEN Liabilities = Assets – Equity”)

If it were likewise true that either Assets¹⁷² or Equity¹⁷³ could also be left unreported, similarly derivation rules could be created for each of those facts. Note that XBRL Formula chaining¹⁷⁴ can be used to physically derive unreported facts if any one of these three facts remain unreported. Note that it is impossible to derive missing information if any two of the facts remain unreported. Adding the derivation rule makes the system complete.

Allowing certain line items of a report to go unreported specifies the need to create rules to derive missing information. Or saying this another way, omitting the possibility of unreported facts negates the need for creating derivation rules.

A second downside of allowing unreported facts is that you lose the parity check or cross check if facts can go unreported. Said another way, it would be considered best practice to not leave important high-level financial report line items to go unreported.

8.5. **State 5: Incomplete**

Similar to state #4, in state #5 the logical system is incomplete because both (a) the fact Liabilities is unreported and also (b) the consistency rule “Assets = Liabilities + Equity” is missing from the logical system. Because both a fact and the rule are missing from the logical system, it would be impossible to deduce the value of Liabilities in this case. There is not enough information in the logical system to allow Liabilities to be derived. At a minimum, a consistency crosscheck rule¹⁷⁵ plus the derivation rule to impute Liabilities¹⁷⁶ would be necessary.

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¹⁷¹ Here is the impute or derivation rule that would be added to the accounting equation logical system for this situation, http://xbrlsite.azurewebsites.net/2020/core/master-ae/ImputeRule-Key-1-Code-BS-Impute-01-formula.xml

¹⁷² XBRL Formula rule for deriving Assets, http://xbrlsite.azurewebsites.net/2020/core/master-ae/ImputeRule-Key-3-Code-BS-Impute-03-formula.xml


¹⁷⁵ XBRL Formula consistency crosscheck rule Assets = Liabilities + Equity, http://xbrlsite.azurewebsites.net/2020/core/master-ae/Consistency-5-Code-BS01-formula.xml

¹⁷⁶ XBRL Formula derivation rule to impute Liabilities, http://xbrlsite.azurewebsites.net/2020/core/master-ae/ImputeRule-Key-1-Code-BS-Impute-01-formula.xml
Again, consistent with state #4; Assets and Equity would require similar rules and there is no parity check of reported information.

### 8.6. State 6: Imprecise

A logical system is a true and fair representation of some agreed upon realism. **Precision** is a measure of how precisely you do or can represent the information of a domain within a logical theory. The reality that we formalized in state #1 indicates that “Assets = Liabilities + Equity”. Yet, in the state #6 example, the rule “Assets = Liabilities” was provided. Further, the values of Assets and Liabilities are, in fact, consistent with the rule that has been provided.

Remember that in state #1 we formalized our truth to be that “Assets = Liabilities + Equity”. As such, this logical system can be described as being imprecise. To make this logical system precise, all that needs to be done is to fix the rule.

### 8.7. State 7: Extension Concept

In state #7 on the left, what we are trying to convey is that the economic entity reported the fact for Liabilities using the extension concept “Payables” that it had created. If a fact is represented using an extension concept created by a reporting entity; then a “general-special” or “wider-narrower” or “class-equivalentClass” association must be created to indicate to software applications of the relationship so that information can be used correctly. State #7 on the right, the rule “Payables is a specialization of the more general term Liabilities” has been added to the logical system which allows the system to operate effectively.

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177 [XBRL Definition relations showing example of a mapping rule](http://xbrlsite.azurewebsites.net/2020/core/master-ae/fac-mapping-definition.xml)
And so, the graphic below shows a fragment of the knowledge graph on page 9 above before and after the information that “Payables is a specialization of the more general term Liabilities,” was added. On the left you see State 7, the taxonomy before the information was added and on the right you see “Payable” being added as an extension concept indicating that there is a “wider-narrower” relationship between Payables and Liabilities. Therefore, a machine based process can utilize the information per State 7’ because the process understands Liabilities in the taxonomy, understands the “wider-narrower” relationship therefore knowing that “Payables” is a type of Liability.

8.8. State 8: Base Taxonomy Wider/Narrower Concept Use

State #8 on the left below is similar to state #7 in that a different concept is used to report a fact; but while state #7 focuses on using an extension concept; state #8 points out that using a wider or narrower base taxonomy concept gives exactly the same result.

Now, our base state #1 does not have the concept “Payables”; but let’s assume for a moment that it does have the concept “Payables”. Also suppose that there was no information in the base logical system indicating the relationship between “Payables” and any other concept. If a fact is represented using a BASE TAXONOMY CONCEPT by a reporting entity; then a “general-special” or “wider-narrower” or “class-equivalentClass” association must exist in that base taxonomy to indicate that some concept is a permissible alternative for some other concept.

State #8’ on the right adds the rule “Payables is a specialization of the more general term Liabilities”.

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178 XBRL Definition relations showing example of a mapping rule, http://xbrsite.azurewebsites.net/2020/core/master-ae/fac-mapping-definition.xml
And so, the graphic below shows a fragment of the knowledge graph on page 9 above before and after the information that “Payables is a specialization of the more general term Liabilities,” was added. On the left you see State 8, the base taxonomy before the information was added and on the right you see “Payable” being added as an extension concept indicating that there is a “wider-narrower” relationship between Payables and Liabilities. Therefore, a machine based process can utilize the information per State 8’ because the process understands Liabilities in the base taxonomy, understands the “wider-narrower” relationship therefore knowing that “Payables” is a type of Liability.

8.9. **State 9: Defining a Completely New Structure**

State #9 below on the left focuses on the structure as contrast all the prior examples which focused on the terms and rules. If a new structure is created, the new structure must be referenced to the base taxonomy and the new structure needs to be explained using machine-readable rules. Even base taxonomy structures need to be defined in order to be referred to. When you say “Balance Sheet” you know what that means. But a machine does not know.

A base taxonomy should (a) provide all necessary structures separately, not intermingle different models in the same set of associations and (b) define what each structure must look like. Remember, computers are like babies and need to be led by

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179 XBRL Definition relations used to represent structure rules, [http://xbrlsite.azurewebsites.net/2020/core/master-ae/dm-1355-rules-def.xml](http://xbrlsite.azurewebsites.net/2020/core/master-ae/dm-1355-rules-def.xml)

180 XBRL taxonomy schema used to define “Balance Sheet”, [http://xbrlsite.azurewebsites.net/2020/core/master-ae/disclosures.xsd](http://xbrlsite.azurewebsites.net/2020/core/master-ae/disclosures.xsd)
the hand in order to understand the details you need them to understand.

Finally, in our case we have only one disclosure, the Balance Sheet. In our case, the Balance Sheet is always required to be reported per this logical system. As such, that rule is stated in a machine-readable reporting checklist\textsuperscript{181}. Other logical systems with more disclosures will have more rules relating to when a disclosure is required to be provided in a report.

Similar to how “Payables” was added as an extension of the terms in the logical system; we can extend the structures to include a “Liquidation Basis Balance Sheet” structure which is a specialization of a Balance Sheet:

And such, an automated process will be able to understand the new structure because it is related to an existing structure. Other structures could be added and only identified as a type of structure.

9. Examining Errors in Actual Submitted Reports

As explained, a very good way to understand how to create reports correctly is to examine errors in reports that others have created. Here are three documents that provide well documented examples of undisputed errors:

- Issues in XBRL-based Digital Financial Reports\textsuperscript{182}
- More Issues in XBRL-based Digital Financial Reports\textsuperscript{183}
- Accounting errors\textsuperscript{184}

\textsuperscript{181} XBRL Definition relations used to represent a reporting checklist or disclosure rules, http://xbrlsite.azurewebsites.net/2020/core/master-ae/reporting-checklist-rules-def.xml
\textsuperscript{184} Accounting Errors, http://xbrlsite.azurewebsites.net/2018/Library/AccountingErrorsFoundDuringValidation.pdf
Finally, this blog post\(^{185}\) (see toward the bottom) provides 24 sets of well documented errors in XBRL-based reports.

Note that all of these errors were discovered using automated processes which leverage this method. If reports were verified using this method prior to submitting the report to a regulator, all such errors could have been detected and corrected. The result would be higher quality XBRL-based reports.

10. Best Practices for Preventing Errors

A **best practice** is a method or technique that has been generally accepted as superior to any other known alternatives because it produces results that are superior to those achieved by other means or because it has become a standard way of doing things.

Best practices (or good practices) are techniques that have produced outstanding results in other situations, inside or outside of a particular organization and which can be validated, codified, and shared with others and recommended as models to follow\(^{186}\).

When one understands these dynamics of an XBRL-based report when a reporting economic entity can “reshape” or “alter” or otherwise modify their report then one will understand why some method\(^{187}\) for controlling such modifications is necessary. This control mechanism contributes to making sure that processes yield high-quality financial information that is provided by such reports.

The method I use is the **Seattle Method**\(^{188}\).

11. Rules of Thumb

The following is a summary of the rules of thumb for creating XBRL-based digital financial reports.

1. Financial reports are logical systems that are true and fair representations of the financial position and financial condition of an economic entity. That logical system, be it represented on paper, e-paper, or digitally must be proven to be properly functioning.

2. Use a proven method. Don’t create a report by simple doing “stuff”. Do things right and do the right things.

3. Don’t unconsciously mix/switch dimensional and nondimensional modeling approaches within one information block.

4. Use good software that performs the task you need performed.

5. Always use dimension defaults for every dimension.


6. When creating a base taxonomy, each specific dimension should have a clearly specified dimension default and that dimension default must be used by every company creating a report.

7. Check your math using automated processes.

8. Always be consistent.

9. Copy good ideas, steer clear of bad ideas, and understand how to tell the difference.

10. Focus on logic, not the technology details. Good software hides the technical details in the background. If your software does not hide the technical details, bet better software.