



Business Reporting
for Better Decisions
by Managers, Investors, Governments and Citizens



Preparers Track – Integrating XBRL into your reporting process

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XBRL

SEC Rule Proposal

SEC Rule Proposal

- The SEC issued a rule proposal that would require all public companies to provide financial statements in XBRL
 - 3-Year phase-in period
 - Applies to annual (10Ks) and quarterly reports (10Qs), transition reports, registration statements for domestic and foreign registrants
 - Requires a new exhibit to be furnished and included on corporate web site (if the entity maintains a website)
 - Supplements and does not replace existing reporting
- Separate Proposal for Investment Companies



SEC Projected Timetable: 2008 - 2010

2008

- May 14 – SEC voted to propose rules to mandate XBRL
- May 30 – XBRL proposed rules released – comment period open
- August 1 – Comment period closes
- August 19 - SEC announces successor to EDGAR system (IDEA)
- October - November - Final rules adopted
- December 15 – Proposed first mandated group - US and Foreign companies who use US GAAP with a market cap of \$5 billion or more (US). Period ending on or after 12/15/08 would be the first statements requiring XBRL.

2009

- December 15 – Balance of large accelerated companies required to file XBRL using US GAAP.

2010

- December 15 – All others, including small filers, IPO's and foreign issuers using International Financial Standards (IFRS)



SEC XBRL Proposed Phase in Schedule

What?

Who?

	▪ Detail Tag Face Financial Statements ▪ “Block Tagged” Footnotes and Schedules	▪ Detail Tag Face Financial Statements ▪ “Detailed Tagged” Footnotes and Schedules
FILER GROUP	Starting Fiscal Periods Ending:	
Domestic/Foreign Large Accelerated Filers using U.S. GAAP		
▪ Public Float >\$5 Billion	15 December 2008	15 December 2009
▪ All other Large/Accelerated Filers	15 December 2009	15 December 2010
All other filers in U.S. GAAP (including smaller reporting companies)	15 December 2010	15 December 2011
All Issuers using IFRS as published by IASB	15 December 2010	15 December 2011

•First filing for Year 1 and 2 - 30 day grace period from the filing date of the related report for the submission of interactive data exhibit.

•Subsequent filings after grace period – interactive data exhibit to be filed concurrently with the official EDGAR submission



Comments on SEC proposed rule

- Comments are grouped in 4 topics:
 - Phase-in of XBRL Requirements
 - Delay start and start with 10Q
 - Provide grace period for liability provisions
 - Concern over readiness of software vendors
 - Concurrent Filing of XBRL
 - Permit delayed submission of XBRL document and no amended filing
 - Concerns over the liability provisions
 - Implementation of Level (iv) XBRL Tagging
 - Limit detailed tagging
 - Costs of XBRL Implementation

How does XBRL Formatting Work?

Mapping financial statements

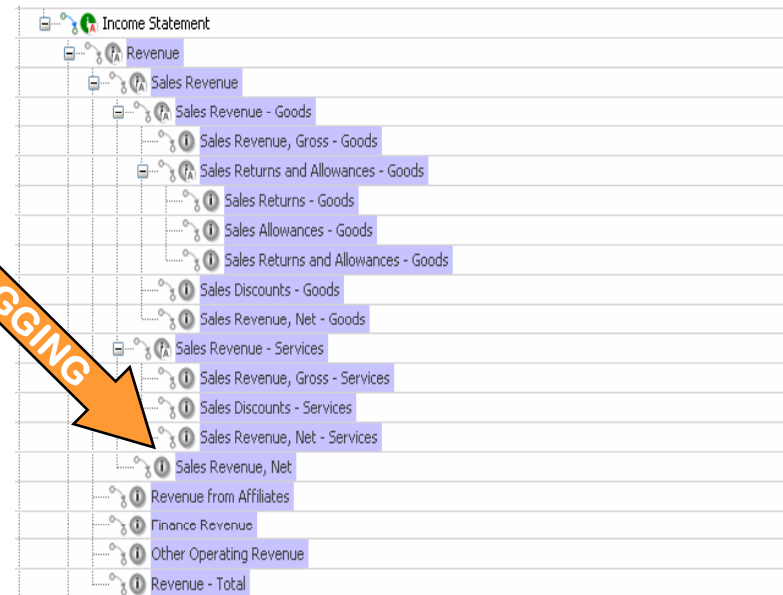
Financial Statements

XBRL Taxonomy

STATEMENTS OF CONSOLIDATED INCOME

(Thousands of Dollars Except Per Share Data)

	Year ended December 31,		
	2001	2000	1999
Net sales	\$ 5,066,005	\$5,211,624	\$5,003,837
Cost of goods sold	2,846,376	2,904,013	2,755,323
Gross profit	2,219,629	2,307,611	2,248,514
Percent to net sales	43.8%	44.3%	44.9%
Selling, general and administrative expenses	1,729,855	1,740,367	1,673,449
Percent to net sales	34.1%		
Impairment of long-lived assets		352,040	
Operating income	489,774	215,204	5,065
Percent to net sales	9.7%	4.1%	1.5%
Interest expense	54,627	62,026	1,168
Interest and net investment income	(4,087)	(4,987)	1,761
Other expense - net	14,785	14,753	29,540



XBRL Instance Document

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Consumed

Rendered



STATEMENTS OF CONSOLIDATED INCOME			
(Thousands of Dollars Except Per Share Data)			
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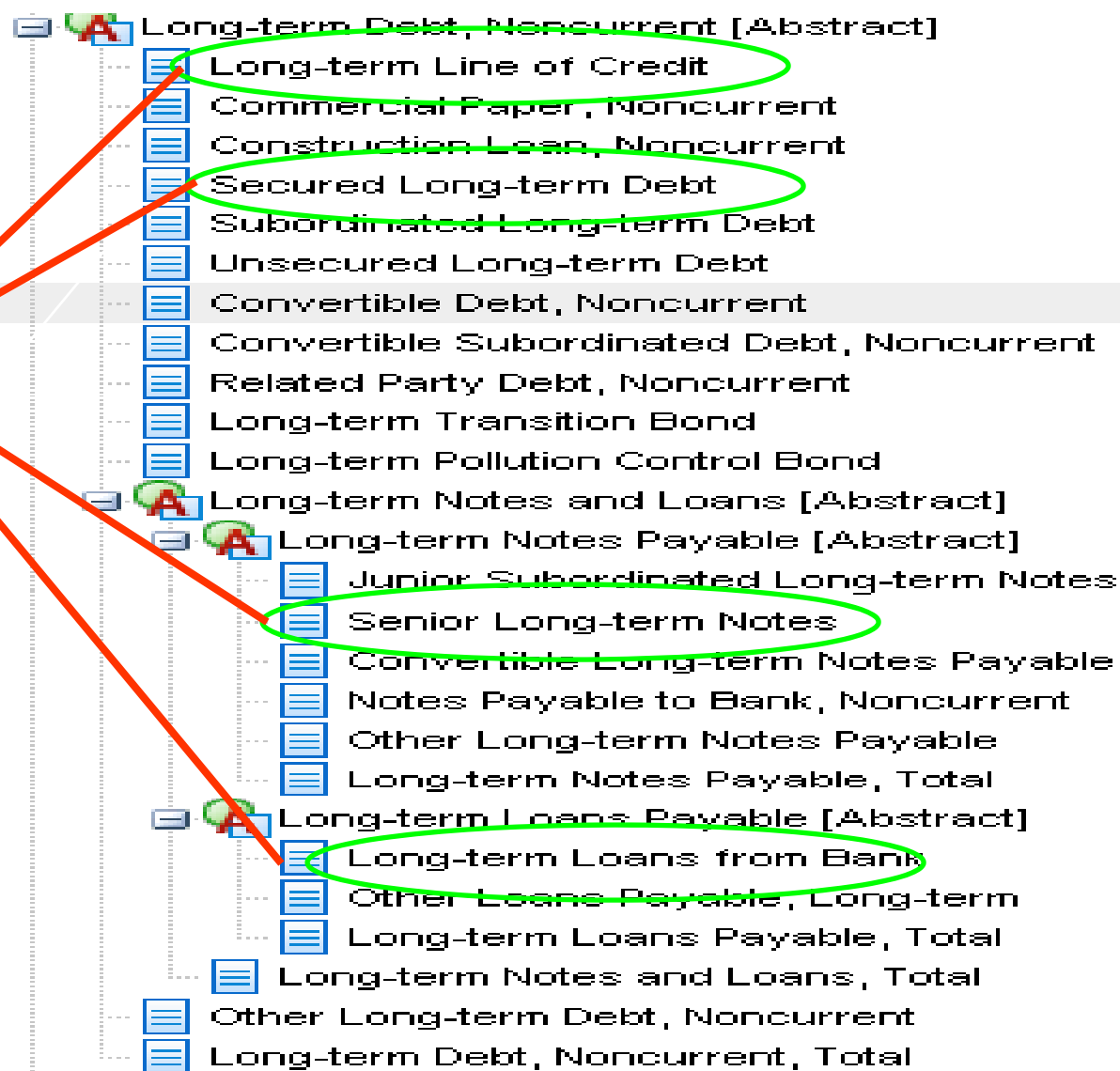
The Tagging Process - Example

Every line item is required to be tagged to an element from the XBRL taxonomy.

Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$	27,842	\$ 31,157
Income and other taxes		19,743	10,866
Accrued expenses		54,119	56,466
Current portion of debt		15,300	8,700
Total current liabilities		117,004	107,189
Unearned franchise and development fees		5,787	6,284
Long-term debt, net of current portion		118,426	134,006
Other long-term liabilities		28,480	27,435
Stockholders' equity:			
Preferred stock		—	—
Common stock		350	349
Additional paid-in capital		210,358	208,598
Accumulated other comprehensive income (loss)		(1,065)	156
Retained earnings		105,588	96,963
Treasury stock		(181,435)	(179,163)
Total stockholders' equity		133,796	126,903
Total liabilities and stockholders' equity	\$	403,493	\$ 401,817

The Tagging Process – Identify possible matches in the taxonomy

The green circles represent possible tags for the line item Long-term Debt, Net of Current Portion



The Tagging Process – Compare Definitions

Definitions for Possible Taxonomy Tags:

- Senior Long-Term Notes

- Carrying value as of the balance sheet date of Notes with the highest claim on the assets of the issuer in case of bankruptcy or liquidation (with maturities initially due after one year or beyond the operating cycle if longer), excluding current portion. Senior note holders are paid off in full before any payments are made to junior note holders.

- Long-Term Line of Credit

- Carrying value as of the balance sheet date of short-term obligations that would normally be classified as current liabilities but for which (a) post balance sheet date issuance of a long term obligation to refinance the short term obligation on a long term basis, or (b) the enterprise has entered into a financing agreement that clearly permits the enterprise to refinance the short-term obligation on a long term basis and the following conditions are met (1) the agreement does not expire within 1 year and is not cancelable by the lender except for violation of an objectively determinable provision, (2) no violation exists at the BS date, and (3) the lender has entered into the financing agreement is expected to be financially capable of honoring the agreement. Examples of items that might be included in the application of this element may consist of letters of credit, standby letters of credit, and revolving credit arrangements, under which borrowings can be made up to maximum amount as of any point in time conditional on satisfaction of specified terms before, as of and after the date of drawdowns on the line.

- Long-Term Loans from Bank

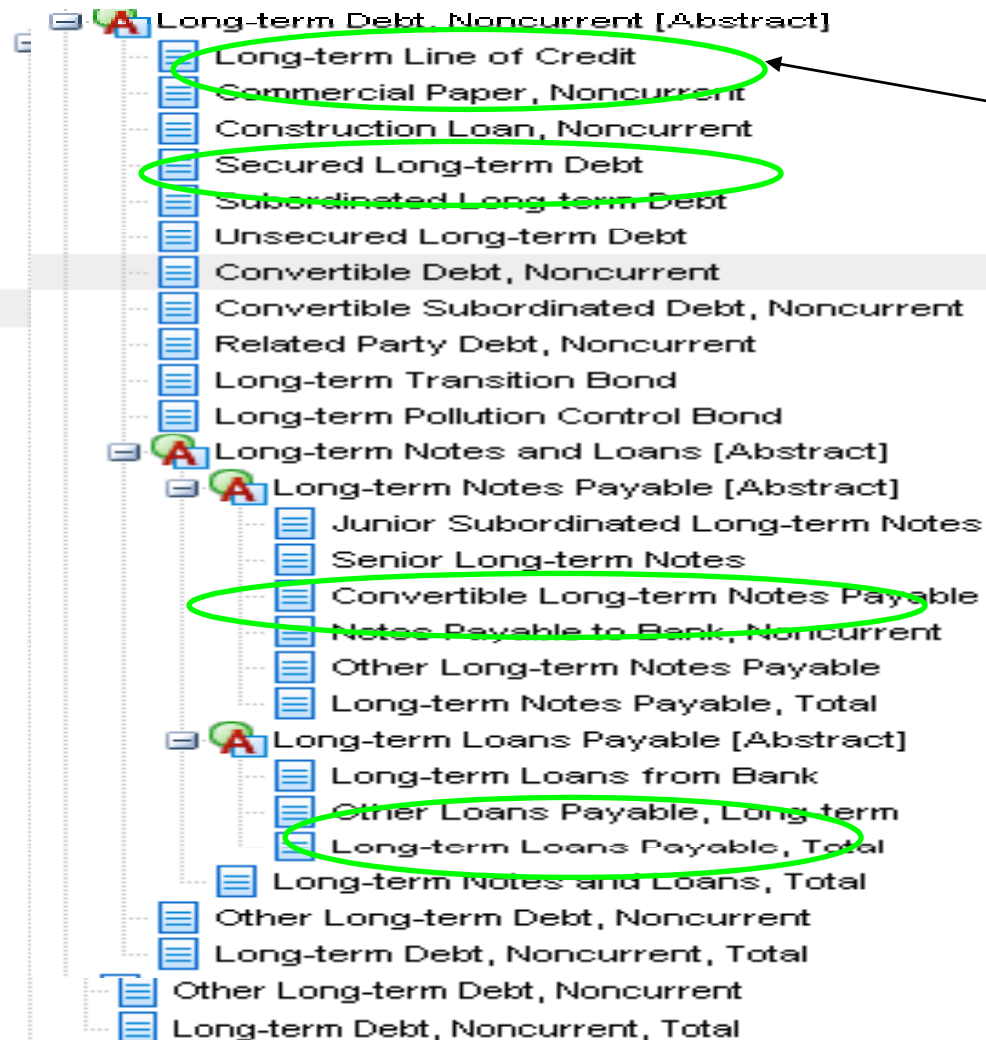
- Carrying value as of the balance sheet date of loans from a bank with maturities initially due after one year or beyond the operating cycle if longer, excluding current portion.

- Secured Long-Term Debt

- Carrying value as of the balance sheet date of collateralized debt obligations (with maturities initially due after one year or beyond the operating cycle, if longer), excluding the current portion, if any. Such obligations include mortgage loans, chattel loans, and any other borrowings secured by assets of the borrower



The Tagging Process – Choose the Correct Tag



After review of the definitions, “Long-term Line of Credit” is the tag that describes the company’s line item for “Long-term Debt, Net of Current Portion.”

Extensions

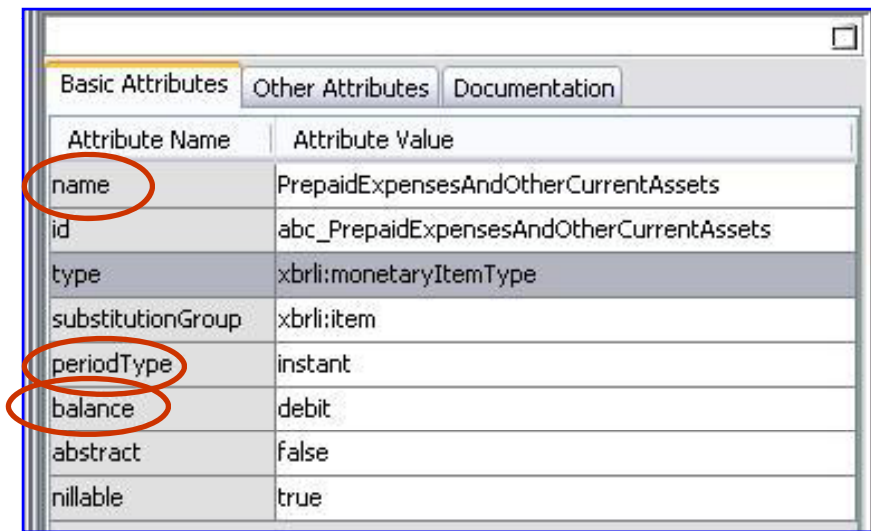
Extensions are created for line items not currently defined in the taxonomy.

	2008	2007	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	107,156,000	149,749,000	
Accounts receivable	351,564,000	366,621,000	
Inventories	750,483,000	646,968,000	
Federal income taxes	15,686,000	0	
Deferred income taxes	47,995,000	52,583,000	
Prepaid expenses and other current assets	28,084,000	15,804,000	
TOTAL CURRENT ASSETS	1,300,968,000	1,231,725,000	

Extensions

Creating an extension requires entering and defining the attributes of the new item, including:

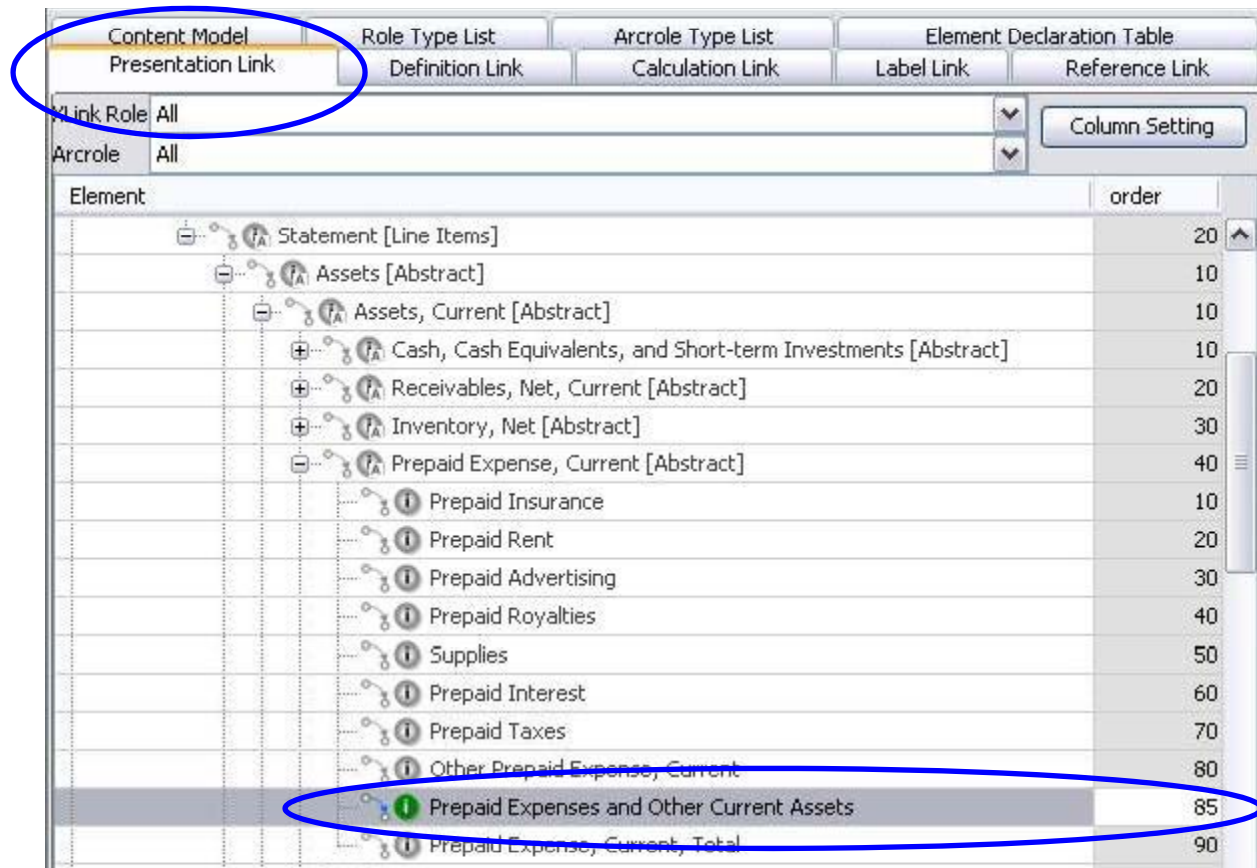
- Debit or credit
- Period type
(instant or duration)
- Presentation
- Calculation
- Definition



Attribute Name	Attribute Value
name	PrepaidExpensesAndOtherCurrentAssets
id	abc_PrepaidExpensesAndOtherCurrentAssets
type	xbri:monetaryItemType
substitutionGroup	xbri:item
periodType	instant
balance	debit
abstract	false
nilable	true

Extensions

The extension must be placed in the Presentation, Definition and Calculation linkbases.



Content Model		Role Type List	Arcrole Type List	Element Declaration Table	
Presentation Link	Definition Link	Calculation Link	Label Link	Reference Link	
Link Role	All				Column Setting
Arcrole	All				
Element					order
Statement [Line Items]					20
Assets [Abstract]					10
Assets, Current [Abstract]					10
Cash, Cash Equivalents, and Short-term Investments [Abstract]					10
Receivables, Net, Current [Abstract]					20
Inventory, Net [Abstract]					30
Prepaid Expense, Current [Abstract]					40
Prepaid Insurance					10
Prepaid Rent					20
Prepaid Advertising					30
Prepaid Royalties					40
Supplies					50
Prepaid Interest					60
Prepaid Taxes					70
Other Prepaid Expense, Current					80
Prepaid Expenses and Other Current Assets					85
Prepaid Expense, Current, Total					90

Block Text – Footnote Tagging

Example of Footnote

In March 2007, the company (Health Care segment) purchased Capital Technologies, Inc., a provider of preventative dental products for \$50 million in cash.

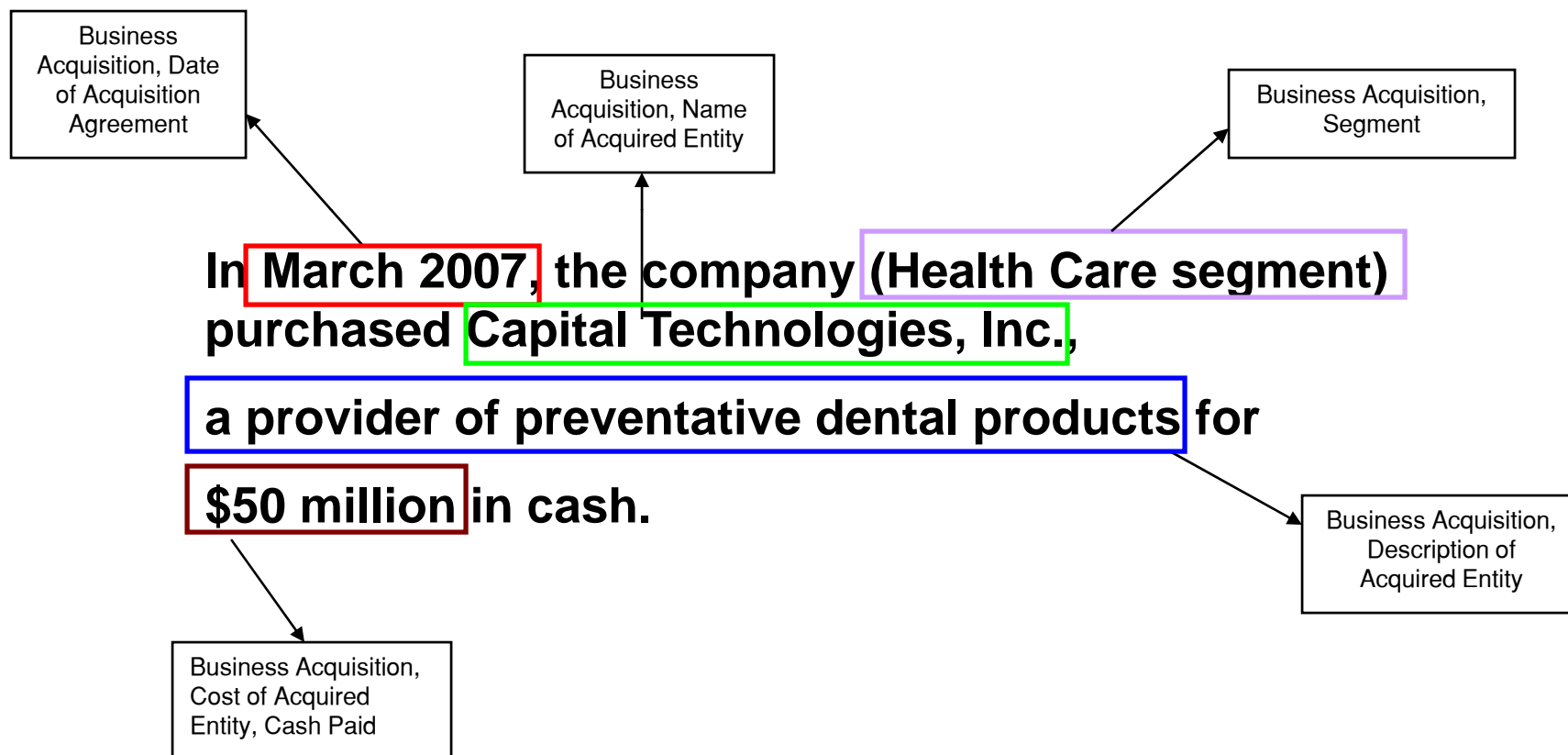
Example of Footnote – Block Text tagged

In March 2007, the company (Health Care segment) purchased certain assets of Capital Technologies Inc., a provider of preventative dental products for \$50 million in cash.

**Business Combination
Disclosure [Text Block]**

Detailed Note Tagging Example

Detail Tagged



XBRL

Next Steps

XBRL: Next Steps

- Understanding and awareness
 - Monitor the SEC's XBRL rulemaking
 - Develop a basic understanding of XBRL and the potential impact on your financial reporting
 - Read the Preparers Guide and review the XBRL US GAAP Taxonomy
- Identify a cross-functional XBRL project team (accounting and technical)
- Evaluate your options for XBRL reporting (internal or outsource, software options)
- Get Started

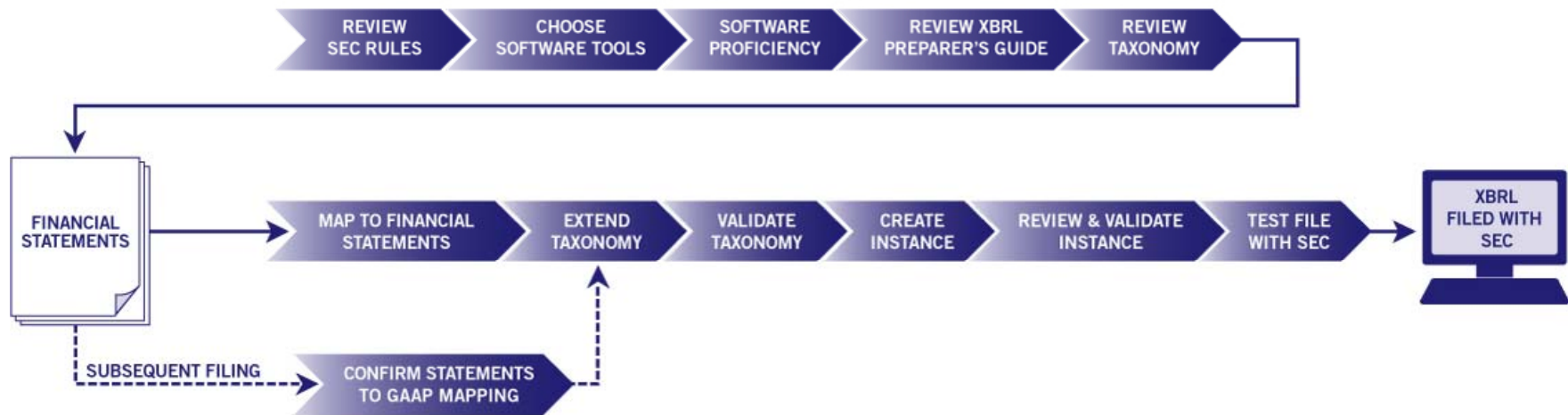


Considerations

- **Insource or Outsource, or combination of both**
 - **Resources**
 - Does your company have the bandwidth and time to take on all aspects of the task?
 - **Expertise**
 - Do you have or want to develop the needed XBRL skill sets?
 - **Software**
 - Do you want to use and maintain XBRL-specific software?
 - **Trusted Partners**
 - Do you have a relationship with trusted partners (eg., accounting firm, financial printer) who can provide XBRL filing on a service basis?

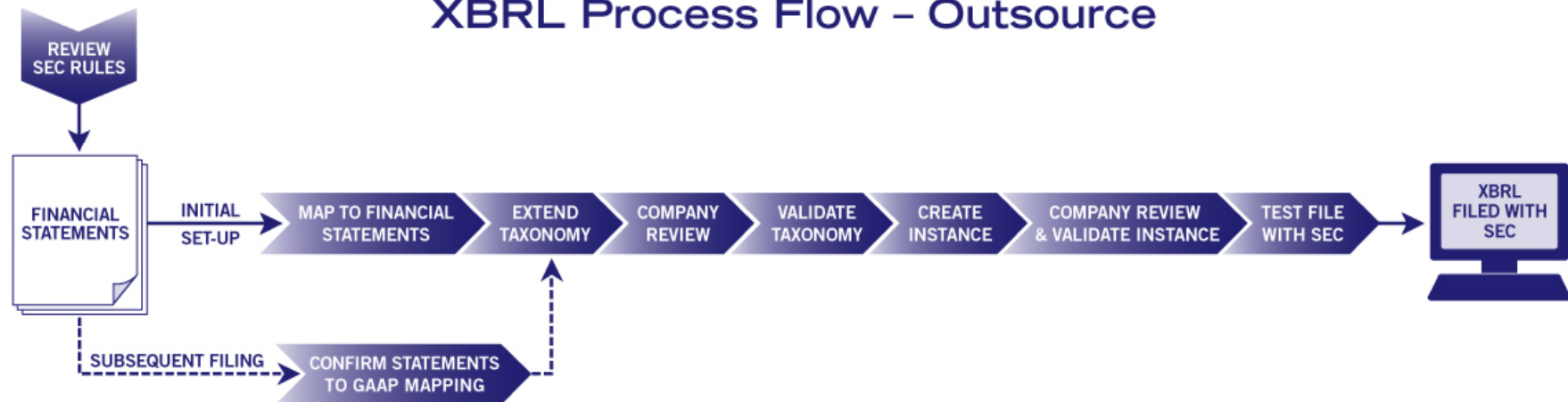
In-source Process

XBRL Process Flow – Insource



Outsource –XBRL process

XBRL Process Flow – Outsource



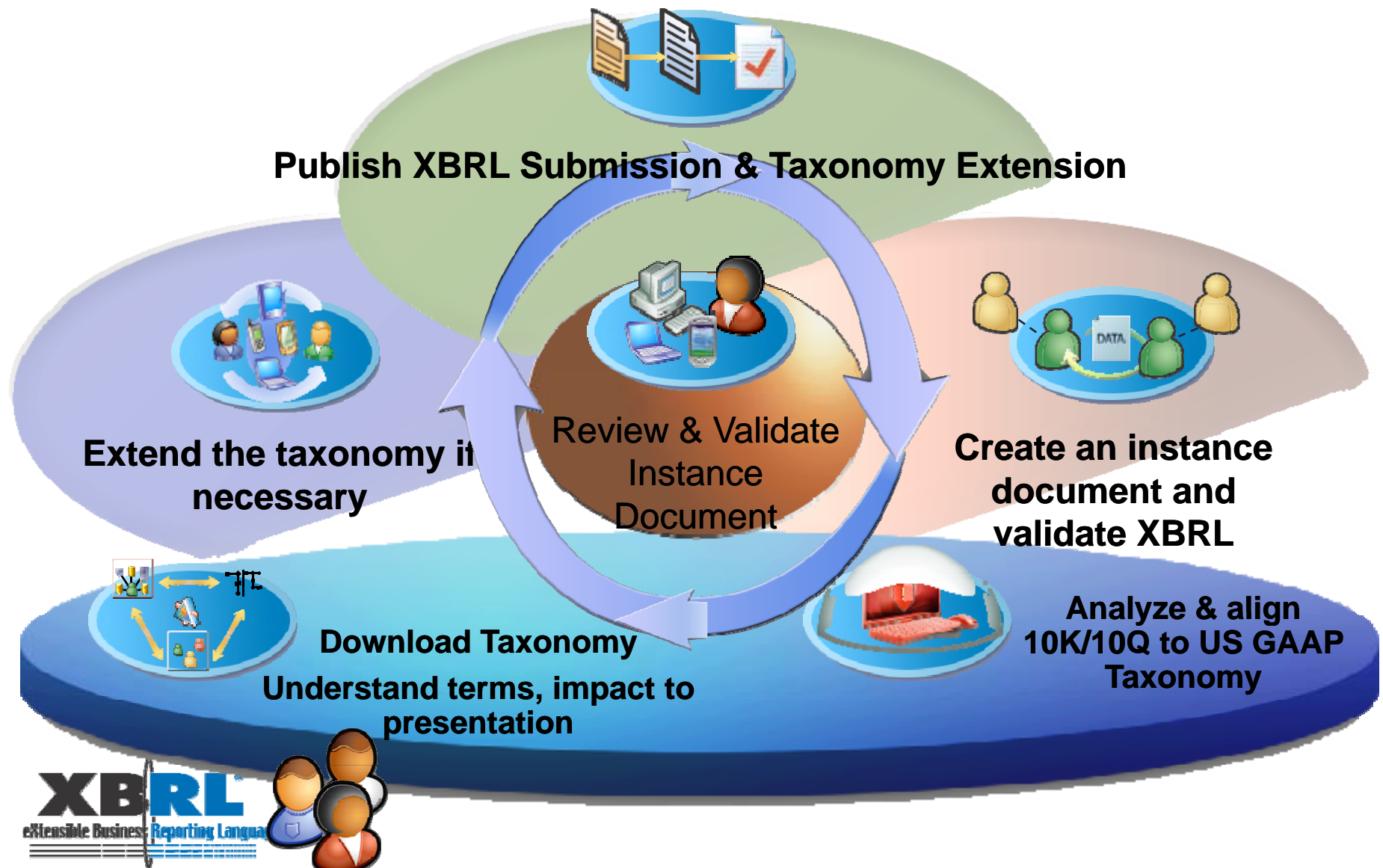
How to Get Started

- Provide adequate time for training and planning
- Analyze how concepts in your financial statements in Forms 10-Q and 10-K align with elements in the XBRL US GAAP taxonomy (Mapping)
- Identify where custom tags or extensions are needed
- Allow 40-80 hours for the first time you tag your first filing
- Define sustainable process to support concurrent filing
- Include appropriate levels of review in your process

Some Considerations for Evaluating XBRL Tools

- Compatible with XBRL US GAAP Taxonomy
- Ease of use – intuitive and simple tasks
- Provide adequate time and resources for training and support
- Individual software modules (extension creation, instance document creation, and validation software) or an integrated solution
- Validation functions (quality controls)
- Availability of technology support

The Process Requires Quality Assurance



Team: Accountant & Technologist (XML), External Reporting

Lessons Learned

- Initial learning curve can be steep
- Requires combined skills of reporting and technology (XML)
- Creation process for XBRL financial information needs to be integrated with your current financial reporting process and controls
- Quality assurance requires understanding XBRL instance documents and extensions
- Understand differences between your ASCII / HTML filings and the XBRL

Lessons Learned: Common missteps experienced during the Voluntary Filing Program

- Improper construction of calculation arcs (i.e. creating an extension and neglecting to add it to a calc arc, or rearranging a calc arc to properly mirror the calc structure of printed financials)
- Calculation inconsistencies due to incorrectly entering values (e.g., Treasury Stock)
- Lack of use of negating labels
- Mis-tagging (lack of tagging) of parenthetical info the info needs to be tagged
- Improper use of extended labels, preferred labels, and the language attribute
- Lack of use of dimensions to minimize creation of extensions

Recommendations

1. Start the XBRL preparation process now
 - Gain valuable experience to comply with the mandate
 - Prepare XBRL on your schedule without pressure of deadlines
2. Determine whether to in-source or outsource XBRL
3. Map the financial statements of the latest 10-K and block tag the notes to the financial statements
4. Repeat the process for the first, second and third quarter '08 10-Qs
5. Begin the process of detailed footnote tagging using the '08 10-K

XBRL and the EDGAR process – Best Practices Production Guidelines

End of Quarter planning meeting

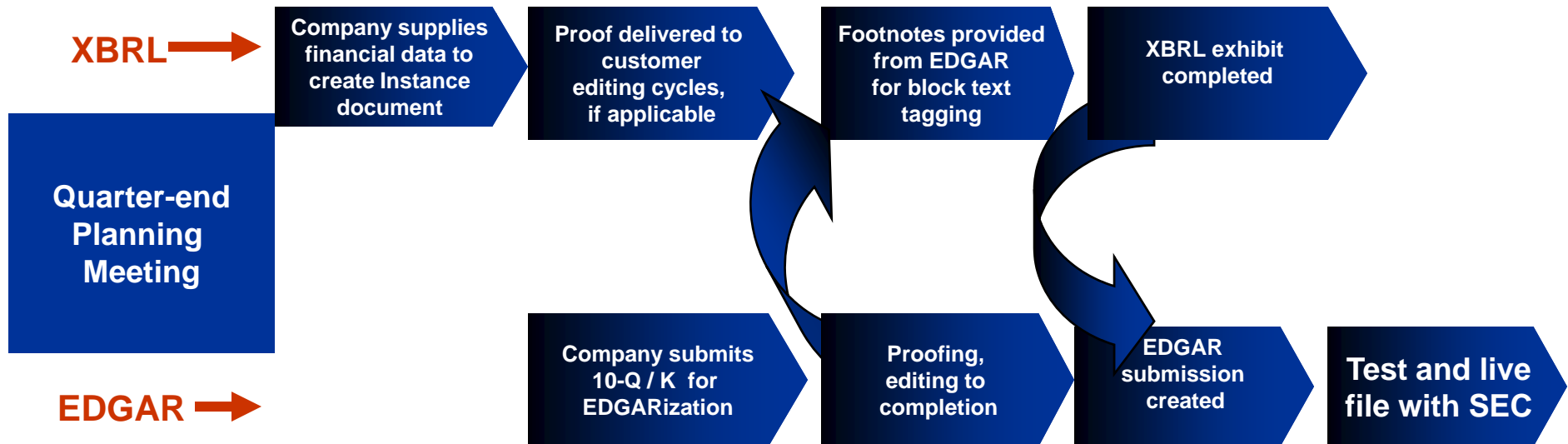
1. Review SEC taxonomy
 - Are there any new accounting releases and / or elements that impact your Company's XBRL map
2. Review existing XBRL map
 - Are there any new line items added (subtracted) to the primary financial statements?
3. Set timeline for creation of XBRL exhibit and EDGARization
 1. When will the face financial statement data be available for insertion into the instance document?
 2. When will EDGARization begin?
 3. When will the footnotes be completed for block tagging?
 4. Filing date?
4. Confirm team contact information
5. Prepare and circulate calendar of key events to all parties



XBRL Exhibit Creation and EDGAR Process

Earnings Release

File w/ SEC



Future Challenges for XBRL

- Maintenance of the US GAAP Taxonomy
- Interaction and convergence with IFRS

XBRL: Resources

- More information about XBRL
 - www.SEC.gov
 - www.XBRL.us
 - KPMG's: A Primer of XBRL, the Extensible Business Reporting Language
 - KPMG's Defining Issues -
www.us.kpmg.com/services/content.asp?l1id=30&l2id=730&cid=1137#196



Questions?

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- Landon Westerlund - lbwesterlund@kpmg.com
- Michael Schlanger, VP Development & Strategy
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