A

sking why Colombians accountants should learn about Extensible Business Reporting Language is like asking why an accountant in the 1980's should learn Lotus 1-2-3, or why a business in the 1990s should open an website.

XBRL is a programming language, is based upon XML, eXtensible Markup language. It is used to encode documents in a way that is readable by both machines and humans. All XML documents are strings of letters, numbers and symbols. Some of these characters are "content" and some are "markup". Markup can be considered like "tags" placed on information within a text to identify what it is. Content is everything that is not markup. A common analogy is that markup is like a barcode on a product (content) at the store. By reading a barcode, all kinds of information can be instantly accessed about the object it is attached to. Likewise, by using tags to label information, that information can be instantly read, sorted, and analyzed by computer programs and used for all kinds of purposes.

The best way to visualize the way that XBRL helps both producers and consumers of financial information is to consider the case of a market analysis. Suppose you wanted to compare how several companies within a sector were performing in financials terms: for example debt-to-asset ratio, or rate of return on investment. In the past, in order to perform this analysis, one would have to read the filings for each of the companies involved, look through the documents for the pertinent information, and then, manually compile and compare this information. An XBRL document would have the relevant information already "tagged", making finding, compiling, and comparing the information nearly instantaneous.

As you read this, the International Accounting Standards Board (IASB) as well as the Financial Accounting Standards Board (FASB) are working together with developers, non-profits and the business community to develop new taxonomies, applications and tools for the use of XBRL. In Japan, China, Denmark, the Netherlands, Britain, the United States, Belgium and many other countries, governments are either promoting the use of XBRL, or mandating the use of XBRL for the filing of various documents. Since 2006, the United States has required XBRL filings for some mutual funds. As long ago as January 2009, the US Securities and Exchange Commission issued its “Final rule” requiring all domestic filers using US GAAP to identify and tag accounting policies, schedules, and numbers representing facts contained in the Notes to Financial Statements. Since June 15 of this year, this has been a requirement for all Smaller Reporting Companies and accelerated Filers of Quarterly statements. But where is Colombia vis-à-vis XBRL? Where are we in the process, what do we know, and what will we require? The goal of having one platform for the exchange of business information is ambitious, although the challenges are manifold, they are superable. And it is still early enough in this new age for Colombia to step up and become a leader in this process.

*Carol Ortega Algarra.*