

# 1. Disclosure Rules (a.k.a. Reporting Checklist)

The purpose of this section is to explain the notion of disclosure rules (a.k.a. reporting checklist).

## 1.1. Overview of Disclosure Rules (Reporting Checklist)

Financial reports have certain disclosures that are always required. For example, a balance sheet is always required. Same for an income statement, cash flow statement, and statement of changes in equity. A statement of comprehensive income might be required. Certain disclosures are always required such as the nature of operations, basis of reporting, significant accounting policies, and revenue recognition policy.

If certain line items are reported; then certain disclosures are required. For example, if the line item “Inventories” appears on the balance sheet, the a disclosure of inventory components and the inventory policy is required.

These statements and disclosures are instantiated within a report in the form of a Block. If machine-readable metadata is provided, then automated machine-based processes can augment the manual effort of professional accountants to check to be sure statutory and regulatory disclosure rules are being complied with.

Disclosure rules that make up a reporting checklist can be represented in machine-readable form to assist accountants when creating reports.

#	Disclosure	Checklist Category	Reason Disclosure Must Exist	Discovered	Expectation Met	Link to Disclosure Mechanics
0	Reporting Checklist					
1	Balance Sheet	Required disclosure	Disclosure always required, satisfied by Assets Roll Up and Liabilities and Equity Roll...	True	CONSISTENT	Balance Sheet
2	Assets Roll Up	Part of disclosure	Satisfies Balance Sheet disclosure	True	CONSISTENT	Assets Roll Up
3	Liabilities and Equity Roll Up	Part of disclosure	Satisfies Balance Sheet disclosure	True	CONSISTENT	Liabilities and Equity Roll Up
4	Cash Flow Statement	Required disclosure	Disclosure always required, satisfied by Net Cash Flow Roll Up and Cash Flow Roll F...	True	CONSISTENT	Cash Flow Statement
5	Net Cash Flow Roll Up	Part of disclosure	Satisfies Cash Flow Statement disclosure	True	CONSISTENT	Net Cash Flow Roll Up
6	Cash Flow Roll Forward	Part of disclosure	Satisfies Cash Flow Statement disclosure	True	CONSISTENT	Cash Flow Roll Forward
7	Comprehensive Income 2	Required disclosure	Disclosure always required	True	CONSISTENT	Comprehensive Income 2
8	Changes in Equity	Required disclosure	Disclosure always required	True	CONSISTENT	Changes in Equity
9	Cash and Cash Equivalents Roll Forward	Possible disclosure	Disclosure is present	True	CONSISTENT	Cash and Cash Equivalents Roll Forward
10	Receivables Roll Forward	Possible disclosure	Disclosure is present	True	CONSISTENT	Receivables Roll Forward
11	Inventories Roll Forward	Possible disclosure	Disclosure is present	True	CONSISTENT	Inventories Roll Forward
12	Property, Plant, and Equipment Roll Forward	Possible disclosure	Disclosure is present	True	CONSISTENT	Property, Plant, and Equipment Roll Forward
13	Accounts Payable Roll Forward	Possible disclosure	Disclosure is present	True	CONSISTENT	Accounts Payable Roll Forward
14	Long Term Debt Roll Forward	Possible disclosure	Disclosure is present	True	CONSISTENT	Long Term Debt Roll Forward
15	Retained Earnings Roll Forward	Possible disclosure	Disclosure is present	True	CONSISTENT	Retained Earnings Roll Forward
16	Trial Balance Roll Up	Possible disclosure	Disclosure is present	True	CONSISTENT	Trial Balance Roll Up
17	Transactions Roll Up	Possible disclosure	Disclosure is present	True	CONSISTENT	Transactions Roll Up

## 1.2. Reporting Checklist

I organized the disclosure mechanics rules with another set of helpful rules which I call the reporting checklist. The disclosure checklist rules were likewise represented using XBRL definition relations<sup>1</sup>.

<sup>1</sup> Reporting checklist, XBRL definition relations rules, <http://xbrlsite.azurewebsites.net/2016/conceptual-model/reporting-scheme/us-qaap/reporting-checklist/ReportingChecklist-us-qaap-strict-rules-def.xml>

#	Disclosure	Category	Level	Pattern	Applicable	Found	Disclosure Consistent	Representation Concept [TEXT BLOCK]	Representation Concept [DETAIL]	Checklist Category	Reason
1	Entity Information		Level4Detail	HIERARCHY	True	True	CONSISTENT	NOT-EXPECTED	Economic Entity Name	Required disclosure	Disclosure always required
2	Document Information		Level4Detail	HIERARCHY	True	True	CONSISTENT	NOT-EXPECTED	Document Title	Required disclosure	Disclosure always required
3	Financial Highlights		Level3TextBlock / Level4Detail	HIERARCHY	True	True	CONSISTENT	Financial Highlights [HTML]	Revenues, Net	Required disclosure	Disclosure always required
4	Balance Sheet		Level4Detail	COMPONENT	True	True	CONSISTENT	NOT-EXPECTED	NOT-EXPECTED	Required disclosure	Disclosure always required, satisfied by Assets [Roll Up] and Liabilities and Equity [Roll Up]
5	Assets (Roll Up)		Level4Detail	ROLL UP	True	True	CONSISTENT	NOT-EXPECTED	Assets	Part of disclosure	Disclosure always required
6	Liabilities and Equity (Roll Up)		Level4Detail	ROLL UP	True	True	CONSISTENT	NOT-EXPECTED	Liabilities and Equity	Part of disclosure	Disclosure always required
7	Income Statement		Level4Detail	ROLL UP	True	True	CONSISTENT	NOT-EXPECTED	Net Income (Loss)	Required disclosure	Disclosure always required
8	Cash Flow Statement - Direct Method		Level4Detail	ROLL UP	True	True	CONSISTENT	NOT-EXPECTED	Cash Flow, Net	Required disclosure	Disclosure always required
9	Statement of Changes in Equity		Level4Detail	ROLL FORWARD	True	True	CONSISTENT	NOT-EXPECTED	Equity	Required disclosure	Disclosure always required
10	Significant Accounting Policies		Level1TextBlock	LEVEL 1 TEXT BLOCK	True	True	CONSISTENT	Significant Accounting Policies [Note]	NOT-EXPECTED	Required disclosure	Disclosure always required
11	Basis of Reporting		Level1TextBlock	LEVEL 1 TEXT BLOCK	True	True	CONSISTENT	Overall Financial Report Presentation and Display [HTML]	NOT-EXPECTED	Required disclosure	Disclosure always required
12	Nature of Operations		Level1TextBlock	LEVEL 1 TEXT BLOCK	True	True	CONSISTENT	Nature of Business [HTML]	NOT-EXPECTED	Required disclosure	Disclosure always required
13	Cash and Cash Equivalents Components		Level3TextBlock / Level4Detail	ROLL UP	True	True	CONSISTENT	Cash and Cash Equivalents Components [Schedule]	Cash and Cash Equivalents	Line item exists, then disclosure required	Required because line item gap:CashAndCashEquivalents was reported
14	Reconciliation of Cash Summary		Level3TextBlock / Level4Detail	ROLL UP	True	True	CONSISTENT	Reconciliation of to Cash Flow Statement, Summary [Schedule]	Cash and Cash Equivalents, per Cash Flow Statement	Line item exists, then disclosure required	Required because line item gap:CashAndCashEquivalents was reported
15	Reconciling Item of Cash and Cash Equivalents		Level3TextBlock / Level4Detail	HIERARCHY	True	True	CONSISTENT	Reconciliation of to Cash Flow Statement, Detail [Schedule]	Reconciling Item, Amount	Disclosure 'Reconciliation of Cash Summary' exists, then disclosure required	Required because disclosure 'Reconciliation of Cash Summary' was found and is consistent.
16	Receivables Details - Current and Noncurrent		Level3TextBlock / Level4Detail	ROLL UP	True	True	CONSISTENT	Receivables, Current and Noncurrent [Schedule]	Receivables, Net	Line item exists, then disclosure required	Required because line item gap:ReceivablesNet was reported
17	Receivables Details - Gross, Net		Level3TextBlock / Level4Detail	ROLL UP	True	True	CONSISTENT	Receivables, Net and Gross [Schedule]	Receivables, Net	Line item exists, then disclosure required	Required because line item gap:ReceivablesNet was reported

What the reporting checklist does is organize the disclosures into a checklist which articulates whether a disclosure is always required, required if some line item is reported, required if some other disclosure is required, etc. The disclosures in the reporting checklist are the disclosures for which the disclosure mechanics rules are provided. So, the reporting checklist and the disclosure mechanics work together.

### 1.3. Reporting Checklist Rules

Reporting checklist rules enforce statutory, regulatory, compliance, and governance reporting requirements to the extent that such reporting requirements can be represented in machine readable form. Such rules which cannot be checked using automated processes are to be provided in human-readable form and checked by human-based processes.

The following are the currently supported arcrole<sup>2</sup> used to represent the relations which are used to represent the disclosure mechanics rules.

ArcRole
report-requiresDisclosure
report-reportsConcept
reportingLineItem-requiresDisclosure
disclosure-allowedAlternativeDisclosure
concept-allowedAlternativeConcept
report-possibleDisclosure

Machine readable example<sup>3</sup>:

<sup>2</sup> Disclosure mechanics arcroles, <http://xbrlsite.azurewebsites.net/2016/conceptual-model/drules-arcroles.xsd>

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- <link:definitionLink xlink:title="Document information ALLOWS an alternative representation, document and
entity information." xlink:role="http://xbrlsite.azurewebsites.net/2016/us-gaap/rc/role/ReportingChecklist"
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gaap/Disclosures/disclosures.xsd#disclosures_DocumentAndEntityInformation" xlink:type="locator"
xlink:label="disclosures_DocumentAndEntityInformation"/>
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xlink:to="disclosures_DocumentAndEntityInformation"
xlink:arcrole="http://xbrlsite.azurewebsites.net/2016/conceptual-model/drules-
arcsrole/disclosure-allowedAlternativeDisclosure"/>
</link:definitionLink>
    
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The following is a human readable example of a reporting checklist<sup>4</sup>:

#	Disclosure	Category	Level	Pattern	Applicable	Found	Disclosure Consistent	Representation Concept [TEXT BLOCK]	Representation Concept [DETAIL]	Checklist Category	Reason
1	<a href="#">Entity Information</a>		Level4Detail	HIERARCHY	True	True	CONSISTENT	NOT-EXPECTED	Economic Entity Name	Required disclosure	Disclosure always required
2	<a href="#">Document Information</a>		Level4Detail	HIERARCHY	True	True	CONSISTENT	NOT-EXPECTED	Document Title	Required disclosure	Disclosure always required
3	<a href="#">Financial Highlights</a>		Level3TextBlock / Level4Detail	HIERARCHY	True	True	CONSISTENT	Financial Highlights [HTML]	Revenues, Net	Required disclosure	Disclosure always required
4	<a href="#">Balance Sheet</a>		Level4Detail	COMPONENT	True	True	CONSISTENT	NOT-EXPECTED	NOT-EXPECTED	Required disclosure	Disclosure always required, satisfied by Assets (Roll Up) and Liabilities and Equity (Roll Up)
5	<a href="#">Assets (Roll Up)</a>		Level4Detail	ROLL UP	True	True	CONSISTENT	NOT-EXPECTED	Assets	Part of disclosure	Disclosure always required
6	<a href="#">Liabilities and Equity (Roll Up)</a>		Level4Detail	ROLL UP	True	True	CONSISTENT	NOT-EXPECTED	Liabilities and Equity	Part of disclosure	Disclosure always required
7	<a href="#">Income Statement</a>		Level4Detail	ROLL UP	True	True	CONSISTENT	NOT-EXPECTED	Net Income (Loss)	Required disclosure	Disclosure always required
8	<a href="#">Cash Flow Statement, Direct Method</a>		Level4Detail	ROLL UP	True	True	CONSISTENT	NOT-EXPECTED	Cash Flow, Net	Required disclosure	Disclosure always required
9	<a href="#">Statement of Changes in Equity</a>		Level4Detail	ROLL FORWARD	True	True	CONSISTENT	NOT-EXPECTED	Equity	Required disclosure	Disclosure always required
10	<a href="#">Significant Accounting Policies</a>		Level1TextBlock	LEVEL 1 TEXT BLOCK	True	True	CONSISTENT	Significant Accounting Policies [Note]	NOT-EXPECTED	Required disclosure	Disclosure always required
11	<a href="#">Basis of Reporting</a>		Level1TextBlock	LEVEL 1 TEXT BLOCK	True	True	CONSISTENT	Overall Financial Report Presentation and Display [HTML]	NOT-EXPECTED	Required disclosure	Disclosure always required
12	<a href="#">Nature of Operations</a>		Level1TextBlock	LEVEL 1 TEXT BLOCK	True	True	CONSISTENT	Nature of Business [HTML]	NOT-EXPECTED	Required disclosure	Disclosure always required
13	<a href="#">Cash and Cash Equivalents Components</a>		Level3TextBlock / Level4Detail	ROLL UP	True	True	CONSISTENT	Cash and Cash Equivalents	Cash and Cash Equivalents	Line item exists, then disclosure required	Required because line item gaap Cash And Cash Equivalents

All reporting checklist rules should be defined in advance to the extent that such rules can be represented in machine-readable form.

<sup>3</sup> Reporting checklist, machine readable, <http://xbrlsite.azurewebsites.net/2016/conceptual-model/reporting-scheme/us-gaap/reporting-checklist/ReportingChecklist-us-gaap-strict-rules-def.xml>

<sup>4</sup> Combined disclosure mechanics and reporting checklist implemented by XBRL Cloud, <http://xbrlsite.azurewebsites.net/2017/Prototypes/XASB/Disclosure%20Mechanics%20and%20Reporting%20Checklist.html>