



# IFRS Reporting in the format of XBRL

**Accounting Community of Ukraine in the face of European Challenges**

Michal Piechocki | Kiev | 17 December 2014

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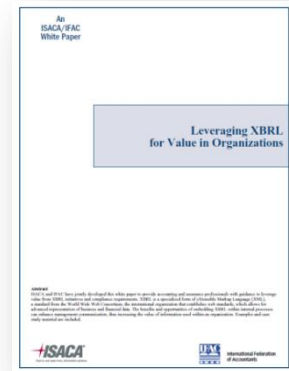
*Thinking  
Forward.*

# About your speaker

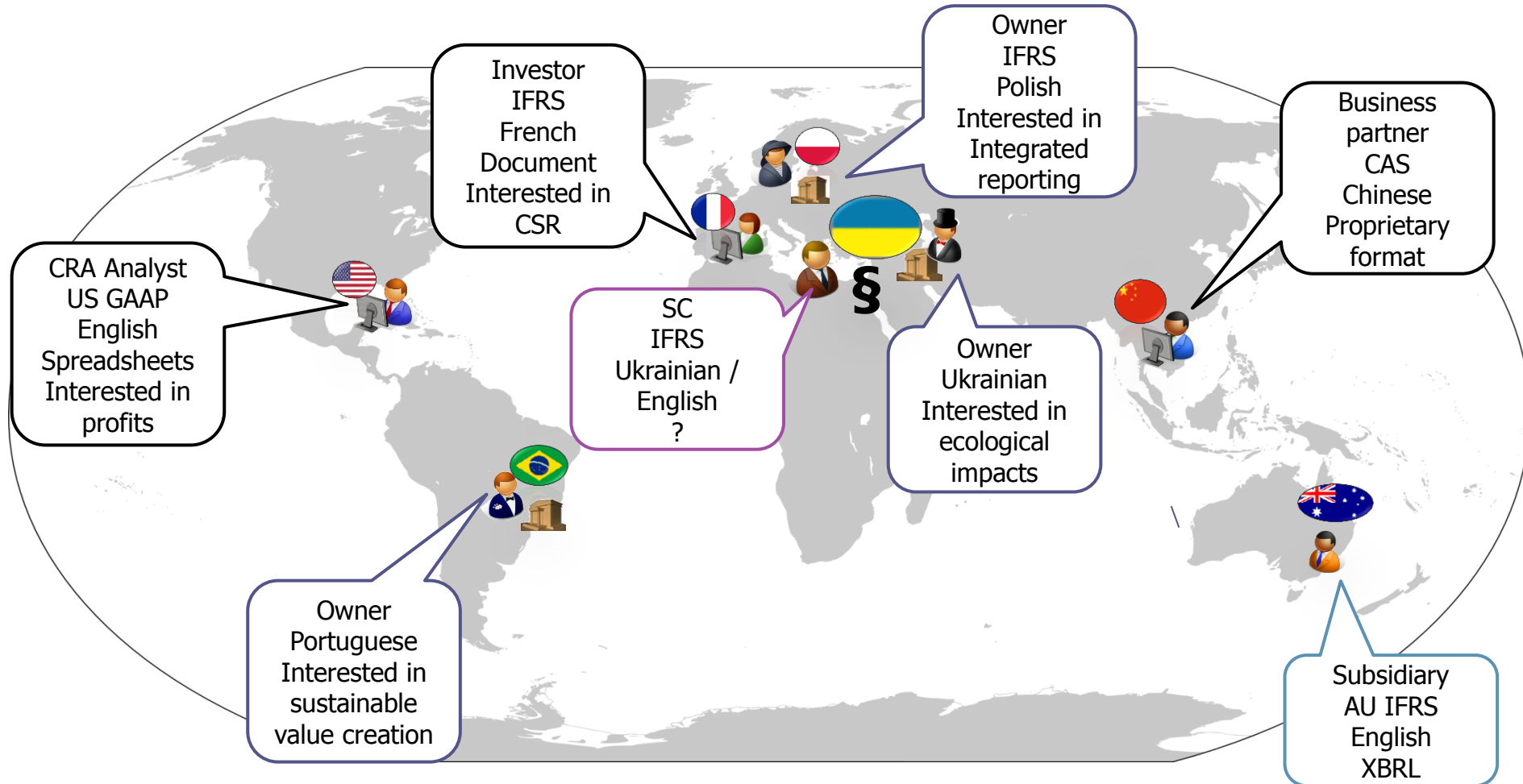
- Director | XBRL International Board of Directors
- Member | XBRL International Member Assembly
- Member | IFRS Taxonomy Consultative Group at IASB
- Member | Institute of Management Accountants XBRL Committee
- Co-author | Leveraging XBRL for Value in Organizations (IFAC & ISACA)
- Co-author | XBRL for Interactive Data: Engineering ...
- Instructor | XBRL International Taxonomy Development Training
- CEO | Business Reporting – Advisory Group

## Past:

- Member | IFRS Quality Review Team
- Subject Matter Expert | XBRL International Certification Board
- Member | IBM Information Governance Council
- Member At Large | XBRL International Steering Committee
- Chair | XBRL International Certification Committee
- Member | IASCF XBRL Team (IASB)



# Speaking different languages globally ...



**7** STANDARD!!!



# Comparing IFRS financial data

Disclosure of hedge accounting data for IFRS based financial reports of 3 LSE listed banks (FTSE 100)

Disaggregation of Derivatives into: „Held for trading“, „Economic hedge“ and „Hedge accounting“ differs accross reports:

- Part of derivatives can be reported under „Financial assets held for trading“, the rest under „Hedge accounting“
- All derivatives can be reported as aggregated value later disaggregated into „Derivatives held for trading“ and „Hedge accounting“
- ...



## Lloyd's Banking Group

- Not on the face of PFS (only derivatives) but in note 19 2010 AR – 292p.



## HSBC

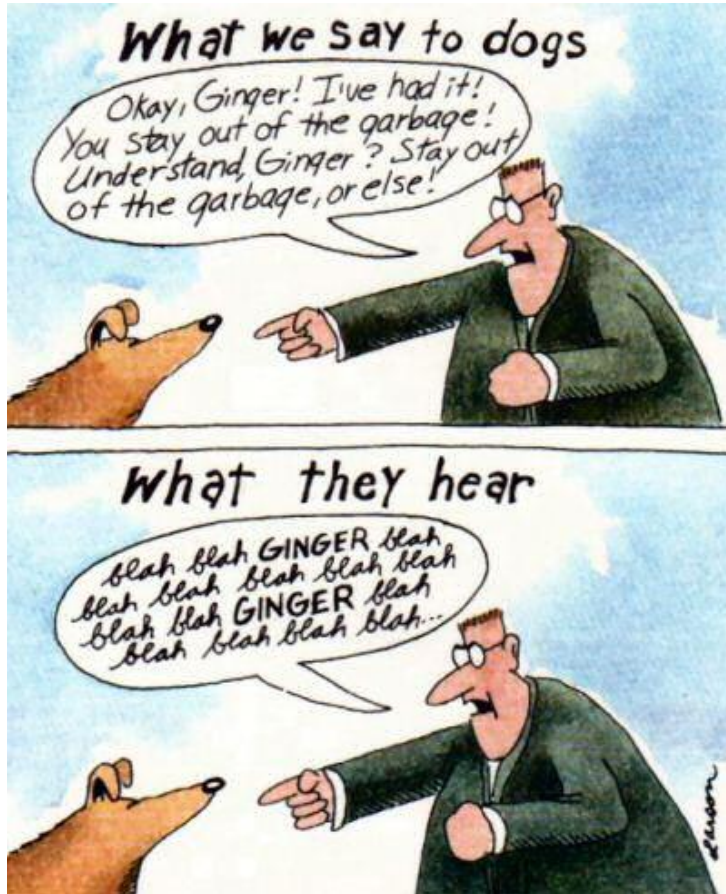
- Not on the face of PFS (only derivatives) but in note 20 2010 AR – 390p.



## Barclays

- Not on the face of PFS (only derivatives) but in note 14 2010 AR – 285 p.

# Need for common language and standard



Accounting and auditing require standards  
for content and processes:

Local GAAP / IFRS / PAIB Guidelines / Ethics  
/ Auditing and Assurance | IFAC Standards ...

but also for electronic format of disclosures:

**eXtensible Business | Reporting  
Language**

# What is



a flexible framework: allows for customization and application in different reporting scenarios independent from legal regulations

designed for description and exchange of business related data (includes all required characteristics and functionalities for this application)

informative reporting: exchange of aggregated data for analysis and decision making

communication (encoding and decoding) of information: sentences build according to certain syntax (grammar) and semantics (meaning)

# Why XBRL?

- International, open, free standard, based on XML
- Developed by global, open XBRL International consortium (You are welcome to join!)
- National University of Singapore „Does XBRL Adoption Reduce the Cost of Equity Capital“ by Oliver Zhen Li, Yupeng Lin, Chenkai Ni, August 2012

## DOES XBRL ADOPTION REDUCE THE COST OF EQUITY CAPITAL?

Oliver Zhen Li\*  
Yupeng Lin  
Chenkai Ni  
National University of Singapore

August 2012

### Abstract

XBRL filing reduces investors' information processing cost. We find that XBRL adoption results in a significant reduction in firms' cost of equity capital and that this effect is stronger in firms with small size, high growth, low analyst coverage and illiquid stocks. We also show that firms experience an increase in analyst coverage, forecast accuracy and a decrease in forecast dispersion after XBRL adoption. Further, XBRL adoption improves firms' stock liquidity. Finally, the effect of XBRL adoption on the cost of equity capital, analyst behavior and stock liquidity is weaker for voluntary filers than for mandatory filers. In sum, we provide strong evidence supporting the argument that information processing cost significantly affects the cost of equity capital.

liquidity, information processing

Building, #07-19, 15 Kent Ridge Drive.

abstract=2131001

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XBRL filing reduces investors' information processing cost. We find that XBRL adoption results in a significant reduction in firms' cost of equity capital and that this effect is stronger in firms with small size, high growth, low analyst coverage and illiquid stocks. We also show that firms experience an increase in analyst coverage, forecast accuracy and a decrease in forecast dispersion after XBRL adoption. Further, XBRL adoption improves firms' stock liquidity. Finally, the effect of XBRL adoption on the cost of equity capital, analyst behavior and stock liquidity is weaker for voluntary filers than for mandatory filers. In sum, we provide strong evidence supporting the argument that information processing cost significantly affects the cost of equity capital.



# IFAC & ISACA on XBRL



## Leveraging XBRL for Value in Organisations

- Joint paper between IFAC and ISACA
- Combines accounting (financial reporting) and IT knowledge
- Outlines possible use of XBRL by organisations: external (compliance) , internal reporting internal control, auditing and assurance
- <http://www.ifac.org/publications-resources/leveraging-xbrl-value-organizations>

## XBRL dictionary (IFRS XBRL taxonomy)

**[220000] Statement of financial position, order of liquidity - Consolidated financial statements****Statement of financial position****Assets**

Property, plant and equipment	X	IAS 16.73 e, IAS 1.54 a
Investment property	X	IAS 1.54 b, IAS 40 - Disclosure
Goodwill	X	IAS 38.118 c, IAS 1.54 c
Intangible assets other than goodwill	X	IAS 1.54 e, IAS 38.118 e
Other financial assets	X	IFRS 7.6, IAS 1.54 d
Other non-financial assets	X	IAS 1.54
Investment accounted for using equity method	X	IFRS 8.24 a, IAS 1.54 e, IFRS 8.28 e
Biological assets	X	IAS 41.50, IAS 1.54 f
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	X	IAS 1.54 j
Non-current assets or disposal groups classified as held for sale	X	IFRS 5.38
Non-current assets or disposal groups classified as held for distribution to owners	X	IFRS 5.38
Inventories	X	IAS 2.36 b, IAS 1.54 g, IAS 2.9, IAS 2.6
Current tax assets	X	IAS 1.54 n
Deferred tax assets	X	IAS 1.56, IAS 1.54 o, IAS 12.81 g (i)
Trade and other receivables	X	IFRS 7.6, IAS 1.54 h, IAS 1.78 b
Cash and cash equivalents	X	IAS 1.54 i, IFRS 7.6, IAS 7.45
Total assets	X	IAS 32 - Structure and content, IFRS 8.23, IFRS 8.28 c

## XBRL taxonomy (metadata)

- business concepts, names & identifiers
- multilingual labels
- references to legal acts and standards
- hierarchies
- business rules & calculations
- business breakdowns & characteristics
- business attributes
- relationships between concepts
- ...

## XBRL report (IFRS XBRL instance document)

ABC Company

Consolidated statement of financial position

Other financial assets

All values in 1'000 EUR

Year End 2010

234,52

## XBRL instance document (data)

- facts and footnotes
- contextual information
- units, precision ...

ITI screenshot courtesy of IFRS Foundation XBRL Team © IFRS Foundation

# Tagging data with IFRS Taxonomy

[20000] Statement of financial position, order of liquidity - Consolidated financial statements	
<b>Statement of financial position</b>	
<b>Assets</b>	IAS 1.54
Property, plant and equipment	X IAS 12 - Structure and content
Investment property	X IAS 16.72 e; IAS 1.54 a
Goodwill	X IAS 1.54 b; IAS 40 - Disclosure
Intangible assets other than goodwill	X IAS 38.118 c; IAS 1.54 c
Other financial assets	X IAS 1.54 d; IAS 38.118 e
Other non-financial assets	X IFRS 7.6; IAS 1.54 d
Investment accounted for using equity method	X IAS 1.54
Biological assets	X IFRS 6.24 a; IAS 1.54 e; IFRS 8.28 e
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	X IAS 41.50; IAS 1.54 f
Non-current assets or disposal groups classified as held for sale	X IAS 1.54 i
Non-current assets or disposal groups classified as held for distribution to owners	X IFRS 5.38
Investments	X IAS 2.38 a; IAS 1.54 g; IAS 2.9; IAS 2.8
Current tax assets	X IAS 1.54 n
Deferred tax assets	X IAS 1.56; IAS 1.54 h; IAS 12.81 g ii
Trade and other receivables	X IFRS 7.6; IAS 1.54 n; IAS 1.78 i
Cash and cash equivalents	X IAS 1.54 i; IFRS 7.6; IAS 7.45
Total assets	X IAS 12 - Structure and content; IFRS 9.23; IFRS 5.28 c



INCOME STATEMENTS			
(in millions, except per share amounts)			
Year Ended June 30	2006	2005	2004
Revenue	\$44,282	\$39,788	\$36,835
Operating expenses:			
Cost of revenue	7,650	6,031	6,596
Research and development	6,584	6,097	7,735
Sales and marketing	9,818	8,563	8,195
General and administrative	3,758	4,536	5,275
Total operating expenses	27,810	25,227	27,801
Operating income	16,472	14,561	9,034
Investment income and other	1,790	2,067	3,162
Income before income taxes	18,262	16,628	12,196
Provision for income taxes	5,663	4,374	4,028
Net income	\$12,599	\$12,254	\$ 8,168



July 2010

International Financial Reporting Standards (IFRS®)

The IFRS® Taxonomy 2010 Guide



```
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# Sample IFRS XBRL (Inline XBRL) Report



## IFRS Taxonomy 2010 - Illustrative Examples

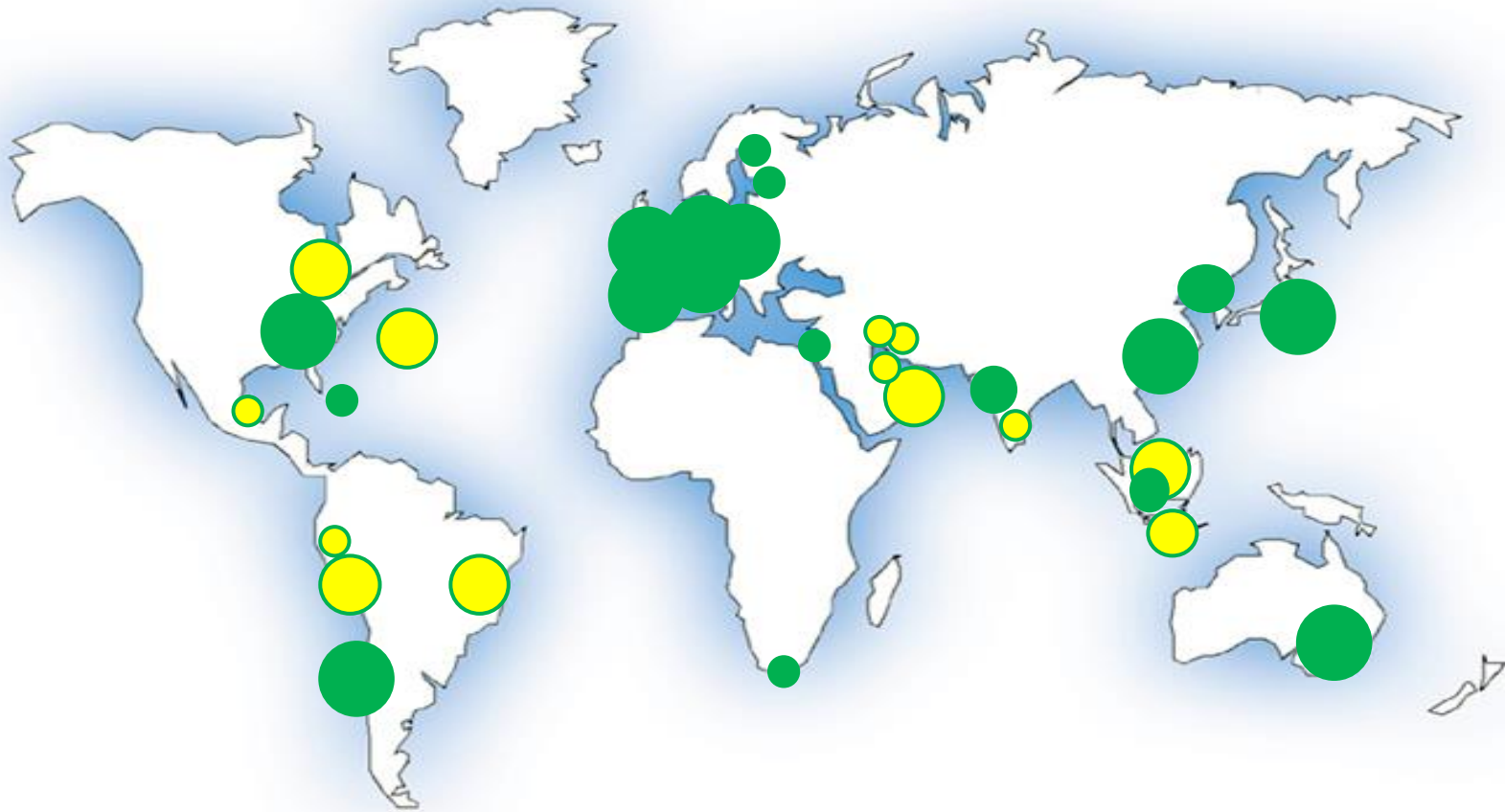
InlineXBRL - Example 1a: Consolidated statement of comprehensive income

EUR,000	2009-12-31 2009-01-01	2008-12-31 2008-01-01
Revenue	6,863,545	5,808,653
Cost of sales	( 5,178,530 )	( 4,422,575 )
Gross profit	1,685,015	1,386,078
Other income	88,850	25,000
Distribution costs	( 175,550 )	( 156,800 )
Administrative expense	( 810,230 )	( 660,389 )
Other expense	( 106,763 )	( 100,030 )
Finance costs	( 26,366 )	( 36,712 )
Profit (loss) before tax	654,956	457,147
Income tax expense, continuing operations	( 270,250 )	( 189,559 )
Profit (loss)	384,706	267,588
Total comprehensive income	384,706	267,588

# The same sample report in XBRL code

```
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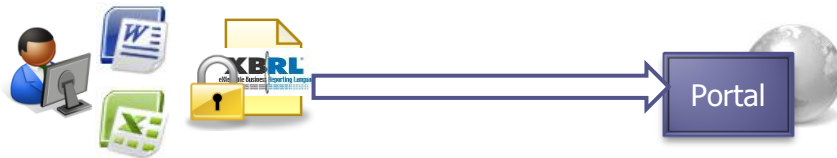
# Major XBRL projects





# Scenarios for XBRL adoption

1. Receiver provides XBRL enabled excel, word, PDF templates



2. Outsourcing (printer, consultant, vendor to prepare reports )



3. Bolt-on (tools to transform your reports into XBRL at the last stage )



4. Integrate (build XBRL into company's business reporting supply chain)



## Benefits

- no implementation costs

- comprehensive support
- low risk
- no knowledge required

- simplified approach
- potential cost-saving
- control over result

- comprehensive approach
- cost-saving (mid-long)
- control over result
- automated processing
- enhanced reporting
- high data quality

## Challenges

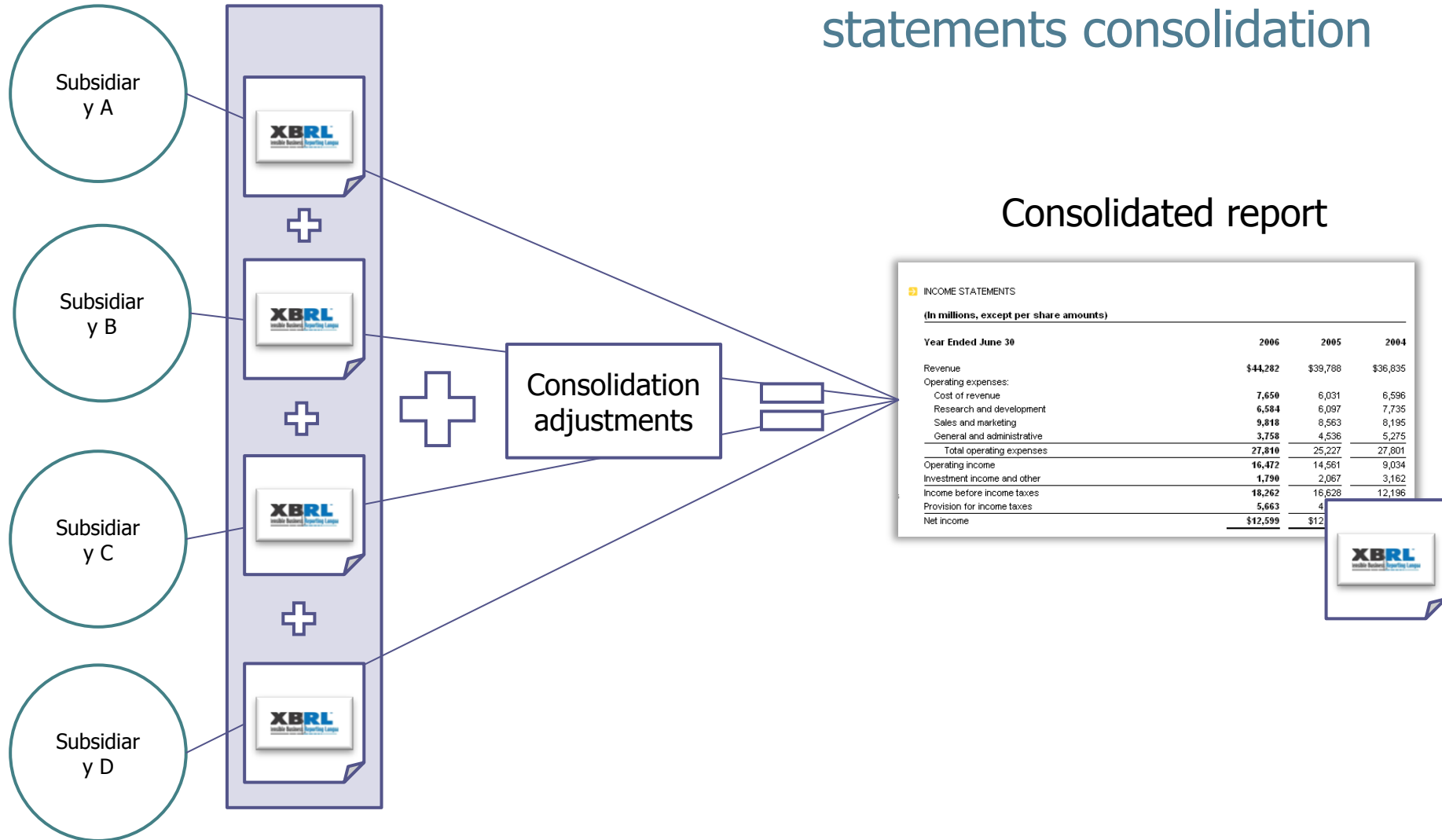
- need for manual work (rekeying data)
- error prone
- no benefit outside of this particular reporting context

- lack of control
- possibly high cost
- lack of internal capabilities

- knowledge required
- time risk
- significant effort for change update

- upfront investment
- level of complication

# Beyond compliance: XBRL and financial statements consolidation






# Beyond compliance: XBRL consolidation example

Parent  
company

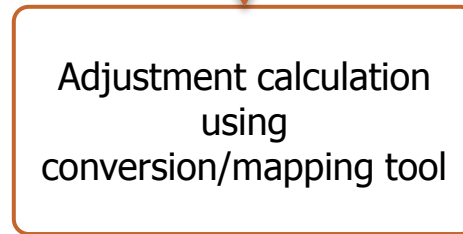
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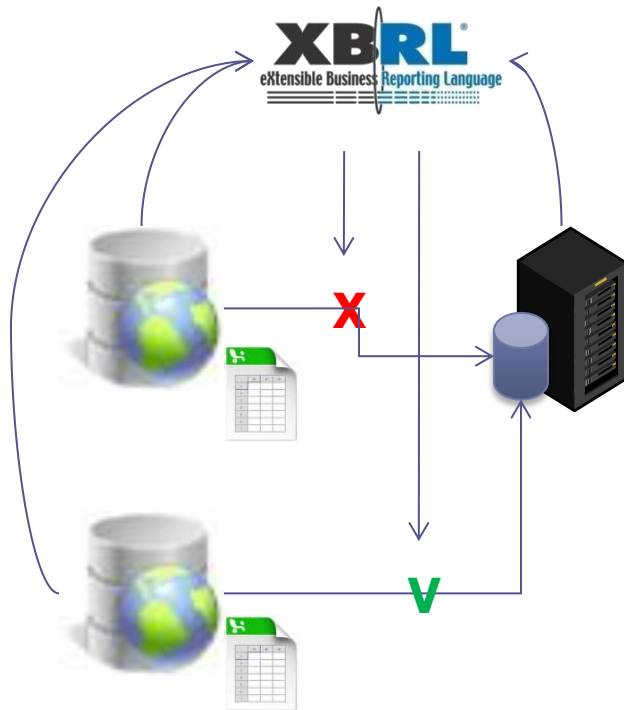


Extension taxonomy  
for consolidation  
purposes



1. Consolidation adjustments defined by extension taxonomy (intra-group transactions, dividends paid within group etc.)
2. XBRL dimensions distinguish between single subsidiaries reports and parent company report

# Beyond compliance: XBRL and internal audit/control (XBRL Global Ledger)



Advanced business mathematical and logical controls



MFRS / PERS

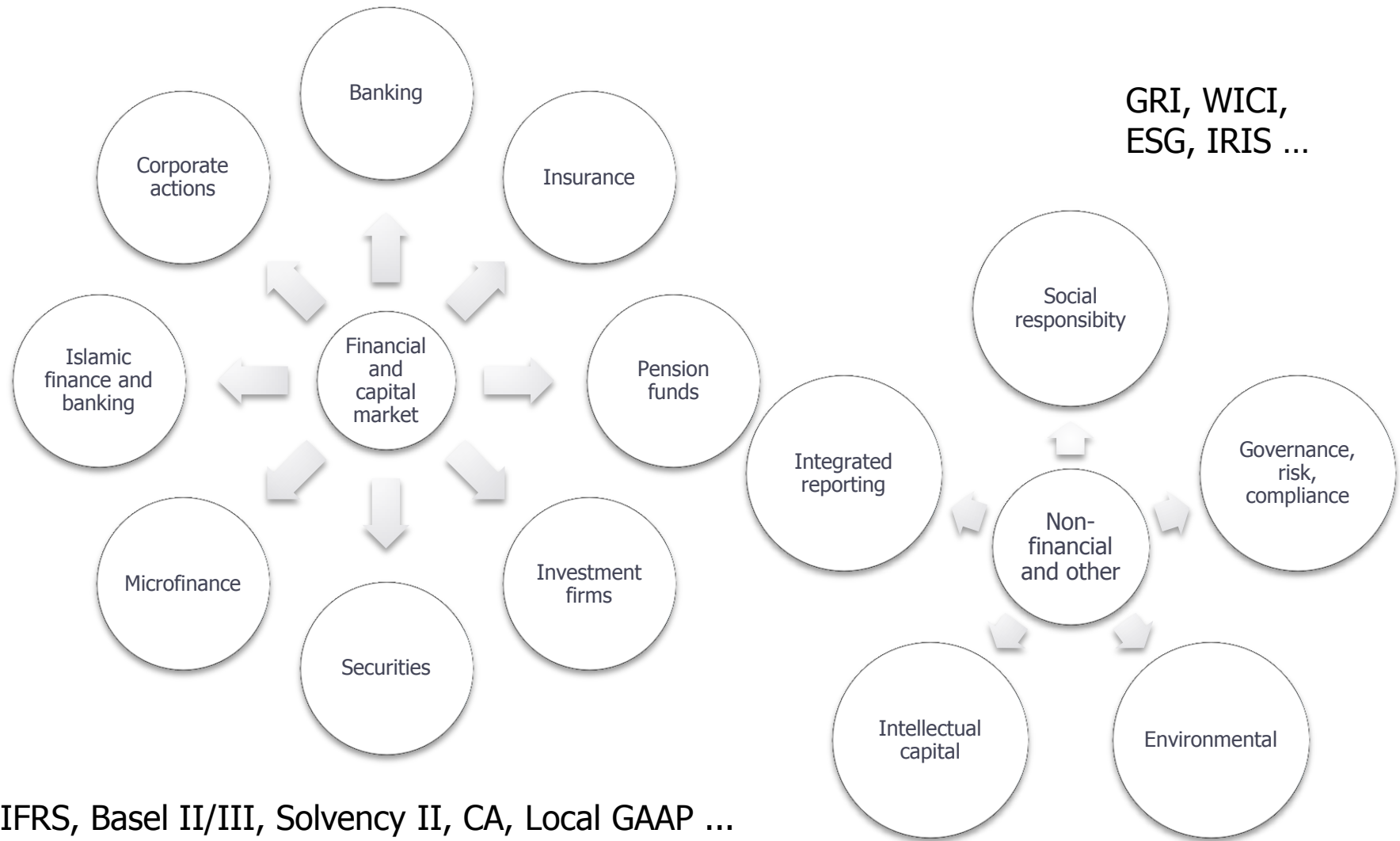
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- + XBRL GL journal entry 1
- + XBRL GL journal entry 2
- XBRL GL journal entry 3



Global Ledger





# Resources

- [www.xbrl.org](http://www.xbrl.org)
- [www.iasb.org/xbrl](http://www.iasb.org/xbrl)
- [www.eurofiling.info](http://www.eurofiling.info)
- [www.br-ag.eu](http://www.br-ag.eu)



# Thank you

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*Thinking  
Forward.*