



iXBRL

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How to produce a set of iXBRL-compliant financial statements speedily and at low cost

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Introduction to iXBRL (1)

What is it?

- iXBRL is a business reporting language
- It enables the tax and accounts data of companies to be read and compared automatically by regulators and investors
- It is rapidly becoming a standard across the world



Introduction to iXBRL (2)

- in-line Extensible Business Reporting Mark-Up Language
- Templates for accounts and tax tagging systems (taxonomies)
- Thousands of tags used to identify specific information in filed accounts and tax computations
- Purpose: authorities, investors and advisers can process and compare that information
- The in-line aspect allows the tagged financial statements to be viewed through a web browser or by right clicking and inspecting the program coding



Introduction to iXBRL (3)

- Each accounting regime utilises a different combination of taxonomies
- The current accounting taxonomies are:
 - GAAP
 - IFRS
 - GAAP for Charities
 - Common Data
- The Detailed P&L taxonomy will also become compulsory
- FRS 102 financial statements are required to use the IFRS taxonomy prior to an FRS 102 taxonomy being introduced in 2015



The UK Experience

- Fact** ❖ Over 2 years of filing tax returns, tax computations and accounts on-line using iXBRL
- Status** ❖ There is still, though, a significant failure rate
- Reason** ❖ Many firms were still not using a proper software solution
- Why?** ❖ Because they didn't realise that a free flow form of reporting is almost impossible with on-line iXBRL filing



Tag Numbers by Taxonomy

Taxonomy	Full	MTL (Minimum Tagging List)
UK GAAP	5,292	1,253
UK GAAP CHARITIES Extension	334	334
IE GAAP Extension	64	N/A
UK Common Data	1,028	N/A
IE Common Data Extension	22	N/A
UK CT Computational	4,164	1,207



Common Data Taxonomy

(Used in conjunction with the GAAP Taxonomy)

- Auditor's report
- Business
- Countries
- Currencies
- Directors' report
- Stock exchanges
- Languages



Tagging Methodology (1)

- Not all possible tags exist; some available tags are compulsory
- Some tags are required to be in a section hidden from the presentation (e.g. start date of period, fixed item/value tags , Boolean tags, multiple tags applied to a single numeric item e.g. 100% subsidiary ownership)
- Some tags appear in both the primary statements and the notes – they require repeating wherever they are presented
- Where tags are repeated, they must have identical data
- In reports there are tags for declarations and regulatory information, but not all paragraphs
- Nested tagging (amounts embedded in text)
- There are thousands of tags because they have to represent all possible sets of accounts



Tagging Methodology (2)

- The tags cover large variations in formats and content
- The presentation of the taxonomy mirrors (but doesn't determine) the typical presentation of a set of accounts
- Tag selection is more difficult where the presentation of the accounts differs from that of the taxonomy
- Using templates for presenting accounts makes it easier to find a one-to-one match of accounts items to tags
- Tags in taxonomies are arranged in hierarchical order with grand totals at the top, then sub-totals and then down to detailed items

❑ Self-tagging will usually lead to irrecoverable time, many mistakes, uncertainty and rejections from the recipient authority



Types of Tag

- **Line Item Tags**
 - These are simple tags and make about 75% of tags in a typical set of accounts
- **Dimension Tags**
 - Multiple Dimension Tags define further Dimensions of a Line Item Tag
 - Dimensions are grouped by Hypercubes
 - A Line Item Tag is attached to one or multiple Hypercubes
- **Tuples** (mathematical term meaning ordered list of elements)
 - A combination of Line Item Tags that are grouped together and can be used multiple times



Longest Tag in GAAP Taxonomy

The longest current line item tag in GAAP is:

- **uk-gaap:ImpairmentLossRecognisedInProfitOrLossForFinancialAssetsReclassifiedFromHeldInProfitOrLossForTradingToAvailable-inProfitOrLoss-forSale**

The tag description is:

- Impairment loss recognised in profit or loss for financial assets reclassified from held in profit or loss for trading to available – in profit or loss - for sale



The UK Experience (1)

Percentage of Practitioners	Experience
14%	Problems with online filing
Half of above	Problems with rejections due to iXBRL
57%	Experienced some difficulty
58%	Implementing new systems had caused some disruption
84%	Output their iXBRL files from their Accounts Production software
52%	9 out of 10 of filings were successful first-time
5%	First time acceptance rate of under 5%



The UK Experience (2)

UK businesses spent an extra 7 hours 12 minutes on average preparing a set of accounts during the first year of mandatory iXBRL filing

(Per Research by Thomson Reuters)

The time taken was on:

- Ensuring tagging was correct
- Dealing with validation and filing issues



Use of iXBRL

- The tax authorities will use the iXBRL tagging to:
 - Identify and profile high risk companies
 - Compare companies against industry benchmarks
- Accountancy practices can benefit from automated data collection:
 - Better management reporting
 - Better use of business intelligence tools
 - Result comparisons, benchmarking and risk analysis
- Banks may in future require iXBRL-compliance accounts in order to approve loans



3 Main Options for iXBRL Accounts

- Use own templates (e.g. in Word or Excel) together with specialised software
- Outsource to a third party
- Use a software house that:
 - provides and maintains accounts templates
 - automates the tagging process in line with updating accounts templates



1. Use of Own Templates

(such as Word or Excel with specialised tagging software)

- Most time-consuming option
 - requires you to set up templates for the first year to maximise the automation for subsequent years
 - Many iterations before the templates are correct
- As requirements for compliance and presentation change, templates will require continuous tag updating
- Such processes will extend time taken to pass the filing authority's validation and can result in delays in filing
- Changes to taxonomies will lead to software updates which in turn will require you to make further changes to the templates



2. Outsource to Third Party

- Has the advantage of outsourcing to technical experts in the field
- But contractor needs to fully understand your templates and all the variations that occur in practice
 - You will spend valuable time with contractor explaining peculiarities of particular sets of accounts
- Control over process and timing is partly taken out of your hands
 - Leads to increased chance of late filing with consequential penalties
- Possibility of client confidentiality being compromised
- Recovery of costs difficult if client cannot identify direct benefits



3. Use AP Software (1)

(Provides standard templates with up-to-date compliance and integrated tagging)

- Accounts Production software provides **fastest** method
- Automatic update of both compliance and tagging
- No additional time spent with contractors
- Timely finalisation and filing
- No loss of client confidentiality
- No increase in irrecoverable costs
- No missing compulsory tags
- No Data Type, Period Type or Balance Type mismatches
- No confusion in application of Line Item Tags, Dimension Tags, multiple Dimension Hypercubes or grouped tags in Tuples



3. Use AP Software (2)

(Provides standard templates with up-to-date compliance and integrated tagging)

- List of rules automatically followed
- Automatic completion of hidden section
- No authentication failures
- Includes full pre-validation routines increasing first time filing success rate
- Ease of use with simple tagging lists for user-defined areas
- Can use multiple taxonomies for jurisdictions and accounting regimes within the one application
- Potentially enables benchmarking and data mining for marketing and analytical purposes



iXBRL Accounts Filing Stats

Filing using Relate Accounts Production (RAP) software has always had high success rates since it was first used in April 2011



Relate Software filed first live set of iXBRL Accounts to ROS

- Our customer accountants, PGL, worked with us and filed the first ever set of electronic iXBRL accounts to the Revenue Commissioners
- Another first for Relate Software displaying our commitment to the accountancy community in keeping them at the forefront of technology and regulatory changes
- We have worked closely with ROS to get the filing of accounts working with our practitioner clients
- With electronic filing of accounts becoming mandatory, it was essential that Relate Software provided a solution for their clients well in advance
- “We are delighted to be associated with this historical first filing and we are happy that we have the right solution with Relate Accounts Production now that go live for iXBRL has happened. We aim from this point on to file most of our client company accounts with Revenue in iXBRL format through Relate” - **David Jones PGL**



Current Position in Ireland

- A few days ago, in one evening, one of our clients filed 18 Large Case Division sets of iXBRL accounts
- All 18 were accepted
- Relate Accountants Production has the solution



Timing of Implementation

- Software needs to be implemented well in advance
- Experience has shown that the longer the decision on software implementation is put off the greater the cost
- We'll now show you how easy it is to use Relate Accounts Production to produce iXBRL compliant accounts resulting in consequential cost savings



Demonstration of the Generation of iXBRL-Compliant Accounts

It's a One Click Solution

