

June 2025 FRC - Public

# What are we going to cover

- What are the digital reporting requirements
- Why is quality important
- Findings from our latest review
- What is next

# What are the digital reporting requirements

#### **Purpose**

• Enhance transparency and accessibility of financial reports.

#### Background

- Since 2021, certain listed companies must file annual reports in iXBRL format, this is governed by FCA requirements.
- Around 700 companies file in the UK and more than 2000 across the EU.

#### Objective

• Support investor confidence and improve market efficiency.

# Why is quality important Regulatory

• The XBRL annual report is the official report of record under FCA requirements.

#### Investors

- XBRL reports are becoming increasingly important for investors, academics and other stakeholders.
- Our 2023 institutional survey showed that more than 30% or investors already using the XBRL reports.

### Α

- Al loves data, Al love's structure, Al loves structured data.
- Company opportunity to guide the Al.

# **Findings from our latest review**

### **Scope of the 2024/25 Review**

## Conducted by

• FRC with support from the FCA

## Methodology

- Reviewed 25 annual reports filed to the National Storage Mechanism (NSM)
- Used tools from the CODEx project for analysis

#### Focus

• Quality, usability, and compliance of digital reports

# 1. Use of Custom Extensions Custom tags/ extensions are often being created when not necessary

- Extensions create issues for those trying to analyse annual report data. At best they require an additional level of assessment to consider the purpose and nature of the extended data, at worst they are simply left out of analysis
- Build in a process of review. Even if production is outsourced to a third-party it is still essential for preparers to review
- During the financial statements tagging process, companies may want to consider if an extension is needed

	UK iXBRL Viewer			<b></b>	Highlight () XBRL Elements User Guid	de <b>() ☆</b> ∖
	Cashflow statement	2024 \$m	2023 \$m	l	Fact Properties	
	Cash flow from investing activities			<ul> <li>EXR-Dividends Received From R36</li> </ul>		
:	Interest received Dividends received from R36	45 20	<mark>41</mark> 9	l	<b>Example</b> : In this illustration a company created an extension to exactly match their item but the IFRS	
	Proceeds on disposal of businesses	33	44		standard tag for Dividends Received could have been used.	
	Total	<mark>98</mark>	<mark>94</mark>		< 1 of 1 >	

### 2. Anchoring of Extension Taxonomy

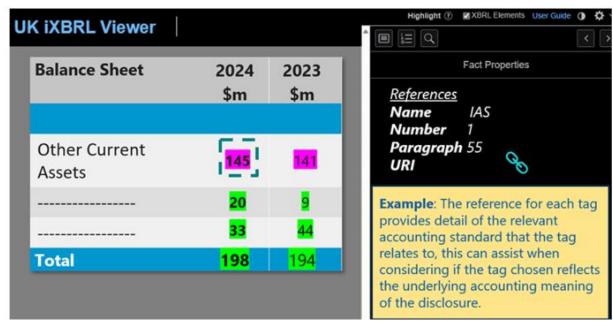
- Where extensions are used it is common for them to not be anchored correctly
- Proper anchoring of extension taxonomy elements is critical for linking meaningful additional information to the line item being tagged
- Refer to the FRC and FCA guidelines for proper anchoring of extension elements
- Review the narrower extension elements

Figure 2: Example of a extension with its wider and narrower anchors						
Wider Anchor	Extension		Narrower Anchors			
(ifrs-full) non- current liabilities	(EXT) Medium-term provisions and other related liabilities	(ifrs-full) non- current provi- sions	(ifrs-full) Other non-current liabilities			

#### **3. Accounting Meaning**

There are cases where the accounting meaning of the tags dose not correspond to the facts reported or do not reflect the correct standard

- Misreporting can lead to significant discrepancies in how financial statements are analysed
- Take time when selecting or reviewing tags to ensure that all disclosures correspond to the relevant elements
- It can be helpful to look at the documentation label and IAS (International Accounting Standard) reference as these provide details of the tags purpose and link back to the original standard



#### 4. Incorrect Sign or Scale

There are cases where amounts are reported with the incorrect sign or scale

- Accurate assignment of signage, balance, and scale attributes is crucial for the understanding
  of users of financial reporting
- Before starting the company's tagging process for the year, review the previous accounts via UK iXBRL viewer to identify any issues or error

#### 5. Missing Tags and Granularity

There are many cases where 'mandatory' tags such as 'Principal place of business' or 'Domicile of entity' are not included or where the relevant level of granularity has not been applied

- Missing tags and lack of granularity makes it difficult for investors to find the relevant information about a topic
- Use appropriate block tags for larger pieces of information to ensure comprehensive coverage
- Maintain consistency across reporting periods to enhance comparability and reliability

### 6. Design and Usability Design issues can still be a challenge for some filers

Many companies are also failing to put the file on their website or limit its value by delaying publication or not providing the tags in a viewable format

- Design and accessibility issues can significantly impact the usability and readability of financial reports
- Look at the how tagged text looks in the human readable report and, in a viewer, to ensure that the tagged narrative (when extracted) conveys the same meaning and structure as the original
- Maximise the value of your report making it available on your website with a viewer to ensure investors can easily access the report and utilise the data within

# What is next

#### **Future actions**

- Enhanced FRC monitoring
- Direct engagement with companies showing significant issues
- More transparency to the public

# What is next

### A public viewer

JK iXBRL Viewer	User Guide English 🗸 🗸					
Beta This is a new service funded by the Regulators' Pioneer Fund (Department for Science, Innovation and Technology) – your <u>feedback</u> will help us to improve it.						
iXBRL is an extension of XBRL (eXtensible Busine standard for sharing business information electron						
Search Filings						
Search by Company Name or Number						
Company Name, CRN (Company Registration Numl	ber), or LEI (Legal Entity Identifier)					
Date Filed ①	То					
Year Month Day	Year Month Day					
Registry Any ~						
	Search >					
User Guide Contact Us Survey Accessibility Statement OCL All content is available under the Open Government Lic	Privacy Notice sence v3.0, except where otherwise stated					

- A publicly available digital <u>iXBRL viewer</u> with access to 30m annual reports in iXBRL format for UK listed and non-listed companies, a world first in terms of scope and coverage.
- A roadmap of adoption for the UK iXBRL Viewer across the FCA and Companies House systems.
- Accessibility and Welsh language features shared with the open-source community and embraced and adopted by XBRL filings.org. This enables European company data to be available with Welsh language equivalents.



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