



Financial Reporting Council

Structured digital reporting

How to drive up quality
and usability

Eurofiling

December 2022

FRC Lab report

Structured digital reporting – Improving quality and usability

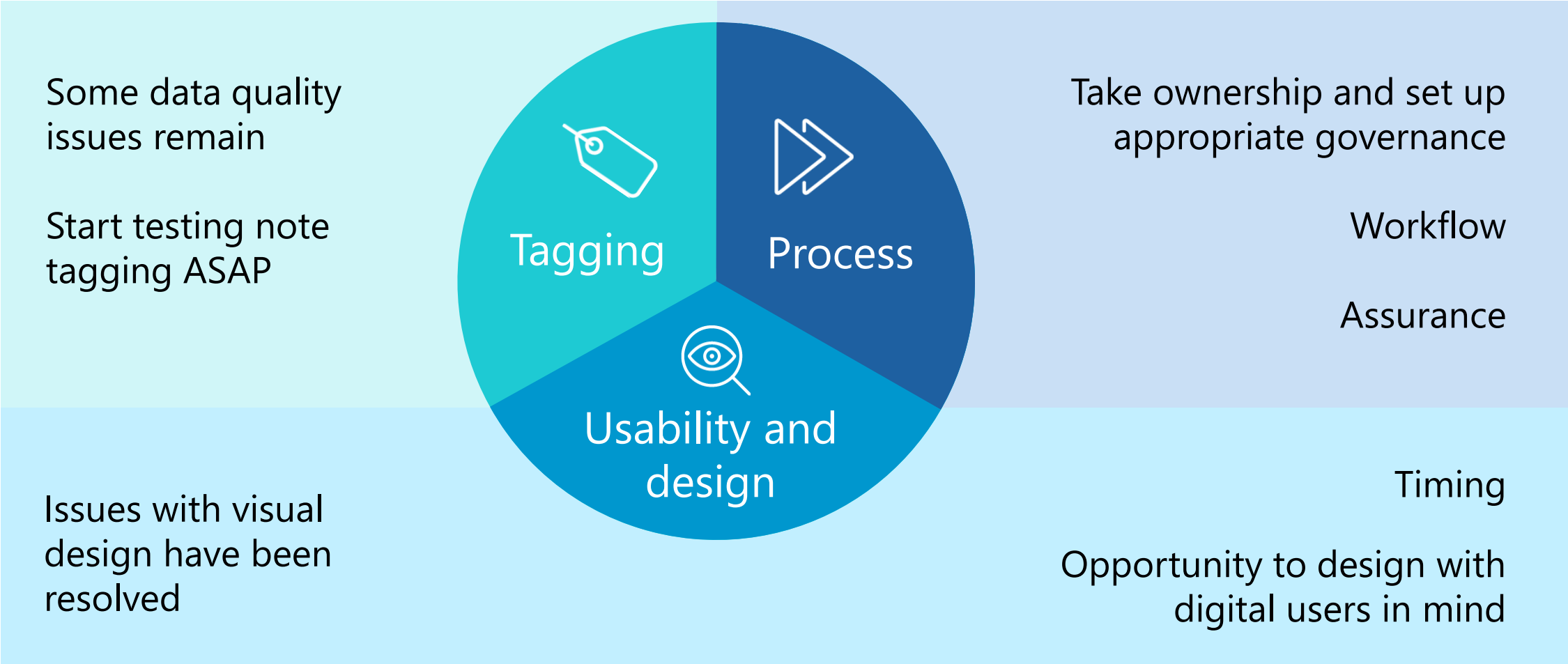
- Follows up on review of voluntary practice we did last year
- Based on:
 - Analysis of a sample of filings submitted in the UK
 - Feedback from companies, tagging software and service providers, design agencies, assurance providers and other stakeholders.



Access the report [here](#)



Highlights



Process

Setting up appropriate governance processes



Organise training for management & the audit committee, covering topics such as “What is an extension?”



Provide a tagged report in an inline viewer for their review or some other way to allow tags to be viewed in-situ.



Provide an accompanying note:

- Highlighting areas of judgement and differences with peers’ tagging
- Explaining preparation process, controls and internal/external assurance sought

Process

Workflow

Bolt-on

Usual process
to design PDF



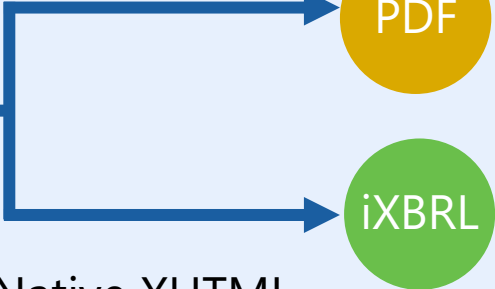
Copy of PDF at
certain point in time



Converted to XHTML
and tagged

Integrated

Integrated system
producing multiple
output formats



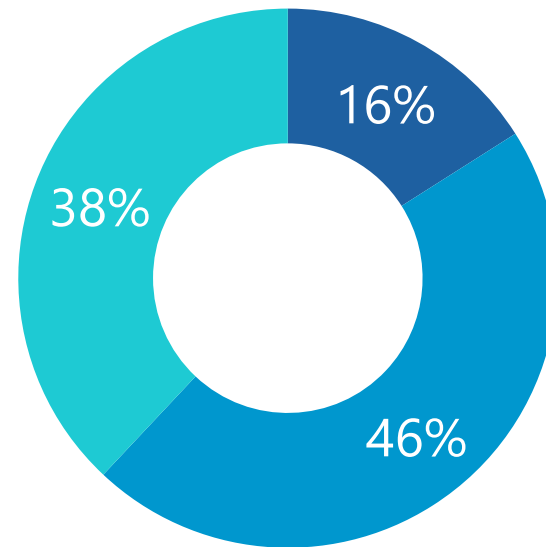
Native XHTML

Process

Assurance

- Assurance over the tagging is currently not mandatory in the UK.
- However, UK companies may consider seeking external assurance and the FRC has adopted ISAE (UK) 3000 to support the delivery of these voluntary engagements.

In a sample of 50 tagged reports on the NSM:



- stated that the tagging had been subject to external assurance
- stated that the tagging had not been subject to external assurance
- were silent

Process

Filing to the National Storage Mechanism

- FCA test facility has been widely used, with about 700 test files submitted by the end of July 2022.
- Many submitters needed more than one attempt to successfully file a structured report without errors.
- Most errors were basic and due to incorrect file naming and structure.
- There was some confusion around the required format for tagged versus untagged files.
- Those authorised to submit to the FCA system on behalf of a company (e.g. the company secretary) may not have been involved in the preparation of the file.

Consolidated IFRS financial statements

Tagged

ZIP including XHTML file and other files



Only non-consolidated or non-IFRS financial statements

Untagged

XHTML file (single unzipped file)

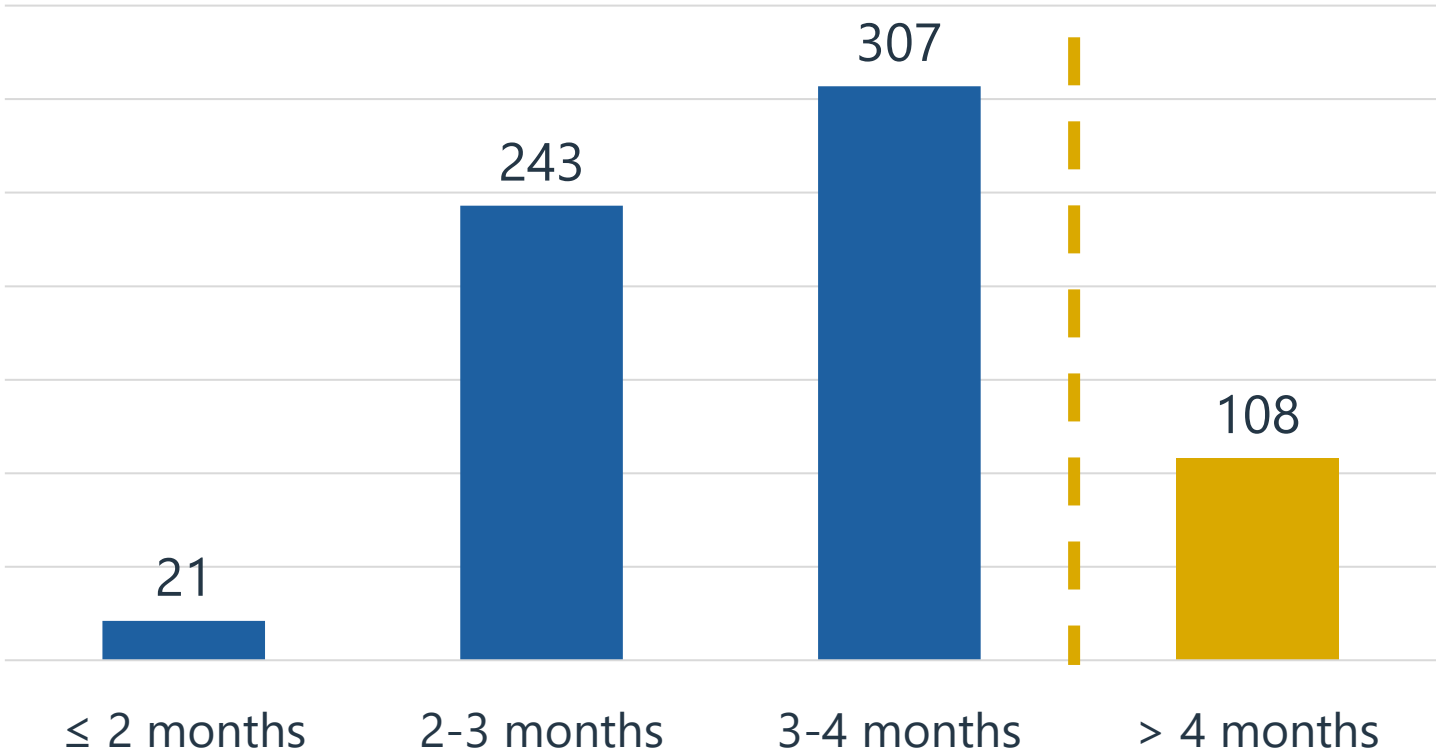


Usability

Timetable

Submission timing (months after year-end)*

Number of reports



*for the 679 reports successfully filed on the NSM by 31 July 2022 for financial years starting on or after 1 January 2021

Deadline has reverted to 4 months

Usability and design

Designing your report with digital users in mind

Many companies use tools based on PDF-to-XHTML conversion

- Produces ESEF files that look like the PDF with pages in A4 format.
- Results in 'messy' and inefficient XHTML behind the scenes, without the proper HTML tags for headings, tables etc.
- Results in large files that are slow to open.

However, ESEF reports can be more like webpages, which are:

- Responsive to different screen sizes
- Interactive – for example using dynamic graphs, videos and improved navigation features
- Accessible
- Optimised for search engines
- Enabling better web analytics
- Integrated with the rest of the company website

Tagging

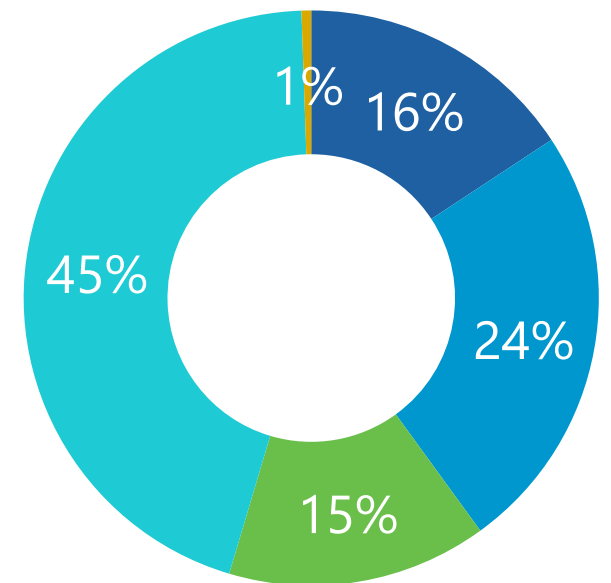
Tagging of the primary financial statements

Issues observed:

- Extensions used when a core taxonomy tag was more appropriate
- Core taxonomy tag used when an extension was more appropriate
- Different core taxonomy tag should have been used
- Incomplete anchoring
- Scaling errors
- Incomplete calculations

Extensions by statement:

- Statement of Changes in Equity
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Cash Flows
- Notes



Looking forward

What is on the horizon for companies?

- Text block tagging of the notes
- Tagging requirements may expand in future. In particular in sustainability reporting, new standards are being developed with structured reporting in mind.

We encourage companies to respond to relevant taxonomy consultations

Next steps for the Lab

We plan to do further work on the use of XBRL data, looking at:

- how investors, regulators and other stakeholders are using or may use the data;
- what tools are available to analyse the data; and
- what challenges investors and other stakeholders face in using the data and how those could be resolved.