Raïsa [00:00:00] Welcome to this webinar hosted by Workiva. Today we are joined by Andromeda Wood, Senior Director of Data Modelling at Workiva; Thomas Wacha, Director of Product Management at Workiva; and Thomas Toomse-Smith, Product Director of the Financial Reporting Lab at the Financial Reporting Council.

My name is Raïsa van Olden. I'm the Product Marketing Manager at Workiva, and I will be facilitating today's panel discussion. In the webinar today, we will talk about the impacts of Inline XBRL on your reporting process. Inline XBRL can help with data accessibility by making XBRL visible in the document read by consumers. While this is seeing increased global adoption, consumption of the data is still problematic and not yet present due to special tools being needed to fuel iXBRL.

Today, our experts will share their insight on how iXBRL increases data transparency, data accessibility, and how preparers and consumers can work with iXBRL. After the presentations, we will have a panel discussion to discuss these topics in more depth. I will now hand over to my colleague, Andi, and she will start this presentation.

Andi [00:01:12] Hi my name is Andi Wood. I also work for Workiva. I'm the Senior Director of Data Modelling, and I'm going to very briefly introduce you to the European Single Electronic Format and also Inline XBRL. I'm then going to hand over to my colleague Tom, so you can actually see Inline XBRL in use for yourselves. We find that is by far the best way to introduce someone to a new standard. At the end of the webinar, we will be joined by Thomas Toomse-Smith from the UK Financial Reporting Labs to discuss what this means for preparers.

The European Single Electronic Format is specified by the European Securities and Markets Authority, which is ESMA, as a result of the transparency directive. It's been several years in the making. It's been a relatively long process to get here, but we're now expecting that the ESEF will have been through that process and will be ready for people to look at and implement somewhere around June this year.

The objectives of the single electronic format are to make reporting easier for issuers and to facilitate accessibility analysis and comparability of annual financial reports. Overall, the mandate applies to all issuers on ESMA regulated financial markets, but the bit of the mandate that we're going to focus on today applies only to those with IFRS consolidated financial statements. And, the mandate specifies that those financial statements themselves will need to be tagged with XBRL. And, this is where the inline XBRL will come in. XBRL tags are specified in taxonomies. This is something you may have heard about. There is a taxonomy there, specified with the ESEF, and it's based on the IFRS taxonomy, which is issued by the International Accounting Standard Board.

There are very few specific editions to that made by ESMA for the purposes for the ESEF. However, as this is actually regulated per country, companies will still submit their filings to their national considered authorities or storage mechanisms as is appropriate in the relevant jurisdiction.

So now we'll have a look at what the Inline XBRL format actually is. So, as you can see, what we have is an annual report. Now, that annual report is still a human-readable annual report. It's formatted as a webpage. And in many ways, as you will see in a bit, it still appears as you would expect your annual report document to appear.

Inline XBRL combines that appearance of an annual report with a set of machine-readable codes. Now those codes tag up—they mark out with that annual report, specific items that are identified for the purposes of the computer reading them. So, as a person, I would identify my company name by looking at the label in my statement and reading the company name. As a computer, it looks at those tags embedded within the report for the label company name, and then it can also go and read the company name from the document. Because of course computers, in general--technology's improving, but in general, they are less good at just reading natural language straight out of a document. Similarly for finding the number revenue and finding cash and cash equivalents.

By having these two things, the data tagging and the human-readable machine document in the same format, we can keep everything synchronised, and we keep everything in context. So it is possible, for example, for a computer to hand over and say: "As a computer I have identified the number revenue to my human user. Here it is located in the statement, and this is what the context is in the statement." However, the other thing to bear in mind is that only some of the annual financial statements will be tagged.

So just to be clear, the mandate talks about the annual financial report, and the whole report will need to be in this webpage-based format. So obviously, that includes any front-end which includes nonfinancial governance reports, management reports, and so on and so forth that are required in your local jurisdiction. There's then a set of fields that needs to be tagged in, of course the required information, and that's very basic, essential report information such as company name, country of incorporation. And then the reports from the first of January 2020, the defined, detailed tagging applies to the financial statements, and that's where I talked about having these tags applied to identify all the numbers, the revenue numbers, the cash and cash equivalent numbers, throughout all the primary financial statements. For the first couple of years, that was the full scope of everything where XBRL will need to be applied within that whole annual financial report. However, from 2022, the requirement extends slightly to require something called "block tagging" for accounting policies and for the notes of the financial statements. A "block tag" is basically just a large tag, which allows the computer to identify what each segment of the report is for. They're useful for navigation purposes. They're also very useful for allowing somebody to go and pull out the accounting policy on this topic.

Now that was a very quick run-through of ESEF and Inline XBRL, and as I said earlier, it is much easier to understand it by seeing it in action, so I'm going to hand over to my colleague Tom.

Thomas Wacha [00:06:13] Thank you very much Andi. I'm going to exit out of the presentation here and switch over to an example annual report. Here we have the 2017 annual report for the Global Legal Entity Identifier Foundation or GLEIF. And I'd like to thank GLEIF for allowing us to use this report for this webinar as we talk about the benefits of inline XBRL. This report, as well as the Inline XBRL viewer powered by Wdesk that you'll see in a moment, were both presented by GLEIF and XBRL International at the XBRL International Conference in Dubai, where they were used to demonstrate the use of LEI's and digital certificates. So this is the GLEIF annual report, and it's a PDF. As I scroll through here, you'll see it's pretty typical of annual reports in that it's fairly highly designed. There's a lot of imagery and callouts and text treatment etc. Also, PDF is a very common format for annual reports. Now, the problem with PDFs is that, as Andi mentioned, there are only human-readable—they're not machine-readable. They don't have any XBRL in them.

So, if I scroll down here to the income statement, and I click on "Numbers," nothing happens. There's no data behind them. I can read them but that's about it. Now, as we switch over to the same report being

presented in the Inline XBRL viewer, you'll see that it is very highly stylised, and it is tagged with Inline XBRL. So, you can certainly have Inline XBRL with stylised documents. The difference is now that I'm looking at this Inline XBRL tag document in an inline viewer, if I click on a number in the income statement, I can see the information about that appear over here in the "Fact Properties" panel. So it's going to tell me things like the concept name, the date, the fact value, the accuracy. We have entity information, in this case it's the LEI. If I click on the LEI it's going to open up and give me information about this particular entity. You can also search using the inline XBRL viewer. So I'll search for "Profit," and you'll see some results come up here, if I select on the first result it's going to take me to the result in the document and highlight that. Now you'll notice that in the document, in the income statement here, it's showing as operating surplus. The reason it appeared when I searched for "Profit" is because the concept being used is profit loss from operating activities. So, that's a nice way to be able to search for different types of things within the document.

Additionally, if there is any information related in the calculations, it will be displayed in the viewer. So, here you can see that operating surplus is made up of a calculation of several items above it. And, I can see those here; I can select on one and get information about that particular concept in detail.

Also, any references are displayed so in this case fee revenue has a reference from IAS, and I can click on this link to get more information about that reference. I can also search by reference, so if I come up here and get rid of that profit search, I'm going to type in: "IAS 2039" and you'll see that that comes up with some results. If I click on income from government grants, it's going to take me to that location in the document and I can scroll down and I can see those references there as well, IAS 2039.

Also, you can go to some of the display options here in the viewer, you can highlight everything by default so green is going to represent concepts from the standard taxonomies that are tagged and yellow are going to be concepts from the extension taxonomy, or extension concepts. Additionally, if I select on "fee revenue" any place that there there's multiple locations of this concept in the document, it's going to allow me to scroll through those here. So, in one place it's being used there in the income statement. In another place it's also being used here in the "Fee Revenues" table.

You'll also notice that this number is being reported for the 2017 year, and it's also being reported for the 2016 year. So here I can see, because it's using the same concept, the viewer is showing me the differences between the two. It's showing that there's a 24.7% increase from the prior year. I can also click on this chart icon and it's going to chart that out for me, so I can show year-to-year for anything presented in the document using the same XBRL concept how those compare.

If I go up here to display options I can also do some translations, so any translations that are present within the taxonomy once loaded into the viewer you can switch between the languages. So here I can switch from English to Spanish, and you can see those concept names have changed. Another question that we get quite often about inline XBRL is, "How can the people get the information out of the documents to manipulate on their own?" and that's done here in this viewer by selecting on the triangle that's located on every table that's Inline XBRL-tagged, selecting "Export Table," and then that's going to download that file as a Microsoft Excel file that you can then open and manipulate on your own on your computer.

So that's it for the viewer demonstration. I'll turn it back over to Raïsa.

Raïsa [00:12:03] Thank you Tom. Next, we will have our panel discussion, for which we will be joined by Thomas Toomse-Smith. Welcome Thomas.

Thomas Toomse-Smith [00:12:10] Hi.

Raïsa [00:12:11] In the presentations we just saw, we learned more about Inline XBRL and saw the inline viewer in use. During the panel discussion, we will talk further about what the XBRL mandate will mean for preparers. The first question is about the mandate for ESEF reporting since there's a lot of information currently circulating about this. I think preparers are interested in how this mandate impacts their reporting process, and I'd love to hear a bit more about this. Thomas, would you please elaborate on the impact of the ESEF mandate on the reporting process, to share your thoughts on how the mandate will change?

Thomas Toomse-Smith [00:12:48] Sure. A lot of it is yet to be finalised, as it's kind of currently going through the regulatory hoops, and also, a lot of it is really dependent on each individual country and how they decide to implement it. But fundamentally, we think it's quite a big shift in the way that companies prepare and produce their annual reports. So, for a long time, the paper annual report be that in real paper, or be that as a sort of a PDF representation of the paper document has been the focus of companies reporting process. And what this does is that changes that base and makes everybody focus on the electronic document, which is actually how most people are consuming the information already. So it's quite a significant change in the way that people think about reporting, and therefore will impact the way that they undertake the process.

Raïsa [00:13:39] Interesting, thank you, so a very significant change indeed. Andi would you like to maybe elaborate on how this will affect dual-listed companies, like foreign private issuers?

Andi [00:13:50] Yes, I think it's interesting what this means for foreign private issuers. As I'm sure most of you will know, foreign private issuers have now had to file XBRL with the U.S. SEC. And many of those issuers are listed as well in a European country and will also be subject to the ESEF mandate. I know there has been quite a bit of concern in the market that it sounds like a double regulatory requirement that it's creating, effectively, a double burden on those particular companies that in order to be listed in two locations. They effectively have to do the whole reporting and XBRL tagging process again. And I think that whilst obviously there are some bits of the process that will need to be done once for each of the jurisdictions, because these are double listings, there are a number of efficiencies that can potentially be gained by those companies. For example, the SEC requirement is based on the IFRS taxonomy as issued by the IASB and so is the ESEF requirement. So many of those fundamental tagging decisions and tags implied will be the same in both cases. And I would expect for many FPIs that if they discuss those with their provider, that they should be able to find efficiencies that mean they are not by any stretch doing double the work.

I also think that it's useful to know that the U.S. SEC, of course, is also now moving to Inline XBRL, so both jurisdictions will be using exactly the same XBRL standard.

Raïsa [00:15:08] Thank you Andi, that's very insightful. So yeah, this is a significant change this mandate for ESEF reporting it will affect both the companies that are listed in Europe as well as the dual-listed companies. Going forward, I'd like to talk a little bit more about best practices, then especially when it comes to tagging a report with Inline XBRL with which it's designed. I also know there's a lot of information circulating about this topic as annual reports in Europe are usually heavily designed.

Thomas, working at the FRC lab, I know there's a lot of research that you've been doing. I would be curious to hear your thoughts on this.

Thomas [00:15:49] Yeah, so very much the way that companies produce their annual reports at the moment is very focused on having quite a design-heavy document. And that's a choice that companies are making about how they think about it as a communication medium and who they're going to send it to. So are they simply sending it to their shareholders or are they going to have it as a printed document etc. Now, when this regulation first started to come up, many of the questions have been around whether this is the end of the designed annual report. And actually, you know, examples like GLEIF and the ones that we've done ourselves show that it doesn't mean the end of a designed annual report, what it does mean is a change in the process of how you produce and design an annual report. And one of the key lessons that we have taken from when we've had a bit of a play around with the technology, is to say: "Actually it's much easier to design an annual report with multiple uses in mind rather than trying to kind of back fill an XBRL capability onto a PDF in a design version of the annual report." That is quite tricky. So what we really need to think about as preparers, is structuring your process so that you're designing both of these documents at the same time in parallel with both of those outputs as your expectation.

So what this regulation does, it doesn't change your options or limit your options in terms of design, it just means that you have to ask those same questions again. And it's a new opportunity to think through how you communicate using your annual report.

Raïsa [00:17:27] Thank you, that's very interesting. I like how you said that this mandate doesn't mean that the end of design, but it really requires a change in the process. It's really like designing with…designing your report with the Inline XBRL in mind.

Thomas [00:17:41] A good example, so quick analogy: if anybody out there has been designing annual reports with mobile phones in mind, so this kind of responsive design. You design the mobile phones as the first consideration, and then you build the other design elements on top. It's similar to that. So thinking about the XBRL document as your principle delivery and thinking about designing other aspects on top of that.

Raïsa [00:18:04] Exactly, and with the mandate going into effect in 2020, the first submissions and files being in 2021 there's still some time left to think about that process, keeping that Inline XBRL consideration when you go forward. Thank you, Thomas.

Andi [00:18:22] I think another thing that we can recommend is that, as Raisa mentioned, a bit of time still before the 2021 filing, so what companies might want to do is just have a quick experiment, take some of the PDF design take a current version of their document and just see what it looks like when it's displayed in an inline viewer or in a web browser instead of what it looks like in a PDF viewer and just start there. Do a few experiments, start preparing, and also talk to your design agencies, of course, if you use one.

Raïsa [00:18:50] Interesting, thank you. Alright, secondly in this panel discussion, I'd like to focus a bit more on how Inline XBRL will help in the communication, especially the communication with investors. Thomas, to start with you again, could you maybe tell me a bit more about how Inline XBRL will help in this communication with investors.

Thomas [00:19:16] Yes, so there's probably a couple of points that I would make here. So, when we've gone out and spoken to investors, generally they don't mention XBRL because they think of the data sources that they're getting. Now, many of those data sources are powered by XBRL, so things like Bloomberg and Infinitive and they getting in and sucking up data, especially from a U.S. context. So investors are never going to ask specifically for XBRL tagging, but what they do want to do is consume the data electronically because that is the way that they are taking that data to manipulate. So we saw in the viewer earlier where you can download those directly from the report into an Excel, that's the kind of thing that investors have asked for for a long time. And then, so that will be key for them. And the other aspect to think about as well, one of the reasons we think companies should be very interested in this XBRL mandate is because when you're using data by the data providers, actually they're doing some analysis, they are making some decisions about how you compare the data. And what this gives companies an opportunity to do, is to provide context in the way that machine-readable data provides their expectation and understanding of what the number was. And that's actually really valuable, having that trail from the original conception of the data through to the way that it gets presented and picked up by some of the data providers. So, it's really an opportunity for companies to get a better chain of flow from what they wanted the information to be, to how it's consumed by investors.

Thomas Wacha [00:20:55] I'll add to that, Thomas you mentioned that a lot of the investors are using XBRL without maybe realizing they're using it via Bloomberg and other software solutions. One thing I think is exciting about Inline XBRL is that it's taking that data that's already there as part of that XBRL and making it more visible. And as we saw in the demonstration of the viewer, that viewer and other viewers like it, really have the ability to bring that data and make it so that it's much more valuable from an analysis standpoint, looking at the charts of data over time and things like that.

Thomas Toomse-Smith [00:21:30] And obviously not just from the analysis perspective, having previously been preparing myself actually thinking about the governance around the output document. So you can see, looking at something like a viewer, where it gives you the link back to the underlying IFRS it shows you where other locations where that information is through the document, it's really useful for someone trying to review and provide governance over a document to understand where it is. So rather than having to click through the pages and find it all—you know do the search using the PDF search function—it provides those links and that context and structure, which is really helpful from a governance perspective.

Thomas Toomse-Smith [00:22:09] From a technology standpoint, it's very exciting. I think this is just the start. We're going to see more and more of this making the data usable.

Andi [00:22:16] I know we're talking about use by investors, but I don't think that we should forget, of course, that companies often perform peer reviews and have a look at the reporting that's being done by their peers in their industry or that particular type of company. And, I think in some cases, that can a bit of a painful manual task, so it's not only necessary to make use of this data once it's out there, companies can also use it to help with peer reviews.

Raïsa [00:22:39] Absolutely, well thank you all, very interesting to see this mandate as a valuable opportunity for analysis, governance and really providing the data in consumable format to consumers, also people who are also doing peer reviews as well as the investors who, obviously, need to read these reports. All right, that brings us to the end of the webinar. Thank you Andi, Tom and Thomas for your presentation and for this insightful discussion, and thank you so much for listening today.