

**XBRL EUROPE**

**XBRL IT**

## 24<sup>th</sup> XBRL EUROPE DAY in Milan

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# The Right Use of the IFRS Taxonomy

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Bartek Czajka

Director, XBRL Consulting Services

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# Telling Your Company Story Through XBRL

With XBRL data:

- fully control your financials and
- tell your story directly to investors and regulatory bodies (not through a third party, such as a data aggregator), but
- remember that data will be analysed automatically with little chance for human correction of errors, so
- QUALITY IS KEY!

# WHY Exactly is Quality Key?

- Legal risk
  - EU Directive 2004/109/WE and Commission Delegated Regulation
- Reputational risk
  - Example: General Electric Co in the United States
- Risk of incorrect investment decisions
- Risk of additional scrutiny from regulatory bodies

# Where Can XBRL Go Wrong?

- Incorrect sign / value / unit
- Incorrect element selection:
  - Similar labels
  - Disregard for documentation label (definition)
  - Unnecessary extension
- Missing tag
- Inconsistent tagging within a document
- Incorrect calculation

# Examples of XBRL Telling the WRONG Story

Incorrect Sign – Value is Opposite of the Intention

HTML (Human Readable / Visible / Paper) Financials

December 31, 2018	
Interest and other income	56,472,561
Interest expenses	(24,738,228)
<b>NET INTEREST INCOME</b>	<b>31,734,333</b>
Fee and commission income	12,574,698
Fee and commission expense	(5,501,505)

XBRL Dataset

Element	Element balance	31-12-2018	Reported balance
Interest and other income	credit	56,472,561,000	credit
Interest expenses	debit	-24,738,228,000	credit
NET INTEREST INCOME	credit	31,734,333,000	credit
Fee and commission income	credit	12,574,698,000	credit
Fee and commission expense	debit	-5,501,505,000	credit

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# Examples of XBRL Telling the WRONG Story

Incorrect Value - Scaling – Values 1,000 Times Lower Than Intended

## HTML Financials

### Reportable operating segments

(All amounts in million US dollar)

Year ended December 31, 2017	Tubes	Other	Continuing operations	Discontinued operations
IFRS - Net Sales	4,966	323	5,289	12

## XBRL Dataset

IFRS - Net Sales	4,966,000	USD
IFRS - Net Sales	323,000	USD
IFRS - Net Sales	5,289,000	USD
IFRS - Net Sales	12,000	USD

# Examples of XBRL Telling the WRONG Story

## Incorrect Unit – Value Without Units

### HTML Financials

		Year ended December 31, 2017	
<i>Foreign exchange rate for 1 Euro</i>		Average rate	Closing rate
U.S. Dollars	USD	1.1273	1.1993
Swiss Francs	CHF	1.1103	1.1702
Czech Koruna	CZK	26.3151	25.5349

### XBRL Dataset

Average rate	1.1103	pure
Average rate	26.3151	pure
Average rate	1.1273	pure
Closing rate	1.1702	pure
Closing rate	25.5349	pure
Closing rate	1.1993	pure

Missing Unit (EUR/USD, EUR/CHF, EUR/CZK)

# Examples of XBRL Telling the WRONG Story

## Incorrect Element - **Incorrect XBRL Tag Selection**

### HTML Financials

	Notes	As of December 31, 2017	As of December 31, 2018
<b>Current assets</b>			
Trade and other receivables	13	9,648	8,042
Short-term loans	12	1,691	6,890
Short-term debt instruments	31	704	1,432
Prepaid income tax		187	112
Other current assets	15	458	929
Cash and cash equivalents	14	18,406	40,966
<b>Total current assets</b>		<b>31,094</b>	<b>58,371</b>
Assets of disposal group classified as held for sale		29	90
<b>Total assets</b>		<b>45,059</b>	<b>73,023</b>

- Surely it must be “Current assets”!

Wrong

- It’s “Current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners”.

The first element includes assets classified as held for sale.



# Examples of XBRL Telling the WRONG Story

## Incorrect Element - **Incorrect XBRL Tag Selection**

### HTML Financials

	Year ended December 31		
	2016	2017	2018
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>	<b>3,107</b>	<b>3,840</b>	<b>4,501</b>
<i>Adjustments to reconcile profit before tax to net cash flows</i>			
<b>Depreciation and amortization expense</b>	796	796	864
Foreign exchange loss/(gain), net	923	116	(262)
Interest income, net	(834)	(1,016)	(1,782)

- It's "**Depreciation and amortisation expense**", isn't it?

Wrong

- It's "**Adjustments for depreciation and amortisation expense**".

The first element is for the profit and loss statement, not cash flow statement.

# How To Get Your XBRL Right

- Ensure (internally or externally) access to knowledge about:
  - XBRL
  - ESEF Taxonomy and its changes
  - ESEF reporting rules as published by ESMA
  - Accounting and financial reporting
- Ensure sufficient time to prepare and review XBRL
- Understand sources of potential errors
- Employ automated (software) as well as manual (human) controls
- Remember the risks and give proper focus