

XBRL EUROPE

**25th XBRL EUROPE
DIGITAL WEEK**

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Italy initiatives on extensions

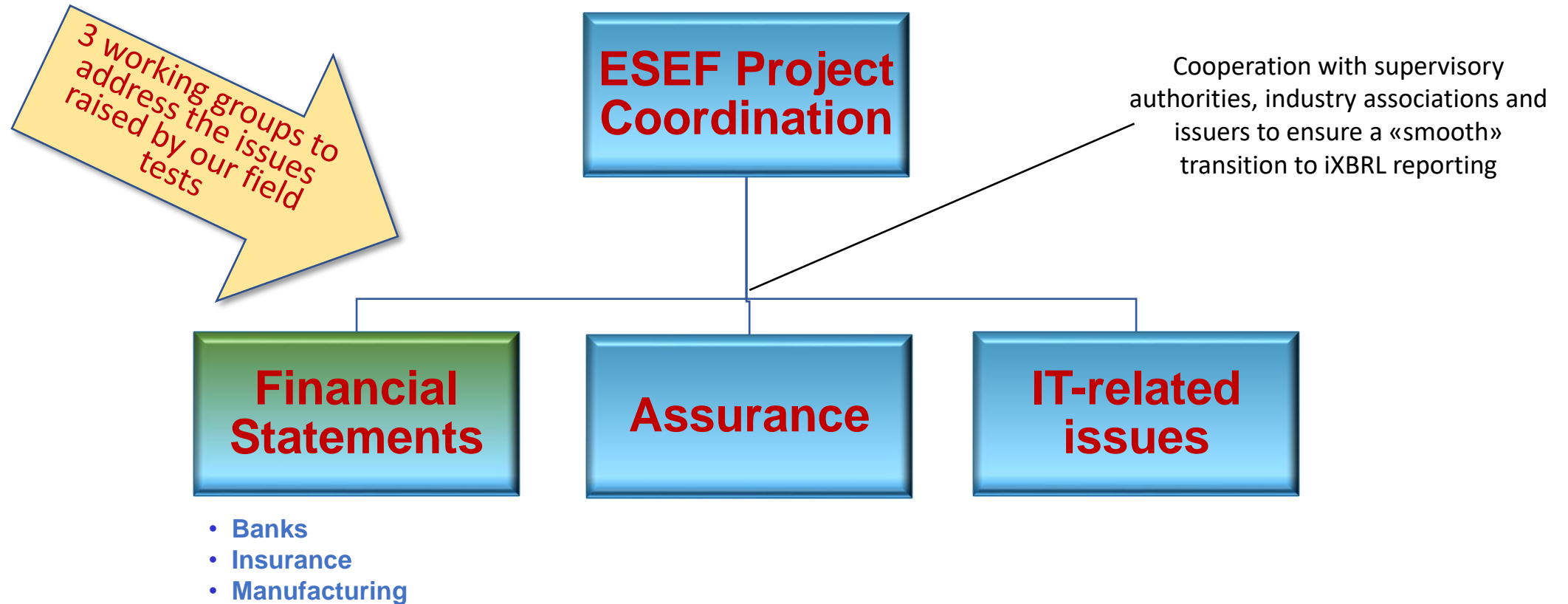
- **Eugenio Virguti – Secretary General**
- **Prof. Andrea Fradeani**
- **XBRL Italy Jurisdiction**

Open issues of Italian field tests

The field tests conducted by XBRL Italy together with a significant sample of Italian listed companies identified a number of open issues on which it resolved some actions should be taken. Namely, they were:

- The **high level of customization** required of issuers in some specific industries (ie. banks, insurance undertakings, etc.) could jeopardize comparability of financial statements
- Issuers are concerned about the **filing of the iXBRL financial statements**
- Some thoughts should also be given to how **assurance** in Italy will be affected by the ESEF Regulation

XBRL Italy's approach



The ESEF Working Groups

The Financial Statements Teams

- check the simulated "tagging" performed by the companies that participated in the field tests
- test the way the anchoring procedure was performed
- identify extensions by industry and share a common practice under the guidance of regulators
- draft guidelines for issuers on the shared tagging of financial statements

The IT Team

- address and inform issuers on the iXBRL instances filing with the Officially Appointed Mechanisms and business registers
- address the issues related to the storage of iXBRL files and the
- transmission to supervisory authorities

The Assurance Team

- assess the legal value of financial statements tagging as per the ESEF RTS and inform decisions by supervising authorities
- analyze the impact of tagging on the governance and on the internal and external control systems
- the fallout in terms of filing financial statement reports with the business registers

The tagging exercise by industry

- The ESEF project was conducted by **XBRL Italy**, the Italian Bankers Association (**ABI**), the Italian Insurers Association (**ANIA**) and **Assonime**, a leading corporate association
- **95% of the banking industry by total assets, the largest Italian insurance undertakings and 8 non-financial listed companies participated in the final tagging exercise**
- **Italian regulators and supervisory authorities attended** working Group **meetings** and are now **engaged in reviewing final outcomes**
- **All the largest Italian banks completed their exercise** by the end of May, while the insurance undertakings are about to complete theirs and so are the manufacturing corporations

Final results for banks

- The **Italian financial statements** for banks are **set out by the Italian regulators** and they are standardized for banks, investment entities, financial services organizations.
 - A **final report** has been drafted by XBRL Italy and ABI for the banking industry and **will now be reviewed by supervisory authorities**. The final findings seemed to **confirm** the results of **the field tests**.
 - Specifically:
 - ❑ **the overall *extension rate*** (the ratio of the total number of extensions to the total «taggable» items) **has been 47% on average**;
 - ❑ ***extension rate*** was found to be **highest for the statement of profit or loss (51%) and lowest for the statement of financial positions (27%)**
 - ❑ the ***extension rate*** of the extended version of the **statement of comprehensive income**, reported in the Notes, **was 61%**.
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Final results for banks

- The analysis concerned **all financial statements** that should be reported as from 2021
- **All extensions** reported by banks **were extrapolated and summarized**, and items that should not have been tagged (e.g. subtotals) were highlighted in blue.
- **Anchoring was not homogeneous for all banks!** However, the **most widely used anchoring items** were extrapolated and reported for review.

STATEMENT OF FINANCIAL POSITION				
No.	Bilancio Banca d'Italia	Bank of Italy Item	Extensions	Anchor
1	60. Adeguamento di valore delle attività finanziarie oggetto di	60. Changes in fair value of portfolio hedged items (+/-)	banca:PositiveFairValueOfPortfolioHedgedItems	Derivative financial assets held for hedging
2	70. Partecipazioni	70. Equity investments	banca:InvestmentsInAssociateandJointVentures (AccountedForUsingEquityMethod and accounted at cost)	
3	80. Riserve tecniche a carico dei riassicuratori	80. Insurance reserves charged to reinsurers	banca:InsuranceReservesAttributableToReinsures	Assets under insurance contracts and reinsurance contracts issued
4	110. Attività fiscali:	110. Tax assets:	banca:TaxAssets	
5	50. Adeguamento di valore delle passività finanziarie oggetto di	50. Value adjustment of hedged financial liabilities (+/-)	banca:NegativeFairValueOfPortfolioHedgedItems	Derivative financial liabilities held for hedging
6	60. Passività fiscali	60. Tax liabilities	banca:TaxLiabilities	
7	90. Trattamento di fine rapporto del personale	90. Provision for employee severance pay	banca:ProvisionForEmployeeSeverances	Provisions for employee benefits
8	a) impegni e garanzie rilasciate	a) commitments and guarantees given	banca:ProvisionsForCommitmentsAndGuaranteesGiven	Other provisions
9	b) quiescenza e obblighi simili	b) post-retirement benefit obligations	banca:ProvisionsForPostRetirementBenefits	Provisions for employee benefits
10	110. Riserve tecniche	110. Technical reserves	banca:TechnicalReserves	Other reserves
11	120. Riserve da valutazione	120. Valuation reserves	banca:ValuationReserves	Other reserves
12	130. Azioni rimborsabili	130. Redeemable shares	banca:RedeemableShares	Other reserves
13	140. Strumenti di capitale	140. Equity instruments	banca:EquityInstruments	Equity [abstract]
14	200. Utile (Perdita) d'esercizio (+/-)	200. Profit (Loss) of the year (+/-)	banca:ProfitLossAttributableToOwnersOfParent	Other reserves
	Totale estensioni		14	
	Totale voci bilancio		51	
	% di personalizzazione		27%	

Preliminary results for non-financial companies

- A review of the «tagged» files provided by the non-financial companies is summarized in the table below. As compared to the preliminary assessment illustrated last year, the extension rate was somewhat lower, but still homogeneous for some statements and balance sheet items.

	Mean values		
	Total elements	ESEF Taxonomy 2019	Fit rate (%)
Statement of financial position	42	37	88,1%
Statement of comprehensive income, profit or loss	26	18	69,2%
Statement of comprehensive income, OCI components	15	11	73,3%
Statement of cash flows	45	30	66,7%

- As noted in the field test results, the extension rate changes according to the type of statement and is sensibly higher for the Statement of comprehensive income, for the Profit or loss statement and for the Statement of cash flows.

Conclusions

- The **ESEF reports will soon be shared** with local regulators and supervisory authorities for a final review
- **The foreseeable steps** that could be taken in the future include:
 - ❑ a **set of guidelines** that supervisory authorities could provide to Italian companies to insure homogeneous tagging and anchoring by all Italian banks;
 - ❑ a **Europe-wide XBRL working group**, maybe attended by European regulators, to identify similar issues in other European countries, drawing on the work performed by XBRL Italy;
 - ❑ **bring the issue at the IASB/ESMA** level to investigate into possible taxonomy improvements, possibly leveraging the FINREP supervisory reporting framework.

Next steps

- **Similar reports shall also be drafted for the insurance and non.-financial listed companies** and shared with supervisory authorities like it happened with banks
- As regards the **IT support team**, meetings were held with the Italian OAM's and Business Registers to try and address all technical issues in order to streamline the ESEF financial reporting supply chain. Coordination with XBRL Europe OAM's Working Group will follow
- The **Assurance Team is coordinating** with other European accounting organizations and audit firms to address Assurance related items and inform the banking, insurance and industrial communities.

THANK YOU!

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