Session 6
XBRL will be the next reality.
Are you ready?

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SSM
NATIONAL
CONFERENCE
2017
Implementing
The Companies Act 2016
MOVING TOGETHER.GREATER TOGETHER.

XBRL Basics

- What is XBRL?

- How does XBRL work?

- Benefits of XBRL

- Adoption across the world

What is XBRL?

- An information standard
  - *It is an open standard*
  - *It is royalty-free*
  - *It is license free.*

- Family of "XML" Languages – a dialect
  - *Communicating business and financial information*

- Its an electronic format
  - *Compatibility for presenting information over the internet*

- Its independent
  - *Of any hardware platform*
  - *Of any programming language*
  - *Of any operating system*
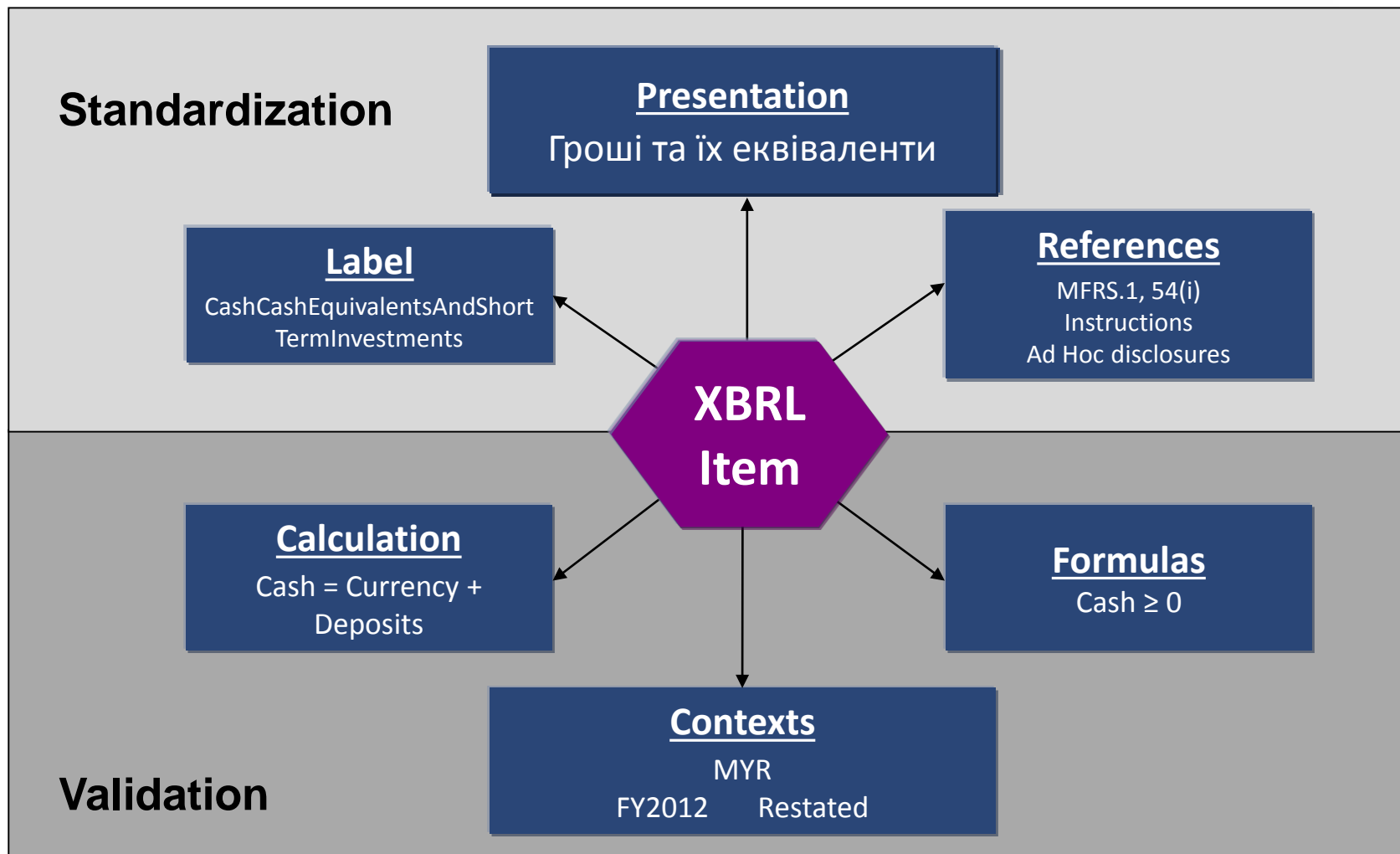 - *Of any accounting standard*

What is XBRL?

- It enables unique identifying tags to be applied to items of financial data

- Not simple identifiers but a range of information about the item

- Shows how items are related to one another

- Shows how they are calculated

- It also identifies whether they fall into particular groupings for organizational or presentation purposes

- It is extensible, meaning that the terms available for use can be customized so that Companies can create their own elements or extensions – to describe an unique reporting situation

How does XBRL work?

By providing an unique identity tag to a piece of data, the data becomes readable by computers. These are more than simple identifiers. They provide a range of information about the item.

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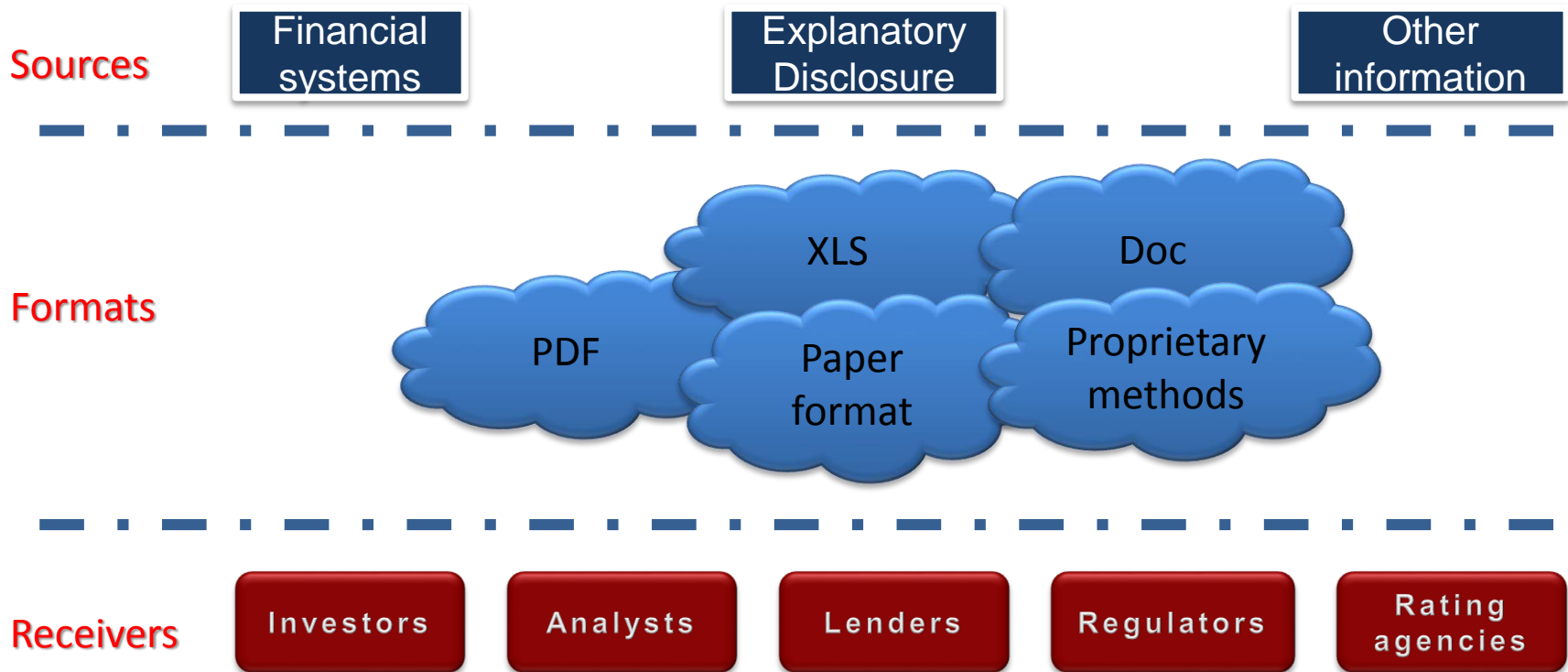
More than just definitions

Benefits of XBRL

- **XBRL allows for the creation of interactive, intelligent data.** *Each piece of business information has detailed descriptive and contextual information wrapped around it, so that the data becomes machine-readable and can be automatically processed and analyzed.*

- **XBRL allows reporting information to be reused & repurposed.** *A financial or business report created once can be used to create many documents in different formats--HTML, ASCII text, Microsoft Word or Excel—with no loss of accuracy or integrity.*

- **XBRL adds value to business information reporting.** *The entire reporting chain of business information -- from data collection through internal reporting and external reporting -- is made more efficient and accurate and will contain more useful data.*

Benefits of XBRL

- **XBRL enhances the ability to compare information from one organization or entity to another**,

  because XBRL lays out a common set of definitions by which all organizations tag their data.

- **XBRL allows for unique reporting situations**

  because it can be extended by a single reporting entity by adding special elements that may be needed to best represent that company

Benefits of XBRL

Issues with current reporting

Sources

Financial systems	Explanatory Disclosure	Other information

Formats

XLS

Doc

PDF

Paper format

Proprietary methods

Receivers

Investors	Analysts	Lenders	Regulators	Rating agencies

- **Data inaccuracy**
- **Differences in data representation**
- **Data Repetition**
- **Incomplete information**

XBRL

Standardised format resolves this issue

Benefits of XBRL

a) **<u>Data Standardization</u>**
   a) Across Industries
   b) Across regulators and agencies
   c) Across reports within an agency
   d) Across information within an agency

b) **<u>Generation</u>**
   a) Facilitates interoperability of data
   b) Data once entered is available for infinite use and that too in indefinite forms
   c) Data validation at the time of generation
   d) Concepts are Standardized, yet Extensible as per company specific needs
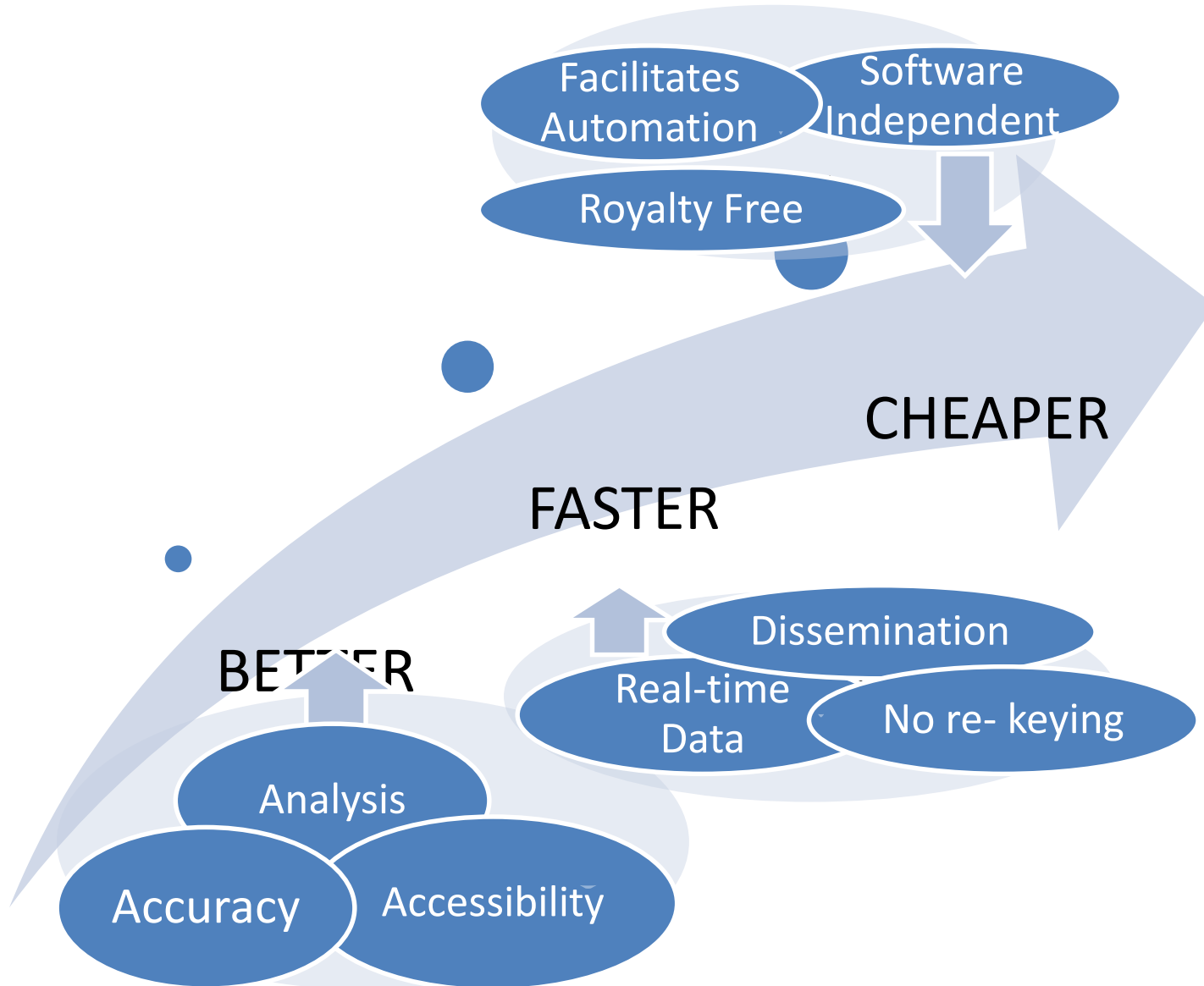
c) **<u>Transmission</u>**
   a) Facilitates electronic exchange thus merging geographical boundaries
   b) Automates collection, immediate validation through flexible rules

d) **<u>Consumption</u>**
   a) Potentially real time information
   b) Interactive, flows into proprietary applications
   c) Easy location and retrieval of data

e) **<u>Technology Independent</u>**

Benefits of XBRL

X B R L

- Facilitates Automation
- Software Independent
- Royalty Free

CHEAPER

FASTER

BETTER

- Dissemination
- Real-time Data
- No re- keying

- Analysis
- Accuracy
- Accessibility

XBRL Adoption around the world

Open & Closed Taxonomies

Open/Closed Taxonomy

Open Taxonomy	Closed Taxonomy
• Open for filers to edit base taxonomy • Extensive XBRL knowledge required for filers • Flexible to cater to entity specific concepts • Leads to non-standardization of extended concepts • Specific filing rules required so that the architecture of taxonomy is not changed • Filers will file "Extended Taxonomy + Instance Document" as part of filing	• Filers cannot edit base taxonomy • Basic knowledge of XBRL is sufficient to create filing • Filers cannot add entity specific concepts, have to use only existing concepts • Meets the objective of standardization • Filers will files only "Instance Document as part of filing

Implementation approaches

Project/Regulator	XBRL Filing	Taxonomies	Free Tool	Phased Implementation
US-SEC	Mandatory	Open	NO	YES
UK-HMRC	Mandatory	closed	YES	NO
ACRA	Mandatory	limited	YES	NO
MCA, India	Mandatory	closed	NO	YES
RBI ,India	Mandatory	closed	YES	NO
ESCA, UAE	Mandatory	Extension By approval only	YES	YES
EBA	Mandatory	Closed	NO	NO
EIOPA	Mandatory	Closed	YES	NO
Tadawul	Mandatory	Open	Yes	NO
MOCI	Mandatory	Closed	Yes	No

Benefits - Entities

- Reduced paperwork due to automated and digitized Financial Statement (FS) and Annual Returns (AR) data creation.

- Complete online submission of FS and AR thus eliminating the need to physically print and submit FS and AR information to SSM.

- Online system for request and processing of Exemptions

- Eliminate data errors by validating information before submitting to SSM.

- Digital signature to provide data security as well as verify authenticity of filer.

- Free tool provided by SSM to prepare Financial Statements and Annual Returns.

Benefits - SSM

- Workflow to process online requests from Entities.
- Taxonomy designed to capture elements required by SSM for analysis purpose.
- Elimination of manual verification of submitted data by SSM officers.
- Immediate access to all data points once filing is completed.
- Ensure data quality and integrity by validating submitted data using business rules.
- Ability to automatically flag out erroneous filings for further follow up by SSM officer.
- Utilize SSM resources for data analysis instead of data verification.
- Provide high quality financial data to stakeholders.

Benefits – Government & Data Subscribers

- Analyse high quality financial data to assist and plan for comprehensive law changes that will have a positive impact for businesses in Malaysia.

- Based on adoption by other agencies Government can get a effective financial landscape picture which can in turn help in making policy and budget decisions.

- For data subscribers the benefit is in the access to an electronic format of FS and AR information as soon as filing is complete.

- Compare financial data of various companies using different parameters (E.g., By Industry, Type of Company etc.,)

SSM Taxonomy Development Process

Review:

- Extensive internal and external review process conducted to ensure SSM taxonomy meets the legal entity applicability and financial reporting requirements.

- Ensure compliance with disclosure reporting requirements under Applicable Approved Accounting Standards and Companies Act 2016 (CA 2016).

- Ensure that the elements required will meet the business needs of SSM while making sure users are not burdened with unnecessary reporting.

- Review the efficiency and effectiveness of Business Rules.
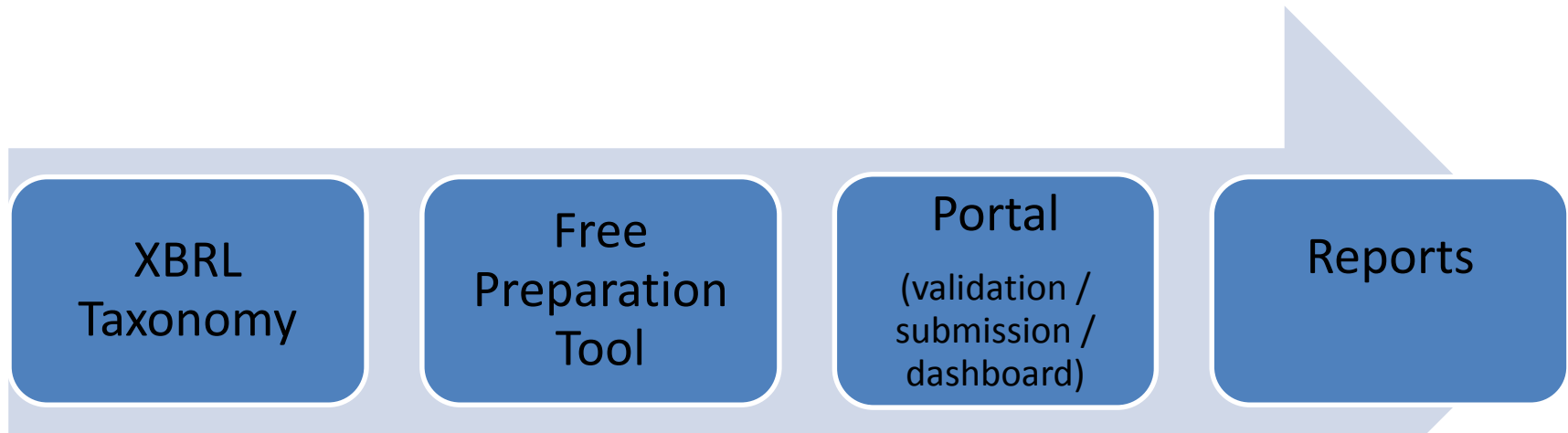
XBRL Document

TAXONOMY

INSTANCE DOCUMENT

ABC Company Ltd.				MYR(000's)
Balance Sheet as at 31-03-2016	**A Segment**	**B Segment**	**C Segment**	**Group**
Property, plant and equipment	30	35	33	98
Investments	18	22	20	60
Deferred tax assets	7	8	12	27
Current assets:				
Cash and cash equivalents	13	16	23	52
Sundry debtors	17	18	18	53
Inventories	20	21	19	60
Total current assets	50	55	60	165
Total assets	105	120	125	350

THANK YOU

SSM XBRL Filing Solution

Basis of Filing Platform Components

*i*FILE

Client Preparation Tool

- MS Excel add-on application
- Form/ Template driven
- User-friendly data collection
- Supports dual language
- Data validation and quality checks
- Generate XBRL filings
- Inbuilt Taxonomy Browser
- Printing option available
- Online and Offline features
- Data imports from MS Word and XBRL Instance
- Support MS Office 2010 and above

Portal

- Website Login based access
- Provides filing workflow
- Template download facility
- Data validations and quality checks
- E-mail confirmations & status updates
- Rendering filings on web
- Supports dual language
- Provides compliance dashboard
- Reports generation engine
- Digital Signature facility
- Online payment facility

Filing Platform Architecture