PROPOSED REVISIONS TO XBRL FILING REQUIREMENTS AND DATA ELEMENTS

Consultation Paper

30 Nov 2018

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ACRA XBRL Public Consultation 2018

1.   Introduction

1.1   The Accounting and Corporate Regulatory Authority (ACRA) invites comments and feedback on the proposed revisions to XBRL (e**X**tensible **B**usiness **R**eporting **L**anguage) filing requirements and data elements. ACRA plans to implement the proposed revisions in early 2020.

1.2   Since 2007, Singapore incorporated companies (unless exempted) are required to file financial statements in XBRL format. XBRL enables individual financial statement line items such as revenue, profit and net assets to be "tagged" and made machine readable. This allows financial information to be more easily analysed, thus enhanced transparency and comparability of financial performance and position across companies and industries.

1.3   The proposed revisions are part of ACRA's continual efforts to streamline the filing of financial statements in XBRL format. A key proposal is to reduce the number of data elements required for filing. ACRA has also proposed to align the data elements with information that can be easily retrieved from the accounting software used by 'micro' companies. This will reduce the preparation time taken to prepare and file financial statements in XBRL format. Another key proposal is to streamline data elements to focus on those most commonly used by companies. This will enable the public to conduct more meaningful peer and industry comparisons using the financial information filed with ACRA.

1.4   This consultation invites views from all stakeholders and interested persons in the financial reporting value chain. We request that respondents provide views on specific questions in the paper, including background insights leading to your views. To facilitate follow-up, we encourage respondents to indicate the name and the organisation you represent (if any).

1.5   This paper is available for public consultation till 31 January 2019. Please submit your comments via e-mail to "acra_xbrl_general@acra.gov.sg" and (Attention: Feedback to XBRL Public Consultation 2018).

2.   Proposed Revisions to XBRL Filing Requirements

2.1   In drawing up the proposed revisions to XBRL filing requirements, ACRA sought feedback from various stakeholders that file and/or utilise the XBRL data. They include preparers (such as companies and corporate service providers), users (such as business data service providers and government agencies) and accounting software vendors.

2.2   Overall, the proposed revisions aim to:

   a.   Streamline the extent of XBRL filing by:
      i.   removing the data elements that are not commonly used by data consumers;
      ii. and for 'micro' companies, streamlining the data elements to focus on information that can be readily gathered from accounting software; and

   b.   Enhance the value of XBRL data by making the data more comparable through focusing on data elements most commonly applicable to companies.

2.3   ACRA is also exploring ways to make XBRL filing seamless and XBRL data accurate. For example, ACRA is considering ways to integrate filing requirements into the accounting software for 'micro' companies. With this, 'micro' companies can embrace the latest technology faster and improve productivity.

Current XBRL Filing Requirements

2.4   Currently, all Singapore incorporated companies and Singapore registered foreign companies[1] are required to file financial statements (FS) with ACRA, except for solvent exempt private companies (EPCs). Of the companies that are required to file FS, companies limited by guarantee and Singapore registered foreign

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[1]   Under section 368 of the Companies Act (Cap. 50)

companies are exempted from filing their FS in XBRL format (i.e. file FS in PDF format).

2.5   There are two main templates for filing FS in XBRL format:

a. Full FS in XBRL (Full XBRL): This template comprises about 410 data elements, including one text block that gathers the complete set of FS; or

b. Financial Statements Highlights in XBRL format (FSH): This group of templates comprises about 60 data elements that gather selected line items in primary statements. As such, PDF copy of the signed FS must be attached. There are three FSH templates, namely FSH (General), FSH (Banks) and FSH (Insurance). The latter two cater to the unique assets and liabilities of these industries.

Table 1 below shows the current requirements to file FS in XBRL format. The extent of XBRL filing is currently varied by company type, and does not consider the size of a company's operations.

Table 1: Current requirements to file FS in XBRL format

Types of company	Current requirements
1. Public companies and private (non-exempt) companies, except for those under (a), (b) and (c) below.	Full XBRL
a. Commercial banks[2], merchant banks[3], and finance companies[4] licensed and/or approved by the Monetary Authority of Singapore (MAS)	FSH (Banks) + PDF copy of FS
b. Licensed insurance companies[5] approved by MAS	FSH (Insurance) + PDF copy of FS

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[2] Commercial Banks (i.e. full banks, wholesale banks or offshore banks) are licensed under and governed by the Banking Act (Cap. 19). For details, see MAS website.

[3] Merchant banks are approved under the MAS Act and their operations are governed by the Merchant Bank Directives. For details, see MAS website.

[4] Finance companies are licensed under and governed by the Finance Companies Act (Cap. 108). For details, see MAS website.

[5] Licensed insurance companies are approved under section 8 of the Insurance Act (Cap. 142). For details, see MAS website.

Types of company	Current requirements
c. SG companies that are allowed by law or have obtained approval[6] from ACRA to prepare FS using accounting standards other than the prescribed accounting standards in Singapore (SG Accounting Standards) or International Financial Reporting Standards (IFRS)	FSH (General) + PDF copy of FS
2. Insolvent EPCs	Choice of: - Full XBRL; or - FSH (General) + PDF copy of FS
3. Solvent EPCs that voluntarily file FS	Choice of: - Full XBRL; - FSH (General); or - PDF copy of FS only

Exempt more companies from filing FS in XBRL

2.6 To enable meaningful analysis of financial performance and position, XBRL data must be of a sizeable population and comparable across different companies and industries. Due to the nature of their industries or different accounting standards applied, the FS of companies highlighted in 1(a), 1(b) and 1(c) in Table 1 above may not be comparable to those of other companies. For calendar year 2017, they collectively accounted for about 180 companies (less than 1% of total XBRL filings).

2.7 In addition, some banks and insurance entities may be registered as foreign companies, which are currently required to file PDF copy of FS only (as highlighted in paragraph 2.4 above). Banks and insurance companies must also file their financial statements and other returns to MAS for regulatory purposes. These returns may also include more granular financial information.

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[6] Section 201(12) of the Companies Act (Cap. 50) states that "The financial statements or consolidated financial statements of a company need not comply with any requirement of the Accounting Standards for the purposes of subsection (1) or (5), if the company has obtained the approval of the Registrar to such non-compliance". ACRA grants such approval in very limited circumstances.

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2.8   To avoid duplicate filing by companies regulated by MAS, ACRA has proposed to remove the requirement for these companies to file FSH. These companies will continue to file PDF copies of their FS, which will be made available to the public.

Consultation Question A1:

We seek your views on the proposal to exempt the following companies from filing FS in XBRL format and to require them to file PDF copy of FS only:

-    Commercial banks, merchant banks, licensed insurance companies and finance companies licensed or approved by MAS; and

-    SG incorporated companies (both public and private) that are allowed by law or have obtained approval from ACRA to prepare FS using accounting standards other than SG Accounting Standards or IFRS.

Allow 'micro' companies to file fewer data elements

2.9   Currently, public companies and private (non-exempt) companies are required to file Full XBRL. The categorisation of public company and private (non-exempt and exempt) company is determined based on the number of shareholders, and whether any of the shareholders is a corporation[7].

2.10   The current requirements have resulted in smaller companies filing Full XBRL alongside with larger companies, thereby imposing undue compliance burden. Furthermore, ACRA observed that there is generally lower demand for the financial information of smaller companies.

2.11   To reduce the compliance burden on smaller companies, ACRA proposes to vary the extent of filing in XBRL format based on the size of a company's operations, rather than by company type. ACRA also proposes for 'micro' companies to file close to 50% fewer data elements under Simplified XBRL (see Section 3 for

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[7]   A private company can have not more than 50 members. An exempt private company can be a private company which no beneficial interest in its shares is held directly or indirectly by any corporation and which has not more than 20 members. An EPC can also be a private company owned by the Government that is declared in the Gazette to be an EPC.

details). This proposal will also align the preparers' efforts to file with the use of data by consumers.

Define 'micro' companies based on revenue and total assets

2.12 ACRA proposes to define 'micro' companies based on the following quantitative criteria:
   a. revenue for the financial period of not more than $500,000; and
   b. total assets at the end of the financial period of not more than $500,000.

For calendar year 2017, about 62,000 companies filed XBRL FS, with 11,000 (18%) companies filing FSH, and 51,000 (82%) companies filing Full XBRL. Applying the proposal to the same group of companies, ACRA expects 20,000 (32%) companies to file Simplified XBRL and 42,000 (68%) companies to file Full XBRL.

2.13 The total assets criterion is based on the same criterion for dormant relevant companies[8] that are exempted from preparing FS. It is not viable to adopt the criteria for audit exemption (i.e. revenue and total assets of $10 million), as this will significantly reduce the volume of XBRL data collected.

2.14 ACRA has also proposed to assess both quantitative criteria based on the financial period covered by the FS to be filed, regardless of the number of months in that financial period. This approach is similar to that for 'small company' audit exemption.

2.15 Where the company is a parent and is not exempted from preparing consolidated FS, ACRA proposes to apply the criteria in paragraph 2.12 to its consolidated FS. If the company is exempted from preparing consolidated FS, ACRA proposes to apply the criteria to its non-consolidated FS.

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[8] Dormant relevant company is defined under section 201A of the Companies Act (Cap. 50). One criterion for dormant relevant company is that its total assets at any time during the financial year in question must not exceed $500,000 in value.

Vary the extent of XBRL filing for EPCs based on size

2.16   Currently, solvent EPCs that voluntarily file FS can file Full XBRL, FSH or FS in PDF format. On the other hand, insolvent EPCs that are mandated to file, can file either Full XBRL or FSH.

2.17   ACRA proposes to remove choices and vary the extent of filing by EPCs based on their size of operations as follows:
   a.   'Micro' EPCs (i.e. solvent EPCs that are 'micro" and file FS voluntarily, and insolvent EPCs that are 'micro') to file Simplified XBRL; and
   b.   Other EPCs (i.e. solvent EPCs that are not 'micro' and file FS voluntarily, and insolvent EPCs that are not 'micro') to file Full XBRL.

2.18   Currently, insolvent EPCs that are not 'micro' can opt to file FSH. Under this proposal, these companies must file Full XBRL. Given that the incremental data elements can be easily obtained from the financial statements and the number of data elements under Full XBRL may also be reduced (see Section 3), the efforts to prepare and file Full XBRL instead of Simplified XBRL is not expected to be unduly burdensome.

3. Proposed Revisions to XBRL Data Elements

3.1 Currently, there are two main XBRL templates: Full XBRL and FSH. Full XBRL has about 410 data elements, comprising the primary statements and 11[9] notes to FS while FSH has about 60 data elements, comprising selected line items in the primary statements.

3.2 ACRA proposes to retain Full XBRL and reduce the number of data elements under Full XBRL. ACRA also proposes to replace FSH with Simplified XBRL and increase the number of data elements under Simplified XBRL.

Reduce the number of data elements in Full XBRL

3.3 ACRA applies the principle that XBRL data is collected only when it is relevant to (and hence filed by) companies, and it is useful to consumers of data. In drawing up these proposals, ACRA has analysed the applicability of data elements to companies. ACRA has also gathered feedback from government agencies and business data service providers on usage of XBRL data.

3.4 Based on the analysis and feedback, ACRA proposes to reduce the number of data elements for Full XBRL from about 410 to about 210 data elements. This is done by:

    a. **Focusing on the most common ways of presenting the primary statements.** Under accounting standards, companies can present their income statements, statements of financial position and statements of cash flows in different presentation formats. ACRA has re-designed the Full XBRL template to adopt the most common of presentation. Among other data elements, the template will collect: (i) income statement data based on nature

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[9] The 11 notes are corporate and general information, trade and other receivables, government grants, property, plant and equipment, provisions, trade and other payables, share capital, revenue, employee benefits expense, selected income / expense and operating segments.

of expenses; and (ii) statement of financial position data based on current/non-current classification[10].

b. **Removing those data elements that are applicable only to a small group of companies.** For example, data elements such as earnings per share and operating segments, apply only to listed companies. As the data can be obtained from other data providers and is also not of a sizeable population, ACRA proposes to remove these elements.

c. **Removing subtotals that can be generated using mathematical formula and are not frequently used by consumers of data.** These include sub-totals of profit (loss) from continuing operations and total equity attributable to owners of company.

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Consultation Question B1

We seek your views on the proposal to reduce the number of data elements under Full XBRL to about 210 data elements. The list of data elements is attached as Annex A. Are there any data elements that should be removed or added?

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Simplified XBRL to capture the entire income statement and statement of financial position

3.5 Based on the proposals in Section 2, ACRA expects 32% (20,000) of total companies filing in XBRL to file Simplified XBRL. In calendar year 2017, 18% (11,000) of total companies filing in XBRL, had filed FSH.

3.6 ACRA proposes to increase the number of data elements from about 60 data elements under FSH to about 100 under Simplified XBRL as follows:

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[10] Companies can present their statements of financial position based on liquidity only when the information presented will be reliable and more relevant. These companies will be required to file the sub-totals such as total assets and total liabilities, as well as the line items within equity component.

a.	**To gather a complete set of income statement and statement of financial position for Simplified XBRL**. This will ensure that the basic financial information needed by the consumers of data, are available in XBRL format.

b.	**To remove those data elements that are not easily retrieved from the accounting software and not frequently used by the consumers of data**. To facilitate the integration of filing requirements into accounting software, ACRA has critically evaluated and where practicable, avoid collecting data that is not easily retrieved from the accounting software. These include sub-totals in the cash flow statements, profit/(loss) attributable to owners of company or non-controlling interests and the full set of financial statements.

Consultation Question B2

We seek your views on the proposal to increase the number of data elements under Simplified XBRL to about 100 data elements. The list of data elements is attached as Annex A. Are there any data elements that should be removed or added?

3.7	The table below summarises the proposed data elements under Full XBRL and Simplified XBRL, categorised by different sections of the financial statements.

Table 2: Summarised comparison between current and proposed revised XBRL

	Current Full XBRL	Proposed Full XBRL	Proposed Simplified XBRL	Current FSH
Filing information	√	√	√	√
Directors' statement and auditors' report (selected data)	√	√	√	√
Income statement	√ (complete)	√ (complete)	√ (complete)	√ (selected data)
Statement of financial position	√ (complete)	√ (complete)	√ (complete)	√ (selected data)
Statement of cash flows (selected data)	√	√	-	√
Note – corporate and general info	√	-	-	-
Note – trade and other receivables	√	√	√	-
Note – government grants	√	-	-	-

	Current Full XBRL	Proposed Full XBRL	Proposed Simplified XBRL	Current FSH
Note – property, plant and equipment	√	√	-	-
Note – provisions	√	-	-	-
Note – trade and other payables	√	√	√	-
Note – share capital	√	-	-	-
Note – revenue	√	√	√	-
Note – employee benefits expense	√	-	-	-
Note – selected income / expense	√	√	√	-
Note – operating segments	√	-	-	-
Note – intangible assets	-	√	-	-
Note – loans and borrowings	-	√	-	-
Note – related party	-	√	-	-
Full set of FS in XBRL text block	√	√	-	-
Signed FS (PDF)	-	-	√	√

3.8 ACRA proposes to gather data relating to four notes to FS (highlighted in green), namely trade and other receivables, trade and other payables, revenue and selected income/expense items for both Simplified XBRL and Full XBRL. The financial information is important to provide a complete picture of the activities of companies. It is also widely used by consumers of data, both private sector and government agencies.

3.9 To address the needs of data consumers, ACRA also proposes to start gathering data relating to three notes to FS (highlighted in orange), namely intangible assets, loans and borrowings, and related party transactions under Full XBRL. Intangible assets are becoming increasingly vital to businesses in this digital age. Information on loans and borrowings facilitate the assessment on the indebtedness of businesses. Information on related party transactions provide insights as to their contribution or impact to the bottom lines.

> **Consultation Question B3**
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> **Do you have any other views on ACRA's proposals or XBRL filing requirements?**

4. Other Proposed Revisions

Seamless Filing of Annual Return and XBRL FS

4.1 To benefit 'micro' companies, we are exploring with software vendors to integrate filing requirements into accounting software, enable auto-preparation of Annual Return and XBRL FS in the accounting software, and where applicable, enable validation and uploading of XBRL FS directly from the accounting software to ACRA's system. ACRA hopes that the initiative will encourage 'micro' companies to adopt technology and improve productivity in preparing and filing Annual Return and/or XBRL FS.

> **Consultation question C1**
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> **In your view, what are some challenges companies may face in embracing the initiative in paragraph 4.1? How could these challenges be addressed?**
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> **Consultation question C2**
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> **What is your experience in using ACRA's Preparation Tool to prepare XBRL FS? What are some areas for improvement?**

Use of XBRL data

4.2 Since 2014, companies can make use of ACRA's free data analysis tool to benchmark their financial performances against the industry and their selected peers (up to 6 companies)[11]. The tool is available in BizFin^x online portal.

> **Consultation question C3**
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> **What is your experience in using ACRA's free data analysis tool? What are some areas for further improvement?**

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[11] The free data comprise revenue growth, net profit margin, return on assets and total asset turnover.