

БУХГАЛТЕРСЬКИЙ ОБЛІК, АНАЛІЗ І КОНТРОЛЬ

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XBRL – DIGITAL STANDARD FOR FINANCIAL REPORTING SUBMISSION

Abstract. The article investigates the introduction of the latest technologies into the accounting system, namely: the process of financial reporting preparing. The XBRL financial reporting technology is developed to effectively exchange financial information among various interested users with the possibility of application in any country of the world. The peculiarities of introduction of a new digital financial reporting standard – XBRL in Ukraine is revealed. As a result of the study, it has been determined that in the future, XBRL standard can help generate reports not only for public interest companies but also for any other companies that publish various types of international financial reporting. All this will significantly improve the quality of the published reporting, as well as reduce the time for its preparing and the cost of its verification.

Keywords: financial reporting, XBRL format, financial reporting submission technology; digital standard, taxonomy, IFRS.

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XBRL – ЦИФРОВИЙ СТАНДАРТ ПОДАННЯ ФІНАНСОВОЇ ЗВІТНОСТІ

Анотація. У статті досліджено впровадження новітніх технологій у систему бухгалтерського обліку, а саме: процес підготовки фінансової звітності. Розкрито XBRL технологію подання фінансової звітності, що розроблена для ефективного обміну фінансовою інформацією між різними зацікавленими користувачами з можливістю застосування в будь-якій країні світу. Розглянуто впровадження нового цифрового стандарту подання фінансової звітності – XBRL в Україні. У результаті дослідження встановлено, що у перспективі у стандарті XBRL можуть формувати звітність не тільки компанії, що становлять суспільний інтерес, але й ті, що публікують різні види міжнародної фінансової звітності. Все це дозволить істотно покращити якість звітної інформації, що публікується, зменшити час на її підготовлення і вартість її перевірки.

Ключові слова: фінансова звітність; формат XBRL; технологія подання фінансової звітності; цифровий стандарт, таксономія, МСФЗ.

Target setting. The world tendencies in the sphere of the latest technologies introduction did not go by the accounting system, namely: the process of financial reporting preparation, as evidenced by the use of a single approach to the formation of financial reporting in a digital format. Most leading economists-analysts who follow news from global stock markets know that income or loss announcing leads to a corresponding reaction from securities traders who start buying or selling these companies' shares. However, the main part in this activity makes up an official financial report, on the basis of which an appropriate economic justification

is carried out which is submitted to the financial control bodies (for example, in the USA it is the Securities and Exchange Commission or SEC). Official financial reports contain quite valuable information on the company's financial and business activities and are presented in developed countries of the world in a modern standardized format for the purpose of comparison and exchange of this information. This format is called Extensible Business Reporting Language (XBRL).

Actual scientific researches and issues analysis. The study of a digital standard for the financial reporting

submission in the XBRL format is rather a new direction of research in Ukraine, as evidenced by a small number of published works in scientific journals. However, the foreign and domestic scientists have made a significant contribution to the study of this format, in particular: Charles Hoffman, Reiniier van Ehmond [1, 2], Ivakhnenkov S. V. [3, 4], Melnychenko O. V. [5], Melashchenko A. O., Perevozchykova O. L., Strelnykova Zh. A. [6], Schastlivtseva A. [7], Polozov A. V. [8], Khorozov O. A. [9] and others. At the same time, the issues of the XBRL format implementation in Ukraine remain insufficiently researched.

Research objective. The aim of the article is to study a new standard of the financial reporting submission in the XBRL format and to introduce it into practical activities of domestic enterprises to ensure successful and effective activity management.

Statement of basic materials. The XBRL standard is a world-wide-open format for the financial reporting submission in accordance with the IFRS, the GAAP of the USA and UK electronically. The XBRL is a flexible technology developed for the efficient exchange of financial information between various interested users with the prospect of being used in any country in the world, regardless of the submission language. The XBRL is an abbreviation from English “eXtensible Business Reporting Language”, which literally means “extensible language of business reporting”. The final product of the XBRL standard is a so-called “instance document”, that is, financial reporting made in the XBRL format.

The new standard of the XBRL financial reporting submission has already proven its effectiveness in many countries, not only in Europe but also around the world. So, the International Investment Bank of the company Morgan Stanley Dean Witter & Co, for the first time in the world, has adopted the extensible language of business reporting, starting to prepare financial reporting in the format of XBRL in 2000.

The decision to introduce the XBRL format as a basis for financial reporting was made in Australia in 2001 by the Australian Prudential Regulatory Authority and in Japan – by Japan National Security Agency and Japan National Tax Agency. In 2004, the stock exchanges of China, Singapore, Japan and South Korea identified the XBRL as a standard of financial reporting [8].

Charles Hoffman and Reiniier van Ehmond state that digital financial reporting will change the accounting practice in the nearest future, and the changes will be based on data presentation technologies, and there is no choice for accountants, but to adapt to such changes, using appropriate, available methods and resources; and digital financial reporting is a new paradigm of financial reporting in the information society [1, 2]. Taking into account current rapid development of information technologies and their active implementation in the business environment, the statement by the founder of the XBRL standard Charles Hoffman is relevant and rational.

The popularity of the XBRL format is confirmed by S. V. Ivakhnenkov, who notes that the XBRL standard has advantages; in particular, it facilitates the search for

financial reporting on the Internet and the possibility of its automatic analysis [3, 4].

A. O. Melashchenko, O. L. Perevozchykova, and Zh. A. Strelnykova point out that “there is a need for the XBRL use in the creation and transfer of financial information, since this technology is a technological support of the IFRS and helps to apply electronic exchange of documents correctly” [6]. In the authors’ opinion, this technology is needed because the IFRS lack a detailed structure for the introduction and submission of information in appropriate parameters that are essential for further processing, analysis and comparison of source data.

The submission of the XBRL format reporting has proven to be effective, as evidenced by more than a decade of experience in the USA and the EU. The XBRL reporting format has become mandatory as a national standard in 27 countries, and is being implemented to create different forms of reporting on a transnational level. According to the EU Directive of 12.06.2013 № 13/544 (Revised Directive on transparency requirements for listed companies (Transparency Directive)), the European Securities and Markets Authority (ESMA) plans to introduce requirements for the submission of annual financial statements by companies whose shares are traded on stock exchanges in the XBRL format by 2020.

At the same time, in accordance with the requirements of the above mentioned legislative act, the development of technical standards and regulations is carried out jointly by banks, financial institutions, insurance companies in cooperation with regulatory authorities – the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA), which already use the XBRL standard as a regulatory reporting format [10].

The XBRL standard is currently being applied most of all in the USA and the EU. In particular, in the United States since 2009, the XBRL is a mandatory standard for financial reporting submission in accordance with the requirements of the Securities and Exchange Commission (SEC). Today, the taxonomy under the IFRS has been translated into many languages, including Ukrainian, which allows implementing it in Ukraine for the unambiguous interpretation of all its constituents and proper preparation of financial reporting that can be understood throughout the world.

With the approximation of the Ukrainian legislation in the financial reporting area to the requirements of the European Parliament’s Directive “On Annual Financial Reporting, Consolidated Financial Reporting and Related Reporting of Certain Types of Enterprises” of 26/06/2013 № 2013/34/EU, the process of the XBRL format implementing in Ukraine is inevitable, but time-consuming and long-lasting. The application of the XBRL standard in Ukraine will not only allow keeping on work on the convergence of Ukrainian legislation with the European law, but will also enable users to fully compare financial reporting, carry out analysis and provide an appropriate assessment by stakeholders (Fig. 1).

In Ukraine, the new format of financial reporting was presented for the first time in 2006 by Kurt Ramin,

the Head of the XBRL Group of the Foundation of the International Accounting Standards Committee (IASCF) at the seminar “Effective Reporting in the Financial Sector through the XBRL Use”, which was held with support of the State Commission on Securities and the Stock Market of Ukraine as part of the cooperation with the United States Agency for International Development (USAID) under the Project of Capital Markets Development. Therefore, since 2006, the work on the possibility of introducing and using the XBRL format by Ukrainian companies has been ongoing in Ukraine.

The active introduction of the XBRL new standard in Ukraine is evidenced by the alteration to the regulatory acts, in particular the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (2017), which introduces the concept of “taxonomy of financial reporting” [11]. In accordance with the Action Plan on the Agreement implementation on the Association

between Ukraine and the EU, the introduction of the electronic format of financial reporting based on the International Financial Reporting Standards using the IFRS Taxonomy is foreseen.

In accordance with the Memorandum of Understanding on the development and introduction of the Financial Reporting System [12], which was signed in 2017 by the Ministry of Finance of Ukraine, the National Bank of Ukraine, the National Securities and Stock Market Commission of Ukraine, and the National Financial Services Commission, the XBRL format reporting submission will be introduced in 2019 for enterprises of public interest, namely: issuers, whose securities are admitted to stock trading; banks; insurance companies; non-state pension funds; other financial institutions and enterprises belonging to large enterprises.

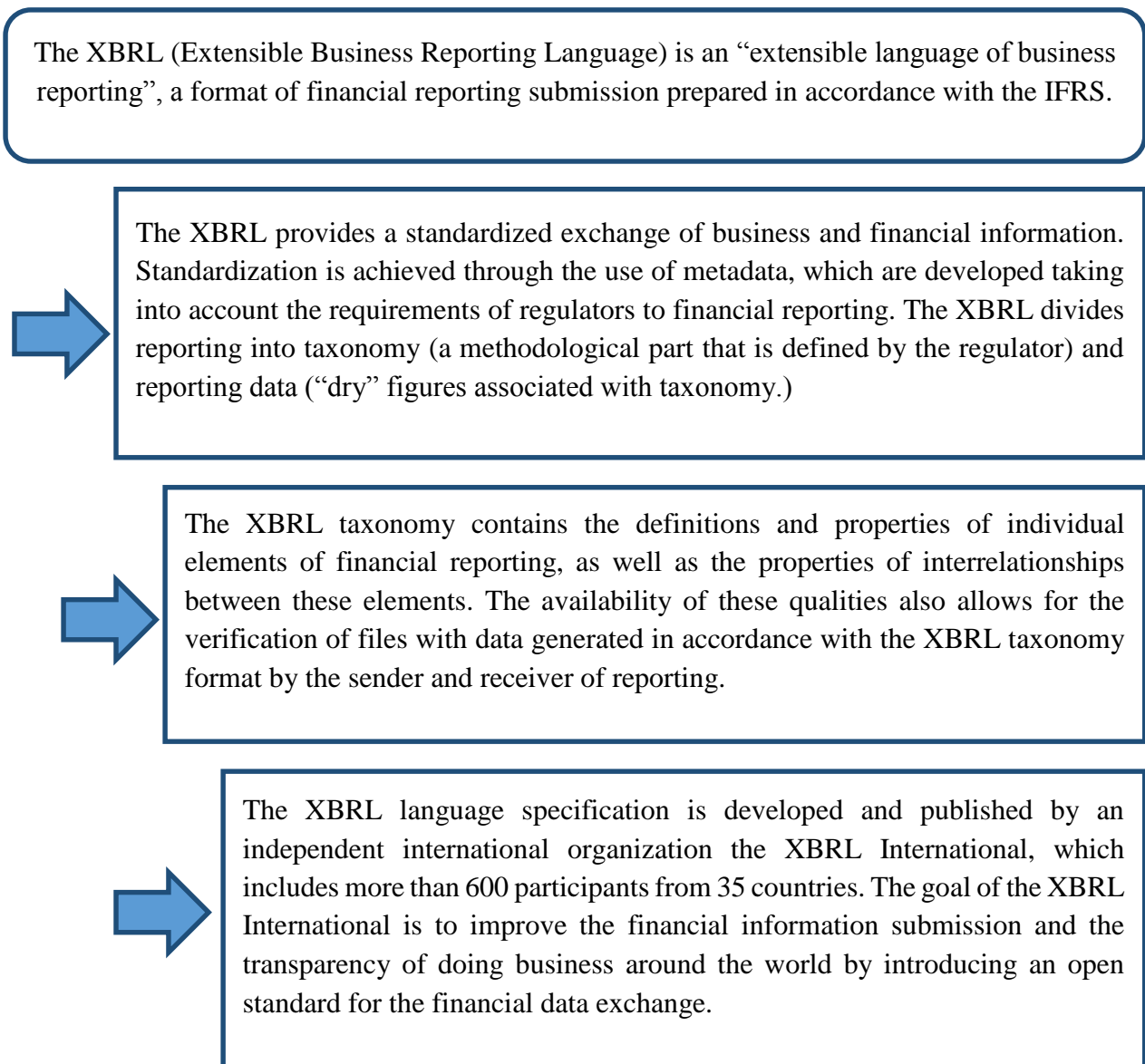


Fig. 1. Extensible Business Reporting Language - “extensible language of business reporting”

The introduction of the XBRL standard in Ukraine is taking place with participation of the international partners of Ukraine in the framework of the EU Technical Assistance Project “Technical Assistance by Financial Sector Priority Areas” (EU-FINSTAR) and the USAID Project “Transformation of the Financial Sector”. The XBRL standard should become a basis for the Financial Reporting System’s operation and financial statements are planned to be submitted through a single window, which will begin working in the National Commission of Securities and Stock Market of Ukraine in 2019.

In Ukraine there is IFRS-2017 taxonomy translated into Ukrainian. The working group set up under the Cabinet of Ministers of Ukraine in 2015 was working over the IFRS taxonomy. This became possible thanks to ongoing projects of international technical assistance from the EU [7].

Conclusions and prospects of further research in this direction. It is essential to start preparatory work for the introduction of the financial reporting submission in an electronic format on the basis of the International Financial Reporting Standards using the IFRS Taxonomy, approved by the Ministry of Finance of Ukraine (UA XBRL IFRS) for enterprises of public interest, namely: issuers whose securities are admitted to stock trading; banks; insurance companies; non-state pension funds; other financial institutions and enterprises belonging to large enterprises. In the nearest future, significant progress is expected in the application of this format in Ukraine as the XBRL coverage area can include not only public interest companies, but also publishers of different types of international financial reporting. All this will significantly improve the quality of published financial information and reduce the time for its preparation and the cost of its verification.

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