

An Overview of iXBRL Reporting in the UK

Four years after the introduction of the iXBRL mandate by HMRC we set out to find out how businesses feel about reporting in this format.

88% of the respondents recognised iXBRL only as an HMRC regulatory burden that required a lot of time and resources and had no practical business application

40% of the surveyed executives' biggest concern was the additional cost of producing iXBRL to their business

£100k firms estimated that iXBRL could cost them up to £100,000 extra budget in labour and technology in their next reporting period

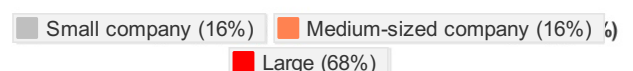
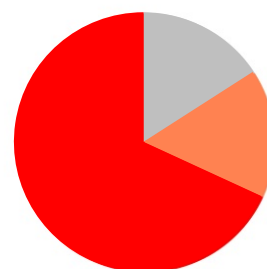
BACKGROUND

It has been almost four years since HMRC introduced mandatory iXBRL filing for all Company Tax Returns. The promise back in 2010 was more efficient financial data analysis for HMRC and improved internal analysis for businesses. Has this been the case? To fully understand the impact of iXBRL filing in the UK, Arkk Solutions have conducted an online survey examining the experiences of UK iXBRL filers over the past few years. The survey was aimed at senior finance executives from organisations of different size and operating across different core sectors (e.g. retail, manufacturing, hospitality and professional services) in the UK. The results of the research revealed that even though the adoption of iXBRL is already well established in the UK, there is still a long way for businesses to go to fully embrace the technology and harness its potential.

WHO WE SURVEYED

More than 100 senior finance professionals completed the survey of whom 70% were from large organisations with turnover exceeding £25.9m, compared with 16% with a turnover less than £6.5m.

ORGANISATION PROFILE



SURVEY RESULTS

Outsourced iXBRL service and iXBRL Tagging Software were the most popular solutions for preparing accounts in iXBRL format used by 51% and 40% of respondents respectively.

Although the majority of firms outsourced the iXBRL requirement to third party providers in the first year of the mandate due to time constraints and knowledge gaps, there was a massive wave of organisations shifting to in-house software solutions in the following years, aiming to reduce cost and improve efficiency.

Preparing accounts in iXBRL format takes about 4 weeks on average.

As one of the early concerns about reporting in iXBRL was that it might be costly and very time consuming for businesses, we asked firms to specify approximately how much time they spend preparing their iXBRL returns. On average, UK firms spend about four weeks on preparing their iXBRL accounts conversions, with 81% of those surveyed spend between one and four weeks. 10% of respondents usually spend between four and eight weeks on iXBRL, while 3% reported that it takes them more than 26 weeks to prepare their reports.

Q: WHAT WAS THE MOST CHALLENGING ASPECT OF iXBRL THAT YOU EXPERIENCED IN YOUR LAST REPORTING PERIOD?



24%

Considered the checking and reviewing of iXBRL reports as a major challenge



9%

Concerned about filling iXBRL skills and knowledge gaps

Support of third party iXBRL product or service providers was the most frequently used resource for preparing iXBRL reports, as voted by more than 80% of the survey respondents.

Cost of implementation remains the biggest concern for firms regarding iXBRL.

Q: WHAT iXBRL REPORTING SOLUTION DO YOU HAVE IN PLACE?



iXBRL Tagging Software (40.5%)



iXBRL Conversion Software (2.7%)



Outsourced iXBRL (51.4%)



Complete accounting software with iXBRL functionality (5.4%)

Q: APPROXIMATELY HOW MUCH TIME DO YOU SPEND PREPARING THE iXBRL DOCUMENTS?



81%

Spent 1 - 4 weeks preparing their iXBRL returns

To further examine the adoption of iXBRL in the UK, survey respondents were asked to identify the most challenging aspect of iXBRL that they experienced in the last reporting period. The biggest challenge in preparing accounts in iXBRL format was the checking and reviewing of the reports, experienced by 24% of the surveyed executives. The tagging of the required data, cost and turnaround time turned out to be other major obstacles for businesses, as reported by 20%, 17% and 12% of the respondents respectively.

Another interesting trend in the use of iXBRL in the UK four years after the introduction of the HMRC iXBRL mandate is that there is still a knowledge gap about iXBRL amongst accountants, with 9% of the respondents considering the need for further education as the most challenging aspect of iXBRL.

Q: WHAT SUPPORT RESOURCES DO YOU MOST FREQUENTLY USE TO PREPARE YOUR iXBRL REPORTS?



80%

Used the support of third party iXBRL product or service providers

Although the UK XBRL market has matured and it now offers lower-cost alternative solutions, cost is still found to be the biggest concern for firms regarding iXBRL. About 40% of surveyed executives indicated “cost of implementation” as the highest iXBRL concern for their organisations. Potential transition to “full-tagging”, filling iXBRL knowledge and skills gaps, transposition of FRS 101/102 are other major uncertainties related to iXBRL, considered by 17%, 16% and 11% of respondents respectively.

Nearly half (46%) of the survey respondents estimated that iXBRL would cost them up to £5,000 extra budget in labour and technology in the next reporting period. While 15% of firms expected to spend as much as £20,000 extra, 13% of those surveyed budgeted additional iXBRL costs between £25,000 and £100,000.

It is interesting to notice that despite the fact that the majority of surveyed respondents were concerned about the cost of implementation of their iXBRL returns, only 5% of firms were looking for lower-cost iXBRL alternatives, compared with 95% who were still planning to stick with their current iXBRL solution in the future.

Besides technology specialists and regulators’ persistent efforts to proclaim the benefits of iXBRL to businesses, the question about the usefulness of the new business reporting language remains. 88% of the surveyed financial executives believed that iXBRL was just another regulatory reporting requirement that required a lot of time and resources and had no practical business application. This considerably contradicts the results of a survey conducted by Arkk Solutions in Ireland earlier this year, according to which 63% of executives perceived iXBRL as a technology for ‘internal and external data exchange and analysis that could improve business information quality, transparency and efficiency, and reduce duplication of activities’.

Q: HOW DO YOU PERCEIVE iXBRL?

iXBRL is just a regulatory reporting requirement that requires a lot of time and resources and has no practical business application.

iXBRL is a technology for internal and external data exchange and analysis that could improve business information quality, transparency and efficiency and reduce duplication of activities.

Q: WHAT ARE THE BIGGEST CONCERNS THAT YOU HAVE REGARDING iXBRL?



40%

Concerned about the cost of implementation of iXBRL

Q: HOW MUCH EXTRA BUDGET DO YOU ESTIMATE iXBRL WILL COST YOU IN LABOUR AND TECHNOLOGY?



13%

Expected to spend up to £100,000 on iXBRL

Q: ARE YOU PLANNING TO USE THE SAME iXBRL PROVIDER/SOLUTION FOR YOUR NEXT iXBRL FILING?



95%

Said they will stick with their current iXBRL solution

About Arkk Solutions

Arkk Solutions is the UK and Ireland's leading iXBRL software and outsourcing provider. Since 2009, Arkk have been providing easy-to-use solutions that allow companies and accountancy firms to convert their statutory accounts and tax computations into iXBRL.

To find out more about how we can help you with cost effective iXBRL conversion solutions please call us on 0207 036 2758 (UK) or 01 525 5409 (ROI) or email enquiries@arkksolutions.com.

For more information and the latest trends on iXBRL, visit our HMRC iXBRL reporting page where you can also download our quick and concise guide to "what", "when" and "how" to report under FRS 101/102.

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