

Brussels, the 27th of April

XBRL Europe POSITION on the consultation paper about Cutting Accounting Burden for Small Business / Review of the Accounting Directives

Main Aspects

- XBRL Europe supports simplification for companies, but contrary to European Commission proposal to suppress filing for Micro enterprises (i.e. 75 % of the companies in Europe), proposes to extend the Electronic Filing to Micro (and obviously to all) enterprises through the electronic standard XBRL in order to cut red tape.
- XBRL Europe underlines that the suppressing of filing for Micro enterprises will generate from usual companies' stakeholders (banks, clients, Tax, balance sheet offices, etc) most likely additional reporting in their own format implying additional costs for the enterprises. Reporting standards for all companies, including micro companies, is the only known method of making financial reporting transparent and comparable between companies. There is a need for common reporting standards or a standard reporting practise. Micro companies also have a need for common reporting standards. The reporting standards just could be simpler.
- About the main principles of the 4th directives, XBRL Europe seeks on Comparability between EU countries, which cannot exist without common reporting standards and accountancy practices and without common IT reporting standard such as XBRL. Before agreeing on a common EU Gaap in Europe and as a first step data interoperability is to be searched between the various national Gaaps and XBRL is a powerful tool for the purpose. XBRL increases transparency, comparability and reuse of financial statements. XBRL enable investors and creditors to make better informed investments and financing. Investors will favour companies that provide more transparent, more comparable and easier consumable reports. Mandating or allowing companies to file their financial report at a central repository increase investors' attraction. Attracting investments to the better companies will in the long term increase the competitiveness and employment in the whole EU
- XBRL Europe can provide details of the 46 identified XBRL projects in 17 countries in Europe like Belgium, Spain, UK, Netherlands, Luxembourg, Denmark, Sweden Germany, France, Italy, and Ireland. These examples and especially those in the annual accounts reporting sector show that using technological improvements like XBRL can reduce administrative burden and generate savings to Companies. In Belgium at the Central Balance sheet office savings in using XBRL have been estimated to 22 M€ for the companies per year.
- XBRL is a superior enabler for implementing and use of common reporting standards across the whole Europe. XBRL enable localizations of reporting standards and reports by local language, additional reporting demands etc., and still keep the basic requirements as a EU common reporting practice. XBRL enable every company to produce their financial statement in a streamlined and fully digitalized process. It is not more time consuming to establish this reporting process, than the current reporting process. Once a reporting has been setup, it can be repeated at very low cost, provided the reporting practice is stable. The combination of stable reporting standards and use of XBRL will enable significant, and real, simplification.
- XBRL is a mainstream and open source technology. The implementation of this standard is facilitated by XBRL International, a non-profit consortium that includes XBRL Europe, the majority of the European Countries and all economic sectors with a stake in the information supply chain: filers of information, software companies, accountants and auditors, regulators, publishers, and the citizens, investors and analysts who ultimately consume the information.