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Business Frameworks
Directorate Transparency and Trust Team
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Dear Transparency and Trust Team

Improving the value and quality of financial information on the UK companies register

XBRL International welcomes this opportunity to comment on the proposed reforms to the companies register and related business reporting processes within government. Our comments cover certain aspects of these proposals that relate to the XBRL standard, including new developments in this field, as well as certain relevant international experience in implementing digital reporting. Specifically, we respond to Qs 5,6,8, and 9 as well as 15, 24 and 29.

Our colleagues at XBRL UK have long experience in the Companies House and HMRC filing arrangements and have provided a range of specific feedback that we urge the team to take into account in their considerations.

[About XBRL International](#)

XBRL International is the global standards development organisation that has developed, maintains and improves the XBRL specifications. Our purpose is to enhance transparency and accountability in business performance globally by providing the open data exchange standard for business reporting. We are a not-for-profit that works in the public interest, supported by more than 600 organisational members worldwide. Our specifications are freely available and are an important part of the fabric of reporting in more than 70 countries around the world, in use by at least 180 regulators, and used by in excess of 10 million private and public companies globally. Reporting is different in every jurisdiction, with different standards, norms, legislation and levels of complexity applied according to local requirements.

We are therefore privileged to work with 20 national "jurisdictions" or local chapters of the XBRL community that bring together regulators, standards setters, the accounting and audit profession as well as software vendors and service providers that specialise in this field in their own countries, including XBRL UK.

Q5: In your view, why do some companies continue to file on paper?

Global experience would indicate that voluntary filing arrangements for digital reporting are not usually successful. While corporate registers require disclosure of annual accounts for a variety of clear and increasingly important reasons associated with transparency and improving trust within an economy, these macro questions are not always aligned with business owners' own concerns about privacy.

While the UK is to be commended for the outstanding success of the voluntary digital filing arrangements that Companies House has developed, closing the gap will, in our view, require a mandate. We understand that the number of larger companies that file Inline XBRL accounts voluntarily has fallen away somewhat over the years. We assume that management teams take the view that if they do not need to make it easier for peers and competitors to analyse their performance, they won't. This would certainly align with experience elsewhere.

Q6: What challenges will mandatory digital filing present?

In shifting to a mandate we would urge policymakers to pay close attention to the utility of the digital information that is republished, meaning that quality, completeness and accuracy of digital filings need to be monitored and continuously improved. In other words, the new digital policy needs to provide digital information that can be clearly used and that companies come to understand provides a competitive benefit.

Specifically, we think this means

- Ensuring that the Registrar is empowered to run a series of automated quality checks on filings and is able to challenge filings that fail certain tests. Consistent with XBRL International's Guidance, these quality checks should be published in a machine-executable manner.
- Ensuring that any issues that may exist associated with authentication and non-repudiation – i.e: ensuring company identity – are always rapidly resolved.
- When examining the operation of Section 15 of the Act, in terms of determining what micro, small and medium entities must disclose, look carefully at the balance between privacy afforded these smaller businesses and the utility of the information that is then disclosed. Where policy dictates it necessary to provide exemptions, examine the resulting analytic impact of the provision of this more limited information. This is true in terms of tracking down economic crime as well as in terms of ensuring the overall success of the disclosure regime.

Q8: What challenges do you foresee with filing fully tagged accounts with Companies House?

We agree that the proposals should not impose significant burden, given the advanced state of XBRL software in the UK and the existing need to provide fully

tagged accounts to HMRC. We also agree that this approach represents international best practice. We assume that Companies House plans to continue with HMRC's arrangements, in which taxonomy extensions are not sought. If extensions are sought, please consider utilising the "anchoring" mechanism that is now in use for ESEF filings.

Q9: As a user of financial information on the register, what information in a company's accounts is critical for you and should be checked (validated) to ensure it is tagged correctly?

As mentioned above, we fully agree that extensive – and continuously improving – automated quality tests should be a key part of these new arrangements. Further, by publishing all (or a large subset) of these quality tests in machine executable format, XBRL software will be able to pre-validate accounts prior to filing them with the registrar. In our view, this approach should be encouraged. It provides confidence for companies and their advisers and it simplifies the work of the registrar.

We don't opine here on specifically relevant tests, but note that there are a large corpus of tests available from regulators around the world and would be happy to discuss the specifics of automated testing further if it might be helpful.

Q15: What other information should Companies House collect that would be useful for:

- **Combating economic crime;**
- **Increasing the value of the information available on the register?**

The Companies House data set should be considered an important national asset and one that will have increasing value going forward, not least because of the UK Government's determination to ensure that this information falls within its Open Data policy. This provides a clear international advantage for the UK, compared to those economies that continue to restrict access to this information. It helps build trust for companies of all sizes seeking customers, suppliers, staff and capital.

This international competitiveness could, in our view, be expanded through the provision of LEIs as additional identifiers for all UK companies. Economic crime could be curtailed in important ways if companies were asked to follow the requirements of the "Level 2" relationship disclosures that the GLEIS facilitates. This would clearly require a simple mechanism to ensure that these LEIs could be issued in bulk and in a highly economic manner, but we would encourage Companies House, HMRC and BEIS to discuss this with the GLEIF.

Q24: What are your views about the general premise that checks should be conducted on all accounts prior to them being accepted as fit for filing on the public register?

As set out in our answer to Q9, we are strongly of the view that this is a vital part of the filing process. Avoiding both "Garbage In, Garbage Out" as well as limiting inconsistencies between related data sets is a key responsibility of data collectors and automated checks can become the registrar's best friend in this respect.

Q29: Do you have any additional comments about this proposal?

We would encourage Companies House to work through the most appropriate mechanisms for the *publication* of Inline XBRL formatted accounts to maximise their utility. Specifically:

- Publish Inline XBRL accounts as web pages, instead of requiring the download of a zip file/report package. As an example, publish links directly to Inline XBRL files, like [this](#).
- Strongly consider the automated transformation (with appropriate controls, and perhaps a regulatory digital signature to ensure the integrity of the transformation) of the filing to provide a “Viewer” version, using one of the commercially available or open source “Viewer” plugins. This makes the digital information on the page immediately obvious, usable, comparable and reviewable. You can use the Viewer to download an Excel version of relevant sections for example. Like [this](#). Note that these examples also make use of LEI digital signatures. There are other examples [here](#).
- Strongly consider making Inline XBRL filings available using standardised API calls.
- Strongly consider making certain extracts of Inline XBRL filings highly available and usable for Fintech and other users by transforming them into the new [XBRL-JSON](#) format that is optimised for digital analysis.

We realise that these are relatively technical points, but would be happy to further discuss best practices in this field.

We hope that these comments are useful and would be happy to discuss any aspect of this letter at your convenience.

Yours faithfully

John Turner
CEO