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**ERICA (EUROPEAN RECORDS OF IFRS CONSOLIDATED ACCOUNTS)
WORKING GROUP**

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Standard IFRS-compliant formats

Impact of IFRS issued in 2017

European Committee of Central Balance Sheet Data Offices (ECCBSO)

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I. INTRODUCTION AND THE PATH ALREADY COVERED

This document mainly aims at reporting to and at informing the European Committee of Central Balance Sheet Data Offices (ECCBSO hereinafter) on the preparation of the standard IFRS-based formats by the CBSOs participating in the European Records of IFRS Consolidated Accounts Working Group (ERICA WG hereinafter). This work has been done gradually and as a result, currently there are three formats available: extended version, reduced version (called ERICA format, because it is the base for the creation of the ERICA database) and the IFRS SME-based format.

The working method followed started in 2002 looking into the different IFRS approved by the IASB¹, creating, as a methodology of work, a format as extensive as possible as an initial step. Afterwards, members of the ERICA WG tested and decided on the information considered essential and useful in order to reduce the extension of the format. This reduced format was tested with real data from listed European groups, creating the ERICA database (see document ERICA analysis for more details). In the definition of the formats, the different versions of IFRS Taxonomy have been used. In 2010, in front of the issue of IFRS for Small and Medium-sized Entities (SME) by IASB², the ERICA WG decided to create a standard format based on IFRS SME, using both the XBRL IFRS SME Taxonomy³ and the other formats of the ERICA WG as starting points. Accordingly, the ERICA WG currently works with three versions of the standard format:

- a. The extended format, which contains a full set of information requirements derived from IFRS. The extended format may become a tool and a cornerstone for other European institutions which plan to create a CBSO in the future.
- b. The ERICA format that has been used by eight countries of the ECCBSO to fill data of listed European groups, in order to analyse the impact of IFRS in Europe and to study the situation of European non-financial listed groups. During 2013 an Internet software package entered in production (SIC, System of Integrated Checking), to guarantee that the quality controls used by all countries are applied in a standardized way.
- c. The SME format, which follows the structure of the extended format, is based on IFRS for Small and Medium-sized Entities (SME) and on its XBRL taxonomy. It is not updated since 2013 Dataset.

One of the targets of the ERICA WG is the definition of a common format based on IFRS. The extended and ERICA versions of this format are revised annually, in order to consider feedback received from ERICA WG members as well as new developments on IFRS during the year. Hence, the formats approved in 2017 were revised and presented to the ERICA WG in 2018 for approval. This document presents the impact of these changes, as a mean to identify the possible losses of information and/or

¹ International Accounting Standards Board.

² Please refer to <http://www.ifrs.org/IFRS-for-SMEs/Pages/IFRS-for-SMEs.aspx>

³ Please refer to <http://www.ifrs.org/issued-standards/ifrs-taxonomy/>

new items and the changes in the format as consequence of improvements, simplifications and other feedback received from ERICA WG members.

This document is structured in four chapters (including this introduction) and four annexes. The following chapter shows main features of the extended, the ERICA (reduced) and the SME standard formats. Chapter III summarizes the changes in the formats whereas chapter IV presents the main conclusions brought in this work. Finally, five annexes are separately presented, comprising the extended format (annex 1), the ERICA format (annex 2), the SME format (annex 3), the methodological note of the ERICA format (annex 4) and the main statistical data obtained from 2016 ERICA database (annex 5).

II. STANDARD FORMATS DEFINED BY THE ERICA WG

II.1. STANDARD EXTENDED FORMAT

The ERICA WG decided to develop an IFRS-based standard format, taking into account most of the requirements for accounting information to be disclosed under IFRS. In Annex 2, which contains the extended format, there is a precise reference to the IFRS paragraph that requires the information and also to the taxonomy, if any, where the item is found (i.e., IFRS or CBSO-RF).

The most significant decisions taken by the ERICA WG regarding the definition of the extended format are the following:

- **Employment:** although disclosures concerning employment were removed from the revised version of IAS 1, the ERICA WG decided to maintain the employment chart in the format, as employment is a core element for analysis purposes.
- **Acquisitions and disposals:** information about the main acquisitions and disposals in the accounting period is required, although the latter are not explicitly defined in the IFRS Taxonomy.
- **Income statement by function:** due to the importance given to certain disclosures in the income statement by nature, the ERICA WG decided to set up additional disclosures by nature (among others employee expenses, depreciation and amortization, and impairment losses).
- **Income statement by nature:** several disclosures other than those prescribed by the IFRS Taxonomy were added; namely, a further breakdown of operating expenses.
- **Income statement by function and by nature:** the ERICA WG considered useful to get information on government grants related to income and government grants related to assets transferred to income. Besides, information on operating leases was added as well as other captions regarding subcontracting, external staff, purchases and changes in inventories, gains and losses on the disposal of land, and sales and purchases in foreign countries.
- **Changes in fair value of non-current assets:** the ERICA WG agreed in the consideration of these changes within operating expenses, based on the fact that the valuation method chosen by the entity shall not affect the profit (loss) from operations. Thus, if depreciation and amortization (expenses arising when valuating at cost) are considered as operating expenses, a similar treatment must be given to changes in fair value of non-current assets (expenses arising when valuating at fair value).

- **Use of net values:** the ERICA WG decided to provide figures in net terms in balance sheet. Information on accumulated depreciation and amortisation, impairment losses and other reductions in the value of assets can be found in the corresponding notes. The reconciliation chart in each note is presented using net values as well.
- **Non-current / current assets and liabilities:** following the IFRS Taxonomy and IAS 1⁴, the ERICA WG chose this method of presentation rather than the liquidity approach.
- **Investment grants:** as IAS 20, which is devoted to the accounting of government grants, allows the presentation either on the assets side (deducting the subsidised asset) or on the liabilities side (as deferred income), the ERICA WG decided to allow this information to be shown as part of the notes to the assets or on the liabilities side of the balance sheet.
- **Land and buildings:** due to the importance for National Accounting of having a separate breakdown of land and buildings, a breakdown was set up; although the majority of countries in the ERICA WG have declared they are not interested in this division, which is hardly found in real examples.
- **Investments in subsidiaries:** following the IFRS Taxonomy, it was decided to present this breakdown of non-current financial investments for individual accounts (although in some real cases this item has also been found in consolidated financial statements).
- **Other financial assets (non-current and current):** the ERICA WG considered of a great importance to detail the amounts of shares and participations, securities other than shares, loans, loans to related parties, and other financial assets.
- **Profit (loss) of the period:** although the IFRS Taxonomy does not clearly prescribe to detail the amount in equity within balance sheet, the ERICA WG agreed to open a separate caption for it.
- **Statement of cash-flow:** the ERICA WG decided to allow the presentation of this statement according to the direct and the indirect method.
- **Statement of changes in equity:** after the revision of IAS 1, the ERICA WG slightly restructured this statement where income and expense recognised directly in equity is to be found. Besides as it is important for the system of analysis to have additional information on sale (purchase) of treasury shares and dividends, these lines appear separately in the statement.

⁴ According to IAS 1, items in the balance sheet should be classified as “current” and “non-current”, unless a liquidity presentation provides more relevant and reliable information.

Notes to financial statements: the extended format contains the following notes:

- Property, plant and equipment.
- Investment property.
- Intangible assets.
- Biological assets.
- Financial assets.
- Current assets.
- Provisions and grants.
- Hedging instruments and risk note (assets & liabilities).
- Borrowings and payables.
- Borrowings movements.
- Tax note.
- Defined benefit plans.
- Share-based payment plans.
- Equity.
- Related parties.
- Segment reporting.
- Non-current assets and disposal groups held for sale.

II.2. STANDARD ERICA FORMAT

The aim of the ERICA format (previously called reduced format) is to be a compromise of minimum information throughout European CBSOs. Needless to say, each member will freely decide about its extension, according to its needs for national use. During 2004 the ERICA WG initiated the definition of the reduced format, once the opinion about essential items in the extended format was provided by each member. As a first approach, it was decided to consider the construction of the reduced format from those items stated as essential by at least four countries.

This work gave rise to a first draft version of the reduced format. In 2005, inconsistencies within the format and with the extended format were analyzed and removed. Some lines, which were not deemed as essential separately, but in aggregate, were merged up as well. With the final version of the reduced format, the IFRS Foundation extended the IFRS-GP Taxonomy 2005, creating the so-called CBSO-RF taxonomy, which exactly suited the reduced format. Since 2006 the ERICA WG has updated every year extended and ERICA formats, taking into consideration four different sources: feedback received from ERICA WG's members during the year, the analysis on the data contained in the real cases, the IFRS Taxonomy, and new IFRS and IFRIC issued.

Moreover, the information in the ERICA format is replicated in the ERICA+ dataset and it is the basis for further work carried out by the ERICA WG regarding the ERICA dataset.

A brief summary of the content of the ERICA format is listed below:

- **General characteristics:** most of the information about general characteristics of the entity continues to be required in the ERICA format. In 2007, information about accounting options allowed by IFRS was incorporated.
- **Income statement by function and by nature:** these statements were largely summarized as a significant number of lines were not essential to the members of the ERICA WG. These deletions mainly comprised breakdowns of operating expenses, finance costs, finance income, depreciation and amortization, and impairment losses.
- **Comprehensive income:** the amounts used to be reported in this statement before tax but in 2010 it was changed to net of tax, as allowed by IAS 1.91. However, the ERICA WG decided from 2011 onwards to require all the amounts as presented by the reporting entity. The option followed by the entity must be disclosed in Information of accounting options allowed by IFRS (general characteristics). Following amendments to IAS 1, that became effective from July 2012, the Other Comprehensive Income should distinguish other comprehensive income that will not be reclassified from those that will be reclassified.

The following breakdown is required:

- Gains (losses) on revaluation
- Remeasurements on defined benefit plans
- Share of other comprehensive income of associates and joint ventures accounted for using the equity method (those amounts that will not be reclassified/ those that will be reclassified)
- Exchange differences on translation
- Available-for sale financial assets
- Cash-flow hedges
- Gains (losses) from hedges of net investments in foreign operations
- Remaining Other Comprehensive Income (those amounts that will not be reclassified/ those that will be reclassified)
- Income tax relating to other comprehensive income (those amounts that will not be reclassified/ those that will be reclassified).

Available-for-sale financial assets and Cash-flow hedges comprise additional breakdowns.

· **Assets:** some “of which” lines requiring additional information have been deleted, maintaining following breakdowns:

- Property, plant and equipment.
- Intangible assets and goodwill.
- Biological assets
- Investment in related parties.
- Other financial assets, non-current and current.
- Remaining assets, non-current and current.
- Deferred/ Current tax assets.

· **Equity and liabilities:** in the same way the ERICA WG proceeded with the assets, several disclosures were deleted. Lines requiring breakdowns are the following:

- Retained earnings.
- Other reserves
- Interest-bearing borrowings, non-current and current.
- Deferred income, non-current and current.
- Other non-interest-bearing liabilities, non-current and current

Also, additional disclosure related to dividends is required in the format.

· **Cash flow statement:** main headings appear in the format. Breakdowns in this statement relate to:

- Discontinued operations
- Dividends and interests paid and received in all main headings (operating, investing and financing activities) as from 2015 dataset
- Additional details from financing cash flows as from 2016 dataset
- Additional details from investing cash flows as from 2017 dataset

· **Notes:** the mentioned points of the format expressed the main information that is always available for ERICA. The Notes contain all the additional disclosure needed for ERICA+ analysis. It comprises following requirements:

- Description of revenue by activities
- Amount of interest capitalised
- Reasons of recalculated data
- Opinion of the auditor and other identification information.
- Description of variation of revenue by reasons
- Additional disclosures of General Characteristics and Employment
- Gross amount of defined benefit obligation
- Information on future operating lease payments and annual rent expense
- Non-recurrent gains and losses included in EBIT (as from 2017 dataset)

· **Controls:** Since 2010, some match and logic controls have been added in order to facilitate and check the information manually compiled of the real financial statements of European quoted groups.

II.3. STANDARD SME FORMAT

The IFRS SME follows the same structure of the extended format as it devotes its first pages to disclosing qualitative information about the reporting entity (name, identification data, legal form, employment⁵,...) as well as about the options allowed by IFRS SME, the business combinations and disposals in the accounting period, and the consolidated group (number of subsidiaries, associates and joint ventures, and other amounts arisen from investments in associates and joint ventures accounted for using the equity method).

According to IFRS SME, entities are allowed to present an income statement by function or by nature, as in full IFRS. The IFRS SME format has defined, therefore, two income statements, which are quite similar to the ones in the ERICA format. The income statement by function contains some additional disclosures by nature, referred to employee expenses and impairment losses. Moreover, the statement of retained earnings (which must be presented instead of the statement of changes in equity by those entities having no other movements in equity than in retained earnings) appears after both income statements.

Balance sheet is quite similar to the one in the ERICA format too. The main differences between them are:

- Financial assets are broken down by nature in the IFRS SME format, using the categories already defined in the extended format.
- The lines for hedging assets and liabilities in the ERICA format were removed and these amounts must be reported within remaining assets and liabilities.
- Investments in associates and investments in jointly controlled entities are separately disclosed in the IFRS SME format.
- Two lines were added for the disclosure of other financial liabilities.

Regarding the statement of changes in equity, it separately discloses information about errors and changes in accounting policies, as the extended, not the ERICA, format does. Besides, three lines specific for the IFRS SME format were created as well, in order to comply with the structure defined by Section 6 of IFRS SME.

Components of the statement of comprehensive income are the same in full IFRS and in IFRS SME, except the category of available-for-sale financial assets, not considered in IFRS SME.

Under IFRS SME, entities are allowed to report the statement of cash flows using the direct or the indirect method. Consequently, both statements were defined in the IFRS SME format. Although the three main headings of the statements are kept (operating, investing and financing activities), there are several lines which are exclusive of the IFRS SME format. What is more, regarding their number of lines,

⁵ Similar to full IFRS, no information about employment is required by IFRS SME.

it can be stated that the statements of cash flows are not as short as the ones in the ERICA format and not as detailed as the ones in the extended format.

The IFRS SME format contains a number of notes, extending the information in the main financial statements. A brief description of each note is provided below:

- Property, plant and equipment note: together with a reconciliation of the line items in balance sheet, information regarding commitments and property, plant and equipment pledged as securities is required.
- Investment property note: a reconciliation of the main components of investment property, as well as an explanation of the determination of fair value, is included in this note.
- Intangible assets note: main movements in the components of intangible assets are disclosed in this note, with additional information on commitments, intangible assets pledged as securities and intangible assets acquired by means of government grants.
- Biological assets note: the reconciliation of the amounts recognized in balance sheet is accompanied by an explanation of the calculation of fair value and the reasons why fair value cannot be reliably measured.
- Current assets note: some further breakdowns of inventories, amounts arisen from construction contracts, and cash and cash equivalents are required in this note.
- Leases note: this note, not found either in the extended format nor in the ERICA format, contains information about payments, incomes and other amounts arisen from operating and finance leases.
- Financial instruments note: divided in two pages, it discloses financial assets by nature, income, expenses, gains and losses from financial assets, the methods and assumptions used in the determination of fair value, and information on derecognized financial assets, collateral, defaults and breaches, and hedging operations.
- Provisions and grants note: it includes reconciliation by classes of provisions, and information on contingent assets and liabilities and government grants recognized during the period as income and as liabilities.
- Equity note: this note is devoted to describing movements in the number of shares, the different classes of shares and other information regarding shares, such as their par value or the number of treasury shares held.
- Defined benefit note: the main disclosures required by IFRS SME concerning defined benefit post-employment plans are contained within this note.
- Share-based payment plans note: although expected to rarely occur in SME, a note for these plans has been created in the IFRS SME format, containing qualitative information on share-based payment arrangements, the transactions developed during the period and the amounts recognized in balance sheet and in income statement.

- Tax note: this note considers the disclosures for income taxes, such as a breakdown of recognized deferred tax assets and liabilities, movements in deferred taxes and valuation allowances, and components of income tax expense.
- Related parties note: amounts held with related parties are required for the main categories of assets, liabilities, income and expenses, using the four categories of related parties defined by IFRS SME, which are different from those in full IFRS.
- Major disposal of assets note: it shows the information required by IFRS SME when an entity has some assets held for sale under a sale agreement for a major disposal.

A comprehensive revision of the IFRS SME was carried out by the end of 2015 (complete review: 2015 Amendments to IFRS for SME (effective 1st January 2017 with early application permitted)). The ERICA WG has not updated its SME format issued in 2010 and has decided not to update it in accordance to the amendments of IFRS SME. Those interested in the last version of IFRS for SME should check it on IFRS Foundation website⁶.

In 2010 it was included further information about the comparison of the IFRS SME format with the other formats of the ERICA WG. Please, refer to point II.3. (Standard SME format) of 2010 version of the document 4, to obtain more information.

⁶ <http://www.ifrs.org/IFRS-for-SMEs/Pages/IFRS-for-SMEs.aspx>

III. CHANGES IN ECCBSO FORMATS

As mentioned before, the Standard SME format has not been updated. Amendments included in ERICA and extended formats are presented below.

III.1. CHANGES IN ERICA FORMAT (2018 VERSION (2017 DATASET))

The ERICA format has benefited from some minor but relevant changes in order to update and continue deepening in future ERICA analysis:

- Ø In the statement of cash flows, elements have been added to collect information on the level and kind of investments made by the groups:
 - 1. (-) Payments for investments (cc_820)
 - 1.1. (-) Acquisitions of intangible and tangible assets (incl. investment properties) (cc_8200)
 - 1.2. (-) Acquisitions of financial assets (cc_8202)
 - § Of which, (-) acquisitions of subsidiaries and joint ventures (cc_8203)
 - 2. (-) Divestment receipts (cc_821)
 - 2.1. (-) Sales of intangible and tangible assets (incl. investment properties) (cc_8210)
 - 2.2. (-) Sales of financial assets (cc_8212)
 - § Of which, (-) sales of subsidiaries and joint ventures (cc_8213)

The element *Other cash flows from (used in) investing activities* (cc_842) summarizes all remaining investing cash flows.

- Ø Also, in the statement of cash flows, the wording of *Issue of shares* (cc_841) has been changed into *Capital increase* to broaden the concept.
- Ø Update of “Reason of recalculated data”:
 - 1. Change in accounting policy resulting from:
 - 1.1. Financial Instruments (IFRS 9) (G02112)
 - 1.2. Revenue from contracts with customers (IFRS 15) (G02115)
 - 1.3. Share based payment transactions (IFRS 2) (G02119)
 - 1.4. Deferred tax assets (G02121)
 - 1.5. Leases (IFRS 16) (G02123)
 - 1.6. Investment property (IAS 40) (G02124)
 - 1.7. Investment in associates and joint ventures) (IAS 28) (G02125)
- Ø In order to be able to analyse the impact of non-recurrent items in the income statement, following information was added in the Notes
 - 1. Are there non-recurrent effects affecting EBIT? Yes / no / no information (cc_3200)
 - 1.1. Amount of non-recurrent gain affecting EBIT (cc_3201)
 - 1.2. (-) Amount of non-recurrent loss affecting EBIT (cc_3202)

III.2. CHANGES IN EXTENDED FORMAT

No relevant standards for non-financial entities were published during 2017. Therefore, the changes in the format only refer to considerations according to the ERICA format.

IV. CONCLUSIONS

The work carried out by the ERICA WG in the definition of an IFRS-based common format was achieved after long discussions between 2003 and 2005, implying an important workload. However, as IFRS are not stable in time and new standards, interpretations and amendments are constantly being issued, the ERICA WG decided to annually review its formats, in order to adapt them to new IFRS, as well as to take into consideration feedback received from ERICA WG members.

From the changes identified in this document, it can be stated that new standards, new interpretations and amendments will not significantly impact the formats and the work with 2017 real cases.

Besides, most of the changes to the formats, especially to the ERICA one, produced during the last revisions to the formats do not arise from the issue of new standards by IASB but are mainly the outcome of the feedback received during the year, the special analysis of the quality of the data collected in the work with real cases and the ongoing analysis developed by the Working Group, what points out that they are useful tool as they provide valuable feedback on the IFRS-based information contained in financial statements of European groups. On this purpose, the process of revision of the formats can be considered as a necessary enhancement of the formats.

APPENDIX 1. IFRS ISSUED IN 2017

Standards, interpretations and amendments issued by IASB in 2017 and considered in the revision of the formats are listed below:

May 2017	IFRS 17 Insurance Contracts
June 2017	IFRIC 23 Uncertainty over Income Tax Treatments
September 2017	IFRS Practice Statement 2 Making Materiality Judgements
October 2017	Amendments to IFRS 9 Financial Instruments
October 2017	Amendments to IAS 28 Investments in Associates and Joint Ventures
December 2017	Annual Improvements to IFRS Standards 2015–2017 Cycle

ANNEX 1. STANDARD EXTENDED FORMAT

ANNEX 2. STANDARD ERICA FORMAT

ANNEX 3. STANDARD SME FORMAT

ANNEX 4. METHODOLOGICAL NOTE OF THE ERICA FORMAT

ANNEX 5. 2016 SUMMARY STATISTICAL DATA

Please note that annexes 1 to 5 are presented in separate documents.