

# Structured digital reporting – 2024/25 insights

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Annual Reports and Accounts underpin investor and broader stakeholder confidence in UK companies, helping to attract capital and investment that supports UK economic growth. Digitisation of company reporting has made it easier to access data to support investing and lending decisions and improve market effectiveness. Since 2021, certain companies admitted to trading on UK regulated markets, such as the London Stock Exchange (LSE), have been required to produce their annual financial report in a structured digital format (called iXBRL) under [FCA rules](#) enabling that information to be machine-readable. The Digital Annual Report is therefore now a critical component of the reporting environment.

The aim of the review is to enhance the quality and accessibility of financial reports through recommendations based on the findings gathered during the process. The review focuses on improving the quality of financial reports and making them more accessible.

Our review is based on a market wide analysis of digital reporting using analysis tools developed by the FRC as part of the [CODEx project](#) and detailed assessment of 25 annual reports filed to the FCA's [National Storage Mechanism](#) during 2024. The review was supported by the FCA's Primary Market Oversight and Listing Transactions Departments within the Market Oversight Directorate. The FCA performs filing checks (including file extensions and file format) at the NSM gateway (National Storage Mechanism), and the selection was performed on those files that had passed this initial validation.

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# Summary of findings

We are pleased to see that a number of basic errors and issues previously observed by the FRC in its 2022 and [2023 reviews](#) have been resolved. However there remain a number of quality issues in more complex areas or where focus by specific companies and management teams would be valuable. Key issues include:

## Summary

1. **Use of Custom Extensions** - Custom tags/ extensions are often being created when not necessary.
2. **Anchoring of Extension Taxonomy** - Where extensions are used it is common for them to not be anchored correctly.
3. **Accounting Meaning** - There are cases where the accounting meaning of the tags does not correspond to the facts reported or do not reflect the correct standard.
4. **Incorrect Sign or Scale** - There are cases where amounts are reported with the incorrect sign or scale.
5. **Missing Tags and Granularity** - There are many cases where some 'mandatory' tags such as 'Principal place of business' or 'Domicile of entity' are not included or where the relevant level of granularity has not been applied.
6. **Design and Usability** - Design issues can still be a challenge for some filers. Many companies are also failing to put the file on their website or limit its value by delaying publication or not providing the tags in a viewable format.

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## 1. Use of Custom Extensions

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### What is the issue?

The IFRS (International Financial Reporting Standards) taxonomy is designed to mirror accounting standards and therefore it provides relevant tags for most typical disclosures that companies make. However, to support the fullest level of tagging, the taxonomy also allows preparers to create their own custom tags to represent items which are different from that expressed in the IFRS standard. These are called 'extensions'. The level of extensions is falling (with approximately 14% of tags across the FTSE 100 being extensions, down from 15% in 2023) but we still observed many preparers creating extensions when it appeared to be adequately represented by a current IFRS tag.

Cashflow statement	2024 \$m	2023 \$m
<b>Cash flow from investing activities</b>		
Interest received	45	41
Dividends received from R36	20	9
Proceeds on disposal of businesses	33	44
<b>Total</b>	<b>98</b>	<b>94</b>

**Fact Properties**

**Concept**

- EXR-Dividends Received From R36

**Example:** In this illustration a company created an extension to exactly match their item but the IFRS standard tag for Dividends Received could have been used.

Figure 1: Illustration providing an example of unnecessary custom extension use

## Why is it important?

Extensions create issues for those trying to analyse annual report data. At best they require an additional level of assessment to consider the purpose and nature of the extended data, at worst they are simply left out of analysis.

## What can you do?

During the financial statements tagging process, companies may want to consider if an extension is needed. [The FRC's Extension flow chart](#) can assist preparers.

## 2. Anchoring of Extension Taxonomy

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## What is the issue?

When preparers create extensions, in most circumstances, they also need to provide anchors back to the IFRS taxonomy. Anchors connect the extension to an IFRS concept and therefore support users in understanding the nature of the extension.

<b>Figure 2: Example of a extension with its wider and narrower anchors</b>			
<b>Wider Anchor</b>	<b>Extension</b>	<b>Narrower Anchors</b>	<b>Narrower Anchors</b>
(ifrs-full) non-current liabilities	(EXT) Medium-term provisions and other related liabilities	(ifrs-full) non-current provisions	(ifrs-full) Other non-current liabilities

## Wider Anchor Extension Narrower Anchors

However, we noted inconsistencies in the application of anchoring. For example, narrower extension elements not being anchored to the wider base taxonomy element, or the 'type attribute' value of an extension concept often not reflecting the type of information marked up in the iXBRL document. For example, an item from the Statement of comprehensive income may be erroneously anchored to a Statement of financial position concept.

## Why is it important?

Proper anchoring of extension taxonomy elements is critical for linking meaningful additional information to the line item being tagged. Inaccurate anchoring can make it difficult for users to analyse the information as it is unclear what IFRS item it should be compared against across a peer group.

## What can you do?

- Refer to the FRC and FCA guidance, and the [ESEF\(European Single Electronic Format\) Reporting Manual's](#) guidelines for proper anchoring of extension elements.
  - Consider if the 'type attribute' value of an extension concept accurately reflects the type of information marked up in the Inline XBRL document.
  - Review the narrower extension elements in the company's tagged file (using a viewer) consider if they are correctly anchored, is anything missing?
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## 3. Accounting Meaning

### In this section:

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### What is the issue?

Ensuring accurate reporting of assets, equity, liabilities, revenue, expenses, and cash flows is fundamental to a quality annual report. Tagging requires preparers to apply XBRL tags on top of the disclosures already provided within the financial statements. Taxonomies often provide multiple tags that sound similar or look like they may be relevant to an individual item, when they are not. We observed examples where the accounting meaning of the tag used did not match the accounting meaning of the disclosure, for example, a retailer erroneously used tags from IFRS 6 (a standard focussed on the extractive industry) rather than similarly named tags in a more relevant standard. We also noted examples of preparers tagging an item from the holding company's individual accounts (e.g. Cash Flow Statement) as the Group consolidated figure.

### Why is it important?

Correct tagging and reporting are essential to maintain transparency and compliance. Misreporting can lead to significant discrepancies in how financial statements are analysed.

### What can you do?

- Take time when selecting or reviewing tags to ensure that all disclosures correspond to the relevant elements.
- It can be helpful to look at the documentation label and IAS (International Accounting Standard) reference as these provide details of the tag's purpose and link

back to the original standard.

- Particular attention might be needed where new accounting standards have been adopted to ensure that tags from the older standard have not been rolled forward.

For example, for the Other Current Non-Financial Assets concept, review the following documentation label and IAS reference to ensure that it matches the accounting meaning of what is being tagged:

Figure 3: Example of IAS Reference

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## 4. Incorrect Sign or Scale

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### What is the issue?

XBRL tags do not necessarily follow the logic of the human readable table in which they are presented. Often each tagged line item should be allocated appropriate signage and balance attributes. Signage refers to the sign, i.e. either positive or negative, appropriate to the numeric value being presented. Balance attribute specifies whether the financial

concept is a debit or credit. Together they help to explain whether a value represents a gain or a loss, an asset or a liability. Preparers (or their tagging agent) can find this process difficult, and mistakes can occur.

Our review identified several preparers where issues had occurred, particularly when the scale changes on the same page of the financial statements (e.g. Earnings Per Share which typically is expressed in pence but sits within an overall page expressed in £s).

Figure 4: Illustration of a scale error

## Why is it important?

Accurate assignment of signage, balance, and scale attributes is crucial for the understanding of users of financial reporting. Incorrect attributes can lead to significant errors in financial statements, affecting the reliability of the data presented.

## What can you do?

- Before starting the company's tagging process for the year, review the previous accounts. You can look at last year's annual report through the [UK iXBRL viewer](#) to identify any issues or errors that occurred that you want to avoid.
- Take time to verify that scale, signage and balance match those in the financial statements. Particular attention can be given in situations where numbers are usually expected to be positive/negative but due to circumstances or structure are different (e.g. Tax paid from the Cash Flow Statement will be tagged as a positive number even though it is presented in brackets).
- It is useful to look at the calculations (in a viewer or tagging tool) to check that the tagged data matches the reported table.

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## 5. Missing Tags and Granularity

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### What is the issue?

XBRL tagging of annual reports under the FCA's rules exists at two levels, detailed tagging of the numbers in the primary financial statements and block tagging of the notes to the accounts. Block tagging involves using a single tag to cover a section or paragraph related to a specific topic, policy or requirement. Tagging of the notes can be difficult as a single paragraph can contain information that relates to several topics. Whilst the requirements include a list of 'mandatory' items for block tagging this is an area where preparers need to apply judgement.

During our review we noted that preparers often fail to use appropriate block tags for larger material pieces of information which are highly relevant to users. We also noted a lack of consistency across reporting periods. For example, a note about a restatement (which was material to the results) was included within an overall accounting policy tag rather than being tagged separately.

Figure 5: Illustration of a granular block tagging

## Why is it important?

Using appropriate block tags and ensuring granularity in tagging are essential for accurate and comprehensive financial reporting. Missing tags and lack of granularity makes it difficult for investors to find the relevant information about a topic.

## What can you do?

- Use appropriate block tags for larger pieces of information to ensure comprehensive coverage.
- Maintain consistency across reporting periods to enhance comparability and reliability.
- Use an investor lens to ensure granularity in tagging material information provides detailed and accurate disclosures.

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## 6. Design and Usability

**In this section:**

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## What is the issue?

Preparers spend significant resource to ensure that the printed / PDF annual report is of high quality, and this same level of attention is not always flowing through to the digital annual report which for FCA purposes is the official report of record.

Our review noted some design issues with digital annual reports. For example, sometimes:

- only partial text was captured, such as note numbers for disclosures to the accounts as part of Notes and Mandatory Items.
- the text content of tagged facts did not always follow the same order as the human-readable report.
- continuation elements (where tagged notes are split across pages) were out of sequence.
- some HTML elements (like icons) did not render correctly creating readability issues.
- preparers did not always have their digital annual report files available on their websites at all, whilst others did not include a file with an embedded viewer or placed it on the website (reducing usability).
- the digital annual report was not available on the company's website in a timely manner or had a significant gap between the PDF and digital versions, limiting the value of the annual report.

## Why is it important?

Design and accessibility issues can significantly impact the usability and readability of financial reports. Incomplete or improperly ordered text can lead to misunderstandings and misinterpretations of the financial data. Ensuring that the HTML layer is correctly designed and accessible is crucial for maintaining the integrity and transparency of financial reporting.

## What can you do?

- Build in a process of review. Even if production is outsourced to a third-party it is still essential for preparers to review their own digital annual report. Many of the errors we identified could have been picked up with a simple review of the file in a browser or viewer.
- When reviewing ensure that the HTML layer of the digital annual report is designed to capture all necessary text completely and accurately.
- Consider if the text content of tagged facts follows the same order as the human-readable report and that continuation elements are correctly sequenced.

- Look at the how tagged text looks in the human readable report and, in a viewer, to ensure that the tagged narrative (when extracted) conveys the same meaning as the original.
  - Maximise the value of your report making it available on your website with a viewer to ensure investors can easily access the report and utilise the data within.
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## What is next

### In this section:

- [Focusing on Quality](#)
- [Further strengthening the reporting ecosystem](#)

## Focusing on Quality

Decisions are only as good as the data used to make the decision. To support better quality data the FRC are now further enhancing our review of digital reporting by carrying out a sample of reviews alongside the FRC's normal monitoring of annual reports. Where issues and errors in the tagging are identified the FRC may write directly to those preparers. This work will further drive quality improvements in the sector and support better data for decision making.

## Further strengthening the reporting ecosystem

In 2023 the FRC conducted a survey with institutional investors to better understand their use of digital annual report data and any barriers that they faced. That survey showed that around a third already were using the company XBRL data and that more of the market would use it if tools were available to support its use. Responding to the market need the FRC recently launched a public viewer tool that supports the use of the XBRL data across both listed and private companies. This UK iXBRL viewer provides investors, finance providers and the public a fast and free way to find, use and consider the XBRL data, creating opportunities for businesses and investors to make more informed decisions about their operations and investments.

⇒ [Find out more about the viewer](#)

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