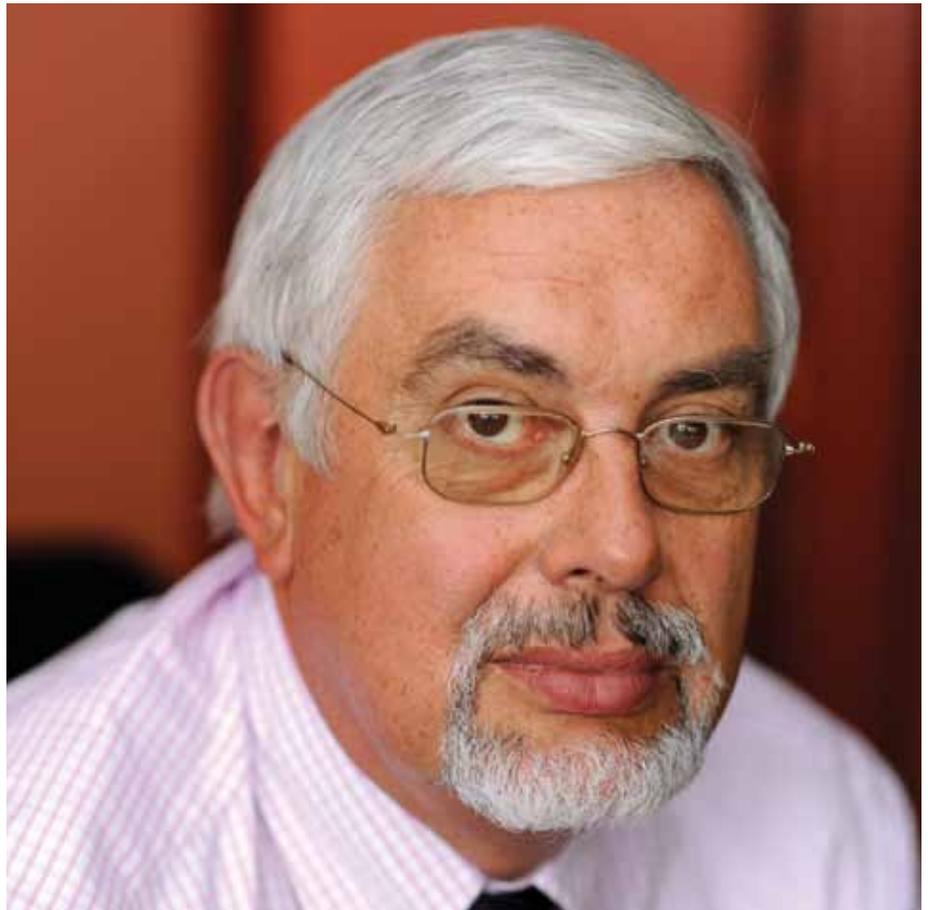


XBRL AND THE BELGIAN “BUILDING BLOCKS” APPROACH

Rather than starting from a global approach to implement XBRL for financial reporting, Belgian regulators have opted for a more progressive method: ‘The building blocks’ approach, with success!

Life Before XBRL

Electronic financial reporting in Belgium is a long story. Since 1993, companies required to draw up standardized annual accounts were able to make the choice between filing their accounts on paper or on floppy disk as a structured file. The speeding up of the process was based on the will of the Belgian authorities to reduce the administrative burden and supported by companies as well as citizens. In 2001, the National Bank of Belgium (NBB) brought its first contribution to the ‘e-government’ project, allowing public agencies to access electronically the annual accounts filed by companies. Since 2003, companies having to complete a

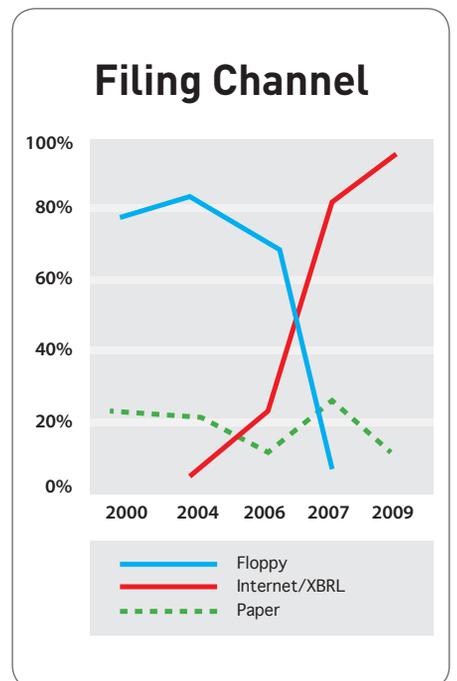


By **Luc Dufresne**,
Advisor to the Board of Directors, National Bank of Belgium, Chair XBRL Belgium

statistical business survey are allowed to join their declaration to their annual accounts, eliminating from the survey the information already mentioned in the annual accounts.

XBRL as a Triple Big Bang

The success of XBRL in Belgium for the regulatory reporting of unlisted, non-financial companies resides in its progressive, but “no turning back” approach. XBRL has been introduced in phases: the first phase concerned the filing of annual accounts of the non financial Belgian companies; the second, the statistical business survey and the third, the corporate tax return. It has also been decided to proceed by a “Big Bang”, moving overnight to XBRL. For the annual



accounts, it was in April 2007, for the National Institute for Statistics, it was in October 2009 and the transition for the Tax Department is foreseen in 2011. The first Big Bang for the annual accounts was preceded by an important information

The filing of annual accounts in some figures

- More than **300,000 companies** are filing annual accounts
- Around **350,000 annual accounts** are received each year
- **More than 96%** of annual accounts are filed in **XBRL**
- A freeware application is used by 27% of companies for establishing their annual accounts
- Annual accounts are available 2 days after their submission
- **Rejection rate** decreased from 5.2% in 2005 to **0.75%** in 2008
- One month after their submission, **80%** of the annual accounts receive a **quality label**, allowing them to integrate the statistical surveys, up from 69% in 2005

Returns for companies

- XBRL is not only used to gather the data from companies to the regulator.
- Since the spring 2010, the XBRL instances are available for free on the NBB website together with the official copy in PDF format. This information is very popular with the business world: at the beginning, in 2008, there were about 400 consultations a day. Now, the website receives about 12,000 visits each day.
- But although the NBB put the information at disposal for the public, no additional tool is provided in order to analyze the data. This is considered to be the role of commercial offices.

campaign to communicate with end users, principally, the accountants and auditors; in all, 41 road shows were organized around the country, meeting more than 5,000 participants.

A 'Win-Win' Success Story

The success of the first XBRL application was a *sine qua non* condition for the continuation of the project. New functionalities and their user-friendly character appealed to the users, and the new system immediately met unforeseen success. At the same time, filing fees for companies using XBRL have also been reduced by 35% for small and medium companies. Benefits are important, as well, for those companies that have to file their annual accounts per NBB mandates to collect information.

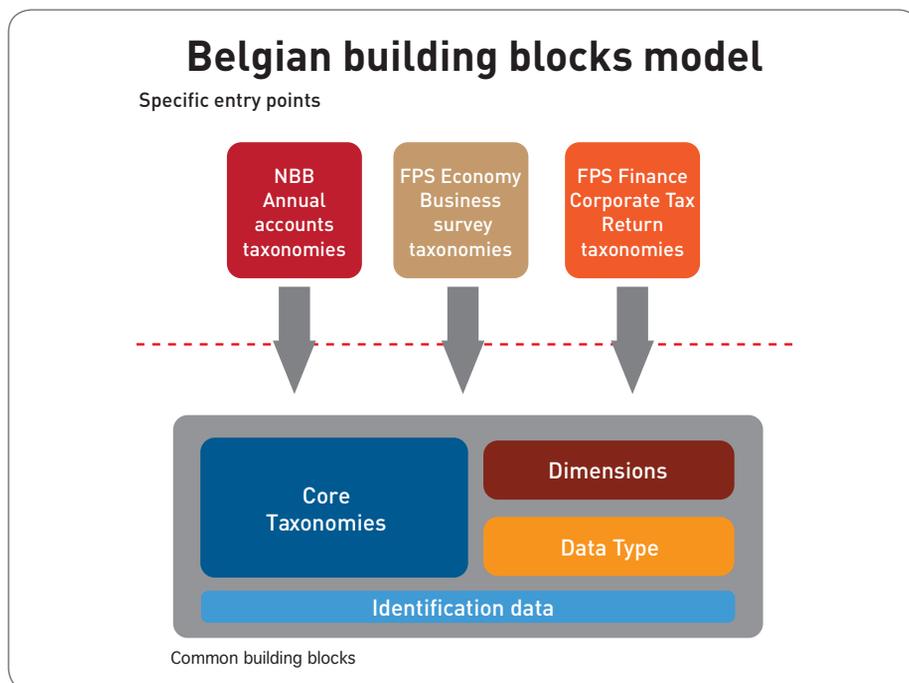
For companies – A study performed by KPMG on behalf of the Agency for the Administrative Simplification, published in 2008, comes to the conclusion that the total yearly administrative burden reduction for

companies, including the reduction of filing fees and the internal cost to prepare and to file annual accounts, comes to 17.3 million EUR.

For the NBB – The use of XBRL allowed the NBB to strongly reduce the maintenance costs and elapsed time when changes in business rules have to be implemented. The validation performed before the submission of an instance led to an increase in data quality, allowing a faster availability of aggregated data to the public.

Building Blocks Model

Continuously keeping in mind the reduction of administrative burden, the regulators involved in the XBRL process for non-financial companies used the “building blocks” method consisting of reusing existing taxonomies. This approach focuses on common building blocks (identification data, data types, etc.) exploited by specific entry points related to their respective applications from the different regulators.



Finrep – Corep Project

- In 2005, the Committee of European Banking Supervisors (CEBS) published a harmonized framework for prudential (COREP) and financial (FINREP) reporting, answering the need for convergence under the future EU capital requirements regime.
- The NBB and the Banking, Finance and Insurance Commission (CBFA) have been strongly involved since the beginning in European projects, both on a conceptual and on an XBRL technical level, specifically participating in the definition of the XBRL taxonomies.
- The NBB and the CBFA have mandated XBRL for Basle II, Pillar I (COREP) and Pillar II reporting starting in January 2008.
- FINREP reports filed since the 3rd quarter of 2007 with a quarterly frequency.



Added Value of this Approach

Discussions about common modules created opportunities for cooperation between regulators, but also between technical experts and business specialists. This cooperation and the need to define a common basis led to an increase of the coherence of all

the modules. For example, structural changes have been brought to the taxonomy for annual accounts, in order to allow the taxonomy for corporate tax to reuse the identification module.

Each entry point is owned by a regulator, but the common blocks are

currently maintained by the NBB. The objective in the future is to convince all regulators to maintain their own information. Recently, a Taxonomy Recognition Working Group has been created to assure the consistency of all public Belgian taxonomies.

From Annual Account to Corporate Tax Return

The statistical business survey

From 1996 on, about 20,000 companies have filled out an annual survey giving information about their activity, employment and investments realized during the previous year. This information is used in the process of establishing the National Accounts and is very useful for the implementation of economic policies at a European, national and also regional level. The new online application of the

“Other regulators, convinced by the potential added value of XBRL in the field of administrative simplification, have decided to implement XBRL for their reporting requirements, applying the “asking only once” principle.”



National Institute for Statistics provides companies with forms already containing data coming from annual accounts. Only the specific information not available in the annual accounts is to be recorded by the company. Launched in October 2009, the first figures indicate that this project is successful.

Corporate tax return

Another important XBRL project concerns the corporate tax return. The first phase of the project, already running, consists in sending the submitted annual accounts directly from the Central Balance Sheet Office (NBB) to the Ministry of Finance, instead of asking companies to attach a copy of their annual accounts to their tax declaration, thereby respecting the “asking only once” principle. The second phase,

operational starting in 2011, will provide companies with an online application to fill in their corporate tax declaration.

Conclusion

The success of the applications, which are already operational, reinforces the conclusion that XBRL was a good choice. Driven by the NBB, XBRL has been acting as a catalyst, speeding up the synergies between regulators. The Belgian authorities clearly made the choice of instruments, generally considered as best practices in administrative simplification, like the application of the “only-once” principle, or the collection of information and communication technologies, such as the Internet and the XBRL technology. Combining the Internet and XBRL has demonstrated that it is

possible to follow the “ask only once” principle and to retain benefits from detailed financial reporting, which is key for doing deep supervisory and risk analysis. ■

Contacts

XBRL-Belgium

Email xbrl.be@nbb.be

Tel +32 2 221 21 60

Fax +32 2 221 32 40

Filing of annual accounts

Email balanscentrale@nbb.be

Statistical Business Survey

http://statbel.fgov.be/fr/statistiques/collecte_donnees/enquetes/ese/index.jsp

Corporate tax return

http://minfin.fgov.be/vensoc/fr/vensoc/XBRL_FR.htm