Digitalised annual reports – a first step towards Standard Business Reporting (SBR) in Sweden

34th Voorburg Group Meeting in Paris

30th September – 4th October 2019

Poster Session

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Background

In 2016, The Swedish Companies Registration Office received an assignment from the Swedish government to develop a service to receive digital annual reports from enterprises. A digital reporting flow will facilitate the enterprises task of providing information to the authorities, as well as streamlining the information management of both the authorities and the business sector. The purpose is also to lay the foundation for a Swedish Standard Business Reporting program (SBR program). This assignment is carried out in cooperation between the Swedish Accounting Standards Board, the Swedish Tax Agency and Statistics Sweden, and in collaboration with the Swedish Financial Supervisory Authority and others.

In order to be able to re-use the information in the digital annual reports, the requirement is that all information in the report is structured in a common way. Therefore, taxonomies for Swedish digital annual reports, a common framework, has been developed to meet this requirement. The taxonomies is developed in cooperation between The Swedish Companies Registration Office, Statistics Sweden, The Swedish Tax Agency, and the Swedish Accounting Standards Board. Via the taxonomies, the content of the annual report, both textual and numeric, is structured in common concepts.

The first version of the service that receives digital annual reports opened in March 2018. Approximately 5 % of limited enterprises has chosen to file their annual report through this service. The amount of software that offers this function gradually increases. It is a maturation process for all parties involved; software manufacturers, the accounting industry and the enterprises that must find new digital processes in their work.

Statistics Sweden has chosen to invest a lot of time in participating in this governmental assignment, as we can see a great potential for using structured digital annual reports in the production of statistics. We see benefits from digital annual reports in primarily three areas with statistical purposes; reduced response burden, more efficient processes and increased quality. The staff at Statistics Sweden has gathered a lot of experience when it comes to reading large amounts of annual reports, and are therefore able to contribute to the work of structuring the taxonomy for annual reports. For example, the notes contain valuable information for statistical purposes, so the value of finding common structures for tagging the information is also great. Instead of having all notes handled as large text fields (block tags), we have tried to make it possible to tag as many concepts as possible.

Use of annual reports today

Statistics Sweden uses annual reports (mostly in pdf-format) as a complementary source to confirm data collected directly from enterprises. This source is used in manual validation activities during the process of micro and macro editing of collected data. Data quality is confirmed by reading the annual report and comparing the figures collected in questionnaires to the figures and ancillary information in the annual report.

As an NSI, we rely on detailed information to produce statistics both for the SBS – Structural Business Statistics, and for the National Accounts. Today Statistics Sweden uses administrative data collected by the Tax Agency as an appendix to the income tax return. In the appendix the enterprises states basic information regarding items in the income statement and balance sheet. Statistics Sweden augments the administrative data with data collected with questionnaires. Statistics Sweden also purchases data, available in the notes in the annual reports, from third party sources for use in augment with the administrative data from the Tax Agency. In the digital annual report there is more information we can use for statistical purposes than what is available in the tax appendix. This data is collected via questionnaires today, and if we can use information from digital annual reports instead, we can reduce the amount of information collected via questionnaires and altogether stop purchasing data from other sources.

In progress

Statistics Sweden receives all digital annual reports that are submitted to the Swedish Companies Registration Office. There is an ongoing process in setting up structures for storing and managing the structured information at Statistics Sweden. The aim is to facilitate the availability of information in the digital annual reports to various parts of the statistical production processes directly to the current systems.

The intention is to use the data from the digital annual reports more directly in the statistical processes. We see several different areas where this information can be useful, but to reach the full potential the digital annual reports has to be available for all enterprises. One requirement for this to happen is to make the transmission of digital annual reports to the Swedish Companies Registration Office mandatory for all enterprises. A mandatory might be in place in the mid-2020s, depending on legislative matters.

At this first stage, before the mandatory, Statistics Sweden can start to use data from the digital annual reports as background information in the editing process replacing the manual activity that is used today. In the next stage, we can replace model-based data with actual data from the digital annual reports. This leads to benefits such as reduced response burden through fewer variables and questionnaires, a more efficient editing process, and increased quality.

When the availability of digital annual reports are even greater, we can proceed to start replacing data collected directly from the enterprises and purchased data with structured data from the digital annual reports. The full potential is reached when all enterprises submits digital annual reports to the Swedish Companies Registration Office. We can then replace the administrative data from the Tax Agency and fully streamline the processes by starting to phase out old processes. This in turn provides the ability to produce statistics faster and with higher quality with less response burden. It will also be possible to develop new statistics based on information in the digital annual reports.

Further development

Over the last decades, Statistics Sweden has taken large steps in transforming the data collection from enterprises; from paper questionnaires via excel forms, to web forms. In all of these processes, data is transformed to a common digital format. In the next step, we want to enable an un-broken digital chain directly from the enterprises business systems (i.e. accounting, payroll) to the systems for statistical processing at the NSI, using machine-to-machine (M2M) solutions.

There is a great potential in the use of structured data, and an opportunity to re-use the concepts developed for the digital annual reports. These concepts can be re-used in statistical reports. Statistics Sweden have chosen to spend time on descriptions of these concepts in documentation texts, so these can be re-used for example in variable definitions for questions in questionnaires or in statistical taxonomies. Through re-use and coordination of the concepts and by applying the same standards for description and submission, software developers are encouraged to create standardised reports for statistical purposes. The needs for statistical purposes are described according to the same principles as for annual reports, via specific statistical taxonomies.

The process of developing statistical taxonomies at Statistics Sweden are underway, and the first drafts for annual and quarterly statistics linked to the corporate ledger are on review. Both concepts and processes for reporting are coordinated with the authorities involved in the development of taxonomies for annual reports. Statistics Sweden do not make its own definitions nor do we create other similar concepts to the same content. By re-using the common concepts in statistical reporting, we ensure that we express the need for information in the same way, making it clearer for the respondents.

The use of taxonomies for statistical purposes can help Statistics Sweden to complete the transition from paper questionnaires to an un-broken digital chain.