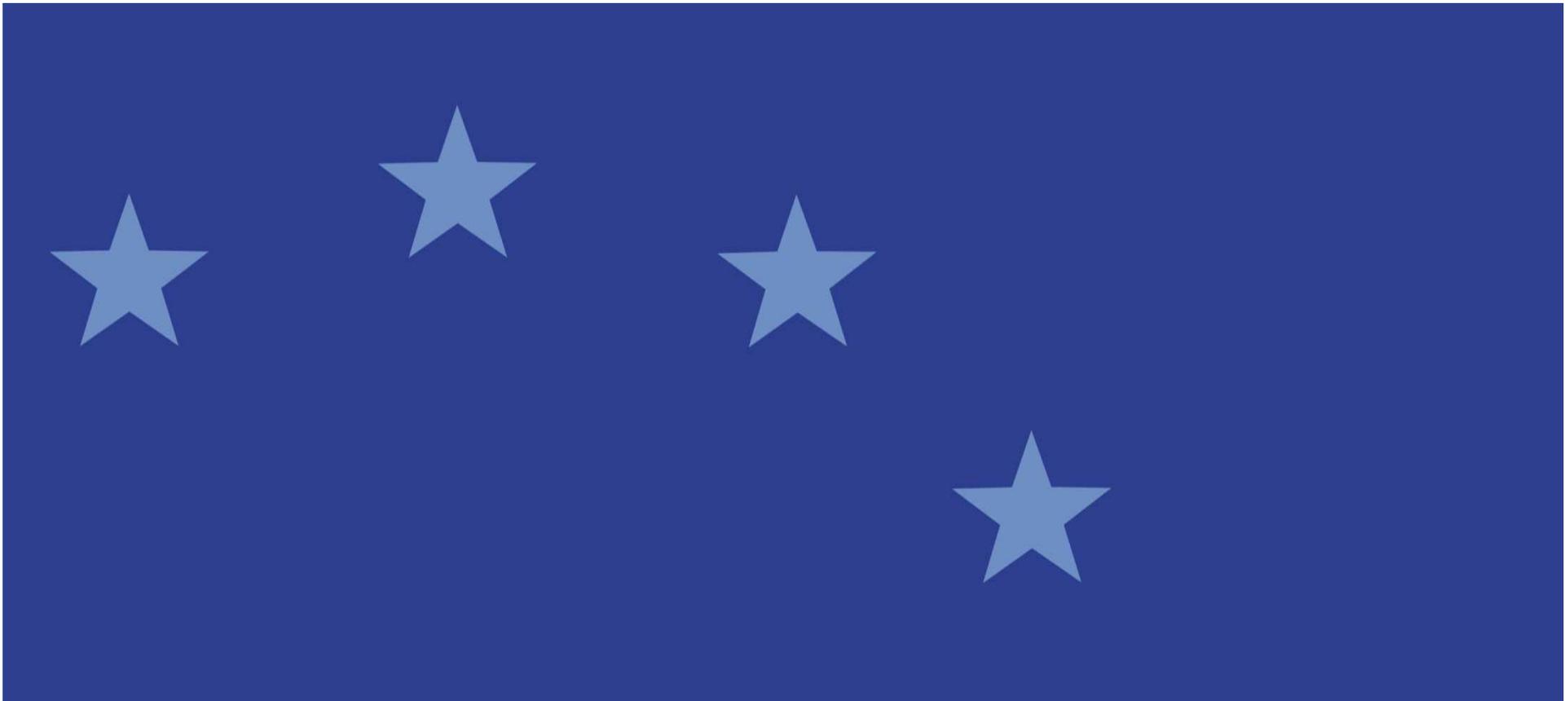


The European Single Electronic Format (ESEF)

Anna Sciortino





ESEF Mandate for ESMA

ESMA's mandate on the ESEF is contained in the revised Transparency Directive*

Article 4(7) states that

“ESMA shall develop draft regulatory technical standards to specify the electronic reporting format”

Recital (26) points out that:

*A **harmonised** electronic format [...] would*

- *make reporting **easier***
- *facilitate **accessibility,***

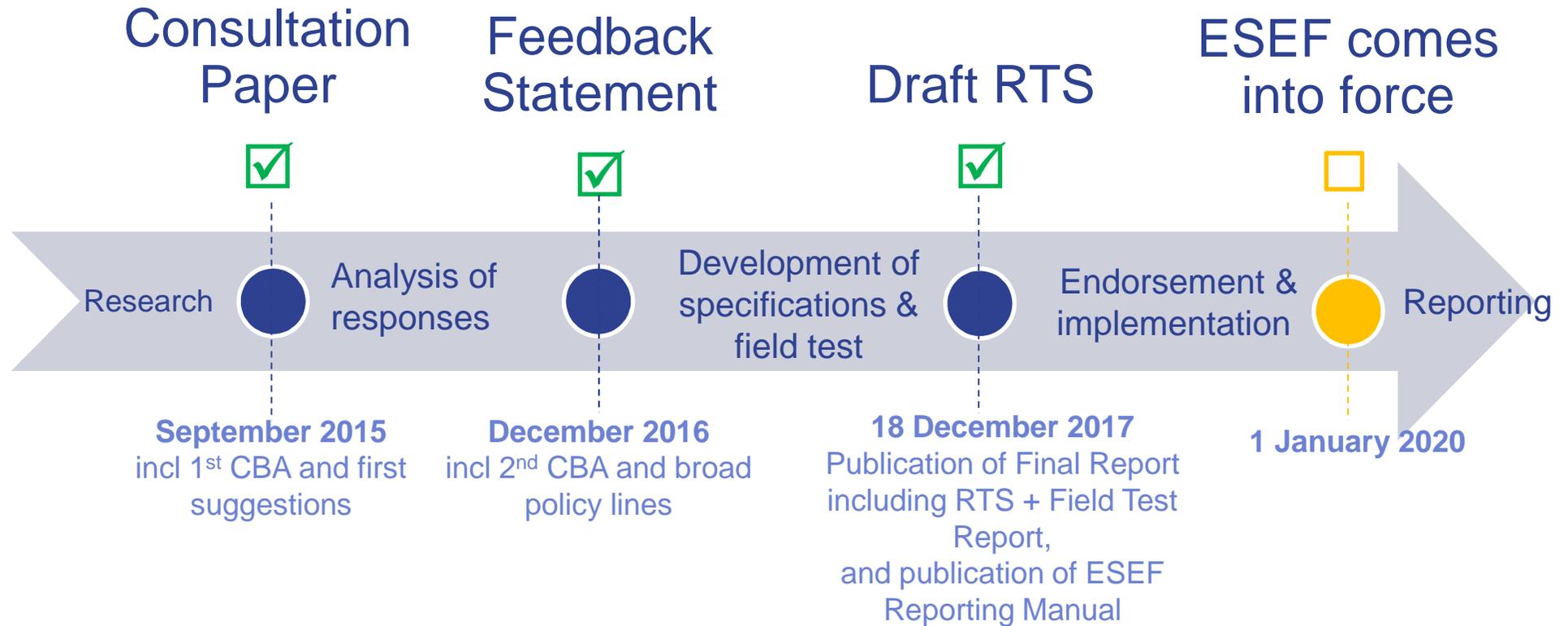
analysis

*and **comparability** of annual financial reports.*

*Directive 2004/109/EC as revised by Directive 2013/50/EU



An overview of the development process





Key requirements of the ESEF

- All annual financial reports have to be prepared in xHTML
- Annual financial reports containing consolidated IFRS financial statements need to be marked up using XBRL tags
- XBRL tags have to be embedded in the xHTML document using Inline XBRL
- The taxonomy to be used is the ESEF Taxonomy



What does an xHTML file look like

Financial statements

Consolidated Income Statement

Millions of euro

	Notes	2016	of which with related parties	2015	of which with related parties
Revenue					
Revenue from sales and services	7.a	68,604	4,550	73,076	5,583
Other revenue and income	7.b	1,988	20	2,582	314
	[Subtotal]	70,592		75,658	
Costs					
Electricity, gas and fuel purchases	8.a	32,039	6,603	37,644	7,089
Services and other materials	8.b	17,393	2,577	16,457	2,431
Personnel	8.c	4,637		5,313	
Depreciation, amortization and impairment losses	8.d	6,355		7,812	
Other operating expenses	8.e	2,783	312	2,654	54
Capitalized costs	8.f	(1,669)		(1,539)	
	[Subtotal]	61,538		68,141	
Net income(expense) from commodity contracts measured at fair value					
Operating income	9	(133)	29	168	(24)
Financial income from derivatives	10	1,884		2,456	
Other financial income	11	2,289	21	1,563	15
Financial expense from derivatives	10	2,821		1,505	

... like a standard web page



What do embedded XBRL tags look like

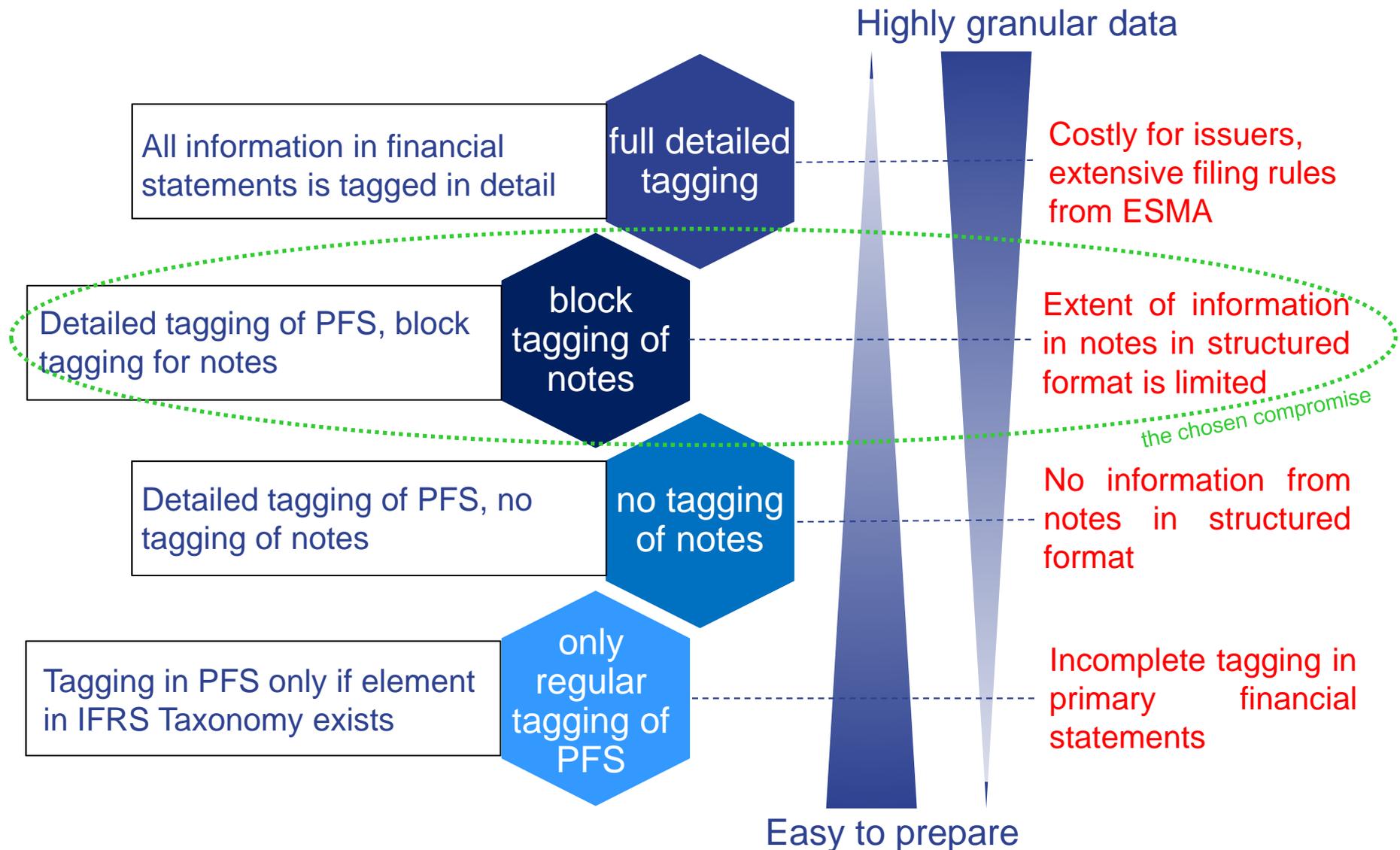
The screenshot shows a web browser window displaying a financial statement. The title is "Financial statements Consolidated Income Statement". The table below shows financial data for 2016. A red circle highlights the value "68,004" in the 2016 column for the "Revenue" row. A popup window titled "Inline XBRL" is open on the right, showing details for the selected tag: "ifrs-full:Revenue", with a value of "€ 68,604,000,000.00" and a period of "2016-01-01 to 2016-12-31".

Millions of euro	Notes	2016	of which with related parties
Revenue			
Revenue from sales and services	7.a	68,004	4,550
Other revenue and income	7.b	1,988	20
[Subtotal]		70,592	
Costs			
Electricity, gas and fuel purchases	8.a	32,039	6,603
Services and other materials	8.b	17,393	2,577
Personnel	8.c	4,637	
Depreciation, amortization and impairment losses	8.d	9,355	
Other operating expenses	8.e	2,783	312
Capitalized costs	8.f	(1,609)	
[Subtotal]		61,538	
Net income(expense) from commodity contracts measured at fair value	9	(133)	29
Operating income		8,321	
Financial income from derivatives	10	1,384	
Other financial income	11	2,289	21
Financial expense from derivatives	10	2,821	
[Subtotal]		9,171	

...like an additional layer of information that can be displayed when clicking on a certain tagged element



Level of tagging required by the RTS on ESEF





Level of tagging required by ESEF RTS

	IFRS consolidated FS	individual financial statements	3rd country GAAP FS
primary financial statements	mandatory from 2020		
block tagging of notes	mandatory from 2022	voluntary (if MS provides taxonomy)	Forbidden
detailed tagging of notes	voluntary		



The ESEF taxonomy

- A taxonomy is a classification system used to identify and structure information
 - The IFRS taxonomy, prepared by the IFRS Foundation, lists and defines the specific elements that preparers can use to identify (*tag*) the information disclosed within IFRS financial statements.
 - IFRS taxonomy elements are obtained from (1) IFRS Standards and (2) common reporting practice
- ESEF taxonomy = IFRS Taxonomy + a small set of ESMA additions
- ESEF Taxonomy vs IFRS Taxonomy
 - guidance concepts
 - labels in all EU languages
 - ‘wider-narrower’ relationship (*arc-rolē*) used for anchoring of issuers’ extensions
- The RTS includes the labels of all elements of the core taxonomy → translations
- The taxonomy codes will be published on ESMA’s website



Marking-up disclosures

- Marking up = “tagging” = applying to a disclosure the relevant XBRL tags
- Preparers shall mark-up their disclosures with the taxonomy element having the closest accounting meaning to marked up disclosure
- If the closest taxonomy element misrepresents the accounting meaning of the disclosure, issuers shall create an *extension* taxonomy element.



Anchoring disclosures

- Anchoring = “linking” through an XBRL relationship
- Extension elements shall be *anchored* to the core taxonomy element that has the closest wider accounting meaning
- Anchoring can:
 - Link one entity specific disclosure to one IFRS core taxonomy element (*one to one*)
 - Link two or more entity specific disclosures to one IFRS core taxonomy element (*n to one*, or *combination*)
 - Link one entity specific disclosure to two or more IFRS core taxonomy elements (*one to n*, or *disaggregation*)
- Extension elements which are subtotals of other disclosures need not being anchored



Example of anchoring

(1) One-to-one anchoring

Example 1 : Balance Sheet of a European issuer

CONSOLIDATED BALANCE SHEET

Assets	December 31,	
<i>In € millions</i>	<i>Notes</i>	2016
Goodwill	17	218
Intangible assets	18	1,066
Flight equipment	20	9,119
Other property, plant and equipment	20	1,480



Flight equipment

Property, plant and equipment

Element to be anchored to the closest element in the IFRS Taxonomy which has the closest wider accounting meaning



Extension elements



Elements contained in the IFRS Taxonomy

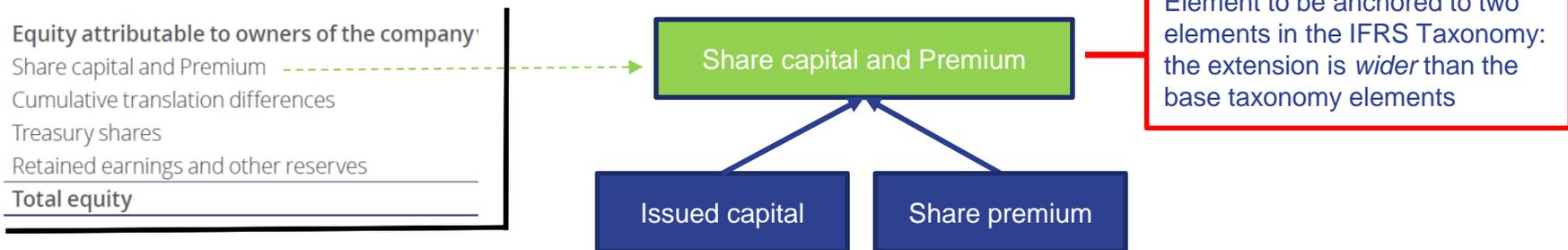




Example of anchoring

(2) N-to-one (combination)

Example 2 : Balance Sheet of a European issuer



- Core taxonomy elements (contained in the IFRS Taxonomy)
- Extension element

- Where the extension taxonomy element combines a number of elements of the base taxonomy, the issuer should anchor that extension taxonomy element to each of those narrower elements



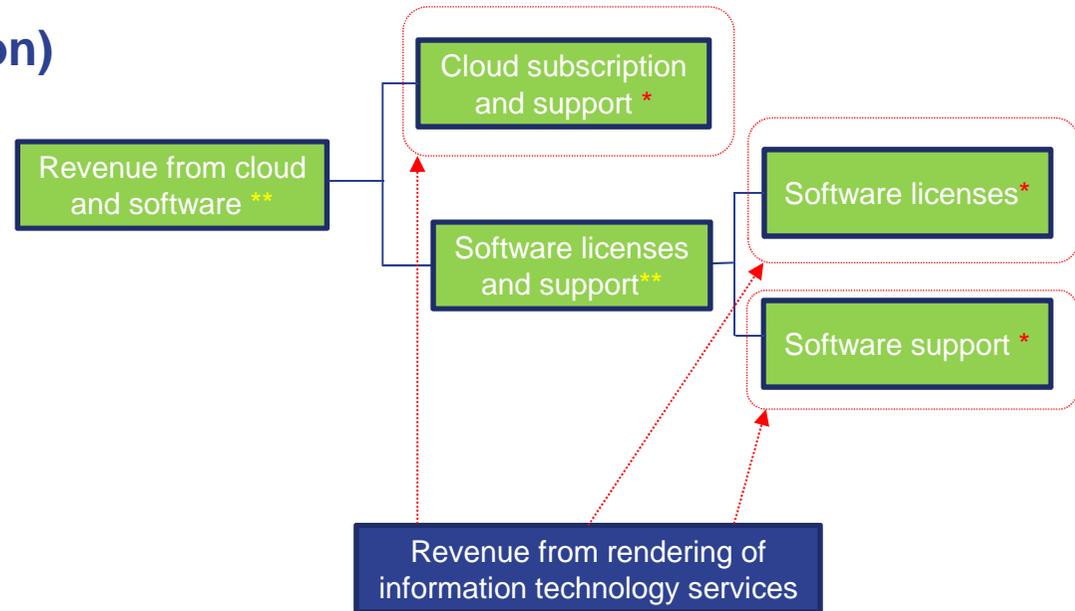


Example of anchoring

(3) One-to-N (disaggregation)

Example 3: P&L of a European issuer

millions, unless otherwise stated	2016 €
Cloud subscriptions and support	2,993
Software licenses	4,860
Software support	10,571
Software licenses and support	15,431
Cloud and software	18,424
Services	3,638
Total revenue	22,062



*Extension elements that shall be anchored

-  Elements contained in the IFRS Taxonomy
-  Extension elements

- Extension elements that are *subtotals* of other disclosures do not need to be anchored (**)



Where to find out more on the draft RTS on ESEF

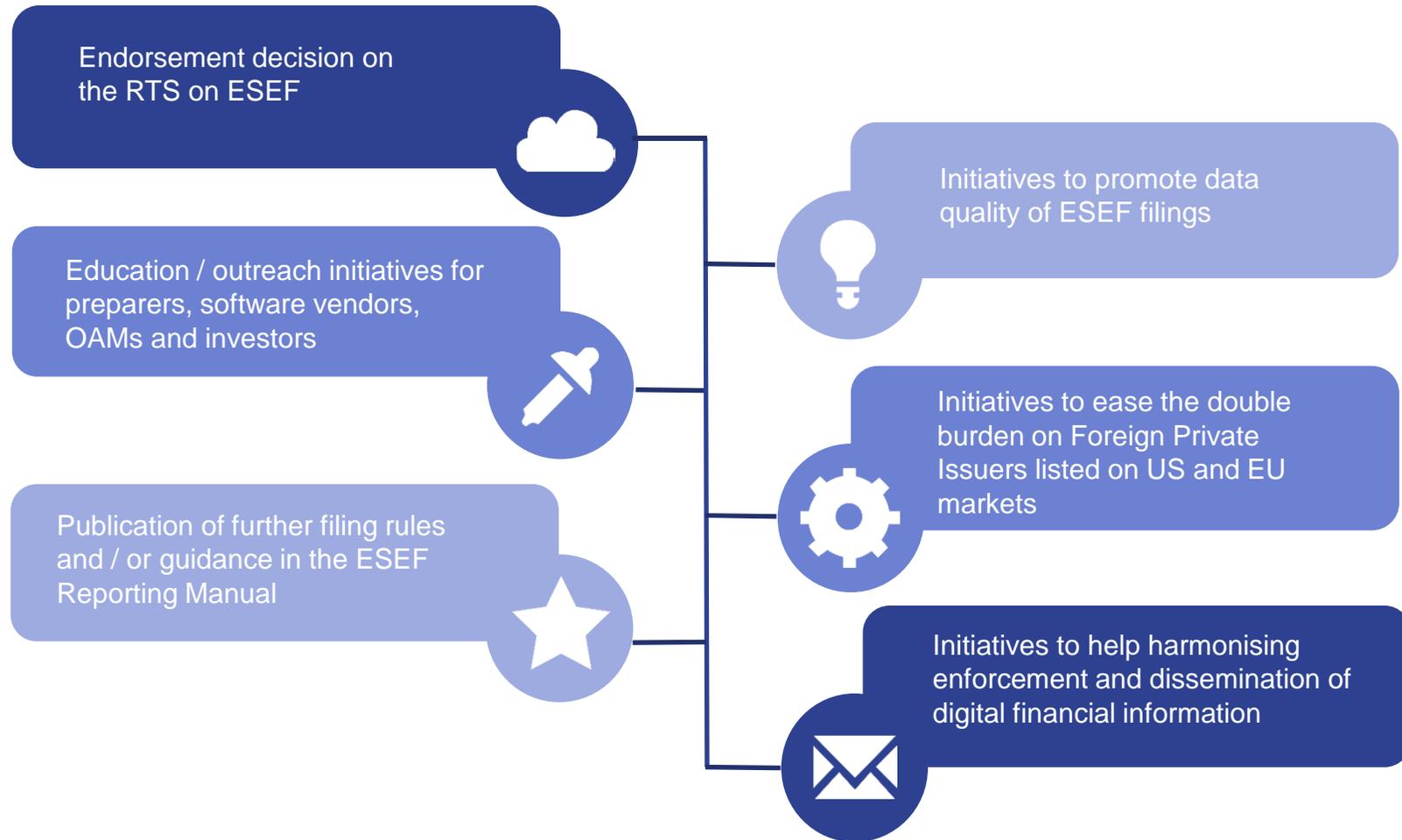
On ESMA's website:

- The Final Report on the [draft RTS on ESEF](#) (ESMA32-60-204) published on 18 December 2017
- [The ESEF Reporting Manual](#) (ESMA32-60-2540), published on 18 December 2017 |
→ for both Preparers and Software Vendors
- [The ESEF field test webpage](https://www.esma.europa.eu/field-test-esef) <https://www.esma.europa.eu/field-test-esef>
- The [Feedback Statement](#) on the Consultation Paper on the Regulatory Technical Standard on the European Single Electronic Format (ESMA/2016/1668), published on 21 December 2016

On the IFRS Foundation website <https://www.ifrs.org/issued-standards/ifrs-taxonomy/>

- [Using the IFRS Taxonomy : A Preparer's Guide](#)
- IFRS Taxonomy [illustrative examples](#)

What to expect next





Disclaimer

Please note that the content of this presentation reflects the views of the presenter and has not formally been approved by ESMA's Chair and/or ESMA's Board of Supervisors