

European Single Electronic Format (ESEF)



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European Single Electronic Format (ESEF)- European Regulation

In 2013, the European Directive 2013/50/EC pushed all annual financial statements of issuers whose securities are admitted to trading on regulated markets in the EU to be drawn up in a single electronic reporting format (ESEF), starting from 1 January 2020.

In this context, the European Commission's Delegated Regulation 2019/815 European Single Electronic Format (ESEF) was drawn up, the format of the annual financial statements added more specific rules for the marking of the financial statements, namely:

- issuers to prepare and publish their annual financial statements in XHTML format;
- issuers that prepare their **consolidated financial statements** in accordance with International Financial Reporting Standards (IFRS) should mark those consolidated financial statements using **iXBRL tags** (the combination of XHTML format and iXBRL tags allows annual financial statements to be read by both humans and machines, which improves the accessibility, analysis and comparability of the information included in the annual financial statements).

ESEF Regulation - basic taxonomy

- On 18 December 2020, the third version of the Commission's delegated Regulation (EU) 2020/1989 of 6 November 2020 supplementing Directives 2019/2100/EC & 2019/815/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of a single electronic reporting format (ESEF) was published in the Official Journal of the European Union.
- This Regulation amends the previous version of Regulation (EU) 2019/815 of 16 December 2019. This update of the ESEF Regulation adopts the new version of ESMA's basic taxonomy to be used for ESEF. The basic taxonomy is now based on the 2020 annual update of the IFRS Taxonomy published by the IFRS Foundation in March 2020.
- The Taxonomy Update 2020 applies to financial years beginning on or after 1 January 2021. However, issuers are allowed to adopt the basic taxonomy 2020 specified in this Regulation for financial years beginning on or after 1 January 2020.
- *The basic taxonomy to be used for ESEF is developed by ESMA and builds on or is an extension of the IFRS Foundation taxonomy. The IFRS Foundation annually updates the IFRS Taxonomy to reflect, amongst other developments, the issuance of new IFRSs or the amendment of existing IFRSs, the analysis of disclosures commonly reported in practice, or improvements to general content or technology of the IFRS Taxonomy. Therefore, the regulatory technical standards are updated accordingly to reflect each annual update of the IFRS Taxonomy.*

ESEF XBRL taxonomy files

The European Securities and Markets Authority (ESMA) on the 7th December 2020 published the **2020 ESEF XBRL taxonomy files** and an update to the ESEF Conformance Suite to facilitate implementation of the ESEF Regulation.

ESMA aims to facilitate the implementation of the European Single Electronic Format (ESEF) by providing to XBRL taxonomy files and Conformance Suite test files that reflect the requirements contained in the 2020 draft update to the ESEF Regulation and the 2020 update to the ESEF Reporting Manual.

The 2020 ESEF taxonomy is based on the 2020 IFRS Taxonomy, prepared and updated annually by the IFRS Foundation. The taxonomy package includes labels in all EU languages.

The ESEF Regulation requires that all issuers with securities listed on an EU regulated market prepare their annual financial reports in xHTML and mark-up the IFRS consolidated financial statements contained therein using XBRL tags and the iXBRL technology.

ESEF Reporting Manual

ESMA prepared an ESEF Reporting Manual (09 July 2020_ESMA32-60-254rev) to provide guidance on common issues encountered when generating **Inline XBRL instance** documents.

The purpose of this document is to promote a harmonised and consistent approach for the preparation of annual financial reports in the format specified in the RTS on ESEF.

ESEF Conformance Suite Documentation

Structure and content of the 2020 ESEF Conformance Suite

This document (07 December 2020_ESMA32-60-681) describes a set of conformance tests for XBRL processors/software tools to ensure compliance with the requirements of the European Single Electronic Format (ESEF) as defined in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereafter, the RTS on ESEF) and with the guidance included in the ESMA's ESEF Reporting Manual as last updated on 9 July 2020.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

 FROM 1 JANUARY 2020

AFFECTED COMPANIES

Companies listed on EU and EEA regulated markets



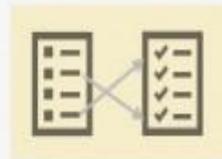
Annual financial statements

Map & tag according to ESEF taxonomy

Consolidated financial statements in XHTML/iXBRL from FY 2020

Publication

GENERAL PROCEDURE



(LEGAL) BASICS



EU Transparency Directive 2013



EC Delegated ESEF Regulation (approval expected in 2019)

XBRL = eXtensible Business Reporting Language

The ESEF uses XBRL tags (XBRL is short for **eXtensible Business Reporting Language**). It provides the ability to tag the content of financial tables in line with a taxonomy. And as all issuers are required to use largely the same taxonomy, based on International Financial Reporting Standards (IFRS), financial data is described uniformly and becomes both verifiable and comparable, even across different languages.

XBRL.org* provides a nice analogy: “The change from paper, PDF and HTML based reports to XBRL ones is a little bit like the change from film photography to digital photography, or from paper maps to digital maps. The new format allows you to do all the things that used to be possible, but also opens up a range of new capabilities because the information is clearly defined, platform-independent, testable and digital.”

In order to maintain readability to the human eye, the ESEF will actually be an XHTML format (the format that every web browser can display) with the **XBRL tags embedded using the iXBRL (inline XBRL) technology.**

Instead of the technical terms, let’s have a look at an example: viewers can click any number within the financial table and an iXBRL viewer to the right displays further details about this specific number, providing clear context and a relation to the taxonomy.

1.5 Tableau de variation des capitaux propres

En milliers d'euros	Nombre d'actions	Capital social	Primes d'émission	Résultats non distribués	Réserve au titre des gains et pertes actuariels	Total
01/01/2012	2355	234	8779	-7584		1431
Augmentation de capital			4			4
Paiements fondés sur des actions				357		357
Dividendes						0
Résultat net de l'exercice				-1888		-1888
Gains et pertes actuariels					-31	-31
31/12/2012	2355261	234	8783	-9116	-31	-127
Augmentation de capital	261763	26	2017			2043
Paiements fondés sur des actions				111		111
Dividendes						0
Résultat net de l'exercice				-1069		-1069
Gains et pertes actuariels					24	24
31/12/2013	2617024	242	10800	-10073	-7	982
Augmentation de capital	1834883	183	23779			20942
Paiements fondés sur des actions						0
Dividendes						0
Résultat de la période				-2154		-2154
Actions propres				-93		-93
Gains et pertes actuariels						0
31/12/2014	4451907	445	34579	-12322	-7	2695
Augmentation de capital	8827	1	49			80
Paiements fondés sur des actions						0
Dividendes						0
Résultat de la période				-4308		-4308
Actions propres				-44		-44
Gains et pertes actuariels					20	20
31/12/2015	4457734	444	34626	-14700	13	18363
Augmentation de capital			7			7
Paiements fondés sur des actions				253		253
Dividendes						0
Résultat de la période				-8413		-8413
Actions propres				-5		-5
Gains et pertes actuariels					9	9
31/12/2016	4457734	444	34635	-25048	22	10035

Inline XBRL

Highlight all tags

Line item

ifrs-full:NumberOfSharesIssued

Value

2,355,261.00

Period

2011-12-31

Units

xbri:shares

Entity

[969500UXJNBY1C8Y8471](#)

Tagging to the ESEF XBRL Taxonomy

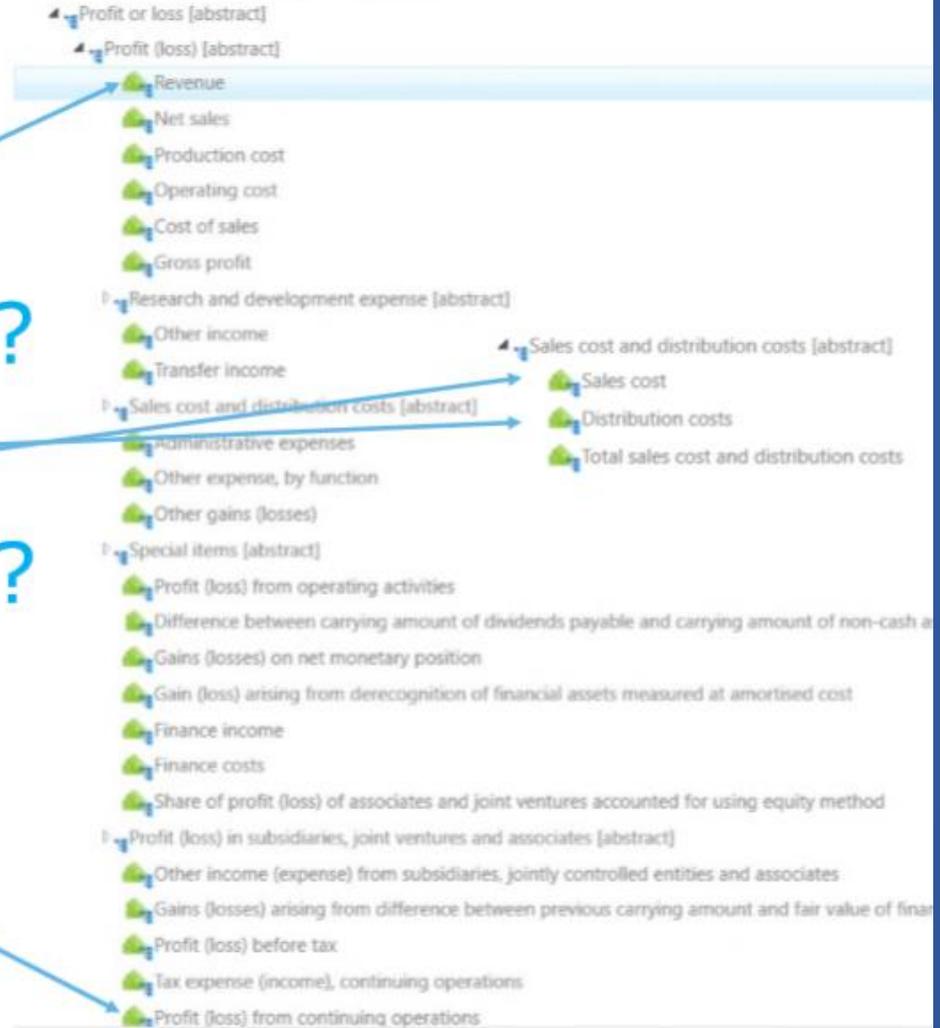
International GAAP Holdings Limited

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017

Continuing operations

	Notes	Year ended 31/12/17 CU'000	Year ended 31/12/16 CU'000
Revenue	5	140,934	152,075
Cost of sales	24	(87,688)	(91,645)
Gross profit		53,246	60,430
Investment income	7	3,633	2,396
Other gains and losses	8	647	1,005
Distribution expenses		(5,118)	(2,043)
Marketing expenses		(3,278)	(2,234)
Administration expenses		(13,376)	(17,514)
Other expenses		(2,801)	(2,612)
Finance costs	9	(4,420)	(6,025)
Share of profit of associates	20	866	1,209
Share of profit of a joint venture	20A	337	242
Gain recognised on disposal of interest in former associate	20	581	-
Others [describe]		-	-
Profit before tax		30,317	32,257
Income tax expense	10	(11,485)	(11,668)
Profit for the year from continuing operations	13	18,832	20,589
Discontinued operations			
Profit for the year from discontinued operations	11	8,310	9,995
PROFIT FOR THE YEAR		22,142	30,584

[310.00] Income statement, by function of expense



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		

What is a tag?

A tag is an electronic label applied to the financial statements to help computers understand what a number or a piece of text represents.

For example...

Group income statement for the year ended 31 December 20X1

	20X1
Revenue	€'000
Cost of sales	150
Gross profit	(50)
Operating expenses	100
Operating profit	(20)
	80

Tag name: Revenue
Taxonomy: ESMA ESEF
Data type: Monetary
Value: 150
Date: 20x1 current year duration
Decimal: -3
Scale: 3
Unit: EUR
Balance: Credit

What do XBRL and iXBRL look like?

Current financial statements

	Note	Results for the year ended 31 March 20X1 £m	Results for the year ended 31 March 20X0 £m
Revenue	5	300	250
Net operating expenses	6	(100)	(100)
Operating profit	5,7	200	150
Finance income		20	20
Finance costs		(25)	(25)
Net FX revaluation losses			
Net financing costs	8	(5)	(5)
Profit before taxation		195	145
Taxation	10	(95)	(45)
Profit of the year		100	100
Earnings per share			
- Basic	12	50.5	50.2
- Diluted	12	50.1	50.1

	Note	Results for the year ended 31 March 20X1 £m	Results for the year ended 31 March 20X0 £m
Revenue	5	300	250
Net operating expenses	6	(100)	(100)
Operating profit	5,7	200	150
Finance income		20	20
Finance costs		(25)	(25)
Net FX revaluation losses			
Net financing costs	8	(5)	(5)
Profit before taxation		195	145
Taxation	10	(95)	(45)
Profit of the year		100	100
Earnings per share			
- Basic	12	50.5	50.2
- Diluted	12	50.1	50.1

Human readable data

Electronic barcode



```
<table class="MsoNormalTable" border="0" cellspacing="0" cellpadding="0" style="border-collapse: collapse"><tbody><tr><td valign="top" style="background: #D9D9D9; padding: 0cm 5.4pt 0cm 5.4pt; width: 134.7pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt"><span></span></td><td valign="bottom" style="background: #D9D9D9; padding: 0cm 5.4pt 0cm 5.4pt; width: 35.2pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span>Note</span></p></td><td valign="top" style="background: #833C0B; padding: 0cm 5.4pt 0cm 5.4pt; width: 86.55pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span style="color: white">Results for the year ended</span></p><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span style="color: white">31 March 20X1</span></p><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span style="color: white">£m</span></p></td><td valign="top" style="background: #D9D9D9; padding: 0cm 5.4pt 0cm 5.4pt; width: 86.55pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span>Results for the year ended</span></p><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span>31 March 20X0</span></p><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span>£m</span></p></td></tr><tr><td style="padding: 0cm 5.4pt 0cm 5.4pt; width: 134.7pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt"><span>Revenue</span></p></td><td style="padding: 0cm 5.4pt 0cm 5.4pt; width: 35.2pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span>5</span></p></td><td style="padding: 0cm 5.4pt 0cm 5.4pt; width: 86.55pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span>300</span></p></td><td style="padding: 0cm 5.4pt 0cm 5.4pt; width: 86.55pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><span>250</span></p></td></tr></tbody></table>
```

Machine readable data*

iXBRL

XBRL

IMPLICATIONS FOR AUDITORS

- The level of involvement of the statutory auditor in the annual financial report of issuers is currently not specifically addressed in European directives (Transparency, Accounting or Auditing Directives)
- Some additional provisions would be needed in order to create an obligation for auditor's involvement in the ESEF data produced
- For the EU Commission considering that the ESEF Regulation is a binding legal instrument, the provisions included therein shall be considered as a « **statutory requirements** » within the meaning of **Article 28(2)(c)(ii) of the Audit Directive** (
- Auditors will have to include in the audit report an audit opinion not only on whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework, but also on whether the financial statements prepared in the ESEF comply with the requirements set out in the RTS on the ESEF

OPTIONS IDENTIFIED BY THE EU REGULATORS

- As there is no direct (or unbreakable) link between the content of the human-readable version (XHTML) and the machine-readable detailed tagged data provided (XBRL), a simple consistency check between the audited financial statements and the human-readable version of ESEF would not provide certainty for the processors of the machine-readable data.
- Therefore it is the machine-readable information (which is tagged/anchored/ with extension...) which would deserve some verification by auditors.
- The EU REGULATORS has explored theoretically five scenarios of auditor's involvement on the machine-readable data and how the auditors could provide some « assurance » on the tagging

Five Scenarios

Assurance on tagging is provided in a (separate) section in the auditor's report (outside the audit opinion)

Assurance on tagging is integrated into the section in the auditor's report on the audit of the financial statements (in the opinion on the financial statements)

Assurance on tagging is provided outside of the auditor's report

Agreed upon procedures on tagging are reported on by the auditor outside the audit report

High level consistency check on the tagging are reported on in the audit report "other information" section - if any material misstatement is found (similar to ISA720 provisions)

- The EU REGULATORS is of the view that there is need to solve the legal issue
- In a second step regulators and the audit profession should dig further in the details around the type and depth of procedures to be done before providing some level of assurance on the tagging.
- An ECG note provided by Accountancy Europe suggests that ISAE 3000 provides a framework to be applied in both option 1 and 3
- However ISAE 3000 is not applicable in all Member States and would at least need to be supplemented in the frame of ESEF review to allow for consistency in the application.



Thank you for your attention

Questions?