

# The European Single Electronic Format

*An overview of the ESEF Regulation*

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# 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*

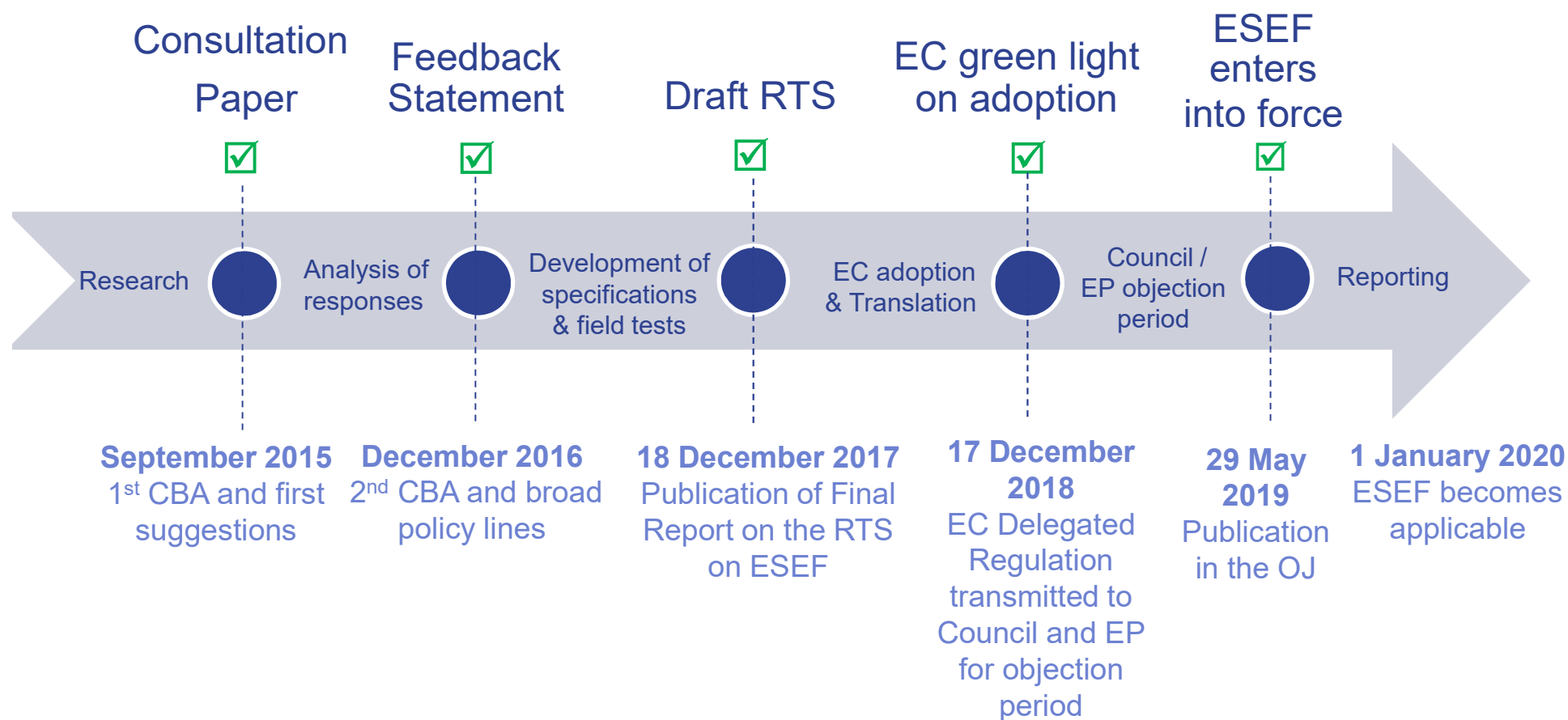
- *make reporting **easier***
- *facilitate **accessibility,***

***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

- From 2020, all annual financial reports shall be prepared in xHTML format
- Consolidated IFRS Financial Statements shall be marked-up with XBRL tags
- 1 document, 2 views: Tags embedded in human readable doc. via *InlineXBRL*
- ESEF Taxonomy = IFRS Taxonomy incl. limited ESMA customisation
- Extensions: only if no existing IFRS tag reflects the intended accounting meaning
- Anchoring: extensions shall be linked to the closest taxonomy element
- Level of tagging: detailed tagging of primary statements, block tagging of notes
- Regulation to be **yearly updated** on the basis of IFRS taxonomy update

# 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
<b>Revenue</b>					
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
	<b>[Subtotal]</b>	<b>70,592</b>		<b>75,658</b>	
<b>Costs</b>					
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	4,837		5,313	
Depreciation, amortization and impairment losses	8.d	8,555		7,612	
Other operating expenses	8.e	2,783	312	2,654	54
Capitalized costs	8.f	(1,069)		(1,539)	
	<b>[Subtotal]</b>	<b>61,538</b>		<b>68,141</b>	
<b>Net income(expense) from commodity contracts measured at fair value</b>	9	(133)	29	168	(24)
<b>Operating income</b>		<b>8,921</b>		<b>7,685</b>	
Financial income from derivatives	10	1,884		2,455	
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

Financial statements

Consolidated Income Statement

Millions of euro

	Notes	2016	of which with related parties
<b>Revenue</b>			
Revenue from sales and services	7.a	68,604	4,550
Other revenue and income	7.b	1,000	20
<b>[Subtotal]</b>		<b>70,392</b>	
<b>Costs</b>			
Electricity, gas and fuel purchases	8.a	32,039	6,603
Services and other materials	8.b	17,363	2,577
Personnel	8.c	4,537	
Depreciation, amortization and impairment losses	8.d	9,355	
Other operating expenses	8.e	2,783	312
Capitalized costs	8.f	(1,669)	
<b>[Subtotal]</b>		<b>61,538</b>	
<b>Net income(expense) from commodity contracts measured at fair value</b>		<b>(133)</b>	29
Operating income	9	8,521	
Financial income from derivatives	10	1,884	
Other financial income	11	2,289	21
Financial expense from derivatives	10	2,821	
<b>[Subtotal]</b>	12	<b>9,859</b>	

Online XBRL

☒ Highlight all tags

**Line item**  
ifrs-full:Revenue

**Value**  
€ 68,604,000,000.00

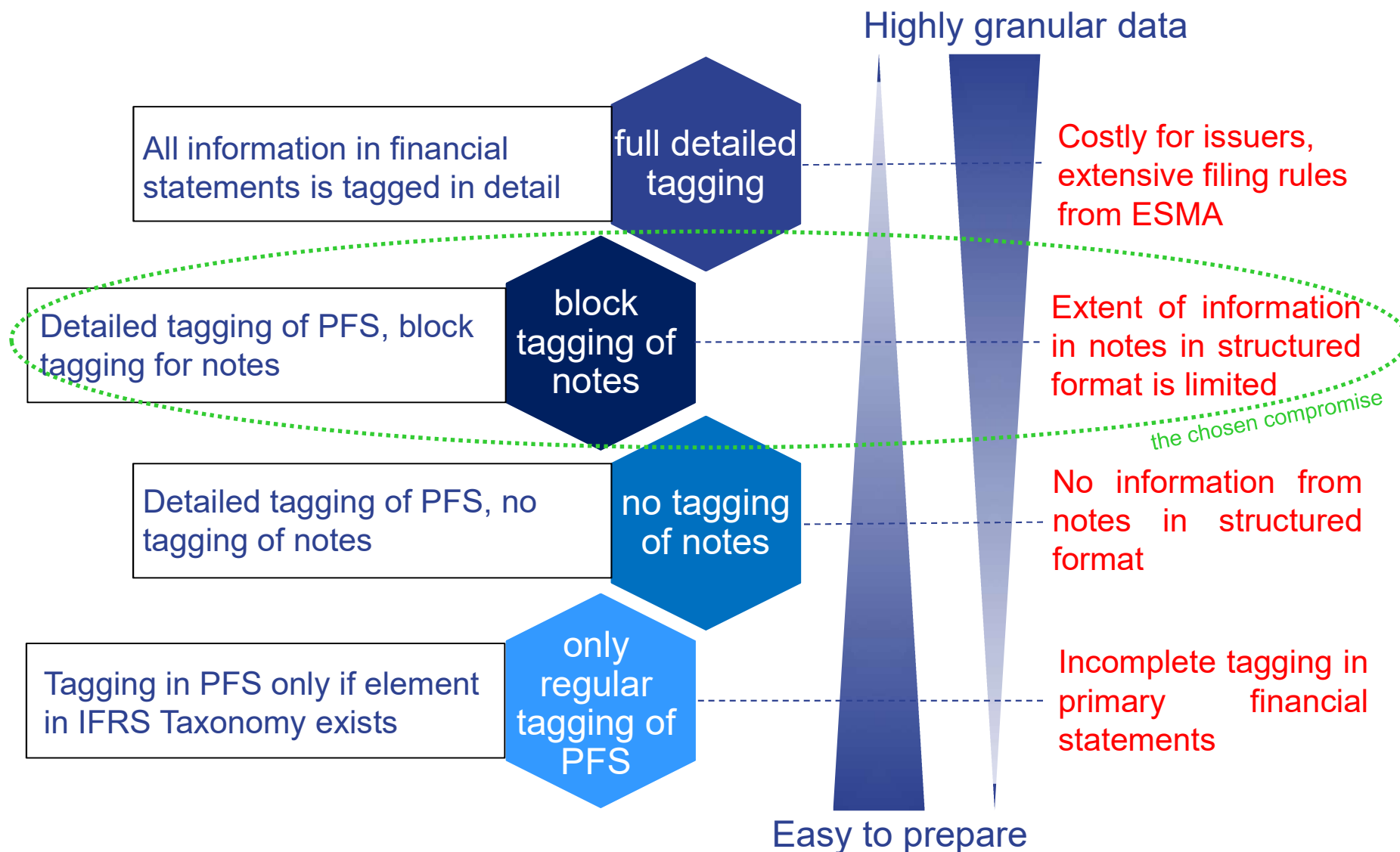
**Period**  
2016-01-01 to 2016-12-31

**Units**  
iso4217:EUR

**Entity**  
549300JD2GHO6WG8557

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

# Level of tagging required by ESEF RTS





## Marking-up disclosures

- Marking up = tagging= applying an XBRL tag to a disclosure
- 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.
- Extension elements shall be *anchored* to the core taxonomy element that has the closest accounting meaning
  - Anchoring provides end-users with a better understanding of meaning of extension items and facilitate their usability in large-scale data analysis
  - Anchoring requirement only applies to the Primary Financial Statements

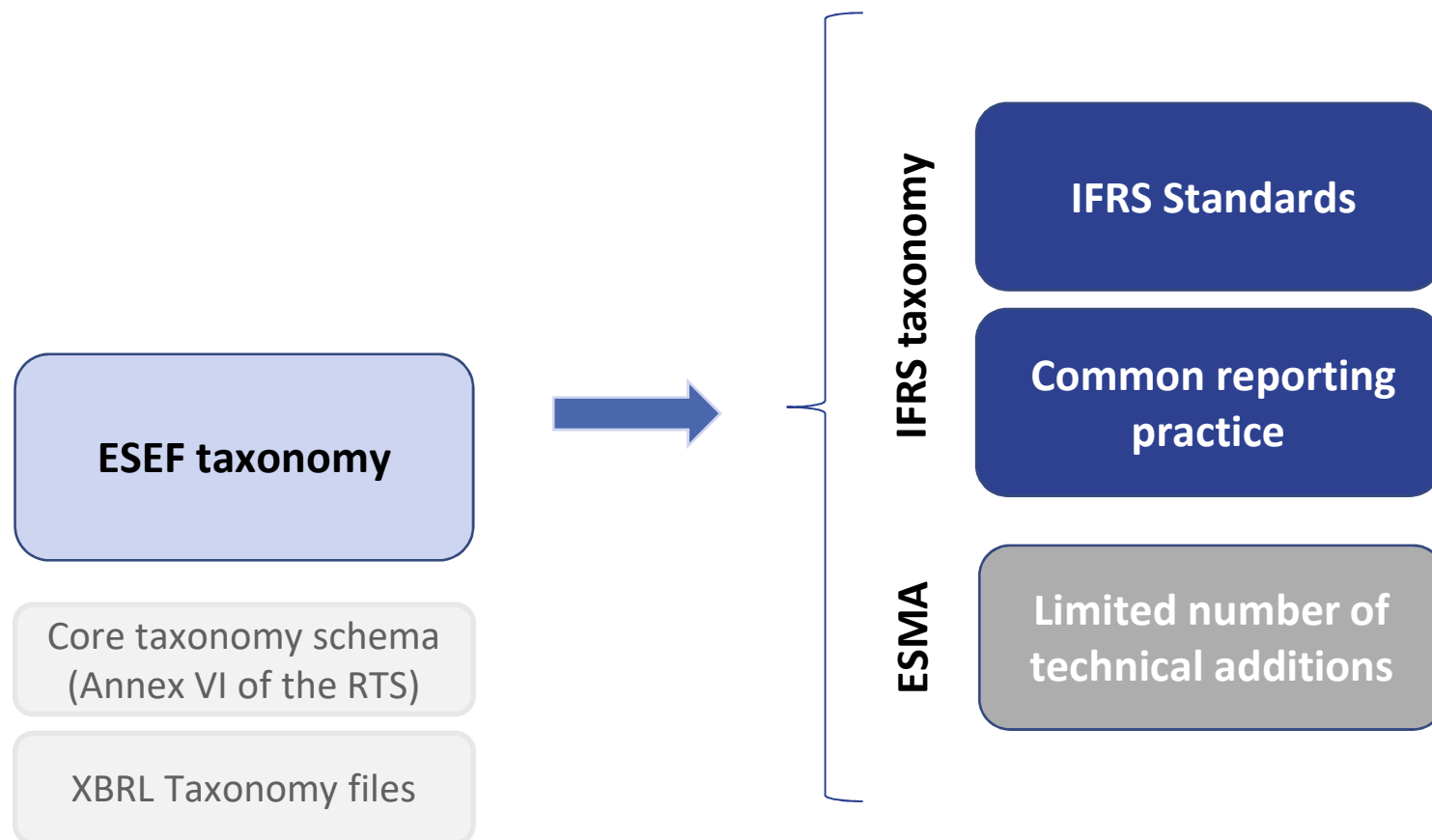




## Level of tagging required by ESEF RTS

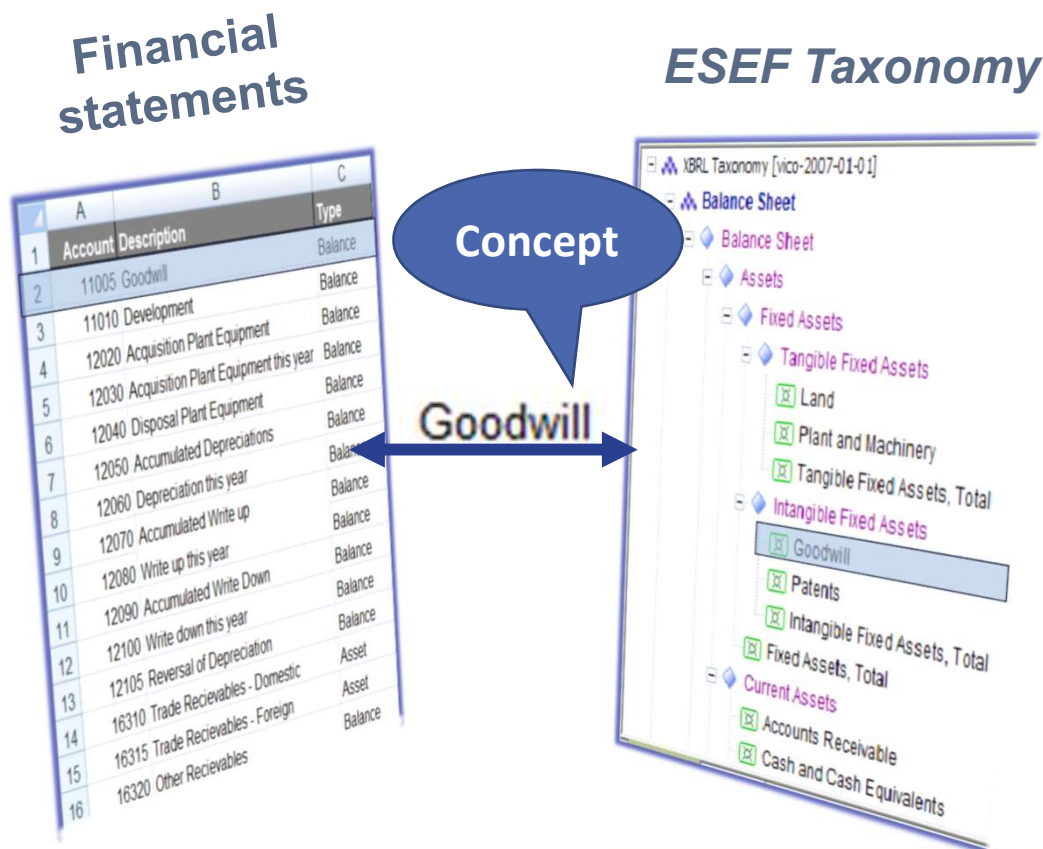
	IFRS consolidated FS	individual financial statements	3rd country GAAP FS
primary financial statements	<b>mandatory from 2020</b>	<b>voluntary</b> (if MS provides taxonomy)	<b>Forbidden</b>
block tagging of notes	<b>mandatory from 2022</b>		
detailed tagging of notes	<b>voluntary</b>		

# The ESEF taxonomy



# Tagging Primary Financial Statements

- All numbers in a declared currency disclosed in the Primary Financial Statements need to be marked-up → detailed tagging requirement



# Assessing the need to create an extension

## CONSOLIDATED BALANCE SHEET

Assets

In € millions

Goodwill

Intangible assets

Flight equipment

Other property, plant and equipment

Investments in equity associates

Pension assets

Other financial assets

Deferred tax assets

Other non-current assets

Taxonomy

Network Browser

Network: Presentation Lang: en

- [110000] General information about financial statements
- [210000] Statement of financial position, current/non-current
  - Statement of financial position [abstract]
    - Assets [abstract]
      - Non-current assets [abstract]
        - Property, plant and equipment
        - Investment property
        - Goodwill
        - Intangible assets other than goodwill
        - Investments accounted for using equity method
        - Investments in subsidiaries, joint ventures and associates
        - Non-current biological assets
        - Trade and other non-current receivables
        - Non-current inventories
        - Deferred tax assets
        - Current tax assets, non-current
        - Other non-current financial assets
        - Other non-current non-financial assets
        - Non-current non-cash assets pledged as collateral for whi
        - Total non-current assets
      - Current assets [abstract]

?



# Extending the taxonomy and anchoring extensions

Example 1 : Balance Sheet of a European issuer

## CONSOLIDATED BALANCE SHEET

Assets

In € millions

Goodwill

Intangible assets

Flight equipment

Other property, plant and equipment

Flight equipment

Property, plant and equipment

*Wider anchor*



Extension elements



Elements contained in the IFRS Taxonomy



## Other mandatory mark-ups

- The disclosures that correspond to the elements in table 1 of Annex II
  - Name of reporting entity or other means of identification
  - Domicile of entity
  - Country of incorporation
  - Address of entity's registered office
  - Principal place of business
  - Description of nature of entity's operations and principal activities
  - Name of parent entity
  - Name of ultimate parent of group

# Tagging the Notes

- All text disclosures that correspond to the text block tags listed in table 2 of Annex II (from 2022 only) → block tagging requirement

## Text block

### 4. ACCOUNTING POLICIES

#### 4.1. Accounting principles

##### Accounting principles used for the consolidated financial statements

Pursuant to the European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2016, were established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Commission on the date of their adoption. The consolidated financial statements were established.

IFRS, as adopted by the European Union differ, in certain respects from IFRS as published by the International Accounting Standards Board ("IASB"). The Group has, however, determined that the financial information for the periods presented would not differ substantially if the Group had applied IFRS as published by the IASB.

The consolidated financial statements were approved by the Board of Directors on February 15, 2017.

##### Change in accounting principles

##### IFRS standards and amendments which are applicable on a mandatory basis to the 2016 financial statements

- Amendment to IFRS 11 "Joint Arrangements", effective for the period beginning January 1, 2016;
- Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets", effective for the period beginning January 1, 2016;
- Amendment to IAS 1 "Presentation of Financial Statements", effective for the period beginning January 1, 2016;
- Amendment to IAS 19 "Employee benefit", effective for the period beginning January 1, 2016.

## Concept

Disclosure of  
accounting policy

## ESEF Taxonomy

- [800500] List of notes
- [800600] List of accounting policies
- [810000] Notes - Corporate information and statement of IFRS compliance
- [811000] Notes - Accounting policies, changes in accounting estimates and errors
- [813000] Notes - Interim financial reporting
- [815000] Notes - Events after reporting period
- [816000] Notes - Hyperinflationary reporting
- [817000] Notes - Business combinations
- [818000] Notes - Related party
- [819100] Notes - First time adoption
- [822100] Notes - Property, plant and equipment
- [822200] Notes - Exploration for and evaluation of mineral resources
- [822300] Notes - Financial instruments
- [823000] Notes - Fair value measurement
- [823180] Notes - Intangible assets
- [824180] Notes - Agriculture
- [824500] Notes - Regulatory deferral accounts
- [825100] Notes - Investment property
- [825480] Notes - Separate financial statements
- [825700] Notes - Interests in other entities
- [825900] Notes - Non-current asset held for sale and discontinued operations
- [826380] Notes - Inventories

## Extension of the Notes

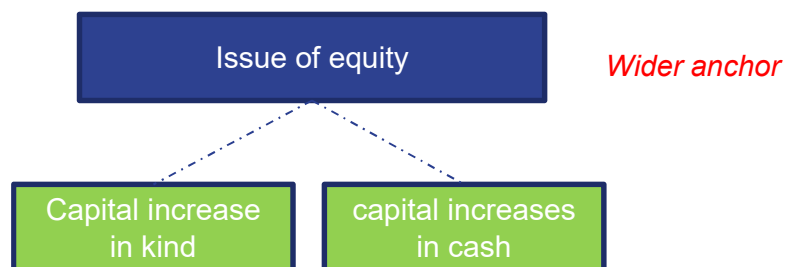
- All disclosures that correspond to the elements in Table 2 of Annex II should be tagged if present in the issuer's financial statement → block tagging requirement
- Consequently, no obligation to create an extension to tag a block of text if an issuer's disclosure does not correspond to any of the elements in Table 2 of Annex II.
- However, ESMA encourages issuers to tag their Notes using extensions if no tag available in the core taxonomy → no obligation to anchor extensions in the Notes
- If multiple pieces of text corresponding to one block tag are disclosed in different sections of the Notes, ESMA recommends that issuers tag such disclosures with one block tag using concatenation





# Anchoring disaggregations

Example 2 : example from a Statement of changes of equity



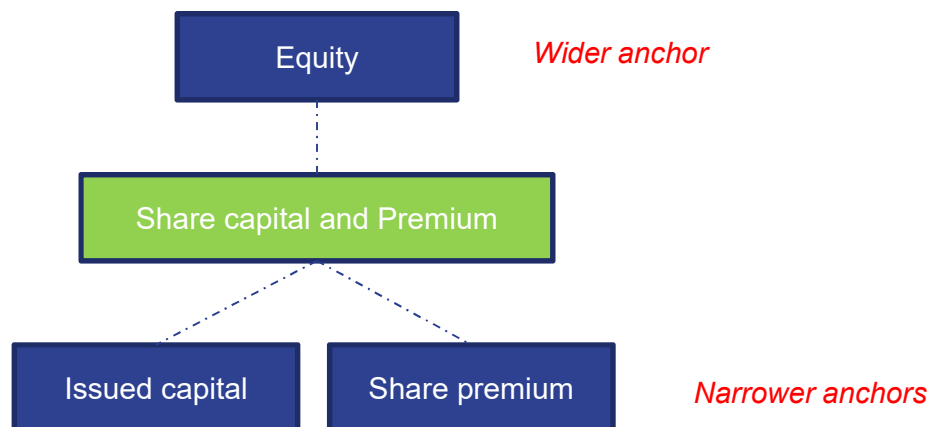
-  Core taxonomy elements (contained in the IFRS Taxonomy)
-  Extension element



# Anchoring combinations

Example 3 : example from the Balance Sheet of a European issuer

Equity attributable to owners of the company:
Share capital and Premium
Cumulative translation differences
Treasury shares
Retained earnings and other reserves
<b>Total equity</b>



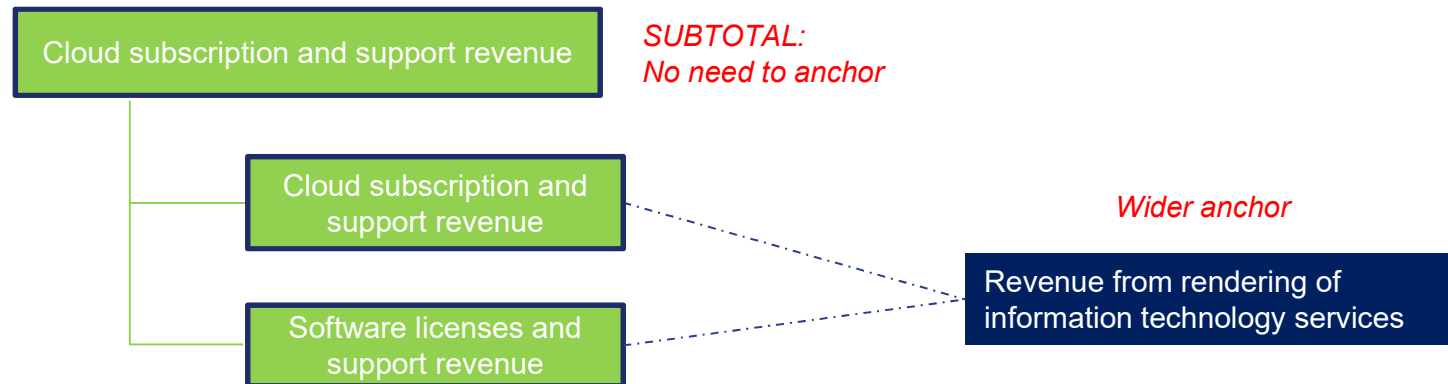
-  Core taxonomy elements (contained in the IFRS Taxonomy)
-  Extension element



## Subtotals

Example 4 : example from the income statement of a European issuer

Revenue measures
Cloud subscriptions and support
Software licenses
Software support



# What to tag

## Consolidated balance sheet

### Assets

Assets	2020	2019
Intangible assets	1,064	1,064
Property, plant and equipment	1,064	1,064
Non-current financial assets	1,064	1,064
Investments in equity-associated companies	1,064	1,064
Non-current derivatives associated with hedge	1,064	1,064
Deferred tax assets	1,064	1,064
Other non-current assets	1,064	1,064
Current financial assets	1,064	1,064
Current derivatives associated with hedge	1,064	1,064
Investments in equity-associated companies	1,064	1,064
Trade and other receivables	1,064	1,064
Prepaid expenses	1,064	1,064
Current derivatives associated with hedge	1,064	1,064
Other current assets	1,064	1,064
Current derivatives associated with hedge	1,064	1,064
Other current assets	1,064	1,064



IMAGES

Detailed tagging of PFS mandatory from 2020

DATA IN TEXT

€131

## Information by geographic area

At December 31, 2017

Assets	2017	2016	2015	2014	2013
Intangible assets	1,064	1,064	1,064	1,064	1,064
Property, plant and equipment	1,064	1,064	1,064	1,064	1,064
Non-current financial assets	1,064	1,064	1,064	1,064	1,064
Investments in equity-associated companies	1,064	1,064	1,064	1,064	1,064
Non-current derivatives associated with hedge	1,064	1,064	1,064	1,064	1,064
Deferred tax assets	1,064	1,064	1,064	1,064	1,064
Other non-current assets	1,064	1,064	1,064	1,064	1,064
Current financial assets	1,064	1,064	1,064	1,064	1,064
Current derivatives associated with hedge	1,064	1,064	1,064	1,064	1,064
Investments in equity-associated companies	1,064	1,064	1,064	1,064	1,064
Trade and other receivables	1,064	1,064	1,064	1,064	1,064
Prepaid expenses	1,064	1,064	1,064	1,064	1,064
Current derivatives associated with hedge	1,064	1,064	1,064	1,064	1,064
Other current assets	1,064	1,064	1,064	1,064	1,064
Current derivatives associated with hedge	1,064	1,064	1,064	1,064	1,064
Other current assets	1,064	1,064	1,064	1,064	1,064

(1) Excluding financial assets, derivatives and deferred tax assets

FOOTNOTES

## Changes in accounting policies

New IFRS standards, amendments and interpretations effective as of January 1, 2017

- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"
- Amendments to IFRS 16 "Leases"
- Amendments to IFRS 9 "Financial Instruments"

Block tagging of the Notes mandatory from 2022



DATA IN GRAPHICS

...on a voluntary basis



Thank you for your attention!