

The European Single Electronic Format

An introduction to ESMA's RTS



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,***

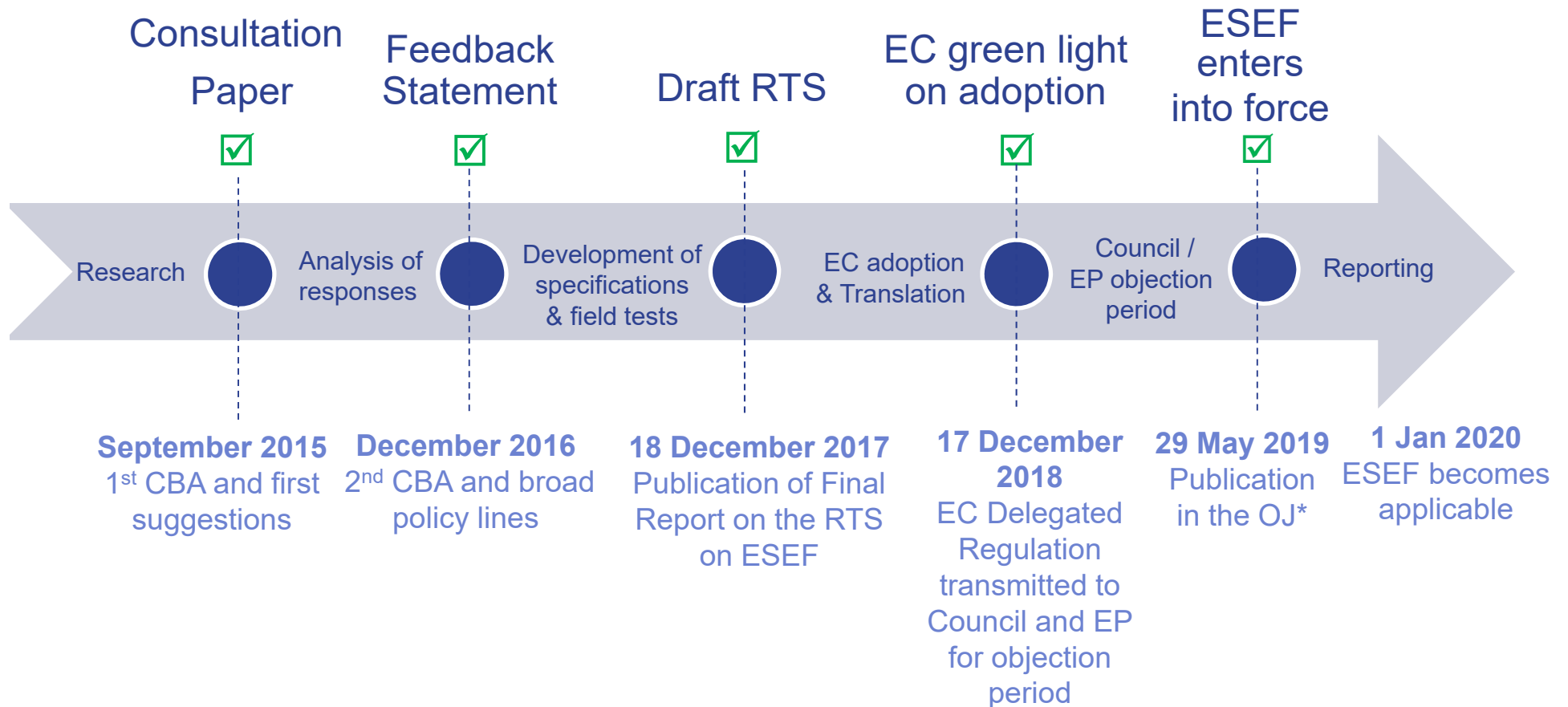
analysis

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

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



An overview of the development process



*Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format



Key requirements of the ESEF

- **From 2020, all annual financial reports shall be prepared in xHTML format**
- **IFRS Consolidated Financial Statements** shall be marked-up with XBRL tags
- **1 document, 2 views:** Tags embedded in human readable document via the *InlineXBRL* technology
- **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 (from 2020), block tagging of Notes (from 2022)
- Regulation to be **yearly updated** on the basis of IFRS taxonomy update
- **ESMA's RTS do not deal with storage and dissemination of regulated information nor with assurance / audit of annual financial reports**



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	73,078	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	17,363	2,577	16,457	2,431
Personnel	8.c	4,657		5,313	
Depreciation, amortization and impairment losses	8.d	8,355		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		2,455	
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

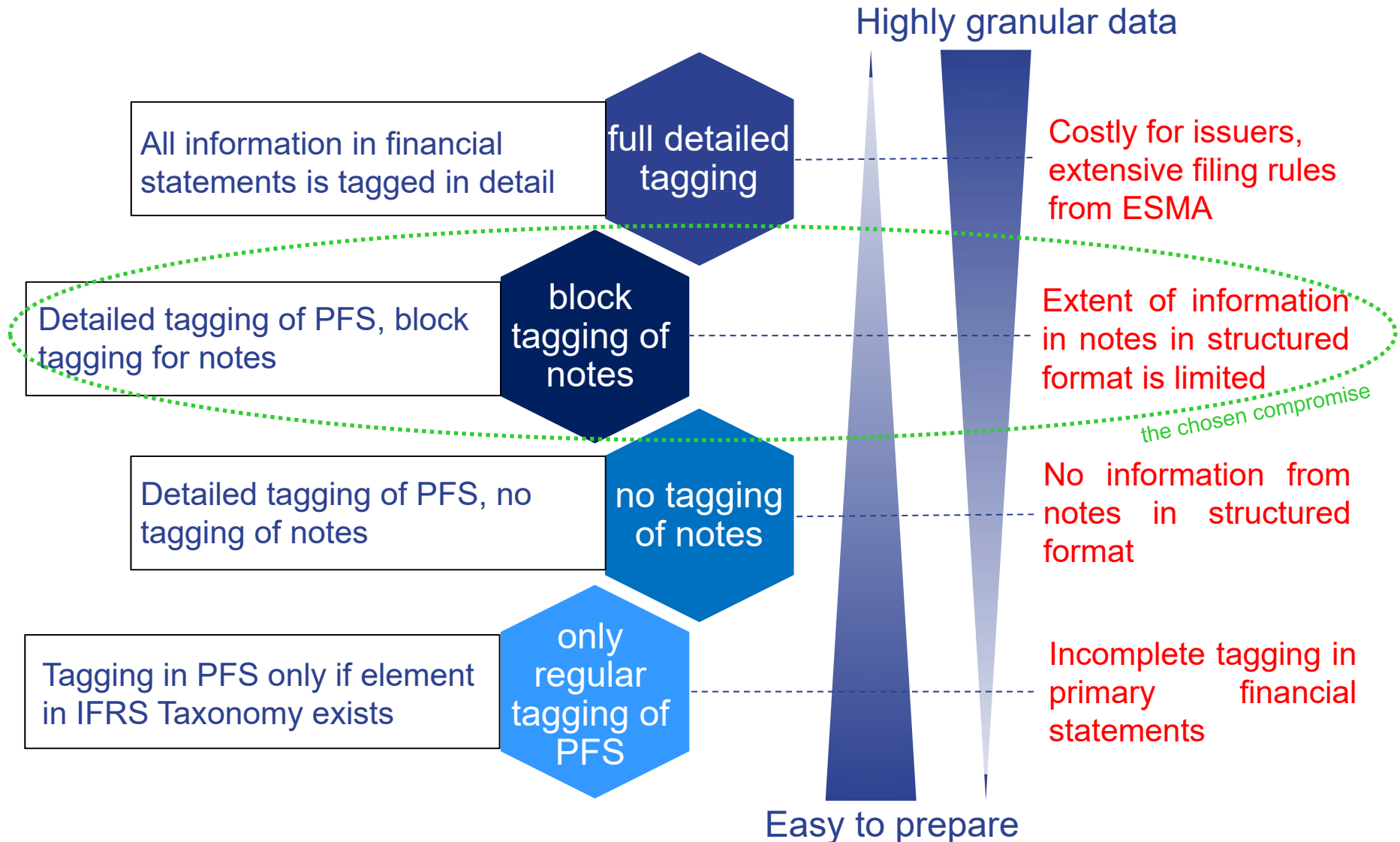
The screenshot shows a web browser window displaying a Consolidated Income Statement. The main content area contains a table with columns for 'Notes', '2016', and 'of which with related parties'. The table lists various financial items such as Revenue, Costs, and Net income. An 'Inline XBRL' sidebar is visible on the right, providing additional information for the selected 'Revenue' item, including its value (€ 68,604,000,000.00), period (2016-01-01 to 2016-12-31), units (iso4217:EUR), and entity (549300JD2GHO6WG85597).

	Notes	2016	of which with related parties
Revenue			
Revenue from sales and services	7.a	68,604	4,550
Other revenue and income	7.b	1,988	20
[Subtotal]		70,592	
Costs			
Electricity, gas and fuel purchases	8.a	32,030	6,603
Services and other materials	8.b	17,393	2,577
Personnel	8.c	4,537	
Depreciation, amortization and impairment losses	8.d	3,355	
Other operating expenses	8.e	2,785	312
Capitalized costs	8.f	(1,600)	
[Subtotal]		61,338	
Net income(expense) from commodity contracts measured at fair value	9	(133)	29
Operating income		8,921	
Financial income from derivatives	10	1,884	
Other financial income	11	2,289	21
Financial expense from derivatives	10	2,821	
[Subtotal]		4,273	

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



Level of tagging required by ESEF RTS





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		

* On top of this, a small number of mandatory mark-ups will be applicable from 2020.



Tagging Primary Financial Statements

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

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

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



ESEF Taxonomy





Sources of the IFRS Taxonomy content

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IFRS Taxonomy content

IFRS Standards

Common reporting practice

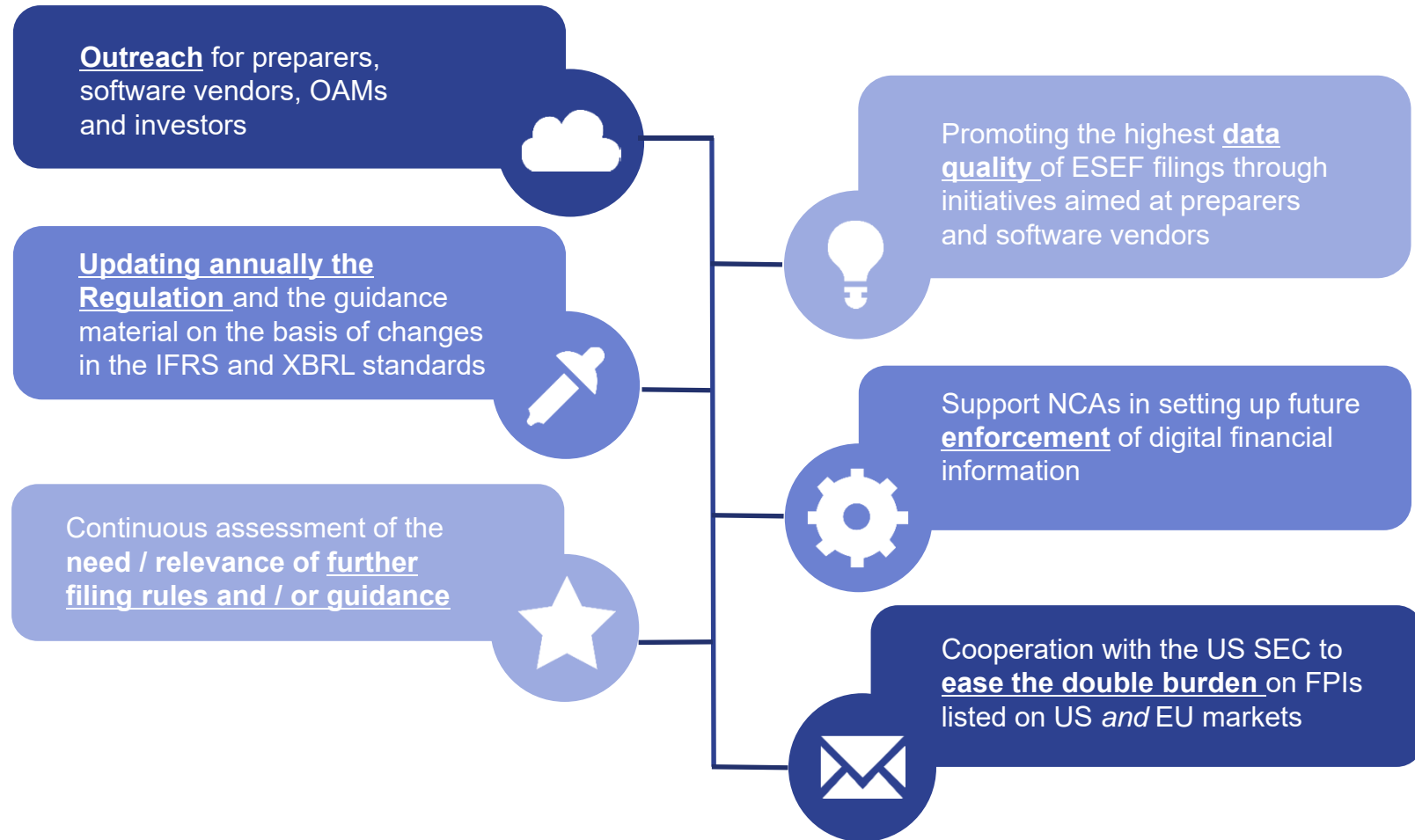
presentation and disclosure requirements in Standards

illustrative examples and implementation guidance accompanying Standards

commonly disclosed information not specifically mentioned in IFRS Standards



Challenges ahead





Thank you for your attention!



To find out more

On ESMA's website:

- The ESEF webpage <https://www.esma.europa.eu/policy-activities/corporate-disclosure/european-single-electronic-format>
- Video tutorials on ESEF : Video 1 <https://www.youtube.com/watch?v=IOg9ETFpAhg>
Video 2 <https://youtu.be/FImK-H2x8w>
Video 3 <https://www.youtube.com/watch?v=63ASc8k3Jcc&t=36s>
- [The ESEF Reporting Manual \(ESMA32-60-2540\)](#)
- The Final Report on the draft RTS on ESEF (ESMA32-60-204)
- The [Feedback Statement](#) on the Consultation Paper on the RTS on ESEF (ESMA/2016/1668)

On the IFRS Foundation website:

- General resources on the [IFRS Taxonomy](https://www.ifrs.org/issued-standards/ifrs-taxonomy/#resources) <https://www.ifrs.org/issued-standards/ifrs-taxonomy/#resources>
- [Using the IFRS Taxonomy : A Preparer's Guide](#)
- IFRS Taxonomy [illustrative examples](#)