## ESEF reporting – Upcoming changes

A quick glance at the standard

### What is XBRL?
 XBRL is an open, international standard for the exchange of financial and non-financial information in digital form.

### When will it impact?
 From 1 January 2020 issuers will have to prepare their IFRS annual financial report in a single electronic reporting (once endorsed by the EU).

### Core capabilities of XBRL
 Creating **digital, unambiguous, accurate and reusable versions** of financial statements is one of the core capabilities of the XBRL standard.

### Standardization
 **Standardization** of financial information enables computer systems to automatically recognize and process data throughout the entire reporting chain. This **simplifies the delivery of digital reports** to various parties and enables **better access of information** for analyses and benchmarking purposes.

### IFRS taxonomy
 ESMA would require users to make use of the **IFRS taxonomy**, which is a classification system for IFRS presentation & disclosure requirements and consists of ‘elements’ that are used to **tag information in IFRS financial statements**.

### Governance
 Financial statements are **governed by official accounting standards**, contain specific types of information, are influenced by norms & habits within industries and are extremely flexible (Different organisations can and will have different reports).
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What was considered by the ESMA for the implementation of electronic reporting?

**Level of tagging**
Data for analysis

- **Full detail tagging**
  - Requirement for 2022: Detailed tagging of PFS, block tagging for notes
  - Requirement for 2020: Detailed tagging of PFS, no tagging for notes
  - Tagging of PFS: Tagging in PFS only where IFRS Taxonomy exists
  - Easy to prepare

- **Block tagging of notes**
  - Requirement for 2022: Detailed tagging of PFS, block tagging for notes
  - Requirement for 2020: Detailed tagging of PFS, no tagging for notes
  - Tagging of PFS: Tagging in PFS only where IFRS Taxonomy exists
  - Easy to prepare

- **No tagging of notes**
  - Requirement for 2022: No tagging of notes
  - Requirement for 2020: No tagging of notes
  - Tagging of PFS: Tagging in PFS only where IFRS Taxonomy exists
  - Easy to prepare

**Extensions – ESEF Taxonomy**
Comparability

- **None**
  - Requirement for 2022: No extension are allowed
  - Requirement for 2020: No extension are allowed
  - No limitation: Flexibility for issuers

- **ESMA business extension**
  - Requirement for 2022: No extension are allowed
  - Requirement for 2020: No extension are allowed
  - Ancehoring: Preparers are allowed to extend with specific tags within the industry

- **Anchoring**
  - Requirement for 2022: No extension are allowed
  - Requirement for 2020: No extension are allowed
  - Anchoring: Preparers are allowed to extend with specific tags within the industry

- **No limitation**
  - Requirement for 2022: All extensions are allowed and prepared by issuer
  - Requirement for 2020: All extensions are allowed and prepared by issuer
  - Anchoring: Flexibility for issuers

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Key characteristics of the ESEF Reporting Taxonomy

The **European Securities and Markets Authority** (hereafter "ESMA"), empowered by Article 4(7) of the Amended Transparency Directive, specifies in the Regulatory Technical Standard (hereafter RTS) a **European Single Electronic Format** (hereafter ESEF) in which annual financial reports have to be prepared. It requires that all annual financial reports have to be prepared in XHTML format. Moreover, annual financial statements containing IFRS consolidated financial statements have to be marked-up with XBRL tags embedded in the XHTML using Inline XBRL technology.

- **Classification system** for IFRS presentation and disclosure requirements
- **Entities can add** their own elements and express their entity-specific presentation and calculation relationships within XBRL
- Consists of ‘Elements’ that are used to tag information in IFRS Financial Statements. An element is a unique name that explains a fact or single piece of financial statement data (e.g. revenue, net income, etc.)
- **ESEF taxonomy**
- Elements sourced from IFRS Standards and the IFRS reporting practice. No guidance regarding the content and presentation of the financial statements.
ESEF reporting – Upcoming changes
How does your future annual report look like?
Next steps – Disclosure management
Is our current closing process with multiple data sources?

Typical reporting processes are inefficient, diverting significant resources from the performance of value-added activities.

Multiple data sources are typically not linked, requiring more control points to manage the degree of manual effort.
Next steps – Disclosure management
Advantages of a disclosure management tool for Automated External Reporting (AER)

• Create financial reports in print-ready formats
• Enables XBRL tagging
• Automates manual processes, which reduces risk and strengthens the control environment
• Reduced risk of error, delayed filing, non-compliance, insider leaks
• Reduced process redundancies: workload reduction through efficient process, employees focusing on high-return activities, increased review time resulting in more-actionable insights into the business
Disclosure Management solutions vary from ‘only’ delivering the required XBRL instance document to creating multiple XBRL filings and a workflow solution to fully control your ‘last mile of finance’.

Next steps – Disclosure management
Advantages of a disclosure management tool for Automated External Reporting (AER)

Compliance
Comply with ESMA Mandate!

Take control over tagging
Take control over detailed tagging

Improve disclosure management process
Redesign the ‘last mile’ to a data centric disclosure management process

Align in company reporting process through XBRL
Connect internal and external reporting

Roadmap to data centric disclosure management

Increasing efficiency, mitigating risks, speeding up reporting process

Increasing # of required reports and parties involved