

European Single Electronic Format (ESEF)

ESEF

Reporting in the XBRL format

2022 December





Szabályozásról röviden

1

Mi az ESEF? (European Single Electronic Format)

- Transparencia irányelvből ered (amended 2013)
- 2020 január 1-jén vagy azt követően kezdődő üzleti évekre vonatkozik
- Minden EU szabályozott piacon (ideértve Norvégiát és Izlandot) értékpapírt kibocsátó társaságnak az “annual financial reports”-ot XHTML file formátumban kell elkészíteni
- Abban az esetben, amennyiben ez konszolidált IFRS beszámolót tartalmaz, akkor a konszolidált beszámoló bizonyos részeit meg kell jelölni XBRL (eXtensible Business Reporting Language) taggel
- Fokozatos bevezetés, több fázison keresztül

Transzparencia irányelv

4. Cikk Éves pénzügyi beszámolók

(1) A kibocsátó az egyes pénzügyi évek végét követően legkésőbb négy hónapon belül teszi közzé éves pénzügyi beszámolóját, és gondoskodik arról, hogy az éves pénzügyi beszámoló legalább öt évig nyilvánosan hozzáférhető maradjon.

(2) Az éves pénzügyi beszámoló a következőket tartalmazza:

a) az auditált pénzügyi kimutatások;

b) a vezetőségi beszámoló; és

c) a kibocsátón belüli felelős személyek – akiknek a nevét és beosztását egyértelműen jelezni kell – arra vonatkozó nyilatkozata, hogy legjobb tudásuk szerint az alkalmazható számviteli standardok alapján elkészített pénzügyi kimutatások valós és megbízható képet adnak a kibocsátó és az összesítés egészében szereplő vállalkozások eszközeiről, kötelezettségeiről, pénzügyi helyzetéről, valamint nyereségéről és veszteségéről, továbbá, hogy a vezetőségi beszámoló megbízhatóan tekinti át a vállalkozás fejlődését és teljesítményét, a kibocsátó és az összesítés egészében szereplő vállalkozások helyzetét, ismertette a főbb kockázatokat és a bizonytalansági tényezőket is.

Hogyan épül fel az XBRL és az iXBRL?

Jelenlegi pénzügyi beszámolók

	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 for the year		100	100
Earnings per share			
- basic	12	50.5	50.2
- diluted	12	50.1	50.1

Elektronikus vonalkód



	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 for the year		100	100
Earnings per share			
- basic	12	50.5	50.2
- diluted	12	50.1	50.1

Olvasható formátum

```
<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></p><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 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 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; 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></tr><tr><td colspan="2" 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 colspan="2" style="padding: 0cm 5.4pt 0cm 5.4pt; width: 35.2pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right" style="background: #FBE4D5; padding: 0cm 5.4pt 0cm 5.4pt; width: 86.55pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><b><span><i>300</i></span></b></p><td colspan="2" style="padding: 0cm 5.4pt 0cm 5.4pt; width: 134.7pt"><p class="MsoNormal" style="line-height: normal; margin-bottom: .0001pt; text-align: right"><b><span><i>250</i></span></b></p></tr></tbody></table>
```

Számítógépes olvasható formátum*

iXBRL

XBRL

* félkövér = a szöveg szintén látható olvasható formátumban

ESEF bevezetés fázisai

	Consolidated IFRS financial statements	Individual financial statements	Management report & half-yearly financial statements
Detailed tagging Primary financial statements	MANDATORY as of 2020	NOT REQUIRED	NOT REQUIRED
Block tagging Explanatory notes	MANDATORY as of 2022		
Detailed tagging Explanatory notes	NOT REQUIRED		



Előző évi alkalmazás tapasztalatai

2

FRC in UK performed an extensive study



	We were pleased to see...	Many companies need to improve...	Better practice would be to...
Process	<ul style="list-style-type: none">• companies rising to the challenge to produce a report in line with the new requirements.• high use of the FCA's test facility to iron out issues ahead of the final submission.• some examples of companies providing disclosures about their governance and internal and external assurance process.	<ul style="list-style-type: none">• the naming and structure of the file(s) submitted to the National Storage Mechanism.³ This was the cause of many rejected filings.• their review and governance processes – more engagement and education is needed, including at management and Board level.	<ul style="list-style-type: none">• focus on data quality and consider internal or external assurance.• consider structured reporting as an integral part of the annual reporting process, rather than a bolt-on.• adopt a continuous improvement mindset and ensure the annual reporting process is future-proof.• keep the filings submitted in different jurisdictions as consistent as possible and clearly label the different versions.

FRC in UK performed an extensive study



Possible approach to the audit committee's review

1. Set up an education session, covering topics such as 'What does a tagged report look like?', 'What is an extension?' and 'What do validation warnings and errors mean?'
2. Share a version of the report with an Inline XBRL viewer for the committee's review. Explain how to open the report in a web browser, view the tags and identify extensions. If a company uses a cloud platform to share documents with the Board, make sure it can handle the file size and format.
3. Provide an accompanying note explaining:
 - the judgements made in the selection of tags and in the creation of extensions. A comparison to peers' tagging could also be provided, highlighting any differences. Ask whether the committee agrees with the judgements made.
 - the process for preparing the structured report and the controls and any internal or external assurance in place. Ask whether the committee is comfortable with the approach.

FRC in UK performed an extensive study



We were pleased to see...

- improvement in the design of the structured reports – most issues with fonts and images displaying incorrectly have been addressed.
- some companies filed their structured report relatively early in the reporting season.
- many companies put the structured report on their website.

Many companies need to improve...

- the usability of the report, by making a validated report available on the company's website with an inline viewer³.
- the timing of their report – the deadline is reverting to 4 months after year-end, which means many companies may need to speed up the process from this year.

Better practice would be to...

- minimise the time lag between the results announcement and the filing of the structured report.
- minimise the report loading time.
- go beyond the limits of the paper report and design with digital users in mind.
- ensure the structured report meets accessibility standards.

Usability & design



FRC in UK performed an extensive study



Embracing XHTML as a web-based format

While many companies' structured report looks exactly the same as the PDF with pages in A4 format, this is not a requirement. Unlike PDF, XHTML is a web-based format rather than a print-based format. Companies could instead start thinking of their structured report as a (collection of) webpage(s), which can be:

- **responsive** to different screen sizes.
- **interactive**—for example using dynamic graphs, videos and improved navigation features. Although executable code is not permitted in reports filed to the NSM, some interactive features can still be achieved.
- **accessible**—for example allowing text to be enlarged and making the report suitable for screen readers.
- **optimised for search engines.**
- enabling better **webanalytics** and **integration** with the rest of the company website.

However, such truly 'web-based' structured reports can only be created using a new generation of 'native XHTML' reporting tools. Tools using PDF-to-XHTML conversion cannot achieve the features listed on the left. We appreciate companies may be unable to change their processes in the short term.

FRC in UK performed an extensive study



Tagging



We were pleased to see...

- the use of 'concealed' tags⁴ has largely disappeared.

Many companies need to improve...

- their selection of tags, including by focusing on the accounting meaning of their disclosures and by avoiding unnecessary extensions.
- the selection of appropriate anchors for extensions.
- the completeness of calculations.

Better practice would be to...

- start testing text block tagging of the notes now.
- review peers' tagging.
- voluntarily tag some notes in detail that may be of interest to users.
- respond to relevant taxonomy consultations.

FRC in UK performed an extensive study



Context

In this year's review of tagged reports submitted to the NSM, we continued to observe some tagging errors. Improving data quality is crucial –otherwise, investors will remain reluctant to use structured reports. Companies should also consider that investors, regulators and other stakeholders may see poor tagging quality as an indicator of poor underlying processes, which may influence their decisions.

Most of the tagging guidance we provided last year remains applicable, including guidance on:

- **Using the correct sign.**
- **Avoiding concealed facts** (tags not attached to the human-readable layer), although this issue is largely resolved in this year's filings.
- **The meaning of warnings and errors** –warnings should be investigated but not all warnings must be resolved.
- **Avoiding changes to the standard labels of tags** (also see **ESEF manual Guidance 3.4.5**)

However, there are a few points worth highlighting and reiterating.

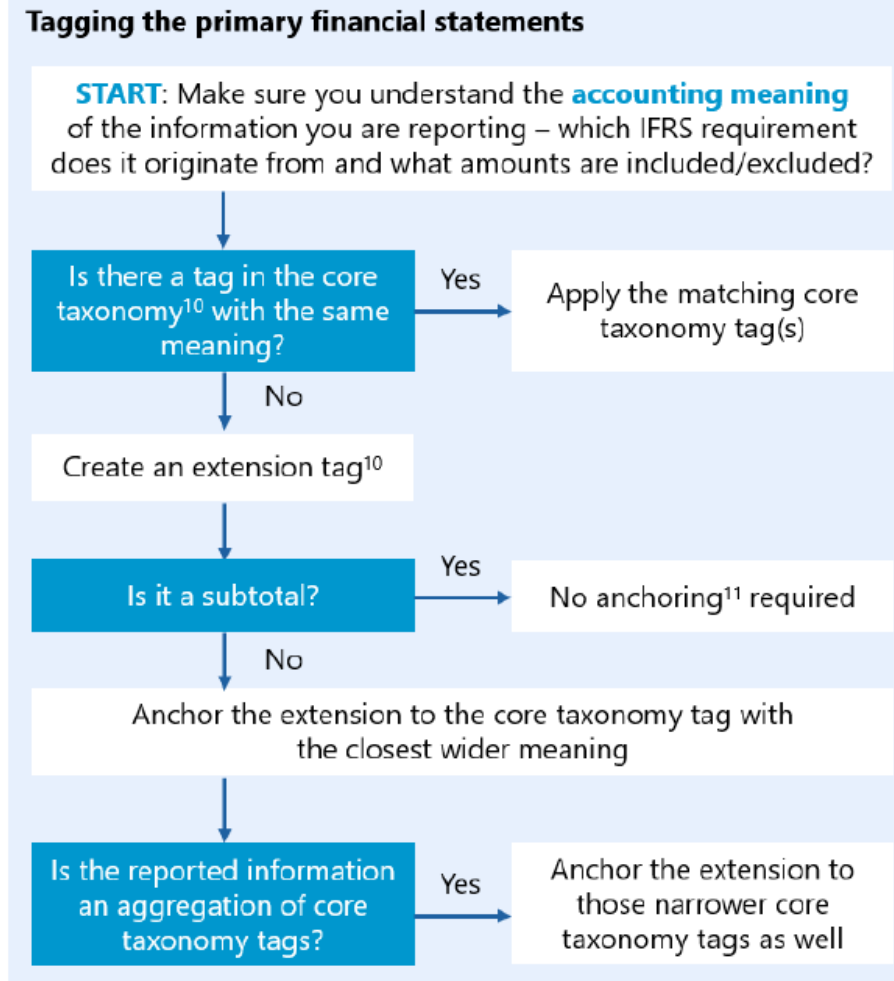
FRC in UK performed an extensive study



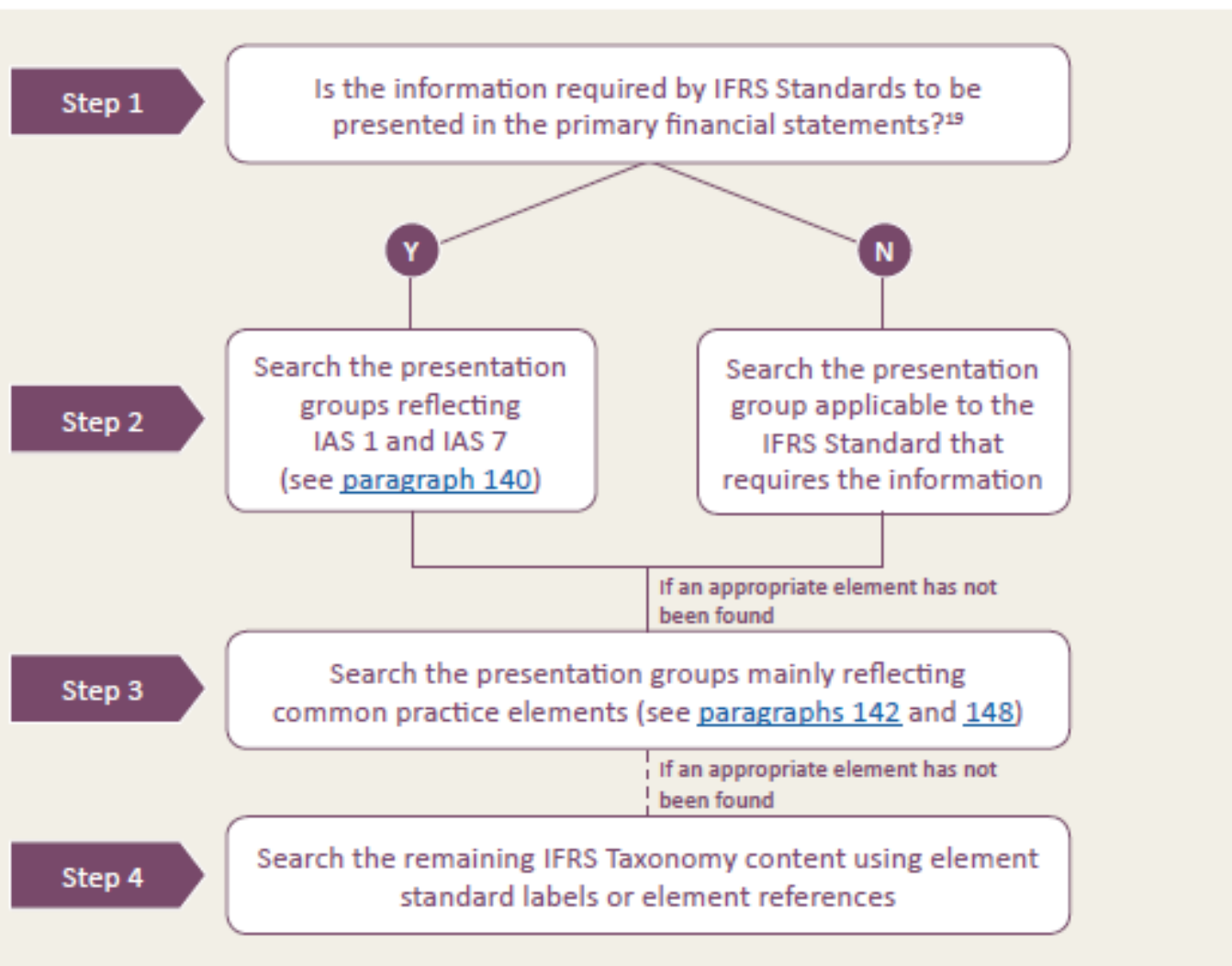
Selecting the right tag and creating extensions

Selecting the right tag requires a thorough understanding of the company's report and the available tags in the core taxonomy¹⁰. Companies should ensure technical accounting staff, who have familiarised themselves with the taxonomy, are involved in the review of the tags. Reviewing peers' tagging may also be helpful.

The process for tagging information in the primary financial statements is summarised on the right. The requirements for tagging information in the notes is different (we will discuss later)



How to find the appropriate tag?



140 The elements representing the presentation and disclosure requirements of IAS 1 *Presentation of Financial Statements* and IAS 7 *Statement of Cash Flows* can be found in multiple presentation groups within the IFRS Taxonomy:

- (a) IAS 1 *Presentation of Financial Statements*:
 - (i) [110000] 'General information about financial statements';
 - (ii) [210000] 'Statement of financial position, current/non-current';
 - (iii) [220000] 'Statement of financial position, order of liquidity';
 - (iv) [310000] 'Statement of comprehensive income, profit or loss, by function of expense';
 - (v) [320000] 'Statement of comprehensive income, profit or loss, by nature of expense';
 - (vi) [410000] 'Statement of comprehensive income, OCI components presented net of tax';
 - (vii) [420000] 'Statement of comprehensive income, OCI components presented before tax'; and
 - (viii) [610000] 'Statement of changes in equity'.
- (b) IAS 7 *Statement of Cash Flows*:
 - (i) [510000] 'Statement of cash flows, direct method'; and
 - (ii) [520000] 'Statement of cash flows, indirect method'.

142 Elements that reflect common reporting practice and that are often presented in primary financial statements are normally included within the following IFRS Taxonomy presentation groups:

- (a) [800100] 'Notes - Subclassifications of assets, liabilities and equities';
- (b) [800200] 'Notes - Analysis of income and expense';
- (c) [800300] 'Notes - Statement of cash flows, additional disclosures'; and
- (d) [800400] 'Notes - Statement of changes in equity, additional disclosures'.

148 The IFRS Taxonomy has two presentation groups that include text block elements for commonly reported groups of disclosures. These are:

- (a) [800500] Notes - List of notes' which provides the text block elements that can be used to tag an individual note (including the note relating to the disclosure of significant accounting policies) or the whole of all the notes; and
- (b) [800600] Notes - List of accounting policies' which provides text block elements that can be used to tag an individual accounting policy.

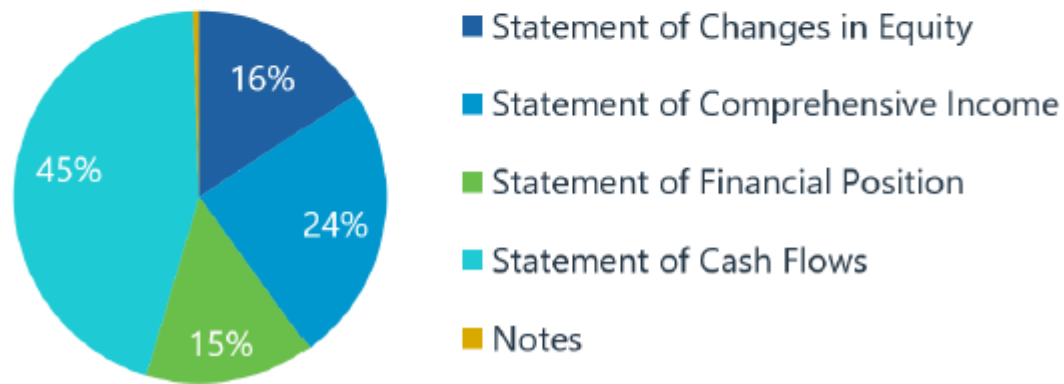
Figure 18—Flow chart illustrating a process for finding the correct element within the IFRS Taxonomy

FRC in UK performed an extensive study



In the mandatory tagged reports filed on the NSM by 31 July 2022, we found that companies' reports contained about 400 tagged facts on average, of which on average 14% were extensions (custom tags) and 86% were tags from the core taxonomy. These rates varied by industry. We found most extensions occurred in the statement of cash flows, followed by the statement of comprehensive income:

Extensions by statement



FRC in UK performed an extensive study



General Observations

- **created unnecessary extensions** when a suitable core taxonomy tag was available. For example, one company created an extension for 'environmental liabilities' even though the accounting meaning appeared to match the core taxonomy tag 'Provision for decommissioning, restoration and rehabilitation costs'.
- **used core taxonomy tags when a different core taxonomy tag should have been used instead.** Companies should make sure they carefully consider the definition (i.e. the 'documentation label') of a tag, its references to the related requirements in IFRS Standards
- **used core taxonomy tags when an extension should have been created instead.** For example an industrial company presented a subtotal called 'trading profit' that was calculated as operating profit before intangible amortisation. It tagged this subtotal with the core taxonomy tag 'trading income and expense'. However, the taxonomy implies this tag is intended to be used for income and expenses from trading financial instruments.

FRC in UK performed an extensive study



Tagging observations by statement

Statement of comprehensive income:

- There were some scaling errors in earnings per share (e.g. EPS of 60 pence reported as £60).

Balance sheet:

- Investments in associates and joint ventures are often tagged incorrectly with the tag intended for separate financial statements. The correct tag is: 'Investments accounted for using equity method'.
- Provisions excluding provisions for employee benefits are often tagged incorrectly as 'provisions'. The correct tag is: 'other provisions'.

Statement of cash flows:

- We commonly found extensions for deferred and contingent consideration related to business combinations.

Statement of changes in equity:

- We commonly found extensions relating to the settlement of share-based payments.

Mandatory tags:

- Some companies failed to use the mandatory 'principal place of business' tag, even though they disclosed the information.

FRC in UK performed an extensive study

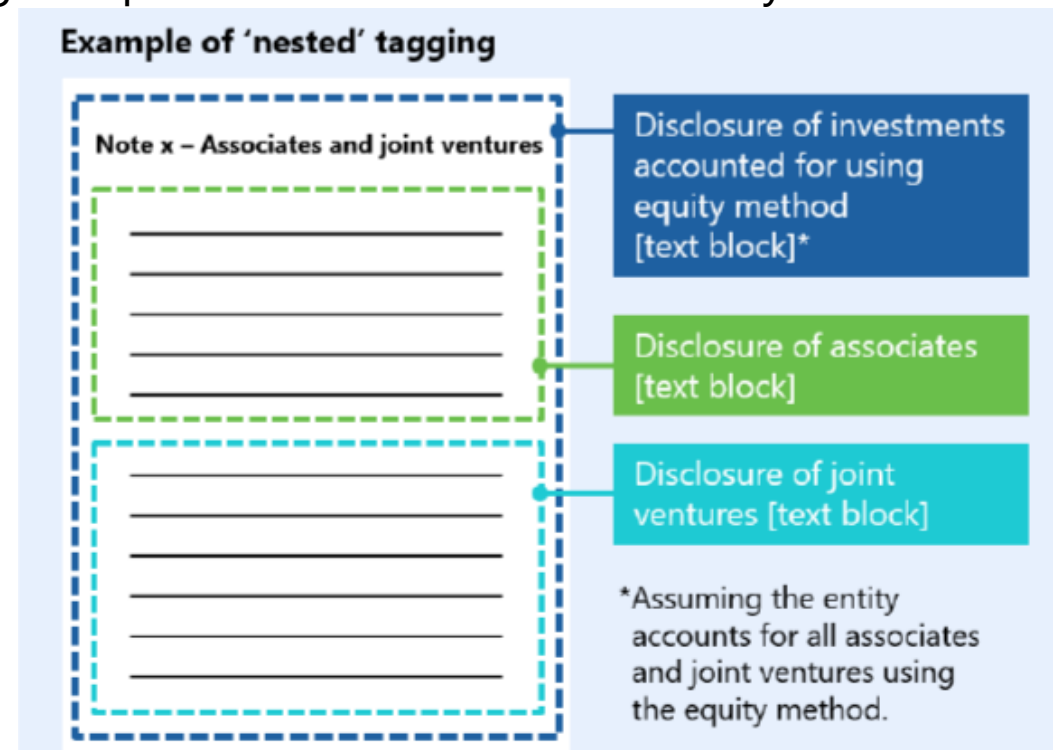


Forward looking comments

The requirements for note tagging are different from those for the primary financial statements – notes should be tagged using bigger ‘text blocks’ from a specified list (see **Annex II of the TD ESEF regulation**). There is no requirement to create extensions for the notes. Such tagging could be thought of as mapping the notes to a standardised table of contents. It facilitates navigation in tagged reports and automated text analysis of the notes.

Companies should test text block tagging well ahead of their year-end. They will need to spend time mapping the mandatory tags to their notes, which will involve judgement. Companies should also test whether their tools can correctly apply text block tagging. In particular, companies should:

- take into account ESMA’s recent clarification (**ESEF manual Guidance 1.9**) that a tag from the list of mandatory tags must be applied if a corresponding disclosure is present in a report. This means a single piece of information may need to be tagged with more than one text block tag (‘nested’ tagging). We suggest companies test how to apply such tagging in their tool.



What tags would you apply for the following disclosure?

Recurring fair value measurements At 31 December 2022	Notes	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Financial assets					
Financial assets at fair value through profit or loss (FVPL)					
US listed equity securities	7(d)	5,190	-	-	5,190
Oneland listed equity securities	7(d)	6,110	-	-	6,110
Preference shares – property sector	7(d)	-	1,100	-	1,100
Other (contingent consideration)	7(d)	-	-	1,290	1,290
Hedging derivatives – interest rate swaps	12(a)	-	453	-	453
Hedging derivatives – foreign currency options	12(a)	-	1,709	-	1,709
Financial assets at fair value through other comprehensive income (FVOCI)					
Equity securities – property sector	7(c)	1,286	-	-	1,286
Equity securities – retail sector	7(c)	2,828	-	-	2,828
Equity securities – forestry sector	7(c)	-	-	1,150	1,150
Debentures – property sector	7(c)	378	-	-	378
Debentures – retail sector	7(c)	350	790	-	1,140
Total financial assets		16,142	4,052	2,440	22,634
Financial liabilities					
Hedging derivatives – foreign currency forwards					
	12(a)	-	766	-	766
Trading derivatives					
	12(a)	-	275	335	610
Total financial liabilities		-	1,041	335	1,376

Disclosure of notes and other explanatory information [text block]

Disclosure of financial instruments [text block]

Disclosure of fair value of financial instruments [text block]

Disclosure of fair value measurement [text block]

Disclosure of financial instruments at fair value through profit or loss [text block]

Disclosure of derivative financial instruments [text block]

FRC in UK performed an extensive study



Forward looking comments

- ensure the information contained within a particular tag is complete and not misleading. If one text block tag corresponds to multiple pieces of information in different places in the report, the Inline XBRL continuation or exclusion mechanisms should be used to merge the relevant sections. Companies should test this feature in their tool.
- make sure that in the machine-readable layer of the report, words are in the same order as in the human readable layer, and that spaces between words are not lost (see **ESEF manual Guidance 2.2.6**). This may be an issue for tools that rely on PDF-to-XHTML conversion.
- if their report is subject to external assurance, agree their approach to note tagging in advance with their assurance provider.

In preparing for next year's report, companies should assess whether changes to the core taxonomy they use have any impact on their tagging. For example, those companies changing from using the ESEF/IFRS 2020 taxonomy to the ESEF/IFRS 2021 taxonomy may want to have a look at the changes made (see this IFRS Foundation [webinar](#) and [slides](#)).



Taggelési szabályok változásai

3

NEW ESEF reporting manual is available from ESMA website

https://www.esma.europa.eu/sites/default/files/library/esma32-60-254_esef_reporting_manual.pdf



Gyakorlati megvalósítás

4

Gyakorlati megvalósítás

1. Ütemterv készítése és egyeztetése a kapcsolódó szereplőkkel (könyvvizsgálóval, szolgáltatóval, titkársággal..)
2. Kontrol folyamatok kialakítása
3. Próba taggelés mielőbbi elvégzése
4. Megítélést jelentő tételek mihamarabbi tisztázása
5. Gyakorlat finomhangolása a tapasztalatok alapján



Könyvvizsgálati kérdések

5

Gyakorlati kihívások

- Mennyiben lehet majd támaszkodni a kontrol környezetre?
- Külső szolgáltatókkal való együttműködés
- Könyvvizsgáló által használt szoftver?
- Hogyan értelmezhető a materialitás?
- Elképzelhető, hogy az ESEF vélemény más mint a „klasszikus”?

Accountancy Europe Briefing paper – 2022 December

<https://www.accountancyeurope.eu/wp-content/uploads/221206-Guidance-on-ESEF-Blocktagging.pdf>

Köszönöm a figyelmet

