

WELCOME





ACCOUNTANCY EUROPE

IMPLEMENTING ESEF

Moderator: Hilde Blomme
Deputy CEO, Accountancy Europe



Alain Deckers

DG FISMA, European Commission



Marjolein Doblado

Chair of the ISA Sub-group, CEAOB

CEAOB guidelines

on the auditors' involvement on financial statements in European Single Electronic Format

- adopted on 28 November 2019
- published on CEAOB webpage

[https:// click for direct link to the webpage](#)



CEAOB guidelines - content

1. Context
 2. Legal background analysis provided by the European Commission services
 3. Purpose of the guidelines
 4. Work to be performed by auditors
 5. Reporting by the auditors
- Appendix – summary of the ESEF requirements relevant to the work of the auditors



Work to be performed by auditors

(XHTML)

(1) human-readable layer

audited / identical to the audited information

and

(XBRL)

**(2) information is marked-up in compliance
with the ESEF requirements**

(2) Work on the marked-up information

- **reasonable assurance** about whether financial statements have been marked-up, in all material aspects, in compliance with the ESEF requirements
 - **materiality** for marked up information
 - identify and assess the **level of risks** of material misstatements
 - **procedures to respond to the risks**
 - **conclude** on whether the marked-up information complies with ESEF requirements

The auditor's reporting on ESEF

- Benefit of **consistence in the reporting** across Member States
 - CEAOB recommendation provided in the guidelines
- Auditors' [➔]opinion/conclusion on **whether the financial statements prepared by the entity comply with the ESEF requirements**
 - **in the audit report**
 - in a section which is **clearly separated from the audit opinion**
- considering national legal **requirements** / additional provisions
- **Reference clearly the ESEF files** examined by the auditor

CEAOB guidelines

on the auditors' involvement on financial statements in European Single Electronic Format

- adopted on 28 November 2019
- published on CEOB webpage

[https:// click for direct link to the webpage](#)





Anna Sciortino
Policy Officer, ESMA



European Securities and
Markets Authority

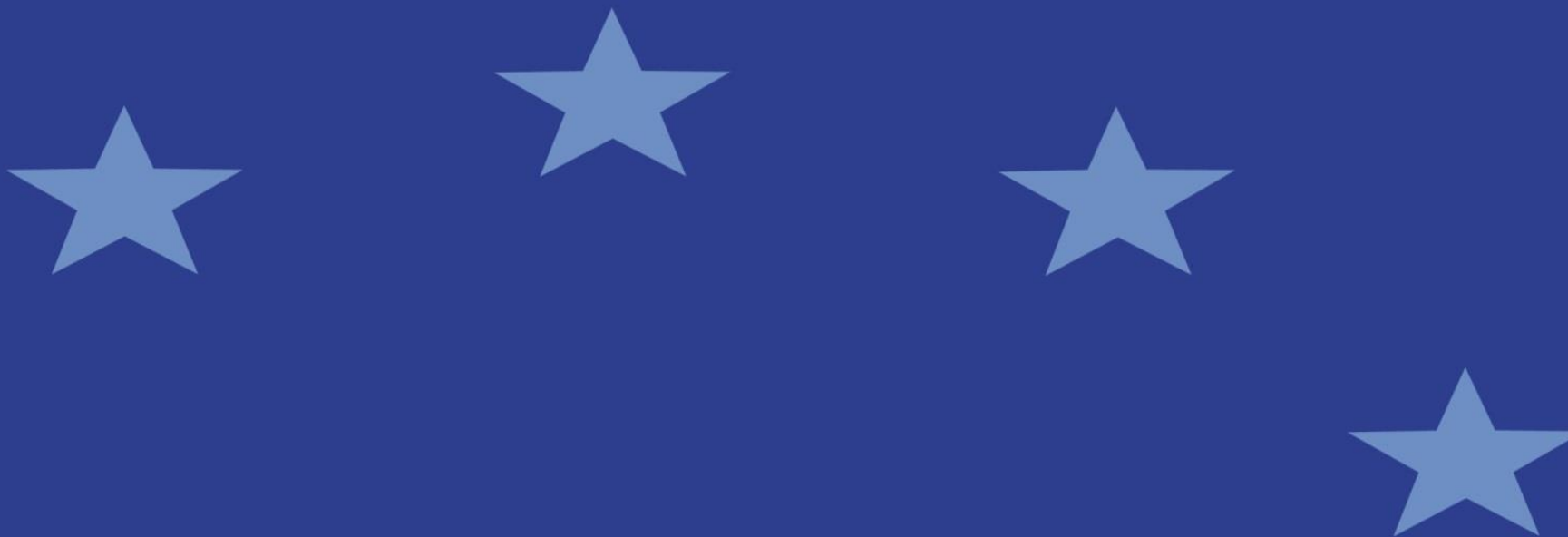
ESMA REGULAR USE

12 October 2020

ESEF for preparers

ESMA's RTS and next steps

Anna Sciortino





To whom do the ESEF requirements apply?

- To all issuers with securities admitted to trading on regulated markets under the obligation to make public annual financial reports (AFRs) in accordance with Article 4.1 of the TD.
- To AFRs containing financial statements for financial years beginning on or after 1 January 2020.
- Deadline for the publication set out in Article 4.1 of the TD remains unchanged.

What does ESEF mean in terms of design

- The move to XHTML does not constrain design choices nor does the underlying regulation.
- However it does mean that companies need to make the decision about where on the continuum between compliance and communication they sit.



Statement of Comprehensive Income
for the Period from January 1 to December 31, 2019

	Notes	Jan. to Dec. 2019	US\$
Fee revenue		14,516,715	17,555,899
Wages and salaries	3.1	-4,616,880	-4,288,884
Social contributions and expenses for pensions and care		-543,684	-4,907,225
Personnel expenses		-5,160,564	-4,094,185
Other operating expenses	3.2	-5,561,990	-384,703
Other operating income	3.3	181,344	-344,735
Amortization and depreciation expense	3.4	-873,846	8,634,457
Operating surplus		3,101,899	40,482
Subsidies and donations	3.5	25,368	-325,544
Financial income / expense	3.6	-234,857	8,348,295
Net surplus		2,892,190	8,312
Changes of components of net equity from actuarial gains and losses in pension and similar obligations	3.2	-11,410	3,312
Items that will not be reclassified to net surplus		-11,410	3,312
Other comprehensive income		-11,410	3,312
Total comprehensive income		2,880,780	8,302,707



What do embedded XBRL tags look like

Inline Viewer Document Display Options

Balance Sheet
as of December 31, 2019

Assets	Notes	Dec. 31, 2019	D
US\$			
Receivables from LEI issuers	4.1	1,515,978	
Current financial assets	4.2	33,101	
Other assets	4.3	296,047	
Cash and cash equivalents	4.4	13,255,924	
Current assets		15,101,050	
Intangible fixed assets	4.5	1,158,440	
Tangible assets	4.6	235,044	
Financial assets	4.2	143,795	
Right-of-use assets	4.7	3,779,781	
Non-current assets		5,317,060	
		20,418,110	
Liabilities and equity			
Payables due to vendors	4.8	967,842	
Liabilities due to Board Directors	6.1	18,955	
Other financial liabilities	4.9	554,670	
Other payables	4.10	1,175,099	
Current liabilities		2,716,566	
Provision for pension costs	3.2	34,009	
Payables due to vendors	4.8	0	
Financial liabilities	4.9	3,437,706	
Deferred subsidies	3.5	43,249	
Non-current liabilities		3,514,964	

Fact Properties

Search

Concept

- (ifrs-full) Current trade receivables

The amount of current trade receivables. [Refer: Trade receivables]

Dimensions

Date 31 Dec 2019

Fact Value US \$ 1,515,978

Accuracy 0 (ones)

Change 31.2% decrease on 31 Dec 2018

Entity [LEI] 506700GE1G29325QX363

Concept ifrs-full:CurrentTradeReceivables

< 1 of 1 >

References

IAS

Name	IAS
Number	1
IssueDate	2019-01-01
Paragraph	78
Subparagraph	b

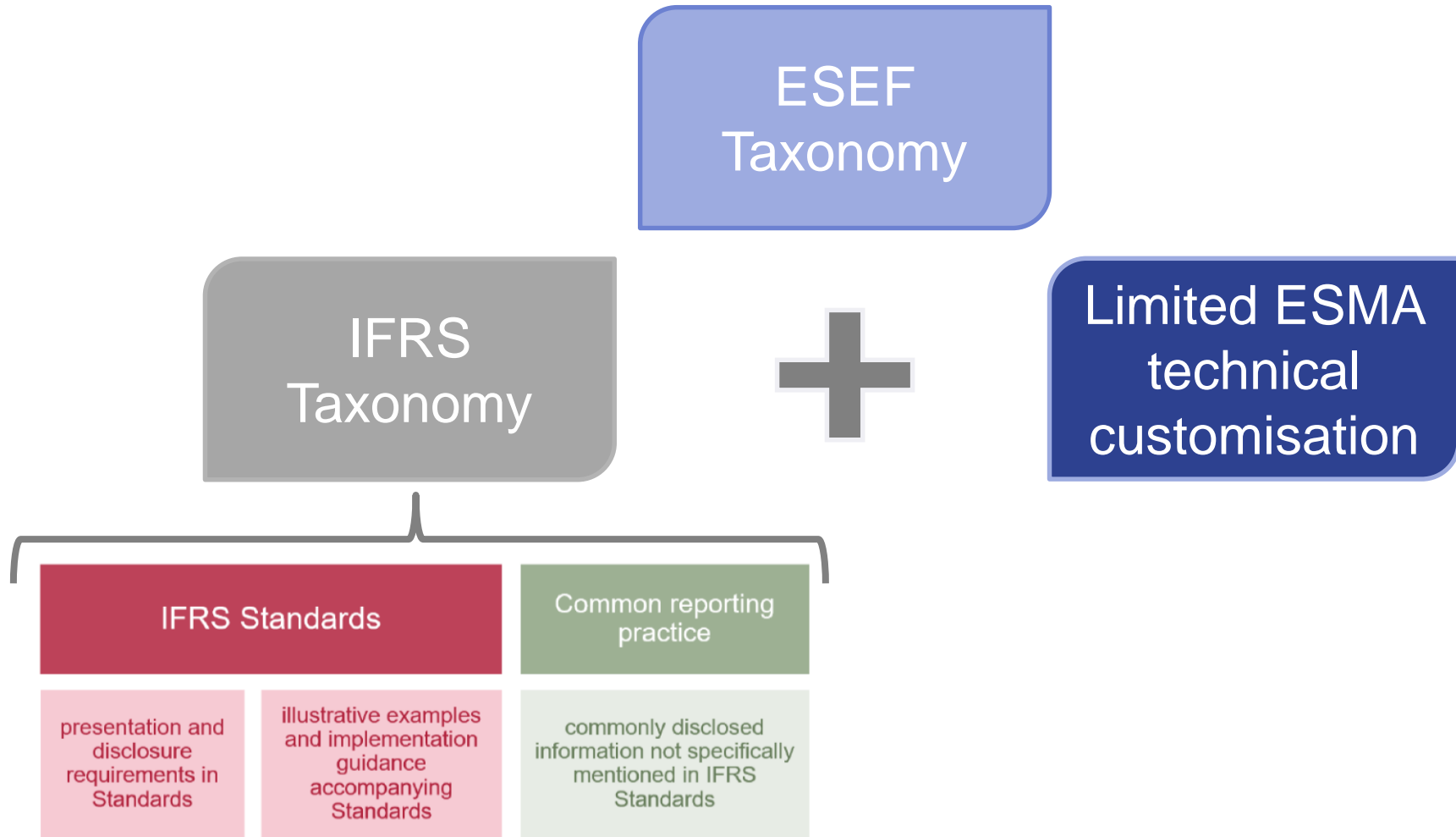
...like an additional layer of information that, for example, can be displayed when clicking on a certain tagged element

Level of tagging required by ESEF RTS

	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)	not possible
Detailed tagging of notes	voluntary		

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

ESEF Taxonomy



How to get prepared for ESEF

LEARNING

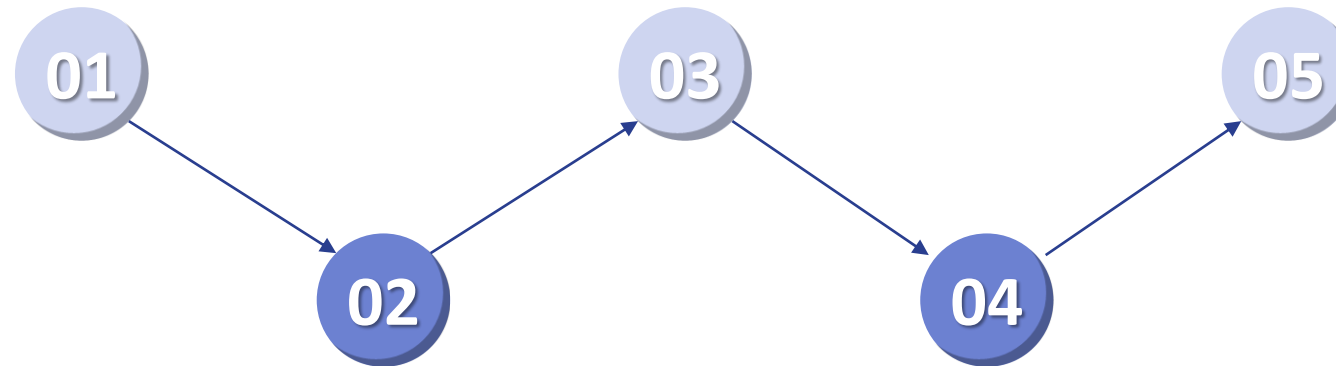
- Familiarise yourself with the ESEF requirements and with the IFRS taxonomy
- Educate your teams and management

STRATEGY

- In-house or externalised production?
- Governance of the ESEF project (validation, key actors etc)

TIMING

Start early! Start now!



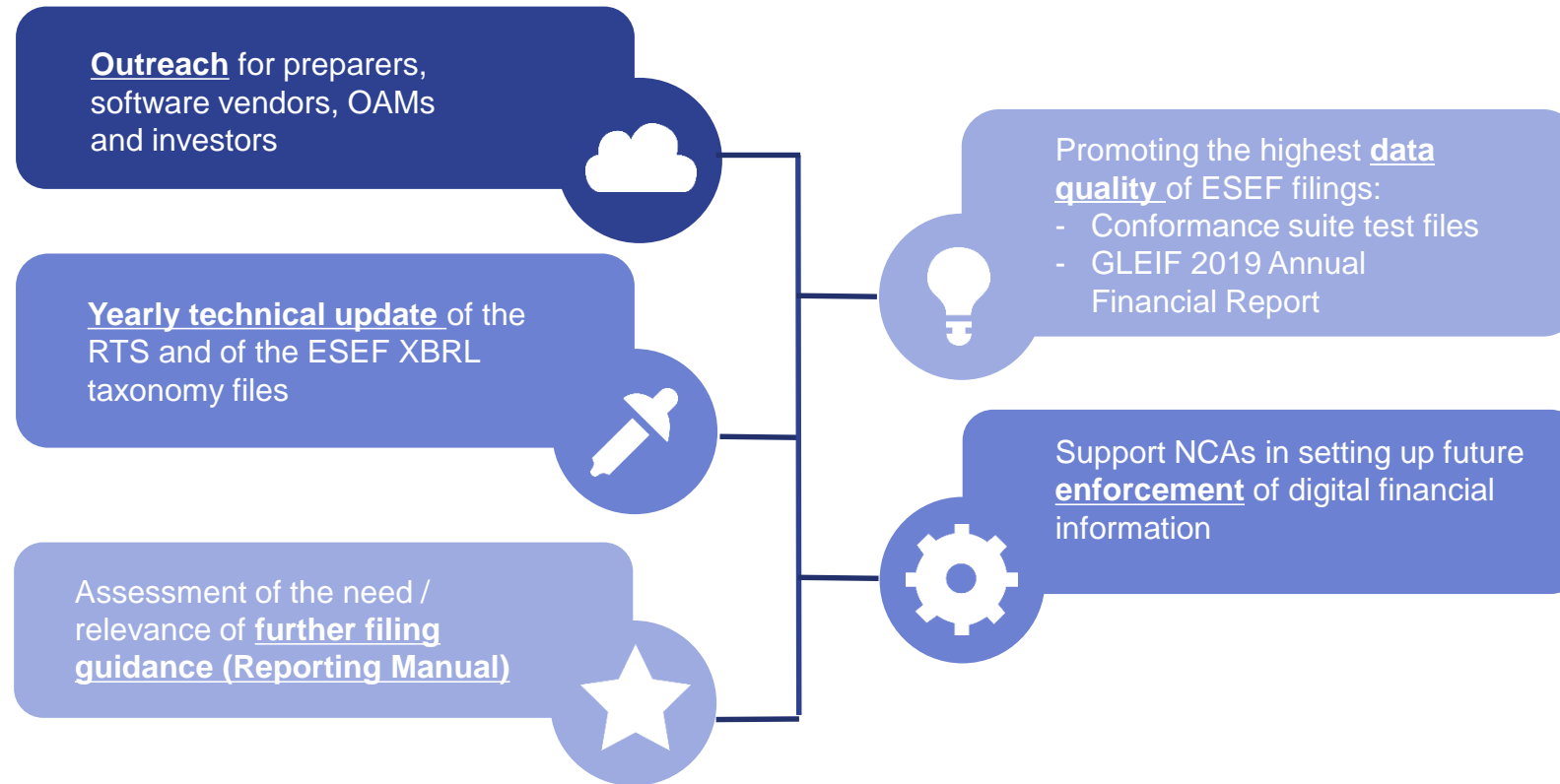
START MAPPING

- Map your 2019 financial statements to the IFRS taxonomy
- Analyse the need for extensions and anchors

CHOOSE SOFTWARE

- Assess the right solution for you
- Built in or bolt on approach?
- Standalone iXBRL or disclosure management solutions?

ESMA's ongoing activities and next steps





Thank you for your attention!

Please note that the content of this presentation is based on staff considerations and has not been formally approved by ESMA's Board of Supervisors and/or ESMA's Chairman.



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](#)



Jon Rowden

XBRL Leader, PwC United Kingdom

Considerations for Compliance

Jon Rowden
iXBRL leader, PwC UK



Touchpoints in discussion with project leaders

Status of law, regulations, guidance

Fact-checking the solution vendors

Document model (one doc/ two doc)

Timetables

Responsibilities and education

Mapping

What are others doing?

Role of the auditor

ESEF Training



ESEF Training & Workshop

- Blended learning - digital and workshops
- Different roles, different depth
- Action planning

What are we hearing in the market place?

This training module is designed to help you begin to address questions like these and act as a frame for future reference.

Please click on the information icons on screen to see some example questions.

What does this mean for the controls around our year-end annual report process?

Factors to consider when planning

Please click on each in turn.

Stage 2.
A project leader and sponsor are usually needed before action gets underway.

Stage 6.
Once a solution has been sourced, consider performing a dry run on your current annual report.

Navigation: home, glossary, back, next

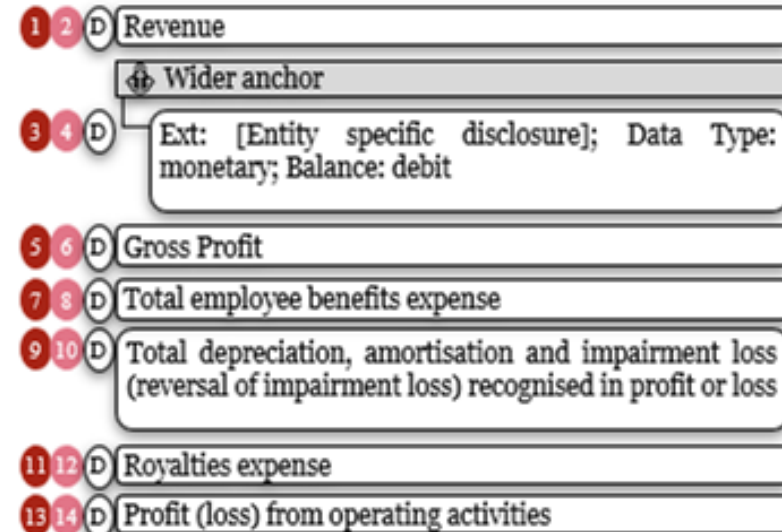
ESEF Mapping Report



ESEF Mapping Report

- Begin with the end in mind
- Accounting decisions and judgements
- Bringing work forward before year-end
- Cash flow and SOCIEs are generally more complex

	Note	2019 £m	2018 £m
Revenue	2	3,598	3,437
[Entity Specific Disclosure]		(453)	(432)
Gross Profit		3,145	3,005
Staff costs	3	(1,620)	(1,537)
Depreciations, amortisation and impairment	4	(68)	(55)
Other operating charges	4	(588)	(541)
Operating profit		869	872



Touchpoints in discussion with project leaders

· Status of law, regulations, guidance

Fact-checking the solution vendors

Document model (one doc/ two doc)

Timetables

Responsibilities and education

Mapping

What are others doing?

Role of the auditor

Questions?

© 2020 PwC. All rights reserved. Not for further distribution without the permission of PwC. “PwC” refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm’s professional judgment or bind another member firm or PwCIL in any way.



PRACTICAL ISSUES RELATED TO ESEF ASSURANCE

Hilde Blomme

Deputy CEO, Accountancy Europe

Stefan Schmidt

Chair, European Contact Group (ECG)

INTRODUCTION

- Purpose of this presentation
- Available guidance on ESEF assurance
- Legal uncertainties
- Need for harmonisation
- Role of national standard setters



GUIDING PRINCIPLES



- Clear engagement subject matter
- Consistency of the approach
- Reliability and understandability of the report
- Practicability of the guidance

RECOMMENDATIONS

Subject matter: Technical validity of the ESEF documents and tagging in accordance with ESEF RTS

Assurance Standard: ISAE 3000 or equivalent

Level of Assurance: Reasonable

Reporting: Assurance report to be published together with the AFR and linked to the ESEF documents

ENGAGEMENT PRINCIPLES

- Ethical requirements and resources
- Materiality in planning and evaluating findings
- Risk-based approach
- Professional judgment



ENGAGEMENT PERFORMANCE

Assertions

Risk
assessment

Internal
controls

Substantive
testing

Reporting

PRACTICAL ISSUES

- First year application
- Mapping document
- Integrated approach (with audit procedures)
- Voluntary tagging
- Guidance by National Standard Setters



Hilde Blomme

Deputy CEO, Accountancy Europe

Anna Sciortino

Policy Officer, ESMA

Jon Rowden

XBRL Leader, PwC United Kingdom

Marjolein Doblado

Chair of the ISA Sub-group, CEAOB

Stefan Schmidt

Chair, European Contact Group (ECG)