



ESEF, current status update from the NBA

Enrico Evink

Nederland rekent op zijn accountants.

Koninklijke Nederlandse
Beroepsorganisatie
van Accountants

NBA

Agenda

1. ESEF tagging
2. For which entities does it apply
3. ESEF & the Auditor
4. A more practical point of view
5. Tips & common pitfalls
6. Q&A



Enrico Evink
Board Member XBRL Netherlands,
Associate Partner EY Accountants LLP

Polling question (1)

What did you do with ESEF last year?

- A. We filled in ESEF at the AFM
- B. We have performed a dry-run / published ESEF financial statements to be additional available next to the (official) PDF version.
- C. We were preparing a ESEF-document but when ESEF filling became voluntary we postponed
- D. We did not do anything for ESEF last year

ESEF tagging

ESEF Tagging

Company specific elements & *anchoring*

CONSOLIDATED BALANCE SHEET

Assets		December 31,
In € millions	Notes	2016
Goodwill	1*	218
Intangible assets	10	1,066
Flight equipment	20	9,119
Other property, plant and equipment	20	1,480

Flight equipment

Property, plant and equipment

Element to be anchored to the closest element in the IFRS Taxonomy which has the closest wider accounting meaning



Extension elements



Elements contained in the IFRS Taxonomy

Source: <https://www.esma.europa.eu/policy-activities/corporate-disclosure/european-single-electronic-format>

Updated ESEF-RTS

ESMA Published the ESEF Core Taxonomy 2021

- Every year all base labels are translated in all European Languages
- Contains IFRS taxonomy (March 2021)
- Not yet endorsed by European commission
- Required for 2022, Early adoption is allowed (after endorsing)

Options for the 2021 financial statements

- ESEF Core Taxonomy of 2020; or
- ESEF Core taxonomy 2021 (when endorsed before drafting f.s.)
 - Note ESEF Core Taxonomy of 2019 is not allowed anymore

ESEF-RTS : taxonomy elements

Mandatory elements of the core taxonomy to be marked up for financial years beginning on or after 1 January 2020

Label	Data type and other attributes	References to IFRSs
Name of reporting entity or other means of identification	text	IAS 1 51 a
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	text	IAS 1 51 a
Domicile of entity	text	IAS 1 138 a
Legal form of entity		

Country of incorporation

Address of entity's registered office

Principal place of business

Description of nature of entity's operations and

Name of parent entity

Name of ultimate parent of group

Document 32019R0815

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Title and reference

Commission Delegated Regulation (EU) 2018/815 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 (Text with EEA relevance)

OJ L 143, 29.5.2019, p. 1–792 (BG, ES, CS, DA, DE, ET, EL, EN, FR, HR, IT, LV, LT, HU, MT, NL, PL, PT, RO, SK, SL, FI, SV)

In force: This act has been changed. Current consolidated version: 01/01/2020

ELI: http://data.europa.eu/eli/reg_del/2019/815/oj

Languages, formats and link to OJ

	BG	ES	CS	DA	DE	ET	EL	EN	FR	GA	HR	IT	LV	LT	HU	MT	NL	PL	PT	RO	SK	SL	FI	SV
HTML																								
PDF																								
Official Journal																								

Schema van de basistaxonomie

Tabel

Schema van de basistaxonomie voor de markering van geconsolideerde IFRS-jaarrekeningen

Prefix	Elementnaam/rol URI	Elementtype en attributen	Label	Documentatielabel	Referenties
ifrs-full	AbnormallyLargeChangesInAssetPricesOrForeignExchangeRatesMember	member	Abnormaal grote veranderingen in de prijzen van activa of wisselkoersen [member]	Dit lid staat voor abnormaal grote veranderingen in de prijzen van activa of wisselkoersen.	voorbeeld: IAS 10 22 g
ifrs-full	AccountingEstimatesAxis	axis	Schattingen [axis]	De as van een tabel definieert de relatie tussen de domeinleden of categorieën in de tabel en de posten of concepten die de tabel vervolledigen.	informatieverschaffing: IAS 8 39

Source: <https://eur-lex.europa.eu/legal-cor>

For which Entities does
ESEF Apply?

For which entities does ESEF apply?

- All entities that are listed entities under the transparency directive (WFT)
 - Listed Shares
 - Listed Bonds, (except over threshold and ICBEs)
 - Foreign companies (with NL as EU home state)
- Simplified: companies that are currently filing at the AFM
- Possible (also) filings in other EU country if other 'home member state' is chosen or if solely listed at that EU country stock exchange.
- Regardless if there is a consolidated financial statement, the ESEF requirements apply. However, if no consolidation then the tagging is not required.

ESEF & the Auditor

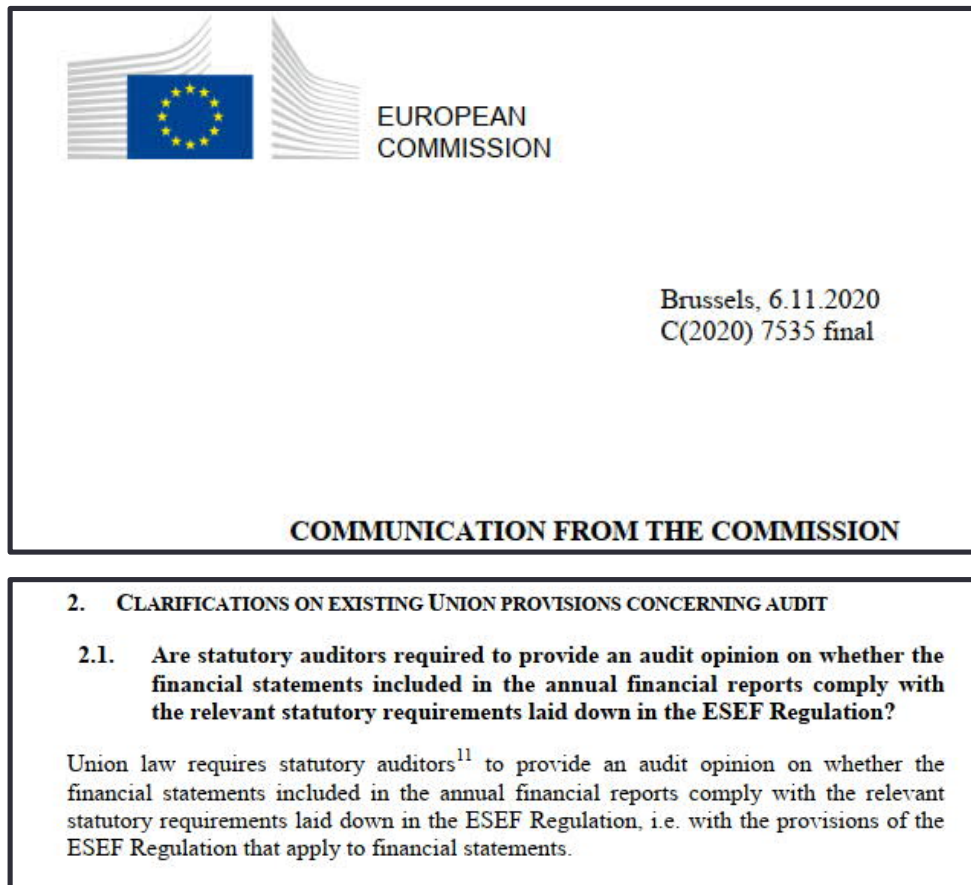
Polling question (2)

Have you already discussed ESEF-financial statements and audit implications with your issuer client / auditor?

- A. I've not yet discussed this with my client / Auditor
- B. We had our first (general) meeting
- C. The draft tagging was already shared between us and agreed upon
- D. The dummy financial statement (in ESEF) was shared between us and agreed upon
- E. Not applicable (not an auditor or not working for an issuer)

ESEF and the Auditor

Communication from the Commission (1)



Source: https://ec.europa.eu/finance/docs/law/201106-communication-esef_en.pdf

In addition to the earlier published FAQ 7 & 8 from the European Commission they have clearly indicated that based on their legal analysis the auditor is required to provide an (audit) opinion on the compliance with ESEF:

Statutory auditors are therefore required to check the compliance of the financial statements with any applicable statutory requirement,....., and to provide an audit opinion on whether the financial statements comply with these requirements.

ESEF and the Auditor

Communication from the Commission (2)

2.2. Which statutory requirements laid down in the ESEF Regulation should statutory auditors check compliance with in order to provide their audit opinion?

In order to provide an audit opinion on whether the financial statements comply with the “relevant statutory requirements” laid down therein, statutory auditors shall check the compliance of the issuers’ financial statements with the provisions of the ESEF Regulation that are applicable to the financial statements²³. The “relevant statutory requirements” are the following:

- i) All the financial statements that are included in the annual financial report shall be prepared in a valid XHTML format²⁴;
- ii) For all consolidated financial statements that are drawn-up in accordance with IFRS as endorsed by the EU or with IFRS as adopted by the IASB²⁵:
 - o The disclosures specified in Annex II of the ESEF Regulation shall be marked-up, where those disclosures are present in those consolidated financial statements;
 - o All mark-ups, including the voluntary mark-ups of disclosures other than those specified in Annex II, shall meet the following requirements:
 - the XBRL mark-up language shall be used;
 - the elements of the core taxonomy specified in Annex VI of the ESEF Regulation with the closest accounting meaning shall be used, unless an extension taxonomy element is created in compliance with Annex IV of the ESEF Regulation;
 - the mark-ups shall comply with the common rules on mark-ups²⁶.
- iii) For financial statements other than the IFRS consolidated financial statements²⁷:
 - o All mark-ups included by the issuer on a voluntary basis or in compliance with national law shall meet the following requirements:
 - the XBRL mark-up language shall be used;
 - a specific taxonomy provided by the Member State in which the issuer is incorporated shall be used;
 - the mark-ups shall comply with the common rules on mark-ups²⁸.

The EC also covered what aspect should be checked by the auditor in question 2.2 of the same document in short summary:

- The financial statements need to be drafted in the XHTML format
- For all IFRS consolidated financial statements the Mark-up (tagging) is done for the mandatory elements, and the consolidated primary statements (2021)
- When applicable that “other” financials statements, with voluntary Mark-up is based on a taxonomy from a member state.

Source: https://ec.europa.eu/finance/docs/law/201106-communication-esef_en.pdf

ESEF and the Auditor

Communication from the Commission (3)

2.3. Shall the audit opinion on whether the financial statements comply with the relevant statutory requirements laid down in the ESEF Regulation be included in the audit report or in a separate report?

The audit opinion on whether the financial statements comply with the relevant statutory requirements laid down in the ESEF Regulation shall be included in the audit report.

Under Article 28 of the Audit Directive, statutory auditors shall present the results of their audit in an audit report. Article 28(2)(c)(ii) specifies that the audit report shall include an audit opinion on whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework, as well as an opinion on whether the financial statements comply with the applicable “*statutory requirements*”. In this case, the “*statutory requirements*” correspond to the “*relevant statutory requirements*” laid down in the ESEF Regulation (see reply to Question no. 2.2).

2.4. Shall the audit report be included in the ESEF-compliant annual financial report or in a separate document disclosed together with the ESEF-compliant annual financial report?

Existing Union law does not specify whether the audit report should be included in the annual financial report or disclosed together with the annual financial report as a separate document.

Under Article 4(4) of the Transparency Directive, the audit report “*shall be disclosed in full to the public together with the annual financial report*”. In the absence of specific rules in force at national/regulated market level, and taking into consideration the technical possibilities on a case-by-case basis, issuers may apply their preferred option.

For the auditors opinion the EC is clear and indicates that it needs to be included in the Audit Report and not a separate report, as ESEF is part of the ‘statutory requirements’

How to attach the Audit Report to the Financial Statements is not determined based on EU law, but they need to be disclosed in full together.

These requirements also apply to third Country auditors (Q 2.5)

Source: https://ec.europa.eu/finance/docs/law/201106-communication-esef_en.pdf

ESEF and the auditor NBA Workgroup

From the NBA a Workgroup was formed to deal with the auditors implications including: how to audit, materiality as well as what the opinion should look like

- *Representatives from the six OOB audit firms and the NBA*
- *Audit implications*
- *Linking to the implementations in other EU countries*

Output:

- *practical guidance*
- *Information for software developers*
- *Audit Alert 43*
- *Example auditor's opinion*

ESEF and the Auditor

NBA audit alert 43

The NBA has issued a specific alert on the ESEF-RTS work from an auditor perspective.

This audit alert covers the following aspects

- Work to be performed
- Executing an ESEF audit
- Materiality considerations for omissions
- Reporting requirements
- Identification and signing

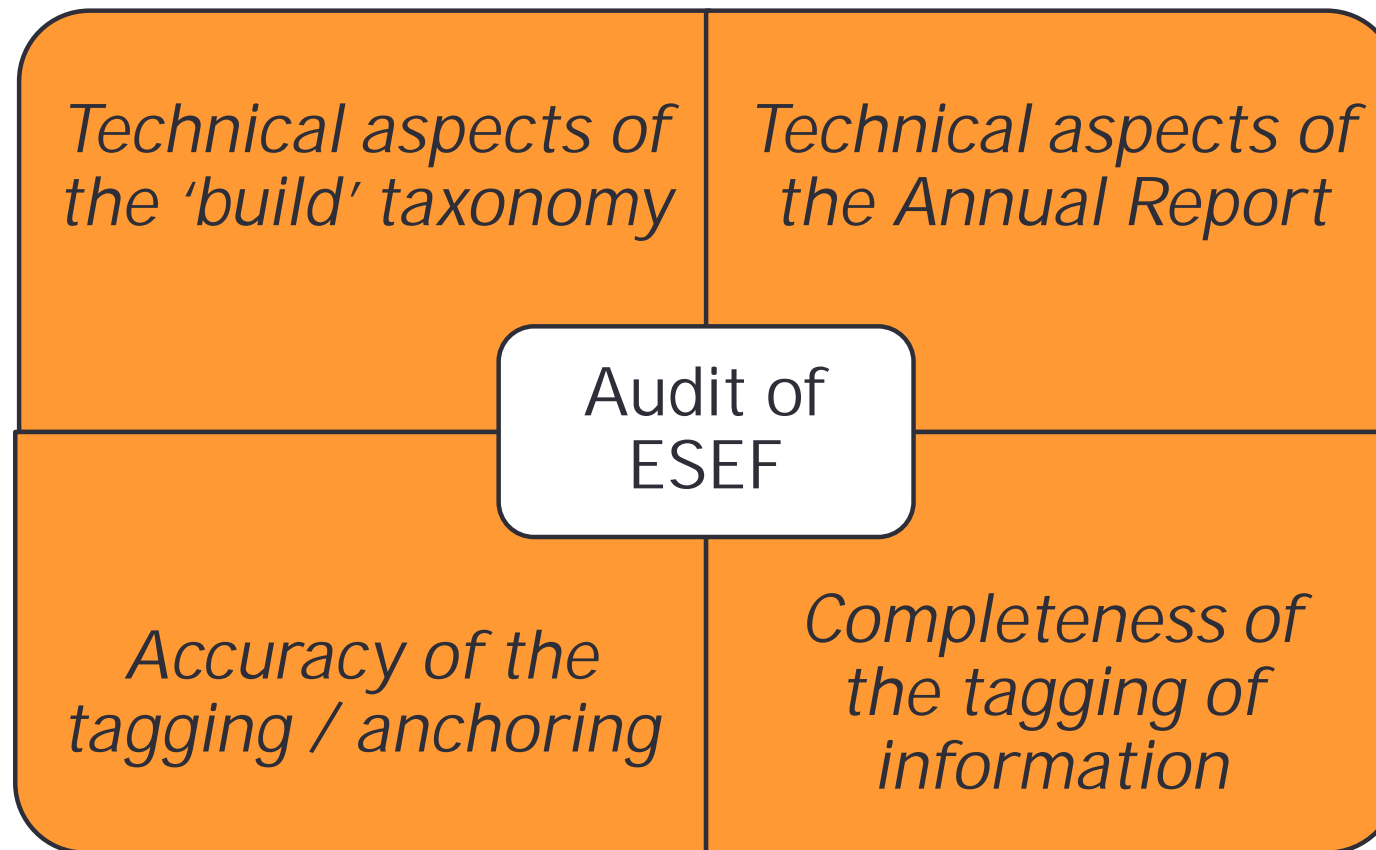
Source: <https://www.nba.nl/globalassets/wet--en-regelgeving/nba-alerts/nba-alert-43.pdf>



ESEF and the Auditor

NBA audit alert 43- Work to be performed

For the work to be performed we consider the following aspects:

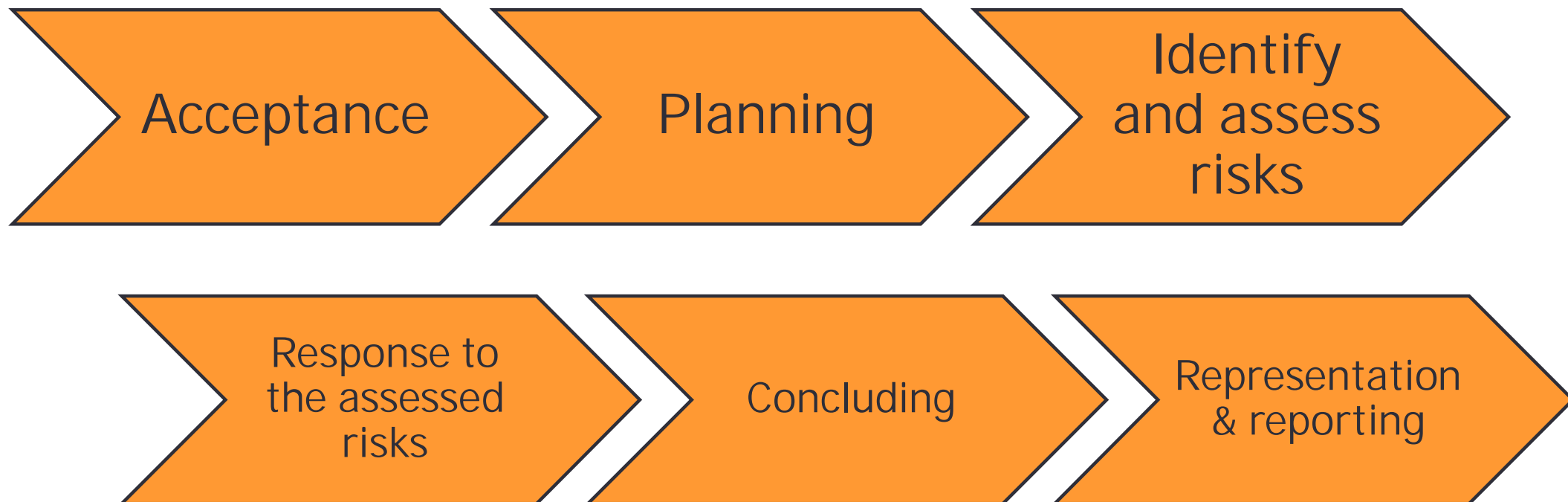


Source: <https://www.NBA.nl>

ESEF and the Auditor

NBA audit alert 43- Executing an ESEF audit

While preparing for executing an ESEF audit the auditor follow's the regular auditing process steps of:

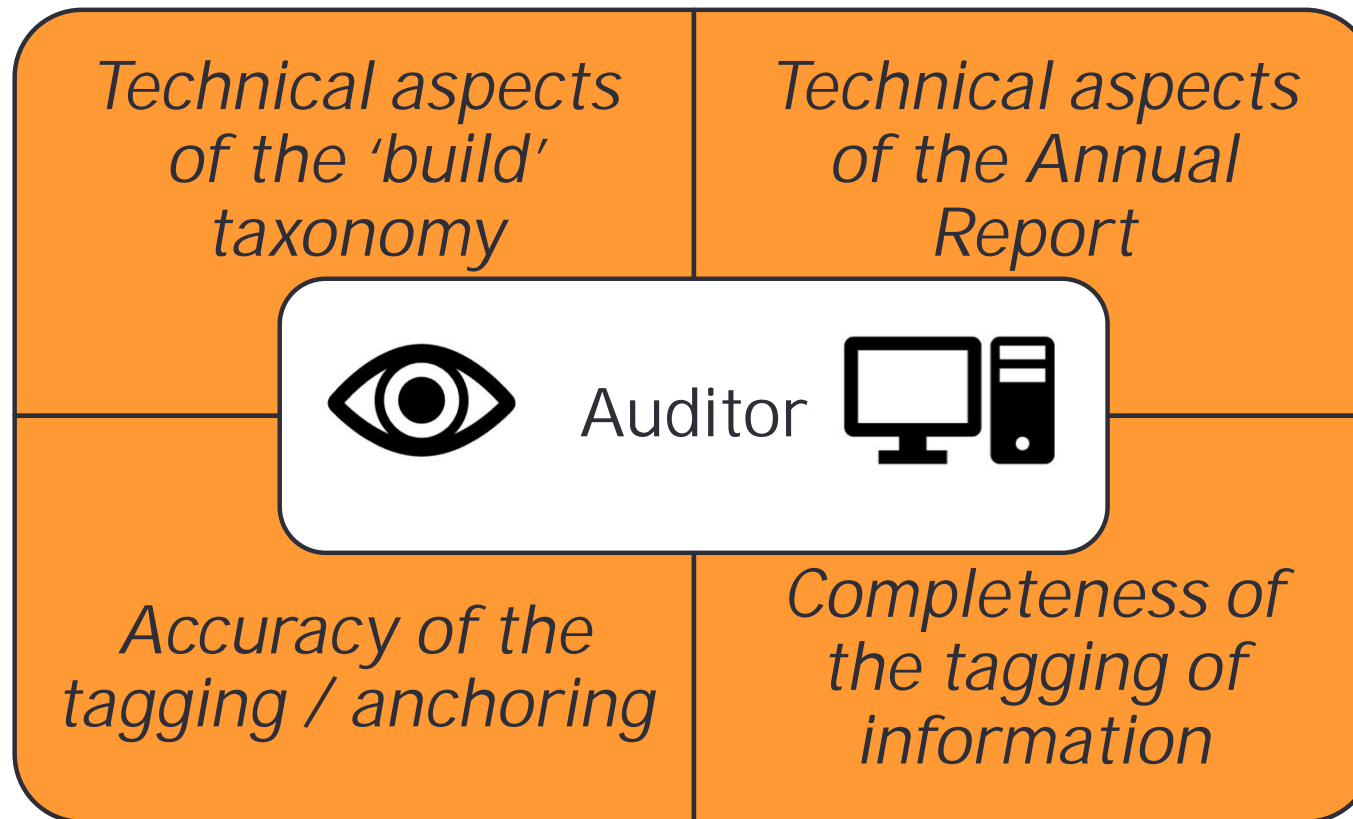


Source: <https://www.NBA.nl>

ESEF and the Auditor

NBA audit alert 43- Materiality considerations for omissions

Quantitative and qualitative implications of any audit difference



Source: <https://www.NBA.nl>

ESEF and the Auditor

NBA audit alert 43 - Reporting requirements

Independent auditor's report 217

Management is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components in a reporting package. Our responsibility is to obtain reasonable assurance for our conclusion whether the Annual Report in this reporting package, is in accordance with the requirements. We have taken into consideration what is stated in Alert 43.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications; and
- Examining the information related to the Consolidated Financial Statements in the reporting package to determine whether all required tagging has been applied and whether they are in accordance with the RTS on ESEF.

ESEF and the Auditor

NBA audit alert 43 - Identification and signing

Identification: Hash generator (NBA site).

Permission letter

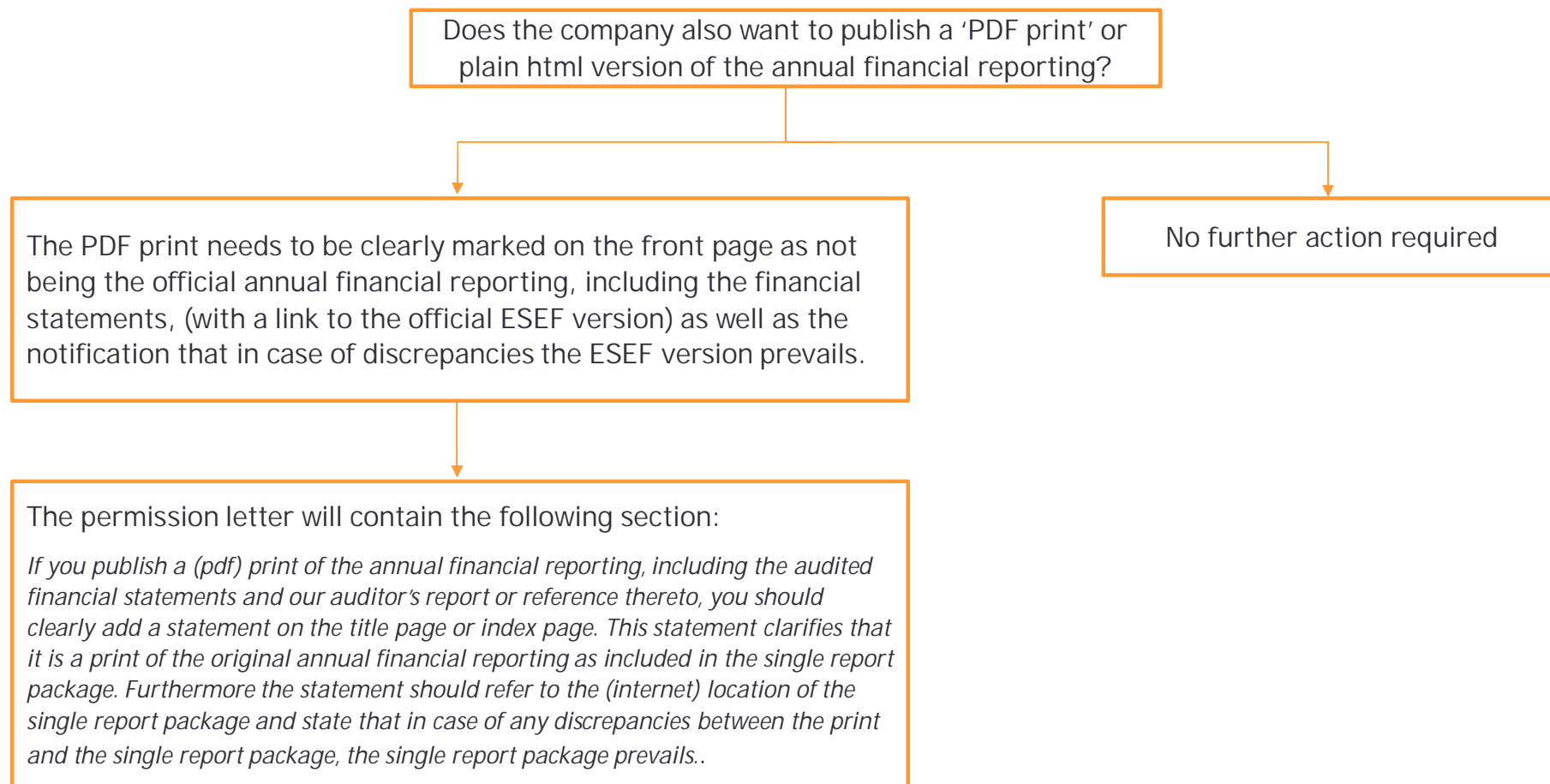
We consent to include and publish our enclosed auditor's report as an attachment in the section 'Other information' of the annual financial reporting in the single reporting package with hash code [XXX]]. Publication of our auditor's report is only allowed together with the corresponding complete set of the annual financial reporting.

Signing

Source: <https://www.NBA.nl>

ESEF and the Auditor

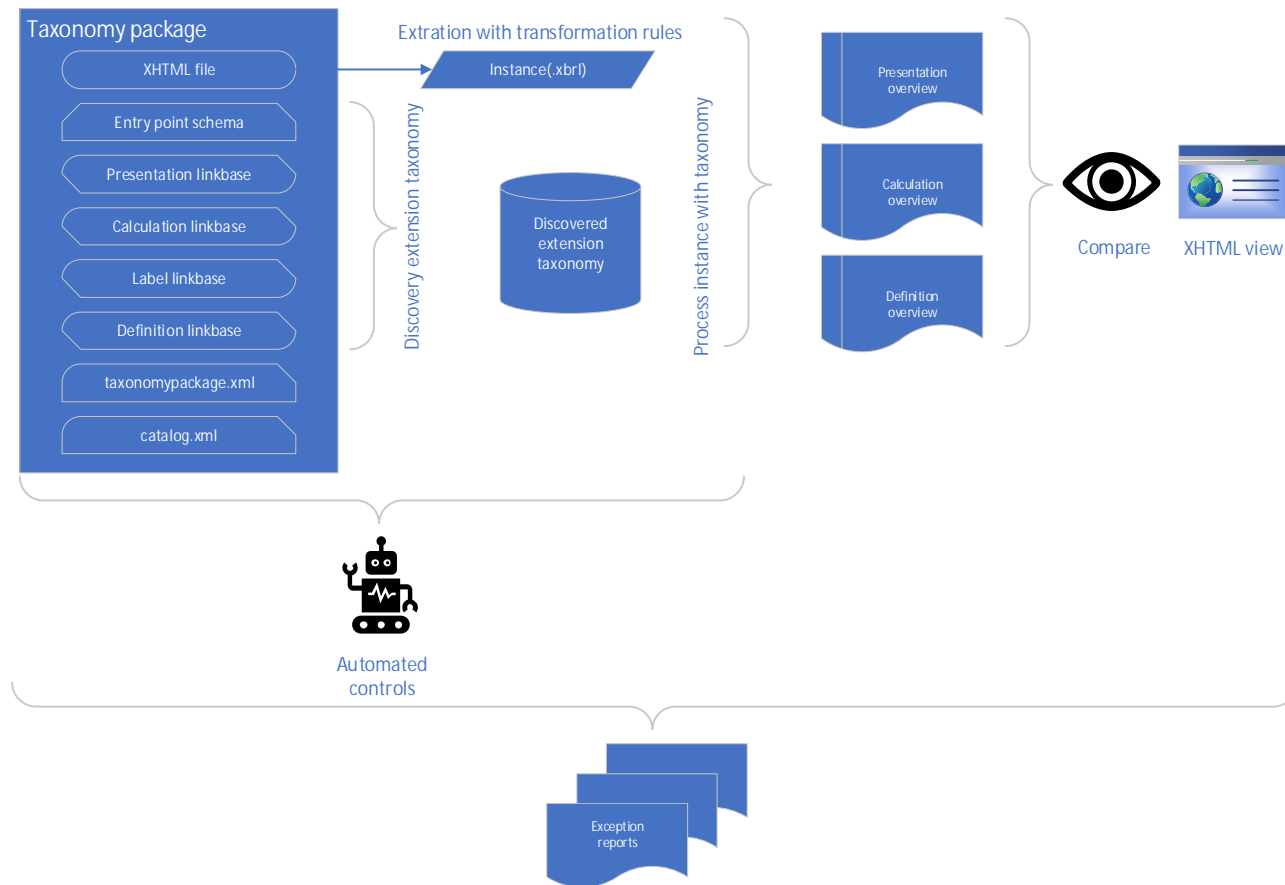
NBA audit alert 43 – What if you also want to publish a PDF



Source: <https://www.NBA.nl>

A more practical point of
view

A more practical point of view: *how to audit: Consistent Transformation*



Overall a split between the technical aspects (automated control) and more judgmental aspects (manual control by auditor).

Audit work in relation to Errors & Warnings from the technical validations

In case of an technical error (meaning the file can not be processed):

- *If already indicated by the used software, illustrate what caused the 'failure'*
- *Overall if it can not be processed or can not be filled it needs to be corrected.*
- *For example*
 - *'No XHTML document found' or 'Zip could not be opened'*

In case of technical warnings:

- *readability of the file; and*
- *AFM's filling requirements (when applicable)*
- *For example :*
 - *[ESEF.3.1.5.extensionTaxonomyDocumentNameDoesNotFollowNamingConvention]*
Extension taxonomy document file name SHOULD match the {base}-{date}_{suffix}.{extension} pattern: gleif-19ar_pre.xml. - gleif-19ar.xhtml
 - *[ESEF.2.5.1.incorrectMimeTypeSpecified]* *Image type data:image/png has wrong header type: jpg - gleif-19ar.xhtml 1577*

Viewing the 'tagged' financial statements and compare with the XHTML

Start - info

Controls

Taxonomie viewer

Finish

Viewer

Company

ESEF / IFRS

Show decimals or precision

Show calculation

Show anchoring

advanced

Presentation

description

2019-01-01 / 2019-12-31

2019-01-01 / 2019-12-31

Instance

decimals

precision

contextref

unitref

Taxonomy

namespace

qname

abstract

niltable

substitutionGroup

type

periodType

level

arc-role

order

balance

preferredLabel

description	qname	2019-01-01 / 2019-12-31	2019-01-01 / 2019-12-31
Statement of comprehensive income [abstract]	ifrs-full:StatementOfComprehensiveIncomeAbstract		
Profit (loss) [abstract]	ifrs-full:ProfitLossAbstract		
Licence fee income	ifrs-full:LicenceFeeIncome	\$ 14,516,715	\$ 17,555,899
Wages and salaries	ifrs-full:WagesAndSalaries	\$ 4,616,880	\$ 4,288,884
Social contributions and expenses for pensions and care	gleif:SocialContributionsAndExpensesForPensionsAndCare	\$ 543,684	\$ 618,341
WARNING! - label not defined!!	ifrs-full:EmployeeBenefitsExpense	\$ 5,160,564	\$ 4,907,225
Other expenses, by nature	ifrs-full:OtherExpenseByNature	\$ 5,561,990	\$ 4,054,185
Other income	ifrs-full:OtherIncome	\$ 181,344	\$ 384,703
Depreciation and amortisation expense	ifrs-full:DepreciationAndAmortisationExpense	\$ 873,846	\$ 344,735
WARNING! - label not defined!!	ifrs-full:ProfitLossFromOperatingActivities	\$ 3,101,659	\$ 8,634,457
Income from government grants	ifrs-full:RevenueFromGovernmentGrants	\$ 25,368	\$ 40,482
Finance income (cost)	ifrs-full:FinanceIncomeCost	\$ -234,837	\$ -325,544

Statement of Comprehensive Income

for the Period from January 1 to December 31, 2019

	Notes	Jan. to Dec. 2019	Jan. to Dec. 2018
		US\$	US\$
Fee revenue	3.1	14,516,715	17,555,899
Wages and salaries		-4,616,880	-4,288,884
Social contributions and expenses for pensions and care		-543,684	-618,341
Personnel expenses	3.2	-5,160,564	-4,907,225
Other operating expenses	3.3	-5,561,990	-4,054,185
Other operating income	3.4	181,344	384,703
Amortization and depreciation expense	4.5/4.6/4.7	-873,846	-344,735
Operating surplus		3,101,659	8,634,457
Subsidies and donations	3.5	25,368	40,482
Financial income / expense	3.6	-234,837	-325,544
Net surplus		2,892,190	8,349,395
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	8,352,707

Properties

Inline properties

ifrs-full:conceptName

ifrs-full:LicenceFeeIncome

ifrs-full:value

\$ 14,516,715.00

ifrs-full:period

2019-01-01 to 2019-12-31

ifrs-full:units

iso4217:USD

ifrs-full:entity

506700GE1G29325QX363

ifrs-full:dimensions

According to the Regulatory Technical Standards on European Single Electronic Format, the element "Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period" is part of the mandatory list of tags that must be applied if corresponding information is present in a report. Please make sure that you applied this tag in your report.

Example of how the auditor can visually review Anchoring

Wider-Narrower

Anchoring

ifrs-full:AdjustmentsForDepreciationAndAmortisationExpenseAndImpairmentLossReversalOfImpairmentLossRecognisedInProfitOrLoss

Abc:AdjustmentsForDepreciationAndAmortisationExpenseAndImpairmentLossReversalOfImpairmentLossOfNonFinancialAssets

ifrs-full:AdjustmentsForImpairmentLossReversalOfImpairmentLossRecognisedInProfitOrLoss

Abc:AdjustmentsForImpairmentLossReversalOfImpairmentLossOfGoodwillOtherNonCurrentFinancialAssetsAndInvestmentsInAssociates

ifrs-full:ImpairmentLossOnFinancialAssets

ifrs-full:ImpairmentLossRecognisedInProfitOrLossGoodwill

Practical cases: Closest Accounting meaning for the tag?

description	qname	2019-01-01 / 2019-12-31	2018-01-01 / 2018-12-31
Statement of comprehensive income [abstract]	ifrs-full:StatementOfComprehensiveIncomeAbstract		
Profit (loss) [abstract]	ifrs-full:ProfitLossAbstract		
Licence fee income	ifrs-full:LicenceFeeIncome	\$ 14,516,715 <small>decimals = 0</small>	\$ 17,555,899 <small>decimals = 0</small>
Wages and salaries	ifrs-full:WagesAndSalaries	\$ 4,616,880 <small>decimals = 0</small>	\$ 4,288,884 <small>decimals = 0</small>
Social contributions and expenses for pensions and care	gleif:SocialContributionsAndExpensesForPensionsAndCare	\$ 543,684 <small>decimals = 0</small>	\$ 618,341 <small>decimals = 0</small>

Statement of Comprehensive Income

for the Period from January 1 to December 31, 2019

	Notes	Jan. to Dec. 2019	Jan. to Dec. 2018
		US\$	US\$
Fee revenue	3.1	14,516,715	17,555,899
Wages and salaries		4,616,880	4,288,884
Social contributions and expenses for pensions and care		543,684	618,341
Personnel expenses	3.2	5,160,564	4,907,225

Practical cases: mismatch in the “Principle place of business”

description	2019-01-01 / 2019-12-31
Notes, accounting policies and mandatory tags – this item MUST be used as a starting point for markups of disclosures in the notes to the financial statements	
Name of reporting entity or other means of identification	Global Legal Entity Identifier Foundation
Address of entity's registered office	St. Alban-Vorstadt 5, 4002 Basel, Switzerland
Domicile of entity	Basel-Stadt, Switzerland
Country of incorporation	Switzerland
Principal place of business	Switzerland
Description of nature of entity's operations and principal activities	Established by the Financial Stability Board (FSB) in June 2014, the Global Legal Entity Identifier Foundation (GLEIF) is a not-for-profit organization created to support the implementation and use of the Legal Entity Identifier (LEI). GLEIF is headquartered in Basel, Switzerland.
Legal form of entity	foundation

1. Information on GLEIF

The accompanying financial statements present the operations of Global Legal Entity Identifier Foundation with its registered office in Basel, **Switzerland** (hereinafter: "GLEIF" or "the Foundation").

GLEIF is a foundation according to Swiss civil law and registered under no. CHE-200.595.965 in the commercial register of Basel-Stadt, Switzerland. The address of the Foundation is St. Alban-Vorstadt 5, 4002 Basel, Switzerland. In February 2015, GLEIF began operating a permanent establishment in Frankfurt am Main, Germany, where the main operating activities of the Foundation are located.

GLEIF was founded on June 26, 2014, by the Financial Stability Board, an association under Swiss law. The purpose of GLEIF is to establish, maintain, and monitor the Global Legal Entity Identifier System ("Global LEI System"), which provides a worldwide unique identification number (the "LEI") for all parties of financial transactions.

ixbrl-fact-concept-name
ifrs-full:PrincipalPlaceOfBusiness
ixbrl-fact-value
Switzerland
ixbrl-fact-period
2019-01-01 to 2019-12-31
ixbrl-fact-units
-
ixbrl-fact-entity
[506700GE1G293250X363](#)
ixbrl-fact-dimensions

Tips & common Pitfalls

Lessons learnt – Tips

The following process lessons learnt from the voluntary 2020 ESEF filers:

1

Plan appropriately

ESEF is not only the annual report saved in a different format. Appropriately plan required for the new preparation and filing process.

2

Start timely

In prior year some clients eventually could not (voluntary) file as they started too late with the preparation of the ESEF file.

3

Prepare dummy

A timely dummy based on 2020 annual report should be validated to avoid late technical & tagging surprises. Note that 'preparer validation software' typical does not detect all errors and warnings,

4

Consider timelines

No changes can be made to the ESEF document after auditor's report issuance, not even formatting changes.

5

Change process

Any change to the ESEF file requires technical and manual validation checks. As such last minute changes should be avoided where possible, as these might lead to delays.

6

Stick to the requirements

Complying with ESEF for the first time is time consuming. As such it is recommended not to tag more than required by ESEF in the first year.

Lessons learnt – Common Pitfalls

Avoid common pitfalls made in early ESEF filings:

1

Mandatory items tagging

If a 'required if disclosed' tag is not disclosed then it should not be tagged at all (e.g. also not as N/A). The resulting warning is just to remind you that if applicable (which it is not) it needs to be tagged.

2

Calculation errors

All errors in calculations will be shown as warnings, as such also rounding errors in the primary statements, but also if incorrect linked numbers

3

Primary statements – extra info

All amounts presented in the reporting currency in the primary statements are to be tagged, as such also additional information disclosed and Earnings-per-share amounts.

4

Extension element – wider anchor

All extension elements, unless it is a subtotal, are to be anchored to a wider core taxonomy element that is closest in accounting meaning.

5

Extension element – narrow anchor

Extension elements could be anchored to narrower core taxonomy elements. This is required if the extension element combines two or more core taxonomy elements.

6

Using appropriate signs

Each concept has a default balance type (debit or credit). The default balance type combined with a positive or negative value represents the amount. Incorrect values result in incorrect ESEF reporting.

Recap

Key takeaway Issuers

Start discussion between the issuers and the auditors on a timely basis to 'dry run' both the conversion to XHTML, potential tagging as well as the audit. Taking into account that the XHTML need to be final before the Auditor's opinion can be signed

Take into account the tips and pitfalls mentioned

Key takeaways auditors

Agree on a timing of the work on the ESEF-financial statements with the issuers.
Approach the ESEF-Audit as any other part of the audit and plan ahead.

When reviewing ESEF-RTS compliance take the Tips and lessons learned into account.



Enrico Evink
Board Member XBRL Netherlands,
Associate Partner EY Accountants LLP

Q&A