

ESEF – the next chapter

Jerry Wouterson

senior supervision officer - Audit & Reporting Quality

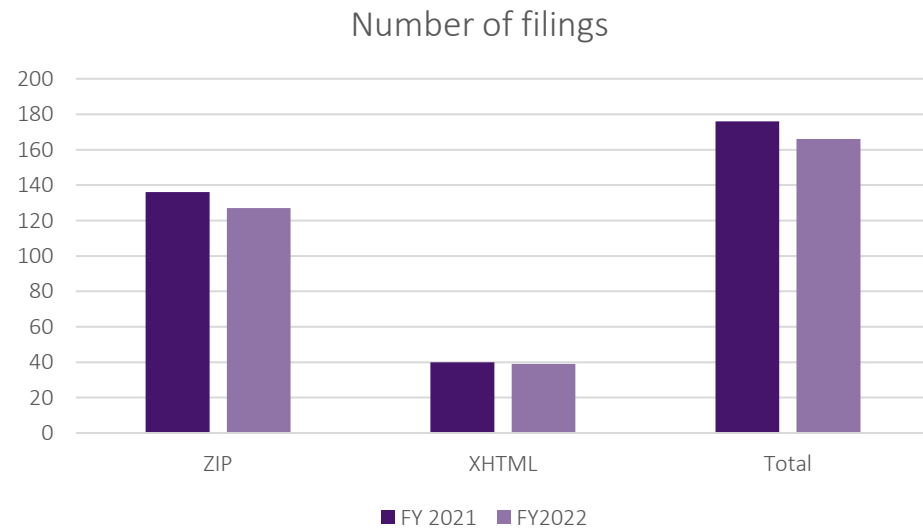
Agenda

- Some interesting filing statistics and lessons learned
- The (non)sense of extension taxonomy elements and some common mistakes
- Blocktagging, some observations and some use cases
- The one you all came for: ESEF enforcement priorities 2024
- Q&A (if there is still time)



Filing statistics

- As per 16 October 2023



- Other is a balance and concerns both late or non-filers (under investigation) and broken financial years.

Small is beautiful



Average zip-file size same as last year (based on 127 accepted filings)
approx. 23 MB.

Smallest filing 0,2 MB (vj 0,2 MB)

Largest filing 104,0 MB (vj 146,4 MB)

The more condensed the filing, the better the user experience

Note that your filing should not exceed 100MB (zipped)

The earlier, the better

Received within 4 months: 149 filings

Received later than 4 months: 17 filings

(of which 9 filings later than 5 months)

First filing: 4 January 2023

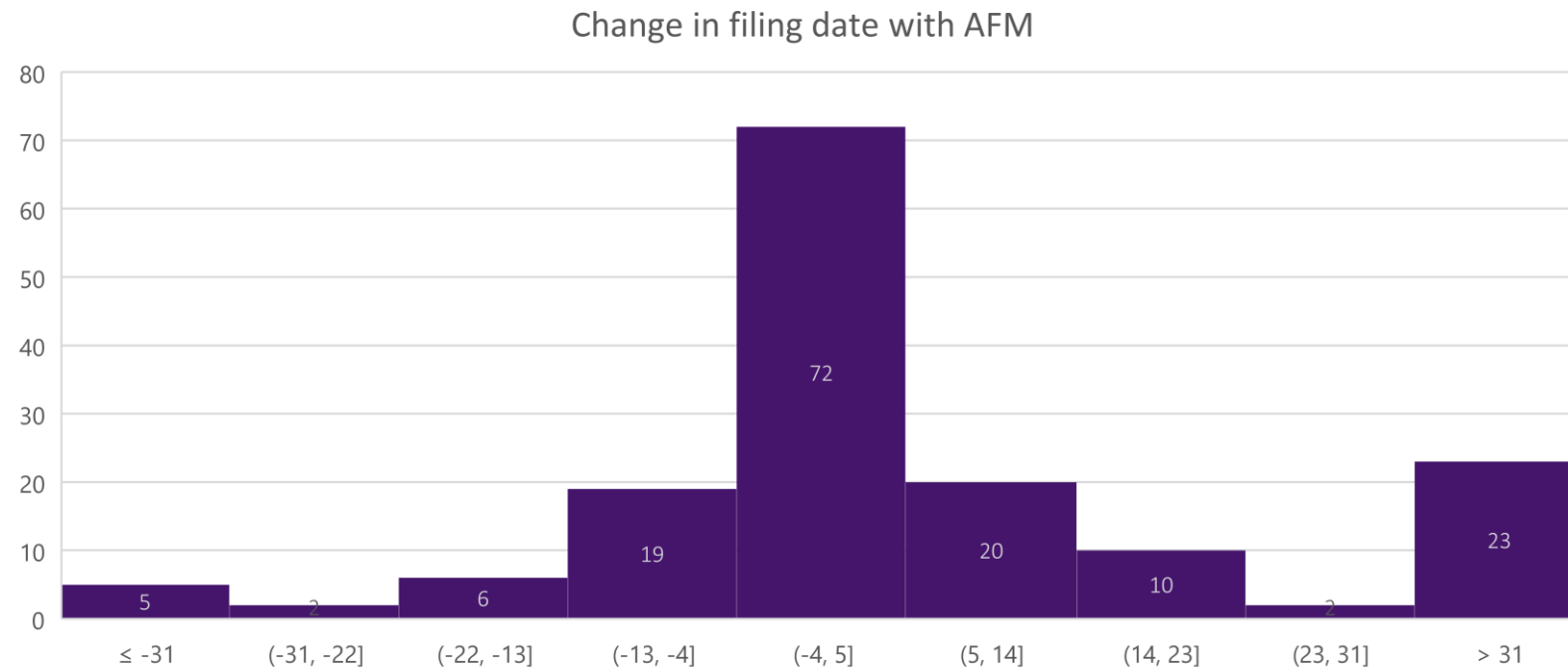
Last filing: 19 July 2023

Note that you must file within 4 months after FY end.

(So normally not later than 30 April if FY equals calendar year.)

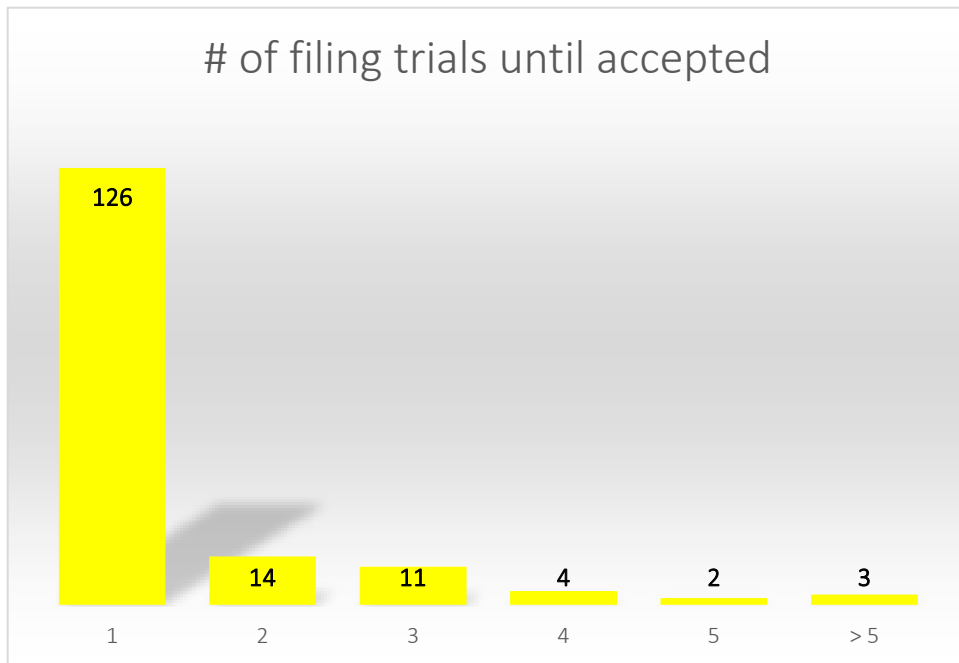


Compared to last year



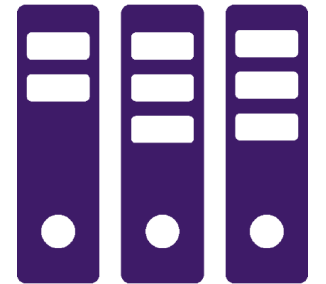
55 Issuers improved significantly their filing date although block tagging was introduced for FY 2022

Trial & error?



Most common reasons for not accepting the filing:

- Problem Beacon and/or AFM portal
- IFRS consolidated financial statements filed in XHTML format only (without tagging)
- Correspondence between Issuer and auditor present in Taxonomy Package
- Filing not in line with TP specification
- Wrong validation profile chosen



Once more: the minimum (technical) requirements of filing a TP

- In time, so within 4 months after FY-end
- Valid XML/XHTML document
- Packed according to XII TP specification
- Correct LEI format
- No executable code
- File size < 100 MB (packed)
- Select right validation profile (in line with used taxonomy)



Please note that from calendar year 2024 onwards the AFM will renew its focus on the timely filing by issuers of their annual and semi-annual financial reports.

Extensions: some observations

Too wide anchor?



Issuer created an extension element:

ABC:IncentiveReceivablesNoncurrent

And anchored it to the base element:

ifrs-full:NonCurrentAssets

Although in the human readable version the line item was part of the non current assets, because of the usage of the word 'Receivables' in the extension element (and in the XHTML) meaningful information is lost in the machine readable version by anchoring it to ifrs-full:NonCurrenAssets, better to anchor with the base element:

ifrs-full:NoncurrentReceivables

As such both human readable and the machine readable deliver the same information content

Extensions: some interesting observations

Unnecessary anchoring?

Issuer created an extension element

ABC:BasicAndDilutedLossPerShare

Issuer anchored this to the wider element:

ifrs-full:BasicEarningsLossPerShare

And anchored this to the narrower element:

ifrs-full:DilutedEarningsLossPerShare

Issuer should have used both ifrs-full elements to tag the amount and not create an extension element.



Extensions: some observations

Wrong anchor?



Issuer created an extension element for FX difference on the exchange of funding received

ABC:ExchangeGainFromCurrencyConversionOnProceedsFromIssuanceOfNewShares

And anchored this element to the base element:

ifrs-full:EffectOfExchangeRateChangesOnCashAndCashEquivalents

However the item was part of the cash flows from financing activities, so the right anchor is:

ifrs-full:CashFlowsFromUsedInFinancingActivities

This seems to be a wrong anchoring which may lead to a different interpretation by the machine versus the human.

Extensions: some observations

Monetary item anchored to text block item?

Issuer created an extension element for cash flow related to an acquisition of a subsidiary

ABC:AcquisitionOfASubsidiaryNetOfCashAcquired

And anchored this element to the base element:

ifrs-full:DisclosureOfCashFlowStatementExplanatory

However this element is a text block element, so a better anchor would have been :

ifrs-full: CashFlowsFromUsedInInvestingActivities

Besides that there is an existing element in the base taxonomy could also have been used (based on IAS 7.39):

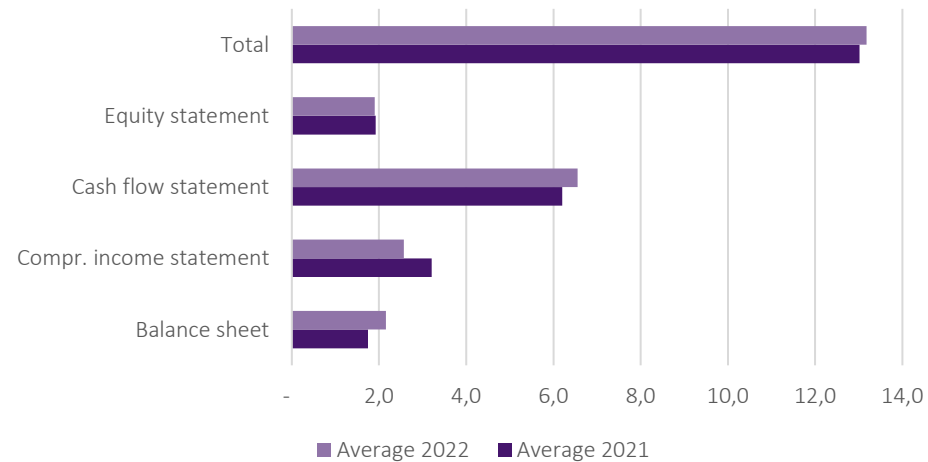
ifrs-full:CashFlowsUsedInObtainingControlOfSubsidiariesOrOtherBusinessesClassifiedAsInvestingActivities

So one should not use a text block element as an anchor for a monetary item.

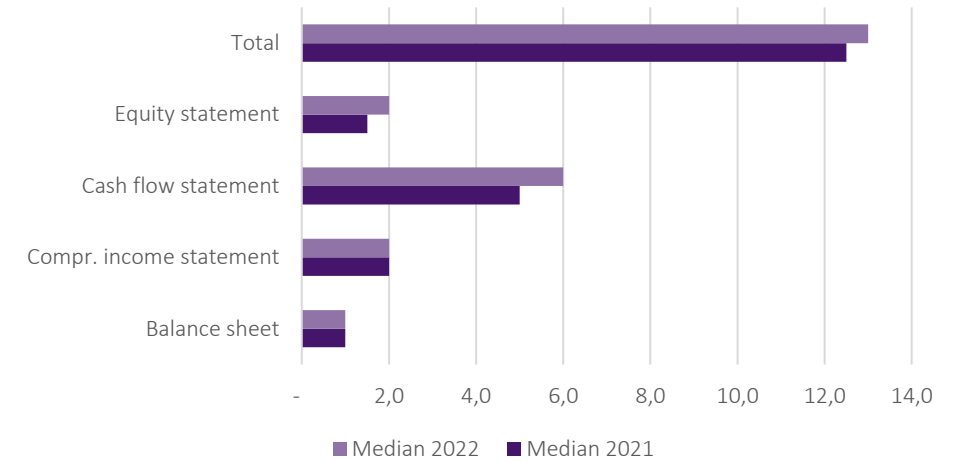
Extensions: some observations

Less is more!

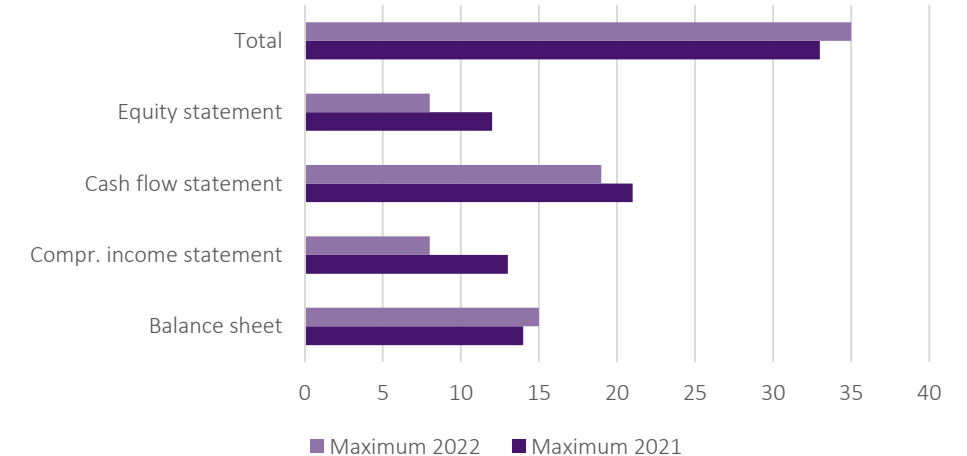
Average number of extensions



Median number of extensions



Maximum number of extensions



The more extensions, the less comparable data.
So less is more!

Some other observations

Real life examples!

- Netting of cash flows where it is not allowed: if not material, why create extension element, if material then change your primary statement since this is a violation of IAS 7
- Accuracy and scaling of per share data (e.g. earnings per share) is normally different than other financial information in primary statements, but this is not always reflected as such
- Scaling of the Primary Financial Statements in general (e.g. millions instead of thousands might give some interesting discrepancies between human readable and machine readable layer)

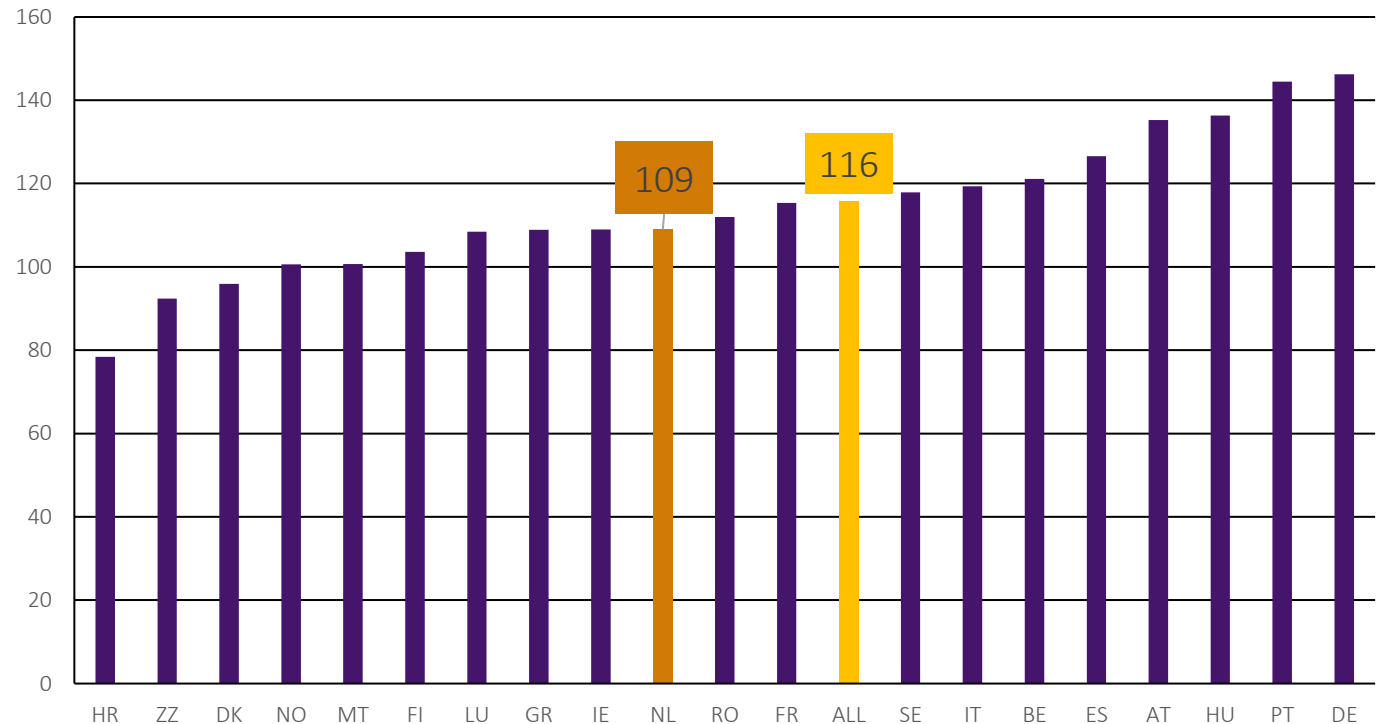


What about block tagging?

Average # of mandatory tags

ZZ = Letland, Cyprus, Estland, Litouwen, IJsland, Slowakije

Interesting observation:
UK companies use on average 87 of the ESEF mandatory tags



What about block tagging? Let us take a deep(er) dive

	NL	Totaal
NameOfReportingEntityOrOtherMeansOfIdentification	96%	100%
DescriptionOfNatureOfEntitysOperationsAndPrincipalActivities	96%	98%
DomicileOfEntity	96%	98%
CountryOfIncorporation	96%	98%
LegalFormOfEntity	94%	99%
DisclosureOfIncomeTaxExplanatory	93%	97%
AddressOfRegisteredOfficeOfEntity	92%	98%
DisclosureOfNotesAndOtherExplanatoryInformationExplanatory	91%	90%
DisclosureOfCashAndCashEquivalentsExplanatory	91%	87%
DisclosureOfAccountingJudgementsAndEstimatesExplanatory	90%	96%

	NL	Totaal
DescriptionOfAccountingPolicyForDeferredAcquisitionCostsArisingFromInsuranceContractsExplanatory	0%	1%
DescriptionOfAccountingPolicyForOilAndGasAssetsExplanatory	0%	1%
ExplanationOfFinancialEffectOfDepartureFromIFRS	0%	1%
DescriptionOfAccountingPolicyForRegulatoryDeferralAccountsExplanatory	0%	1%
DescriptionOfAccountingPolicyForFranchiseFeesExplanatory	0%	1%
DisclosureOfRegulatoryDeferralAccountsExplanatory	0%	1%
DisclosureOfInterimFinancialReportingExplanatory	0%	1%
ExplanationOfFactAndBasisForPreparationOfFinancialStatementsWhenNotGoingConcernBasis	0%	0%
ExplanationWhyFinancialStatementsNotPreparedOnGoingConcernBasis	0%	0%
DescriptionOfReasonForUsingLongerOrShorterReportingPeriod	0%	0%

Statistics based on filings in member state (may imply some double counting)

What about block tagging? Let us take a deep(er) dive

This is (again) about the disclosure of the Cash Flow Statement (CFS).

In principle every issuer has to disclose their CFS. Question: does this block tag refers to the whole CFS (as primary statement) or does it refers to a verbal explanation in the notes?

RTS Annex VI:

ifrs-full:DisclosureOfCashFlowStatementExplanatory; text block; Disclosure of cash flow statement [text block]; The entire disclosure for a statement of cash flows.;disclosure: IAS 7 Presentation of a statement of cash flows

Lowest score 15% (HR)

Highest score 92% (DE)

So which is the right interpretation?

	DisclosureOfCashFlowStatementExplanatory
AT	78%
BE	53%
DE	92%
DK	77%
ES	41%
FI	39%
FR	67%
GR	28%
HR	15%
HU	43%
IE	56%
IT	47%
LU	43%
MT	70%
NL	47%
NO	32%
PT	82%
RO	55%
SE	81%
ZZ	21%
Total Result	58%

What about block tagging?

Let us take a deep(er) dive

A common issue that has been raising several questions. It concerns the mandatory tags:

*ifrs-full;NameOfParentEntity;text;Name of parent entity;The name of the entity's parent.
[Refer: Parent [member]];disclosure: IAS 1 138 c, disclosure: IAS 24 13*

And

ifrs-full;NameOfUltimateParentOfGroup;text;Name of ultimate parent of group;The name of the ultimate controlling party of the group.;disclosure: IAS 1 138 c, disclosure: IAS 24 13

This should only be tagged if such a disclosure is present in the financial statements. However there is diversity in practice. A number of Issuers also tag the name of the company with these two tags if the company in itself is both the parent and the ultimate parent of the group.

So which is the right way forward? Only use with these two tags if it is as such mentioned in the AFR.

	Name Of Parent Entity	Name Of Ultimate Parent Of Group
AT	74%	69%
BE	92%	87%
DE	40%	45%
DK	64%	54%
ES	99%	99%
FI	93%	65%
FR	56%	51%
GR	89%	87%
HR	74%	58%
HU	79%	75%
IE	63%	69%
IT	90%	87%
LU	76%	69%
MT	95%	93%
NL	61%	59%
NO	90%	78%
PT	74%	74%
RO	91%	79%
SE	49%	36%
ZZ	81%	63%
Totaal	70%	63%

What about block tagging

Let us take a deep(er) dive



In the notes we find the following disclosure:

2.2. Basis of preparation and consolidation

The Consolidated financial statements are:

- prepared on a historical cost basis, unless stated otherwise
- are presented in millions of euros, and rounded to the nearest million, unless stated otherwise
- prepared on the basis that the entity will continue to operate as a going concern

This disclosure was tagged as follows:

Concept

- (ifrs-full) Disclosure of going concern [text block]

The disclosure of the entity's ability to continue as a going concern.

Properties

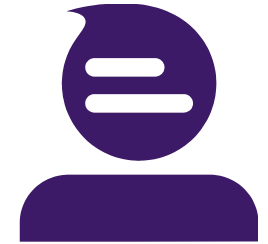
Date 1 Jan 2022 to 31 Dec 2022

In the documentation label of this element you will find the following description:

“The disclosure of the entity's ability to continue as a going concern.”

One might question if this is the right tag for this disclosure ...

Always check the documentation label and IFRS reference!



Opportunity

Is block tagging useful?

ifrs-full	ExplanationOfDepartureFromIFRS	text	Explanation of departure from IFRS	The explanation of the entity's departure from an IFRS, disclosing that it has complied with applicable IFRSs except that it has departed from a particular requirement to achieve a fair presentation. This includes the disclosure of the title of the IFRS from which the entity has departed, the nature of the departure (including the treatment that the IFRS would require), the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Conceptual Framework, and the treatment adopted. [Refer: IFRSs [member]]	disclosure: IAS 1 20 b, disclosure: IAS 1 20 c
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	AT	BE	DE	DK	ES	FI	FR	GR	HR	HU	IE	IT	LU	MT	NL	NO	PT	RO	SE	ZZ	Total Result
ExplanationOfDepartureFromIFRS	1%	1%	2%	1%	3%	0%	1%	0%	8%	4%	0%	5%	3%	0%	0%	0%	0%	0%	2%	0%	2%

Opportunity

Is block tagging useful?



Block tagging in combination with ChatGPT provides some interesting opportunities.

For instance, using the tag *ifrs-full:CompanyName*, ChatGPT was asked to indicate what industry the company is in, both in long as in short form. The following output was created:

LEI	company_name	country_name	activities	industry_short	industry_long
549300EMP9DT6Q35HZ31	Aalberts N.V.	the Netherlands.	engineers mission-critical technologies	Engineering	industrial manufacturing industry. They specialize in the manufacture and distribution of industrial products and processes related to water, heating, climate control, and industrial automation.
BFXS5XCH7N0Y05NIXW11	ABN AMRO Bank N.V.	the Netherlands	ABN AMRO provides a broad range of financial services to retail, private and corporate banking clients.	Banking	banking and financial services industry.

Opportunity Is block tagging useful?

However it also returned some interesting results:

LEI	company_name	country_name	activities	industry_short	industry_long
7245001M40ANG7IIS437	ACOMO N.V.	the Netherlands	ACOMO N.V.('Acomó' or 'the Company') and its subsidiaries (collectively 'the Group') are an international group of companies active in the sourcing, trading, processing, packaging and distribution of natural food ingredients and solutions for the food and beverage industry. The Group's product portfolio broadly encompasses spices, coconut products, nuts, dried fruits, edible seeds, tea, (organic) cocoa, (organic) coffee, edible oils, food ingredients and food solutions.	Food and Beverage	real estate industry.

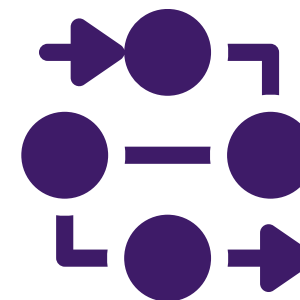
Mmm, ChatGPT struggled in finding the right answer

LEI	company_name	country_name	activities	industry_long
724500VQOX7IXG7RJM76	1. Algemene informatie Alumexx N.V. ("Alumexx"), opgericht in 1999 in Nederland en statutair gevestigd aan de Leerlooierstraat 30 te Etten-Leur, Nederland en ingeschreven bij de Kamer van Koophandel onder nummer 34110628, is een naamloze vennootschap waarvan de aandelen worden verhandeld op de effectenbeurs van Euronext Amsterdam. Deze jaarrekening omvat Alumexx N.V. en haar dochterondernemingen. Alumexx verkoopt en levert aluminium	1. Algemene informatie Alumexx N.V. ("Alumexx"), opgericht in 1999 in Nederland en statutair gevestigd aan de Leerlooierstraat 30 te Etten-Leur, Nederland en ingeschreven bij de Kamer van Koophandel onder nummer 34110628, is een naamloze vennootschap waarvan de aandelen worden verhandeld op de effectenbeurs van Euronext Amsterdam. Deze jaarrekening omvat Alumexx N.V. en haar dochterondernemingen. Alumexx verkoopt en levert aluminium	Alumaterialen v markt.	based on the provided information, the company Alumexx N.V. operates in the industry of selling and supplying aluminum.

Well, the block tag could have been a little bit more precise.

Opportunity

Is block tagging useful?



Linking block tags in order to check completeness of tagging or completeness of the notes. This may give information about possibly missing notes or boiler plate in the accounting policies.

For instance, based on the presence of block tags as described in the first column, we searched for block tags as described in the second column:

label	expected related text block not found
DisclosureOfContingentLiabilitiesExplanatory	DescriptionOfAccountingPolicyForContingentLiabilitiesAndContingentAssetsExplanatory
DisclosureOfRelatedPartyExplanatory	DescriptionOfAccountingPolicyForTransactionsWithRelatedPartiesExplanatory
DisclosureOfRestrictedCashAndCashEquivalentsExplanatory	DescriptionOfAccountingPolicyForRestrictedCashAndCashEquivalentsExplanatory
DescriptionOfAccountingPolicyForDepreciationExpenseExplanatory	DisclosureOfDepreciationAndAmortisationExpenseExplanatory
DescriptionOfAccountingPolicyForGovernmentGrants	DisclosureOfGovernmentGrantsExplanatory
DescriptionOfAccountingPolicyForReclassificationOfFinancialInstrumentsExplanatory	DisclosureOfReclassificationOfFinancialInstrumentsExplanatory

Now after this, I would like to know: Do you think, from a stakeholder perspective, there is a use case for block tagging?

- A. Yes
- B. No
- C. Yes, but only in combination with detailed tagging
- D. No, only detailed tagging is useful

What about supervision?

In 2024 the AFM will conduct a thematic review of the ESEF reporting.

- What the heck is a thematic review?

This means we are not looking at one ESEF filing in detail but we will look on a number of ESEF filings on one or more designated topics of the ESEF requirement

- Aha, well then, *which topics of the ESEF requirements will be getting special attention?*



What about supervision?

Topics

- **Necessity of extension elements** (make use of base taxonomy in line with informational content of human readable layer)
- **Anchoring of extension elements** (both closest wider and/or narrower)
- **Completeness of block tagging** (too much vs too little)
- **Accurateness of block tagging** (look at documentation label)
- **Readability of the block tagging** (especially tables)



Thank you for your interest

Time for the Q&A

Jerry Wouterson

Autoriteit Financiële Markten
Postbus 11723, 1001 GS Amsterdam

Telefoon: 020 797 2000
www.afm.nl

