

ESEF: Challenges and opportunities

FSMA

AUTORITEIT
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DIENSTEN
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AUTORITÉ
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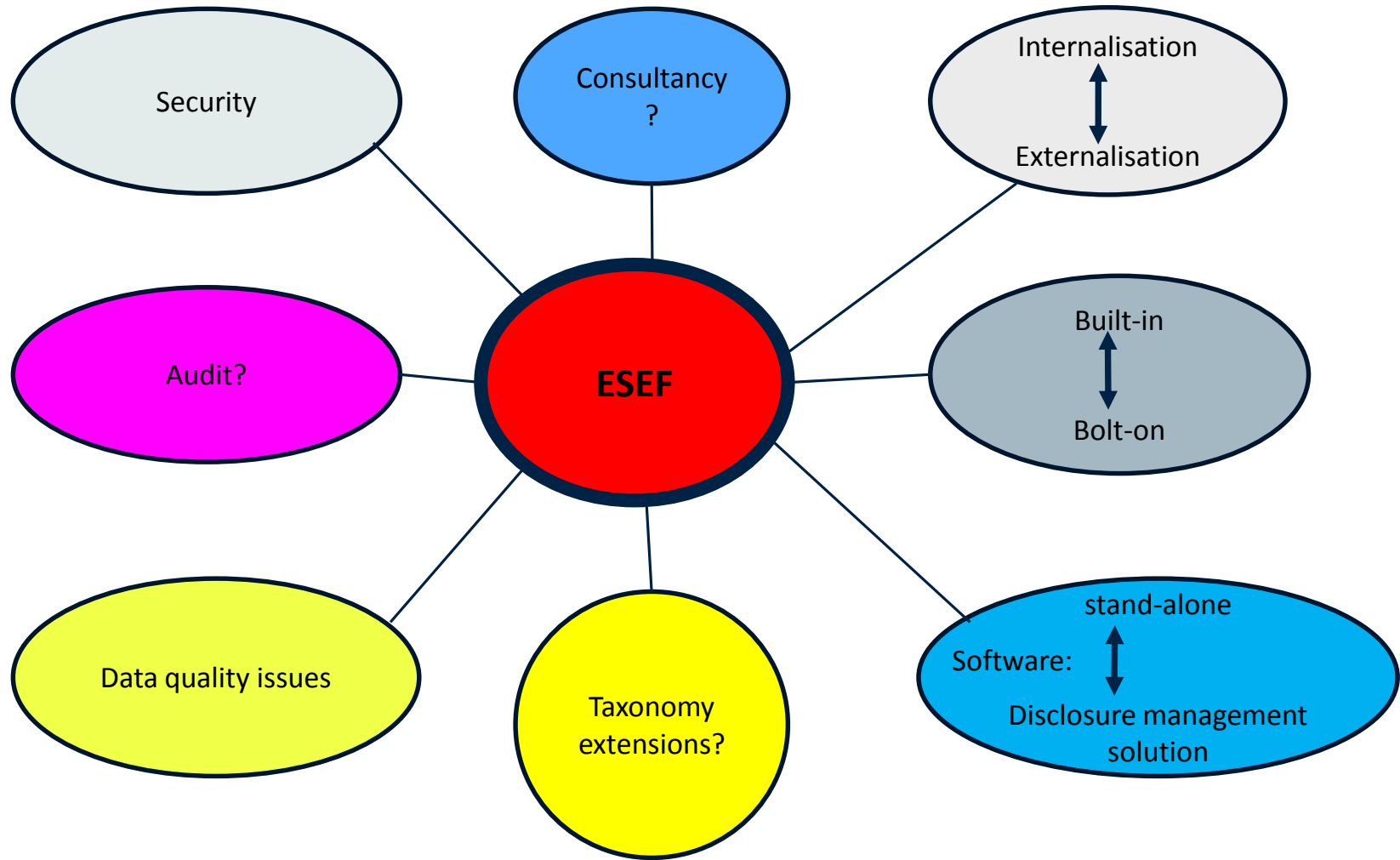
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Agenda

- Preparation: things to think about now
- Disclosure and filing with the FSMA
- Format
- Timing of ESEF
- Annual results announcements and half-yearly financial reports
- Examples of media that use XBRL-information

Preparation: things to think about now

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Preparation: things to think about now

- **Consultancy** needed about iXBRL?
 - Field test experience
 - Most useful resources mentioned in US:
 - Solution provider support
 - Training
 - XBRL taxonomies
 - Review of other companies

Preparation: things to think about now

- **Internalisation or externalisation?**
 - In the **US** there appears to be a trend (a few years after the first application) for companies to undertake their XBRL-tagged information creation **in-house** rather than via outsourcing.
 - However, **smaller companies** expect to increase **usage of full-service outsourcing**.
 - **Final check in-house** for accounting matters.

Preparation: things to think about now

- Built-in or bolt-on approach?
 - **“Bolt-on”**: financial statements prepared in first step, in a second, additional step, the XBRL tags are created (either by the issuer itself or the process step is outsourced to a service provider) = **post production approach**
 - **“Built-in”**: integrated approach, the record-to-report processes and systems are rethought, the aggregated elements of the financial reports can be traced back to single transactions that are already marked-up with XBRL-tags = **in production approach**

Preparation: things to think about now

- Software to be used?
 - In the US there is an evolution from **stand alone XBRL solutions** to an increased use of **collaborative disclosure management solutions**
 - **Disclosure management solutions:** software solutions that integrate:
 - Collaborative document drafting,
 - XBRL tagging,
 - and may also integrate direct filing;
 - **Stand-alone iXBRL solutions:** Software solutions that create iXBRL filings using financial statements and footnotes which have been prepared using other software.

Preparation: things to think about now

- **Studying ESEF taxonomy** (presentation, calculation)
- **Taxonomy extensions: Choices to be made?**
 - Academic research in the **US** showed that **40% of the extensions were unnecessary**, as semantically equivalent elements were already in the U.S. GAAP taxonomy. (period 2009-2010)
 - **Extension** → If core taxonomy element ***MISREPRESENT*** the accounting meaning of marked up disclosure

Preparation: things to think about now

- How to avoid **data quality issues**
 - See a.o. ESEF reporting manual
- **Auditor involvement;**
 - in the US, about 5% asked external accounting firms to review XBRL. But high number of errors. Legal obligations in EU to be clarified.
 - But in Europe?
- Security of xHTML document; higher risk than pdf
- In US, **XBRL** is mentioned as one of the most important **bottlenecks** in reporting (data from 2013).

Preparation: things to think about now

- Most **challenging issues** reported in US:
 - Final review process/validation
 - Mapping and tag selection
 - Proper handling of negative values
 - Education and training

Preparation: things to think about now

- Useful resources : p. 485 of ESMA's final report
 - <https://www.esma.europa.eu/file/24174/download?token=c10lj8i>
- list of tools:
 - <https://www.xbrl.org/the-standard/how/getting-started-for-business/>
- UK HMRC Resources
 - <https://www.gov.uk/government/publications/corporation-tax-commercial-software-suppliers/corporation-tax-commercial-software-suppliers>
- survey providing appreciation of software in US (data 2013, p. 24)
 - <https://www.secprofessionals.org/sites/default/files/2013%20FERF%20Final%20Report.pdf>

Disclosure and filing with the FSMA

Disclosure and filing with the FSMA

- **Regulated information** has to be:
 - **disclosed** to the media (dissemination);
 - **filed** with the FSMA (eCorporate/stori);
 - **available** on the issuer's website
- Regulated information = Annual financial report → Prepared in the **ESEF = official document under TD**
- **Disclosure** (dissemination) to media may be a **message to the media** stating on which websites the information is available

Disclosure and filing with the FSMA

- **Filing FSMA ≠ filing NBB**
 - Filing at FSMA 30 days before AGM (for listed shares)
 - 15 days before AGM (for other listed securities)
- There are currently **no indications** of any **change** to the filing obligations at the **balance sheet office**

Format

Format

- Compulsory for annual financial report → xHTML

	Non-financial statement part	Consolidated financial statements (IFRS)	Abbreviated separate financial statements	Seperate financial statements
Item present/format	Yes/xHTML	Yes/iXBRL	Yes/xHTML	No
Item present/format	Yes/xHTML	Yes/iXBRL	No	Yes/xHTML
Item present/format	Yes/xHTML	No	No	Yes/xHTML

Timing of ESEF

Timing

- Financial reports containing financial statements for financial years beginning on or after 1 January 2020
 - Filings 2021
 - Exception: shortened fiscal year with filing in 2020

Annual results announcements and half-yearly financial reports

Annual results announcements and half-yearly financial reports

- **No obligation to use iXBRL for**
 - **Annual results announcements;**
 - **half-yearly financial statements**
- **But:**
 - Often annual results announcements are **published earlier** than annual financial reports
- **So:**
 - Users will still have to **re-key** the figures from half-yearly reports and result announcements when making their analysis.

Annual results announcements and half-yearly financial reports

- **Poll** on the voluntary use of iXBRL for those documents
- **Login** to <https://www.sli.do/> with your smart phone
- Enter **event code: N598**
- You will see the question
- Please **respond** to the question

Annual results announcements and half-yearly financial reports

- Should the FSMA **allow iXBRL** on **voluntary** basis for annual result announcements and half-yearly financial reports???
- **Yes ?** **No?**



Annual results announcements and half-yearly financial reports

- Who expects to voluntarily file iXBRL result announcements or half-yearly reports, one day ?
- I do
- I don't



Examples of media that use XBRL-information

A few examples of media that use XBRL-information

- Examples of tools in US
 - **Calcbench**: database with XBRL info US filers and tools for analysis. (<https://www.calcbench.com/home/aboutus>)
 - **XBRLAnalyst**: Provides Excel access to the financial reports of ALL public companies in the US (<https://findynamics.com/xbrlanalyst/>)
 - **“SEC Filings for Humans”**: Gathers data from EDGAR, indexes it, and returns it in formats meant to help investors research, investigate and discover companies on their own (<http://rankandfiled.com/>)

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