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# How can a solution address the specificities of ESEF reports

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# DFIN

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**Donnelley Financial Solutions** 

or

**IFRS Taxonomy Consultative Group(ITCG)**

# Challenges

- Would regulator accept iXBRL filing outside EU?
- Presently, taxonomy outside of EU is forbidden
- Cost vs benefits
- Who validates?
- Custom tag and anchoring
- Do regulators have clearly defined filing manual?
- What are rules of the taxonomy versioning?
- How regularly local taxonomy would be updated?
- What if, similar to a custom tag available in local taxonomy?

# Challenges

- Would individual regulator accept iXBRL filing outside EU?

A filer company domestically listed in EU in addition to outside EU domain.

An entity listed in Netherlands but also listed in NYSE. A Form 20F required in XBRL format (iXBRL format in 2022) as foreign filing entity.

Would a regulator in EU would accept a filing prepared for SEC filing?

Cost vs Benefit

# Validation of filing

- Would a regulator validate filing ?
- What would be validated?

Fact collusion?

Calculation inconsistencies?

Negative facts?

completeness of the tagging?

Need to define a framework

# Challenges

What are the criterias for validation?

What would happen if the files rejected?

What is timeline to fix the issues and refile?

Would each regulator follow criterias of ESEF Reporting Manual in addition to their own?

How often regulators updates validation criterias and communicate to the filers?

# Anchoring

- If financial reporting undertaken using IFRS standards, a **principle based** accounting why a need for extension or custom ?
- What is acceptable rate of extension?
- Any recourse from a regulator if use of extension tags exceeds?

Note main advantage : comparability

# Anchoring

- Associate a custom tag with a broad or narrow concept of standard tag.
- Does it solve the issue?
- Provide succinct definition of the underlying accounting concept of the custom tag



# A continuous journey in Digital Reporting

- The proposal does not recommend that structured data be required for the reporting of MD&A, citing the cost to filers, and the fact that the MD&A is prepared on a principles-based framework, which encourages disclosures tailored to each company's specific facts and circumstances, limiting the comparability of MD&A content. The Commission does however, request comment on whether MD&A information should be reported using Inline XBRL.
- ESG reporting and Taxonomy

# Challenges – Education

- Lack of awareness about the Taxonomy
- Selection of the tags
- Understanding between machine readable vs human readable

Example:

Can I use following tag on reporting:

**Dividend Declared?**

IFRS Standard Tag: **ifrs-full:DividendPayables**

# Challenges – Education

- Just reading a tag most likely a filer would extend the tag

However:

- Read definition:

The amount of dividends that the company has declared but not yet paid.

- Instant
- Credit type

# Custom tag

## SEC filing:

Custom tag identified by using:

- A ticker symbol:                  abc:ExciseDuty                  Or
- CIK#:                                  cik00001234:ExciseDuty

## ESEF filing:

- local ticker symbol or LEI?

*Thank you*



*Grazie*

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