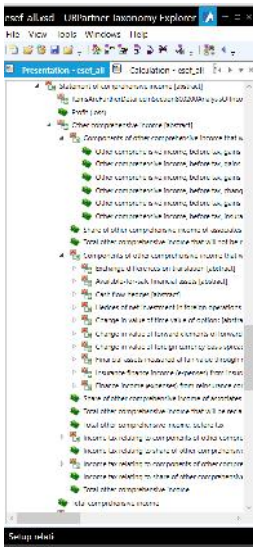
1

Modelling an ESEF Report

- The ESEF Taxonomy defines the underlying 'model'
  - It has structure, i.e. hierarchies and relationships
- ESEF Reporting Manual and Conformance Suites define how the Taxonomy is used to generate the report
- Extension Taxonomy is a customised model using the rules
  - Should reflect the companies report 'model'
- ESEF Tools take one of two approaches:
  - 'Document First' – create the document then tag it
    - Generating extensions as you find them
    - Experience shows 'Document First' produces more errors
  - 'Report Model first' – decide what data you want to report
    - Then generate the tagged document and add narratives.
    - Generates a more consistent model that can be understood and reused



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ESEF: The Lessons Learned and Addressed

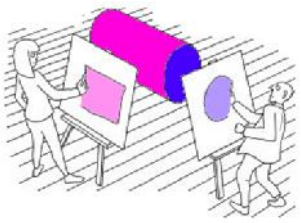
- Anchoring an extension allows the user to understand the relationships
  - i.e. it helps you follow the 'model'
- Calculation model ensures tools can check numbers add up automatically
  - … still has to be implemented well (subjective?)
  - … but automates quality controls and increases understanding
- Quality checks (XBRL Formula)
  - Further enables automatic checking of accuracy and consistency
    - e.g. big issue in US SEC reporting were +/- signs
    - In ESEF, credits and debits can be automatically checked if using an XBRL validation tool
- However, there are still tricky issues to resolve
  - Footnote Facts
  - '% change' - to tag or not to tag

EUROPEAN
SINGLE
ELECTRONIC
FORMAT

3

Mapping & Tagging in the Real World

- The presentation of IFRS accounts are very similar
  - As expected… But do differ significantly
  - …and there is no common set of differences
- Tables in annual returns are designed to help transmit ideas…
  - … they do not necessarily follow the IFRS taxonomy structure
- IASB states 'it is not a reporting taxonomy… but a framework'
  - When it comes to real world reports it is therefore a bit 'vague'
- Testing numerous filings over the last 18 months, show us:
  - Modelling ESEF reports and building a 'good' extension taxonomy is not straightforward
  - In fact, humans using good tools with expert guidance 'built-in' are the best resource in most cases to Map and Tag financial statements
- Here are some real world examples…



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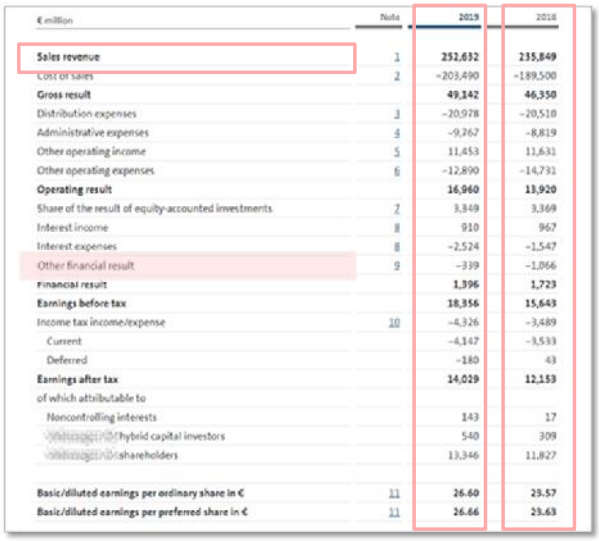
Income Statement …start with simple stuff



€ million	Note	2019	2018
Sales revenue	1	**252,632**	**235,849**
Cost of sales	2	-203,490	-189,500
Gross result		**49,142**	**46,350**
Distribution expenses	3	-20,978	-20,518
Administrative expenses	4	-9,767	-8,819
Other operating income	5	11,453	11,631
Other operating expenses	6	-12,890	-14,731
Operating result		**16,960**	**13,920**
Share of the result of equity-accounted investments	7	3,349	3,369
Interest income	8	910	967
Interest expenses	8	-2,524	-1,547
Other financial result	9	-339	-1,066
Financial result		**1,396**	**1,723**
Earnings before tax		**18,356**	**15,643**
Income tax income/expense	10	-4,326	-3,489
Current		-4,147	-3,533
Deferred		-180	43
Earnings after tax		**14,029**	**12,153**
of which attributable to			
Noncontrolling interests		143	17
[illegible] hybrid capital investors		540	309
[illegible] shareholders		13,346	11,827
Basic/diluted earnings per ordinary share in €	11	**26.60**	**23.57**
Basic/diluted earnings per preferred share in €	11	**26.66**	**23.63**

- This is a very familiar layout:
  - Two columns
    - current period
    - previous period
  - Concepts in rows
    - so easy to recognise
  - Most Concepts are standard in ESEF
  - ..but may include an extension (or two…)

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Income Statement (… with dimensions?)

€ million	Note	2019	2018
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- But everything is not always as simple as it appears…
- Some of the concepts (rows) are dimensional
  - i.e. you can express them in various breakdown forms
  - Most/all dimensions have defaults, which make this easier
  - … but the User has to be aware that they may be using another 'context' for the concept (row)

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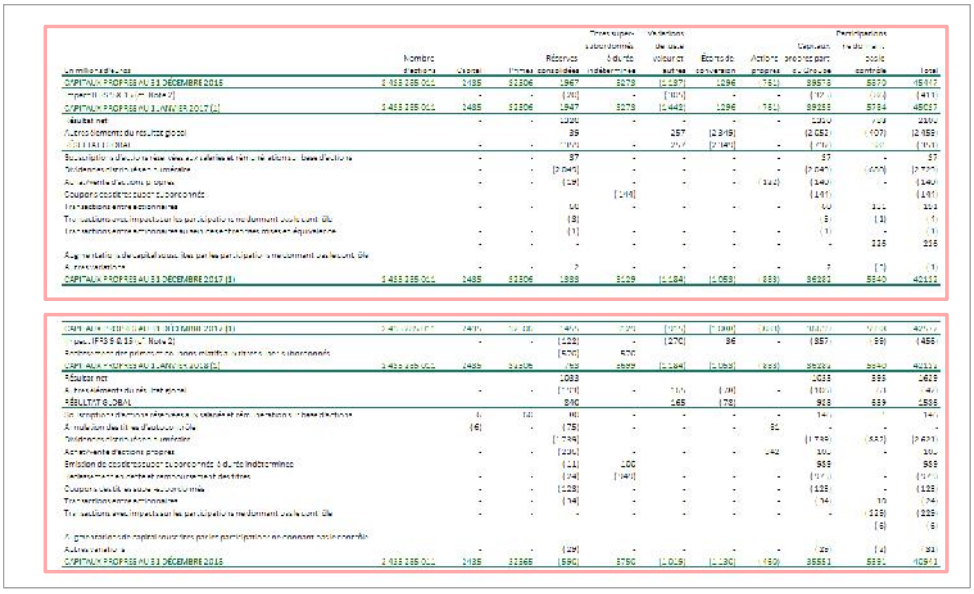
6

A Statement of Equity Example



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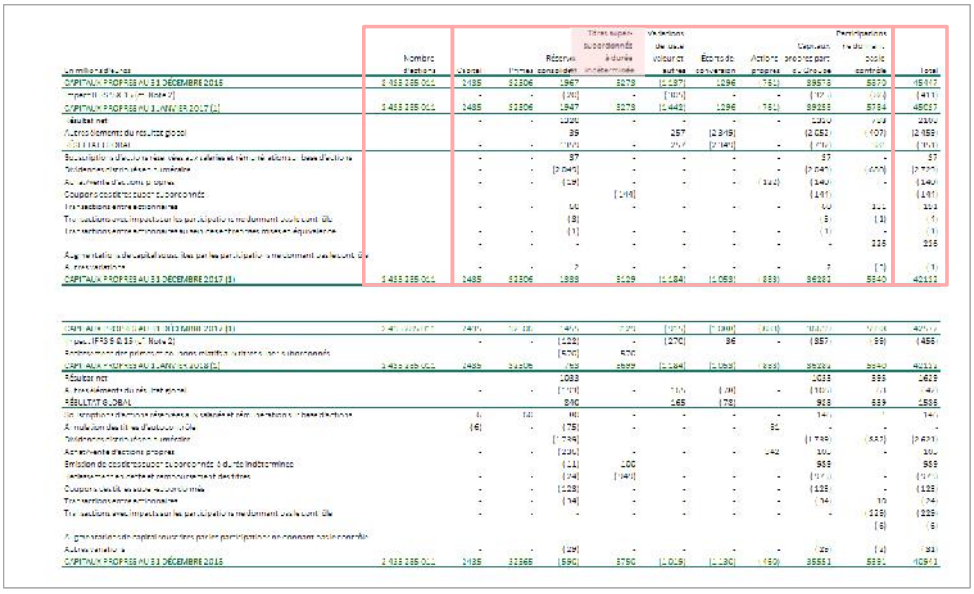
A Statement of Equity Example



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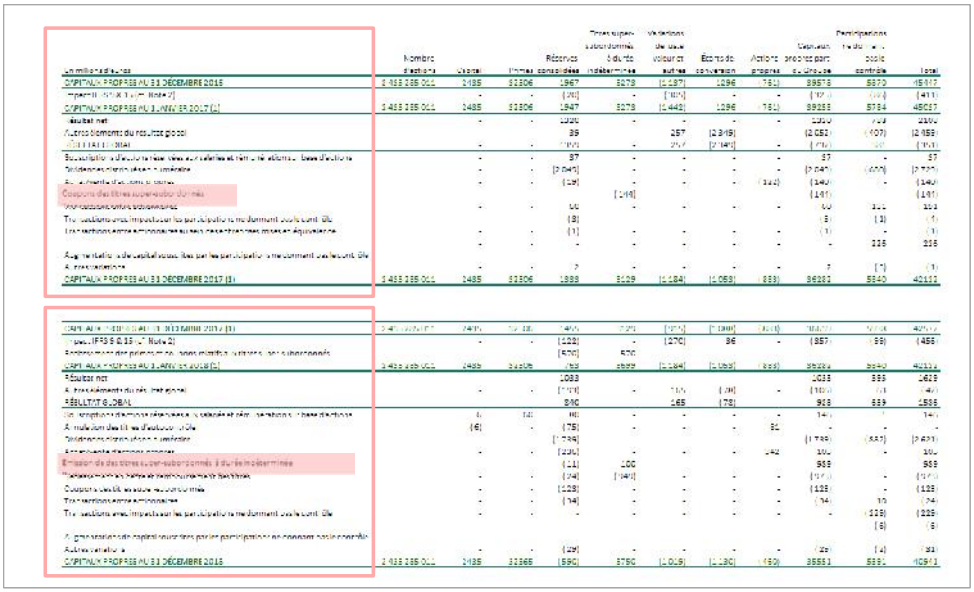
A Statement of Equity Example



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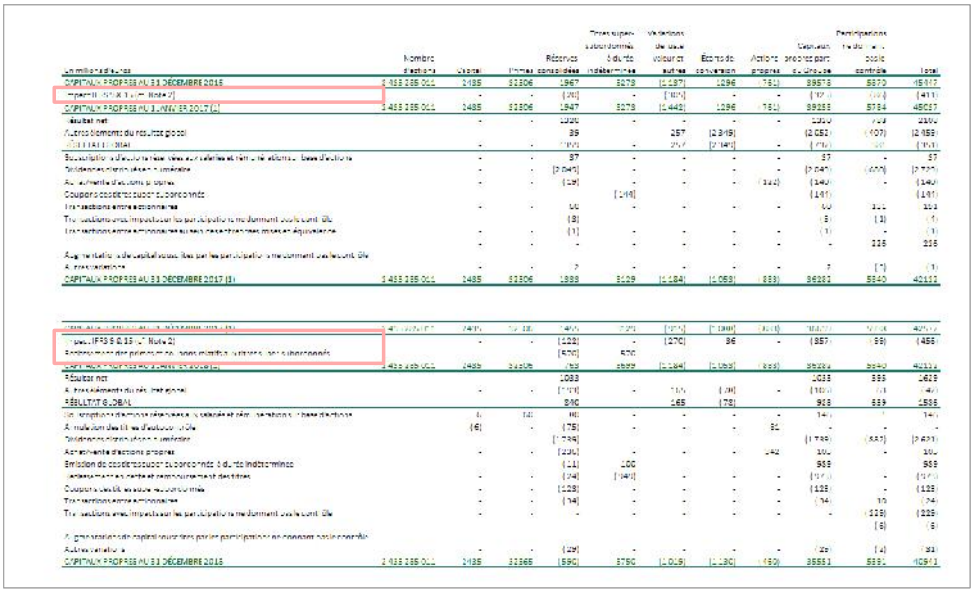

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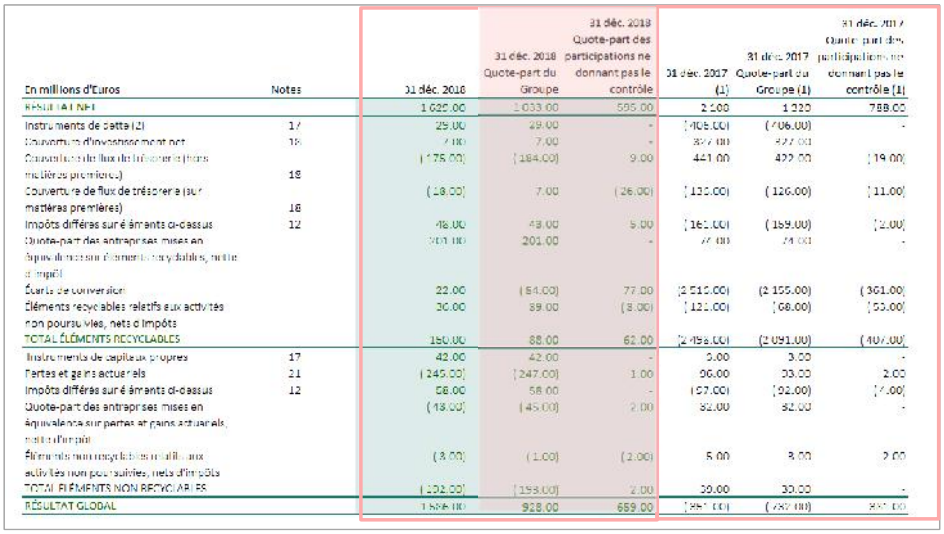
10

Comprehensive Income



En millions d'Euros	Notes	31 déc. 2018	31 déc. 2018 Quote-part du Groupe	31 déc. 2018 Quote-part des participations ne donnant pas le contrôle	31 déc. 2017 (1)	31 déc. 2017 Quote-part du Groupe (1)	31 déc. 2017 Quote-part des participations ne donnant pas le contrôle (1)
RESULTAT NET		1 685.00	1 033.00	595.00	2 100	1 320	788.00
Instruments de dette (2)	17	29.00	29.00	-	(405.00)	(406.00)	-
Couverture d'investissement net	19	7.00	7.00	-	877.00	877.00	-
Couverture de flux de trésorerie (hors matières premières)	18	(175.00)	(184.00)	9.00	441.00	422.00	(19.00)
Couverture de flux de trésorerie (sur matières premières)	18	(18.00)	7.00	(26.00)	(133.00)	(126.00)	(11.00)
Impôts différés sur éléments ci-dessus	12	46.00	43.00	5.00	(161.00)	(159.00)	(2.00)
Quote-part des entreprises mises en équivalence sur éléments recyclables, nette d'impôt		201.00	201.00	-	77.00	77.00	-
Écarts de conversion		22.00	(54.00)	77.00	(2 516.00)	(2 155.00)	(361.00)
Éléments recyclables relatifs aux activités non poursuivies, nets d'impôts		30.00	89.00	(59.00)	(121.00)	(68.00)	(53.00)
TOTAL ÉLÉMENTS RECYCLABLES		150.00	88.00	62.00	(2 456.00)	(2 091.00)	(467.00)
Instruments de capitaux propres	17	42.00	42.00	-	3.00	3.00	-
Pertes et gains actuariels	21	(245.00)	(247.00)	1.00	96.00	93.00	2.00
Impôts différés sur éléments ci-dessus	12	58.00	58.00	-	(97.00)	(92.00)	(4.00)
Quote-part des entreprises mises en équivalence sur pertes et gains actuariels, nette d'impôt		(18.00)	(45.00)	2.00	82.00	82.00	-
Éléments non recyclables relatifs aux activités non poursuivies, nets d'impôts		(8.00)	(1.00)	(2.00)	5.00	3.00	2.00
TOTAL ÉLÉMENTS NON RECYCLABLES		(132.00)	(193.00)	2.00	39.00	30.00	-
RÉSULTAT GLOBAL		1 696.00	928.00	659.00	(357.00)	(741.00)	321.00

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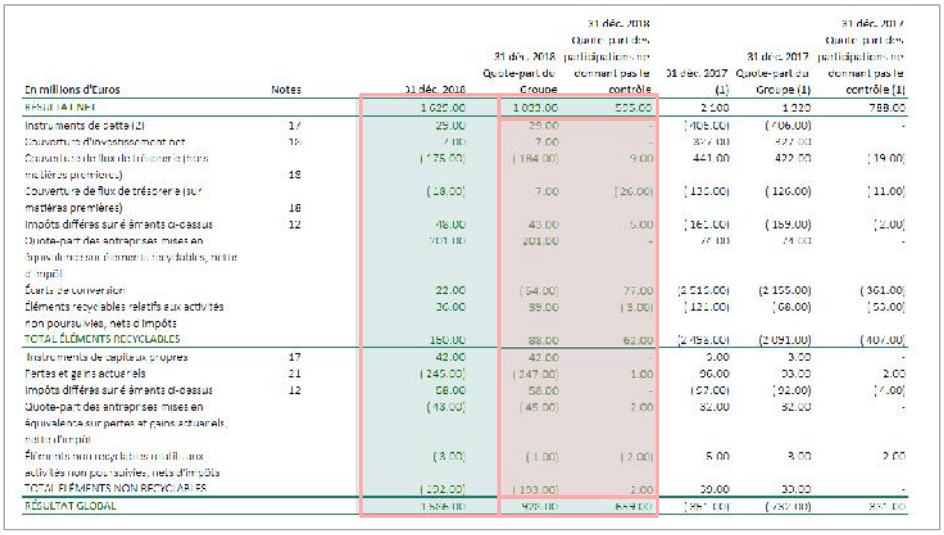
11

Comprehensive Income



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12

Comprehensive Income

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Impôts différés sur éléments ci-dessus	12	48.00	48.00	5.00	(161.00)	(159.00)	(2.00)
Quote-part des entreprises mises en équivalence sur éléments recyclables, nette d'impôt		201.00	201.00	-	77.00	74.00	-
Écarts de conversion		22.00	(54.00)	77.00	(2 515.00)	(2 155.00)	(361.00)
Éléments recyclables relatifs aux activités non poursuivies, nets d'impôts		30.00	39.00	(3.00)	(121.00)	(68.00)	(53.00)
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Instruments de capitaux propres	17	42.00	42.00	-	3.00	3.00	-
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Éléments non recyclables relatifs aux activités non poursuivies, nets d'impôts		(3.00)	(1.00)	(2.00)	5.00	3.00	2.00
TOTAL ÉLÉMENTS NON RECYCLABLES		(192.00)	(193.00)	2.00	39.00	39.00	-
RÉSULTAT GLOBAL		1 586.00	928.00	659.00	(351.00)	(732.00)	381.00

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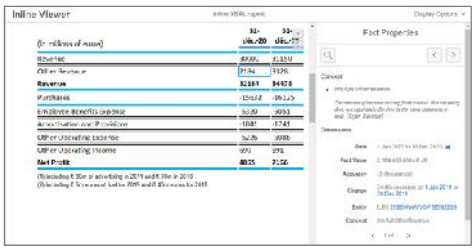
13

Mapping & Tagging

- Most demonstration of ESEF tools show just a simple Income Statement
  - You now know why ☺
- Some have an 'Automatic' tagging tool
  - Using a 'fuzzy' match of the label with the 'concept' label or description
    - Great if they match (or have been prepared to match)
    - Plus right language – English often
  - Result these tools generate many 'false positives'
    - …which are more effort to spot and fix
  - BTW – The easy ones are easy for the human to do as well….
- Some suggest a 'template' that is already tagged.
  - UBPartner has not seen two sets of accounts presented the same way.
  - Possible short-cut, but It's often easier to tag Primaries from the beginning in many cases
  - Does not work for complex cases or extensions



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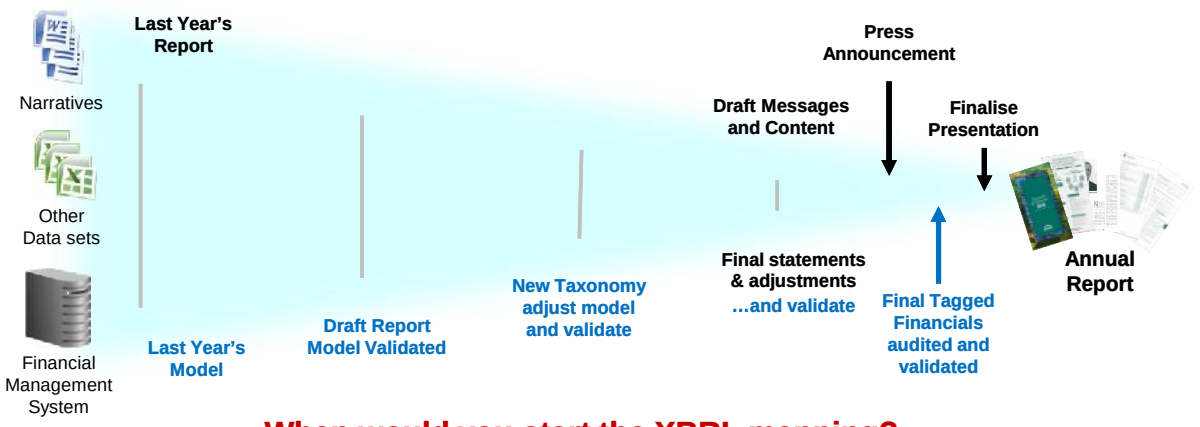
14

The ESEF Reporting Timeline



When would you start the XBRL mapping?

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15

Recap

- Issuers need to think beyond simple demonstrations of P&L
- Do you want simple compliance ?
- Or do you want:
  - A report model that can be understood by investors?
  - A set of statements that can be checked automatically?
  - i.e. moves your financial reporting into the 'Digital Age'
- There is no right answer, but:
  - Document First – gives you little chance to reflect about the Taxonomy
    - Typically, more extensions, poorer report model, more errors
  - A 'Report First' Approach allows the User to prepare the model
    - To establish how they want to report and most importantly to validate it
    - … hence it produces more consistent, re-usable reports with less errors.

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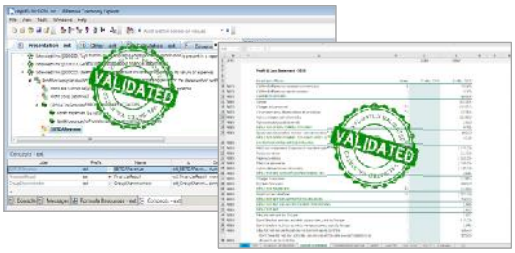
16

So ‘Report First’ to get an accurate ESEF Report

A Well Designed and Complete Annual Financial return

With a Well formed XBRL model …fully validated, and ready for the next period



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17

Questions?

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18

UBPartner Contact Information
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19