

ESEF: Practical guide for setting up block tags of notes to the financial statements

based on the ESMA Reporting Manual of August 2022

ESEF obligations extend to the tagging in blocks of notes to the financial statements for financial years beginning on or after 1 January 2022. The update of the ESMA Reporting Manual dated 24 August 2022 specified (recommendation 1.9) that this block tagging can lead to the use of several tags for the same disclosure:

- Multiple tagging: Preparers must consider the accounting meaning of a taxonomy element when selecting the appropriate block tag for marking up such disclosure. This is particularly important for cases where **there are multiple block tags that can match a given disclosure**.
- Embedded (or nested) text block tags: In case of a disclosure corresponding to more than one element **of different granularity (with narrower and wider elements)**, preparers should use each of them and **multi tag the information** to the extent that corresponds with the underlying accounting meaning of the information.

There are two ways the multi-tagging could be looked at:

- The granularity of the information should be evaluated in view of the relevance of the “lowest level” of tagging: the disclosure is specifically addressed; it is material and there is a corresponding element in the taxonomy. This justifies the tagging of sections in the note.
- The element used is included in elements that have a “wider” definition. This results in the nesting of the sections in the note in the hierarchical “parents” which should also be considered for tagging.

To render the navigation in the role [000000] easier and to disclose the possible nesting of text blocks, we propose, as a guidance, a hierarchical presentation of the disclosures based on different criteria:

- The text blocks are logically grouped according to their content by reference to specific IFRS requirements (underlying IFRS as expressed in the reference link in the taxonomy),
- The “minimal” number of nested text blocks.

Consequently, and in the absence of precise guidance on the implementation of this nested text block tags, XBRL France convened a transversal working group (issuers, auditors, users, software providers and in the presence of the AMF, as observer) to propose a common base of methodology, and homogeneous practices of over-tagging of disclosures.

The work and conclusions of this working group has been shared with ESEF BPTF. The task force agreed on the principle of making public such a hierarchy with the following disclaimers.

Hierarchy User's Guide

The hierarchy can be used to document tagging choices of a preparer or audit comments of an auditor. It is proposed to help issuers do the tagging for their 2022 ESEF report.

Blocktext elements are presented under two sections:

- Disclosures with related accounting policies,
- Accounting policies (when reported separately).

The disclosures are grouped under “parent” disclosures showing that very granular disclosures are associated with disclosures of the same “wider” accounting meaning. They should be over-tagged

with their parents in the hierarchy. For each tagged element, all tags that correspond to the underlying accounting meaning may be used with broader elements.

Disclaimer:

The proposed hierarchy is based on works done by a dedicated work group of XBRL France and cannot be considered as an “official” or “regulatory” or “authoritative” document.

The hierarchical relationship was based on the rationale discussed in the group. It is consistent with the underlying IFRS references (when available in the taxonomy) or based on the group's understanding of the accounting content of the "child" tag, in the absence of a definition of the content in the label documentation.

There could be different hierarchical presentations of the disclosures depending on the angle the taxonomy elements are looked at. Therefore, can not be considered as the only possible hierarchy for over-tagging nested elements.

Preparers do not have to but are encouraged to replicate this hierarchy in their specific extension taxonomy for the elements that are used in their report.

We would mention that:

- The tagging remains the sole responsibility of the issuers.
- It may require recourse to judgment to be relevant to the specific cases of each issuer. Thus, it is always possible not to apply all the expected over-tagging if it is not considered relevant on a case-by-case basis, especially regarding the materiality of the elements to be tagged.
- Finally, the use of this hierarchy requires judgment. Thus, this hierarchy is a way of sharing good practice.

This hierarchy is to be used as a help to issuers for preparing their 2022 ESEF reports. It is not meant to be maintained in the future as we expect the requirements may evolve and we expect ESMA to issue more precise guidance on multiple tagging.