

18th XBRL Europe Day

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# Financial statements of listed companies in iXBRL

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Pierre HAMON / Bruno Tesnière

**Etxetera / PwC**

*Member of XBRL FRANCE*



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ESMA

ESMA FEEDBACK STATEMENT

iXBRL

INLINE XBRL

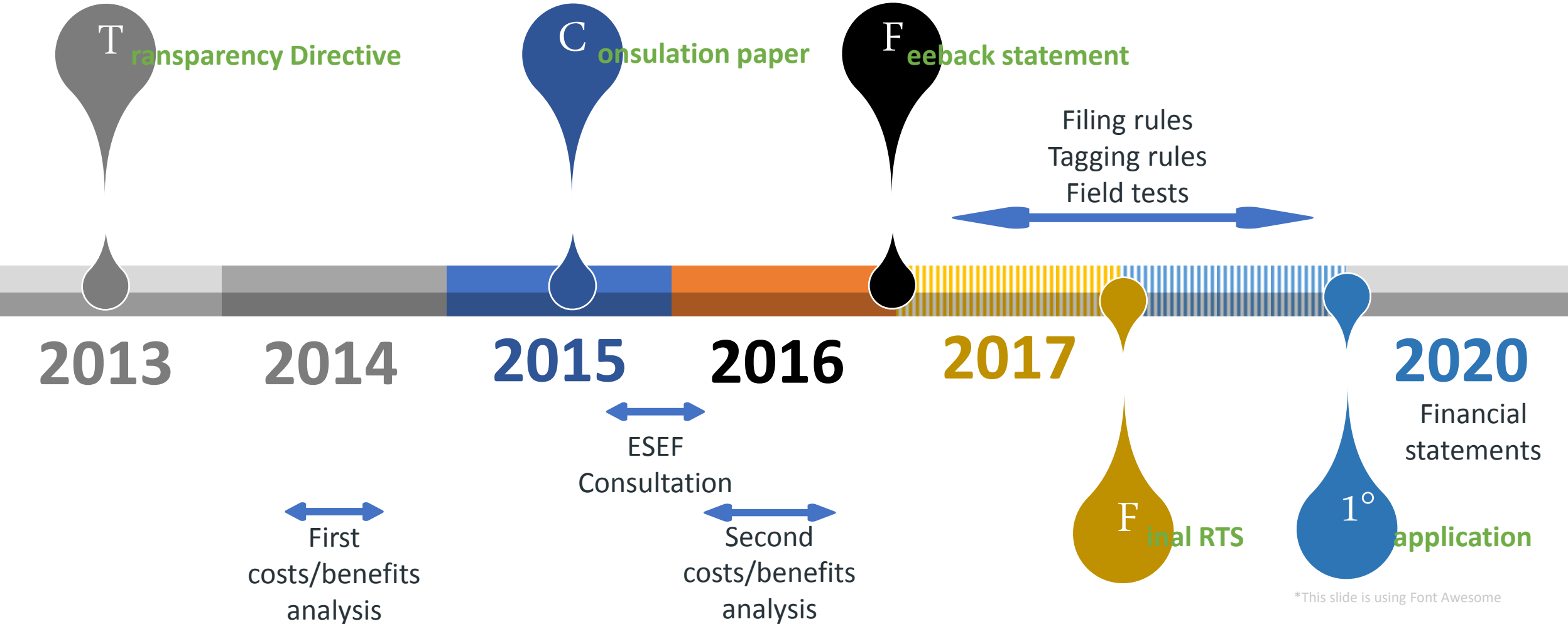
IFRS

IFRS TAXONOMY



WHAT'S NEXT

# ESMA Timeline



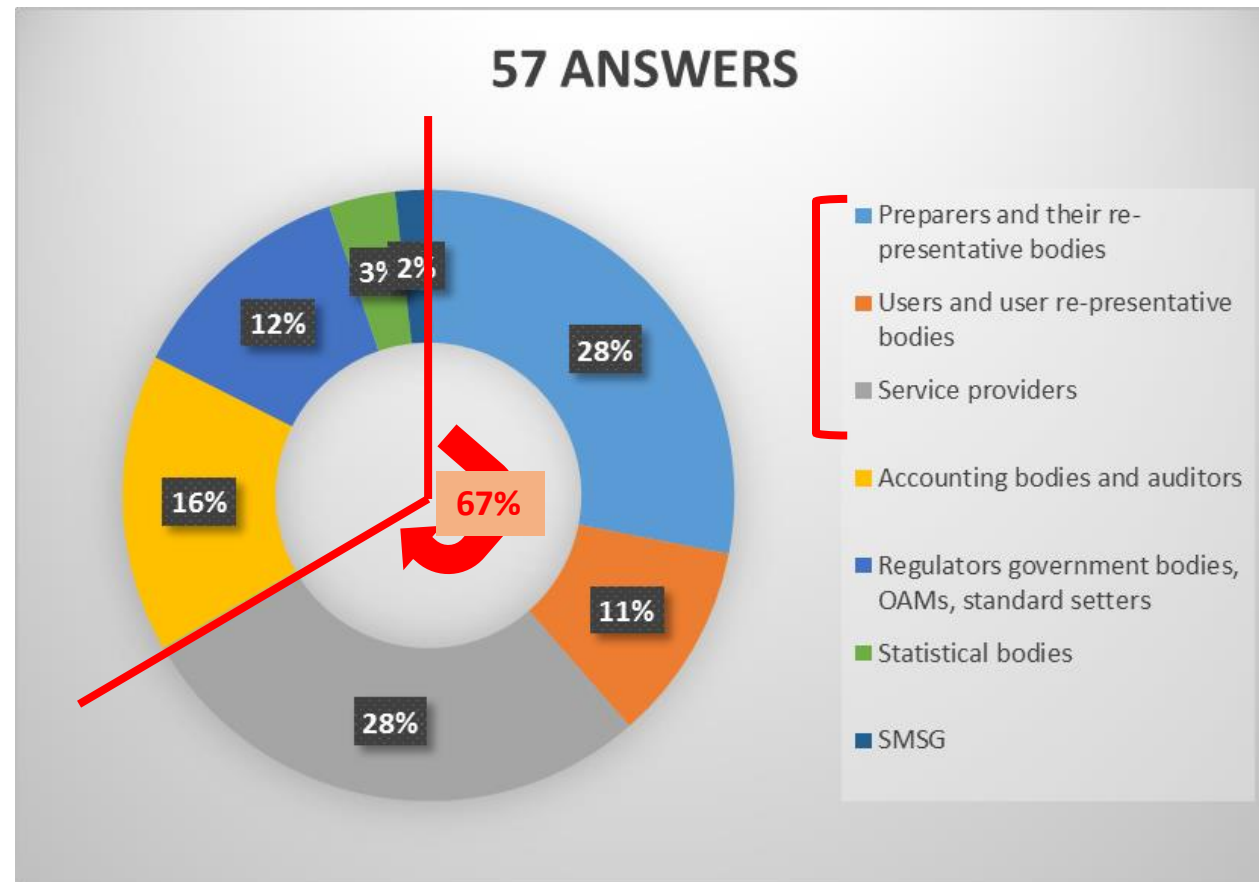
\*This slide is using Font Awesome

# Answers to ESMA consultation paper

Among the responses provided, ESMA received 88 letters from French preparers and their representative bodies.

- Common template and same exact wording without specifically answering the detailed questions of the CP.
- Critical of the ESEF as a whole and considered that the evaluation of the need for a single electronic reporting format performed by ESMA was not adequate.

ADDITIONAL DIRECT CONSULTATIONS OF LOCAL REGULATORS WITH SELECTED FUTURE PREPARERS



# ESMA proposes new digital format for issuers' financial reporting

**Digital format**

Preparers must prepare their IFRS financial statements in the human readable XHTML format, which can be read by standard browsers without the need for specialized tools.

**Inline XBRL**

IFRS consolidated financial statements must be labelled using XBRL. The XBRL data is embedded into the XHTML document through Inline XBRL format.

**IFRS Taxonomy**

The IFRS Foundation's Taxonomy should be used to transfer financial information into structured data reporting of IFRS financial statements.

**Technical rules**

ESMA will focus on developing detailed technical rules, field test its proposed solution and afterwards submit the technical standard to the European Commission for endorsement around year-end 2017

*to report primary statements 1 January 2020 and disclosures from 2022*

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# ESMA conclusions

Issuers must label the IFRS consolidated financial statements using XBRL which is machine-readable. The XBRL data is embedded directly into the XHTML document through the *Inline XBRL* format.

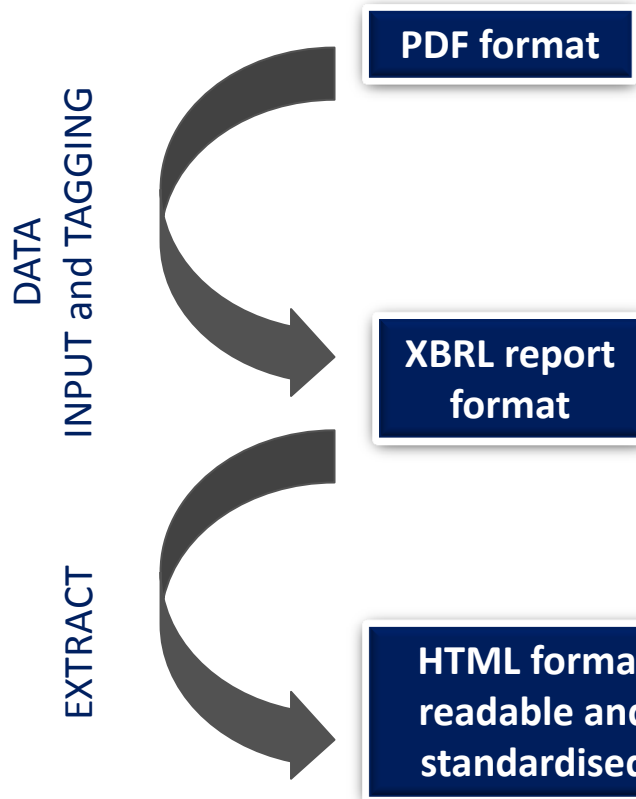
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## iXBRL technology

- XBRL data can be processed by software for analysis and thus becomes machine-readable and 'structured'.
- iXBRL maintains consistency between tagged information and the human readable version.
- Companies may keep their presentation in the HTML format.
- ESMA may extend mandatory labelling of information using XBRL to other parts of the annual financial report or to financial statements prepared under third country GAAP at a later stage.

Inline XBRL helps to decouple the presentation (HTML) and the representation (XBRL)

# iXBRL as described



Actif	Brut	Exercice 2015		Exercice 2014	
		Amortissements Provisions	Net	Net	Net
<b>IMMOBILISATIONS INCORPORELLES</b>	<b>24 062 131</b>	<b>14 847 701</b>	<b>9 214 430</b>	<b>10 908 425</b>	
Brevets, licences, logiciels	22 964 819	14 847 701	8 117 118	10 160 681	
Avances et acomptes	1 097 312	-	1 097 312	747 744	
<b>IMMOBILISATIONS CORPORELLES</b>	<b>16 101 884</b>	<b>12 862 908</b>	<b>3 238 977</b>	<b>3 561 183</b>	
Installations techniques, matériel et outillage industriels	542 926	454 063	88 863	119 457	
Autres	15 539 525	12 408 844	3 130 681	3 367 476	

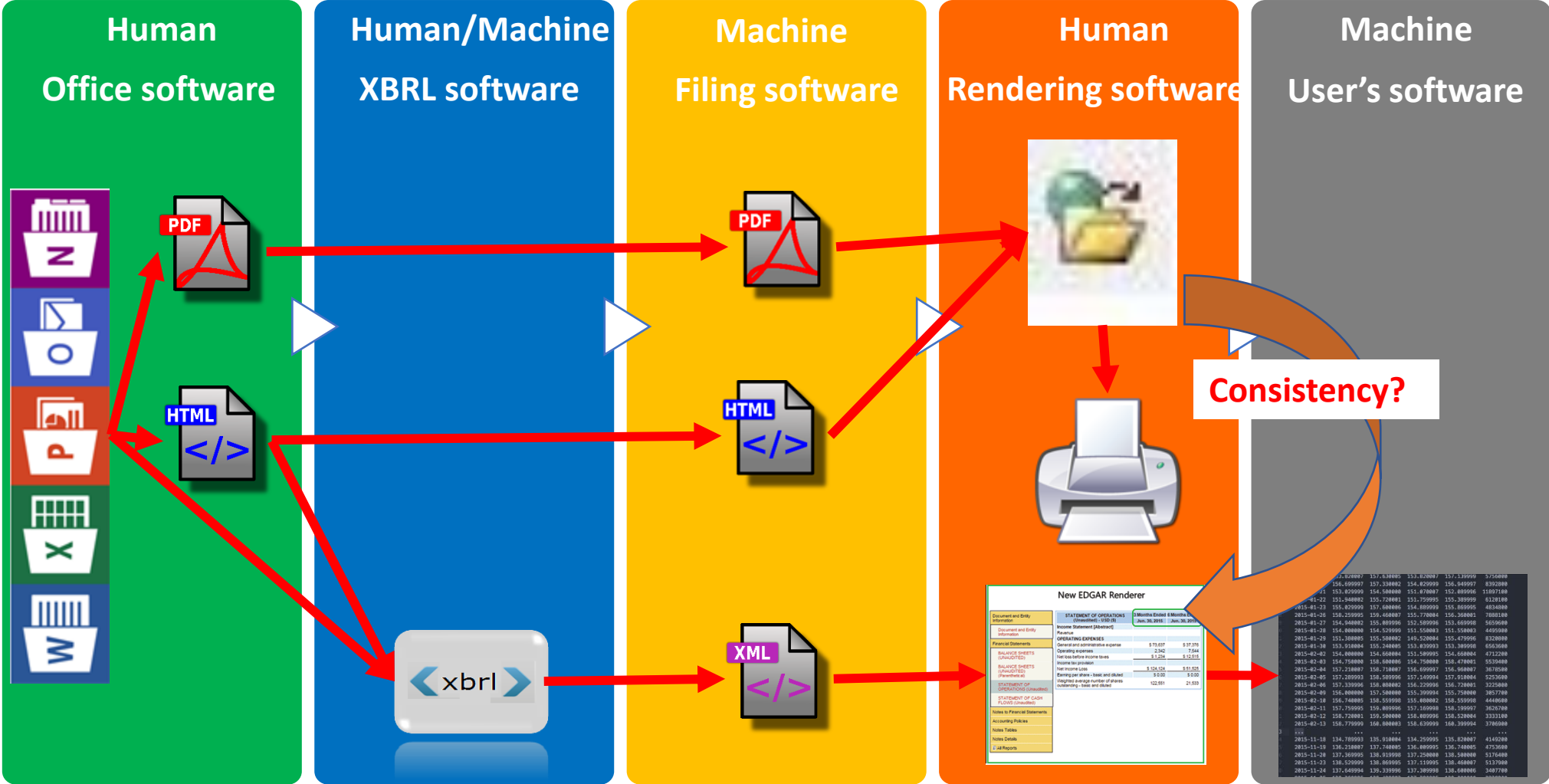
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<ix:nonfraction name="ifrs-smes:IntangibleAssetsOtherThanGoodwill"
id="XWAND00000403" scale="0" decimals="0" unitRef="EUR"
format="ixt:numcommadot" contextRef="e2012">850</ix:nonfraction>
```

Non-current assets			
Investment in associate	12	107,500	107,500
Property, plant and equipment	13	2,549,945	2,401,455
<b>Intangible assets</b>	<b>14</b>	<b>850</b>	<b>2,550</b>

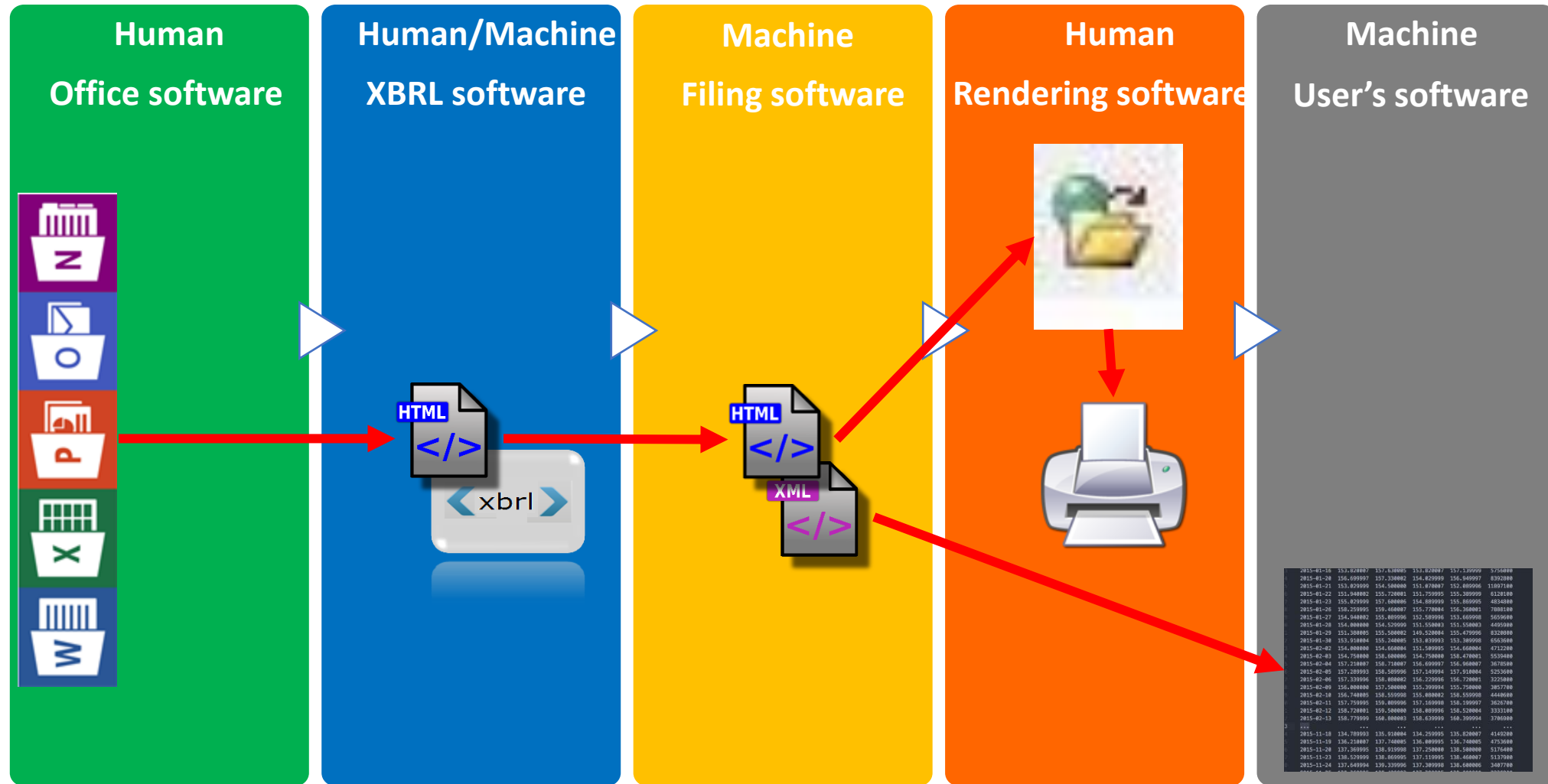
— Tags  
— Taxonomy



# Dual filing: PDF or HTML and XBRL

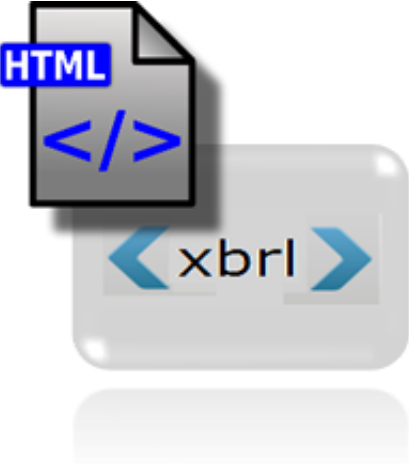


# Single filing: Inline XBRL



# Embedded xbrl is XBRL

- It should be valid XBRL
- Should be validated against filing rules
  - Extension rules
  - Tagging rules
- Should be validated against validation rules
- Should be machine readable



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2013-11-20 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-20 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-21 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
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2013-11-23 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-24 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-25 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-26 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-27 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-28 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-29 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
2013-11-30 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
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2013-12-14 154.80000 154.80000 154.80000 154.80000 154.80000 154.80000
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“I just hope that ESMA endeavors to learn from the mistakes of the US SEC, rather than repeating those same mistakes. Inline XBRL is simply another layer on top of XBRL. The information still needs to be represented correctly.”

Charles Hoffman

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WHAT'S NEXT

# ESMA conclusions

The IFRS Foundation's Taxonomy should be used to transfer financial information into structured data for the electronic reporting of IFRS financial statements.

## IFRS taxonomy

- IFRS Taxonomy is the base taxonomy selected
  - It is available and contains the information required by the norms issued by IASB
  - And the common practice elements
- With extension rules to be defined
  - Extensions would be necessary to structure entity-specific elements

# Limits of the IFRS Taxonomy

## CONSOLIDATED INCOME STATEMENT

✓ Defined in the IFRS taxonomy

? Not defined in the IFRS taxonomy

(EUR million, except for earnings per share)		Notes	June 30, 2016	Dec. 31, 2015	June 30, 2015
Revenue	✓	23	17,188	35,664	16,707
Cost of sales	✓		(5,917)	(12,553)	(5,881)
Gross margin	?		11,271	23,111	10,826
Marketing and selling expenses	✓		(6,935)	(13,830)	(6,601)
General and administrative expenses	✓		(1,381)	(2,663)	(1,267)
Income (loss) from joint ventures and associates	✓	7	4	(13)	(3)
Profit from recurring operations	?	23-24	2,959	6,605	2,955
Other operating income and expenses	?	25	(60)	(221)	(64)
Operating profit	✓		2,919	6,384	2,891
Cost of net financial debt	?		(33)	(78)	(52)
Other financial income and expenses	?		(133)	(336)	(207)

# Extensions of US GAAP/ SEC taxonomy

	US GAAP 2015			IFRS 2015
	ESD Ind & Com.	ESD Total	Taxo. elements	Taxo. elements
Balance sheet	17 957	26 788	408	69
Income statement	12 945	21 230	1 240	32
Revenues	1 444	3 773	151	1
Cash flow	20 225	30 618	795	71
<b>TOTAL</b>	<b>51 127</b>	<b>78 127</b>	<b>2 443</b>	<b>172</b>
Companies	4 905 10.4	6 466 12.2		6 160

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**WHAT'S NEXT**



# ESMA conclusions

ESMA will focus on developing the detailed technical rules, field test its proposed solution and afterwards submit the technical standard to the European Commission for endorsement around year-end 2017.

## Detailed technical rules

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- Reconcile data legibility and comparability with flexibility for preparers in their presentation choices. The costs/benefits analysis will help define the possible solutions.
- Define the level of harmonisation and standardisation needed for the transformation of the financial information in structured format.

It is known that 'extensibility' and 'comparability' are mutually exclusive objectives. Comparability requires a reference point against which all other data relates.

# Questions to be answered for the final RTS

- Filing rules
  - Input rules for issuers
    - *For example : currency, decimals, units,...*
- Tagging rules
  - Textblocks or detail tagging
  - Complete tagging or incomplete tagging authorized
- Validation rules
  - Validation rules for automatically checking the quality of data
    - *For example: Total assets=Total liabilities + Total equity, Income per share,...*
- Extensions
  - Several options are considered

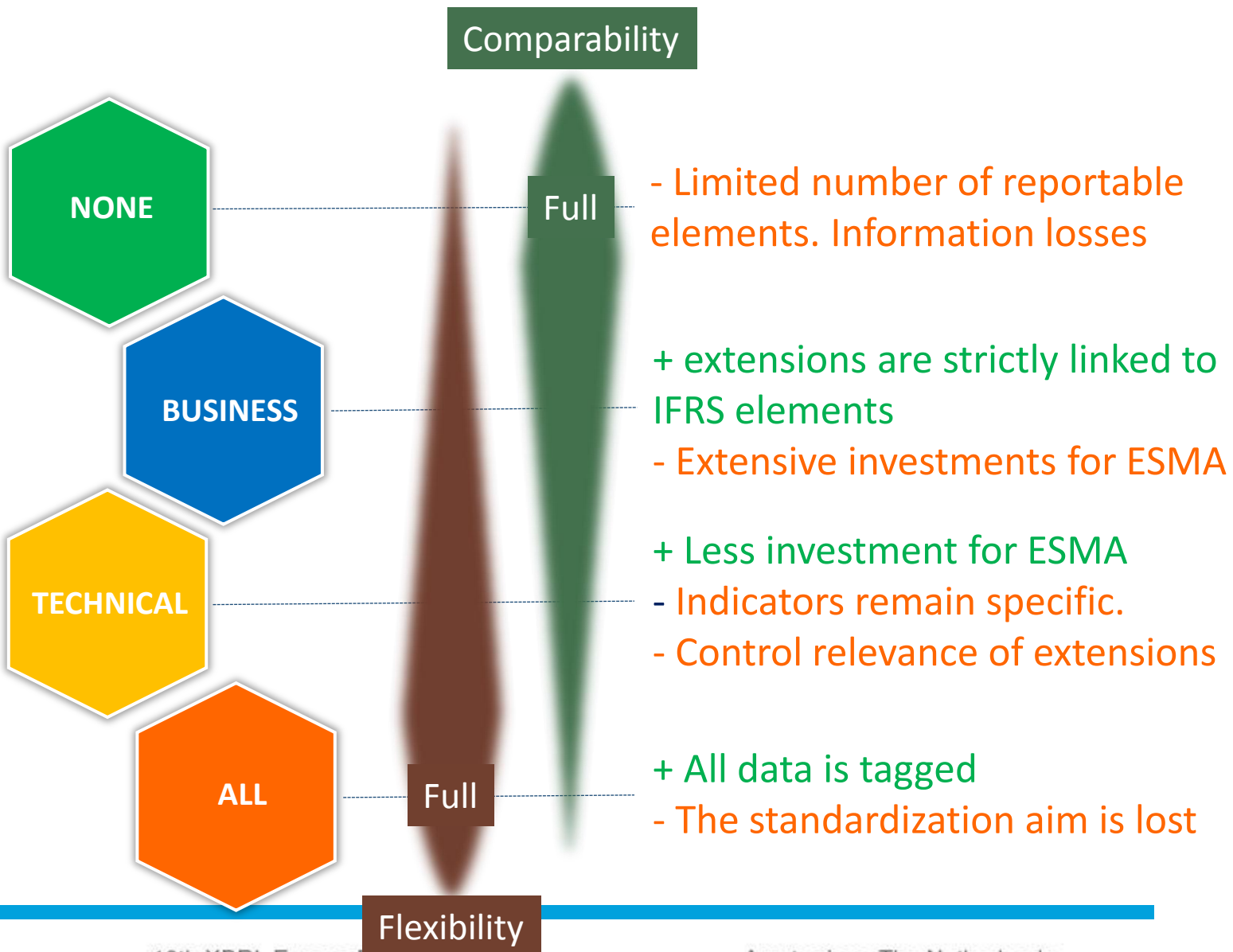
# Extension options

Extensions are not allowed. Only reportable elements of the IASB official taxonomy are tagged.

Extensions are pre-defined by ESMA. Preparers are not authorized to create new ones.

Preparers define their extensions providing these are correctly « linked » to reportable elements of the taxonomy.

ALL extensions are defined by preparers (similar to SEC filing).



# Other major subjects

- Consultation group
  - In order to get different advices and views to help the smooth implementation of the structured data reporting.
- Field tests
  - Field tests will be carried out with the European preparers.
  - This is required by the directive.
  - The practicalities remain to be defined (scope, companies,...).
- Audit
  - There are studies in progress about the quality of data.

# Conditions for success of the iXBRL reporting

- Use a strong reporting taxonomy
  - Contains the validated IFRS defined elements that set the level of expected comparability
  - Includes all structures for controlling extensions in order to leave enough flexibility
  - Extensive validation rules to assure quality of reported XBRL data
- Two steps implementation
  - Should not prevent the design of the full financial statements taxonomy at the start so that all validation rules between primary statements and disclosures can be anticipated.

# Conditions for success of the iXBRL reporting

- Develop market awareness
- Training
  - Extensive training of all parts involved
- DATA QUALITY
  - Make business professionals understand the necessary quality of data
  - Ensure that software vendors propose solutions providing that quality of data
- Use full expertise from XBRL consortium

