

ESEF Mapping and Reporting in xHTML

Grant Thornton | Malta

2021



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Background

All companies in scope are required to report financial statements in xHTML from 1 January 2021

The European Single Electronic Format

Article 4(7) of the Transparency Directive (TD) assigns ESMA with the responsibility to draft Regulatory Technical Standards (RTS) specifying a European Single Electronic Format (ESEF) in which all annual financial reports of issuers with securities listed on regulated markets shall be prepared. The RTS shall apply to annual financial reports containing financial statements for financial years beginning on or after 1 January 2021. According to the TD, ESMA is required to:

- Make due reference to current and future technological options;
- Carry out an adequate assessment of possible electronic reporting formats;
- Conduct appropriate field tests

Article 10 of the ESMA Regulation requires ESMA, where appropriate, to conduct public consultations on draft technical standards, analyse the potential related costs and benefits, and request the opinion of the Securities and Markets Stakeholders Group (SMSG). ESMA has published a Consultation Paper (CP) on the draft RTS on ESEF on 25 September 2015.

The feedback received on the CP was analysed and summarised in a Feedback Statement published on 21 December 2016. Based on the outcome of the consultation, the Feedback Statement issued on 18 December 2017 set out the cornerstones of the RTS, which are as follows:

- All annual financial reports shall be prepared in XHTML;
- Where the annual financial reports contains IFRS consolidated financial statements, these shall be labelled with XBRL tags, which shall be embedded in the XHTML document using the Inline XBRL technology;
- For the first year, only the primary financial statements shall be mandatorily marked up; after that, the entire set of IFRS consolidated financial statements shall be marked up with XBRL tags;
- The IFRS Taxonomy, issued by the IFRS Foundation has been specifically developed to markup IFRS financial statements in a structured electronic format. It is therefore appropriate to use the IFRS Taxonomy to markup the IFRS consolidated financial statements.

ESMA issued the ESEF, that is based on the IFRS taxonomy, the latest version to date was issued in March 2020. However, we understand that a revised version will be issued later this year.



Our deliverables

Public companies that prepare consolidated financial statements are required to report financial statements using ESEF from 1 January 2021 as mandated by ESMA. Our work will include the following tasks:

ESEF will apply if you are an entity listed on the main market. The Malta Financial Services Authority (MFSA) released an ESEF FAQs document. EU-regulated listed companies must produce their annual reports in the eXtensible HyperText Markup Language (XHTML) for reporting periods beginning on or after 1 January 2021 and International Financial Reporting Standards (IFRS) reporters must use Inline XBRL (iXBRL) to make the consolidated data in the primary financial statements machine-readable.



Map the consolidated financial statements tables to the ESEF taxonomy, subject that the company prepares consolidated financial statements



Block tagging of the notes to the ESEF taxonomy (applicable for financial statements beginning on or after 1 January 2022), subject that the company prepares consolidated financial statements



Issue the financial statements in XHTML with iXBRL tags using the ESEF taxonomy (the Output)



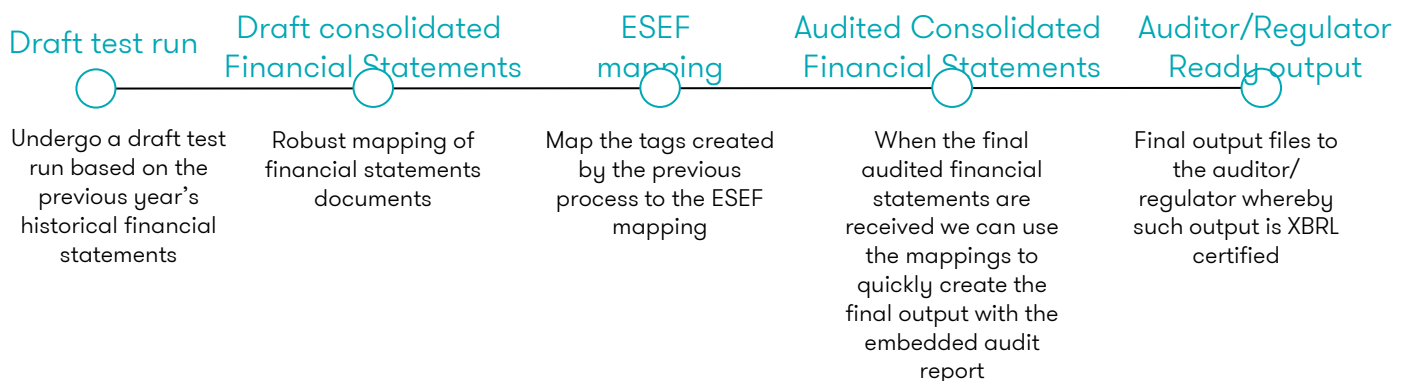
Our process workflow

Our service includes the (i) mapping the financial statements to the ESEF taxonomy and (ii) generating the xHTML output

Our process starts when we receive the draft consolidated financial statements. The format for the financial statements can vary; MS Word and MS Excel are the most common input types.

With this input, we build a full hierarchy of your consolidated financial statements documents, tagging the relevant elements against the ESEF taxonomy. This robust tagging methodology will enable us to have a quick turnaround when the final audited financial statements are presented.

Our internal process builds on and combines our financial and IT capabilities to produce regulator-ready electronic documentation. Given our expertise on both fronts, you will be kept up-to-date with the latest ESEF requirements and underlying updates e.g. updates to IFRS taxonomy by the IASB.



Our team- Advisory



George Vella

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Function and specialisation
Head of Advisory

George is a Partner in the Advisory arm at Grant Thornton. He holds a Bachelor of Arts (Honours) in Accountancy and a Masters degree in Business Administration (MBA) from Henley Management College (UK). He has over 25 years experience in corporate and project finance, research and development, strategic and project management. As a partner in the Transaction Advisory Services at Grant Thornton, George leads a team of professional business advisors that provide projections, feasibility studies and cost benefit analyses, assistance in the preparation of business plans, business valuations, due diligences, assistance with mergers and acquisitions, project finance and corporate finance advisory services for a range of private sector and public sector organisations. As all such assignments require complex financial models.



Oriana Abela

Partner
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Function and specialisation
Capital markets

Oriana is a Partner at Grant Thornton engaged in the Transaction Advisory Services, a department specialising in corporate finance. She holds an honours degree in Accountancy from the University of Malta and is also ACCA qualified. In 2013, Oriana graduated from the University of Wales with distinction obtaining a Master in Finance, specialising in Mergers and Acquisitions. Oriana is also ACCA qualified. Oriana specialises in the capital markets division, whereby she assists clients with the raising of debt and equity finance through the local capital market. She has taken a leading role in admitting clients to Prospects MTF, a multi-trading facility of the Malta Stock Exchange, whereby Oriana has raised a total of €36 million for eight clients over the past three years. Oriana has also continued to act as the official Corporate Advisor for such entities admitted on Prospects MTF for a number of years following their admission on Prospects MTF.

Our team – Audit and IT



Mark Bugeja

Lead Partner
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Function and specialisation
Audit and Assurance

Early on in his career, Mark was seconded to the then Deloitte Haskins & Sells offices in Turin, Milan and Florence, Italy. He joined Grant Thornton's audit and investigations department in 1987 and was admitted partner in 1993. Mark specialises in auditing and has extensive experience of high-profile clients in Malta, Italy and other countries across a broad range of industrial and service sectors. His responsibilities include the audits of large international groups of companies. Amongst others, he is the partner in charge of the audit of a US subsidiary in Italy and has reviewed work performed for Grant Thornton offices in the United States relating to SOX 404 requirements and other assurance services.



Joseph Pullicino

Partner
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Function and specialisation
IT, Business Risk and Outsourcing

Joseph (Joe) joined the firm in 1988, after many years at the Central Bank of Malta where he gained extensive experience in banking, foreign exchange and information technology, and was admitted partner at Grant Thornton in 1993. Joseph's expertise centres around computer security and audit procedures. As partner responsible for the Business Risk and Outsourcing Services Division of Grant Thornton, Joseph is heavily involved in computer systems consultancy for Government and other major clients of the firm and also internal and online-gaming audits. He has accumulated extensive experience in the analysis, design and implementation of integrated accounting systems for corporate customers of varying size, including the Departmental Accounting System (DAS) for the Government of Malta, and for a number of Government entities, manufacturing concerns and service companies.



Chris Farrugia

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Function and specialisation
Information Technology

Chris Farrugia is an IT Consultant and Information System Auditor within the Business Risk Services and Outsourcing division of Grant Thornton Malta. He has been associated with Grant Thornton Malta for the past 20 years and has extensive experience in business requirements analysis, software implementation and project management for information systems for corporate customers in varying business sectors. Since achieving CISA certification, Chris has been conducting IT Systems Audits, in particular for the remote gaming industry. Chris also performs these audits on behalf of MGA as part of the framework agreement signed between Grant Thornton and the Authority. Chris has been a Member of the Institute of Analysts and Programmers of the UK since 1991 and a Certified Information Systems Auditor (CISA by ISACA) since 2014, where he placed in the top 10 percent of those tested in June 2014.

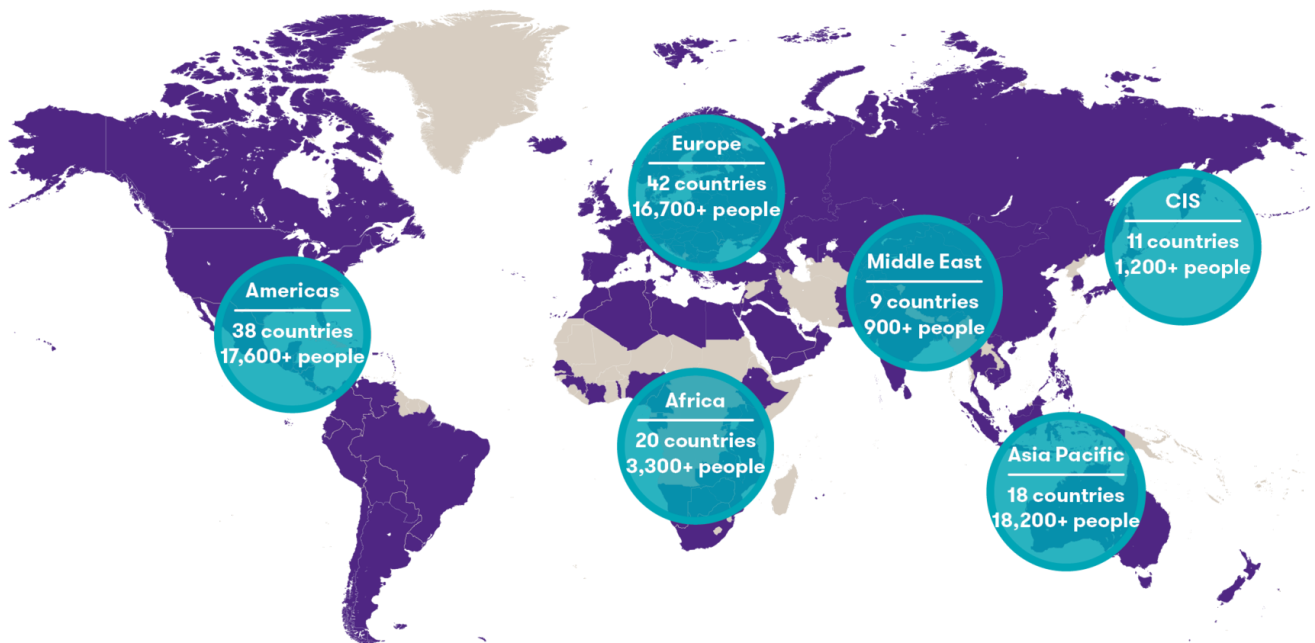
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USD5.76bn
(2020 revenue)



58,000+
people



750+
offices



138
countries

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