

European Securities and Markets Authority (ESMA)
CS60747
103 rue de Grenelle
75345 Paris Cedex 07
France

16 December 2015

Dear Sirs

ICSA response to consultation 2015/ESMA/1463 on the Regulatory Technical Standards on the European Single Electronic Format (ESEF)

We welcome the opportunity to respond to the ESMA consultation on the proposed European Single Electronic Format for financial statements. The Institute of Chartered Secretaries and Administrators (ICSA) is the international professional body with primary responsibility for governance. Our Royal Charter requires us to lead 'effective governance and efficient administration of commerce, industry and public affairs' and we are the qualifying body for Chartered Secretaries. Our members are the usual point of contact for engagement between the issuer and its investors in governance matters and corporate reporting. As such, our members are well placed to understand the experience of issuers on the impact of these proposals.

1. The new UK XBRL

We would like to highlight that the UK is in the process of implementing a new XBRL and for this reason we make general comments below on how this will operate, rather than responding to the specific questions in the consultation.

The UK Financial Reporting Council (FRC) published new UK GAAP Financial Reporting Standards (FRS) during 2012 and 2013. These new accounting standards are mandatory for periods of account beginning on or after 1 January 2015, though early adoption was permitted.



Accounts submitted to HM Revenue and Customs (HMRC) as part of the Company Tax Return are required to be 'tagged' using the computer-readable Extensible Business Reporting Language (XBRL). Guidance issued in May 2013 told early adopters of the new standards to tag their accounts with the existing IFRS (International Financial Reporting Standards) taxonomy until such time as a new taxonomy was available.

In September 2014, the FRC published a new XBRL taxonomy which supports tagging under the new standards and also under EU-adopted IFRS. The quality of XBRL data will be improved when accounts prepared under the new accounting standards or EU-adopted IFRS are tagged with the new taxonomy. HMRC, the UK tax authority, updated its systems in December 2014 and can now accept Company Tax returns containing accounts that have been tagged with the new taxonomy. Accounts which are prepared under the new accounting standards or EU-adopted IFRS, submitted as part of a Company Tax Return or filed with HMRC on or after 1 April 2015 must be tagged with the new taxonomy.

During transition to mandatory online filing using XBRL, HMRC permitted limited tagging of accounts. XBRL has now been in place for a number of years and with the arrival of easier to use taxonomies, further development of software packages, and new consumers of XBRL, limited tagging is no longer desirable. There will not therefore be a minimum tagging set for the new accounts taxonomy. HMRC requirements for the existing UK GAAP and IFRS taxonomies remain unchanged. The existing UK GAAP and IFRS accounts taxonomies will remain in force until they are no longer relevant. HMRC will continue to accept appropriate accounts that have been tagged with these taxonomies.

2. Investors' views of digital annual reports produced as PDFs

We believe that it is important to consider the needs and preferences of the users of companies' reports, which are primarily the shareholders. The report described below is therefore of interest and relevance and hence we draw it to your attention.

This Report, entitled 'Digital Present', looks at the use of digital communications by companies in their corporate reporting. The Report was produced by the UK Financial Reporting Lab, which brings together companies and investors to consider various aspects of corporate reporting and issues practical suggestions on best practice reporting.

The Report shows that the investors' preferred format for digital annual reports is PDF which offers search capabilities. Companies could, however, in the opinion of investors, make their PDFs better suited to viewing on screen and optimise them for searching. The Report contains a number of practical suggestions for this. Please see -

<https://frc.org.uk/Our-Work/Publications/Financial-Reporting-Lab/Lab-Project-Report-Digital-Present.pdf>



We hope you find our comments helpful and would be happy to expand on any of these points should you wish to discuss them further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Swabey', written in a cursive style.

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