

# IFRS Taxonomy— content changes

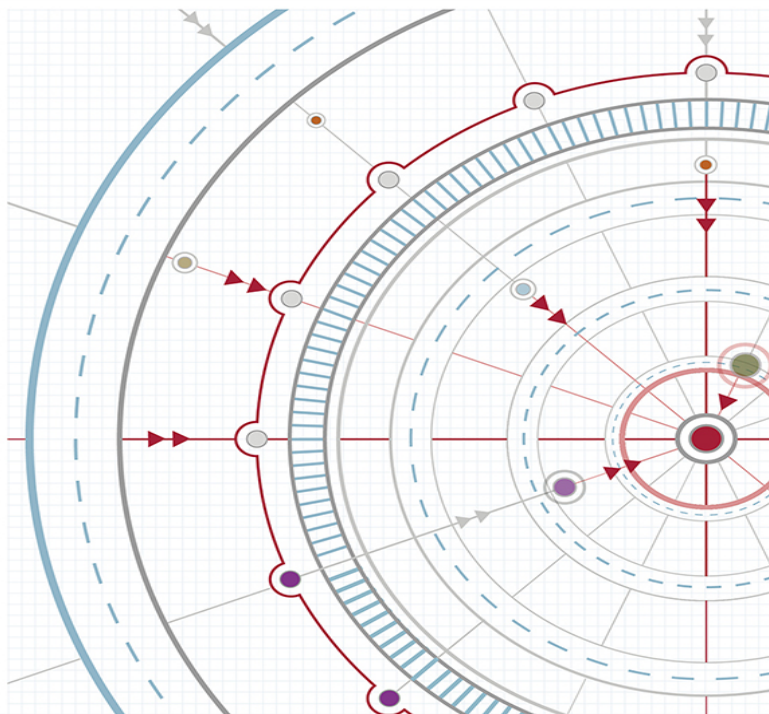
Richard Fraser—Assistant Technical Manager

Rita Clijmans—Senior Technical Manager

Bartek Czajka—Senior Technical Manager

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board (the Board) or the IFRS Foundation.

Copyright © IFRS Foundation. All rights reserved



# Using the IFRS Taxonomy— continuing and discontinued operations

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board (the Board) or the IFRS Foundation.

Copyright © IFRS Foundation. All rights reserved

- Feedback suggests that the IFRS Taxonomy data model for the reporting of continuing and discontinued operations could be improved.
- We would like to hear your views about our proposed amendments to the IFRS Taxonomy to address these challenges.

When reviewing these challenges, we have considered that:

- Some regulators do not permit the use of axes on the primary financial statements.
- Axes can be used for a 3-column presentation on the primary financial statements:
  - XBRL calculations work for line items qualified with the same member

Current model and challenges for tagging of:

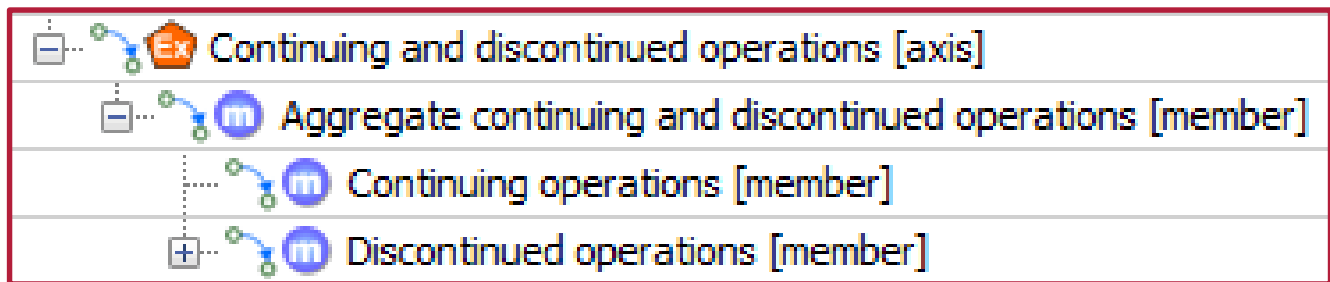
- the statement of profit or loss;
- the statement of cash flows; and
- the statement of other comprehensive income.

# Statement of profit or loss

# Continuing and discontinued operations axis

7

- The axis for 'continuing and discontinued operations' in the IFRS Taxonomy is modelled as follows:



- The axis is not included in any tables, but can be used in combination with various line items, making it a general 'for application axis'

# Challenge – inconsistent modelling

8

- The default on this axis is currently the ‘aggregate of continuing and discontinued operations’,
- But elements in the taxonomy are by default assumed to be ‘continuing’ unless otherwise indicated

Depreciation, amortisation and impairment loss (reversal of impairment loss) recognised in profit or loss [abstract]		
Depreciation and amortisation expense [abstract]		
Depreciation expense	X duration, debit	IAS 1.112 c Common practice
Amortisation expense	X duration, debit	IAS 1.112 c Common practice
Total depreciation and amortisation expense	X duration, debit	IAS 1.102 Example, IAS 1.104 Disclosure, IAS 1.99 Disclosure, IFRS 12.B13 d Disclosure, IFRS 8.23 e Disclosure, IFRS 8.28 e Disclosure



- The element ‘Amortisation expense’ has an implied meaning of ‘Amortisation expense from continuing operations’



# Challenge – tagging of the total amount

9

- It is not clear how an entity should tag amounts representing the aggregate of continuing and discontinued operations.

	2012 \$m	2011 \$m
Amortisation expense—continuing operations . . . . .	2.1	3.1
Amortisation expense—discontinued operations . . . .	14.3	15.3
Total amortisation expense for intangible assets . . . .	16.4	18.4

Tag to 'Amortisation expense'

Tag to amortisation expense along with 'Discontinued operations [member]'

Entity would need to create an extension (if permitted to do so)

# Discontinued operations – disclosure requirement









10

- Paragraph 33(b) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* requires ‘an analysis of the single amount in the statement of comprehensive income’:
  - Revenue, expenses and pre-tax profit or loss of discontinued operations

# Discontinued operations – Taxonomy model

11

- We have modelled this disclosure requirement as a set of line items within the IFRS Taxonomy

	 Disclosure of non-current assets held for sale and discontinued operations [text block]
	 Revenue, discontinued operations
	 Expenses, discontinued operations
	 Profit (loss) before tax, discontinued operations

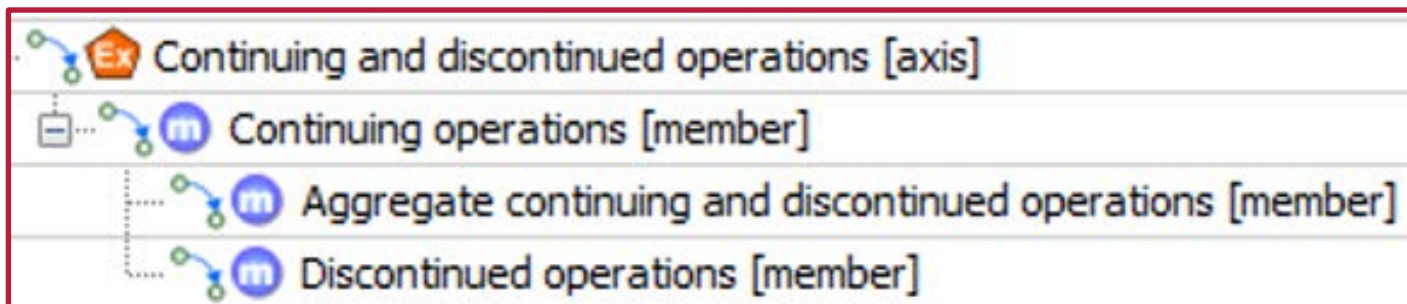
# Challenge – discontinued operations

12

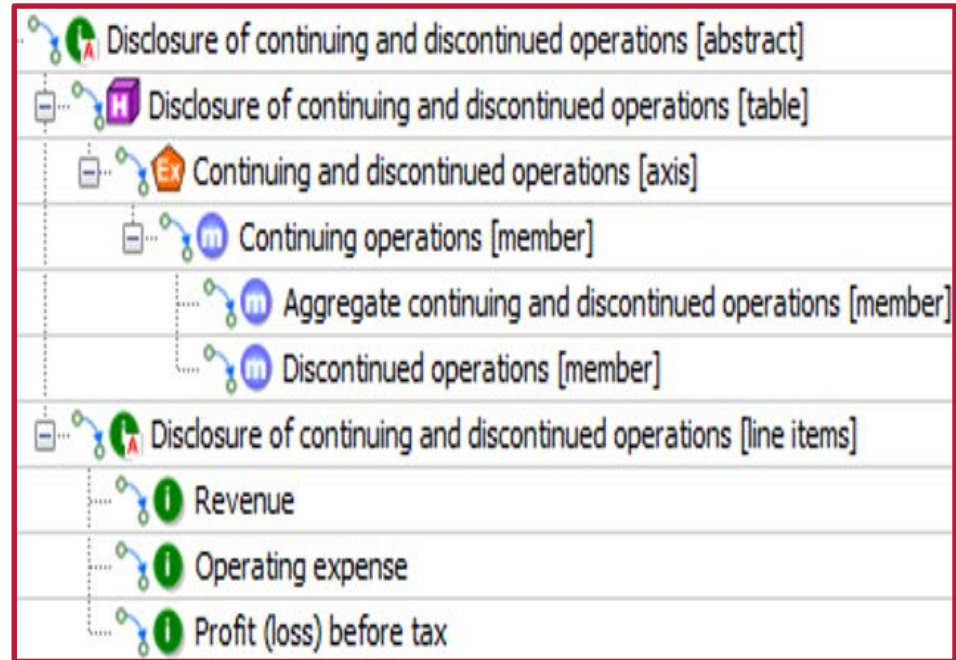
- Using an axis ('discontinued operations [member]') would reduce the number of extensions needed by preparers

In millions of CHF	Notes	2011	2010 (a)	2010 (a)	2010 (a)
		Total	Continuing operations	Discontinued operations (b)	Total
Sales	3	83 642	87 906	5 109	93 015
Other revenue		128	109	—	109
Cost of goods sold		(44 127)	(44 775)	(1 074)	(45 849)
Distribution expenses		(7 602)	(7 953)	(125)	(8 078)

1. **Change the default** of the continuing and discontinued operations axis to 'Continuing operations [member]'



2. Deprecate the existing IFRS Taxonomy line items relating to the ‘analysis of the single amount for discontinued operations’; and
3. Add a new table using the ‘discontinued operations member’



4. **Add an IFRS Taxonomy implementation note** to the axis 'continuing and discontinued operations' stating that the member 'aggregate of continuing and discontinued operations' is not required to be used when an entity does not report discontinued operations

5. **Change the documentation label** for some elements to clarify their intended meaning without changing the standard label.

Element label	Documentation label	Change
Profit (loss)	The total of income less expenses, excluding the components of other comprehensive income. [Refer: Other comprehensive income]	The total of income less expenses, <u>from continuing and discontinued operations</u> , excluding the components of other comprehensive income. [Refer: Other comprehensive income]
Profit (loss) before tax	The profit (loss) from continuing operations before tax expense or income. [Refer: Profit (loss)]	The profit (loss) <del>from continuing operations before tax expense or</del> income. [Refer: Profit (loss)]



6. The IFRS Taxonomy has line items for which dimensionally modelled equivalents exist, for example:

<b>Discontinued operations</b>
Profit (loss) from discontinued operations
Income from discontinued operations attributable to owners of the parent <sup>3</sup>
Profit (loss) from discontinued operations attributable to non-controlling interest
<b>Aggregate of continuing and discontinued operations</b>
Profit (loss) <sup>4</sup>
Profit (loss) attributable to owners of the parent
Profit (loss) attributable to non-controlling interest

We are proposing not to deprecate these equivalent line items. This is to permit non-dimensional tagging, in case a regulator does not allow for use of dimensions in the primary financial statements.

1. Do you agree with the proposals as set out in the previous slides?
2. Are there any alternative options you think we could consider?

# Statement of cash flows

# Cash flow statement – section totals

20

- IFRS 5 requires entities to disclose the net cash flows attributable to the operating, investing and financing activities of discontinued operations in the notes or in the statement of cash flows.
- This requirement is modelled as a set of line items in the IFRS Taxonomy

Element standard label
Cash flows from (used in) operating activities, continuing operations
Cash flows from (used in) operating activities, discontinued operations
Cash flows from (used in) operating activities

- IFRS Standards do not define whether the section line items in the statement of cash flows should be presented on a continuing basis or in total for continuing and discontinued operations
- The Taxonomy has elements for the section line items, for example:
  - Interest paid, classified as operating activities
  - Proceeds from sales of property, plant and equipment
  - Proceeds from sales of investment property

- Our analysis has shown two distinct reporting patterns:
  - The section line items add up to a section total representing the ‘aggregate of continuing and discontinued operations’ which is then disaggregated into continuing and discontinued operations (see Example 1 in the appendix)
  - The section line items represent the amounts applicable to ‘continuing operations’ with the amount for discontinued operations presented separately (see examples 2 and 3 in the appendix)

1. **Entities can use the existing taxonomy elements** (without use of the axis) to tag the section line items, no matter whether the reported amounts are applicable to ‘continuing operations’ or the ‘aggregate of continuing and discontinued operations’
  - For example, to tag the amount reported for “Interest paid” (see examples 1-3 in the appendix), entities can use the existing Taxonomy element ‘Interest paid, classified as operating activities’

2. **Add an IFRS Taxonomy implementation note** to the axis 'continuing and discontinued operations' stating that this axis is not required to be used for the statement of cash flows

## Implication for users

- Data consumers will have to use the tagging in conjunction with:
  - the accounting policy followed for cash flow presentation
  - the calculation linkbase which will identify the applicable parent (section totals) of the line items



1. Do you agree with the proposals as set out in the previous slides?
2. Are there any alternative options you think we could consider?

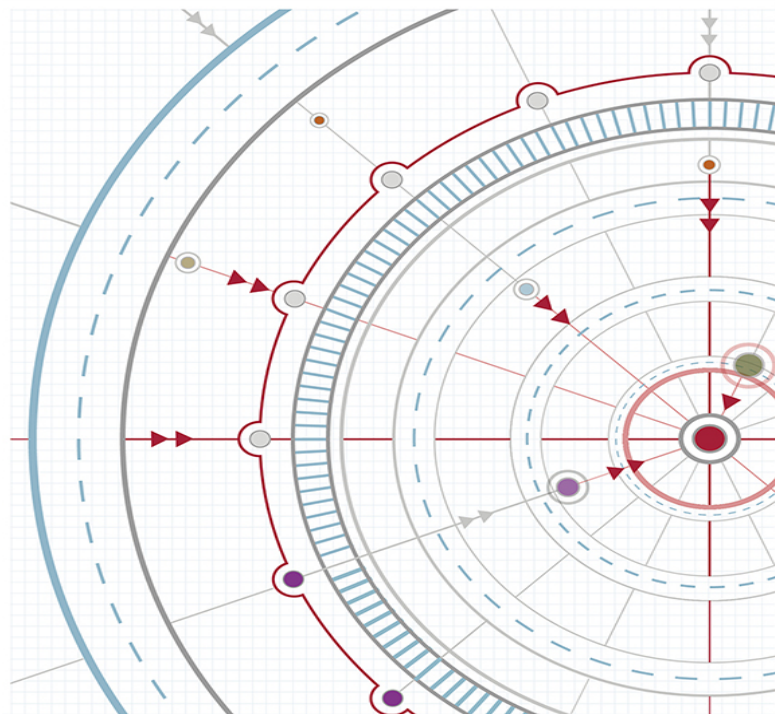
# Other comprehensive income

- IFRS Standards do not require entities to analyse components of other comprehensive income into continuing and discontinued operations

- Our analysis has shown that few entities disclose components of other comprehensive income that are applicable to discontinued operations
  - See example 4 in the appendix
- These disclosures do not meet our criteria for IFRS Taxonomy common practice content
  - entities can use extensions when permitted to do so by a regulator

1. Entities can use the existing IFRS Taxonomy elements to tag the components of other comprehensive income
2. We will add an IFRS Taxonomy implementation note to the axis 'continuing and discontinued operations' stating that this axis is not required to be used for the components of other comprehensive income

1. Do you agree with the proposals as set out in the previous slides?
2. Are there any alternative options you think we could consider?



# IFRS 17 *Insurance Contracts*

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board (the Board) or the IFRS Foundation.

Copyright © IFRS Foundation. All rights reserved

- To discuss IFRS Taxonomy modelling for IFRS 17 *Insurance Contracts*:
  - General requirements
  - Disclosure of yield curve
- To seek views on how to encourage a broader public response to IFRS Taxonomy consultations



# IFRS Taxonomy modelling for IFRS 17

- In some cases **IFRS 17** does not specify details of a disclosure, but instead **sets out general requirements**.
- The IFRS Taxonomy currently does not cover expected disclosures that are not explicitly required by the Standards. Consequently, **only text block or text elements are proposed**.
- Selected examples are presented on the next slides

- Disclosure of additional information representative of risk exposure arising from contracts within scope of IFRS 17 during period [text block]

123. If the information disclosed about an entity's exposure to risk at the end of the reporting period is not representative of its exposure to risk during the period, the entity shall disclose that fact, the reason why the period-end exposure is not representative, and provide further information that is representative of its risk exposure during the period.

- Summary quantitative information about exposure to risk that arises from contracts within scope of IFRS 17 [text block]

125. For each type of risk arising from contracts within the scope of IFRS 17, an entity shall disclose:

- (a) summary quantitative information about its exposure to that risk at the end of the reporting period. This disclosure shall be based on the information provided internally to the entity's key management personnel.

- Explanation of insurance finance income (expenses);
- Explanation of relationship between insurance finance income (expenses) and investment return on assets

110. An entity shall disclose and explain the total amount of insurance finance income or expenses in the reporting period. In particular, an entity shall explain the relationship between insurance finance income or expenses and the investment return on its assets, to enable users of its financial statements to evaluate the sources of finance income or expenses recognised in profit or loss and other comprehensive income.

- Explanation of relationship between amounts payable on demand that arise from contracts within scope of IFRS 17 and carrying amount of related groups of contracts

132. For liquidity risk arising from contracts within the scope of IFRS 17, an entity shall disclose:

- (c) the amounts that are payable on demand, explaining the relationship between such amounts and the carrying amount of the related groups of contracts

- Is the text / text block approach to general disclosure requirements the most appropriate choice? If not, what other approach would you suggest?
- Do you have a preference between text and text block element type?

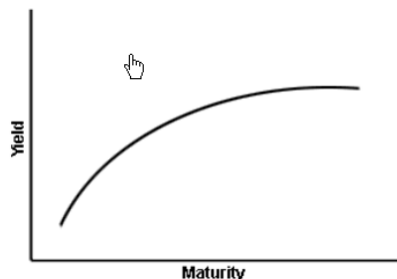
# Disclosure of yield curve – requirement

38

- Paragraph 120 of IFRS 17 requires **disclosure of a yield curve**:

120. An entity shall disclose the yield curve (or range of yield curves) used to discount cash flows that do not vary based on the returns on underlying items, applying paragraph 36. When an entity provides this disclosure in aggregate for a number of groups of insurance contracts, it shall provide such disclosures in the form of weighted averages, or relatively narrow ranges.

- Paragraph 120 does not specify the format** of the disclosure. Both a graph and a table seem to be allowed.

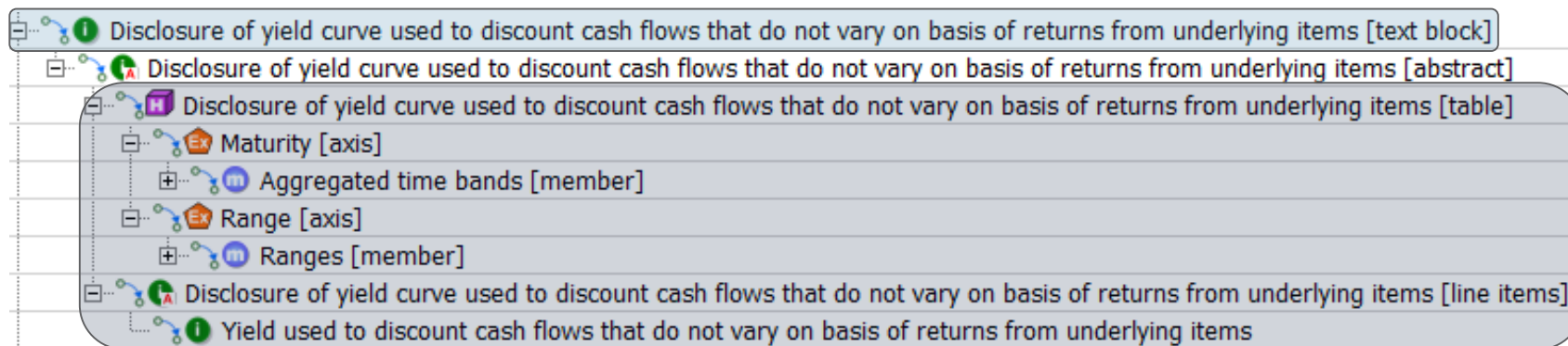


Maturity	Yield
6 months	0.50%
1 year	0.60%
2 years	0.80%
5 years	1.00%

# Disclosure of yield curve – approach

39

- The **proposed modelling** in the IFRS Taxonomy includes a **text block** (to cover a graphical disclosure) **as well as a table** (to cover a numeric disclosure):



# Yield curve – questions

40

- Do you agree with the proposed **modelling for the yield curve disclosure**?
- **Should a numerical table be created** when the Standard refers to ‘a curve’?
- Is there any best practice in XBRL to represent graphical disclosures? If not, **what approach** would you suggest?



# Encouraging feedback

- When discussing the proposed Taxonomy Update for IFRS 17, the **Board noted** that **very few comment letters** are received on the IFRS Taxonomy consultations.
- The Board would like suggestions on **how to encourage a broader public response** to IFRS Taxonomy consultations
- Would it be useful to:
  - provide **more communication**?
  - provide **additional supporting materials**?
  - organise **meetings with specific groups** (preparers, investors)?
  - other?

# Contact us

## Keep up to date



@IFRSFoundation



IFRS Foundation



[www.ifrs.org](http://www.ifrs.org)



IFRS Foundation

## Comment on our work



[go.ifrs.org/comment](http://go.ifrs.org/comment)

# Appendix

# Example 1

45

Loss / (Gain) on Sale of Property, Plant and Equipment/Intangible Assets		4,319	(44,216)
Net Gain on Sale of Assets Classified as Available for Sale	17	(5,547)	0
Recognition of Deferred Revenue	2.7	(20,088,086)	(19,980,232)
Stock-based Compensation	23, 24, 25, 26	1,348,167	1,538,807
Income Tax Expenses	7	467,199	3,190,278
Changes in Operating Assets and Liabilities:			
Accounts Receivable	11	1,575,045	2,839,264
Prepaid Expenses, Other Assets and Tax Receivables	13	(495,812)	(34,967)
Accounts Payable and Accrued Expenses and Provisions	19, 20	(8,461,445)	3,501,662
Other Liabilities		101,112	(80,312)
Deferred Revenue	2.7	19,680,503	23,493,407
Interest Paid		(744)	(3,459)
Interest Received		179,588	361,916
Income Taxes Paid		(466,290)	(1,851,609)
Net Cash Provided by Operating Activities	21	1,790,014	27,070,459
thereof from Continuing Operations		740,608	25,436,061
thereof from Discontinued Operations	17	1,049,406	1,634,398

# Example 2

46

Thousands of Euro (€)	Notes	Years ended December 31		
		2012	2011*	2010*
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating Result</b>		<b>-18,276</b>	<b>-21,805</b>	<b>-16,256</b>
Adjustments for:				
Depreciation, amortisation and impairment results		3,911	2,789	2,211
Share-based compensation		612	1,138	676
Grants income		-887	0	0
Other		23	-50	105
		<b>-14,616</b>	<b>-17,927</b>	<b>-13,264</b>
Movements in working capital:				
(Increase)/ decrease in inventories		196	-22	-88
(Increase)/ decrease in trade and other receivables		-1,725	134	-466
(Increase)/ decrease in other financial assets		-286	-140	0
Increase/(decrease) in other current assets		349	-27	-647
Increase/(decrease) in trade and other payables		-511	384	-101
Increase/(decrease) in other current liabilities		-638	169	-300
<b>Cash generated from operations</b>		<b>-17,232</b>	<b>-17,429</b>	<b>-14,866</b>
Income taxes paid		0	0	0
Interest paid		-48	-382	-72
Cash flow from discontinued operations		-394	-781	0
<b>Net cash provided by/(used in) operating activities</b>		<b>-17,674</b>	<b>-18,592</b>	<b>-14,938</b>

# Example 3

47

1 000€	Note	2012	2011
<b>Cash flow from operating activities</b>			
Continuing operations			
Net income / loss		-25 607	-31 727
Adjustments			
Non-cash transactions	32	6 827	20 663
Interest and other financial expenses		972	1 132
Interest income		-168	-3 160
Foreign exchange losses/gains on operating activities		115	-124
Taxes		-399	-7 786
Change in working capital			
Change in accounts receivables and other receivables		-4 447	1 164
Change in accounts payable and other liabilities		-4 361	1 131
Change in mandatory provisions		0	-23
Interest paid		-40	-42
Interest received		0	0
Taxes paid		0	6
<b>Cash flow from operating activities, continuing operations</b>		-27 108	-18 765
<b>Cash flow from operating activities, discontinued operations</b>		0	-2 400

# Example 4

48

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	Notes	2013	2012
<b>Net income</b>		<b>172</b>	<b>221</b>
Hedging adjustments	(C23)	(4)	(1)
Other items		2	-
Deferred taxes on hedging adjustments and other items		-	-
Change in translation adjustments		(78)	(13)
<b>Other recyclable comprehensive income of continuing operations</b>		<b>(80)</b>	<b>(14)</b>
Actuarial gains and losses	(C18)	62	(87)
Deferred taxes on actuarial gains and losses		(22)	20
<b>Other non-recyclable comprehensive income of continuing operations</b>		<b>40</b>	<b>(67)</b>
<b>Other comprehensive income of continuing operations</b>		<b>(40)</b>	<b>(81)</b>
Other comprehensive income of discontinued operations		-	(7)
<b>TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY</b>		<b>(40)</b>	<b>(88)</b>
<b>Comprehensive income</b>		<b>132</b>	<b>133</b>
Of which: non-controlling interests		2	1
<b>Comprehensive income – Group share</b>		<b>130</b>	<b>132</b>