
IFRS Taxonomy Consultative Group (ITCG) meeting

Date **13 October 2023**

Project **IFRS Accounting Taxonomy—IFRS 18**

Topic **Proposed Taxonomy Update—Breakout session**

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Topics for today's breakout session

- ITCG members have had initial discussions on possible modelling approaches for the key IFRS 18 proposals at meetings in [December 2022](#), [February 2023](#) and [July 2023](#)
- The staff analysis at this meeting is building on the feedback received

• **Proposals relating to the digital representation of subtotals and categories in the statement of profit or loss**

Topic 1

1

Slides 5–26

• **Proposals relating to the digital representation of disclosures on specified expenses by nature and MPMs**

Topic 2

2

Slides 27–43

* Please also see Agenda reference 7c) for illustrations related to subtotals/categories in the statement of profit or loss and illustrated tagging of the disclosures for specified expenses by nature and the MPM reconciliation

Questions for ITCG members—Topic 1

Subtotals/categories in the statement of profit or loss

- 1a)** If we propose a line item modelling approach, do you agree with the recommendation to:
- add elements for all items that can be in multiple/different categories;
 - change the element labels to reflect the category for all items that are in the same category for all entities; and
 - combine both existing presentation groups for the statement of comprehensive income into a single presentation group (slide 26)?
- 1b)** Do you recommend adding any specific tagging guidance, for example, on the use and labelling of extension elements (slide 26)? If so, please explain why.
- 2)** Considering the identified risks of applying a line item modelling approach on its own (slide 25), do you think we should revisit the use of dimensions or category metadata? If so, should we consider dimensional modelling or category metadata (or both)?

Questions for ITCG members—Topic 2

New general policy for dimensional modelling

- 3** Do you agree with our proposal to make it a general policy to model primary financial statement concepts as line items in dimensional modelling (slides 37–38)?


Specified expenses by nature

- 4a)** Do you agree to apply our new general policy for the modelling of the disclosures on specified expenses by nature? If not, what alternative would you suggest and why?
- 4b)** Do you agree with our proposal to create a new table for the disclosure of specified expenses by nature and consequently, deprecate the existing common practice table (slides 40–41)? If not, what alternative would you suggest and why?

MPMs

- 5a)** Do you agree to apply our new general policy for the modelling of the disclosures on the MPM reconciliation? If not, what alternative would you suggest and why?
- 5b)** Do you agree with our overall approach for the modelling of the disclosures on MPMs, that is, to use two axis (slides 42–43)?

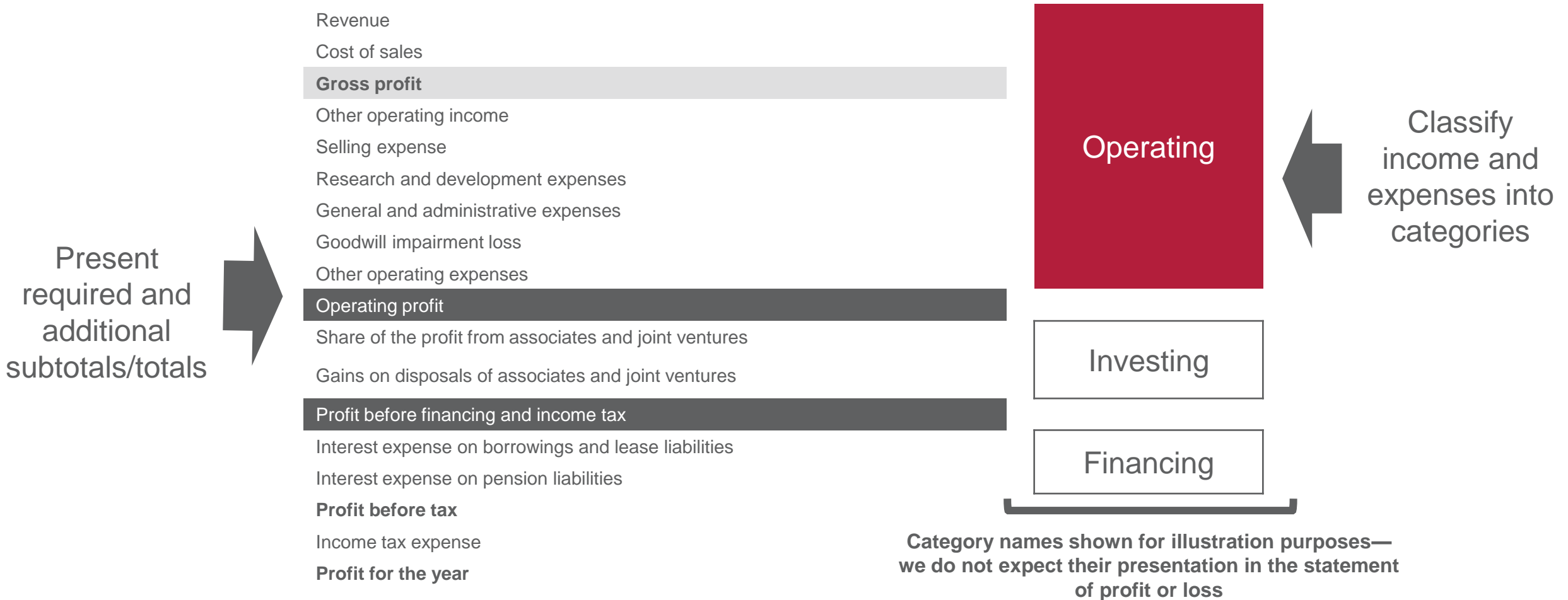
Digital representation of subtotals and categories in the statement of profit or loss (Topic 1)



Topic 1—Overview of section

- IFRS 18 requirements on subtotals and categories in statement of profit or loss (slides 7–8)
- Modelling presented at previous ITCG meetings and feedback received from ITCG members (slide 9)
- Overview of possible modelling approaches for subtotals/categories (slide 10)
- Further analysis of line item modelling (slides 11–14)
- How we could reduce complexity under a line item modelling approach (slides 15–21)
- Possible way forward (slides 22–26)

IFRS 18 requirements—Subtotals/categories in statement of profit or loss (1/2)



* See also links to previous ITCG meetings on this topic: [December 2022](#) and [February 2023](#)

IFRS 18 requirements—Subtotals/categories in statement of profit or loss (2/2)

- Applying IFRS 18, some income/expenses could be presented* in multiple categories for a single entity or in different categories for different entities. IFRS 18 also introduces the concept of ‘entities with specified main business activities’, for example, banks or insurers. For these entities, some income/expenses will be classified in operating that would otherwise be in investing/financing
- We will need to facilitate tagging (and digital consumption) of such items of income or expense

Items in multiple categories for single entity		Items in different categories for different entities	
Entity A—P&L		Entity A (general corporate)—P&L	Entity B (bank)—P&L
Revenue	X	Revenue	X
...
Foreign exchange losses	(5)
Operating profit or loss	X	Operating profit or loss	X
Foreign exchange losses	(10)
Profit or loss before financing and income tax	X	Profit or loss before financing and income tax	X
Foreign exchange losses	(15)	Interest expense from borrowings	(10)
...
Profit or loss before tax	X	Profit or loss before tax	X

Operating	Operating profit or loss
	Profit or loss before financing and income tax
	Profit or loss before tax
Investing	Foreign exchange losses
Financing	Foreign exchange losses

Operating	Operating profit or loss
	Profit or loss before financing and income tax
	Profit or loss before tax
Investing	Interest expense from borrowings
Financing	Interest expense from borrowings

* By ‘presented’ we mean the item will be a line item in the statement of profit or loss

Previous ITCG meetings on modelling for subtotals/categories

Modelling presented at ITCG meetings in [December 2022](#) and [February 2023](#)

Staff suggested to ITCG members three possible approaches:

- a) line item modelling (label of element would include category name)
- b) dimensional modelling (create axis with 3 members for categories—operating, investing, financing)
- c) line item modelling in conjunction with category metadata (every element of income/expense would be linked to one of the categories through an anchoring-like mechanism)

Feedback from ITCG members

- Some were supportive of line item modelling because such an approach would make it easy for preparers to tag information and because they did not expect many line items would need to be added to the IFRS Accounting Taxonomy
- Some thought dimensional modelling was a better solution than line item modelling (if applied consistently to all line items to ensure calculations work) because it would be hard to anticipate how many line items would need to be added to the IFRS Accounting Taxonomy
- Generally not supportive for using category metadata because it introduces new mechanisms into IFRS Accounting Taxonomy which are not used in other jurisdictions and a consistent approach should be applied across jurisdictions

Overview of possible modelling approaches for subtotals/categories

Description of item of income or expense	Line item modelling		Use of category metadata		Dimensional modelling	ITCG feedback
Item classified in the same category for all entities	Reflect category name in label		Not needed		Not needed	Unclear position
	OR					
	Do <u>not</u> reflect category name in label	AND	✓	OR	✓	Not in favour
Item classified in multiple categories for single entity	Reflect category name in label		Not needed		Not needed	In favour
	OR					
	Item classified in different categories for different entities	AND	✓	OR	✓	Not in favour
Entity-specific item (extension)	Entity reflects category name in label		Not needed		Not needed	N/A
	OR					
	Entity does <u>not</u> reflect category name in label	AND	✓	OR	✓	Not in favour

Further analysis of line item modelling



Further analysis of line item modelling

- Based on the feedback we received from ITCG members, we further analysed how we could reflect the requirements for subtotals/categories using line item modelling, meaning many elements would need to be added and many element labels would need to be changed
- We first identified the number of existing elements for which we would need to create additional elements in the IFRS Accounting Taxonomy (because they could be presented in multiple categories for a single entity or in different categories for different entities) (slides 13–14)
- We then analysed how we could reduce complexity to make it easier for preparers to navigate through the IFRS Accounting Taxonomy when tagging financial statements (slides 15–21)

Analysis of elements of income/expense in the IFRS Accounting Taxonomy

We analysed all elements of income or expense that are currently included in:

- [310000] Statement of comprehensive income, profit or loss, by function of expense
- [320000] Statement of comprehensive income, profit or loss, by nature of expense
- [800200] Notes - Analysis of income and expense

Analysis of other presentation groups that include elements of income/expense to be completed at a later stage

Our analysis of those elements shows that we expect:

- 160 elements to be classified in the same category for all entities (for example: revenue is always classified in the operating category)
- 62 elements could be classified in multiple categories for a single entity or in different categories for different entities



Detailed analysis shows that:

- 53 existing elements could be classified in two categories* (addition of 53 elements)
- 9 existing elements could be classified in three categories (addition of 18 elements)

* not all permutations are possible—for example, some elements can only be classified in the operating or investing category, but not in the financing category

Would additional elements make presentation groups complex?

Presentation groups	Current number of elements*	Expected future number of elements
310000] Statement of comprehensive income, profit or loss, by function of expense	50	64 (add 16 new and deprecate 2)**
[320000] Statement of comprehensive income, profit or loss, by nature of expense	52	66 (add 16 new and deprecate 2)**
[800200] Notes - Analysis of income and expense	298	348 (add 54 new and deprecate 4)**

* Includes subtotals/totals, abstracts and axis elements (which explains why the total number of elements is higher than the number of elements of income/expense analysed in detail on slide 13)

** The elements to be deprecated are elements that no longer fit into the structure of the new requirements

How we could reduce
complexity under a line item
modelling approach



Ways to reduce complexity...

Reduce scope of additional elements by:

- Only adding elements which are expected to be commonly used (slide 17); and/or
- Only adding elements to the presentation groups for the statement of comprehensive income (slide 18)

Reorganise presentation groups by:

- Merging the presentation group by nature and the presentation group by function into a single presentation group (slides 19–20)
- Creating additional presentation groups, for example, for different types of entities (slide 21)



Two sets of approaches could be combined

Reducing scope of additional elements—commonly used elements only

- We could reduce the number of elements to be added to the IFRS Accounting Taxonomy by only adding elements when we expect an item to be commonly presented in multiple categories for a single entity or in different categories for different entities in the statement of profit or loss
- In such a scenario, we would not create elements for every possible outcome, which has the disadvantage of some entities having to create extensions*



- The benefits of focussing on likely outcomes (minimising clutter in the IFRS Accounting Taxonomy) might be greater than the risks (some entities having to create extensions)
- However, such an approach would involve additional work and judgment because which line items entities present in the statement of profit or loss is entity-specific
- In addition, it could also be difficult for entities to understand for which items additional elements reflecting the category have been created and for which no additional elements have been created

* Even adding all additional elements would not fully mitigate the risk of entities having to create extensions for entity-specific items that are currently not included in the IFRS Accounting Taxonomy. As common practice evolves, we may add common practice elements to the IFRS Accounting Taxonomy, thus reduce the risk of entities having to create extensions over time

Reducing scope of additional elements—presentation groups for the statement of comprehensive income only

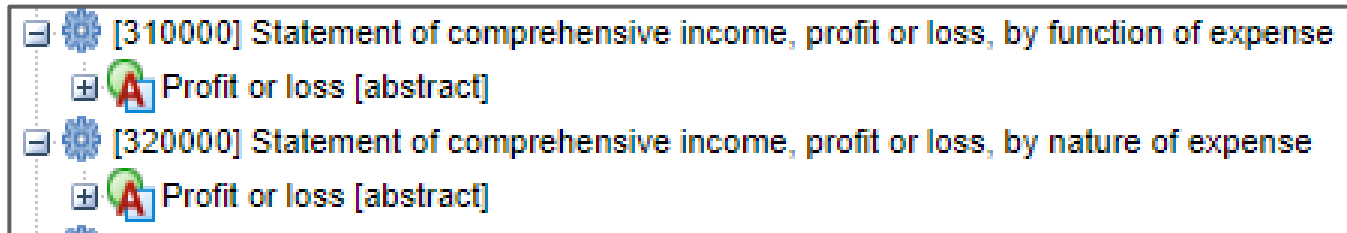
- As an alternative, we could only add elements for items currently included in:
 - [310000] Statement of comprehensive income, profit or loss, by function of expense
 - [320000] Statement of comprehensive income, profit or loss, by nature of expense
- This means we would not add elements for items included in [800200] Notes - Analysis of income and expense or other presentation groups that include elements of income or expense



- This approach has the benefit of removing judgement involved in deciding which elements would be commonly presented
- However, approach perhaps also has even more risks because it assumes that the presentation of items included in the presentation groups [310000] or [320000] is more common (perhaps leading to an even greater risk of entities having to create extensions)

Reorganise presentation groups—A single statement of comprehensive income presentation group (1/2)

- IFRS Accounting Taxonomy currently includes two presentation groups for the different presentation methods in the statement of comprehensive income ('presentation group by function' and 'presentation group by nature'):



- However, there might be better ways to group elements than by entities' presentation method because of the significant overlap of 35 elements in both presentation groups (almost all elements in both presentation groups are nature elements that both entities presenting operating expenses by function or by nature could present)*
- Detailed analysis shows that:
 - Total of 40 elements—of which 5 elements are not included in presentation group by nature
 - Total of 42 elements—of which 7 elements are not included in presentation group by function

* In addition, the requirements in IFRS 18 on presentation of items in the operating category may make the removal of binary presentation methods 'by function' and 'by nature' necessary

Reorganise presentation groups—A single statement of comprehensive income presentation group (2/2)

- Creating a single presentation group for the statement of profit or loss (that is, removing the current distinction between ‘by function’ and ‘by nature’) would lead to less elements in the IFRS Accounting Taxonomy in total (that is, remove the overlap of 35 elements)
- We do not expect a single presentation group would create disadvantages for preparers in being able to navigate through the IFRS Accounting Taxonomy

Note: a combined presentation group could be beneficial with any modelling approach

[XXXXXX] Statement of comprehensive income, profit or loss	
Current number of elements	47
<i>Deprecated elements*</i>	<i>4</i>
<i>Added elements*</i>	<i>17</i>
New number of elements	60



To further facilitate navigation, we could create separate abstracts/headings for each category (operating category, investing category, financing category)

* The elements ‘finance cost’, ‘finance income’, ‘other expenses by function’ and ‘other expenses by nature’ would be deprecated. The element ‘other (operating) expenses’ would be created (in addition to those newly created because of the new IFRS 18 requirements)

Reorganise presentation groups—Separate presentation groups for different types of entities

- We analysed whether creating separate presentation groups for general corporates (for example, manufacturers) and entities with specified main business activities (for example, banks or insurers) would reduce complexity
- This would lead to limited improvement for general corporates, but no improvement for entities with specified main business activities. This is because the classification of some income/expenses for some entities with specified main business activities are the same than those for general corporates (meaning a separate presentation group for entities with specified main business activities would need to depict all possible permutations)



We do not recommend further considering this approach because of the limited improvements it would bring for general corporates and the overlap it would create between the two separate presentation groups (that is, all elements included in the presentation group for a general corporate would need to be reflected in the presentation group for entities with specified main business activities)

Possible way forward



How could we implement a line item approach?

	Full approach	Simplified approach (commonly used elements only) (slide 17)	Simplified approach (presentation groups for the statement of comprehensive income only) (slide 18)
Additional elements when elements can be in multiple/different categories	Add all identified elements (category name reflected in the label)	Add only if element in multiple/different categories expected to be common	Add only if element is included in presentation groups for the statement of comprehensive income
Labels for elements that can be in multiple/different categories for which additional elements are <u>not</u> created	N/A, all additional elements would be added (and category name would be reflected in the label)	Keep the label or change the label to reflect its common category*	Keep the label (as there may not be common category* for some)
Labels for elements expected to be in the same category for all entities	Change element label to achieve objective of facilitating users in understanding location of item of income/expense**		
Presentation groups	Suggestion on slide 20 (single presentation group) could be used with any approach		

* With a 'common category' we mean the category in which we expect most entities would classify (and present) the item of income or expense


** This approach is slightly different to approach taken in the statement of cash flows for interest/dividend cash flows in different categories where we created additional elements for the different permutations but did not change the label of elements that can only be in a single category to reflect the category name

Interaction between a simplified approach and remaining elements

- If we reduce the number of elements we create, we will need to decide how to proceed with the remaining elements in the IFRS Accounting Taxonomy that can be in multiple/different categories (and for which we have not created additional elements)



For the remaining items we could decide to...	and suggest entity...
not change element labels (keep the existing label)	uses dimensions/category metadata to indicate category <u>or</u> creates extension element
change element labels to reflect most commonly expected category	uses extension element if item for particular entity is in different category (and reflects category in extension element label)



Risk that entity does not use dimensions/category metadata (category will not be clear)

Risk that entity does not reflect category in extension element label (category will not be clear)

Does a line item modelling approach provide users with sufficient benefits?

- We could either propose a full approach or reduce complexity using the available options on slide 23
- Reducing complexity increases the risk of an appropriate element not being available in the IFRS Accounting Taxonomy. If an entity presents an item for which we have not created an element it might:
 - use an element from the IFRS Accounting Taxonomy that has a label that does not reflect the category (because the element label reflects its common category which is different to the category for that particular entity or because the element label does not reflect a category); or
 - create an extension element, but not reflect the category in the label of the extension element
- Even if we do not reduce complexity, we will not fully eliminate the risk of entities having to create extensions for entity-specific items of income/expense




Line item modelling on its own would not fully achieve our objective of facilitating digital reporting because in some cases users would receive incorrect information about the category of an item or not be able to determine its category

Possible way forward...

- We could decide to reduce complexity but apply such an approach in combination with dimensions or category metadata (slide 10). However, we think such an approach might:
 - be confusing for both preparers and users; and
 - call into question why dimensions/category metadata is not generally used to reflect the requirements for subtotals/categories
- Therefore, we propose that if we apply a line item modelling approach we:
 - add elements for all items that can be in multiple/different categories; and
 - change the element labels to reflect the category for all items that are in the same category for all entities
- We would also propose to combine both existing presentation groups for the statement of comprehensive income into a single presentation group to reduce complexity (and reduce the current overlap)
- For extension elements, we could decide to develop specific tagging guidance for entities on how to label extension elements

* See Agenda reference 7c) for an illustration of how categories would be reflected in the element name, standard label and documentation label

Digital representation of disclosures of specified expenses by nature and MPMs (Topic 2)



Topic 2—Overview of section

- IFRS 18 requirements for disclosures of specified expenses by nature and MPMs (slides 29–30)
- Modelling presented at previous ITCG meetings and feedback received (slides 31–34)
- General approach to modelling and proposed general policy for dimensional modelling (slides 35–38)
- Proposed modelling for disclosures on specified expenses by nature and MPMs (slides 39–43)

IFRS 18 requirements—Disclosure of specified expenses by nature

- Disclose the amount of depreciation, amortisation, employee benefits, impairment and write-down of inventories included in each line item in the statement of profit or loss
- Disclosure requirement only applies if entity presents one or more line items by function (for example, cost of sales)

(in currency units)	20X2	20X1
Cost of sales	23,710	21,990
Research and development expenses	2,518	2,596
General and administrative expenses	4,975	4,975
Total depreciation	31,203	29,561
Research and development expenses	13,842	12,693
Total amortisation	13,842	12,693
Cost of sales	61,646	57,174
Selling expenses	7,514	7,111
Research and development expenses	6,547	6,750
General and administrative expenses	5,421	5,824
Total employee benefits	81,128	76,859
Research and development expenses	1,600	1,500
Goodwill impairment loss	4,500	–
Total impairment loss	6,100	1,500
Cost of sales	2,775	2,625
Other operating expenses	–	4,900
Total write-down of inventories	2,775	7,525

* See also links to previous ITCG meeting on this topic: [December 2022](#)

IFRS 18 requirements—Disclosure of MPMs

- Reconciliation between MPM and most directly comparable specified subtotal/total
- Disclose income tax effect and effect on non-controlling interest for each reconciling item
- Disclose line in the statement of financial performance to which reconciling item relates



20X2 (comparative period not illustrated for simplification purposes)

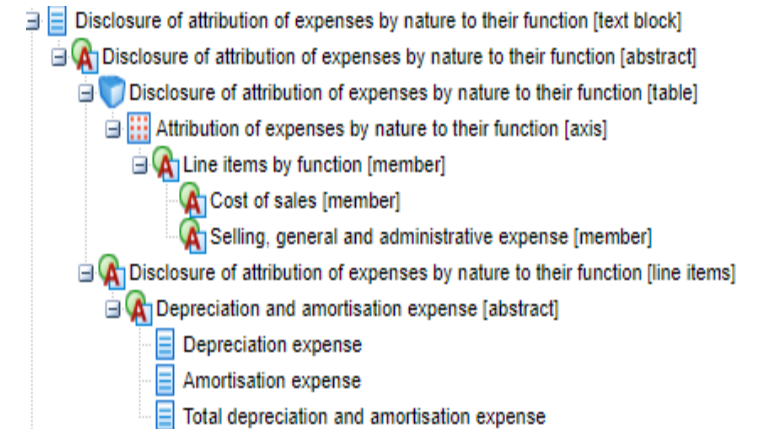
	Measure specified by IFRS Accounting Standards	Revenue Adjustment	Litigation expense	Write-down of raw materials	Management-defined performance measure
Revenue		(7,500)	–	–	
General and administrative expenses		–	3,500	4,900	
Operating profit / Adjusted operating profit	56,000	(7,500)	3,500	4,900	56,900
Income tax expense		1,200	–	–	
Profit / Adjusted profit	31,500	(6,300)	3,500	4,900	33,600
Profit attributable to non-controlling interests		–	–	(245)	

* See also links to previous ITCG meetings on this topic: [June 2019](#), [January 2020](#) and [July 2023](#)

Previous ITCG meeting on modelling for specified expenses by nature

Modelling presented at ITCG meeting in [December 2022](#)

- Staff suggested using the common practice dimensional table ‘*Disclosure of attribution of expenses by nature to their function* in combination with ‘line items as members’
- For example, depreciation included in cost of sales would be tagged with the ‘Depreciation expense’ line item and ‘Cost of sales’ line item under an axis (meaning, the ‘Cost of sales’ line item would be used under an axis instead of a ‘Cost of sales [member]’). The same element would be used, creating a link between the statement of profit or loss and the disclosures in the note



Feedback from ITCG members

- Members agreed with the proposal of continuing with the dimensional modelling
- Members generally disagreed with using ‘line items as members’ as a mechanism to tag the attribution of expenses because it would be:
 - a change to how line items and dimensions were currently used generally and therefore, it may have unintended consequences; and
 - inconsistent with the modelling approaches used in other jurisdictions

Previous ITCG meeting on modelling for MPM reconciliation

Modelling presented at ITCG meeting in [July 2023](#)

- Staff proposed a dimensional table with three axes: ‘Management-defined performance measures’, ‘Reconciling items’ and ‘Location in the statement of profit or loss’ (see also slides 33–34 for the modelling proposed at the previous ITCG meeting)

Feedback from ITCG members

- A few members suggested to test the approaches under consideration
- One member suggested to use the line items instead of a dimension to convey the attribution of reconciling items to line items in the statement of financial performance. So, essentially, moving the requirement of disclosure of location in the statement of profit or loss from proposed ‘Location in the statement of profit or loss’ axis to the line items

Previous ITCG meeting: MPMs—Proposed modelling (1/2)

Disclosure about MPMs [text block]

Axis	Members
MPM axis	We propose to create some members based on the examples in the IFRS X and the Illustrative Examples. Some members could be Adjusted profit, Adjusted operating profit, etc. Entities can create extension members under this axis for other MPMs.
Reconciling items axis	We propose to create some members under this axis on the basis of the examples in the Accounting Standard and the Illustrative Examples. Some examples could be Revenue adjustment, Restructuring expense adjustment, etc. Entities can create extension members under this axis for other reconciling items.
Location in statement of financial performance axis*	This axis will be used to disclose the line item in the statement of financial performance, for each reconciling item. E.g., if revenue adjustment is sitting under the line item 'Revenue', then entity can use 'Revenue member' under this axis. We propose to create members for common line items in the statement of financial performance.

Members under the MPM axis and Reconciling items axis will not be entirely comparable among the entities because MPMs and reconciling items could be defined differently by different entities.

* Notes:

1. We discussed the proposal to allow the use of 'line items as members' at the ITCG meeting in [December 2022](#). We think that proposal could have been effectively used here. However, because ITCG members were not supportive of that proposal, we are now proposing to create members for common line items in the statement of financial performance. See slide 32 for a summary of the discussion on this topic
2. There will be no structural link indicating equivalency between line items and the new members. A custom linkrole could potentially be used to convey such a link

Previous ITCG meeting: MPMs—Proposed modelling (2/2)

Line items
Management-defined performance measure
Adjustment increasing (decreasing) MPM, decreasing (increasing) IFRS measure
Total or subtotal specified by IFRS Accounting Standards [abstract]
Operating profit (loss)
Profit (loss)
... *
Tax expense (income) on MPM adjustment
Non-controlling interests on MPM adjustment

* We propose to list here all the subtotals and totals in the statement of financial performance specified by IFRS 18

General approach to modelling and proposed general policy for dimensional modelling



General approach to modelling

Top-level textblock

to capture the whole note (including text, numbers and tables) at one place

There will be separate top-level textblocks for disclosures of 'specified expenses by nature' and 'management-defined performance measures'

Table textblock

to capture each table as a block of text at one place

There will be separate table textblocks for every table. Therefore, we will have table textblocks for tables of 'MPM reconciliation' and 'specified expenses by nature'

Detailed elements

to capture the discrete piece of information individually

There will be detailed elements for each individual piece of information. This may include text elements, monetary elements, member elements, etc. (see subsequent slides for the proposed detailed elements)

Proposed general policy for dimensional modelling (1/2)

- Based on the ITCG feedback (slide 32), we propose to make it our general policy to model 'primary financial statement concepts' as line items whenever:
 - there is a requirement to refer to primary financial statement concepts in a disclosure note; and
 - the taxonomy models the disclosure note as a dimensional table.
- For example, we would use the primary financial statement concepts 'Revenue', 'Cost of sales' and 'Administrative expenses' as line items in the table of the disclosure note (see illustration on the right)

Illustration of dimensional modelling

Statement of profit or loss	20X2	20X1
Revenue		
Cost of sales		
Administrative expenses		
...		

Disclosure note	Axis 1	Axis 2
Revenue		
Cost of sales		
Administrative expenses		
...		

Proposed general policy for dimensional modelling (2/2)

Advantages of this policy

- No need to create extensions because the line items will be the same concepts that are already being used in the primary financial statements
- Ensures appropriate linking between the primary financial statements and the disclosure note because the same element will be used. Therefore, users can query for one line item and can get the additional details from the notes as well

Disadvantages of this policy

- There could be some disclosure requirements where information about the concepts from primary financial statements is a secondary information and not the main information. In such cases, having primary concepts as the line items might be counter-intuitive for the preparers and users because it could indicate that the information about primary concepts is the main information required



We propose to use this policy in the taxonomy modelling both for the disclosure of specified expenses by nature and for the disclosure of MPMs reconciliation

Proposed modelling for disclosures on specified expenses by nature and MPMs



Disclosure of specified expenses by nature—Proposed modelling (1/2)

- Applying our new general policy for dimensional modelling (slides 37–38), we propose to use the concepts in the statement of profit or loss in the line items part of the table
- It will enable the linking of line items in the statement of profit or loss with the disaggregation here because same elements will be used
- With the proposed modelling, we expect that there will be no (or very few) extensions for this disclosure

* See Agenda reference 7c) for illustrated tagging using this proposal

Disclosure of specified expenses by nature [table]
Attribution of specified expenses by nature [axis]
Line items by nature [member]
Depreciation [member]
Amortisation [member]
Employee benefits [member]
Impairment (reversal of impairment) [member]
Write-down (reversals of write-downs) of inventories [member]
Disclosure of specified expenses by nature [line items]
Cost of sales, operating
Research and development expenses, operating
General and administrative expense, operating
Selling expense, operating
Impairment loss recognised in profit or loss, goodwill, investing
Other expenses, operating
... (other P&L line items can be used here as per entity's disclosure)

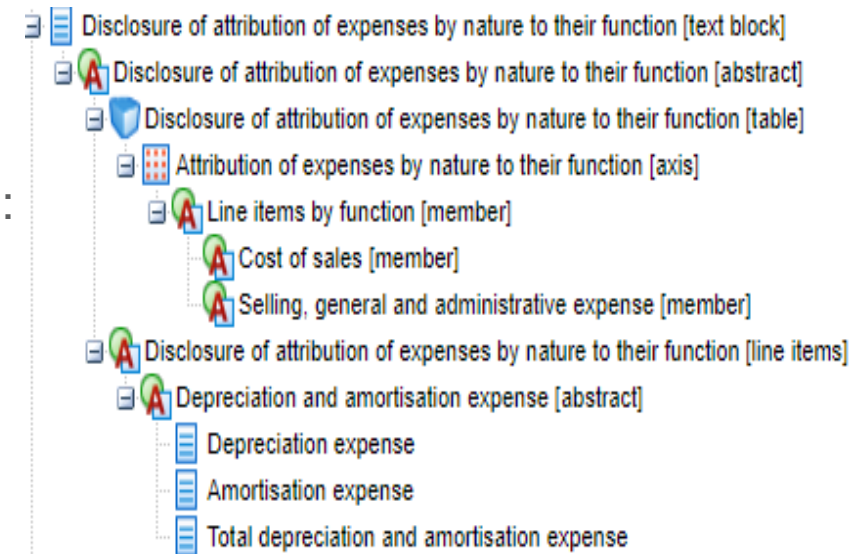
IFRS 18 will include an exhaustive list of items. So, extensions are not expected here

P&L line items will be used here. So, no extensions are expected for this disclosure. If entity has created extension(s) in P&L, they can re-use those extension(s) here

Disclosure of specified expenses by nature—Proposed modelling (2/2)

Current approach

- IFRS Accounting Taxonomy currently includes a common practice table for the disclosure of the attribution of expenses by nature to function line items
- We considered, and rejected, continuing that modelling because:
 - it would be inconsistent with our new general policy;
 - if any of the specified expenses (for example, depreciation) were included in a line item not included in the table, preparers would need to create extension members; and
 - for such extensions, there could be a loss of linking with the corresponding line item in the statement of profit or loss



Proposal

- We propose to deprecate the existing common practice table ‘Disclosure of attribution of expenses by nature to their function’ and create a new table ‘Disclosure of specified expenses by nature’
- Therefore, preparers already using the attribution table would have to change their tagging for this disclosure

Disclosures on MPMs—Proposed modelling reconciliation (1/2)

- Following our new general policy for dimensional modelling (slide 38), we propose to use the concepts in the statement of profit or loss in the line items part of the table (see slide 43 for an illustration of the proposed modelling and Agenda paper 7c) for illustrated tagging using this modelling)
- This means, we are no longer proposing three axis, but only two axes—an ‘MPM axis’ and a ‘Reconciling items axis’ (see slide 43 for more detail)

Disclosures on MPMs—Proposed modelling reconciliation (2/2)

Disclosure of reconciliation of management-defined performance measures [text block]	<p>Under these <u>two axes</u>, we propose to create members based on the Illustrative Examples in IFRS 18.</p> <p>Some members for the <u>MPM axis</u> could be ‘Adjusted profit’, ‘Adjusted operating profit’, etc.</p> <p>Some members for the <u>Reconciling items axis</u> could be ‘Revenue adjustment’, ‘Litigation expense adjustment’, etc.</p> <p>Entities can create extension members under these axes for other MPMs and reconciling items.</p>
Disclosure of reconciliation of management-defined performance measures [table]	
Management-defined performance measures [axis]	
Reconciling items in reconciliation of management-defined performance measure [axis]	
Disclosure of reconciliation of management-defined performance measures [line items]	
Total or subtotal specified by IFRS Accounting Standards [abstract]	
Operating profit (loss)	
Profit (loss)	
... *	
Line items from statement of profit or loss [abstract]	
Revenue, operating	
Employee benefit expense, operating	
... **	
Management-defined performance measure	

* We propose to list here all the subtotals and totals in the statement of financial performance specified by IFRS 18

** We propose to provide P&L line items here. Entities can use the other line items from the statement of profit or loss here as per their reporting needs

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