

Electronic reporting

Why everyone should care about
the IFRS Taxonomy

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World
Standard-setters
Conference
2019

#WSS_2019



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Before we begin...

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slido.com

#WSS_2019

- We will do live polls using the sli.do platform
- Insert <https://www.sli.do/> in the browser of your electronic device i.e. mobile phone, tablet or laptop. Then select the correct session from the dropdown menu.
- Let's warm up with the following poll...



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Question 1

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How familiar are you with the IFRS Taxonomy?

- A. I am using the IFRS Taxonomy and have a good understanding of it.
- B. I have a reasonable understanding of what it is.
- C. I have a basic understanding of what it is.
- D. I have heard of it but am not sure what it is.



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Agenda

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Setting the scene

What is the IFRS Taxonomy?

Opportunities and challenges

Interaction with standard-setting

How to stay in touch with the IFRS Taxonomy

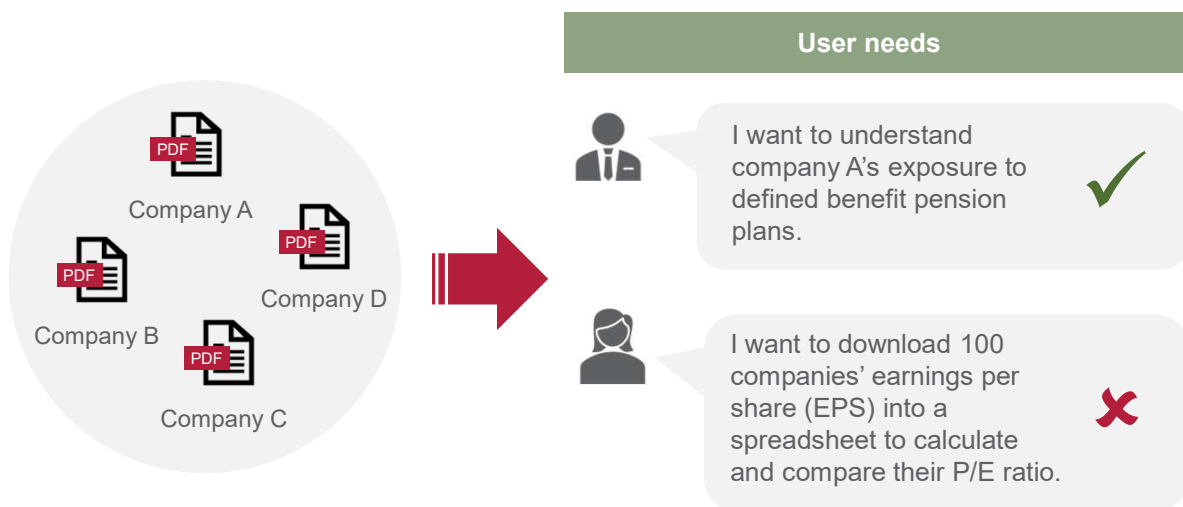


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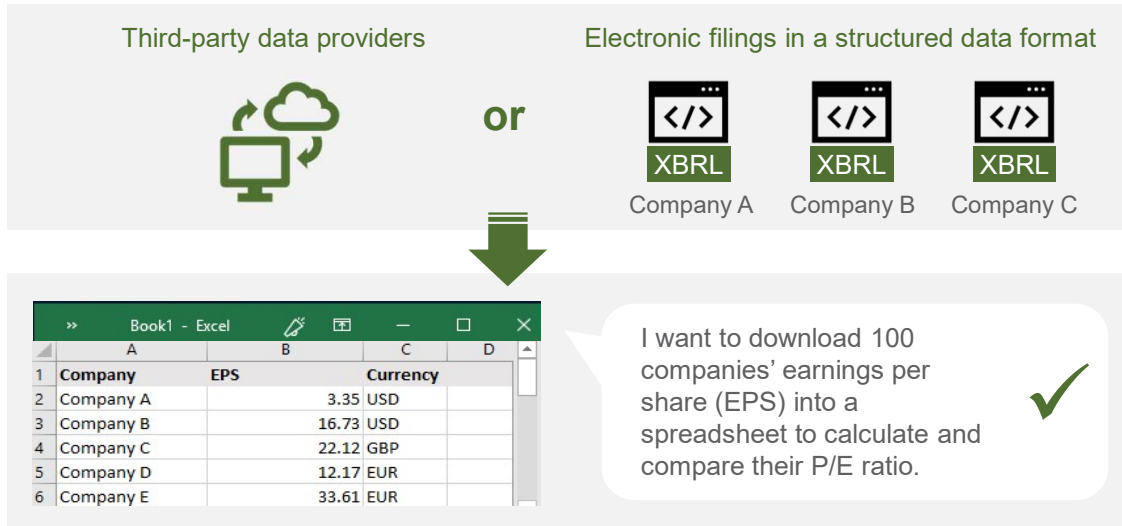
Setting the scene

Electronic reporting—PDF format



Electronic data delivery

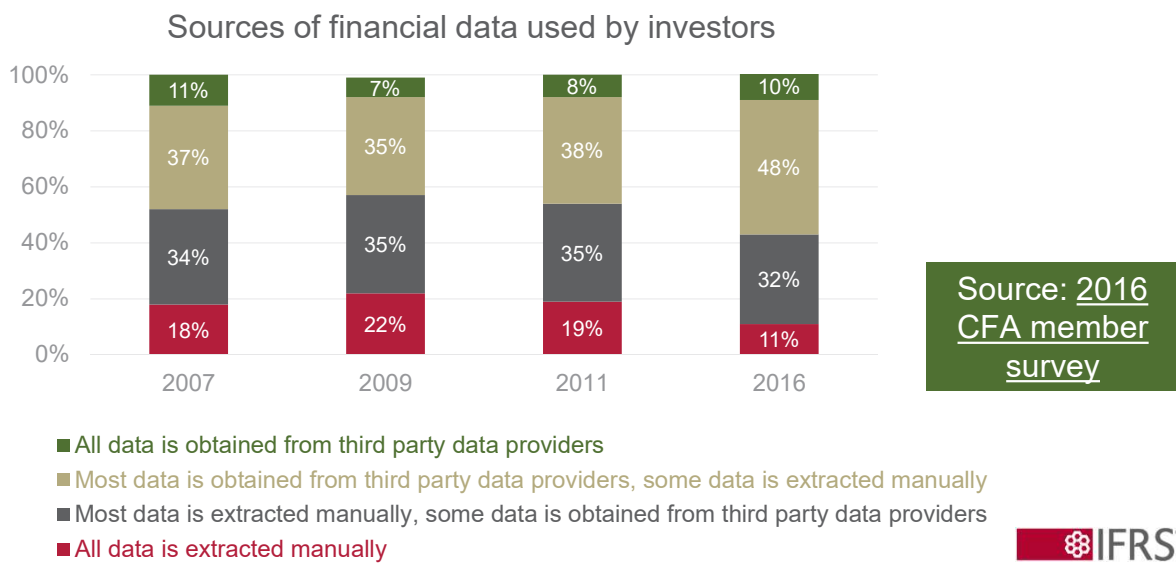
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Use of electronic data delivery is increasing

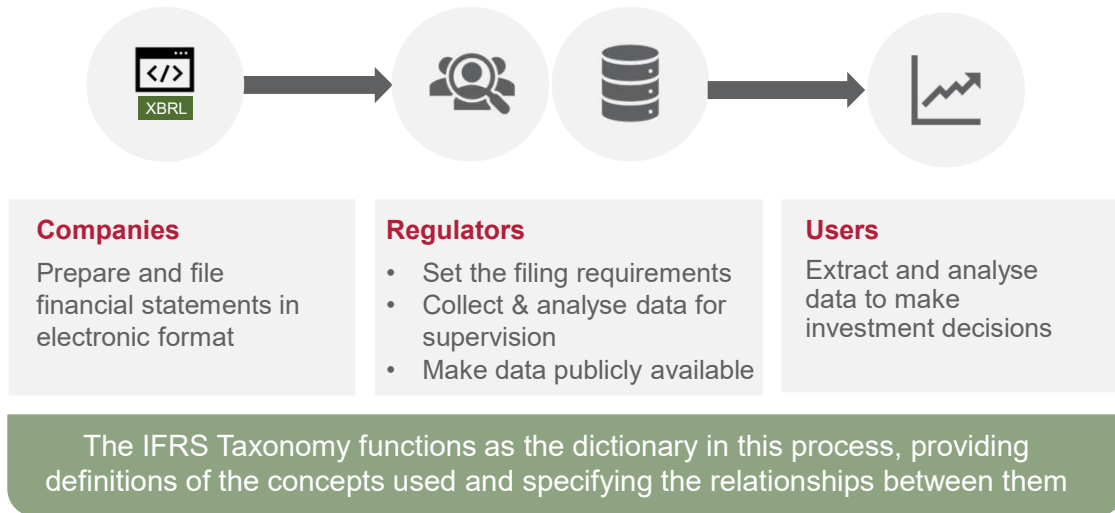
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Electronic filings in a structured data format

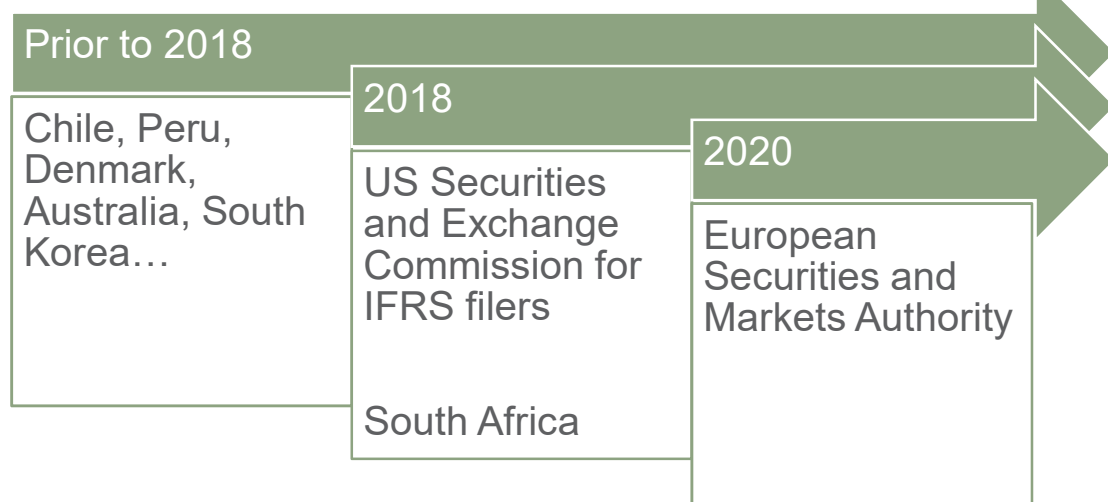
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More regulators requiring use of the IFRS Taxonomy

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Question 2

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What are the filing requirements in your jurisdiction for companies preparing financial statements applying IFRS Standards?

- A. They are **currently** required to file their financial statements electronically using the IFRS Taxonomy.
- B. **In the future** they will be required to file their financial statements electronically using the IFRS Taxonomy.
- C. There are **no plans to require** electronic filing using the IFRS Taxonomy.
- D. I don't know.



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What is the IFRS Taxonomy?




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What is the IFRS Taxonomy? ① Identification

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The IFRS Taxonomy lists the globally agreed **computer codes (elements)** that preparers can use **to identify (tag)** disclosures in IFRS financial statements

Consolidated statement of comprehensive income (extract)	
Revenue	30,650
Cost of sales	(26,000)
Gross Profit	4,650



Computer code



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What is the IFRS Taxonomy? ② References

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The IFRS Taxonomy **describes the accounting meaning of each element and provides references to the IFRS Standards**

Element label	Cost of Sales
Element reference	IAS 1.99 Disclosure IAS 1.103 Disclosure
Element documentation label	The amount of costs relating to expenses directly or indirectly attributed to the goods or services sold, which may include, but are not limited to, costs previously included in the measurement of inventory that has now been sold, unallocated production overheads and abnormal amounts of production costs of inventories.

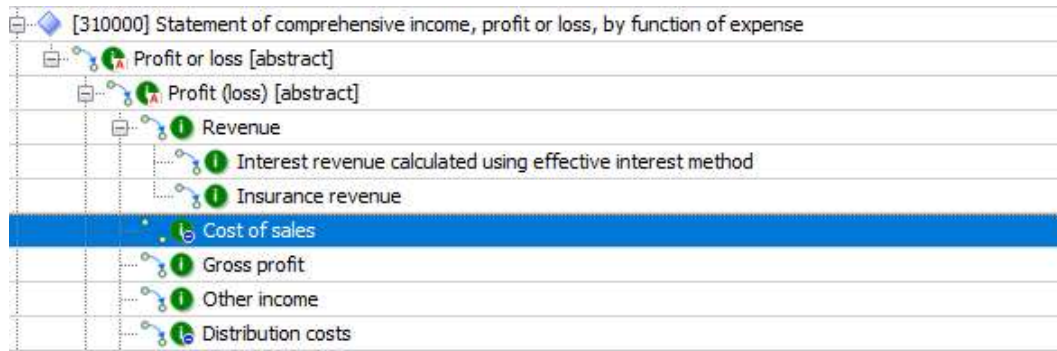


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What is the IFRS Taxonomy? ③ Classification

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The IFRS Taxonomy classifies the presentation and disclosure requirements of the IFRS Standards and defines relationships between them—elements are organised into groups to facilitate browsing.



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Content covered by the IFRS Taxonomy

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IFRS Taxonomy elements

IFRS Standards

Common reporting practice

presentation and disclosure requirements

illustrative examples and implementation guidance

information that companies commonly disclose when applying IFRS Standards



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Question 3

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How many elements are included in the 2019 IFRS Taxonomy?

- A. More than 10,000
- B. Between 5,000 and 10,000
- C. Between 1,000 and 5,000
- D. Less than 1,000

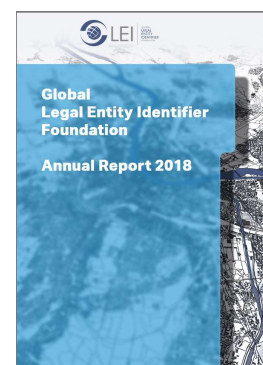


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Example—Global Legal Identifier Foundation

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- The Global Legal Identifier Foundation has tagged its [2018 annual report](#) using the IFRS Taxonomy and using **Inline XBRL**.
- **Inline XBRL combines benefits of PDF reports & structured data**—users can:
 - browse and view data in context as is currently the case in PDF
 - search using IFRS Taxonomy elements
 - link the disclosures back to the IFRS Standards
 - select a language of choice
 - export the information and associated IFRS Taxonomy elements



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Opportunities and challenges for users of structured electronic filings



Opportunities—What the future may hold...

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Improved accessibility—reduced costs and timely access to granular data for all companies

Supports fundamental research:

- facilitates comparisons
- new analytics

Fosters market innovation in reporting:

- interactive reporting
- better navigation

Enables users to make better economic decisions

Example 1—improved accessibility

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Disclosure of reconciliation of liabilities arising from financing activities [text block] text block IAS 7.44D Example

DISCLOSURE OF RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

As at March 31, 2019

	Line of credit \$	Current portion of long-term debt \$	Long-term debt \$	Total \$
Beginning balance	24,066	2,956	15,619	42,641
Repayment	(40,547)	(6,343)	(14,079)	(60,969)
Proceeds	-	-	29,459	29,459
Total cash flow	(16,481)	(3,387)	30,999	11,131
Acquisition	15,749	-	-	15,749
Amortization of financing fees	-	-	144	144
Interest accretion on balances of purchase payable	-	-	211	211
Foreign currency translation adjustment	732	-	338	1,070
Reclassification	-	4,387	(4,387)	-
Total non cash	16,481	4,387	(3,694)	17,174
Ending balance	-	1,000	27,305	28,305

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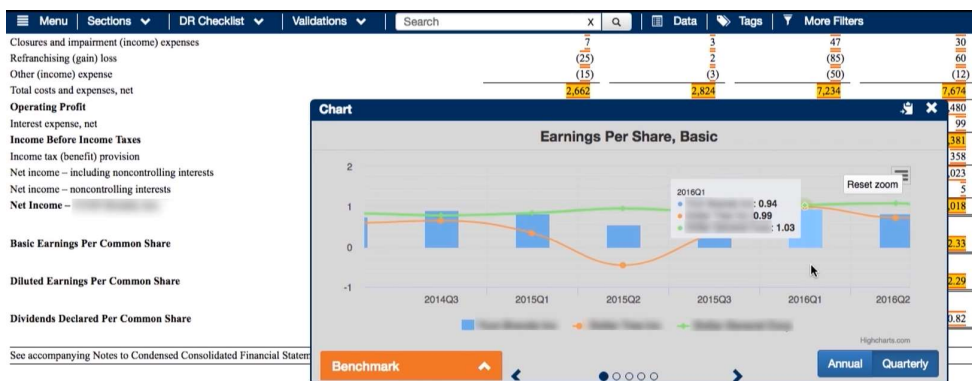
Example 2—facilitates comparisons

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Enhanced the free SEC Inline XBRL viewer to include new interactive features:

- converting a time series for an element into a **graph** to facilitate comparisons over time
- **benchmarking to peers**



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Challenges for users of structured electronic filings

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Lack of comparability

Difficult to communicate entity-specific information

Not available in a convenient format

Inconsistent availability

Data errors

May explain why investors are not using the data directly



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Communicating entity-specific information

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Consolidated balance sheets

ASSETS

(in millions of Euros)

	Notes
Goodwill	18
Other intangible assets	19
Property, plant and equipment operated under French public electricity distribution concessions	20
Property, plant and equipment operated under concessions for other activities	21
Property, plant and equipment used in generation and other tangible assets owned by the Group	22

The IFRS Taxonomy has an element to tag the 'total carrying amount of Property, plant and equipment'. However, this total is not reported by the entity.

No IFRS Taxonomy elements exist to tag the disaggregation reported by this company, as this does not reflect common reporting practice.

Some regulators require such entity-specific disclosures to be 'linked' to IFRS Taxonomy elements that are wider or narrower in meaning to enable electronic users to understand and analyse them.



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How to address these challenges?

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Many stakeholders have a role to play

The IFRS Foundation is currently focusing on the following areas:

- 1 Ensuring the IFRS Taxonomy content reflects the IFRS Standards and common reporting practice in a timely and accurate manner
- 2 Providing educational and other materials to support regulators, preparers and other stakeholders in their understanding and consistent application of the IFRS Taxonomy
- 3 Where appropriate, working with (or influencing) other organisations

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Interaction with standard-setting



 IFRS®

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Interaction with the IFRS Taxonomy team

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- The Board has developed a draft **framework for developing and drafting disclosure objectives and requirements** in the future
- As part of this draft guidance, the Board tentatively decided that **project teams should work with the IFRS Taxonomy team** to fully understand:

any common application challenges or inconsistencies with current disclosure objectives and requirements

the interaction between disclosure proposals and common reporting practice

whether disclosure proposals are 'technology neutral'

any duplication or contradiction between requirements in IFRS Standards

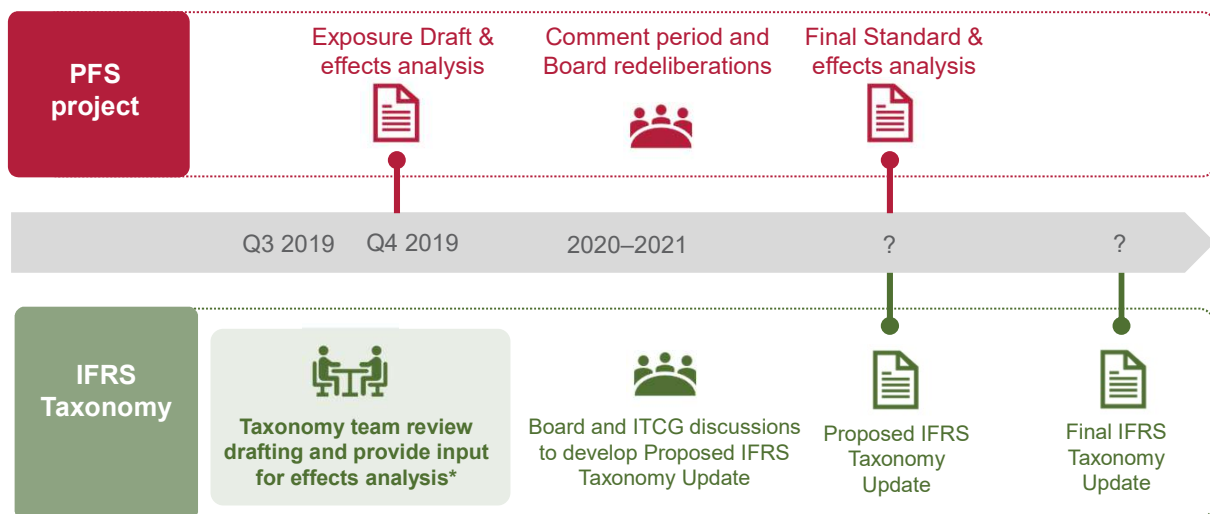
any potential issues with disclosure proposals

whether disclosure proposals can be incorporated effectively into the IFRS Taxonomy

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Example—the PFS project

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*see [June 2019 ITCG meeting paper](#)

IFRS

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How to stay in touch with the IFRS Taxonomy

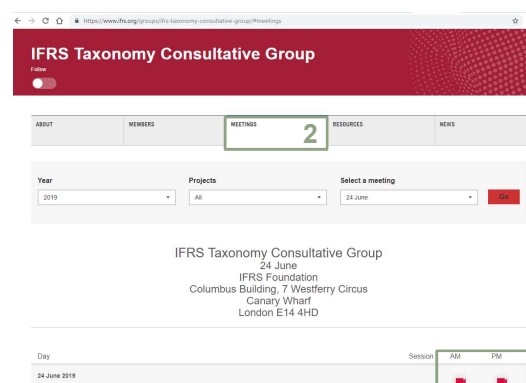
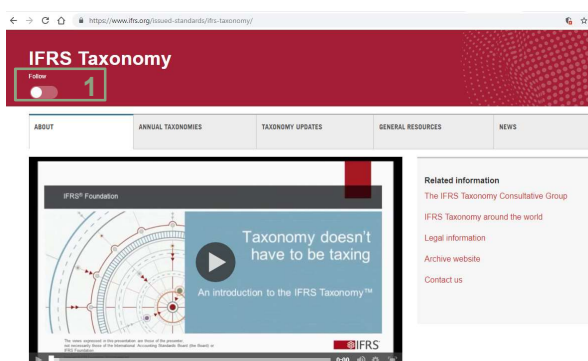


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How can you stay in touch?

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- 1 Follow the [IFRS Taxonomy page](#) on the IFRS Foundation's website
- 2 Observe discussions with the IFRS Taxonomy Consultative Group



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How can you stay in touch?

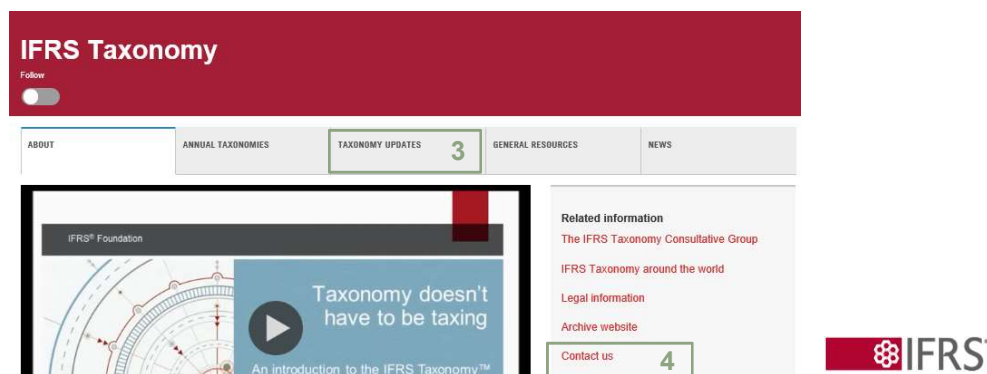
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Comment on proposed IFRS Taxonomy updates

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Contact us with suggestions for improvements



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Question 4

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Are you involved in the development of the IFRS Taxonomy?

- A. Yes, I monitor the IFRS Taxonomy development process and my organisation provides comments on Proposed IFRS Taxonomy Updates.
- B. No, but I might look into providing feedback on the development of the IFRS Taxonomy in the future.
- C. I am not interested in providing feedback on the development of the IFRS Taxonomy.

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Get involved

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