

July 2014

Agenda Paper 1



International Financial Reporting Standards



ITCG conference call July 2014

IFRS Taxonomy team

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

© 2014 IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



Agenda

2

- Progress on outstanding actions
- The IFRS Taxonomy due process – update and trial
- ITCG reviews and comments
 - Upcoming ITCG review of the taxonomy reflecting IFRS 15
 - Common practice and the *IFRS Taxonomy Updates*
- AOB

July 2014

International Financial Reporting Standards

Progress on outstanding actions

Convergence of element names

4

- **2014 IFRS Taxonomy and US GAAP Taxonomy:**
 - only 55 elements with the same element label and element name
 - 37 elements with either element label or element name the same
- **Revenue from Contracts with Customers:**
 - with current labelling and naming rules in place, it seems we would not be able to converge more than a few element labels and names despite the same or very similar accounting meaning of elements

Convergence of element names

5

- Revenue from Contracts with Customers - examples:
 - Same:
 - 'Revenue from contracts with customers'
 - 'Timing of transfer of goods or services [axis]'
 - Different:
 - 'Increase through business combinations, contract assets (IFRST)' & 'Contract asset, Contract Acquired in Business Combination' (UGT)
 - 'Contract assets' (IFRST) & 'Contract Asset, Net' (UGT)
- Conclusion – to be discussed with the FASB

Other outstanding actions

6

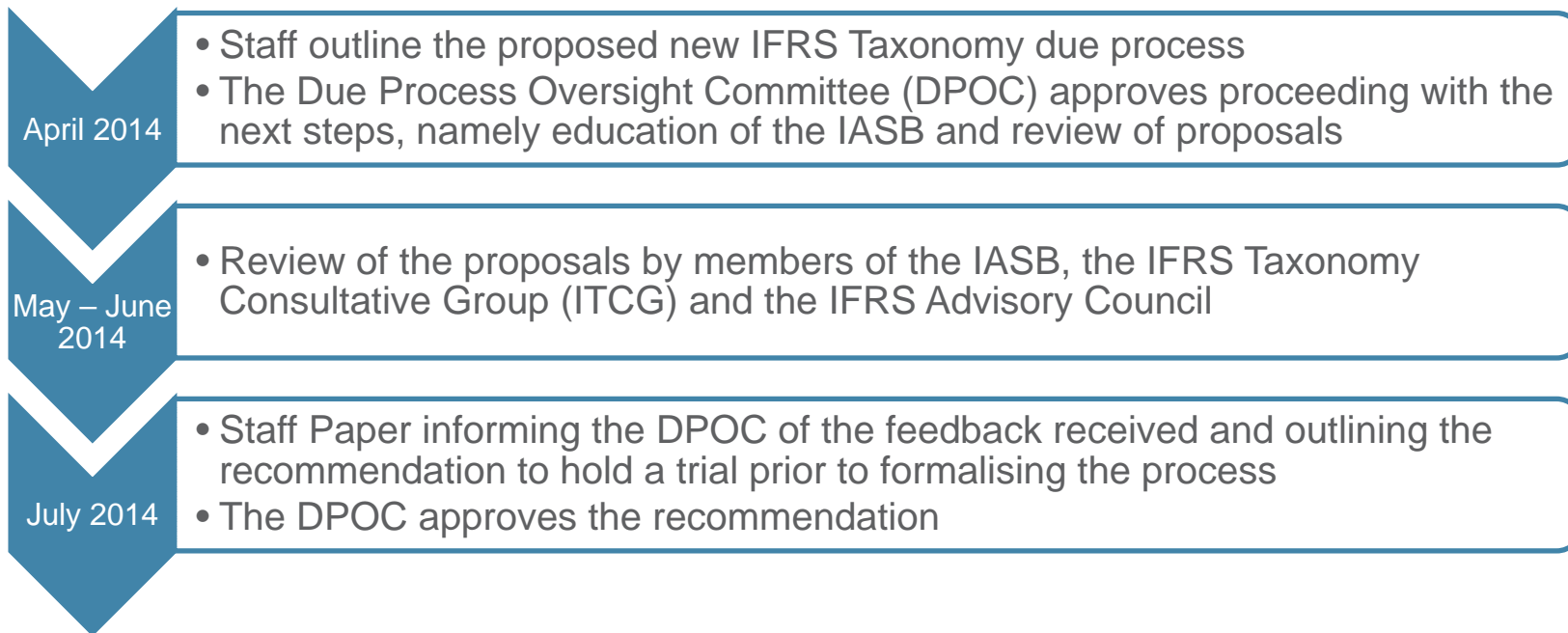
- **Interaction between the ITCG and the IFRS Advisory Council**
 - Call planned between the Chairs of the ITCG and IFRS Advisory Council for end July
- **Other outstanding content issues from the May meeting**
 - To be discussed at the October face to face meeting

July 2014

International Financial Reporting Standards

The IFRS Taxonomy due process – update & trial

Update on the IFRS Taxonomy due process



The IFRS Taxonomy due process trial

9

- **Trial 1 –Planned Exposure Draft relating to the reconciliation of liabilities from financing activities**
 - to evaluate the resources required and the benefits of publishing taxonomy updates for an IFRS Exposure Draft
- **Trial 2 – Common Practice**
 - to allow the IASB to better assess its role in the project initiation and approval of additional taxonomy concepts

Trial 1 – Planned Exposure Draft

10

- The **July Board Paper*** incorporates **IFRS Taxonomy considerations** using the following approach
 - a general description of the anticipated impact on the IFRS Taxonomy
 - the specific issues for the IASB to review
- Subject to approval by the IASB, the **next step is drafting the *Exposure Draft and the Proposed IFRS Taxonomy Update***

* Agenda Ref 11B+D

Question to the ITCG

1. Do you agree with the general approach we have used to incorporate IFRS Taxonomy considerations within the July Board Paper? If not, what changes would you make and why?

July 2014

International Financial Reporting Standards

Upcoming ITCG reviews

Revenue – proposed taxonomy

13

- **110 new elements**
 - 30 monetary elements
 - 24 member elements
 - 44 string elements (21 reportable)
 - 12 text block elements
- **61 disclosure elements, 38 example elements**
- **4 new tables**
- **8 new axes**

Revenue – materials for review

- **Taxonomy files**
- **Word document** describing changes and asking specific questions to respondents
- **Excel file** with presentation linkbase and definitions
- **IFRS Taxonomy Illustrated**
- **Versioning report** (changes shown in colours)
- **xIFRS** – text of the Standard with Taxonomy elements embedded

Revenue – what do we expect from the ITCG

15

- The members are not expected to review each and every document
- Type of review – targeted to your specific knowledge
 - **IFRS Taxonomy files** – review for any technical issues (files not opening properly, errors), inconsistencies with the XBRL specification or the *IFRS Taxonomy Guide*
 - **Accounting content** – review for incorrect, inaccurate, incomplete reflection of the Standard
 - **General** – review whether the documents are clear and easy to understand

July 2014

International Financial Reporting Standards

Completed ITCG reviews

Common practice – proposed elements

17

- 3 members commented
- Members in general agreed with proposed and rejected elements so no change has been made
- Members' comments:
 - 'Selling, general and administrative expense' – 2 members agreed with addition, 1 member did not (pointing to the unknown relationship to other elements)

Common practice – proposed elements

18

- Members' comments, continued:
 - 'Profit (loss)' [instant element] – all 3 members agreed with the rejection
 - 'Revenue from rendering of cargo and mail transport services'
 - 2 members commented that there is no need for separate 'cargo' and 'mail' elements (1 even suggested that only 'cargo' may be sufficient)
 - 'Operating expense' – all 3 members asked for a definition and placement that would clarify that all operating expense are included

The *IFRS Taxonomy Update* documents and the *Basic Guide*

19

- 8 members commented
- Members in general agreed that the stated objectives were met
 - *Basic Guide*: very useful guide for new users, clear and well structured explanation
 - *IFRS Taxonomy Update*: no need for in-depth technical expertise to provide comments on the content of the IFRS Taxonomy
- But with the following suggestions for improvements



The *IFRS Taxonomy Update* document

20

Two members suggested having a **clearer division between the sections clarifying** the standard and document-specific terms – easier to maintain and understand

- The IFRS Taxonomy team agrees and the standard section will be removed once the *Basic Guide* has been published

Four members held the view that a **better integration between the different materials** would ease the review process ('it reduces the manual cross-referencing')

- we agree and we are currently reviewing whether short-term gains can be made
- however it is likely that some significant effort is required. This will be considered within the 2015 project planning process

The *IFRS Taxonomy Update* document

21

Two members questioned the **non-inclusion of the Documentation labels within the *IFRS Taxonomy Update***

- they also relate to content on which feedback is sought and they are useful when reviewing the implications of changes
- does this imply that documentation labels do not need to be reviewed and approved by the IASB?

- we will be seeking the views of the IASB on this

One member commented that a **quick reference and glossary of terms** could be helpful while another member held the view that **additional or better visual representations** may be useful

- The IFRS Taxonomy team agree and we are currently working on producing a crib sheet
- We are also planning to do some accompanying materials of a more visual nature

Description of line item is not clear /lacking

- The IFRS Taxonomy team agrees and is currently changing this

Need for other documentation?

23

One member suggested for the IFRS Taxonomy team to consider options to **publicly share and collate historical 'comments and conclusions'** because this could serve as important tagging guidance materials to the market

- we agree and this will be considered within the 2015 project planning process

Question to the ITCG

24

- Do you agree in general with the responses and proposed actions of the IFRS Taxonomy team to reflect your comments? If not, please state which responses you do not agree with and why.

Thank you

Individual
view
expressions
feedback a
question
expressions of individual vie
individual comments
questions
individual views
comments
questions or individual views
feedback
comment
feedback
questions
feedback
question
expressions of individual vie
question
expressions of individual views
comments
questions or individual views
feedback
questions or comments
expressions of individual views
questions
expressions of individual views
questions and viewpoints
feedback and comments