



International Financial Reporting Standards



IFRS Taxonomy content

Proposed 2014 common practice additions

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Agenda

- A quick reminder
- Elements that do not fit into the Taxonomy structure
- General or specific elements
- Undefined terms
- Proposed common practice elements
- Elements to be discussed with the IASB

A quick reminder

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Selection of activities for the 2014 common practice review

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The 2014 common practice project has focused on the following industries:

- Utilities
- Information technology
- Chemicals
- Media

Elements that do not fit into the Taxonomy structure

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Elements that do not fit

- Elements usually **identified during common practice** analysis
- These elements are:
 - **Different aggregations or disaggregations** of existing elements (eg. “Raw materials and spare parts”)
 - **Combinations of parts** of existing elements (eg. “Plant and equipment”)

Elements that do not fit

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Note – Property, plant and equipment

Reported disclosures – Plant and equipment

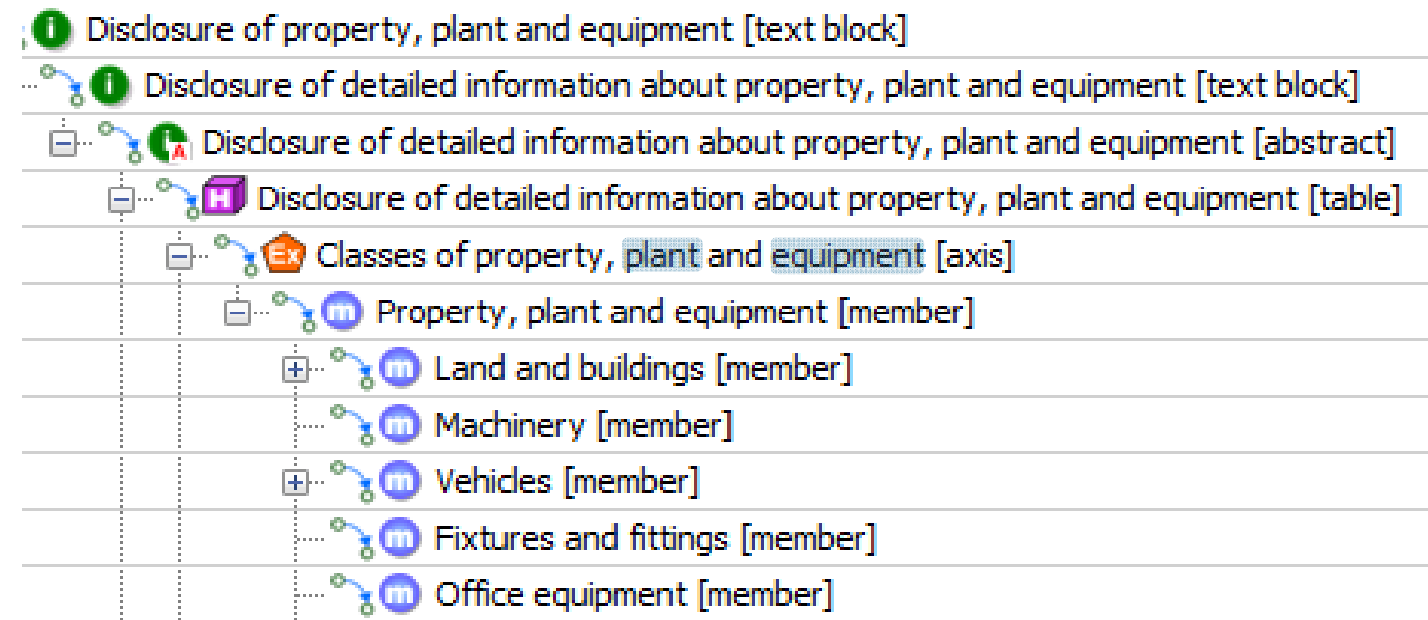
- Plant and machinery

- Machinery and equipment

Observation – some entities disclose different combinations of items within property, plant and equipment. These combinations meet the frequency criteria and are thus considered to be potential common practice elements

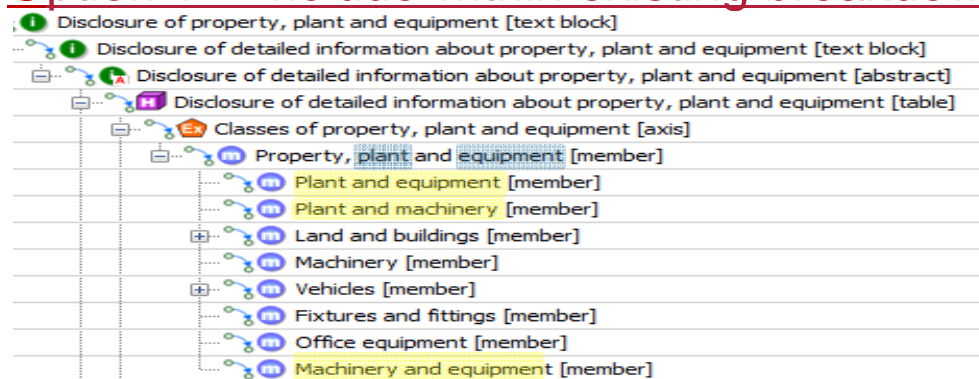
Elements that do not fit – Example

Property, plant and equipment – current IFRS Taxonomy structure



Elements that do not fit – Option 1

Option 1 – Include within existing breakdown

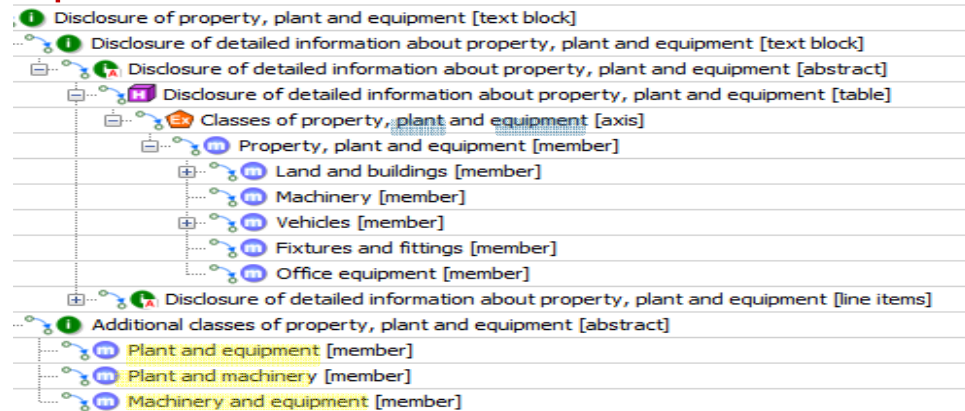


- ignores the **lack of logic** in the breakdown (items on the list twice)
- may cause **misinterpretation of the Taxonomy calculation linkbase** (for line items) or **formula** (for members)
- + all the **elements** available in the same location

Elements that do not fit – Option 2

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Option 2 – Place under new abstract heading



- might be **more difficult to find elements** outside the main structure (although not if word searches are used)
- + only **logical breakdowns** (no calculation and formula issues)
- + **already used** (SoCE, time-bands)

Elements that do not fit

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Alternatively we can decide not to create such elements in the Taxonomy

Team's view:

IFRS Taxonomy Team members' views are **mixed between Options 1 and 2**. We do not support not creating these elements

Questions:

- 1) Which option do you prefer? Why?
- 2) Can you think of any other options?

General or specific elements

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General or specific elements

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- Elements identified as potential common practice are **selected on the basis of their nature and not their specific naming**
- At the May ITCG meeting we concluded that:
 - A company reporting **'Aircraft fuel expense'** can tag this to **"Fuel expense"**
 - A company reporting **'Proceeds from sale of ships'** can tag this to **"Proceeds from sales of property, plant and equipment classified as investing activities"**

General or specific elements – Example 1

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Operating expenses

Aircraft fuel → Fuel expense

Wages, salaries and benefits

Benefit plan amendments

Capacity purchase agreements

Airport and navigation fees

Depreciation, amortization and impairment

Aircraft maintenance

Sales and distribution costs

Aircraft rent

Food, beverages and supplies

Communications and information technology

Other

Total operating expenses

	3,561
	2,109
Note 9	(124)
Note 21	1,072
	992
	678
	672
	603
	336
	291
	188
	1,305
Total operating expenses	11,683

General or specific elements – Example 2

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Cash Flows from Investing Activities:

Decrease/(increase) in vessel acquisitions deposits	6	
Investment in vessels	6	(3,819)
Sale of vessels	→ Proceeds from sales of property, plant and equipment classified as investing activities	13,662
Investment in property, plant and equipment		(23)
Net cash used in investing activities	\$	9,820

General or specific elements – Illustration

Count	Proposed concept	Company A	Company B	Company C	Company D	Company E
		Transmission network	Power lines	Transmission lines	Power transmission grids	Transmission assets

QUESTION: Should the reported elements in yellow be tagged with one common practice element? If yes, what should the label of that element be?

General or specific elements – Illustration

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Count	Proposed Concept	Company A	Company B	Company C	Company D	Company E
5	Transmission network	Transmission network	Power lines	Transmission lines	Power transmission grids	Transmission assets

The proposed common label was “**Transmission network assets**” because it seems to be usable in all 5 cases.

However, we rejected it in favour of the existing general Taxonomy item “**Network infrastructure**” (which also seems to capture all 5 cases).

QUESTION: Should we consider lower level items for potential common practice when general items seem usable?

Undefined terms

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Undefined terms – Revenue

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- During our empirical analysis we identified the following element as a potential common practice item:
 - Circulation revenue
- A problem arises here because this general term is **difficult to define** and no widely accepted definition exists
 - For example, does this term include sales of online newspapers?

Undefined terms – Revenue

Below are two examples of descriptions of circulation revenue used by entities:

- Circulation revenues encompass the **sales of newspapers and magazines to retailers, wholesalers, and subscribers**. Additionally, circulation revenues comprise the **sale of digital applications and formats**.
- Circulation and subscription income represents **sale of magazines and periodicals**.

Undefined terms – Revenue

CIRCULATION REVENUE

Which of the following should we consider?

Option a – Include ‘Circulation revenue’ only, as common practice?

Option b – Try to come up with an equivalent term that uses more generally understood words such as ‘Revenue from sale of newspapers and magazines’

Option c – Combine options ‘a’ and ‘b’ to create a term more easily identifiable and understandable for this industry, such as, ‘Revenue from circulation of newspapers and magazines’

Proposed common practice elements

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Proposed common practice elements

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We have provided you with copies of spreadsheets that contain elements identified from our empirical analysis that we propose to accept or reject

QUESTION

Are there any comments you would like to make on these proposals?

Elements to be discussed with the IASB

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Elements to be discussed with the IASB

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Below is a list of **potential elements we have identified** during our common practice analysis, which **we plan to present to the IASB in December 2014** in order to **seek further guidance or approval/rejection.**

- Increase (decrease) through changes in scope of consolidation, property, plant and equipment
- Retained earnings excluding profit and loss for the year

Elements to be discussed with the IASB

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- Net debt
- EBIT
- EBITDA

QUESTION:

Are there any comments you would like to make about inclusion/exclusion of any of these elements?

We will update the IASB on feedback received from the ITCG.

Thank you

