



International Financial Reporting Standards



Changes in accounting definitions of elements

ITCG call

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



Changes in accounting definitions

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- Since 2014 accounting definitions included in the IFRS Taxonomy – **documentation labels**
- **IASB may** (rarely) **change the definition** of an accounting term – for example, in August it published *“Equity Method in Separate Financial Statements (Amendments to IAS 27)”*
- Those changes have a **future effective date**, with **earlier application permitted**.

Changes in accounting definitions

- Current definition:

Separate financial statements are those presented by a parent (ie an investor with control of a subsidiary) or an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for **at cost** or **in accordance with IFRS 9 Financial Instruments**.

- New definition:

Separate financial statements are those presented by an entity in which the entity could elect, subject to requirements in this Standard, to account for its investments in subsidiaries, joint ventures and associates either **at cost**, **in accordance with IFRS 9 Financial Instruments** or **using the equity method as described in IAS 28 Investments in Associates and Joint Ventures**.

Changes in accounting definitions

Definitions – current view

Element Declaration: ▼	
type	value
name	SeparateMember
id	ifrs-full_SeparateMember
type	nonnum:domainItemType

Label: ▼	
type	value
label (en)	Separate [member]
documentation (en)	Separate financial statements are those presented by a parent (ie an investor with control of a subsidiary) or an investor with joint control of, or significant influ

Changes in accounting definitions

Definitions – **option 1 – use 1 documentation label** with effective and expiry dates as part of text

Element Declaration:	
type	value
name	SeparateMember
id	ifrs-full_SeparateMember
type	nonnum:domainItemType
Label:	
type	value
label (en)	Separate [member]
documentati on (en)	Expiry date 2016-01-01: Separate financial statements are those presented by a parent (ie an investor with control of a subsidiary) or an investor with joint control of... Effective 2016-01-01: Separate financial statements are those presented by an entity i ...

- **difficult to see** both definitions (although "expiry date xxx" suggests existence of another definition)
- + **consistent with current use** of labels of the same type (single use)

Changes in accounting definitions

Definitions – **option 2** – use 2 documentation labels with effective and expiry dates as part of text

Element Declaration:	
type	value
name	SeparateMember
id	ifrs-full_SeparateMember
fvne	nonnum:domainItemTvne
Label:	
type	value
label (en)	Separate [member]
documentati on (en)	Expiry date 2016-01-01: Separate financial statements are those presented by a parent (ie an investor with control of a subsidiary) or an investor with joint co ...
documentati on (en)	Effective 2016-01-01: Separate financial statements are those presented by an entity in which the entity could elect, subject to requirements in this Standard, to

- two different labels of the same type have **never been used** before (potential issues for software?)
- + **clear separation** of existing and future definition

Changes in accounting definitions

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Definitions – option 3

– create separate Taxonomy elements – does not seem viable as the accounting term remains unchanged

Team's view:

IFRS Taxonomy Team members support option 2, unless there are any problems for software.

Questions:

- 1) Which option do you prefer? Why?
- 2) Do you see any other options?

Thank you

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