



## International Financial Reporting Standards



# Management of entity specific disclosures – next steps

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# Agenda

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- Summary of the work we did during the last face-to-face ITCG meeting.
- IFRS Taxonomy team actions and comments
- What we propose to do next

# Summary of last meeting

- During the October 2014 ITCG face to face meeting we looked at what different users of the IFRS Taxonomy need to know about entity specific disclosures (ESDs)
- We divided entity specific disclosures into classes:
  - new line items (for standalone items or disaggregation)
  - line items for combinations and subtotals
  - categories and category values
- We asked you to split into groups and each group discussed a type of disclosure
- Additionally one group looked at what we could do to help preparers
- A summary of these discussions can be found in an appendix to these slides

# IFRS Taxonomy team actions and comments

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## IFRS Taxonomy

- Improve IFRS taxonomy navigation to reduce unnecessary creation of new line items
- Analyse IFRS taxonomy to ensure that entity specific items will always have some relation to an existing taxonomy item (no orphaned items)

## Elsewhere

- More detailed analysis of the kind of links between new items and existing items required for optimal use of ESDs
- Examination of XBRL (and other mechanisms) for providing linking/grouping information
- Documentation for preparers on when to use entity specific items.

## IFRS Taxonomy

- Analyse IFRS taxonomy to ensure that common combinations are covered (within existing common practice)
- Ideally a long term action reduces the requirement to have these directly in the IFRS Taxonomy

## Elsewhere

- Examination of XBRL (and other) mechanisms for providing
  - Linking/grouping information
  - indicating a combination of existing items
  - flagging items as of a certain type of total or combination

# Categories and category values

## IFRS Taxonomy

- Look at the use of generic (product 1) category values
  - Where might these be of use in the IFRS Taxonomy?
  - If introduced would they be as alternatives or replacement?
- A rationalisation of the existing categories (and line items) provided in the IFRS Taxonomy ('simplification')

## Elsewhere

- Preparer's guides to navigating the IFRS Taxonomy and deciding on appropriate items including correct use of IFRS dimensions and members

## IFRS Taxonomy

- Investigate IFRS Taxonomy code based navigation
  - what kind of code system could help?
  - would codes be appropriate given no overall IFRS codification?
- Investigate useful alternative ‘presentation’ views

## Elsewhere

- Implementation guides – how to work with certain kinds of disclosure when using the IFRS Taxonomy
- Preparer’s guides to navigating the IFRS Taxonomy and deciding on appropriate items



# Overall conclusions

- Many of the requirements, and solutions identified, for improving the use and handling of ESDs are related to regulatory (or other filing) rules
- Some areas could potentially be supported with changes or additions to the current IFRS Taxonomy
- Supporting regulators as they set up and update an IFRS filing environment is essential
- Providing some assistance to preparers may help improve their filings but also indirectly help regulators if done carefully

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# Proposed actions

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# Proposed overall actions

- IFRS Taxonomy **analysis** focussing on:
  - taxonomy items **relating to entity specific items**
  - existing **modelling of categories** (as domains and otherwise)
  - **common combinations and subtotals** (already included in common practice projects)
- An investigation into **IFRS Taxonomy navigation** schemes:
  - is there a **coding** system that would consistent and useful?
  - which **alternative presentation** views would be of most use?

# Proposed overall actions

- A published **investigation** into using entity specific disclosures with the IFRS Taxonomy. Probably including a look at possible **XBRL** (and other) technical mechanisms
- Additions to the new **documentation for regulators**
- New **documentation for preparers** including:
  - implementation guides
  - help navigating the taxonomy and choosing appropriate items

- Do you see any other areas we could make improvements?
- After some time to reflect are there any additional comments you would like to make on entity specific disclosures?
  - are there any additional organisations or individuals working in this area we should talk to?

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# Appendix A: October group discussions

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- Preparers require
  - solutions that handle their material items properly
  - provide consistency between paper filing and structured electronic filing
- Investors are looking for
  - comparability
  - the ability to dive deeper into the information to understand entity-specific variability.

- For disclosures representing entity-specific disaggregation of existing IFRS Taxonomy elements
  - the use of linked extensions e.g. extension elements are created for entity-specific disclosures but associated with existing IFRS Taxonomy elements.
  - the use of ‘negative tag flagging’, i.e. an IFRS Taxonomy element tag is used to tag an entity-specific disclosure but with a negative tag flag to indicate that the entity-specific disclosure is akin to, but not necessarily identical with, the IFRS Taxonomy element.
- a base taxonomy could include some specific features to cater for the use of linked extensions.



- Efficient data relationship management is the optimal way to handle entity specific combinations and subtotals that are disaggregated in the notes.
- Tagging of combinations and subtotals may not be necessary to meet the needs of investors
- Custom combinations and subtotals could be viewed as 'not extension' as they are not wholly new reporting items

- ‘Double tag’ rather than creating an extension element.
  - double tagging means that a disclosure can be tagged with two (or more) elements of the IFRS Taxonomy or extension and IFRS Taxonomy.
  - a relationship could then be specified between the two tags applied (e.g. this item is a combination of...)
  - double tagging and better data relationship management may, however, require changes to the XBRL technical standards.
- An alternative option to non-tagging or double tagging is to flag these combinations and subtotals as entity-specific aggregation points.

- Handling entity-specific disclosures depends on the number of disclosures expected to be reported within a particular IFRS Taxonomy category.
  - for categories in which the potential number of entity-specific disclosures is expected to be large, it is not clear whether meaningful analysis can be obtained from tagging entity-specific disclosures through the use of entity specific extension elements.
  - the use of generic IFRS Taxonomy category elements (for example, product line 1, product line 2) could be considered in this case.

# Categories and category values

- For generic IFRS Taxonomy category elements to be useful for all types of investors, the following two conditions are required:
  - entity specific labels are provided; and
  - a specific generic category element to depict a disclosure is consistently used over time by an entity.
- For categories in which the potential data set of entity-specific disclosures is expected to be relatively small, tagging of entity-specific disclosures through the use of entity-specific extension elements could still be useful.

# Helping preparers

- Searching is difficult
- First time for individual is hard
- Regulatory rules are diverse
- Taxonomy changes annually
- Diverse disclosures
  - disaggregation
  - subtotals
  - stand alone items
  - immaterial items reported

- Essential activities
  - the development of implementation guides and the integration of the [Proposed] IFRS Taxonomy Updates within the Standards
  - the integration of the [Proposed] IFRS Taxonomy Updates within the Standards will allow preparers to become familiar with the taxonomy at an early stage
- Activities that were rated as important were
  - improved taxonomy navigation;
  - continuation of common practice projects; and
  - better collaboration with industry groups.

# Thank you

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