

International Financial Reporting Standards



AP 5B IFRS Taxonomy

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

Role of the IFRS Taxonomy

Standard-setting

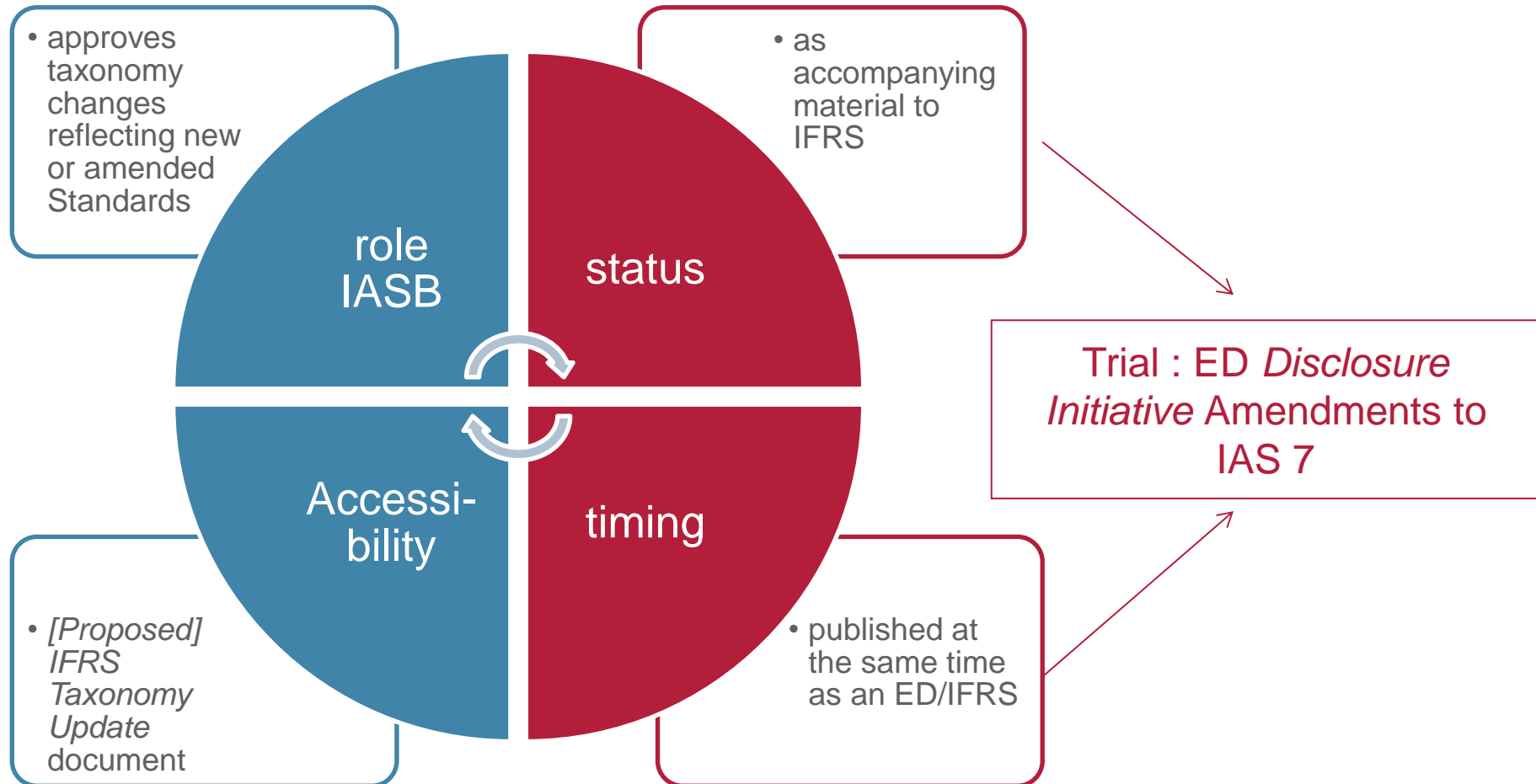
- ‘...the technical staff should liaise with the XBRL staff to ensure that the proposed document can be easily incorporated into the IFRS Taxonomy*’
- This interaction has proven to be mutually beneficial Appendix 1 provides some examples
- There is increasing use of structured filing requirements (including Europe from 2020). If the IASB does not define the filing standard others will.

Strategic

- Increasingly, technology and the IFRS Taxonomy are used to make IFRS disclosures more accessible to users
- IFRS Foundation strategic review will examine the importance of the IASB taking into consideration how developments in technology could affect financial reporting and the relevance of IFRS

* Paragraph 3.28. *Due Process Handbook* IASB and IFRS Interpretations Committee

IFRS Taxonomy Due Process Proposals



Current status and next steps

- *Analysis of Comments* has been presented at the IASB June meeting
 - Agenda Paper 11A
 - publication of the *Proposed IFRS Taxonomy Update* with the ED achieved its aim of soliciting comments on the IFRS Taxonomy content
 - most respondents said they do not support that the proposed Update should accompany an Exposure Draft – but these respondents currently are not required to use the taxonomy
- Final proposal and *Invitation to Comment* on the IFRS Taxonomy due process will be presented to the **Due Process Oversight Committee** at its October 2015 meeting for their **approval**

Benefits: improved engagement

Objective	Integrity and quality of the IFRS Taxonomy	
What?	is the IFRS Taxonomy an accurate representation of the Standards?	does the IFRS Taxonomy reflect reporting practice?
main target audience	accounting policy-makers	financial reporting people and users
best timing?	when the Standards are being developed	when the Standards are being implemented
How?	alignment of IFRS Taxonomy and standard-setting due process	continuous feedback process common practice reviews

The trial has confirmed our thinking that **aligned public consultation encourages broader feedback** on the content of the IFRS Taxonomy. A broad response is critical to protect the integrity and the quality of the IFRS Taxonomy.



Benefits: what else have we heard?

- greater **emphasis on disclosures** and the way in which these could be reflected in a structured electronic report (not merely a paper report)
- may **encourage an early debate** between accounting policy-makers and those mainly involved in financial reporting implementation
- **facilitates understanding** and therefore **the review** of IFRS disclosure and presentation requirements

Comments received

- it may **adversely influence** principle-based standard-setting
- it may **divert attention** from the content of the Exposure Draft or final Standard
- how do we **protect the integrity** of the final IFRS Taxonomy, it should be possible to comment?

A possible response

- this is not our experience; we think that it **informs standard-setting**
- publish *the [Proposed] IFRS Taxonomy* as a **separate but accompanying document**. Questions to remain part of the Exposure Draft
- fatal flaw reviews, discussions with the IFRS Taxonomy Consultative group, continuous feedback process

Comments received

- **undue time and effort** would be expended in order to review and produce the IFRS Taxonomy, which may still be subject to change
- It may **delay standard-setting**

A possible response

- we acknowledge that there may be additional costs but we think that the **benefits outweigh** these costs
- there is internal and external demand for the IASB to approve the IFRS Taxonomy. We think that **concurrent review** is the most effective use of the IASB's resources to obtain this approval

Questions

- What are your views on how we best engage with stakeholders on changes to the content of the IFRS Taxonomy?
- What, if any, views do you have on the strategic role of the IFRS Taxonomy and technology within future corporate reporting?

Appendix 1

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Benefits of interaction

- The IFRS Taxonomy staff are **working closely with the project staff** during the development of the disclosure requirements and Illustrative Examples for new or amended Standards
- This has resulted in the following benefits:
 - **Logic** – ensuring the Standard’s general logic
 - **Clarity** – expressing the requirements clearly
 - **Consistency** – being consistent, both within the Standard and with other Standards
 - **Accuracy** – representing the Standard’s requirements accurately in the Examples

Example practical impact – logic

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Before IFRS Taxonomy team consultation

- 60 A lessee shall disclose a reconciliation of opening and closing balances of right-of-use assets by class of underlying asset separately for Type A leases, Type B leases and right-of-use assets measured at revalued amounts.
- 54 A lessee shall either present in the statement of financial position or disclose in the notes:
 - (c) right-of-use assets arising from Type A leases separately from right-of-use assets arising from Type B leases;

After IFRS Taxonomy team consultation

- 54 A lessee shall either present in the statement of financial position or disclose in the notes all of the following:
 - (c) right-of-use assets arising from Type A leases separately from right-of-use assets arising from Type B leases and right-of-use assets measured at revalued amounts;

Example practical impact – clarity

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Before IFRS Taxonomy team consultation

9B When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented, including:

- (a) the fair value of the subsidiaries that cease to be consolidated as of the date of change of status;

After IFRS Taxonomy team consultation

9B When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented, including:

- (a) the total fair value, as of the date of change of status, of the subsidiaries that cease to be consolidated;

Example practical impact – consistency

Before IFRS Taxonomy team consultation

- 19C For each unconsolidated subsidiary, an investment entity shall disclose:
- (a) the subsidiary's name;
 - (b) the subsidiary's country of incorporation or residence; and

After IFRS Taxonomy team consultation

- 19B For each unconsolidated subsidiary, an investment entity shall disclose:
- (a) the subsidiary's name;
 - (b) the principal place of business (and country of incorporation if different from the principal place of business) of the subsidiary; and

Example practical impact – accuracy

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Before IFRS Taxonomy team consultation

Description	31/12/X9	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total gains (losses)
Non-recurring fair value measurements					
Property, plant and equipment ^a	75		75		(25)
Goodwill ^b	30			30	(35)

After IFRS Taxonomy team consultation

Description	31/12/X9	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	(Losses)	Reversals
Land ^a	75			75	(25)	0
Goodwill ^b	30			30	(35)	n/a

Questions

