

# Entity-specific disclosures – task force progress

Andromeda Wood

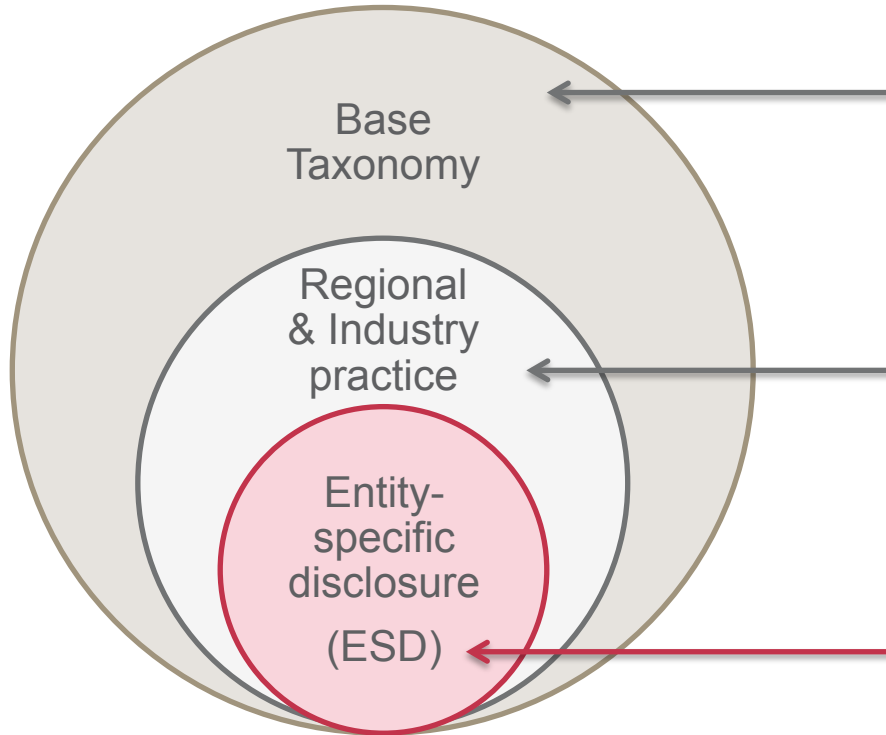
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- Introduction.
- Business cases.
- Entity-specific disclosures in XBRL.
  - Base taxonomy.
  - Preparer extension taxonomy.
- ITCG feedback.

Note: The XBRL glossary of terms can be found here: <https://www.xbrl.org/guidance/xbrl-glossary/>

# Introduction

# What is an entity-specific disclosure?



The base taxonomy specified by the regulator (or other filing system owner).

Eg the IFRS Taxonomy, the US GAAP Taxonomy, JGAAP Taxonomy, UK FRC Taxonomies.

Disclosures common across reports from specific regions or companies with the same industrial activities. Depending on the system these may be included in base taxonomies, other taxonomies provided by regulators or industry bodies.

A disclosure made in a report that is specific to the entity (or to a small number of entities) and not found in the base taxonomy or regional or industry taxonomies.

- An XBRL International (XII) task force set up to look at how entity-specific disclosures are handled in XBRL.
- Reports to the XBRL International Best Practices Board.
- Joint chairs:
  - Louis Matherne – FASB.
  - Andromeda Wood – IASB.

# Purpose of the task force

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- Investigate why ESDs are created, when they are used and what they are intended to represent.
- Document common user difficulties.
- Describe best practice principles and solutions.
- Define requirements for syntax solutions if necessary.

- Entity-specific disclosures in **financial** reporting.
- **XBRL syntax** for working with entity-specific disclosures, with and without preparer extension taxonomies.
- Interaction with filing rules related directly to the XBRL syntax for ESDs but **not overall rules for what to tag and how to identify the correct taxonomy item(s)**.

- For future task force discussion:
  - ESDs in non-financial reporting and non-numeric disclosures in general.
  - More detailed discussion of filing rules related to tagging decisions by preparing entities.
- Topics to be handed over to more appropriate XII task forces:
  - Designing a taxonomy to work with entity-specific disclosures in XBRL.
  - Designing a taxonomy for maximum coverage of the reported information.



# Summary of work so far

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- Presentations from regulators and software vendors describing current, and proposed, market practice.
- Documentation of business cases.
- Discussion of existing mechanisms including Inline XBRL, typed dimensions and existing XBRL linkbase functionality.
- Discussion of additional syntax in particular dedicated ‘anchors’.
- Work in progress, summary of conclusions.

- A description of the business cases.
- A high level discussion of the impact of taxonomy design, reporting format (in particular Inline XBRL) and the relationship with tagging rules.
- A discussion of the different mechanisms in XBRL for working with entity-specific disclosures:
  - a description of each mechanism.
  - what information it provides, and does not provide, to users.
  - recommendations for regulators.
  - recommendations for new XBRL syntax if required.

# Business cases

- The business cases are examples of entity-specific disclosures including a description of:
  - the user information requirements.
  - where we see possible gaps in information available to users within existing XBRL reporting systems.
- All the business cases have been identified by analysing financial statements.

- A disaggregation of a base taxonomy item
  - Components of the disaggregated item may be entity-specific.
  - Includes cases where the base taxonomy item is not reported (a higher level aggregation may be).
  - The sum of the reported components may not equal the value of the base taxonomy item (for example, if the base value includes immaterial values).

# Example—disaggregation of a base item

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T	Cash generated from operations	80,117	T	Base taxonomy
E	PRC Enterprise Income Tax paid	(9,916)	E	Entity specific
E	Hong Kong Profits Tax paid	(411)	NR	Not reported
T NR	<b>Total tax paid</b>	<u>          </u>		
T	Net cash from operating activities	<u>69,790</u>		

- The entity has provided an entity-specific disaggregation of tax paid.
- It has not reported the total for the tax paid which is a base taxonomy item.
- Extension taxonomies with a calculation or presentation linkbase would only indicate that these tax items are related to the *Net cash from operating activities*.
- If the total tax paid had been reported there may still be missing information if:
  - the items do not sum and therefore a calculation is not provided;
  - the items are not presented together.

- An aggregation of items
  - The items being aggregated may be entity-specific items or base taxonomy items or a mixture of both.
  - Not all components of an entity-specific aggregation are necessarily disclosed separately in a report.
  - The entity-specific aggregation may be a subtotal with further aggregation.

# Example—aggregation of items

<b>Depreciation, amortization, provisions and write-downs- Millions of euro</b>		<b>12 31 2012</b>	
T	Amortization of intangible assets	72	T Base taxonomy
T	Depreciation of tangible assets	417	E Entity specific
T	<b>Total amortisation and depreciation</b>	<b>489</b>	
T	Provisions for risks and charges	44	
T	Bad debt provision (receivables recognized as current assets)	32	
E	Other write-downs of fixed assets	2	
E	<b>Total depreciation, amortization, provisions and write-downs</b>	<b>567</b>	

- The entity has provided an entity-specific total: *Total depreciation, amortization, provisions and write-downs*.
- If the entity provides an extension taxonomy with a calculation (or presentation) linkbase then the components are linked to the entity-specific aggregation.
- However, the ESD *Other write-downs of fixed assets* will be linked to an entity-specific parent.



- An entity-specific disclosure which:
  - does not directly contribute to a base taxonomy aggregation item or other reported aggregating item;
  - does not have any components in the base taxonomy.
- These disclosures may have general relationships to items in the base taxonomy eg provides information related to assets.
- Examples of disclosures with no relationship to a relevant base taxonomy have been difficult to find.
- Also referred to as ‘Orphan’ items.

# Entity-specific disclosures in XBRL

- Information available for interpreting ESDs can be influenced by report format:
  - Inline XBRL contains more accessible report structure than plain XBRL.
- Base taxonomies (without an entity extension) can allow some tagging of ESDs
- Preparer extension taxonomies

# Base taxonomy

- Mainly for business cases involving disaggregation
- Generic (explicit) dimensions
  - Predefined set of explicit dimension members associated with a name or description line item eg Segment 1, Segment 2, Director 1, Director 2 etc.
- Typed dimensions
  - General line item provided in the base taxonomy to tag the entity-specific components where required by the regulator.
  - Typed dimension used to provide each additional tagged item with a unique context.
  - No need to anticipate the number of ESDs in advance – not predefined

# Example–typed dimension

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T	Cash generated from operations		80,117	
E	PRC Enterprise Income Tax paid	T Total tax paid, Typed Dimension value:1	(9,916)	T Base taxonomy
E	Hong Kong Profits Tax paid	T Income Tax, Typed Dimension value:2	(411)	E Entity specific
T	NR Total tax paid			NR Not reported
T	Net cash from operating activities		<u>69,790</u>	

- Tax ESDs linked to the unreported *Total tax paid* via a separate base taxonomy line item *Income Tax*.
- The entity-specific item label may be retained as context if Inline XBRL is used.
- The detail provided in the item label is **not** carried through into the standard XBRL report.

# Preparer extension taxonomy

- Calculation linkbase considered most useful for dealing with ESDs.
  - Better definition of link meaning than the presentation linkbase
  - Roll-up information important to users.
- Similar link information possible via presentation linkbase but presentation does not always reflect the roll-up.
- However:
  - For some business cases there are gaps in the information provided by the existing linkbases.
  - Calculation links when processed will provide ‘error’ messages if roll ups are not complete or do not sum for other reasons.
  - Dimensional relationships are not well covered.



- The group has discussed a number of possible ways to improve the way ESDs are covered by existing linkbases.
- Discussions have included:
  - Updates to the calculation linkbase specification to allow the documentation of incomplete roll-ups.
  - Recommendations to require the inclusion of unreported base taxonomy items into linkbase relationships to provide context.
  - The specification of relationship meanings for the members within a domain.\*

\*Note: This presentation does not go into how the syntax might vary for dimensional information in detail as these discussions are still under way

# Additional links—‘anchoring’

- Providing an **additional link**, in a preparer extension taxonomy linkbase, **between a tagged ESD and a base taxonomy item**.
- Anchoring link is a direct link between an extension taxonomy item and a base taxonomy item. No need to work via indirect links.
- Uses existing XBRL syntax structures – no specification changes required.



# Anchoring—example

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T	Cash generated from operations		80,117	
E	PRC Enterprise Income Tax paid	Anchoring link to roll-up parent Total tax paid	(9,916)	T Base taxonomy
E	Hong Kong Profits Tax paid	Anchoring link to roll-up parent Total tax paid	(411)	E Entity specific
T NR	Total tax paid			NR Not reported
T	Net cash from operating activities		<u>69,790</u>	

- The entity tags the items using extension taxonomy items.
- These items are then linked via a single linkbase link to an appropriate base taxonomy item.
  - In this case for the example that item is the calculation parent from the base taxonomy.
- This link provides the information missing from the other linkbases.

- Most useful for:
  - entity-specific disclosures without taxonomy calculations;
  - entity-specific disclosures where the most appropriate base taxonomy item is not reported.
- Additional anchoring link may not always provide useful additional information if other linkbases are present
  - Little additional benefit adding a link to an item with an existing direct base taxonomy parent.
  - Depends on how users are working with existing linkbases.
- Additional link will require guidance to help preparers identify the correct base item.

- Whether there is an optimal meaning for the anchoring link
  - In the example there is a link specifying that a particular base taxonomy item is the calculation roll-up parent. Is this the most useful link to provide?
- Should the recommendation be that anchoring links are **only used where necessary** to complete user information?
- Should the recommendation be that anchoring links should **always be provided** for ESDs in order to avoid complicated additional rules for preparers?

# ITCG feedback

- Regulators round the world already represent entity-specific disclosures in XBRL in a number of ways.
- If users only need limited information about some entity-specific disclosures then:
  - Inline XBRL retains the context for entity-specific disclosures (tagged or untagged).
  - The base taxonomy can use typed dimensions and general line items to complete roll-up information.
  - The entity description of the disclosure and other relationships are not passed on to data users in the XBRL report unless there is also a preparer extension taxonomy.

- Preparer extension taxonomies that have a **calculation linkbase provide links** from ESDs to the base taxonomy.
- Calculation links for ESDs are **sometimes incomplete** or missing.
  - If the most useful base taxonomy total is not reported then the ESD will not have a link to it.
  - Calculation links when processed will provide ‘warning’ messages if roll-ups are not complete or do not sum for other reasons.
  - Other linkbases (eg presentation) may provide additional information but the relationships are less well defined.
- Some users would prefer a single ‘place’ to look for ESD links.



- Additional anchoring links would provide links from ESDs directly to the base taxonomy.
- These links could be used:
  - **Alongside existing linkbases** in preparer extension taxonomies
    - Fills in gaps in existing information.
  - As **the only linkbase** provided with an extension taxonomy:
    - There would be guaranteed minimum information for users working with ESDs.
    - However it would provide less information (eg roll-ups) for the whole report than with existing linkbases.

- A number of points related to the proposal for additional anchoring information (see slide 29).
- The XBRL syntax for dimensional information is more complicated and is still being discussed. In particular:
  - This syntax already provides more context for entity-specific additions than is available for line items.
  - How they interact with the current proposals for anchors to the base taxonomy.
  - The use of the extensible enumerations specification.

- Do you have suggestions for additional business cases to investigate?
- Do you have any comments on the range of XBRL options discussed?
- Do you have views on the discussed ideas for improving the use of existing XBRL linkbases in extension taxonomies?
- Do you have any feedback on the suggestion that a linking mechanism dedicated to ‘anchoring’ entity-specific disclosures to the base taxonomy should be provided?

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