

Update on activities

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- To **update members** of the IFRS Taxonomy Consultative Group (ITCG) on:
 - areas of focus in the last six months;
 - the IFRS Taxonomy strategy and related activities for the next 12 months; and
 - the Primary Financial Statements Project.
- To review the ITCG comments received on **the (draft) revised Terms and Conditions** for using the IFRS Taxonomy.

Areas of focus in the last six months

Areas of focus in the last six months (1)

Content

- Publication of the *Proposed IFRS Taxonomy Update 2 (Amendments to IFRS 4 Insurance Contracts)*
- Empirical analysis has started on the 2016/2017 common practice project (see slides 6–7)

Technology

- Implementation of Taxonomy Package 1.0. nears finalisation (see slide 8)

Governance

- Publication and implementation of the revised IFRS Taxonomy due process

Areas of focus in the last six months (2)

Educational and supporting materials

- Publication of the *Guide to Common Practice Content*
- Publication of enhancements to the *IFRS Taxonomy Illustrated* in HTML format (see slide 9)

Adoption and implementation

- Work on the IFRS filing profiles continues (see slides 10–11)
- *IFRS Taxonomy 2016* translated into Spanish and Hungarian (see slide 12)

- The 2016/2017 common practice project is focused on the analysis of **recently effective IFRS Standards** that are in the scope of a current Post-implementation Review project:
 - IFRS 13 *Fair Value Measurement*
 - IFRS 12 *Disclosure of Interests in Other Entities*
- We think that common practice reviews may provide **important input to a Post-implementation Review project**, particularly for presentation and disclosure analysis.

- We are currently analysing 150 financial statements for disclosures relating to IFRS 13 *Fair Value Measurement* divided between the following industries:
 - financials (excluding insurance); and
 - commerce and industry.
- Our analysis is unlikely to be completed in time for the annual IFRS Taxonomy 2017.
- In December 2016 we will commence our empirical analysis of IFRS 12 *Disclosure of Interests in Other Entities*.

- Following your feedback, we have decided to apply Taxonomy Packages 1.0. (TP 1.0) to the IFRS Taxonomy
 - Starting from the annual IFRS Taxonomy 2015
 - Including TP 1.0 attributes as an additional file
- Publication is planned for early November.
- This release did not include TP 1.0 attributes relating to IFRS Taxonomy versioning and translation. We may release this at a future date.

The *IFRS Taxonomy Illustrated* in HTML

- New content and improved user navigation.
- Published and now available for the annual *IFRS Taxonomy 2016* ([eIFRS website](#)).

[Expand all] [Collapse all] | Toggle column: [Data type] [References] [Documentation Label]

The screenshot displays a web interface for the IFRS Taxonomy. On the left, a tree view lists standards: IFRS 1, IFRS 2, and IFRS 3. Under IFRS 3, the 'Business combinations' member is expanded, showing two disclosure sections: 'Description of nature and financial effect of business combinations during period' and 'Description of nature and financial effect of business combinations after reporting period before statements authorised for issue'. A tooltip is visible over the 'Business combinations' link, containing the text: 'This member stands for transactions or other events in which an acquirer obtains control of one or more businesses. Transactions sometimes referred to as 'true mergers' or 'mergers of equals' are also business combinations as that term is used in IFRS 3.' A mouse cursor is pointing at the link in the tooltip.

- Profiles for **19 countries are currently published** on the IFRS Foundation website : <http://www.ifrs.org/XBRL/Pages/IFRS-filing-profile-project.aspx>
- Currently working **on updates for existing profiles**
 - updates to the first batch of profiles (originally published in June 2015) will be published shortly; and
 - update requests for the second batch of profiles (published in November 2015) will follow.

- Seeking to **publish third batch of profiles later this year.**
- We may publish **future profiles in two phases:**
 - overall filing rules for IFRS statements; and
 - specific survey on IFRS Taxonomy use as survey data is completed.
- Phases will allow more rapid publication of information as it becomes available.

Available translations—IFRS Taxonomy

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Language	Latest before 2014	2014	2015	2016
Arabic	2013	X	X	WIP
Chinese, simplified	2009			
Chinese, traditional	2010			
Dutch	2009			
French	2009			
German	2009			
Hungarian	2012	X	X	X
Italian	2011			
Japanese	2013	X	X	WIP
Korean	2013	X	X	WIP
Portuguese (Portugal)	2006			
Spanish	2013	X	X	X
Ukrainian	2013			WIP
Turkish	2013		X	WIP
	Total:	5	6	2 (October 2016)

IFRS Taxonomy strategy and activities in the next 12 months

Focused around four main pillars to **respond to known challenges and to maintain what we do well.**

1. Continue to develop IFRS Taxonomy content in an accurate and timely manner.
2. Improved data quality.
3. Making it work for principle-based reporting.
4. Monitor developments in technology (*).

(*) This will be discussed later today

Planned updates to the IFRS Taxonomy (1)

The IFRS Taxonomy content should continue to reflect the IFRS Standards and IFRS reporting practice in an accurate and timely manner.

Topic	Taxonomy due process stage	Expected publication date
<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)</i>	Exposure	<i>Final IFRS Taxonomy Update in Q4 2016</i>
Insurance Contracts	Drafting	<i>Proposed IFRS Taxonomy Update within six months</i>

Planned updates to the IFRS Taxonomy (2)

Topic	Taxonomy due process stage	Expected publication date
Common Practice—agriculture, leisure, retail and franchising	Drafting	Proposed <i>IFRS Taxonomy Update</i> in Q4 2016
Common Practice—enhancements for financial institutions	Review	Proposed <i>IFRS Taxonomy Update</i> in Q4 2016
Common Practice— <i>IFRS 13 Fair Value Measurement</i>	Analysis	After 6 months

What do users need?

- Accurately tagged and error-free structured electronic data.
- A single global taxonomy and set of filing rules for IFRS financial statements.

What are we doing?

- Publication of further implementation guidance, mainly focused on preparers (see slide 18).
- Work with regulators and International Organization of Securities Commission to establish a global framework of good electronic reporting.

Implementation guidance

- **We may be able to support accurate tagging** by reviewing whether we could:
 - improve existing IFRS Taxonomy navigation; and
 - publish additional implementation guidance or education materials.
- We had an initial discussion with you at the June 2016 ITCG face-to-face meeting. We will **explore further** and discuss this at a later date.
- Based on our current resources, any such project would only be started **during 2017**.

What have we heard?

- Entity-specific disclosures are not easily accessible in an XBRL filing.
- Some say there is a conflict between principle-based reporting and structured electronic data (*).

What are we doing?

- Working with XBRL International on entity-specific disclosures.
- Primary Financial Statements Project (see slides 21–24).
- Review whether, and if so how, technology can help (*).

(*) Focus of our breakout session today

Primary Financial Statements project

Primary Financial Statements

Statement of
financial
performance



- ✓ Consider structure and content including line items, subtotals and alternative performance measures

Statement of
cash flows



- ✓ Explore whether there is a strong need for improvements to structure and content

Statement of
financial
position

Statement of
changes in
equity



- ✗ Consider as part of Financial Instruments with Characteristics of Equity project

Structure – what we hear

Comparability

VS

Flexibility

Lack of comparability negatively affects usefulness of IFRS financial information

Flexibility allows preparers to tell their own story

Because of the lack of comparability, users prefer financial statements 'standardised' by data aggregators

As long as necessary information is available in the note, primary financial statements can be concise

Recognition and measurement should be principle based but presentation should be more structured

IFRS Standards should keep their principle-based nature

Structure – problems

- We observe inconsistencies in structure even within the same industry:

Company A	Company B	Company C	Company D
Revenue	Revenue	Revenue	Revenue
Cost of goods sold	Cost of goods sold	Operating expenses	
Distribution cost	Selling cost (including marketing costs)		
Marketing and administrative costs	General and administrative cost		
R&D cost	R&D cost		
Other cost	Other cost		
Adjusted operating profit	Adjusted operating profit	Adjusted operating profit	
Non-recurring items	Non-recurring items	Non-recurring items	
Operating profit	Operating profit	Operating profit	Operating profit

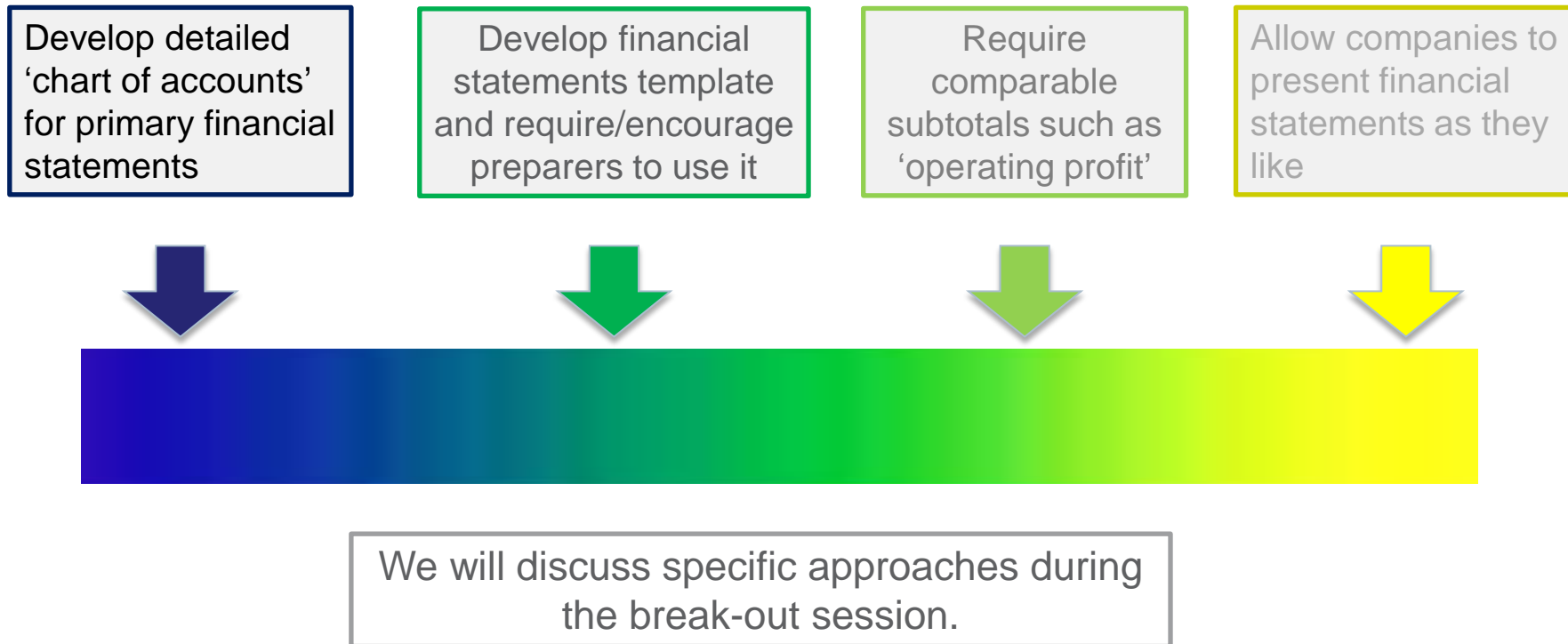
Is this an example of lack of comparability?

Could difference in subtotals among peers be misleading?

Is this an example of 'preparers are telling their own story'?

These issues are not unique to paper or digital reporting medium

Structure – possible approaches







The IFRS Taxonomy Consultative Group review of the draft (revised) Terms and Conditions


- We received comments from **seven ITCG members**.
- Comments on many areas but **mainly relate to the following clauses**:
 - permissions granted;
 - regulator use (in particular update to recent version of the IFRS Taxonomy); and
 - activities not permitted.
- A technical error affecting the link to the *Regulators Guide to using the IFRS Taxonomy* has already been corrected.

- We are **currently reviewing** the ITCG comments received with the IFRS Foundation's legal team.
- We may also undertake **additional outreach activities** with regulators using (or considering use) of the IFRS Taxonomy.
- The aim is to **finalise** the terms and conditions **during Q4 2016**.
- Website updates to require (free) login and ask users to accept terms and conditions will be implemented for the annual *IFRS Taxonomy 2017*.


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