



Implementation Notes

Vivek Baid—Technical Manager

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- The staff has been reviewing whether the use of implementation notes for specific elements **can support preparers** in their application of the IFRS Taxonomy.
- At the **June 2017 meeting** you agreed with the following staff proposal:
that the content of these notes should initially be used to indicate whether the value of a monetary element that does not have an assigned balance attribute should be reported as a positive or negative.
- The staff has now **completed its research** on these elements and is seeking your views on its analysis and proposals.

- The *IFRS Taxonomy 2018 was used* to identify monetary elements that do not have a balance attribute—a total of 161 elements.
- The elements were organised into *categories*.
- For each category, the staff has *identified options and has put forward its preferred option*.

Categories identified

	Description	Slides	Number of elements
1	Elements that have a natural accounting balance but can have a debit and credit balance attribute	5, 8–10	66
2	Elements that have a natural accounting balance but there are calculation constraints	6, 8–10	7
3	Elements that do not have a natural accounting balance of debit or credit—non-price-related elements	7, 8–10	55
4	Elements that do not have a natural accounting balance—price-related elements	11–13	17
5	Elements for which we propose to assign a balance attribute	14–15	12
6	Elements for which further research is required		4

Category 1: Credit and debit attribute possible

- Mainly elements relating to a **reconciliation, reclassification or transfer**.
For example:

Element	Balance attribute
Depreciation, property, plant and equipment	<ul style="list-style-type: none">- Debit: when presented in the statement of profit or loss- Credit: when used in a reconciliation of property, plant and equipment
Equity reclassified into financial liabilities	<ul style="list-style-type: none">- Credit: increases financial liabilities- Debit: decreases equity

Category 2: Calculation constraints

Seven elements in the IFRS Taxonomy could not have a balance attribute assigned **due to technical calculation constraints**.

For example:

Cash flows from (used in) operations	+	
Profit (loss)	+	Credit
Adjustments for reconcile profit (loss)	+	Debit

The natural accounting balance for the element 'Cash flows from (used) in operations' is debit. However, it does not have an assigned debit balance attribute because, in the calculation linkbase, it is defined as a total of two other elements—one with a debit attribute and another one with a credit attribute. A debit element cannot be the sum of a credit element and a debit element.

Category 3: No natural accounting balance

- These elements **lack a natural accounting balance of debit or credit** and are non-price-related.
- For example:
 - Nominal or principal amount of financial instrument on discontinuation of measurement at fair value through profit or loss because credit derivative is used to manage credit risk;
 - Maximum exposure to credit risk; and
 - Provision of guarantees or collateral by entity, related party transactions.

Options for Categories 1 to 3

- The options for Categories 1 to 3 depend on whether the values of these elements in an XBRL filing:

	Are normally positive (see Slide 9)	Can be positive or negative (see Slide 10)
Example— Category 1	Amortisation, intangible assets other than goodwill	Deferred tax relating to items credited (charged) directly to equity
Example— Category 2	Borrowing costs incurred	Cash flows from (used in) operations
Example— Category 3	Leases as lessor, related party transactions	Aggregate difference between fair value at initial recognition and amount determined using valuation technique yet to be recognised

Categories 1 to 3—options and staff proposal (positive values)

1

Add an implementation note:

This element normally has a positive XBRL value (except when used with certain members; see formula linkbase for a list of members).

2

Do nothing as the IFRS Taxonomy formula linkbase already requires these elements to have a positive value except when used with certain members.*

The staff prefers Option 1 because not all tagging software tools use the IFRS Taxonomy formula linkbase.

* See Appendix for list of members.

Categories 1 to 3—options and staff proposal (positive and negative values)

1

Add an implementation note:

A positive or negative XBRL value can be entered for this element. The standard label can be used to understand the correct sign. A negative value is used for the terms that are shown around brackets within the standard label.

2

Do nothing as the standard label of the IFRS Taxonomy element can be used to understand the sign of the element.

The staff prefers Option 1: preparers may refer to balance attributes only; adding an implementation note emphasises that preparers have to use the standard labels for these elements.

Category 4: Price-related elements

- Includes 15 elements relating to the **weighted average/exercise price of share options or other equity instruments**. For example:
 - Exercise price, share options granted; and
 - Weighted average exercise price of other equity instruments exercised or vested in share-based payment arrangement.
- Includes two elements relating to **share price**:
 - Weighted average share price; and
 - Weighted average share price, share options granted.

Category 4—options and staff proposal

12

1

Add an implementation note (same as Slide 10).

2

Do nothing as a price can only have a positive value and the formula linkbase also indicates this as such.

3

Change the data type of these elements from 'monetary' to 'per share' data type.

The staff prefers Option 3 (Slide 13 provides our rationale). The staff also proposes to update the *Preparer's guide* to clarify that the XBRL 'per share' data type is used for units relating to share, share option and other equity instruments.

- The **staff considered** the following:
 - ⊕ It is consistent with the approach followed in other major taxonomies, such as the US GAAP Taxonomy.
 - ⊕ The XBRL 'per share' data type best represents the units to be reported for these elements.
 - ⊕ The 'per share' data type provides information about expected units in an XBRL filing; the same is not true if we were to use the 'decimal' data type.
 - ⊖ The unit is not strictly 'shares', but 'share options' and 'other equity instruments'.

Category 5: Assign a balance attribute

- This category includes nine elements relating to **estimates of forecasts of cash flow or profit and loss** and three elements relating to estimated financial effect of **contingent assets/liabilities**.
- The staff thinks that those elements **have a natural accounting balance** that could help preparers deciding on the correct sign for the reported value.
- The staff **proposes** to:
 - assign a balance attribute of credit or debit; and
 - where appropriate change the element labels.
- See Slide 15 for some examples.

Category 5: Examples

Existing standard label	Proposed change to standard label	Proposed balance attribute
Financial forecast of profit or loss for cash-generating unit, significant unobservable inputs, assets	Financial forecast of profit (loss) for cash-generating unit, significant unobservable inputs, assets	Credit
Financial forecast of cash flows for cash-generating unit, significant unobservable inputs, liabilities	Financial forecast of cash inflows (outflows) for cash-generating unit, significant unobservable inputs, liabilities	Debit
Estimated financial effect of contingent assets	No change	Debit

- Provided you agree with our proposals, the staff is planning to **prepare a spreadsheet** that lists the action proposed for each element **for your detailed review** at a later stage.
- For the remaining elements (Category 6), the staff will undertake **further research**.

Questions for Group 1

- Do you agree with the staff proposals for Category 4 and 5 (Slides 12 to 16)? If not, why not? Are there alternative options we should consider?
- How useful are these improvements to preparers?
Very useful / Moderately useful / Nice to have
- Are there elements that have an assigned balance attribute within the IFRS Taxonomy for which you think the addition of an implementation note to indicate the sign of the value to be reported could be useful?

Questions for Group 2

- Do you agree with the staff proposals for Category 1, 2 and 3 (Slides 5 to 11)? If not, why not? Are there alternative options we should consider?
- How useful are these improvements to preparers?
Very useful / Moderately useful / Nice to have
- Are there elements that have an assigned balance attribute within the IFRS Taxonomy for which you think the addition of an implementation note to indicate the sign of the value to be reported could be useful?

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