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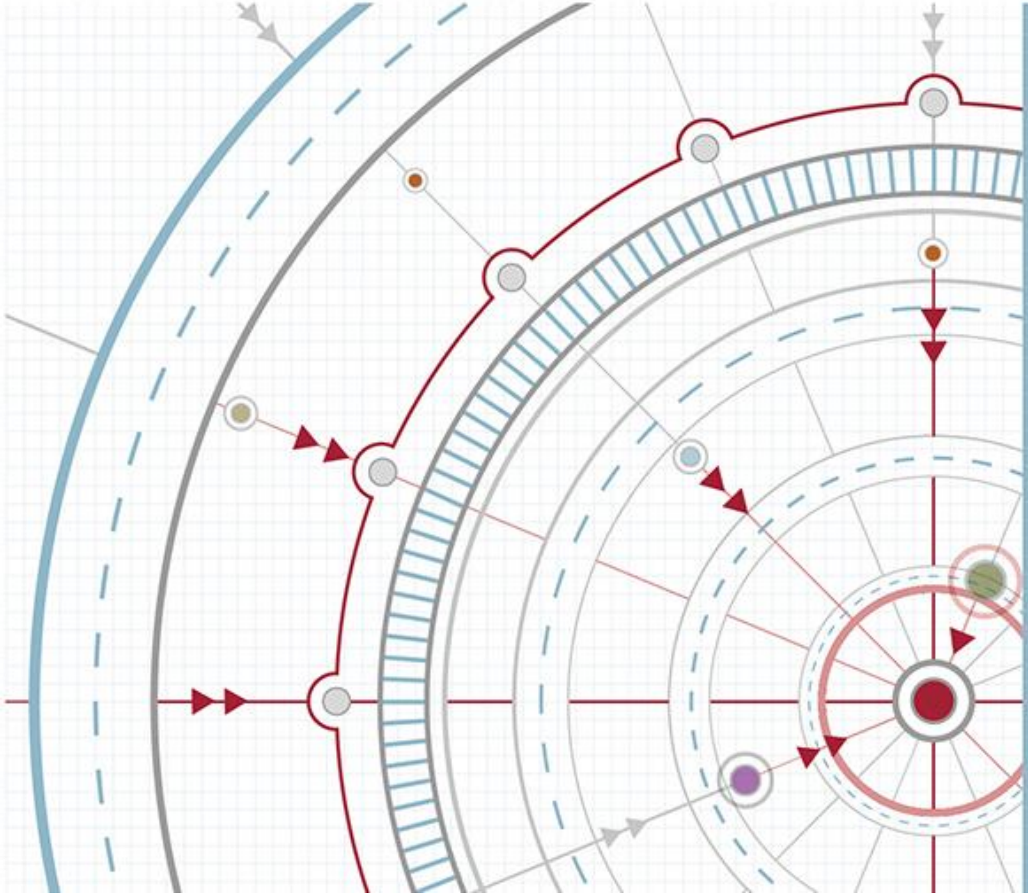

Primary financial statements: earnings per share

Review of common reporting practice

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Topics to discuss today

The IFRS Taxonomy team researched the extensions created by foreign private issuers within their 2018 financial reports for disclosures related to earnings per share presented in the statement of profit or loss. As a result of this empirical research we are proposing improvements to the IFRS Taxonomy for the following areas:

1. Presentation of a single line item (see slides 3 to 12)

2. Different types of profit-participating equity instruments (slides 13 to 33)

3. Reconciliation of numerators (slides 34 to 43)

4. Depositary receipts (slides 44 to 50)

Note: The IFRS Taxonomy includes elements for disclosures related to earnings per share that are specific to regulatory deferral accounts. Although not specifically mentioned in the slides that follow, the proposals also apply to those elements.

Presentation of a single line item

Background—IFRS Standards

- Paragraphs 66 and 67 of IAS 33 *Earnings Per Share* require that:
  - An entity shall present … basic and diluted earnings per share … for each class of ordinary shares that has a different right to share in profit of the period (paragraph 66).
  - … If diluted earnings per share is reported for at least one period, it shall be reported for all periods presented, even if it equals basic earnings per share. If basic and diluted earnings per share are equal, dual presentation can be accomplished in one line item in the statement of comprehensive income (paragraph 67).

Background—existing IFRS Taxonomy model

Existing IFRS Taxonomy elements and references

IFRS Taxonomy location

1. Separate elements for basic and diluted earnings per share

Basic earnings per share [abstract]		
Basic earnings (loss) per share from continuing operations	X.XX duration	IAS 33.66 Disclosure
Basic earnings (loss) per share from discontinued operations	X.XX duration	IAS 33.68 Disclosure
Total basic earnings (loss) per share	X.XX duration	IAS 33.66 Disclosure
Diluted earnings per share [abstract]		
Diluted earnings (loss) per share from continuing operations	X.XX duration	IAS 33.66 Disclosure
Diluted earnings (loss) per share from discontinued operations	X.XX duration	IAS 33.68 Disclosure
Total diluted earnings (loss) per share	X.XX duration	IAS 33.66 Disclosure

Statement of comprehensive income, Profit or loss (by nature and function); and

Notes – Earnings per share

2. Single elements combining basic and diluted earnings per share

Earnings per share [abstract]		
Basic and diluted earnings per share [abstract]		
Basic and diluted earnings (loss) per share from continuing operations	X.XX duration	IAS 1.85 Common practice
Basic and diluted earnings (loss) per share from discontinued operations	X.XX duration	IAS 1.85 Common practice
Total basic and diluted earnings (loss) per share	X.XX duration	IAS 1.85 Common practice

Notes – Analysis of income and expenses

IFRS

Tagging using the current IFRS Taxonomy model

When basic and diluted earnings per share are equal, the IFRS Taxonomy elements used depend on how a company has implemented 'dual presentation':

Presentation of two line items

- For example:

Earnings (loss) per share data attributable to the equity holders of Barrick Gold Corporation (note 13)	
Net income, Basic (in USD per share) notes	($1.32)
Net income, Diluted (in USD per share) notes	($1.32)

- Tagged using the separate elements

Presentation of a single line item

- For example:

Total comprehensive income for the year	**$196,133,000**
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)	CNY/SHARES 0.04

- Tagged using the single combined element

An alternative option is to double tag the value of 0.04 using the separate IFRS Taxonomy elements for 'Basic earnings (loss) per share' and 'Diluted earnings (loss) per share'.

What is the issue?

- The use of combined and separate elements makes it more difficult for an investor to use the tagged data:
  - users need to be aware that two sets of elements exist; and
  - queries need to be run twice and the query results have to be merged.

- No consistent modelling approach has been followed in the IFRS Taxonomy for disclosures related to earnings per share. We think that this lack of consistency is confusing for preparers:
  - For example, no combined elements exist for basic and diluted weighted average number of shares, leading to diversity in practice as to how these disclosures have been tagged (see next slide for an example).

Tagging of other combined disclosures—example

LOSS PER ORDINARY SHARE	
Basic and diluted notes	$0.62
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING-	
Basic and diluted notes tag	32,969,094

We observed that foreign private issuers have used different approaches to tag the value of '32,969,094' which represents both the basic and diluted weighted average number of shares:

1. Use of the IFRS Taxonomy element 'Weighted average number of ordinary shares' (most common scenario);
2. Use of an extension: 'Weighted and diluted number of ordinary shares';
3. Use of the IFRS Taxonomy element 'Adjusted weighted average number of ordinary shares'; and
4. Use of double tagging.

Proposal—deprecation of existing combined elements

- The IFRS Taxonomy team is proposing to deprecate the existing combined elements. The separate elements can be used to double tag when an entity presents a single line item. We think that the advantages of this proposal outweigh the cost of retagging the data.

Advantages	✓ Consistent with the current IFRS Taxonomy approach of recommending the use of double tagging
	✓ Improves ease of use of tagged data to investors
	✓ One consistent approach for all disclosures related to earnings per share
Disadvantages	× Preparers would incur one-off retagging costs
	× Risk that companies may not double tag (see slide 11)

Note: Appendix A provides the list of all the elements we are proposing to deprecate.

Proposal—addition of new element references

- We are proposing to add a new element reference of 'IAS 33.67 Disclosure' to the existing separate elements for basic and diluted earnings per share. For example:

Element	Reference
Total basic earnings (loss) per share	IAS 33.66 Disclosure (existing) IAS 33.67 Disclosure (new)

- Adding this new element reference:
  - clarifies that the separate elements must be used to reflect the paragraph 67 dual presentation requirement for diluted and basis earnings (loss) per share, irrespective of whether a company meets this requirement by presenting a single or multiple line items.
  - ensures that the IFRS Taxonomy fully reflects the presentation and disclosure requirements of IAS 33, including paragraph 67.

Proposal—new implementation labels

- There is a risk that companies may not double tag:
  - For example: companies may create an extension or may only use the line item ‘Basic earnings (loss) per share’ when they present a single line item representing ‘basic and diluted earnings per share’

- To mitigate this risk, we are proposing (in addition to the use of a new reference) to add new implementation labels to the separate elements explaining that double tagging must be used. For example:

Element	Proposed implementation label
Basic earnings (loss) per share	The reported value should be tagged with both this element and the element ‘Diluted earnings (loss) per share’ when: a) basic and diluted earnings per share are equal and b) a company presents one line to accomplish the dual presentation requirement of paragraph 67 of IAS 33.

Question 1 to the ITCG

Do you agree with the proposals to:

a) deprecate the combined elements?
b) add a new reference?
c) add a new implementation label?

If not, what would you suggest and why?

Different types of profit-participating equity instruments

Background

- A company can have multiple equity instruments that are profit participating. Three scenarios could arise:

	Description
1	Ordinary shares with the same profit participating rights ordinary shares that have the same dividend rate
2	Ordinary shares with different profit participating rights ordinary shares with a different dividend rate from that of another class of ordinary shares but without prior or senior rights (two-class ordinary shares)
3	Participating equity instruments other than ordinary shares equity instruments with a prior right which participate in dividends with ordinary shares according to a predetermined formula (for example, two for one) with, at times, an upper limit on the extent of participation (for example, up to, but not beyond, a specified amount per share)

Paragraph 5 of IAS 33 defines an 'ordinary share' as 'an equity instrument that is subordinate to all other classes of equity instruments'.

IFRS

Analysis overview

- We structured our research and analysis to:
  - first review how foreign private issuers have tagged disclosures when a company has more than one class of ordinary share (see slides 16 to 23)
  - then review the disclosures companies commonly provide for 'profit- participating equity instruments other than ordinary shares' and how this information was tagged (see slides 24 to 33)

Different types of profit-participating equity instruments

Different classes of ordinary shares

Background—existing IFRS Taxonomy model

- Paragraph 66 of IAS 33 requires an entity to present … basic and diluted earnings per share … for each class of ordinary shares that has a different right to share in profit for the period. This requirement is modelled within the IFRS Taxonomy through the use of a table:

Earnings per share [text block]	text block	IAS 33.66 Disclosure
Earnings per share [abstract]		
Earnings per share [table]	table	IAS 33.66 Disclosure
Classes of ordinary shares [axis]	axis	IAS 33.66 Disclosure
Ordinary shares [member]	member[default]	IAS 1.79 a Common practice, IAS 33.66 Disclosure
Earnings per share [line items]	line items	
Basic earnings per share [abstract]		
Basic earnings (loss) per share from continuing operations	X.XX duration	IAS 33.66 Disclosure
Basic earnings (loss) per share from discontinued operations	X.XX duration	IAS 33.68 Disclosure
Total basic earnings (loss) per share	X.XX duration	IAS 33.66 Disclosure
Diluted earnings per share [abstract]		
Diluted earnings (loss) per share from continuing operations	X.XX duration	IAS 33.66 Disclosure
Diluted earnings (loss) per share from discontinued operations	X.XX duration	IAS 33.68 Disclosure
Total diluted earnings (loss) per share	X.XX duration	IAS 33.66 Disclosure

The 'Earnings per share table' is located within the 'Statement of Comprehensive income' presentation groups (ELRs 310000 and 320000) ONLY to reflect the paragraph 66 requirement that earnings per share has to be presented in the statement of comprehensive Income.

Background—existing IFRS Taxonomy model

- Paragraphs 70(a) and (b) of IAS 33 requires a company to disclose:
  - the amounts used as the numerators in calculating basic and diluted earnings per share
  - the weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share
- The IFRS Taxonomy presentation group ‘Notes—Earnings Per Share (ELR 838000)’ includes line items to reflect the above disclosure requirements. For example:

Profit (loss), attributable to ordinary equity holders of parent entity [abstract]		
Profit (loss) from continuing operations attributable to ordinary equity holders of parent entity	X duration, credit	IAS 33.70 a Disclosure
Profit (loss) from discontinued operations attributable to ordinary equity holders of parent entity	X duration, credit	IAS 33.70 a Disclosure
Profit (loss), attributable to ordinary equity holders of parent entity	X duration, credit	IAS 33.70 a Disclosure

- However, these line items are not linked to the ‘Classes of ordinary shares’ axis through a table.
  - For example, the line item ‘Profit (loss), attributable to ordinary equity holders of parent entity’ is not linked, companies would need to create an extension table if they disclose the profit (loss) attributable to a specific class of ordinary share.

Ordinary shares with different rights to share in profits—tagging example

Net income/(loss) attributable to owners for basic earnings per share calculation	**597**
Net income/(loss) attributable to common shareholders	593
Net income/(loss) attributable to common shareholders B	4
Weighted average number of common shares outstanding (in million)	2,036
Weighted average number of common shares B outstanding (in million)	571
Basic earnings per common share (EUR per share)	0.29
Basic earnings per common share B (EUR per share)	0.01

The existing IFRS Taxonomy elements can be used to tag the reported values.

A company would need to create a table and add extension members to the existing ‘Classes of ordinary shares’ axis for the common share and the common share B. The tagging for the common share B is illustrated on the next slide.

Ordinary shares with different rights to share in profits—tagging example

Tagging of reported values relating to net income (loss) attributable to common shareholders		
Value	Line item	Axis and member
597	Profit (loss), attributable to ordinary equity holders of parent entity [IFRS]	
4	Profit (loss), attributable to ordinary equity holders of parent entity [IFRS]	Classes of ordinary shares axis [IFRS] Common shares B [EXT]

Tagging of reported values relating to basic earnings per share		
Value	Line item	Axis and members
0.01	Basic earnings (loss) per share [IFRS]	Classes of ordinary shares axis [IFRS] Common shares B [EXT]

Proposal

- The IFRS Taxonomy has the necessary elements. However, we are proposing:

  1. to amend the existing ‘Earnings per share’ table’ to include the existing line items that relate to the numerator and denominator used in calculating basic and diluted earnings per share. For a full list of line items to be added see Appendix B.

  2. to add this amended table in the ‘Notes—Earnings per share’ presentation group only, no changes will be made to the table located in the presentation groups relating to Statement of Comprehensive income.

- The next slide provides our reasoning for these proposed changes.

Why are we proposing these improvements?

- The amended table best reflect the combined presentation and disclosure requirements of paragraphs 66 and 70(a) and (b) for classes of ordinary shares that have different rights to share in the profit for the period.

- The proposed change could make it easier for preparers to use the IFRS Taxonomy:
  - The axis ‘Classes of ordinary shares’ can be used to tag the ‘Profit (loss) that has been allocated to each class of ordinary share’. However, this axis and relevant line items are currently located in two different presentation groups.

- Placing this amended table only in the ‘Notes-Earnings per share’ presentation group is consistent with IAS 33 which does not require a company to present the profit (loss) or weighted average number of shares for each class of ordinary shares in the statement of comprehensive income.

Question 2 to the ITCG

Do you agree with the proposals to:

a) amend the existing ‘Earnings per share’ table; and

b) place this amended table in the ‘Notes—Earnings per share’ presentation group only?

If not, what would you suggest and why?

Different types of profit-participating equity instruments

Profit-participating equity instruments other than ordinary shares

What is the issue?

- IAS 33 does not require a company to present or disclose earnings per share for 'profit-participating equity instruments, other than ordinary shares (see scenario 3 on slide 14).
- Companies commonly report the following disclosures related to earnings per share for these instruments (see next slide for an example):
  - basic and diluted earnings per share: this information is mainly presented in the statement of comprehensive income
  - the numerator used in calculating basic and diluted earnings per share: this information is mainly disclosed in the notes
  - the denominator used in calculating basic and diluted earnings per share: this information is mainly disclosed in the notes
- The IFRS Taxonomy currently does not have any elements for the above observed reporting practice, leading to diversity in practice as to how the values have been tagged (see slides 27 to 28).

Observed reporting practice—an example

Net profit / loss		**7,207**	**8,675**
Attributable to minority interest		**90**	86
Attributable to shareholders of BMW AG	31	**7,117**	**8,589**
Basic earnings per share of common stock in €	15	**10.82**	13.07
Basic earnings per share of preferred stock in €	15	**10.84**	13.09
Dilutive effects		**–**	–
Diluted earnings per share of common stock in €	15	**10.82**	13.07
Diluted earnings per share of preferred stock in €	15	**10.84**	13.09

Disclosures presented in the statement of profit or loss

Disclosures in the notes

Earnings per share

		2018	2017[1]
Net profit attributable to the shareholders of BMW AG	€ million	**7,117.4**	8,589.0
Profit attributable to common stock	€ million	**6,514.5**	7,867.6
Profit attributable to preferred stock	€ million	**602.9**	721.4
Average number of common stock shares in circulation	number	**601,995,196**	601,995,196
Average number of preferred stock shares in circulation	number	**55,605,380**	55,114,290

How is the information tagged?

There is diversity in practice as to how the information is tagged, with two main approaches:

Approach 1 (line item modelling): use of extension line items for the disclosures relating to 'profit-participating equity instruments other than ordinary shares'. For instance, applying this approach to the example on slide 26:

Line item	Value
Profit attributable to preferred stock [EXT]	602.9
Profit (loss), attributable to ordinary equity holders of parent entity [IFRS]	6514.5
Basic earnings per share of preferred stock [EXT]	10.84
Basic earnings (loss) per share [IFRS]	10.82

How is the information tagged?

Approach 2 (dimensional modelling): use of the existing IFRS Taxonomy line items and the IFRS Taxonomy axis ‘Classes of share capital’ (or the IFRS Taxonomy axis ‘Classes of ordinary shares’). For instance, applying this approach to the example on slide 26:

Line items	Axis and members	Value
Profit (loss), attributable to ordinary equity holders of parent entity [IFRS]	Classes of share capital axis [IFRS] Preferred shares [EXT]	602.9
Profit (loss), attributable to ordinary equity holders of parent entity [IFRS]	Classes of share capital [IFRS] Ordinary shares [IFRS]	6514.5
Basic earnings (loss) per share [IFRS]	Classes of share capital axis [IFRS] Preferred shares [EXT]	10.84
Basic earnings (loss) per share [IFRS]	Classes of share capital axis [IFRS] Ordinary shares [IFRS]	10.82

Analysis—current tagging approaches

Disadvantages of Approach 1 and Approach 2 tagging

Approach 1	Disadvantages
Approach 1 Line item modelling	The extensions cannot be anchored in a meaningful way. For example: linking of the extension line item ‘basic earnings per share of preferred stock’ to the IFRS Taxonomy element ‘Basic (earnings) loss per share’ is likely to be confusing to the user and may even mislead the user.
Approach 2 Dimensional modelling	Uses IFRS Taxonomy line items that have an element reference type of ‘disclosure’. This is not correct as IAS 33 does not require a company to present or disclose earnings per share for ‘profit-participating equity instruments other than ordinary shares’. Uses IFRS Taxonomy line items that have a defined accounting meaning of being applicable to ordinary shares only (see next slide).

Analysis—accounting meaning of existing elements

- The labels of the existing IFRS Taxonomy elements (and their references to IAS 33) make it clear that these elements can only be used for disclosures relating to ordinary shares. For example:

Standard label	Documentation label
Basic earnings (loss) per share	The amount of profit (loss) attributable to ordinary equity holders of the parent entity (the numerator) divided by the weighted average number of ordinary shares outstanding during the period (the denominator).
Weighted average number of ordinary shares outstanding	The number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.
Profit (loss), attributable to ordinary equity holders of parent entity	Profit (loss), attributable to ordinary equity holders of the parent entity.

Analysis—additional considerations

The proposals reflect considerations that:

- Only a relatively small number of companies have ‘profit-participating equity instruments other than ordinary shares’. It follows that any proposals ideally should not change the existing IFRS Taxonomy model that is applicable to ordinary shares. Retaining the existing model minimises the costs to preparers (retagging) and investors (remapping).

- The profit (loss) attributed to ‘profit-participating equity instruments other than ordinary shares’ is an adjustment that reconciles the numerators in calculating basic and diluted earnings per share to profit (or loss) attributable to the parent entity for the period. Use of line items is a more appropriate modelling technique for the reconciliation considering existing XBRL calculation constraints. (see slide 40 which discusses this technique in more detail).

Proposals

- We are proposing to add new IFRS Taxonomy common practice line items , that are applicable only to 'profit-participating equity instruments other than ordinary shares'. For example:
  - Profit (loss), attributable to profit-participating equity instruments other than ordinary shares
  - Basic earnings (loss), profit participating equity instruments other than ordinary shares
  - Weighted average number of shares used in the calculation of basic earnings (loss) for profit-participating equity instruments other than ordinary shares

- We are not proposing to add a new axis 'Types of profit-participating equity instruments other than ordinary shares' because companies within our sample commonly had only one class of profit-participating equity instruments other than ordinary shares.

Question 3 to the ITCG

Do you agree with the proposal to add new common practice line items for disclosures related to earnings per share for ‘profit-participating equity instruments other than ordinary shares’?

If not, what would you suggest and why?

Reconciliation

Numerators used in calculating basic and diluted earnings per share

Background—IFRS Standards

- Paragraph 70(a) of IAS 33 states that an entity shall disclose:
  - The amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to profit or loss attributable to the parent entity for the period. The reconciliation shall include the individual effect of each class of instrument that affects earnings per share.
- Paragraph 10 of IAS 33 states that the numerator used in calculating basic earnings per share is the Profit (loss) attributable to ordinary shareholders of the parent entity.
- Paragraphs 12 to 18 of IAS 33 (measurement) describes the reconciliation adjustments resulting from 'preference shares classified as equity'. These are:
  - the after-tax amounts of preference dividends that has been declared and/or is required for the period (illustrated in IE12 of IAS 33)
  - differences on settlement of preference shares; and
  - other similar effects of preference shares classified as equity

Background—IFRS Standards

- The application guidance to IAS 33 describes the four-step methodology to be followed for ‘profit-participating equity instruments other than ordinary shares’ and provides an illustrative example. In this example, the undistributed and distributed earnings allocated to these instruments has been deducted to arrive at the ‘Profit (or loss) attributable to ordinary shares’.

- Paragraph 35 of IAS 32 states that interest and dividends on equity instruments are not included in the profit (loss) of the year attributable to the parent entity of the period but shall be recognised directly in equity. It follows that ‘interest and dividends on equity instruments, other than ordinary shares’ is a paragraph 70(a) reconciliation adjustment.

- Paragraph 31 of IAS 33 states that for the purpose of calculating diluted earnings per share, an entity shall adjust profit or loss attributable to ordinary equity holders of the parent entity, for the effects of all dilutive potential ordinary shares.

Background—IFRS Taxonomy

- The paragraph 70 (a) disclosure requirement to provide a reconciliation of the amounts is currently modelled within the IFRS Taxonomy as text elements. A monetary element also exists to capture the illustrative example relating to preference share dividends:

Explanation of adjustments of numerator to calculate basic earnings per share	text	IAS 33.70 a Disclosure
Adjustment to profit (loss) for preference share dividends	X duration, debit	IAS 33 - Example 12 Calculation and presentation of basic and diluted earnings per share (comprehensive example) Example, IAS 33.70 a Example
Explanation of adjustments of numerator to calculate diluted earnings per share	text	IAS 33.70 a Disclosure

- The proposals outlined on slide 32 add a new monetary element to capture the reconciliation adjustment for profit-participating equity instruments other than ordinary shares:
  - 'Profit (loss), attributable to profit-participating equity instruments other than ordinary shares'

What is the issue?

- We observed that some foreign private issuers disclose a reconciliation adjustment for equity instruments that are not ‘preference shares’ or ‘profit-participating equity instruments other than ordinary shares’. For example:

Attributable to:	
Ordinary equity holders notes	£1,394,000,000
Other equity instrument holders ext	£752,000,000
Total equity holders	**£2,146,000,000**
Non-controlling interests in respect of continuing operations	£226,000,000
Non-controlling interests in respect of discontinued operation	-
Profit (loss) after tax	**£2,372,000,000**

Example 1; The reconciliation adjustment relates to distributions to additional tier 1 (AT1) instruments, the adjustment has been presented in the statement of profit or loss

Earnings per share are calculated as follows:

(in millions of euros)	2017*	2018
Net profit, Group share	**446**	**2,233**
Hybrid capital dividend payment	(37)	(37)
Adjusted Net profit, Group share	**409**	**2,196**

Example 2; The reconciliation adjustment relates to interest paid on perpetual subordinated notes, the adjustment has been disclosed in the notes

- Companies have to create extensions. We consider these extensions as ‘stand-alone’; they cannot be meaningfully anchored to an existing IFRS Taxonomy element.

What is the issue?

- We also observed that companies disclose the monetary effect on profit (or loss) from dilutive potential ordinary shares and that this disclosure is generally disclosed in the notes. For example:

Note 24 Earnings per share

(Millions of Canadian dollars, except share and per share amounts)	For the year ended October 31 2019	October 31 2018
Basic earnings per share		
Net income	**$ 12,871**	$ 12,431
Preferred share dividends	**(269)**	(285)
Net income attributable to non-controlling interests	**(11)**	(31)
Net income available to common shareholders	**12,591**	12,115
Weighted average number of common shares (in thousands)	**1,434,779**	1,443,894
Basic earnings per share (in dollars)	**$ 8.78**	$ 8.39
Diluted earnings per share		
Net income available to common shareholders	**$ 12,591**	$ 12,115
Dilutive impact of exchangeable shares EXT	**15**	15
Net income available to common shareholders including dilutive impact of exchangeable shares	**12,606**	12,130

- Companies have to create extensions. We consider these extensions as ‘stand-alone’; they cannot be meaningfully anchored to an existing IFRS Taxonomy element.

Analysis

- Irrespective of any observed common reporting practice the existing IFRS model does not fully (or best) reflects the paragraph 70(a) disclosure requirement. Our reasons are:

1. The paragraph requires a company to disclose a reconciliation of the amounts.	The use of the existing textual elements 'Explanation of the adjustments of …' do not reflect this. The use of a monetary element that captures the reconciliation amounts better reflects the disclosure requirement. In addition, such a model would make it easier for investors to use the tagged data.
2. The paragraph requires a reconciliation to include the individual effect of each class of individual instrument that affect earnings per share.	The use of an axis 'Classes of individual instruments that affect earnings per share' would be the best model. However, due to existing XBRL calculations constraints, an axis cannot be used.*

- For proposals, see next slide.

(*) For example, the following XBRL calculation is currently not possible: the line item 'Profit (loss) attributable to ordinary equity holders of parent equals the line item 'Profit (loss) attributable to parent entity minus the line item 'reconciliation adjustment' used together with the member 'preference shares'. For XBRL calculations to work, all line items used would need to have the same member (or no member at all).

Proposal—new elements and calculations

	Reconciliation of the numerator used in calculating basic and diluted earnings per share to profit (loss) attributable to the parent entity (abstract element)	
Calculation	**Line items (monetary elements)**	**Reference**
A	Profit (loss) attributable to parent entity (existing)	Disclosure
B	Profit (loss), attributable to profit-participating equity instruments other than ordinary shares (NEW)	Common practice
C	Adjustments to profit (loss) for preference dividends (existing)	Example
D	Interest and dividends on equity instruments, other than preference dividends and profit-participating equity instruments (NEW)	Common practice
E	Adjustments to reconcile the numerator used in calculating basic earnings per share to profit (loss) attributable to the parent entity (NEW)	Disclosure
F = A - E	Profit (loss), attributable to ordinary equity holders of parent entity (Existing)	Disclosure
…	For continuation of this table, see next slide	…

Note: Additional common reporting practice elements may be added in the future. Any extensions reflecting a reconciliation amount for a specific type of instrument can be anchored to the newly created elements.

IFRS

Proposal—new elements and calculations

	Reconciliation of the numerator used in calculating basic and diluted earnings per share to profit (loss) attributable to the parent entity (abstract element)	
Calculation	**Line items (monetary elements)**	**Reference**
F = A - E	Profit (loss), attributable to ordinary equity holders of parent entity (existing) repetition of last line item on previous slide	Disclosure
G	Increase (decrease) to profit (Loss) to reflect dilutive effect resulting from assumed conversion of potential ordinary shares (NEW)	Disclosure
H = F + G	Profit (loss), attributable to ordinary equity holders of parent entity including dilutive effect (Existing)	Disclosure

Note: Additional common reporting practice elements may be added in the future representing the dilutive effect of individual instruments. Any extensions reflecting a reconciliation amount for a specific type of instrument can be anchored to the newly created elements.

Question 4 to the ITCG

Do you agree with the proposal outlined on slides 41 and 42? If not, what would you suggest and why?

Depositary receipts

What is the issue?

- Some foreign private issuers (more than 10%) include the conversion ratio or earnings per share disclosures relating to American Depositary Receipts ('ADRs'). These disclosures are provided in addition to the information reported for the underlying shares. For example:

Opera Limited, the parent, has American Depository Shares (ADSs) listed on Nasdaq, trading under the OPRA ticker symbol. Each ADS represents two ordinary shares in the parent. The table below specifies net income (loss) per ADS.

[Net income (loss) in US$ thousands] **Net income (loss) per ADS, basic and diluted**	**Predecessor** **Period from January 1 to November 3, 2016**	**Successor** **Period from July 26 to December 31, 2016**	**Year ended December 31, 2017**	**Year ended December 31, 2018**
Net income (loss) attributable to the owners of the parent	(8,106)	(7,704)	6,064	35,160
ADS equivalent of basic weighted-average number of ordinary shares	95,125,000	95,125,000	95,125,000	101,310,194
ADS equivalent of diluted weighted-average number of ordinary shares	95,125,000	95,125,000	96,349,593	104,364,101
Basic net income (loss) per ADS, US$	**(0.085)**	**(0.081)**	**0.064**	**0.347**
Diluted net income (loss) per ADS, US$	**(0.085)**	**(0.081)**	**0.063**	**0.337**

ADR ratio of 2

- Companies use different approaches to tag the ADR-related information. This lack of consistency makes it difficult for an investor to use the tagged data.

Tagging approaches—earnings per share for the ADR

The earnings per share for the ADR is tagged by companies using one of the following approaches:

	Description	For example
1	Use of an extension line item	*Line item*: Basic EPS per ADR [EXT]
2	Use of an existing IFRS Taxonomy line item combined with an IFRS Taxonomy axis and an extension member to indicate the ADR	*Line item*: Basic earnings (loss) per share [IFRS] *Axis*: Classes of share capital [IFRS] or Classes of ordinary shares [IFRS] *Member*: ADR [EXT]
3	Use of an extension line item combined with an IFRS Taxonomy axis and an extension member to indicate the underlying (foreign) shares	*Line item*: Basic EPS per ADR [EXT] *Axis*: Classes of ordinary shares [IFRS] *Member*: Class A ordinary shares [EXT]

Analysis

- Tagging Approach 2 should not be used. The IFRS Taxonomy axes 'Classes of ordinary shares' and 'Classes of share capital' should only be used for the underlying shares, not the ADR. Our reasoning:

  - An ADR (or ADS) is issued by a bank and represents an interest in the shares that have been issued by the company; it is not a separate class of ordinary share or a separate class of share capital issued by the company.

  - When a company has issued two-class ordinary shares, the existing axes can be used to link the ADR to the underlying share an ADR (or ADS) represents. For example, see tagging approach 3 on slide 46 where the tagging makes it clear that the reported earnings per share for the ADR relates to the class A ordinary share.

Proposal—new table for ADR-related information

Table	Disclosure relating to depositary receipts
Axis	Types of depositary receipts (new)
Default member	All types of depositary receipts (new) (Default member in practice has no meaning)
Members	Members for specific types of depositary receipts will not be added to the IFRS Taxonomy but can be added as extensions members (for our reasoning, see next slide)
Axis	Classes of ordinary shares (existing)
Default member	Ordinary shares (existing)
Line items relating to depositary receipts	
	Number of shares represented by one depositary receipt (new)
	Existing IFRS Taxonomy line items representing earnings per share or weighted average number of shares, for example: 'Basic earnings (loss) per share'

IFRS

Reasons for not adding members for specific types of depositary receipts

- Types of depositary receipts is security reference data and adding of such content is not within the content scope of the IFRS Taxonomy and the expertise of the IFRS Foundation.
- Types of depositary receipts are specific to a particular jurisdiction or a depositary programme issuer. The IFRS Taxonomy policy is to include only elements for disclosures that are commonly reported across (and applicable to) all jurisdictions. If required, jurisdictions can extend the IFRS Taxonomy.
- The addition of the proposed 'Types of depositary receipts' axis acts as an anchor to which extension members representing specific types of depositary receipts can be linked. The inclusion of such an 'anchor axis' is consistent with the existing IFRS Taxonomy policy.
  - For example: The 'Classes of ordinary shares [axis]' also has only a default member within the IFRS Taxonomy. Companies add their own extension members and link these extensions to this axis.

Question 5 to the ITCG

Do you agree with the proposal to add a new table and new common reporting practice elements for the disclosures relating to depositary receipts? If not, what would you suggest and why?

Appendix A

Deprecation of combined elements

Combined elements

	IFRS Taxonomy element standard label
1	Basic and diluted earnings (loss) per share, including net movement in regulatory deferral account balances and net movement in related deferred tax
2	Basic and diluted earnings (loss) per share from continuing operations, including net movement in regulatory deferral account balances and net movement in related deferred tax
3	Basic and diluted earnings (loss) per share from discontinued operations, including net movement in regulatory deferral account balances and net movement in related deferred tax
4	Basic and diluted earnings (loss) per share from continuing operations
5	Basic and diluted earnings (loss) per share from discontinued operations
6	Basic and diluted earnings (loss) per share

Appendix B

List of line items to be added to the earnings per share table

List of line items to be added to the earnings per share table

Profit (loss), attributable to ordinary equity holders of parent entity [abstract]		
Profit (loss) from continuing operations attributable to ordinary equity holders of parent entity	X duration, credit	IAS 33.70 a Disclosure
Profit (loss) from discontinued operations attributable to ordinary equity holders of parent entity	X duration, credit	IAS 33.70 a Disclosure
Profit (loss), attributable to ordinary equity holders of parent entity	X duration, credit	IAS 33.70 a Disclosure
Profit (loss) from continuing operations attributable to ordinary equity holders of parent entity including dilutive effects	X duration, credit	IAS 33.70 a Disclosure
Profit (loss) from discontinued operations attributable to ordinary equity holders of parent entity including dilutive effects	X duration, credit	IAS 33.70 a Disclosure
Profit (loss), attributable to ordinary equity holders of parent entity including dilutive effects	X duration, credit	IAS 33.70 a Disclosure
Weighted average ordinary shares and adjusted weighted average ordinary shares [abstract]		
Weighted average number of ordinary shares outstanding	shares	IAS 33.70 b Disclosure
Adjusted weighted average number of ordinary shares outstanding	shares	IAS 33.70 b Disclosure

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