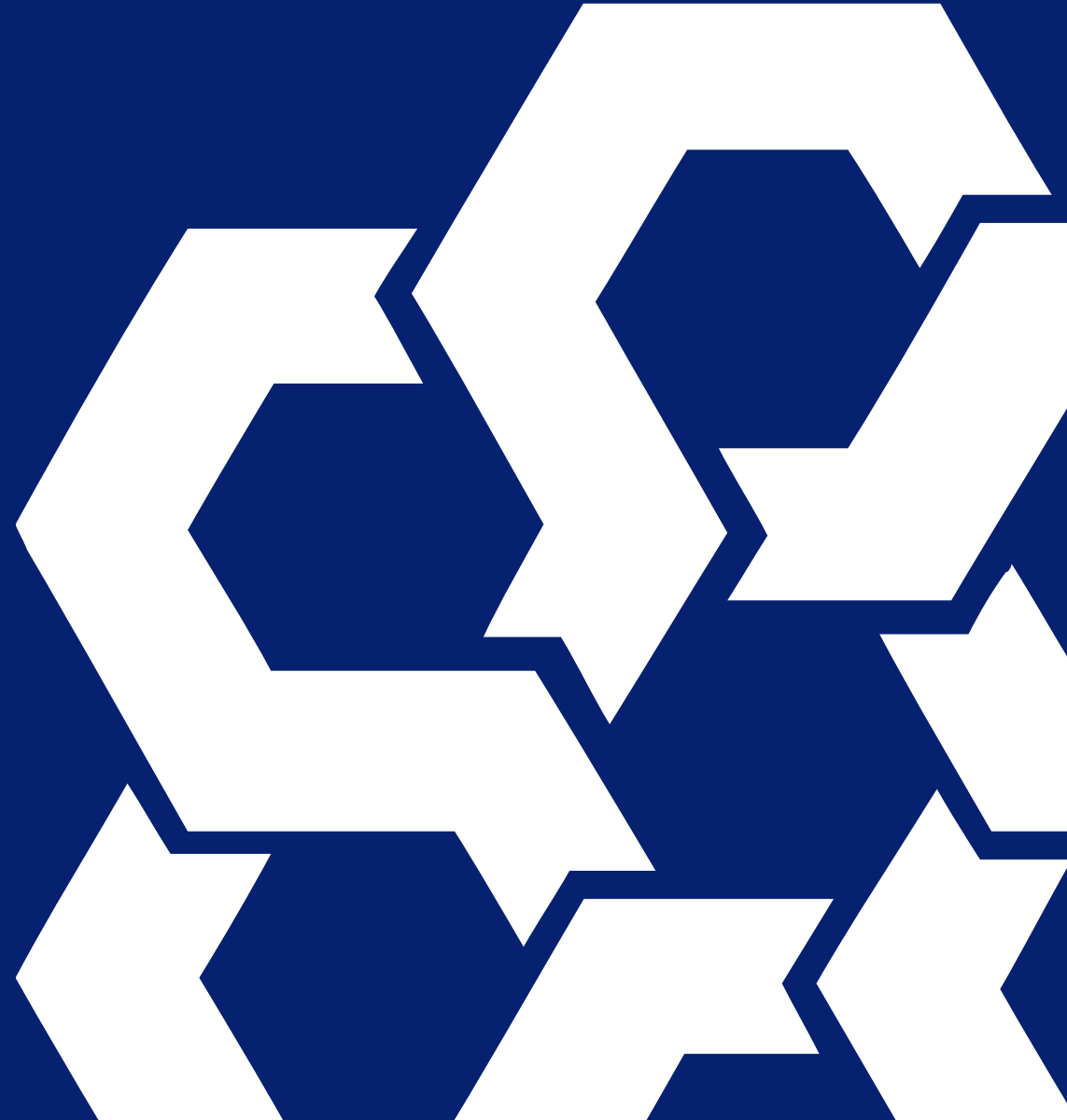

IFRS Taxonomy Consultative Group (ITCG) meeting

Date	5 July 2023
Project	Common Practice and General Improvements
Topic(s)	General improvements Common practice review—Financial instruments Technology update
Contacts	Vivek Baid (vbaid@ifrs.org) Jatin Garach (jgarach@ifrs.org) Wladyslaw Krawiec (wkrawiec@ifrs.org)

This paper has been prepared for discussion at a public meeting of the ITCG. This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB *Update*.


General Improvements



Agenda

Introduction of categorical elements in the IFRS Accounting Taxonomy	4–15
Questions to the ITCG members	14,16
New elements for reconciliation of Property, plant and equipment when it includes the Right of use assets	17–27
Questions to the ITCG members	28
New element for fair value of investment property when the investment property is measured using the cost model	29–33
Questions to the ITCG members	34

Introduction of categorical elements in the IFRS Accounting Taxonomy



Objective of the session

Seek your views on the introduction of categorical elements in the IFRS Accounting Taxonomy.

- We included categorical elements in the [staff draft of the IFRS Sustainability Disclosure Taxonomy](#).
- Most of the stakeholders agreed with introduction of the categorical elements in the IFRS taxonomies. Some stakeholders suggested to have similar modelling designs in both the IFRS Sustainability Disclosure Taxonomy and IFRS Accounting Taxonomy.
- Accordingly, we are considering the use of categorical elements in the IFRS Accounting Taxonomy.

Background

- Extracting and analysing narrative information digitally is more difficult and time consuming than doing so with numerical information.
- However, some narrative disclosures are like numerical information in that they are (intended to be) directly comparable between entities and over time and could be tagged to facilitate that comparison.
- If such data were provided in a **categorical format** (for example, a true/false format), users would be able to search databases for information quickly, without needing to interpret each entity’s textual disclosures.

Without categoricals

Entity	Taxonomy element	Tagged information
Entity A	Explanation of whether participants contribute to retirement benefit plan	Entity established a defined benefit plan for qualifying employees, and it makes contributions to the defined benefit plan.
Entity B	Explanation of whether participants contribute to retirement benefit plan	All local employees of the Company participate in a defined benefit retirement plan. The employer and employees pay contributions to the pension plan.

With categoricals

Entity	Taxonomy element	Tagged information
Entity A	Whether participants contribute to retirement benefit plan	false
Entity B	Whether participants contribute to retirement benefit plan	true

Categorical Elements

Types of categorical elements:

- 1) boolean elements, which allow an entity to choose **only 'true' or 'false' answer** for a particular taxonomy element. A variant of boolean elements is-
 - a. true-only boolean elements, which allow an entity to choose **only 'true' answer** (or not report anything) for a particular taxonomy element*†;
- 2) extensible enumerations, which allow an entity to **choose an answer** from a specified list. These also allow entity-specific answers within the list. A variant of extensible enumerations element is-
 - a. set-extensible enumerations which allow an entity to **choose multiple answers** from a specified list.

Existing element	Potential boolean element
Description of whether there are potential income tax consequences not practicably determinable	Whether there are potential income tax consequences not practicably determinable [true]

Existing element	Potential extensible enumeration element
Description of whether investment in associate is measured using equity method or at fair value	Whether investment in associate is measured using equity method or at fair value [Equity method / At fair value]

*These are primarily a mechanical contrivance being considered to account for situations where a disclosure is only likely to be/ever made when the answer is “true” - removing any implication that providing a ‘false’ response is expected/required.

†Upon our initial review, we think that most of the potential boolean elements in the IFRS Accounting Taxonomy will fall under the category ‘true-only’ boolean elements.

Possible categorical elements and the current policy

- The IFRS Accounting taxonomy has **string (text) or textblock elements** (narrative elements) for almost all non-numeric disclosures, including when the disclosure is logically categorical, eg:
 - binary (true or false); or
 - fact that something is the case; or
 - fact of the use of an exemption; or
 - choice of measurement method.
- **Narrative elements provides** flexibility to the preparers to tag **additional information** but limits the potential of further analysis. Such additional information can provide more context or explanation around the disclosure requirement.

Element	Type	Type of information
Description of fact that multi-employer or state plan is defined benefit plan	Text	Fact that it's the case
Explanation of whether entity applies exemption in IAS 24.25	Text	Fact of use of exemption
Depreciation method, property, plant and equipment	Text	Measurement method

Proposal – Change in policy (1/2)

- We propose to **retain the existing narrative elements** in the IFRS Accounting Taxonomy and **create additional categorical elements** as child elements to such narrative elements. See example on right side.
- This will facilitate the tagging of the additional contextual information along with tagging in the categorical format.

Taxonomy element	Tagged information (example)
Explanation of whether participants contribute to retirement benefit plan [existing element]	All local employees of the Company participate in a defined benefit retirement plan. The employer and employees pay contributions to the pension plan.
Whether participants contribute to retirement benefit plan [new element]	true

Users can filter the entities, in their sample, based on the response to the categorical element and then do their further/detailed analysis of the selected entities by reading the additional contextual information tagged with the related (parent) narrative element.

Proposal – Change in policy (2/2)

- So, there will be two elements for one disclosure requirement, in cases of categorical disclosures. Therefore, benefits of the new policy can be derived only when the tagging is done consistently.
 - Therefore, we propose to provide necessary guidance, about the use of the categorical element and the related narrative element, in the *Preparer's Guide* and the *Regulator's Guide* and the guidance labels in taxonomy to facilitate consistent adoption of the new elements.
-

Identifying potential categorical elements

Existing narrative elements related to potential categorical elements could fall into one of two types:

Excessively broad:

a narrative element exists that encapsulates a categorical disclosure but is too broad, in the sense that it covers some other disclosures also.

We propose to create two additional elements as children of the broad narrative element: (1) a narrow narrative element and (2) the categorical element.

Disclosure of qualitative information about application of classification overlay and impairment requirements [text block] (existing element)

Description of whether impairment requirements in Section 5.5 of IFRS 9 have been applied in classification overlay [text] (**new element**)

Whether impairment requirements in Section 5.5 of IFRS 9 have been applied in classification overlay [true/false] (**new element**)

Just narrow enough:

a narrative element exists that was created just for the topic of the categorical disclosure and is meant to capture that specific information only.

We propose to create the additional categorical element as a child element to the narrow narrative element.

Description of type of retirement benefit plan (existing element)

Type of retirement benefit plan [defined contribution / defined benefit] (**new element**)

Rejected option

We considered, and **rejected**, the option of introducing categorical elements by **replacing the existing narrative elements**, because we think:

1. the IFRS Accounting Standards, being principles-based standards, generally provide more flexibility when requiring the disclosures and may not require a straight (say) ‘Yes/No’ answer; and
2. not having the additional contextual information tagged would make the tagged data less useful.

Element	Reference
Explanation of whether participants contribute to retirement benefit plan	IAS 26.36(d)
Whether participants contribute to retirement benefit plan [New element]	IAS 26.36(d)

Planned approach

- We propose to **introduce categorical elements** in the IFRS Accounting Taxonomy, **in addition to the existing narrative elements**.
- We will start with reviewing existing narrative taxonomy elements to identify those which relate to logically categorical information which would be beneficial to provide to users as such and propose to include corresponding new categorical elements in the 2024 Annual IFRS Accounting Taxonomy.
- We will look for more (useful) categorical disclosures in the IFRS Accounting Standards (and possibly common practice) in subsequent years.

Questions

- What has been your experience with the categorical elements?
- Do you agree with our proposal to introduce categorical elements, in addition to the existing narrative elements, in the IFRS Accounting Taxonomy?
- Do you agree with our approach of introducing:
 - narrow categorical elements for narrow narrative element; and
 - narrow narrative and narrow categorical elements for broad narrative element (slide 11)?



Additional considerations

- There is some information which is implicit and obvious in paper-based financial statements but is not explicit in the tagged information.
- Therefore, we are considering if it would be useful to include some fundamental categorical elements to convey this implicit information. Examples:
 - Which method is used for cash flow statement (direct/indirect)
 - Which method is used for statement of financial position (order of liquidity/current and non-current)
 - Whether entity applied IFRS 3 Business Combinations (true/false)

Advantage(s)	Disadvantage(s)
1. This information could be very useful in some analysis. 2. The information is implicitly available in the paper-based financial statements. So, there should be no significant conceptual effort needed to determine such information.	1. These information are not explicitly required by the Accounting Standards. 2. There may be no obvious corresponding item/section of text in an XHTML file to 'tag'. So, the information will be captured under a hidden tag.

For these categorical elements, we are not proposing to create accompanying narrative elements.

Questions

- What do you think about the use of implicit fundamental categorical elements in the IFRS Accounting Taxonomy?



Reconciliation of Property, plant and equipment when it includes the Right of use assets



Background

- In the IFRS Accounting Taxonomy 2023, we introduced a new common practice element ‘Property, plant and equipment including right-of-use assets’ in the presentation groups of the Statement of financial position.

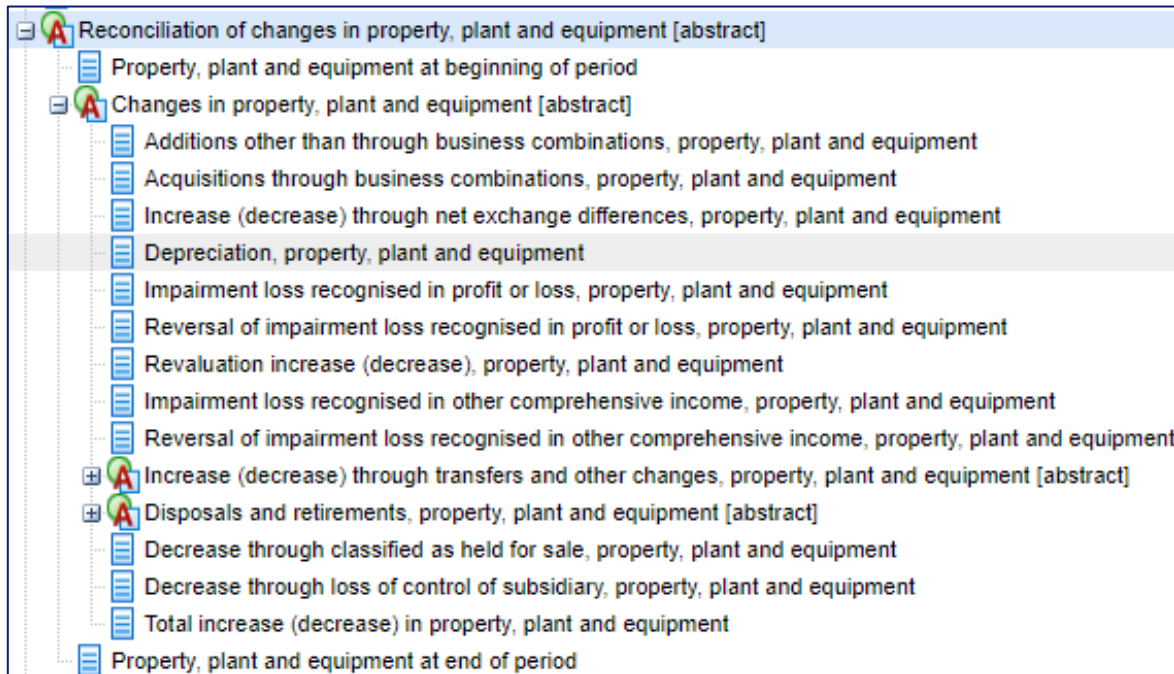
Assets [abstract]		
Non-current assets [abstract]		
Property, plant and equipment including right-of-use assets	Monetary instant, debit	IAS 1.54 a Common practice, IAS 16.73 a Common practice
Property, plant and equipment	Monetary instant, debit	IAS 1.54 a Disclosure, IAS 16.73 e Disclosure
Right-of-use assets	Monetary instant, debit	IFRS 16.47 a Disclosure, IFRS 16.53 j Disclosure
Investment property	Monetary instant, debit	IAS 1.54 b Disclosure, IAS 40.76 Disclosure, IAS 40.79 d Disclosure
Goodwill	Monetary	IAS 1.54 c Disclosure, IAS 36.134 a Disclosure

- We are now **reviewing the common practice for the related reconciliation** of ‘Property, plant and equipment including right-of-use assets’ in the Notes.

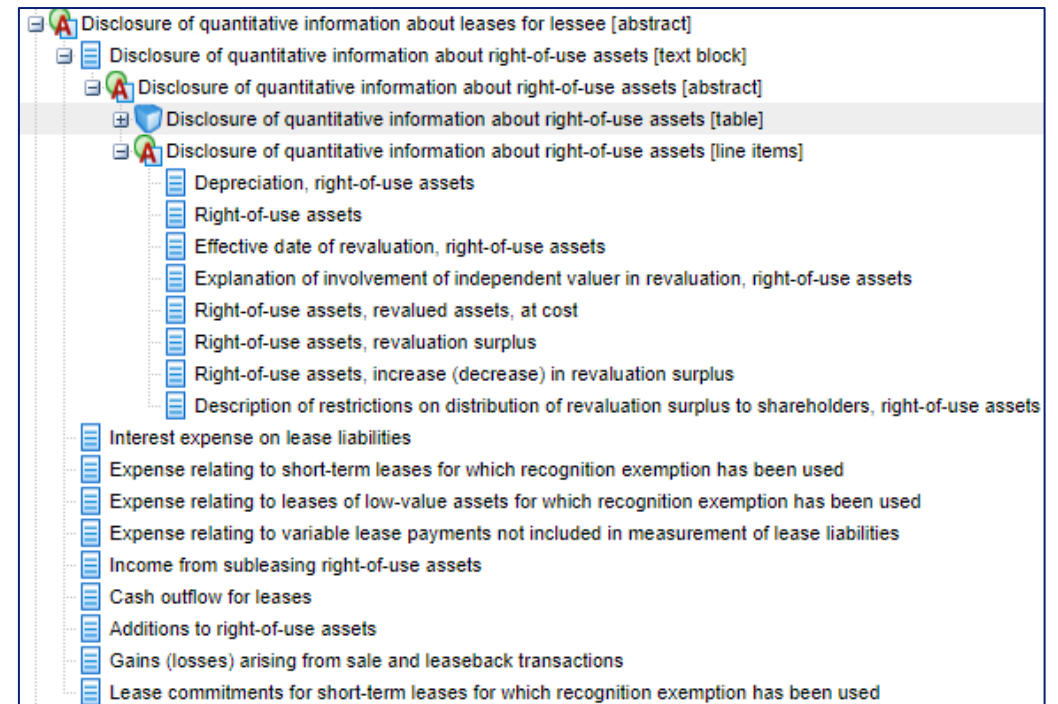
This topic of new common practice element was discussed in the [AP5](#) of the [July 2022 ITCG meeting](#).

IFRS Accounting Standards and Taxonomy

- IAS 16 *Property, plant and equipment* **requires the disclosure of reconciliation** of the carrying amount at the beginning and end of the period, for each class of property, plant and equipment. [IAS 16.73(e)]
- IFRS 16 *Leases* **does not require the disclosure of reconciliation** of the carrying amount at the beginning and end of the period. Rather, it requires the disclosure of certain amounts pertaining to the right-of-use assets. [IFRS 16.53]



- Reconciliation of changes in property, plant and equipment [abstract]
 - Property, plant and equipment at beginning of period
 - Changes in property, plant and equipment [abstract]
 - Additions other than through business combinations, property, plant and equipment
 - Acquisitions through business combinations, property, plant and equipment
 - Increase (decrease) through net exchange differences, property, plant and equipment
 - Depreciation, property, plant and equipment
 - Impairment loss recognised in profit or loss, property, plant and equipment
 - Reversal of impairment loss recognised in profit or loss, property, plant and equipment
 - Revaluation increase (decrease), property, plant and equipment
 - Impairment loss recognised in other comprehensive income, property, plant and equipment
 - Reversal of impairment loss recognised in other comprehensive income, property, plant and equipment
 - Increase (decrease) through transfers and other changes, property, plant and equipment [abstract]
 - Disposals and retirements, property, plant and equipment [abstract]
 - Decrease through classified as held for sale, property, plant and equipment
 - Decrease through loss of control of subsidiary, property, plant and equipment
 - Total increase (decrease) in property, plant and equipment
 - Property, plant and equipment at end of period



- Disclosure of quantitative information about leases for lessee [abstract]
 - Disclosure of quantitative information about right-of-use assets [text block]
 - Disclosure of quantitative information about right-of-use assets [abstract]
 - Disclosure of quantitative information about right-of-use assets [table]
 - Disclosure of quantitative information about right-of-use assets [line items]
 - Depreciation, right-of-use assets
 - Right-of-use assets
 - Effective date of revaluation, right-of-use assets
 - Explanation of involvement of independent valuer in revaluation, right-of-use assets
 - Right-of-use assets, revalued assets, at cost
 - Right-of-use assets, revaluation surplus
 - Right-of-use assets, increase (decrease) in revaluation surplus
 - Description of restrictions on distribution of revaluation surplus to shareholders, right-of-use assets
 - Interest expense on lease liabilities
 - Expense relating to short-term leases for which recognition exemption has been used
 - Expense relating to leases of low-value assets for which recognition exemption has been used
 - Expense relating to variable lease payments not included in measurement of lease liabilities
 - Income from subleasing right-of-use assets
 - Cash outflow for leases
 - Additions to right-of-use assets
 - Gains (losses) arising from sale and leaseback transactions
 - Lease commitments for short-term leases for which recognition exemption has been used

Research

- We reviewed the financial statements of 18 companies which presented their right of use assets within the line item of property, plant and equipment in the statement of financial position.
- In the notes, we observed variety in the disclosure pattern of reconciliation of Property, plant and equipment.
- See next slides for some examples of different types of reporting.



Observed variety in reporting reconciliation – Examples (1/2)

PPE including ROU	15		
PPE Note			
	Land	Building	Total
Opening balance			
Addition			
Depreciation			
Closing balance	6	4	10
ROU Note			
	Building		
Opening balance			
Addition			
Depreciation			
Closing balance		5	
PPE	10		
ROU		5	
Total	15		

Approach A:
Separate reconciliations for PPE and ROU and adding them up to PPE including ROU in the Statement of financial position

PPE including ROU	15				
PPE including ROU Note					
	Land		Building		Total
	Owned	ROU	Owned	ROU	
Opening balance					
Addition					
Depreciation					
Closing balance	7	2	1	5	15

Approach B: Single table with separate reconciliations for owned PPE and ROU assets.

	PPE (not including ROU)
	ROU
	PPE including ROU

We have not checked if these reporting patterns are (or are not) in compliance with the IFRS Accounting Standards.

Observed variety in reporting reconciliation – Examples (2/2)

PPE including ROU	15				
PPE including ROU Note					
	Land		Building		Total
	Owned incl ROU	ROU thereof	Owned incl ROU	ROU thereof	
Opening balance	10	3	15	2	25
Addition					
Depreciation					
Closing balance	9	2	6	5	15

Approach C: Single table with separate reconciliations for ‘Owned PPE including ROU’ and ‘ROU assets’.

PPE including ROU	15		
PPE including ROU Note			
	Land	Building	Total
	Owned incl ROU	Owned incl ROU	
Opening balance	10	15	25
Addition			
Depreciation			
Closing balance	8	7	15
of which ROU-			
Gross	3	4	
Acc dep	1	3	
Net	2	1	3

Approach D: Single table with reconciliation of ‘Owned PPE including ROU’ only, with only total amounts separately disclosed for ROU assets.

- PPE (not including ROU)
- ROU
- PPE including ROU

Observation – ROU reconciliation

- As part of this exercise, we have also reviewed the financial statements of the entities who presented right-of-use assets separately in the Statement of financial position.
- We observed that **most of the entities disclosed a reconciliation** of the carrying amount **of right-of-use assets** at the beginning and end of the period, even though not specifically required by IFRS 16 *Leases*.

	Note	Dec. 31, 2021	Dec. 31, 2020
Assets			
Cash and cash equivalents	04	3,828	3,994
Accounts receivable	05	2,175	1,952
Other current financial assets	06	745	702
Inventories	07	4,009	4,397
Income tax receivables	34	91	109
Other current assets	08	1,062	999
Assets classified as held for sale	03	2,033	0
Total current assets		13,944	12,154

Property, plant, and equipment	09	2,256	2,157
Right-of-use assets	10	2,569	2,430
Goodwill	11	1,228	1,208
Trademarks	12	14	750

RIGHT-OF-USE ASSETS € IN MILLIONS

	Land and buildings	Technical equipment and machinery	Other equipment, furniture, and fixtures	Right-of-use assets
January 1, 2021	2,317	88	25	2,430
Additions	500	2	19	521
Disposals	-	-	-	-
Transfer to assets held for sale	(94)	-	(1)	(94)
Depreciation	(563)	(42)	(20)	(625)
Impairment losses	(3)	-	-	(3)
Reversal of impairment losses	25	-	-	25
Currency translation differences	89	0	0	89
Net change due to remeasurements	222	4	(0)	226
December 31, 2021	2,493	52	24	2,569

Staff analysis

To enable the tagging of different reporting patterns, we are considering two options for creating common practice elements.

Option	Description
1. Creating separate reconciliation tables for ROU and PPE including ROU	We already have the elements for reconciliation of Property, plant and equipment (PPE). We can create similar elements for reconciliation of PPE including Right-of-use assets (ROU) and separate reconciliation for ROU assets only. See next slide for detailed proposals.
2. Using the same table of PPE reconciliation	We already have the elements for reconciliation of PPE. With some change in the labels and addition of an axis, we can use the existing set of elements to tag the reconciliations of PPE only, ROU only or PPE including ROU. See slide 26 for detailed proposals.

Option 1: Proposal for separate reconciliations

Create common practice elements for two new reconciliations:

- a. new table for reconciliation of **PPE including ROU assets*** with:
 - i. similar set of line items as available in the PPE reconciliation. Eg, ‘Additions other than through business combinations, property, plant and equipment including right-of-use assets’
 - ii. same set of axes as available in the PPE reconciliation, plus an additional axis with members for ‘PPE’, ‘ROU’ and ‘PPE including ROU’ to enable the tagging of different patterns discussed in slides 21-22.
- b. reconciliation of **ROU assets** under the existing table ‘Disclosure of quantitative information about right-of-use assets [table]’ with:
 - i. reconciling line items commonly reported by the entities. We are still reviewing the common practice reconciling adjustments and will share the list of those adjustments later.
 - ii. an additional axis ‘Carrying amount, accumulated depreciation, amortisation and impairment and gross carrying amount [axis]’ to enable the separate tagging of carrying amount, gross carrying amount, accumulated depreciation, etc. We have this axis in many of the reconciliations in the Taxonomy.

* For Intangible assets and goodwill also, we have similar modelling in the IFRS Accounting Taxonomy i.e, we have separate reconciliations, with similar line items, for the following amounts:

- Intangible assets other than goodwill;
- Goodwill; and
- Intangible assets and goodwill

Option 2: Proposal for using existing elements

We can make some adjustments to the existing reconciliation elements pertaining to PPE to enable their use for reconciliation of property, plant and equipment including or excluding right-of-use assets or Right of use assets only.

Proposals	Description
Adding an axis	We propose to add an axis to the existing table of reconciliation of PPE. The new axis can have members for 'PPE', 'ROU' and 'PPE including ROU' which will enable the separate tagging of PPE including or excluding ROU or ROU only.
Changing the labels of existing reconciliation elements	We can remove the words 'property, plant and equipment' from the labels of all reconciliation related elements. Alternatively, we could add the words 'and/ or right of use assets' to the labels of all reconciliation related elements. Any of this will achieve the objective to enable the use of the existing reconciliation elements for reconciliation of PPE, ROU or PPE including ROU.

Pros and Cons

	Option 1- Elements for separate reconciliations	Option 2: Use existing elements
Advantages	There will be separate elements for different reporting patterns. Simpler for preparers to find the appropriate elements.	There will be only table to refer in different reporting patterns.
Disadvantages	Tagging will be different in different types of reporting patterns. Could be confusing for the users to analyse the data.	<p>In our research, we found that majority of the companies present ROU separately for the PPE. If we change the table of PPE, it will impact those entities also which did not include ROU assets within the PPE.</p> <p>Adding one more axis to the table could make the table more complex for the preparers and users.</p>


Staff proposes Option 1 to create separate elements for reconciliations for ROU and PPE including ROU.

Questions

- Do you agree with the proposals to add separate reconciliations for -
 - Right-of-use assets; and
 - Property, plant and equipment including right of use assets?
- If not, what alternative would you suggest and why?



Fair value of investment property when the investment property is measured using the cost model



Background – IFRS Accounting Standards

[IAS 40.5*] Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both.

Reference	Section	Requirement
IAS 40.20	Initial measurement	An owned investment property shall be measured initially at its cost . Transaction costs shall be included in the initial measurement.
IAS 40.30	Subsequent measurement	An entity shall choose as its accounting policy either the fair value model or the cost model and shall apply that policy to all of its investment property.
IAS 40.79(e)	Disclosure	An entity that applies the cost model shall disclose the fair value of investment property.

* Paragraph 5 of IAS 40
Investment Property

Background – IFRS Accounting Taxonomy

- ➔ The taxonomy contains following elements:

Element label	Documentation label
Investment property	The amount of property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.
Explanation of whether entity applied fair value model or cost model to measure investment property *	The explanation of whether the entity applied the fair value model or the cost model to measure investment property. [Refer: Fair value model [member]; At cost [member]; Investment property]

- ➔ But the taxonomy **does not have an element for** the disclosure requirement of **fair value** of the investment property **when** an entity **applied the cost model**.

* This element will also be considered when we will introduce categorical elements in the IFRS Accounting Taxonomy. See slides 4–16.

What is the issue?

Companies have to **create extension** to tag such disclosure of fair value of the Investment property.

14. INVESTMENT PROPERTIES

(1) Details of investment properties are as follows (Unit: Korean Won in millions):

	December 31, 2021	December 31, 2022
Acquisition cost	415,163	418,775
Accumulated depreciation	(25,582)	(30,982)
Accumulated impairment losses	(86)	(86)
Net carrying value	<u>389,495</u>	<u>387,707</u>

(3) Fair value of investment properties amounted to 665,710 million Won and 647,072 million Won and as of December 31, 2021 and 2022, respectively.

Tagged with an extension

Proposal

- We propose to create a new element within the presentation group *ELR [825100] Notes – Investment property*.

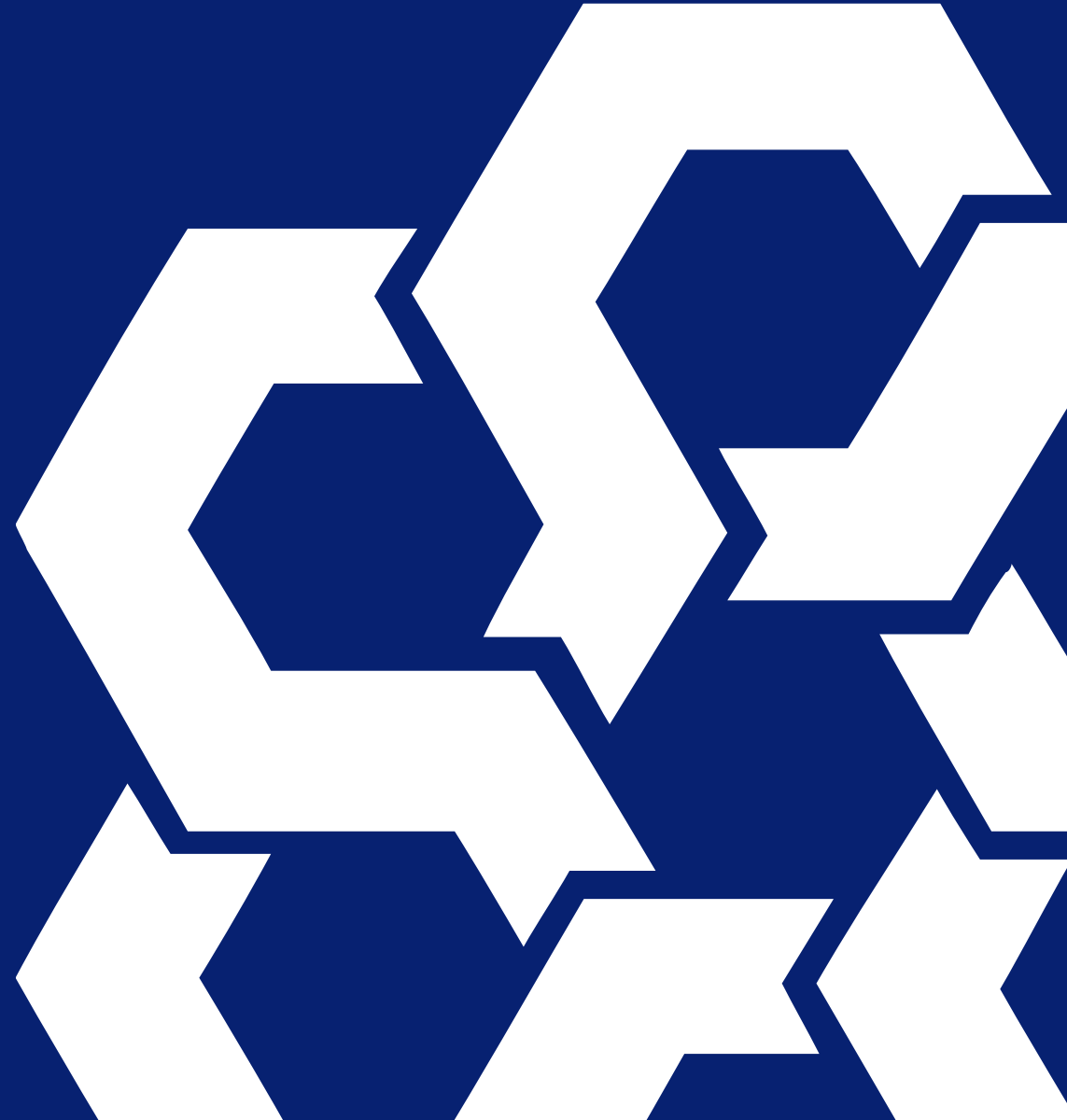
Element label	Documentation label	Reference	Property
Fair value of investment property when entity applies cost model	The amount of fair value of investment property when an entity applies the cost model to measure the investment property.	IAS 40.79(e) Disclosure	Monetary, Instant, Debit

Question

- Do you agree with the proposal to create a new element as outlined on slide 33?



Common practice review— Financial instruments



Objective

- To provide an update on the scope of the common practice review and the possible modelling approach for elements relating to the presentation of financial instruments in the statement of financial position and statement of cash flows.
- To seek feedback from the ITCG on the scope and possible modelling approach.

Agenda & summary of questions

1 Recap of scope of common practice review

Question 1—Do you have any comments/suggestions on the staff’s recommended phased approach considering the analysis conducted on FPIs?


2 Preliminary analysis on the statement of cash flows

Question 2—Do you have any comments/suggestions on the staff’s observations of common reporting practice on the statement of cash flows?

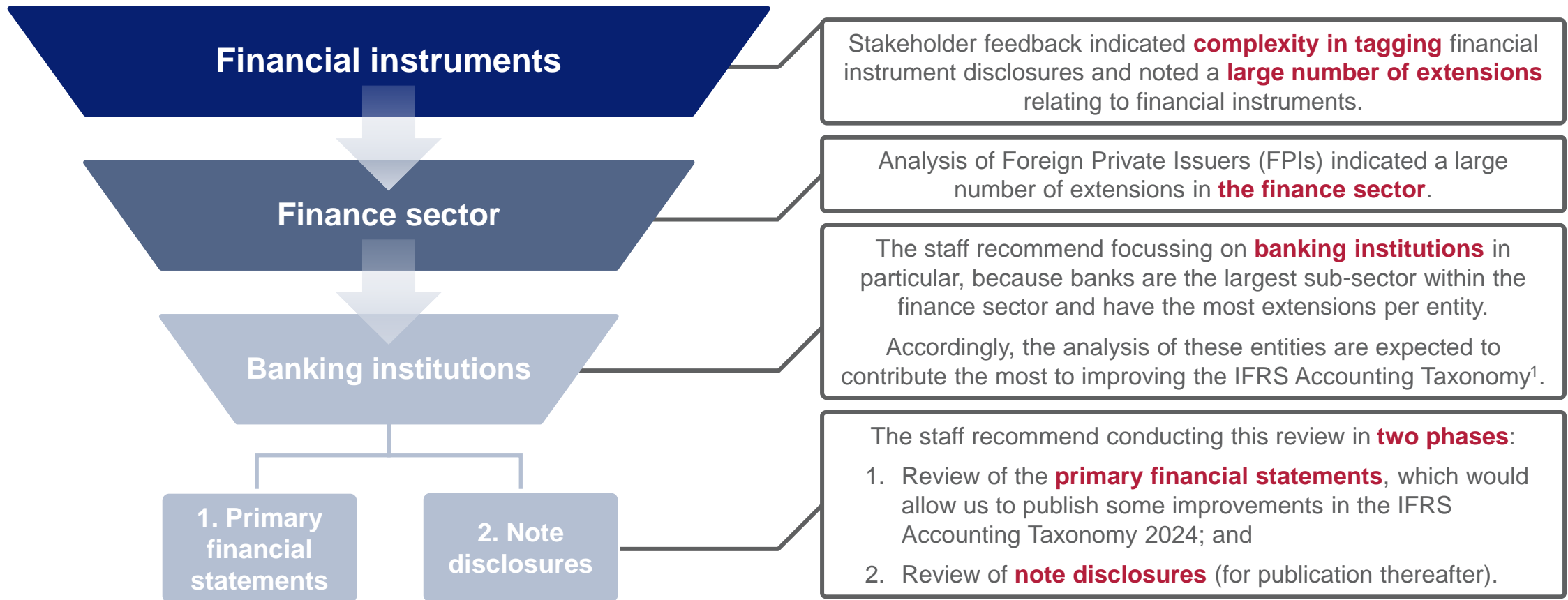
3 Possible modelling approach

Question 3—Do you have any comments/suggestions on this proposed modelling approach? Specifically, do you have any experience with concept-dimensional-equivalent links that may be useful to our review?

1. Recap of scope of common practice review



Recap of scope of common practice review



¹ The intention of this common practice review is **not to eliminate the use of extensions in banking institutions entirely**. Given regulatory reporting requirements (such as Basel III) and complexity within banking institutions, some **entity-specific elements are expected** and cannot be improved through our common practice review process.

Recap of scope of common practice review

SFP



The staff recommend to **include** an analysis of the statement of financial position in this common practice review.

SOCI



The staff recommend to **exclude** the statement of comprehensive income from the common practice review because common reporting practice identified in this review **may become redundant** as a result of the finalisation of **the Primary Financial Statements project**.

SCF



The staff **plan to conduct an analysis** on the statement of cash flows and will address any common reporting practice along with common reporting practice in the statement of financial position or in a later Taxonomy Update.



In response to feedback received from board advisors and ITCG members, the staff:

- reviewed a sample of foreign private issuers to understand whether common practice elements proposed in the first phase of the review would conflict with potential elements in the notes (see slides 41–42); and
- performed an analysis on the statement of cash flows and identified commonly reported extensions that can form part of this common practice review. Accordingly, the staff recommend including a review of the statement of cash flows, together with the statement of financial position in the first phase of this review (see slides 44–45).

Scope—phased approach

- The staff compared extensions presented on the statement of financial position with the same or related amounts disclosed in the notes **to understand whether common practice elements proposed in the first phase of the review would conflict with potential elements in the notes.**
- The staff sampled 8 entities (**~20%**) in the population of Foreign Private Issuers (FPIs).

Where the extension on the face was a...	... and the extension in the notes was a...	... the staff observed:
line item	line item	<ul style="list-style-type: none"> • In most cases, the same extension was used in both locations. • Entities would be able to use the same common practice element to tag the same number in both locations, if the staff proceed with recommended modelling approach (slide 47).
line item	dimension	<ul style="list-style-type: none"> • It is common for entities to tag the same number as a line item in the primary financial statements, as a dimension in the notes and link these concepts using formulae.
dimension	dimension	<ul style="list-style-type: none"> • These cases were rare. • The number of dimensions used on the face may be reduced if the staff proceed with the recommended modelling approach (slide 47).

Question

- The staff recommend proceeding with the recommended phased approach, which would allow us to publish some improvements in the next annual Taxonomy cycle.



Question 1—Do you have any comments/suggestions on the staff’s recommended phased approach considering the analysis conducted on FPIs?

2. Preliminary analysis on the statement of cash flows



Preliminary analysis of the statement of cash flows

Operating activities

- The majority of extensions were observed for cash flows from operating activities (~70% of **financial instrument extensions** in FPIs)—specifically extensions relating to adjustments to working capital.



Extensions for adjustments to working capital

The staff observed that extensions in the statement of cash flows often mirror the statement of financial position equivalent.

Example—An entity may create an extension on the statement of financial position for “**Loans and advances measured at amortised cost**” and would create a similar extension on the statement of cash flows for “Adjustment for increase (decrease) in **loans and advances measured at amortised cost**”.

Accordingly, the staff will consider creating common reporting practice elements across both the statement of financial position and statement of cash flows.

Preliminary analysis of the statement of cash flows

Investing activities

- Extensions were observed for the **purchase, sale or maturity of financial assets, by measurement method.**
- While the Taxonomy currently includes elements for the purchase and sale of financial instruments, classified as investing activities, there are **no elements for financial assets, by measurement method.**

Financing activities

- Extensions were observed for the issuance and redemption of sources of financing, including:
 - **Debt securities**, and
 - Instruments relating to **regulatory capital**



Question 2—Do you have any comments/suggestions on the staff's observations of common reporting practice on the statement of cash flows?

3. Possible modelling approach



Possible modelling approaches

- The staff considered the advantages and disadvantages of line item modelling and dimensional modelling:

	Advantages	Disadvantages
Line item modelling	<ul style="list-style-type: none"> ✓ Aligns with current modelling approach for the primary financial statements, including the statement of cash flows. ✓ Would allow calculations on the face of the primary financial statements. 	<ul style="list-style-type: none"> x Would not cover all permutations of extensions. x May result in a Taxonomy with a high number of seemingly repetitive elements.
Dimensional modelling	<ul style="list-style-type: none"> ✓ Aligns with the modelling approach for financial instrument note disclosures. ✓ Would resolve more extensions observed practice compared to line item modelling. 	<ul style="list-style-type: none"> x Would result in calculation issues for line items presented in the primary financial statements.



On balance, the staff recommends using **a line item modelling approach**, because this approach:

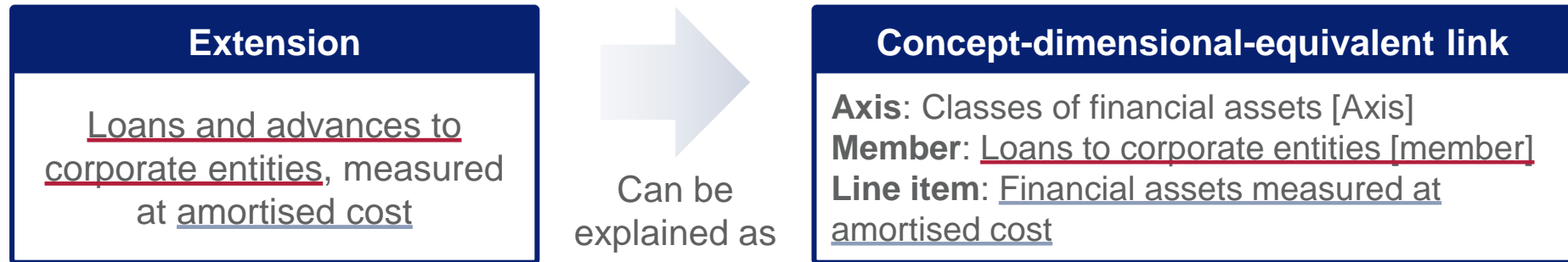
- aligns** with the modelling approach across the primary financial statements; and
- would keep the structure of the primary financial statements and **allow calculations across line items** in the statement of financial position and statement of cash flows.

Possible modelling option 3—Line item modelling with concept-dimensional-equivalent link¹

The staff are recommending using line item modelling for commonly reported elements and considering the use of a **concept-dimensional-equivalent link** for any extensions to the Taxonomy.

Using this approach, preparers would **create extensions** for elements which are not commonly reported and include **meta data to explain that extension** using a combination of line items, axes and members in the Taxonomy.

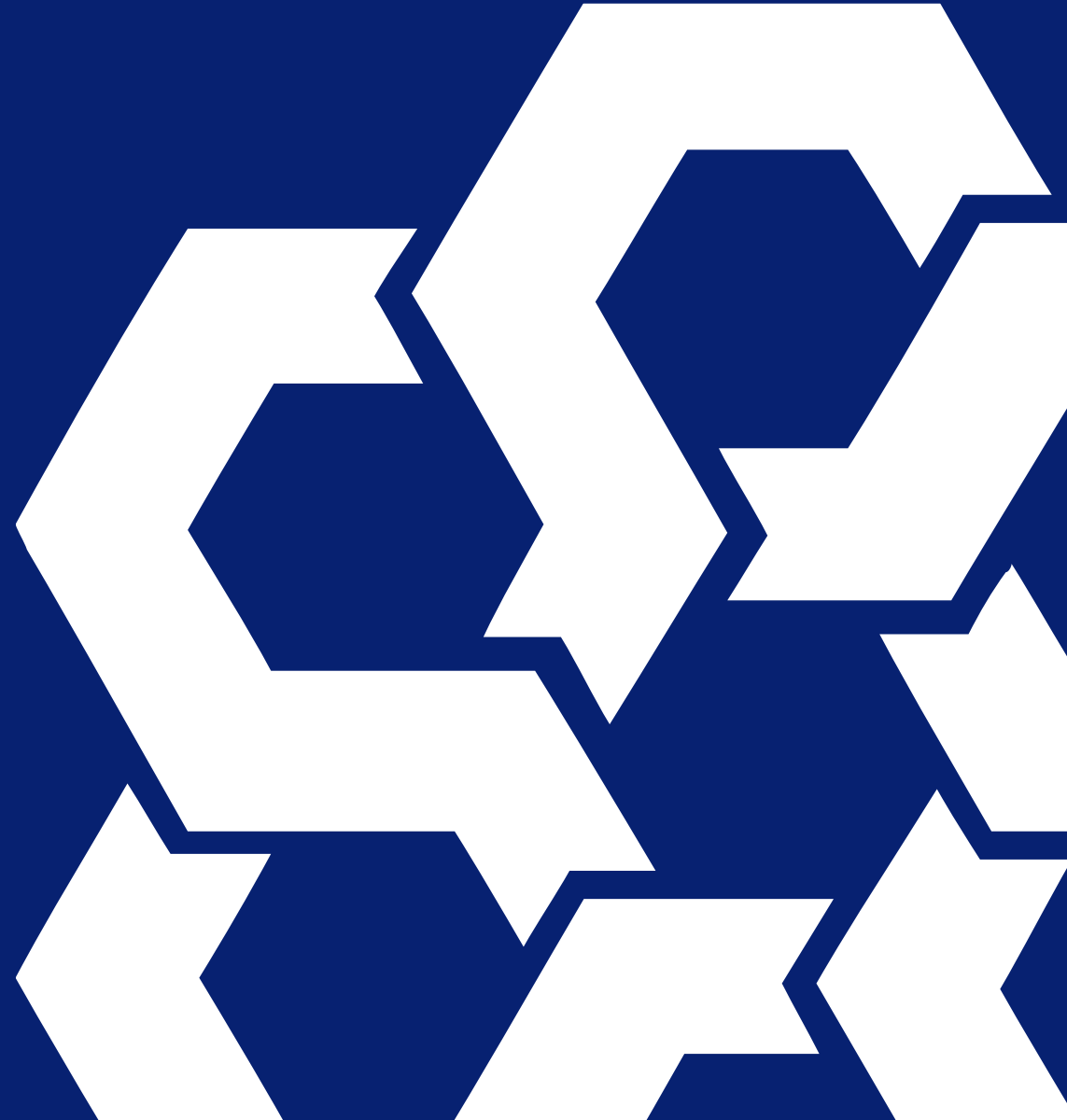
Example—



Question 3—Do you have any comments/suggestions on this proposed modelling approach? Specifically, do you have any experience with concept-dimensional-equivalent links that may be useful to our review?

¹ This link is similar in principle to the concept-dimensional-equivalent link proposed in the FASB Invitation to Comment “Proposed Meta Model Relationships”.
<https://fasb.org/document/blob?fileName=XBRL%20-%20ITC%20-%20Proposed%20Meta%20Model%20Relationships.pdf>

Technology update to the IFRS Accounting Taxonomy



Key Changes planned for the IFRS Accounting Taxonomy 2024

- Adopting Calculation 1.1
- Changes to default member names (“domain”)
- Improvements to the linkbases for the IFRS Accounting Taxonomy translations
- Possible use of:
 - Extensible enumeration 2.0 *
 - Boolean items *
 - Concept-dimensional-equivalent – meta model relationship (GAAP Taxonomy)

*technological change, but will be discussed elsewhere.

Upgrading to Calculations v1.1

- XBRL v2.1 specification defines simple calculation relationships between reporting concepts (aka Calc. 1.0).
 - Limitations: **no cross period** or **cross dimension calculation**, **no value inference**.
 - Flaws in common reporting scenarios related to **rounding and duplicates**.
- Calculations v1.1 is now at Recommendation status.
 - Straightforward switch to Calc. v1.1
 - Incremental improvement
 - Implements a new summation-item arcrole
 - Improved data quality due to:
 - Reduced false positives flagged by Calc. v1.1
 - Avoids missed checks due to duplicates

Calc v1.1 – Rounding example

Assets	CU
Current assets	26,412
Non-current assets	23,438
Total assets	49,850



Assets	CU'000
Current assets	26
Non-current assets	23
Total assets	50

- ✘ – inconsistent with Calc. v1.0
- ✔ – consistent with Calc. v1.1

- Calculations 1.0 does not properly reflect the stated accuracy of figures when assessing calculations.
- Use of interval arithmetic in Calc. v1.1 enables to correctly validate rounded figures.

Calc v1.1 – Duplicates

It is common to find **facts reported multiple times** in a financial report.

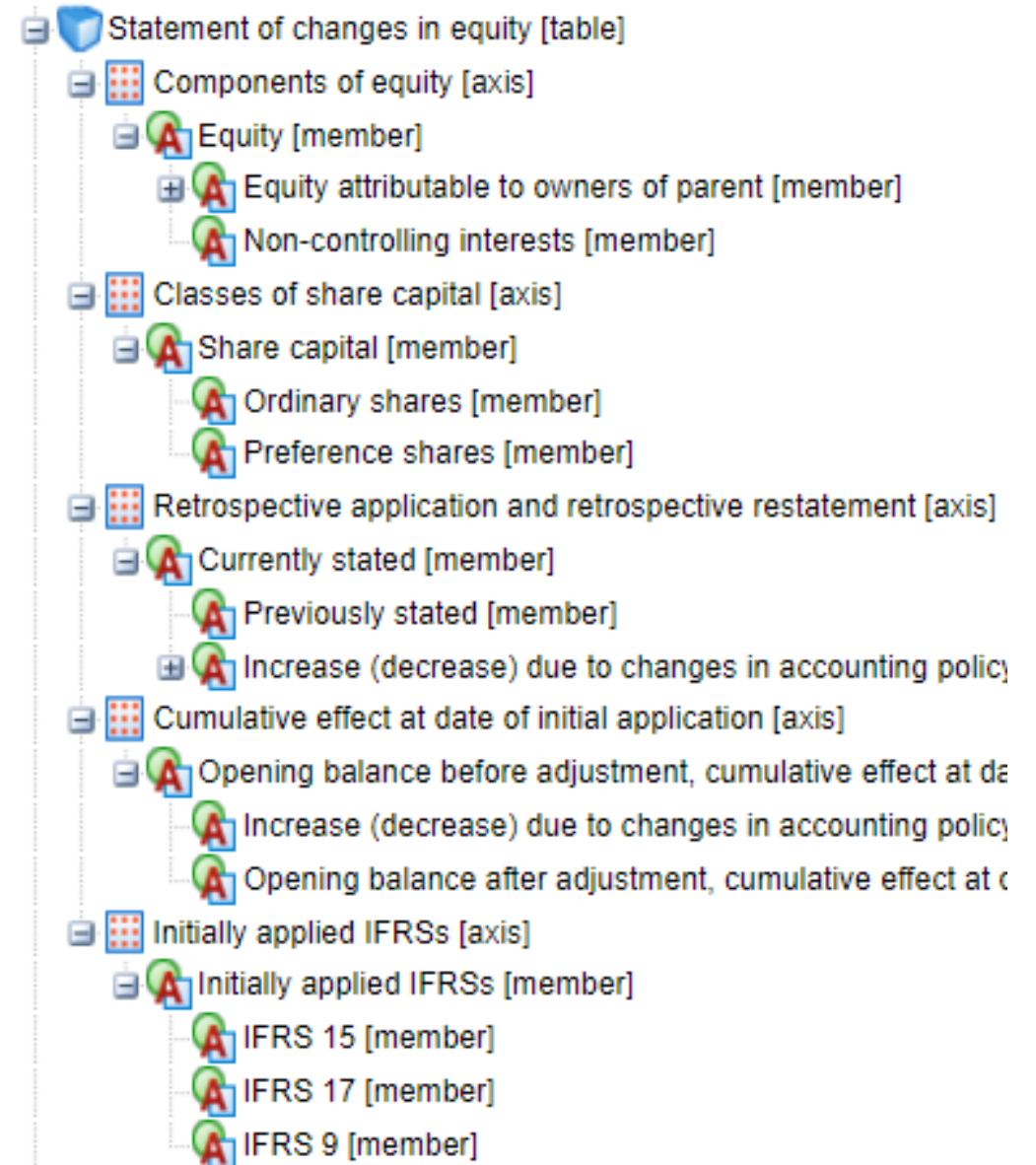
These are usually disclosed for:

- The **same reported figure** in the Primary Financial Statement and in the Notes.
- **Reported figure for closing balance** vs subsequent **opening balance**.
- Duplicate facts can be of the same, or different accuracy level.
- Calculations 1.0 **does not work** if duplicate facts are found.

In the Calculation v1.1 reports an error if the duplicated facts are inconsistent, otherwise it proceeds with evaluation checks.

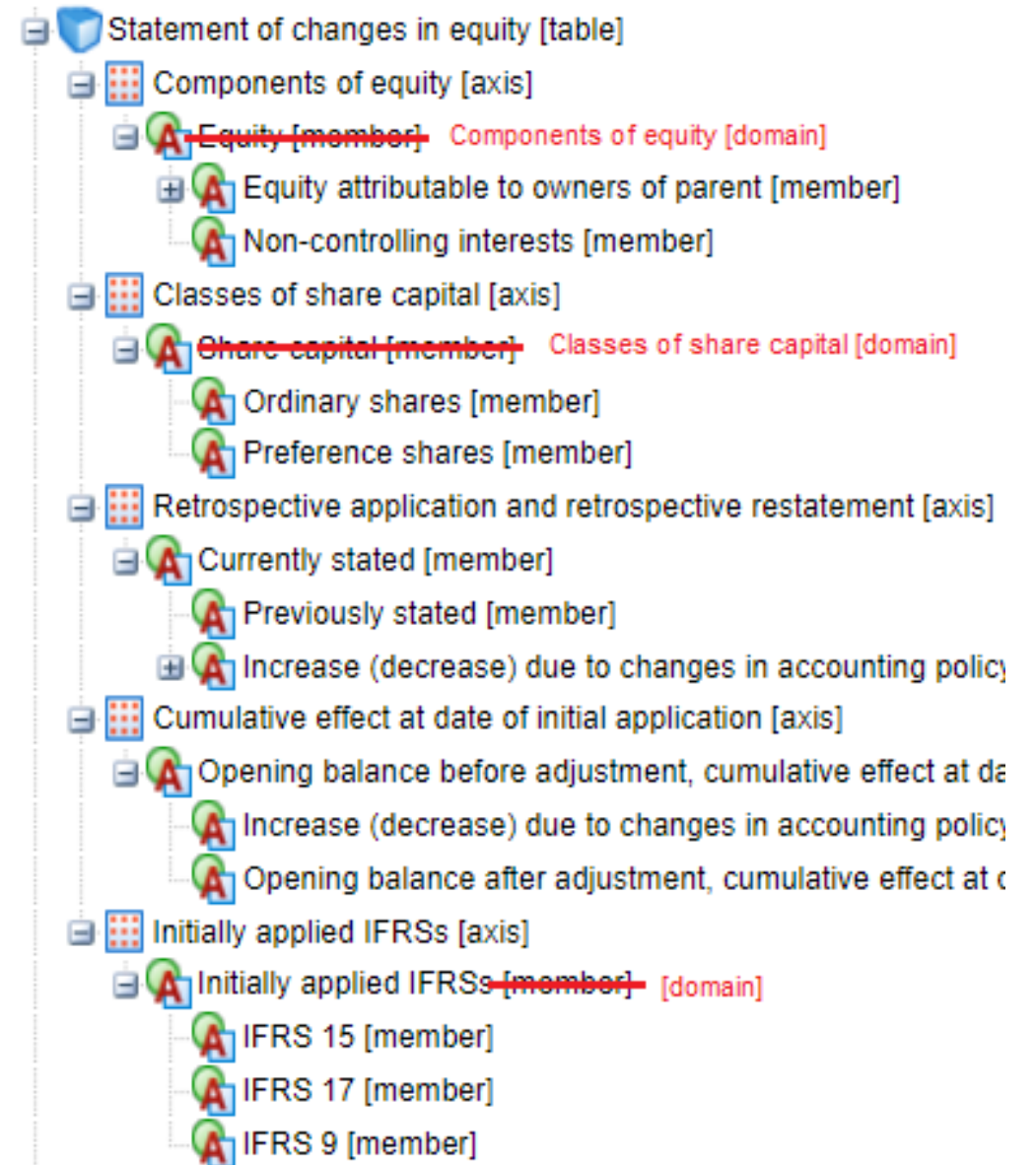
Changes to default member names

- Currently within the IFRS Accounting Taxonomy there is no consistent pattern to naming of the default members for explicit dimensions.
- These can be identified only after inspecting the top level of the Axis and Members hierarchy structure found in Dimension linkbases.
- Equally, it is frequently unclear whether these default members are meant to convey information about items that do not specify a different value or are purely “dummy” values (representing ‘not applicable’ or similar).



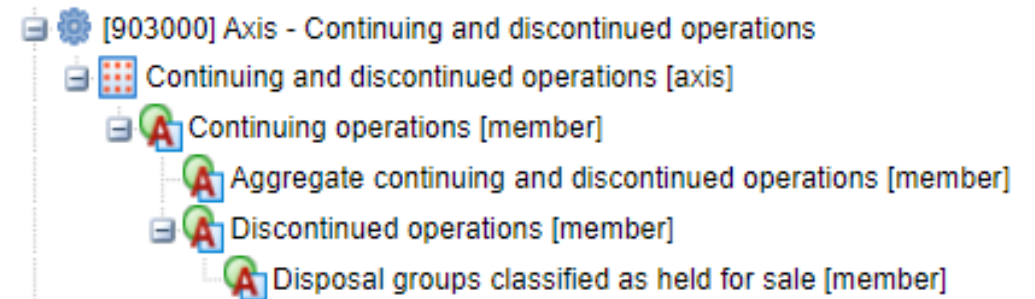
Changes to default member names

- We are proposing to simplify identification of dummy default elements by changing their labelling to match that of the axis with '[domain]'
- This will:
 - clearly distinguish “dummy” defaults, from “informational” defaults.
 - bring the IFRS taxonomy in line with several other major taxonomies which use this pattern.



Correction of design of consolidation axis

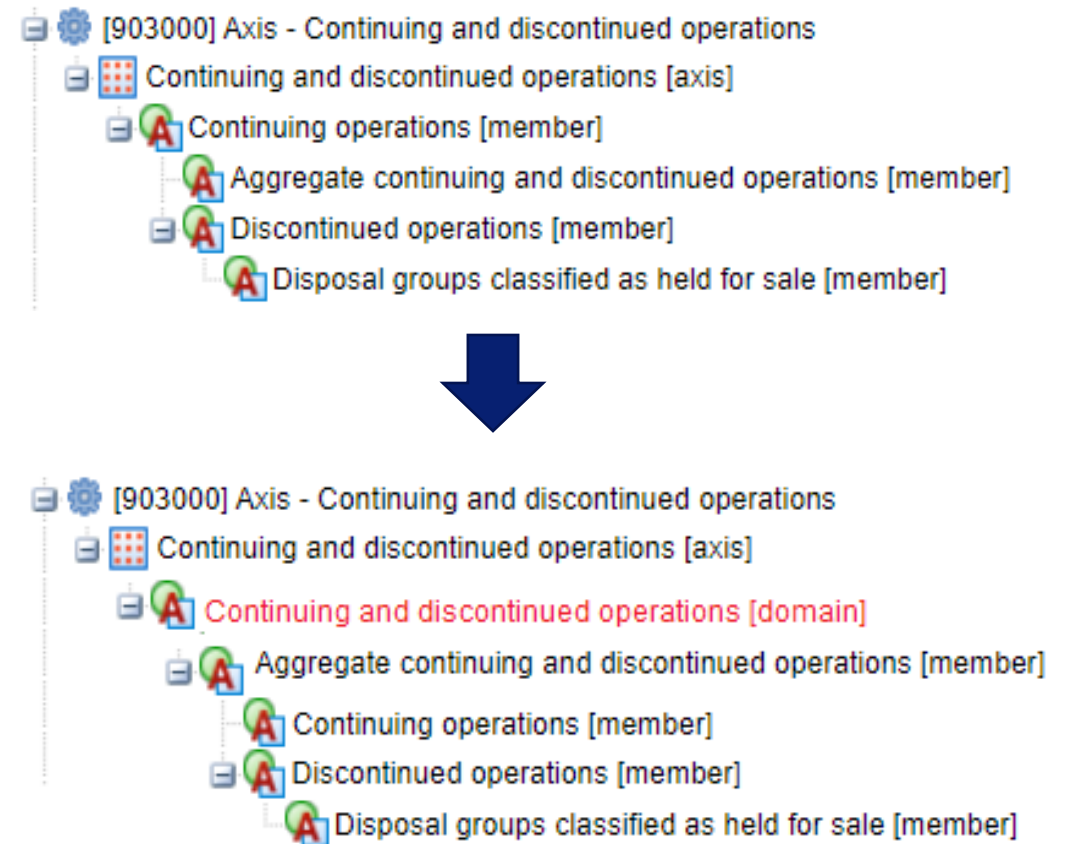
- The IFRS Taxonomy includes a “Continuing and discontinued operations” axis, for which the default member is currently “Continuing operations [member]”
- This implies (given the rules of XBRL) that all reported facts which do not specify a different value for this axis are, at least notionally, for “Continuing operations”.
- This often does not fit with reporting reality
- In practice, for many reporters, whether or not discontinued operations are included in a figure* needs to be determined from context and may vary from figure to figure (for example, from top to bottom of P&L).



*Outside of specific tables and subtotals which focus on the distinction

Correction of design of consolidation axis

- We propose rearranging the axis to have a distinct “dummy” default member (indicating lack of specific information for that element) which is definitively **not** the same concept as **any** of continuing, discontinued, or the sum of both continued and discontinued.



*Outside of specific tables and subtotals which focus on the distinction

Updating linkbases for IFRS translations

- Currently the Translation content is published in a zip package without any meta-information supplied. Utilising the translated content is therefore complex for users.
 - Current version of the Taxonomy Packages 1.0 specification does not provide any support for supplementary translation packages, which could be published and easily used after publication of the annual IFRS Accounting Taxonomy.
 - A proposal has been put to the XBRL Base Specification WG for an extensions of the taxonomy packages specification to support such add on content.
 - If such an extension is adopted the translation delivery mechanism will be updated once an XBRL Specification is in recommendation stage.
-

Questions

- Do you agree with proposed technical changes which are planned for the IFRS Accounting Taxonomy 2024?
- Do you have any other technical topics which we should consider for the IFRSAT 2024?

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