
IFRS Taxonomy Consultative Group (ITCG) meeting

Date 1 October 2024

Project Digital financial reporting

Topic Modelling policies for the IFRS digital taxonomies

Contacts Jatin Garach (jgarach@ifrs.org)
Owen Jones (ojones@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), the International Sustainability Standards Board (ISSB), or any individual IASB or ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards or IFRS Sustainability Disclosure Standards.

Agenda

- | | |
|--|----------------|
| 1. Introduction | 3 – 6 |
| 2. Overall modelling approach | 7 – 14 |
| 3. Policies relating to numerical information | 15 – 17 |
| 4. Policies relating to narrative information | 18 – 25 |
| 5. Policies relating to relational/structural information | 26 – 34 |
| 6. Appendix A | 35 – 41 |

Introduction



Purpose of this session

- The purpose of this session is to provide the ITCG with an introductory overview of the taxonomy modelling policies guide.
- This agenda paper includes information on:
 - overall modelling approach;
 - key taxonomy modelling policies, consisting:
 - policies related to narrative information;
 - policies related to numerical information; and
 - policies related to relational/structural information.
- ITCG members are welcome to share their insights and suggestions about the overall modelling approach and the key taxonomy modelling policies discussed in this paper.

Why are we developing a taxonomy modelling policies guide?



Facilitate consistent modelling approach between IFRS Taxonomy updates and across IFRS Accounting and IFRS Sustainability Disclosure Taxonomies. Such consistency supports comparability and helps make the consultation process more efficient and might solicit more effective feedback.



Develop a living document that holds institutional knowledge of established taxonomy modelling policies and serves as documentation of staff thinking—including the decisions taken, the pros and cons of modelling approaches, and the rationale that underpins those decisions.



Provide clarity—for board members and ITCG members when reviewing staff recommendations and stakeholders when responding to consultations—to identify straight-forward taxonomy modelling decisions that conform with established practice, versus more controversial modelling decisions that may deviate from policies and require more attention.

Objective of the taxonomy modelling policies guide

To help Boards develop and maintain the IFRS digital taxonomies in a manner that facilitates digital comparability and analysis of financial reports.

The guide achieves this objective by describing the:

① **overall modelling approach**—including the overall philosophy for reflecting disclosure requirements in the IFRS digital taxonomies and the types of information that can be modelled in the IFRS digital taxonomies;

② **taxonomy modelling policies**—including the decisions that underpin the modelling policies and additional considerations when deciding on a modelling approach; and

③ **IFRS digital taxonomies style guide**—to facilitate consistent naming and structuring of elements that adhere to the style rules for the IFRS digital taxonomies.

Overall modelling approach



Overall modelling approach

To achieve our vision of decision-useful, high-quality and globally comparable and accessible digital financial reports, the IFRS digital taxonomies should:



at a minimum, reflect all **presentation and disclosure requirements** in the IFRS Standards,



in a manner that maximises the benefits of useful digital financial information,



while balancing the information needs of users and the costs to preparers of tagging that information.

Characteristics of useful digital financial information

- Facilitating digital comparability and analysis of financial reports should maintain the underlying fundamental and enhancing qualitative characteristics of that information.



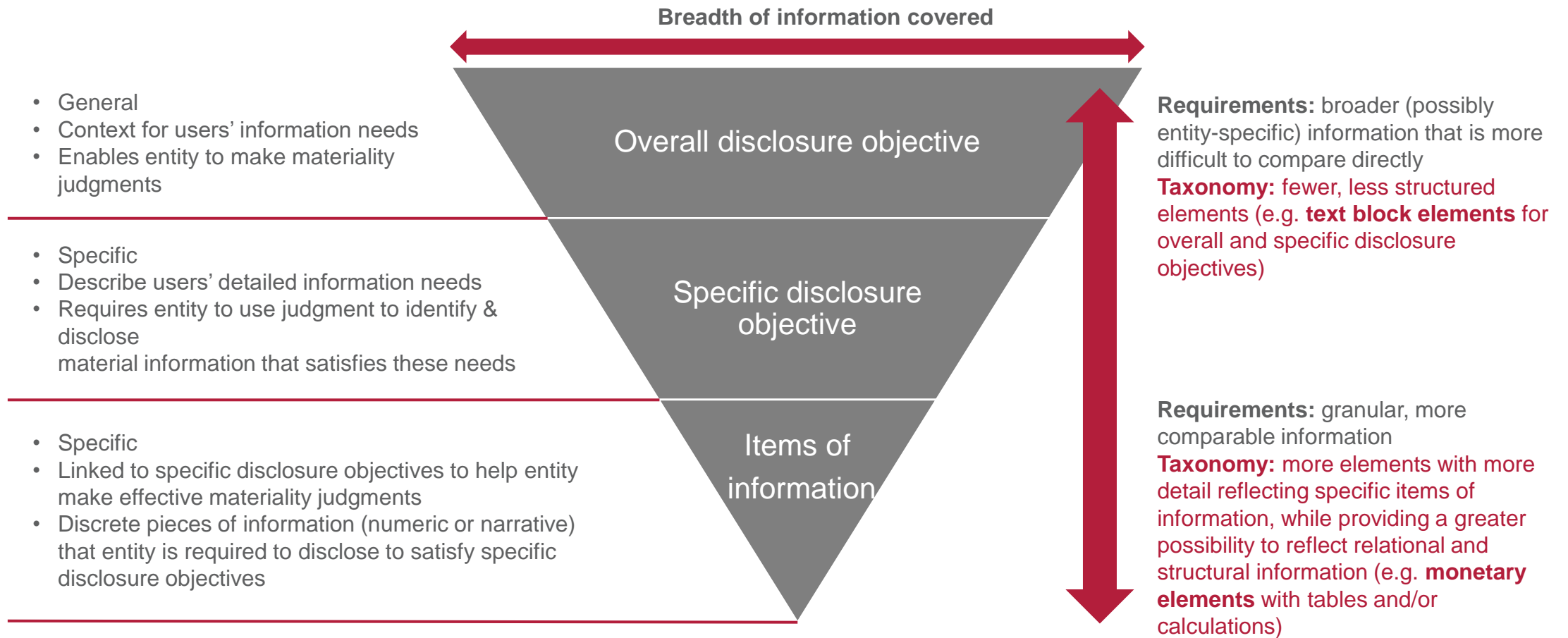
- In our view, a robust taxonomy modelling approach can facilitate better comparability and understandability of digital financial information:
 - comparability*—enables users to identify and understand similarities in, and differences among, items. Accordingly, IFRS Taxonomy elements should be modelled at the appropriate level and detail to promote comparability of like concepts and avoid creating false comparability of unlike concepts.
 - understandability*—IFRS Taxonomy elements should be modelled with appropriate structure to facilitate greater understandability of links/relationships between concepts.

Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards

- According to the *[Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards](#)*, the purpose of disclosure requirements in an Accounting Standard is to require an entity to disclose **specific types information** in the **notes**, if such information is useful to users of financial statements.¹
- The disclosure requirements typically comprise of:
 - an overall disclosure objective;
 - specific disclosure objectives; and
 - a description of items of information that satisfy specific disclosure objectives.
- Specifically, for the IFRS Accounting Taxonomy, understanding the purpose of the components of disclosure requirements help inform the taxonomy modelling approach to reflect those disclosure requirements. Slide 11 summarises the components of disclosure requirements and the practical implications for the taxonomy modelling approaches.

¹ Specific types of information includes information that supplements the information on primary financial statements, information about unrecognised assets and liabilities, the methods, assumptions and judgements used in estimating the amounts presented or disclosed, information about transactions and other events that have occurred after the end of the reporting period and forward-looking information relating to the entity's assets or liabilities.

Components of IFRS Accounting disclosure requirements



Types of information modelled in the IFRS digital taxonomies

Numerical information

- Discrete data points (for example—profit or loss for the period and GHG emissions)
- Easier to directly compare between entities and across time & greater opportunity to create structure
- Examples: *monetary, per share, percent, duration, decimal, emissions, etc.*

Narrative information

- Larger chunks of information or smaller, shorter textual explanations
- Examples of element types: *text block, text*
- Categorical disclosures provide summaries of narrative information
- Examples: *Boolean, extensible enumerations*

Relational/structural information

- Mechanisms for connecting/linking concepts in the IFRS digital taxonomies
 - How concepts relate to each other in a hierarchy (*presentation groups*); or mathematically (*calculation relationships*)
 - How a concept may be disaggregated (*dimensions*)
 - Location of concepts and links to related concepts

Sections of this paper

- The following sections of this paper summarise the key taxonomy modelling policies to reflect numerical, narrative and relational information and include specific questions on which the staff are requesting feedback.
- There will be three breakout groups and the ITCG members will be allocated to one of the breakout groups. All the breakout groups will discuss question 1 (slide 14). In addition to that, each breakout group will be asked to discuss one of the questions related to:
 - modelling numerical information (breakout group 1) (slide 17);
 - modelling narrative information (breakout group 2) (slide 25) ; and
 - modelling relational/structural information (breakout group 3) (slides 33–34).
- ITCG members are welcome to comment on questions related to breakout groups other than the one that they are allocated to, if the time permits.
- For further information on key taxonomy modelling policies, please refer to [Appendix A](#).

Question 1

Question 1 (Overall modelling approach)

- a) Do you have any comments or suggestions for the overall modelling approach?
- b) Are there any other subsets of information or exceptions that should be modelled differently from others? Please explain.

Policies relating to numerical information

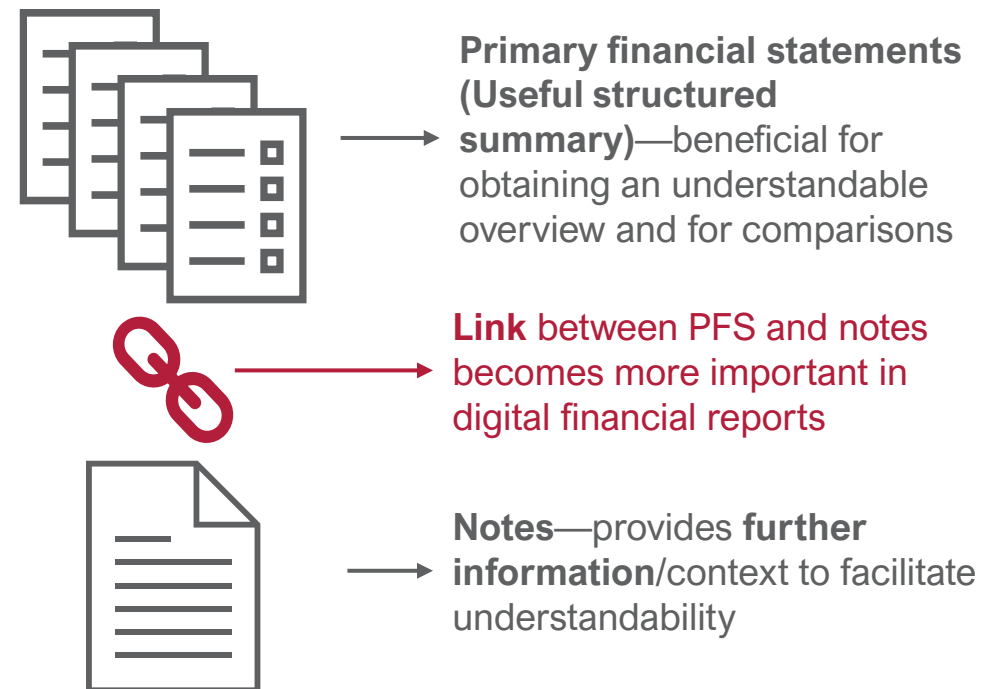


General policies for numerical information

Numerical information provides better opportunities to facilitate comparability of digital financial information. Accordingly, all discrete, identifiable items of numerical information required to be presented or disclosed are modelled as distinct elements.

Specifically, for the IFRS Accounting Taxonomy:

- Monetary information is either presented in the primary financial statements or disclosed in the notes.
- Primary financial statements enable users to obtain an understandable overview of the entity's recognised assets, liabilities, equity, income, expenses and cash flows and to make comparisons between entities, and across periods.
- Whereas the role of the note disclosures is to provide additional necessary information to understand the items included in the primary financial statements and meet the overall objective of financial statements.



Question 2

Question 2 (Policies relating to numerical information)

Do you have comments or suggestions for the taxonomy modelling policies to reflect numerical information? Specifically:

- a) Do you think that modelling all numerical data points as distinct elements is useful? If yes, why? If not, in what circumstances is it not useful and why?
- b) Do you think (IFRS Accounting) users analyse and compare monetary and other numerical elements differently?
- c) Do you have any suggestions on a mechanism that we can use to distinguish between monetary elements presented in the primary financial statements from those disclosed in the notes? Should we consider a policy to use such mechanisms?

Policies relating to narrative information



Narrative information—Introduction

- **Narrative information encompasses qualitative disclosures that have no prescribed format and that might be either purely textual in nature or might include some quantitative information.**
- Narrative elements should provide users with distinct pieces of information that are appropriate for efficient analysis and facilitate comparability between preparers and across time periods.
- Element types used in the IFRS digital taxonomies:

Text elements
<ul style="list-style-type: none"> • Used for information expected to be expressed in free text format • Considered appropriate for information expected to be only one to two sentences or a short paragraph

Text block elements
<ul style="list-style-type: none"> • Used for larger chunks of information with unspecified content, structure, or format • Theoretical ability to maintain formatting of disclosures—however, in current practice this has not proven to be useful

Categorical elements
<ul style="list-style-type: none"> • Reflect information disclosed in a categorical format—provides structure to narrative information • Examples: <i>Boolean</i>, <i>extensible enumerations</i>

General policies for narrative information

- **Current approach—separate elements should be created for requirements that are expected to be:**



separately understandable to users of general purpose financial reports; and



readily identifiable for tagging.

at the most granular level(s) at which both requirements are met

- Determining the appropriate level of granularity often requires judgement—balancing the usefulness of distinct narrative elements with the costs to tag multiple nested narrative elements. More nested narrative elements do not necessarily contribute to usefulness of digital financial information.²

² In this case, nested narrative elements arise because separate elements are/were modelled for (variations of) the whole note disclosure, specific disclosure objectives, and in some cases, specific items of information.

Narrative elements in IFRS Accounting Taxonomy

Text block to capture the **whole note** of Property, plant and equipment

Text block to capture the **table** of detailed information about Property, plant and equipment

Detailed narrative elements to capture **discrete information**

Categorical elements to capture narrative information in a **standardised format**

[822100] Notes - Property, plant and equipment

- Disclosure of property, plant and equipment [text block]
- Disclosure of detailed information about property, plant and equipment [text block]
 - Disclosure of detailed information about property, plant and equipment [abstract]
 - Disclosure of detailed information about property, plant and equipment [table]
 - Classes of property, plant and equipment [axis]
 - Property, plant and equipment by operating lease status [axis]
 - Carrying amount, accumulated depreciation, amortisation and impairment and gross carrying amount [axis]
 - Disclosure of detailed information about property, plant and equipment [line items]
 - Measurement bases, property, plant and equipment
 - Measurement bases used for property, plant and equipment
 - Depreciation method, property, plant and equipment
 - Depreciation method, property, plant and equipment, categorical
 - Depreciation rate, property, plant and equipment
 - Useful life measured as period of time, property, plant and equipment
 - Useful life measured in production or other similar units, property, plant and equipment
 - Description of useful life, property, plant and equipment
 - Effective dates of revaluation, property, plant and equipment
 - Explanation of involvement of independent valuer in revaluation, property, plant and equipment

General policies for categorical elements (1)

- To add a Boolean element when narrative disclosures can be appropriately standardised as either ‘true’ or ‘false’.
- To add an extensible enumeration element if an exhaustive list of options is provided in an IFRS Standard, for example the disclosure of an entity’s accounting policy choice.
- To add an extensible enumeration element if an exhaustive list of options is not provided in an IFRS Standard but the examples accompanying that Standard illustrate information that would be useful for users if disclosed in a categorical format.
 - To not add an option for ‘other’ to avoid false assumptions about the comparability of the information (e.g. if two preparers both use ‘other’ to tag a discrete piece of entity-specific information, these concepts are unlikely to be comparable).

General policies for categorical elements (2)

- To use categorical elements alongside parent narrative elements. This approach helps preparers tag both categorical data and any related contextual information.
- To include a guidance label for each categorical element created, stating: *‘When using this element to communicate information that meets the disclosure requirement, the entity should also use the parent narrative element to capture the related narrative disclosure if provided in the financial statements.’*

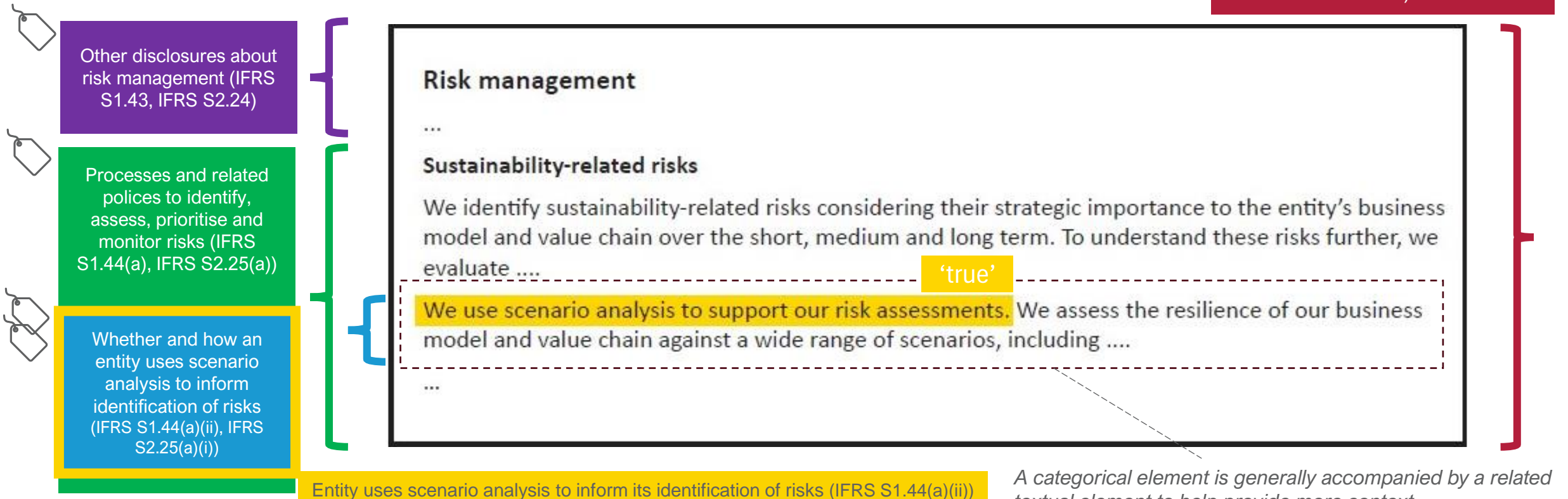
Cost constraint of tagging categorical information—a single piece of information may need to be tagged twice (using both a categorical element and the related parent narrative element). Given this additional burden, when proposing the use of categorical elements for a specific disclosure requirement, the staff aim to balance the costs to preparers and regulators and the usefulness of those elements to users.

Illustration: Application of the policies relating to narrative information in IFRS Sustainability Disclosure Taxonomy

An element is not created at this level to minimise hierarchical structure



Processes entity uses to identify, assess, prioritise and monitor risks and opportunities (IFRS S1.43, IFRS S2.24)



Question 3

Question 3 (Policies relating to narrative information)

Do you have comments or suggestions for the taxonomy modelling policies for narrative information? In particular:

- a) Does the policy result in information groupings that users find useful and reflects **all** types of narrative information users would find useful?
- b) Are the levels of information at which we create tags appropriate, if not what should we change and why?
- c) Do you have views on elements we use for narrative information (text, text blocks, Booleans and extensible enumerations) and whether we need to change which elements we use and when we use them? For example, should we instead use text elements for larger groups of information, or alternatively use text block elements for all narrative information?
- d) Our policy results in some hierarchy of elements which results in need for double-tagging of the same information. Do you have views on benefits of nested narrative elements, for example, for overall disclosure objectives, specific disclosure objectives and specific items of information?

Policies relating to relational/structural information



Relational/structural information—Introduction (1)

- Relational information expresses the link/connection/relationship between pieces of numeric and/or narrative information
- Types of relationships that should be reflected in the IFRS digital taxonomies:
 - Reflecting the relationship between concepts in different IFRS Standards (for example a single set of elements is used to reflect the corresponding requirements in IFRS S1 and IFRS S2);³
 - Connecting concepts between the primary financial statements and the notes (or sustainability-related financial disclosures);
 - Mathematical or hierarchical roll-ups of concepts (for example ‘*other receivables*’ is a narrower concept within ‘*trade and other receivables*’);
 - Disaggregation of concepts by shared characteristics (for example the *breakdown of PPE by class*); and
 - Communicating the structure of the notes.

³ Items described in different IFRS Standards but are related to same concept should be modelled in an identical way, using same taxonomy concepts

Relational/structural information—Introduction

- Mechanisms used to communicate relationships in and provide structure to the IFRS digital taxonomies include:

Dimensional
relationships

Calculation
relationships

Presentation
groups

Concept
Relationships

Other
mechanisms⁴

Formula
linkbase⁵

⁴ Other mechanisms include using ‘refer’ and ‘contrast’ in documentation labels, or using the same concept for primary financial statements and note disclosures etc.

⁵ The Formula linkbase is not part of the IFRS Taxonomy files and is occasionally updated as an illustrative example.

General policies for modelling disaggregation

- **Dimensional relationships are efficient at facilitating breakdown of specific characteristics for many line-item concepts. As a general policy for the IFRS digital taxonomies, dimensional modelling is only used for disclosure requirements, depending on the information the disclosure requirements intend to communicate, but shall not be used for presentation requirements.**

When a disclosure requirement includes some variation of the words ‘disclose for each ...’ or ‘disclose for every ...’, it is an indication that a dimension may be required to communicate the breakdown of that concept.

- **For dimensional modelling, explicit dimensions are generally used in the IFRS digital taxonomies. As a general policy, we do not use typed dimensions in the IFRS digital taxonomies.^{6,7}**

⁶ In typed dimensions, members are not defined in the Taxonomy and preparers create their own members in the digital reports without creating any extensions in their taxonomy.

⁷ The IFRS Sustainability Disclosure Taxonomy contains one typed dimension, to represent an externally defined industry classification code.

General policies for calculation relationships

- **Calculation relationships are created when a disclosure requirement requires a summation, including when reconciliations are required to be disclosed, when the mechanics of XBRL calculations permit such relationships to be modelled.**
- Since preparers are expected to create their own calculations, reflecting the specific summations in their instance documents, calculations in the IFRS Accounting taxonomy are primarily for education purposes and provide an example of how elements might relate to each other arithmetically.

Mechanics of XBRL calculations

- XBRL calculation mechanics make it challenging to model certain calculation relationships. For example—
 - It is not possible to model more than one calculation for the same total concept in the same presentation group → Only the most relevant calculation relationship is included in the related presentation group, instead of creating a new presentation group for other calculations of the same concept.
 - Calculations cannot be created for concepts with different period attributes → When creating a calculation for concepts with different period attributes, one calculation is created for the duration type and linked to the instant type using the formula linkbase.
 - The balance type of the total concept determines whether operands can be added or subtracted → No balance attribute is modelled for the 'total concept' to allow for summations of concepts with different balance attributes.

General policies for presentation groups

- **Elements are included in presentation groups based on the IFRS Standard from which they are derived.**
- **Specifically, for the IFRS Accounting Taxonomy, in addition to presentation groups that reflect specific IFRS Accounting Standards, elements are also grouped into presentation groups based on the primary financial statements in which those concepts may be presented.**

Question 4 (1)

Question 4 (Policies relating to relational/structural information)

Do you have comments or suggestions for the taxonomy modelling policies to reflect relational/structural information? In particular in relation to:

a) Dimensional relationships

- Do you have any examples of circumstances where you think information can be best modelled using dimensional relationships? Does the existing taxonomy modelling practice cover this?
- To what extent should the dimensions be used to communicate different characteristics of a concept?
- Is the existing approach of using dimensional relationships (e.g. 'Range') useful in reflecting different numerical information? Should we consider an alternative approach of modelling as separate line items for such numerical information?
- Do you have any views on use of typed dimensions in the IFRS digital taxonomies? If yes, please explain.

b) Calculation relationships

- Are the calculation relationships expressed in the IFRS digital taxonomies useful?
- Do you have any suggestions to improve the usefulness of calculation relationships? For example—should we consider an alternative approach of providing guidance to preparers on how to create their own calculation relationships to facilitate more structured, understandable digital financial information?

Question 4 (2)

Question 4 (Policies relating to relational/structural information)

Do you have comments or suggestions for the taxonomy modelling policies to reflect relational/structural information? In particular in relation to:

Presentation groups

- Do you have any suggestions to improve the usefulness of presentation groups? For example—should we consider an alternative approach of creating additional presentation groups to accommodate (additional) calculation or dimensional relationships that cannot be included in the original presentation group?
- d) Are there any other relationships or connections we should reflect in taxonomy modelling? If yes, which ones, why and how?

Appendix A



Narrative information

- Users of financial reports analyse narrative and numerical information differently—
 - numerical information can be used directly in investors' quantitative models **and consequently more granular, discrete data points are more useful for analysis**, whereas
 - the meaning of narrative information often depends on context and can be less directly comparable than numerical information **and consequently broader data points that capture more context might be more useful for analysis**.
- Prior to considering sustainability reporting, each distinct piece of narrative information would be modelled separately, resulting in multiple nested narrative elements—potentially adding complexity to the tagging process without contributing meaningfully to the usefulness of the tagged information.

Narrative information—Granularity of disclosures

- Factors the staff considers when determining the appropriate level of granularity include:
 - the expected structure of disclosure requirements—requirements with phrases like ‘general description ...’ or ‘may include, but not limited to...’ indicate possible need for more granular narrative elements.
 - the purpose of the disclosure requirements—understanding the purpose of specific items of information, and the relationship with specific objectives help determine if multiple narrative elements would be useful.
 - the ease of tagging—if specific items of information are identifiable and separable, the tagging of that information should be straightforward.
- However, increasingly granular information is also increasingly burdensome for preparers to tag. Accordingly, the taxonomy modelling approach should avoid undue costs for preparers, including minimising the need for multiple tagging of the same narrative concept.

Narrative information—Categorical elements

- Categorical elements allow preparers to tag standard responses from a list of options defined in the IFRS digital taxonomies. The objective is to help users analyse narrative disclosures more efficiently.
- Types of categorical elements used in the IFRS digital taxonomies:

Boolean elements

- Only used when disclosures require a truly binary response
- The IFRS digital taxonomies **do not use** ‘true-only’ Boolean elements—this may result in comparability issues if regulators decide to make using categorical elements mandatory.
- Preparers are not expected to tag information that is not disclosed—e.g. a preparer would not tag ‘false’ in addressing the requirement to disclose *the fact that amounts presented in the financial statements are not entirely comparable*, if amounts are comparable and so no statement that they are made.

Extensible Enumeration elements

- Two variants are used in the IFRS digital taxonomies:
 - Set-valued enumerations—permit multiple options from a specified list,
 - Single-valued enumerations—permit only one option from a specified list
- As part of future developments, we are considering using extensible enumerations for accounting policy choices which were not required explicitly to be disclosed prior to Feb ‘21 amendment to IAS 1.117B.

Dimensional relationships—Introduction

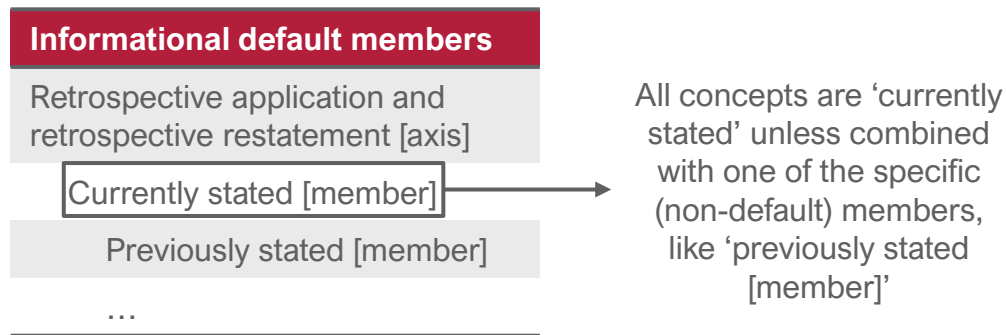
- Dimensions are most useful when reflecting disaggregation by characteristics (for example—some fair value disclosures or financial instrument disclosures), or to communicate other structural information, such as the reconciling items for the disclosure of management-defined performance measures.
- Dimensions can reduce the number of elements in the IFRS digital taxonomies. However, pursuing a more streamlined taxonomy is not necessarily a good enough reason to create a dimensional relationship.
- For dimensional modelling, explicit dimensions are generally used in the IFRS digital taxonomies. As a general policy, we do not use typed dimensions in the IFRS digital taxonomies. The IFRS digital taxonomies are open taxonomies, therefore preparers may create entity-specific (‘extension’) members where needed, and so the function of typed dimensions can be replicated using explicit dimensions.

Dimensional relationships—Informational vs. non-informational default members

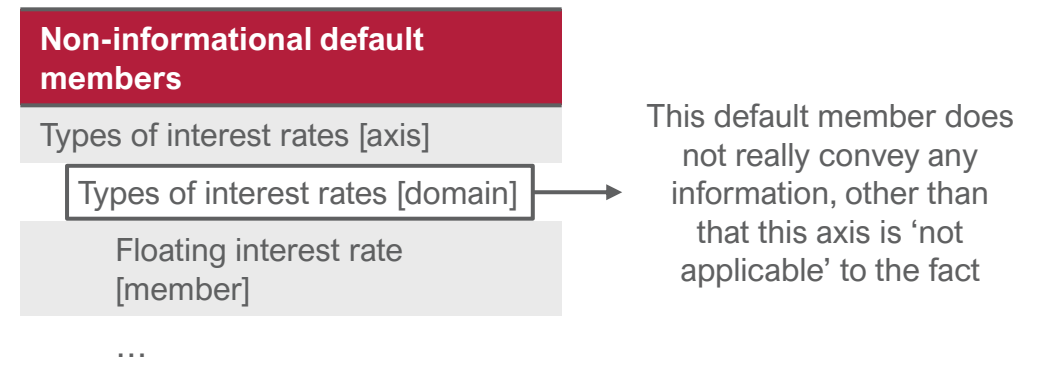
Default members can either be:

- *informational*—which communicate a characteristic that is assumed to be present for all facts that do not specify a (non-default) value for that axis; or
- *non-informational*—which simply convey that the axis breakdown is not applicable to a concept or does not communicate any information related to a concept on a standalone basis.

For example—



For example—



Dimensional relationships—Other considerations

- Where possible, concepts that represent primary financial statement concepts should be reflected as line-item concepts and other characteristics/attributes should be reflected using dimensions.
- For example—proposed modelling for management-defined performance measures (MPMs) uses axes and reflects the concepts from the primary financial statements as the line items of the table.

Axis to communicate each reconciling item

	IFRS	Impairment loss	Restructuring expenses	Gains on disposal of property, plant and equipment	MPM
Other operating income	–	–	–	(1,800)	–
...					
Income tax expense	–	–	(589)	297	–
Profit from continuing operations / Adjusted profit from continuing operations	32,100	6,100	3,211	(1,503)	39,908
Profit attributable to non-controlling interests	–	305	161	–	–

Primary financial statement concepts are reflected as line items in the table

Follow us online

 ifrs.org

 IFRS Foundation

 @IFRSFoundation

 International Accounting Standards Board

 IFRS Foundation

 International Sustainability Standards Board