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Staff paper

Agenda reference 4

IFRS Taxonomy Consultative Group (ITCG) meeting

Date	**06 October 2025**
Project	**Digital Financial Reporting**
Topic	**Drafting guide**
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Purpose of this session

1. To share feedback received from Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) members on the usefulness and costs of structured disclosures[1]

2. To update ITCG members on the development of an internal guide to help standard-setting teams understand and consider digital reporting implications when drafting presentation and disclosure requirements

3. To seek feedback in the breakout sessions on key considerations in the development of the drafting guide—specifically leveraging ITCG members' experience with digitalising disclosures to understand how requirements can be drafted to facilitate structured disclosures

[1] The Capital Markets Advisory Committee are an independent committee providing the IASB with regular input from users of financial statements and the Global Preparers Forum are an international independent body providing the IASB with input from companies preparing financial statements.

Feedback from joint CMAC-GPF meeting

Background

- The IFRS digital taxonomies are modelled on the disclosure requirements in IFRS Standards **as they are**. It is therefore important to understand and consider the **digital representation of disclosures** when drafting disclosure requirements
- To help standard-setting teams consider digital reporting implications when drafting disclosure requirements and to ultimately **enable consistent and effective modelling** of our IFRS digital taxonomies, the staff have been developing an internal guide that focusses on the impact of drafting decisions on taxonomy modelling
  - In June 2025, the staff sought feedback from CMAC and GPF members on the usefulness and cost of structured disclosures. Feedback received is summarised in slides 6–7
  - Feedback from the CMAC/GPF meeting indicated that the benefits of structured disclosures are not just limited to digital reporting but also extend to disclosures in human readable format

Purpose of meeting and questions discussed

- The purpose of the *AP2 Structuring IFRS Disclosures* was to seek the views of CMAC and GPF members on the usefulness and costs of **structured disclosures**, and the types of disclosures that are more useful when structured.
- The following questions **were discussed with CMAC/GPF members in the breakout sessions:**

Question 1 *(for CMAC members)*

How can disclosures be structured to be more useful and why?

- Does structure provided by reconciliations, calculations, subtotal, list and tables make disclosures more useful?
- Are there other means of structuring disclosures that would make disclosures more useful?

Question 2 *(for GPF members)*

How do requirements to structure disclosures impact the cost of disclosure?

Question 3 *(for both CMAC and GPF members)*

Are there types of disclosures (or characteristics of disclosures) that are more useful when structured, without undue costs for preparers?

Overall feedback from CMAC and GPF members

- Overall, CMAC and GPF members commented that the scope of the questions were quite broad but nonetheless, feedback reflected a shared commitment to enhancing the quality, understandability, and usability of IFRS disclosures.
- Both CMAC and GPF members found it hard to differentiate between structure and formatting—and that achieving structure might mean using some degree of formatting, such as tables.

Structure vs. formatting

We discussed that formatting was not necessary to achieve useful structured disclosures, but some degree of formatting (e.g. use of tables) does make structured disclosures more **accessible** and **understandable**.

- CMAC and GPF members also discussed the need to strike a balance between the benefits of structured disclosures—such as improved comparability, understandability and trust—and the associated costs in preparing those structured disclosures, particularly in situations where the information to be disclosed is not readily available

Specific feedback from CMAC and GPF members

CMAC members

- Structured disclosures can enhance the quality, understandability, and useability of IFRS disclosures—building trust in reported information
- Reconciliations and structured disclosures enhances useability, particularly when reported information is used in data models
- Important to connect primary FS with note disclosures and disclosures outside the FS, such as management commentary

GPF members

- Supportive for improving the understandability and useability of IFRS disclosures, but need to balance costs
- Hard to quantify costs without specific examples. Costs would need to be assessed on a case-by-case basis. Generally, more costly if information is not used internally or readily available
- Raised concerns that adhering rigidly to a more structured form of reporting could result in the disclosure of suboptimal or less relevant information, potentially reducing the overall usefulness of the disclosures
- Acknowledged that while a well-defined structure can help establish confidence in the quality of disclosed data, but it may also expose preparers to vulnerabilities
- Recognised that across the market, there is evidence of best practice in some areas, but there remains a strong need to elevate the quality of disclosures consistently across all preparers to meet evolving market demands.

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Development of the drafting guide

Development of the drafting guide (1/3)

- The drafting guide has been through various iterations throughout its development:

1. Internal list of questions that were discussed with standard-setting teams at taxonomy modelling stage
2. Drafting checklist with questions for standard-setting teams to consider when drafting disclosure requirements
3. Guidance on developing disclosure requirements that facilitate consistent and effective modelling of IFRS digital taxonomies
4. Guidance on developing structured disclosures in any format, underpinned by observations from taxonomy development

- The core purpose of the guidance is to **connect** taxonomy modelling and standard-setting processes—making the taxonomy modelling process **more understandable** to standard-setting teams and using **lessons learned in taxonomy modelling to benefit drafting** of disclosure requirements

The guidance is **intended to**:

- ✓ Help standard-setting teams understand how drafting choices impact the resulting modelling in the IFRS digital taxonomies
- ✓ Integrate taxonomy modelling process earlier in the standard-setting process

The guidance is **not intended to**:

- × Influence/change the meaning of the proposed requirements or override technical decisions made at public Board meetings
- × Embed perceived/expected common reporting practice through the IFRS digital taxonomies

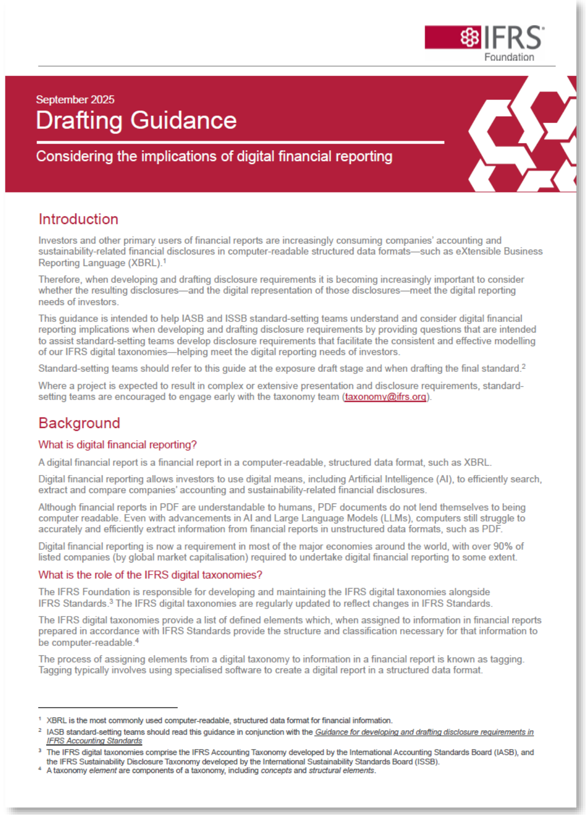
Way forward (1/2)

- The staff plan to carve out the work done to date on the drafting guide into two documents—

First document—with a digital reporting lens:

- provides a high-level introduction to digital financial reporting and the IFRS digital taxonomies;
- describes how disclosure requirements are modelled in our IFRS digital taxonomies;
- provides questions that will help standard-setting teams consider digital financial reporting implications when drafting disclosure requirements (see Appendix A)

Does the proportionality of the disclosure requirement align with its intended purpose? For example—does the volume of required disclosure for a given topic meet or exceed investor information needs? How does this compare to requirements for other topics similar in nature?	Disclosure requirements that are disproportional to the information needs of investors can result in either insufficient or excessive elements being modelled in the taxonomy. Insufficient elements can create the need for preparers to create entity specific elements (*extensions*) to tag information disclosed for which there are no appropriate elements in the IFRS digital taxonomies. Extensions are typically more difficult for users of digital financial reports to understand and compare than elements in a base taxonomy. Excessive (and redundant) elements can make it harder for preparers to navigate the taxonomies and increases the risk that preparers will use an element to tag information that it may not correspond with.



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September 2025

Drafting Guidance

Considering the implications of digital financial reporting

Introduction

Investors and other primary users of financial reports are increasingly consuming companies' accounting and sustainability-related financial disclosures in computer-readable structured data formats—such as eXtensible Business Reporting Language (XBRL).[1]

Therefore, when developing and drafting disclosure requirements it is becoming increasingly important to consider whether the resulting disclosures—and the digital representation of those disclosures—meet the digital reporting needs of investors.

This guidance is intended to help IASB and ISSB standard-setting teams understand and consider digital financial reporting implications when developing and drafting disclosure requirements by providing questions that are intended to assist standard-setting teams develop disclosure requirements that facilitate the consistent and effective modelling of our IFRS digital taxonomies—helping meet the digital reporting needs of investors.

Standard-setting teams should refer to this guide at the exposure draft stage and when drafting the final standard.[2]

Where a project is expected to result in complex or extensive presentation and disclosure requirements, standard-setting teams are encouraged to engage early with the taxonomy team (taxonomy@ifrs.org).

Background

What is digital financial reporting?

A digital financial report is a financial report in a computer-readable, structured data format, such as XBRL.

Digital financial reporting allows investors to use digital means, including Artificial Intelligence (AI), to efficiently search, extract and compare companies' accounting and sustainability-related financial disclosures.

Although financial reports in PDF are understandable to humans, PDF documents do not lend themselves to being computer readable. Even with advancements in AI and Large Language Models (LLMs), computers still struggle to accurately and efficiently extract information from financial reports in unstructured data formats, such as PDF.

Digital financial reporting is now a requirement in most of the major economies around the world, with over 90% of listed companies (by global market capitalisation) required to undertake digital financial reporting to some extent.

What is the role of the IFRS digital taxonomies?

The IFRS Foundation is responsible for developing and maintaining the IFRS digital taxonomies alongside IFRS Standards.[3] The IFRS digital taxonomies are regularly updated to reflect changes in IFRS Standards.

The IFRS digital taxonomies provide a list of defined elements which, when assigned to information in financial reports prepared in accordance with IFRS Standards provide the structure and classification necessary for that information to be computer-readable.[4]

The process of assigning elements from a digital taxonomy to information in a financial report is known as tagging. Tagging typically involves using specialised software to create a digital report in a structured data format.

[1] XBRL is the most commonly used computer-readable, structured data format for financial information.

[2] IASB standard-setting teams should read this guidance in conjunction with the *Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards*

[3] The IFRS digital taxonomies comprise the IFRS Accounting Taxonomy developed by the International Accounting Standards Board (IASB), and the IFRS Sustainability Disclosure Taxonomy developed by the International Sustainability Standards Board (ISSB).

[4] A taxonomy *element* are components of a taxonomy, including *concepts* and *structural elements*.

Way forward (2/2)

- The staff plan to carve out the work done to date on the drafting guide into two documents—

Second document—broader guidance for developing requirements for structured disclosures in any format:

- Gives greater prominence to the fact that requirements for structured disclosures facilitate effective comparability and analysis of information prepared in accordance with IFRS Standards—in any format
- Reduces concerns of giving ‘too much’ emphasis to digital reporting in drafting requirements (tail wagging the dog)
- Guide could be incorporated as an update to existing Guidance for developing and drafting disclosure requirement in IFRS Accounting Standards
- Principles for developing structured disclosures extend beyond taxonomy modelling decisions
- Considers how investors consume information and takes a broader approach to addressing user needs more so than a taxonomy-only approach

Questions for standard-setting teams to consider in drafting presentation and disclosure requirements

Structure of breakout sessions

- The staff have prepared the first document—to help standard setting teams consider the implications of digital financial reporting when drafting presentation and disclosure requirements.
- The staff would like to discuss the questions we have prepared for standard-setting teams to consider in drafting presentation and disclosure requirements.
    - The general questions set the overall context for how the taxonomy might incorporate elements relating to the new/amended presentation and disclosure requirements; and
    - The specific questions for numeric and narrative information and the relationships between concepts helps standard-setting teams consider key drafting considerations for presentation and disclosure requirements
- The following slides highlight the key considerations in developing the questions for standard-setting teams to consider for:
    - Numerical information (slides 15–18)
    - Narrative information (slides 19–21)
    - Reflecting relationships between related concepts (slides 22–25)

In the breakout sessions, the staff will seek ITCG member's feedback on the relevance and usefulness of these questions—with a specific focus on how these questions interact with our existing taxonomy modelling approach and existing modelling policies.

Question

- The general questions are intended to clarify the overall context of the new/amended presentation and disclosure requirements, such as understanding:
  - The purpose of the disclosure requirements;
  - The proportionality of the disclosure requirements;[2]
  - What information/data points are required to be disclosed;
  - Whether the new/amended requirements duplicate or leverage existing requirements; and
  - How the disclosed information may be reported—i.e. whether the requirements can be addressed using a specific format.

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Question 1—Slides 27–28 in Appendix A include these detailed questions for standard-setting teams to consider in developing presentation and disclosure requirements.

Do you have any questions/comments on these general questions for standard-setting teams? Are there any other considerations we should raise with standard-setting teams in developing this internal drafting guidance?

[2] Proportionality in this context refers to whether the volume of required disclosures aligns with investor information needs. Disclosure requirements that are disproportional to the information needs of investors can result in either insufficient or excessive elements being modelled in the taxonomy.

Numerical information

- The current taxonomy modelling policy for numerical information is to create distinct monetary elements for numerical disclosures (Slide 33).
- However, we are now considering whether this policy should always apply. For example—would disclosures of entity-specific forward-looking information or sensitivity analyses benefit from being modelled by less granular elements?
- We have developed the following question for standard-setting teams, but are now considering whether to refine the question to consider the purpose of the numerical disclosures and how these disclosures are expected to be used.

	Question	Explanation
B1	Do the disclosure requirements clearly communicate whether the disclosure should include specific quantitative data points or is the purpose of the disclosure requirement to provide additional numerical context to a transaction/event (such as the disclosure of a sensitivity analysis or forward-looking information)?	Where a disclosure requirement clearly communicates that a disclosure should be an amount or other quantitative value the disclosure can be modelled as a numerical element. Otherwise, where a disclosure requirement is not clear exactly which data points are required to be disclosed, then the disclosure is modelled as a narrative element(s). Different element types have different use-cases. Numerical elements (such as monetary items) are typically, easier to compare between entities and across time. Numerical elements also allow for calculation relationships to be reflect in a computer-readable format. Narrative elements (such as text blocks) are useful for reflecting multi-modal information and capture more context around the information being disclosed which can be helpful when using AI to identify and analyse tagged information.
	…	

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Examples of numerical information that might benefit from more context (1/2)

- Below are two examples for the disclosures of sensitivity analyses that are modelled differently in the IFRS Accounting Taxonomy.
- Example 1—IFRS 13 requires the disclosure of a sensitivity analysis for the changes in unobservable inputs for recurring measurements categorised within Level 3 of the fair value hierarchy. The requirements in paragraph 93(h)(ii) specifically is modelled using a combination of *monetary* type elements to indicate the 'change in the fair value measurement due to reasonably possible changes in a valuation assumption'.

93 To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 94 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this IFRS) in the statement of financial position after initial recognition:

(h) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

(i) for all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (d).

(ii) for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For that purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.

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Examples of numerical information that might benefit from more context (1/2)

- Example 2—IFRS 7 requires the disclosure of a sensitivity analysis for each type of market risk, which is currently modelled using a text block element. In this case, an entity would tag the whole sensitivity analysis using the text block element, and might, if required, tag each individual disclosed amount using extension elements.

Sensitivity analysis

40 Unless an entity complies with paragraph 41, it shall disclose:

(a) a sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date;

(b) the methods and assumptions used in preparing the sensitivity analysis; and

(c) changes from the previous period in the methods and assumptions used, and the reasons for such changes.

- Other examples of disclosures for sensitivity analysis include: sensitivity analyses for actuarial assumptions (*IAS 19*) and sensitivity analyses for changes in risk variables that arise from insurance contracts (*IFRS 17*)

The policy for numerical information could also be applied to other types of numerical disclosures that would benefit from overall context, such as the disclosure of forward-looking estimates or the disclosure of unrecognised assets or liabilities

Question

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Question 2—Certain type of numerical information is modelled using discrete elements, whereas others are modelled using less granular elements. In some cases, this is because the drafting does not specify the individual numeric data points that are required to be disclosed.

Should every number in the financial statements be modelled using distinct elements?

Are there examples of numerical information that might benefit from being modelled with less granular elements, such as the disclosure of unrecognised assets and liabilities and the disclosure of forward-looking information?

Related to the above—how should our questions to standard-setting teams evolve?

Modelling some numerical disclosures using less granular elements is not intended to signal that these pieces of information are less important than those disclosures that are modelled with granular elements.

Instead, potentially using less granular elements for certain numerical disclosures is intended to consider how those disclosures are consumed and whether more context would be useful to users of digital financial information, while reducing the burden on preparers.

Narrative information

- The questions to the standard-setting teams on narrative disclosures have been informed by:
  - our current policy on narrative information (refined through the development of the IFRS Sustainability Disclosure Taxonomy); and
  - ongoing work on general improvements to existing narrative elements in the IFRS Accounting Taxonomy.
- Our analysis of the IFRS Accounting Taxonomy indicated that some disclosure requirements require distinct narrative disclosures, for which we have modelled distinct text elements. However, the purpose of the disclosure requirements mean that those text elements would be analysed together and therefore might benefit from a single narrative element.

	Question	Explanation
	…	
C2	What narrative items of information are considered distinct and separately understandable to users, and therefore would benefit from being modelled as separate narrative elements?	Increasingly granular narrative elements are not always more useful. Feedback from users of digital financial information indicate that narrative elements are more useful when they capture more information, especially when these blocks of information are analysed using artificial intelligence (AI). Separate narrative elements would only be modelled for narrative items of information that are distinct enough to be used and understood independently from other related items of information.
	…	

Narrative information

- IFRS 13 requires the disclosure of a number of different narrative data points (including the valuation technique used, inputs to the measurement, changes in the valuation technique and the reasons for any changes.
- For each of these discrete items, we had previously modelled separate text elements.
- However, in retrospectively applying our new policy on narrative information, we are **considering whether a single narrative element would be more useful to users**, while also reducing the burden on tagging this information for preparers.

93 To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 94 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this IFRS) in the statement of financial position after initial recognition:

(d) for recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (eg changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (eg when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

Question

Question 3—As a policy, we are considering modelling a single narrative element for the disclosure of a piece of information (such as a valuation technique), any changes to that information and the reasons for such changes (see *AP2 - General improvements update-Text elements review*).

Are there any similar disclosure requirements of narrative information that would benefit from being modelled with less granular narrative elements?

Related to the above—how should our questions to standard-setting teams evolve?

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Reflecting relationships between related concepts

- Creating connections between reported concepts in digital financial reports aides the understandability of the information. However, in some cases, it is not always clear from the drafting whether there is a relationship or connection between reported concepts.
- Some of the questions we plan to pose to standard-setting teams about reflecting relationships between related concepts:

	Question	Explanation
D1	For any requirements to disclose calculations (including reconciliations), does the disclosure requirement clearly communicate how the calculation should be disclosed?	Feedback from users of digital financial reporting is that they would like transparency about how amounts are connected to other disclosed amounts through calculations and reconciliations. For reconciliations it is useful when the disclosure requirements include sufficient guidance on the reconciling items, for example, by using illustrative examples.
	…	
D3	Are amounts presented in the primary financial statements sufficiently linked to amounts disclosed in the notes?	Disclosure requirements can connect concepts by either using consistent language to refer to similar concepts or by requiring further disaggregation or reconciliations of amounts presented in the primary financial statements, or by cross-referring to another place in the report where the concept is being disclosed.

Reflecting relationships between related concepts

- For example—IFRS 16 permits different presentation options for right-of-use assets. Without specificity on how the entity's choice of presentation should be labelled in the financial statements, it is not immediately apparent whether the property, plant and equipment) includes right-of-use assets or not, hindering the understandability of the tagged information.

> 47 A lessee shall either present in the statement of financial position, or disclose in the notes:
>
> (a) right-of-use assets separately from other assets. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee shall:
>
> (i) include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned; and
>
> (ii) disclose which line items in the statement of financial position include those right-of-use assets.

- This lack of specificity also made it difficult to connect the appropriate line items in the primary financial statements with the related PPE reconciliations/leasing disclosures in the notes.

Reflecting relationships between related concepts

- Similarly, a recent amendment to IFRS 7 requires entities to disclose the costs arising from purchases of electricity made under the contracts, disclosing separately how much of the purchased electricity was unused at the time of delivery.

> (c) qualitative and quantitative information about effects on the entity's financial performance for the reporting period. The disclosure is based on the information that is applicable to the reporting period that the entity used to assess whether it has been a net purchaser of electricity (see paragraph B2.8 of IFRS 9). An entity shall disclose information for the reporting period about:
>
> (i) the costs arising from purchases of electricity made under the contracts, disclosing separately how much of the purchased electricity was unused at the time of delivery;
>
> (ii) the proceeds arising from sales of unused electricity; and
>
> (iii) the costs arising from purchases of electricity made to offset sales of unused electricity.

- It is not immediately clear whether an entity could disclose:
  - the **costs of total purchases of electricity** and the **costs of unused electricity** at the time of delivery separately; or
  - the **costs of used electricity** plus **the costs of unused electricity** to arrive at the **total costs of total purchases of electricity**.
- The former interpretation was modelled in the IFRS Accounting Taxonomy. However, depending on how a company reports their purchases of electricity, it might not be immediately apparent if an amount is comparable between companies.

Question

Question 4—Identifying and modelling useful relationships between reported concepts requires clear drafting on how/where these connections exist.

IFRS 18 requires companies to connect amounts presented in the primary financial statements with related amounts disclosed in the notes. However, there are limited mechanisms available to reflect these connections (i.e. using the same elements in digital financial reports or using a fact-explanatory fact link). In your experience, which mechanisms are the most effective at communicating this link?

Are calculation relationships useful for very specialised disclosures (such as the disclosure of renewable electricity purchases for a specific sub-set of entities)?

Are there other examples of related concepts that are challenging to understand/connect in digital financial reports?

Related to the above—how should our questions to standard-setting teams evolve?

Appendix A—List of questions for standard-setting teams

General questions (1/2)

	Question	Explanation
A1	What is the purpose of the disclosure requirements? For example—to provide disaggregation of information or details about the nature and risks of recognised assets or liabilities, unrecognised assets or liabilities or forward-looking information?	The *Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards* describes the purpose of disclosure requirements. Understanding what the disclosure requirements are trying to achieve helps identify which information is likely to benefit from being modelled as distinct elements. Disclosure of the nature and risks of recognised assets or liabilities might be more useful when modelled using more granular, distinct elements, whereas the disclosure of entity-specific forward-looking information might be more useful when modelled as a narrative (text block) element.
A2	Does the proportionality of the disclosure requirement align with its intended purpose? For example—does the volume of required disclosure for a given topic meet or exceed investor information needs? How does this compare to requirements for other topics similar in nature?	Disclosure requirements that are disproportional to the information needs of investors can result in either insufficient or excessive elements being modelled in the taxonomy. Insufficient elements can create the need for preparers to create entity specific elements (*extensions*) to tag information disclosed for which there are no appropriate elements in the IFRS digital taxonomies. Extensions are typically more difficult for users of digital financial reports to understand and compare than elements in a base taxonomy. Excessive (and redundant) elements can make it harder for preparers to navigate the taxonomies and increases the risk that preparers will use an element to tag information that it may not correspond with.
A3	Are the disclosure requirements clearly identifiable from other text in the Standard?	Presentation and disclosure requirements that are clearly identifiable—for example, by using the words “an entity shall disclose” or by including the disclosure requirements in a separate section—makes it easier to determine which requirements need to be modelled in the IFRS digital taxonomies.

General questions (2/2)

	Question	Explanation
A4	Do the disclosure requirements clearly describe the information required to be disclosed—such as the specific items of information required to satisfy the specific disclosure objective?	The more specific the item of information required to be disclosed is, the easier it is to model those concepts as individual items in the IFRS digital taxonomies—which can facilitate digital comparability at a more granular level. For example, it is generally easier to model specific disclosure requirements when each item of information required to be disclosed (concept) is drafted in a separate paragraph or sub-paragraph (such as a separate disclosure item in a list).
A5	Do the new disclosure requirements duplicate or leverage similar requirements in any other IFRS Standards? For example—could entities meet the requirements in other parts of the financial statements and if so, with which parts do you expect there to be overlap?	Existing disclosure requirements are likely to have existing elements in the IFRS digital taxonomies. When new disclosure requirements duplicate or leverage existing requirements, they might benefit from leveraging existing elements in the IFRS digital taxonomies rather than creating new elements to reflect existing concepts. Leveraging the use of existing elements, where possible, helps to connect related concepts and facilitates usability of digital financial information because all companies are using the same elements to tag related information, irrespective of where that information is disclosed.
A6	How would entities report information disclosed in accordance with the requirements (i.e. what could the disclosures look like) and do the requirements speak to this? For example—could an entity achieve the disclosure requirement using a specific structured format?	Disclosure requirements that provide guidance on how the disclosed information may be reported can result in elements that are more tailored to expected reporting practice from the outset. More tailored elements facilitate better comparability of the tagged financial information. For example—a requirement to disclose a reconciliation can be modelled with specific monetary elements and calculation relationships whereas a requirement to disclose a quantitative explanation of changes in an amount might only be modelled using text block elements.

Questions relating to numerical/quantitative disclosures

	Question	Explanation
B1	Do the disclosure requirements clearly communicate whether the disclosure should include specific quantitative data points or is the purpose of the disclosure requirement to provide additional numerical context to a transaction/event (such as the disclosure of a sensitivity analysis or forward-looking information)?	Where a disclosure requirement clearly communicates that a disclosure should be an amount or other quantitative value the disclosure can be modelled as a numerical element. Otherwise, where a disclosure requirement is not clear exactly which data points are required to be disclosed, then the disclosure is modelled as a narrative element(s). Different element types have different use-cases. Numerical elements (such as monetary items) are typically, easier to compare between entities and across time. Numerical elements also allow for calculation relationships to be reflect in a computer-readable format. Narrative elements (such as text blocks) are useful for reflecting multi-modal information and capture more context around the information being disclosed which can be helpful when using AI to identify and analyse tagged information.
B2	Do the disclosure requirements clearly specify the format/denomination of the disclosure? For example—is a company expected to disclose a monetary amount, number of days, percent, etc.?	The IFRS digital taxonomies include different element types for quantitative (numerical) disclosures. Disclosure requirements that specifically require a particular quantitative denomination/format can be modelled with the appropriate element type, resulting in more comparable digital financial information.
B3	Do the disclosure requirements clearly state whether an amount shall be/can be presented separately in the primary financial statements and how these line items should be labelled?	Some requirements permit or require the separate presentation of assets and/or liabilities in the statement of financial position. In some circumstances, an asset or liability can be presented as part of another similar asset or liability. For example—IFRS 16 permits an entity to either present right-of-use assets separately or include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned. Without specificity on how the entity's choice of presentation should be labelled, it is not immediately apparent whether an asset (like property, plant and equipment) includes right-of-use assets or not.

Questions relating to narrative/qualitative disclosures

	Question	Explanation
C1	Are all items of information expected to be included in the same note and/or under the same disclosure objective?	Text block elements can be modelled to capture all the information disclosed in a single note. Feedback from preparers and tagging agents indicate that it is increasingly difficult to stitch together information disclosed in multiple parts of the financial statements using a single text block element. When information is expected to be included in multiple parts of the financial statements, it is more likely that separate text block elements would be modelled for the information in each part of the financial statements.
C2	What narrative items of information are considered distinct, and therefore would benefit from being modelled as separate narrative elements?	Increasingly granular narrative elements are not always more useful. Feedback from users of digital financial information indicate that narrative elements are more useful when they capture more information, especially when these blocks of information are analysed using artificial intelligence (AI). Separate narrative elements would only be modelled for narrative items of information that are distinct enough to be used and understood independently from other related items of information.
C3	Does the disclosure requirement lend itself to a 'categorical' response, and if so, is there an explicit requirement to provide a categorical response? For example— to 'disclose whether' something is the case, or to 'disclose the fact of' something? For disclosure requirements that are expected to be addressed using a response from a specified list—do these requirements clearly indicate the specified list of responses?	A 'categorical' response is a binary 'true' or 'false' response, or a response from a specified list of designated options. For example: • the requirement to disclose whether or not the entity applied a new/amended Standard earlier than required can be expressed as 'true' or 'false'; or • the requirement to disclose the depreciation method used for items of property, plant and equipment can be selected from a specific list (straight-line, diminishing balance, units of production etc.). Disclosures that lend themselves to a categorical response can be modelled in the IFRS digital taxonomies using categorical elements. Categorical elements help facilitate the digital comparability of narrative information and can be a useful starting point for analysing narrative information.

Questions relating to facilitating structure/relationships between concepts

	Question	Explanation
D1	For any requirements to disclose calculations (including reconciliations), does the disclosure requirement clearly communicate how the calculation should be disclosed?	Feedback from users of digital financial reporting is that they would like transparency about how amounts are connected to other disclosed amounts through calculations and reconciliations. For reconciliations it is useful when the disclosure requirements include sufficient guidance on the reconciling items, for example, by using illustrative examples.
D2	Are companies expected to disaggregate disclosed information by some common characteristic or disaggregate amounts into components of a total/sub-total?	Disclosure requirements that specify whether an item of information should be disaggregated—i.e. ‘an entity shall disclose for each …’ can be modelled using a specific mechanism called a *dimension*. Information tagged using dimensions can be extracted in a tabular format, irrespective of how the underlying information was disclosed.
D3	Are amounts presented in the primary financial statements sufficiently linked to amounts disclosed in the notes?	Disclosure requirements can connect concepts by either using consistent language to refer to similar concepts or by requiring further disaggregation or reconciliations of amounts presented in the primary financial statements.

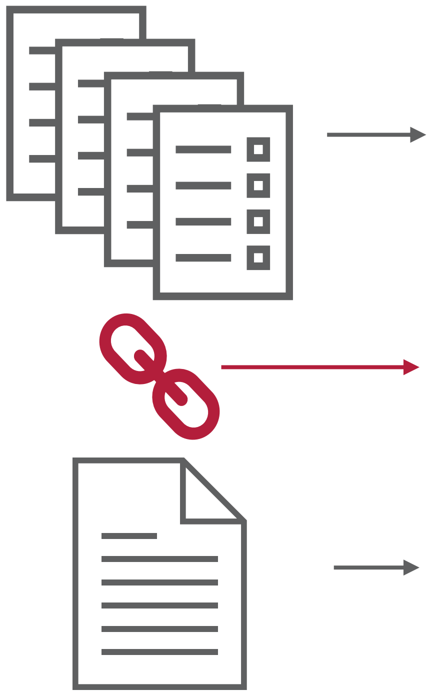
Appendix B—Summarised general modelling policies

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.



Primary financial statements (Useful structured summary)—beneficial for obtaining an understandable overview and for comparisons

Link between PFS and notes becomes more important in digital financial reports

Notes—provides **further information**/context to facilitate understandability

General policies for narrative information

- **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.
- **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]

General policies for relational/structural information

- 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:
  - Items described in different IFRS Standards but are related to same concept should be modelled in an identical way, using same taxonomy concepts (for example a single set of elements is used to reflect the corresponding requirements in IFRS S1 and IFRS S2)
  - 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.

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