
IFRS Taxonomy Consultative Group (ITCG) meeting

Date **19 October 2026**

Project **Digital financial reporting**

Topic **Discussion on future developments to IFRS Digital
Taxonomies**

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Future developments to the IFRS Taxonomies

A discussion on three main areas of potential future work, ranging in focus from (accounting) content to technology issues.

What actions could the IFRS Foundation take that would give the greatest benefits for digital reporting?

Consequential effects

Connections and meaning

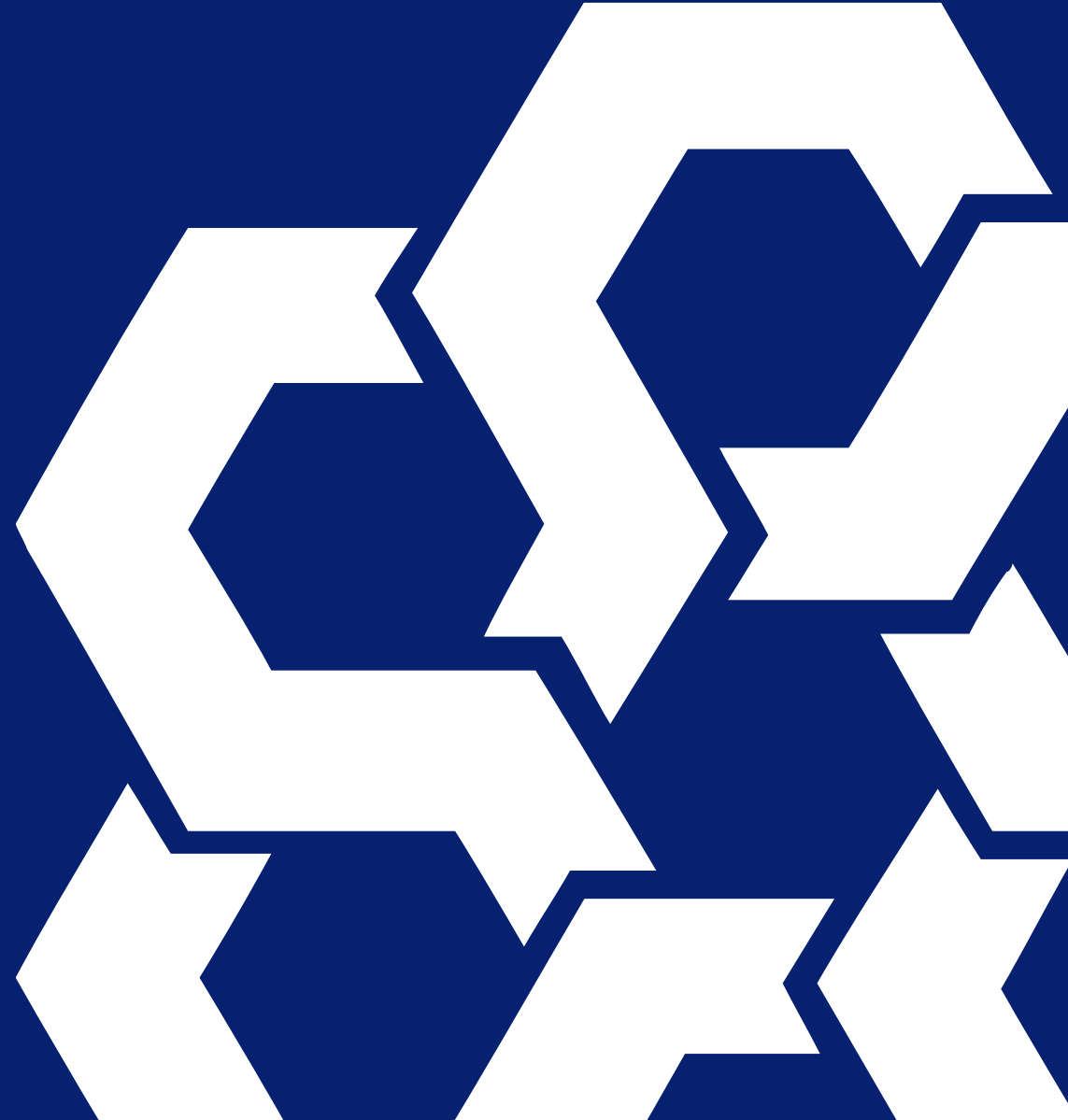
Technology

Modelling ‘consequential effects’ of new/amended IFRS Standards

Consequential effects

Connections and meaning

Technology



The problem

Under our current modelling policy for the IFRS Accounting Taxonomy we consistently **create elements for disclosures that are described by Standards or included in examples.**

But generally not

elements for disclosures that might be expected but are not specifically required, nor included in examples.

This can lead to extensions being needed for potentially common disclosures.

Note – this topic is presented from an accounting perspective, where the issue has currently been observed. In future, similar considerations could well begin to apply in the sustainability taxonomy.

See Appendix A for more explanation and examples.

A motivating example:

A recent comment from an ITCG member on the Accounting PTU:

*“The regulatory income (expense) is **expected to be a non-cash income or expense**.*

It might well be accompanied by the introduction of a new line in the CFS ... to adjust for the effect of such non-cash income or expense in the operating profit.

*Therefore, it **might be useful to add a cash-flow element for Adjustments for regulatory income (expense).**”*

Did we model this element?

We didn't

Why or why not?

IAS 7 has an overarching requirement,
not a specific list

Should we have?

What are your thoughts?

What do we mean by “Consequential effects” of a Standard?

The implicit interconnections between new/amended requirements and existing requirements in the full suite of IFRS Accounting Standards

These are the expected accounting implications/reporting requirements that exist when one or more Standards or amendments are considered together

Current policy

Focus	Taxonomy team policy is to focus on what is set out explicitly in the Standards and accompanying materials, to avoid any risk of being seen to interpret Standards. ¹
Drafting feedback	Where we identify possible consequential effects, we discuss with project teams whether it would be useful to explicitly mention expected disclosures in either the text or illustrative examples.
Limits	Explicitly addressing all consequential effects in a Standard could set drafting precedents that risk being misunderstood or invite unintended interpretations, so drafting teams are understandably cautious about doing so.
Result	Current policy can leave modelling gaps in disclosures that (are expected to) arise from new requirements

¹The IFRS Taxonomy due process “is designed to protect the integrity of the content and technology of an IFRS Taxonomy, in particular to ensure that: the IFRS Taxonomy content does not conflict with, and does not represent an interpretation of or additional application guidance on, the Standards or the Conceptual Framework”

Should, and could, we change?

Can this be done within our due process?

Is it practical to do this at the time new requirements are being developed (i.e. at publication of a new Standard or amendment)?²

² that is, without waiting to observe common practice.

A potential approach?

- Would elements arising from these ‘consequential effects’ be considered to reflect requirements in IFRS Standards and therefore prepared in accordance with our due process—to ensure that: *the IFRS Taxonomy content does not conflict with, and does not represent an interpretation of or additional application guidance on, the Standards or the Conceptual Framework?*
- To add these elements consistently, we would need to **identify pre-agreed circumstances that might give rise to ‘consequential effects’** and **agree with drafting teams** their reasonableness in each case
- Our modelling policies and taxonomy updates would then **make clear** which proposals were “consequential effects”

Connections in reporting, Meaning in taxonomy

Consequential effects

Connections and meaning

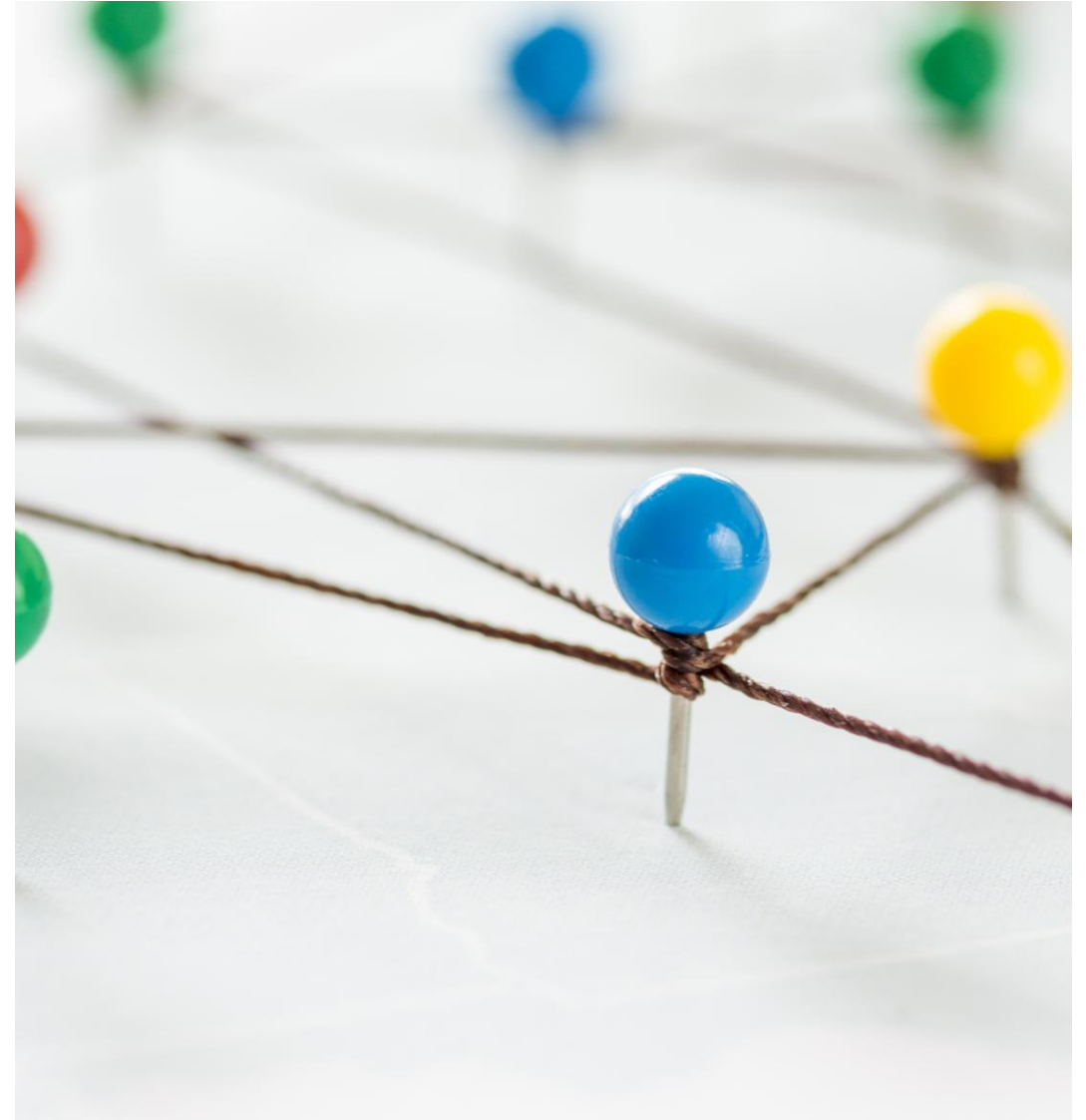
Technology



The problem(s)

Digital reporting could better convey the meaning and location of disclosed information and the connections between disclosures.

- Financial statements include information about location and relationships that are not always well captured by current digital reporting
- The properties and conceptual connections between taxonomy elements are not as clear as they might be.



Two related, but distinct, topics

Relationship info specified by preparers

Standards sometimes explicitly require disclosed information to be connected and sometimes not. We don't always have good mechanisms in digital reporting to capture connections where the detail is specific to each report, although the pattern might be common.

For example:

- Cross-references to the notes
- 'Included in'
- 'relationship between information' (IFRS S1)

Relationship info specified by taxonomy creator

The Foundation could include more structured information in the Taxonomies - conveying the meaning of elements, and the (fixed) patterns of conceptual relations between elements.

For example, 'Accounting/Sustainability meaning' and patterns, such as:

- Labels vs structured metadata
 - Categorisation of expenses (IFRS 18)
 - Type of narrative elements (General Improvements)
- Linking policy and notes
- Patterns, consistency and completeness

Relationships in disclosures

Example connections between disclosed information

- **Cross-references to the notes**
- ‘Included in’
- ‘Connections between’ (IFRS S1)

IFRS 18.114 “An entity shall cross-reference each item in the primary financial statements to any related information in the notes”

These cross-references, a key feature of paper reporting, are typically not captured digitally.

The IFRS 18 Taxonomy Update document encouraged preparers to use a fact-explanatory arc to represent such connections. A more specific arc role could be even more communicative

	Note	20X2	20X1
Revenue		367,000	353,100
Cost of sales	1	-241,600	-224,100
Gross profit		125,400	129,000
Other operating income	2	12,200	4,100

IFRS 18 IE 7

Example connections between disclosed information

- Cross-references to the notes
- **‘Included in’**
- ‘Connections between’ (IFRS S1)

“An amortisation charge of £296,000 was recognised in 2025 (2024: £303,000) and is included in other technical and operating costs (Note 5(b))” – IFRS Foundation annual report 2025

The Standards contain many requirements to indicate in which primary statement item detailed disclosed values (income, expenses, assets, liabilities) are included.³

- Such disclosure requirements have typically been modelled as simply narrative elements, because the associations are preparer-specific.
- A form of fact-fact link could represent this in a more machine-navigable and AI-friendly way.
- Again, the IFRS 18 Taxonomy Update document encouraged preparers to use a fact-explanatory arc to represent such connections.
- A dedicated arcrole could be even more communicative

³For example, the IASB, at its [July 2026 meeting](#) as part of the Equity Method project, tentatively decided to require, if an investor chooses to restrict the recognition of gains or losses, an investor to disclose “the line items in the statement of comprehensive income where the restricted gains and losses have been recognised.”

Example connections between disclosed information

- Cross-references to the notes
- ‘Included in’
- **‘Connections between’ (IFRS S1)**

IFRS S1.21

An entity shall provide information in a manner that enables users ... to understand the following types of connections:

- (a) *the connections between the items to which the information relates—**such as connections between various sustainability-related risks and opportunities** that could reasonably be expected to affect the entity’s prospects; and*
- (b) *the connections between disclosures provided by the entity:*
 - (i) *within its sustainability-related financial disclosures—**such as connections between disclosures on governance, strategy, risk management and metrics and targets**; and*
 - (ii) *across its sustainability-related financial disclosures and other general purpose financial reports published by the entity—**such as its related financial statements***

Difficulties

When considering guiding preparers to capture more of the connections between their reported facts, similar **concerns** repeatedly arise:

- **Implementation consistency** - whether regulators would require filers to follow the guidance, and if so, how long until adopted
- **‘Novel’** (or underused) mechanisms – such as fact-to-fact links. The software ecosystem may need time to develop to support reporting and utilisation of the information.
- **‘Added burden’** – reporters would be asked to capture more, implying more effort. This burden could perhaps be mitigated over time by good tool design and AI.

Is narrative disclosure of these connections sufficient?

What connections and relationships would be most important/beneficial for users of the data?

How costly would it be for preparers to capture this information? Is AI likely to mitigate this cost?

Relationships in taxonomies

Structured relationships in the taxonomy

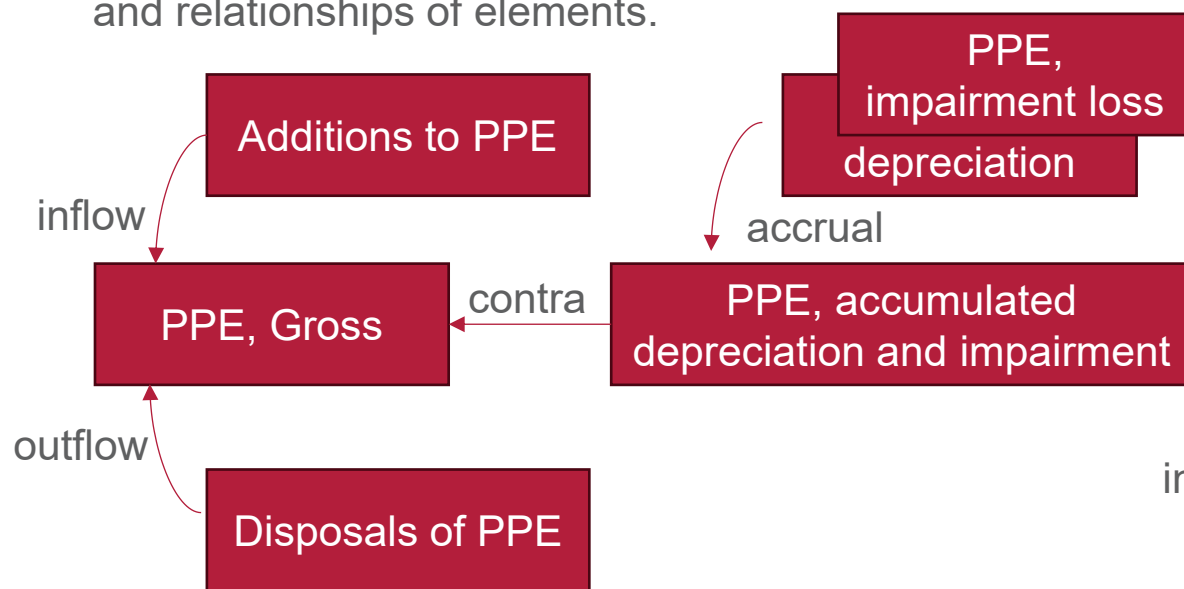
More accounting meaning of elements, and relationships between them, could be expressed in the taxonomy, in a structured, machine-readable form.

Such information could (see slides 20-23):

- Provide more expressive, accounting-relevant relationships
- Better articulate the meaning of elements
- Assist preparers with element selection / searching for elements
- Provide preparers with a more expressive means of anchoring extensions
- Facilitate writing business rules / validation checks
- Identify inconsistencies in taxonomy modelling (expressing relationships -> articulating patterns -> highlighting gaps)

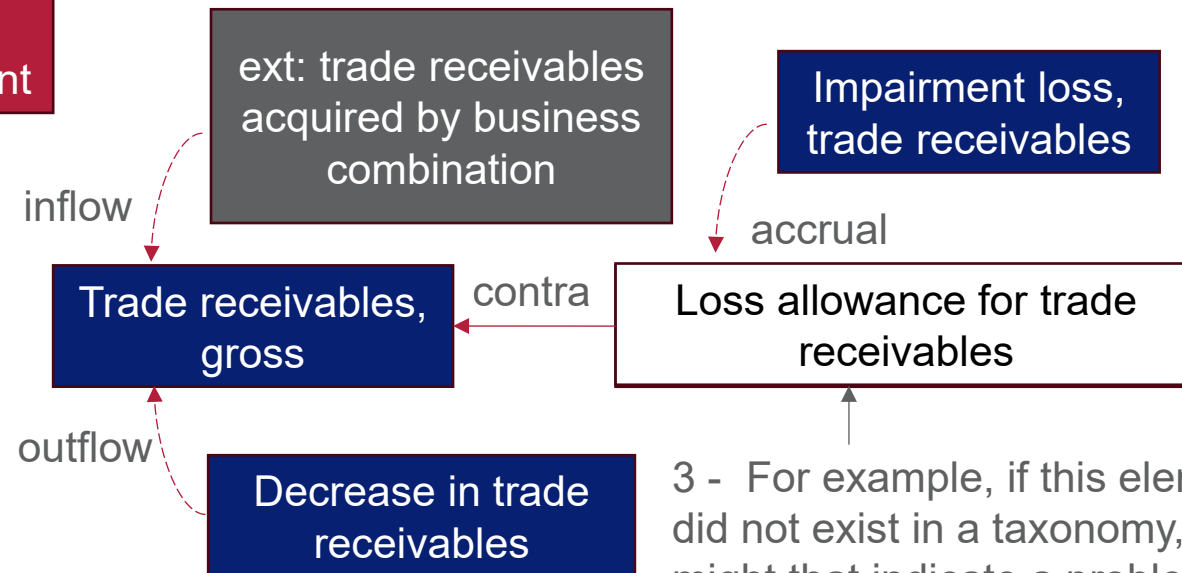
Structured connections - expressing meaning and patterns

1 - Including **specific, identified*** types of structured relationships in the taxonomy could elucidate the meaning and relationships of elements.



2 - Identifying and comparing patterns could aid consistency and understanding, and identify logical and practical gaps.

4 - A richer range of more meaningful connections could allow extension elements to be better 'anchored'.



3 - For example, if this element did not exist in a taxonomy, might that indicate a problem?

*-See Appendix C for a list of the specific accounting relationships expressed in FASB's metamodel for the US GAAP taxonomy.

Structured element attributes ('traits')

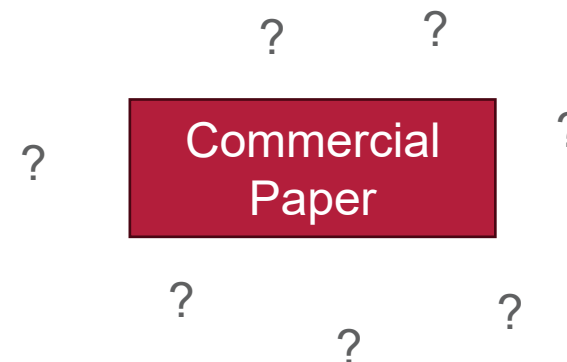
How could structured traits / attributes improve on relying solely on element names or descriptions?

Consider, for example, "Commercial Paper" in the US GAAP taxonomy, which has the description:

"Carrying value as of the balance sheet date of short-term borrowings using unsecured obligations issued by banks, corporations and other borrowers to investors. The maturities of these money market securities generally do not exceed 270 days"

From just the description and label, it may not be completely clear that this element is intended to only include current liabilities and should exclude non-current liabilities (contrast "Long-term Commercial Paper, Noncurrent"). It may also be difficult to identify related elements.

Connecting elements to several specific, defined attributes can help make shared meaning and key differences explicit



Benefits of traits

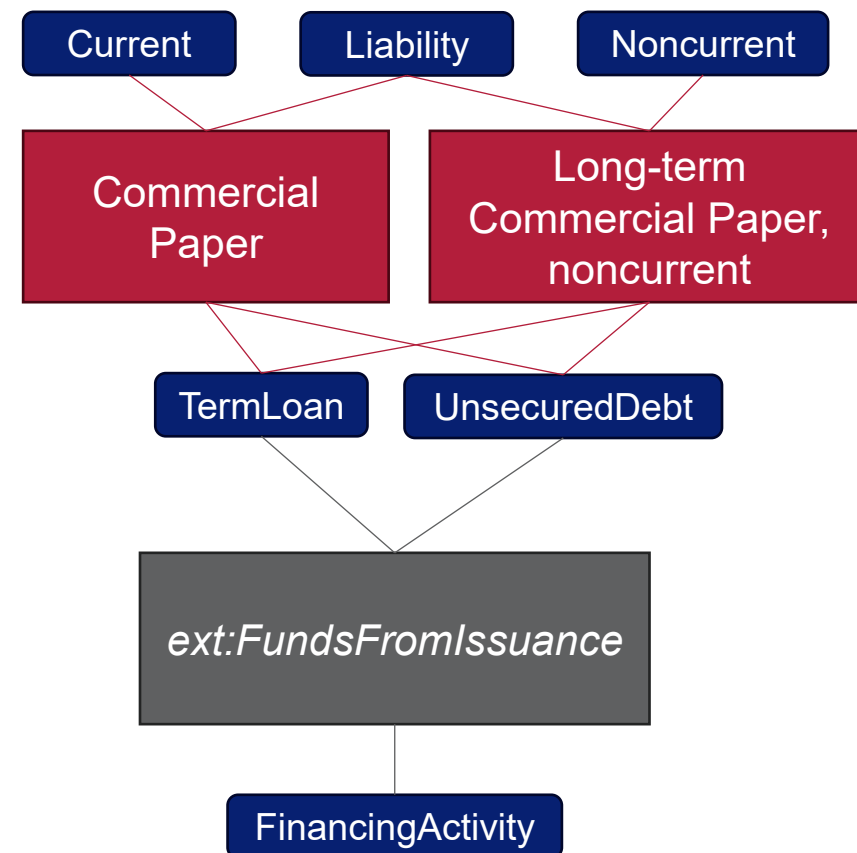
How could structured traits / attributes improve on using purely element names or descriptions?

In the FASB metamodel, the traits (represented as small blue blocks in the diagram) associated with the “Commercial Paper” element are *Liability*, *TermLoan*, *UnsecuredDebt* and ***Current***, which help to make the purpose of this element clear.

The traits also help explain the relationship to, and distinction from, “Long-term Commercial Paper, Noncurrent”, which shares three traits *Liability*, *TermLoan*, and *UnsecuredDebt*, but has one difference: ***Noncurrent***.

Similarly, assigning an extension element (see grey block in diagram) the traits *FinancingActivity*, *TermLoan* and *UnsecuredDebt* would aid in understanding how that element relates to other elements.

Traits support the systematic use of a meaningful controlled vocabulary, and aid in the systematic understanding of the relationships between taxonomy elements.



Taxonomy: IFRS-specific examples

- **Categorisation of expenses (IFRS 18)⁴**

Identification of preparer extension tags for expenses into the IFRS 18 categories (operating, investing, financing, ...) relies on presentation linkbase layout and possibly the labelling of the extension element. During development of the IFRS 18 changes, we considered representing this via structured attributes in the taxonomy and requiring preparers to provide metadata attributes for the extension elements. There was a mixed response on cost and benefits.

- **General improvements – narrative categories⁵**

Similarly, text elements will now be categorised into one of four types. This information is proposed to be encoded only in the element labels. We received consultation feedback that raised concerns regarding translations and extensions, and which encouraged the use of structured metadata attributes.

- **General improvements – policy and note**

Feedback received from the PTU consultation indicated that expressing the connection pairings between accounting policy elements and the related note elements in the taxonomy would be beneficial. Note that this is an association, not a parent-child relationship.

⁴see discussion of category metadata at [ITCG December 2022](#) and Appendix B for an extract from [December 2022 ITCG AP1 Digital representation of specific proposals related to the Primary Financial Statements project](#)

⁵see also AP3 *General Improvements Update*

Taxonomy: Difficulties

- (Again) ‘novel’ (or underused) mechanisms – taxonomy relationships and attributes might naturally be expressed in XBRL by non-standard arcroles. Data consumers and the software ecosystem would need time to utilise this information.
- Benefits – in theory, more structured information in the taxonomy should be useful, but what benefits actually arise in practice?
- If analysis of patterns of relationships/traits reveals logically absent elements, which are not specified by standards, would we consider adding them to the taxonomy?

(In the era of increasing AI use) would more structured information in the taxonomy on relationships and meaning of elements be beneficial for users of the taxonomy?

What information and relationships would be most beneficial?

Technology enhancement Usability, AI and process

Consequential effects

Connections and meaning

Technology



The problem

The current content of the IFRS Taxonomies, and particularly their representation in XBRL XML form, is difficult for AI, developers and analysts (and the Foundation) to work with.

Increasing capabilities of AI offer opportunities for

- increased ability of users of accounting data to make use of digital reporting
- reduced costs for preparers
- more efficient development of taxonomies.

What changes should the IFRS Foundation make to take advantage of new technologies and support their use by others?⁶

⁶To avoid worrying overmuch about transition and sunk costs, perhaps also consider **what technology changes you wish the Foundation had made 5-10 years ago? What do you imagine you will wish, five years from now, we had started today?**

Areas of possible technical change

Several discussed previously. Focus on one today.

This will be the focus of our discussion for this session



Internal processes⁷

Should we focus on leveraging AI for potential improvements to our internal processes for developing and publishing the taxonomy?

Taxonomy format and report content

Are there changes to the taxonomy or reporting content, structure or format that would make it more easily consumable by or via AI, better support preparers and users, or simply reduce barriers to or cost of use?

Is moving to a simpler model, expressed in something like JSON ('Project TAVI') the right approach?

How should any transition to a new format be approached?

Supporting materials⁹

Should we provide our other materials in a different form, more suitable for AI consumption?

Preparer and user processes⁸

What trends in use of, for example, AI by data preparers, aggregators and for analysis should we be looking to support?

What mechanism could support tagging decisions / confirm they are defensible? What taxonomy changes could support this?

Should the Foundation promote consistency via more direction on the tagging approach (at the risk of conflicting with regulator guidance)?

⁶Discussed in breakouts at [ITCG October 2025](#), see also [October 2025 AP8 - Use of AI in taxonomy development](#)

⁷See panel discussion at ITCG October 2025 [AP7 - Use of AI by data preparers and aggregators](#)

⁸See AP8 - *Accessibility of taxonomy guides and supporting materials*

Area of Focus

Taxonomy format and report content¹⁰

- Are there changes to the taxonomy or reporting content, structure or format that would make it more easily consumable by or via AI, better support preparers and users, or simply reduce barriers to or cost of use?
- Is moving to a simpler model, expressed in something like JSON ('Project TAVI') the right approach?
- How should any transition to a new format be approached?

¹⁰See AP7 – XBRL update on Regulatory Playbook and OIM Taxonomy

If the taxonomy were published tomorrow in a form AI tools could consume readily, and which many developers were comfortable working with, how would you use it or expect others to use it?

Breakout session

Consequential effects

Connections and meaning

Technology

What actions could the IFRS Foundation take that would give the greatest benefits for digital reporting?

Bear in mind likely **value** delivered vs your expectations of **cost and time** to implement.

Ideally, as a group:

- Recommend one priority;
- explain the user benefit;
- identify the main constraints; and
- suggest a first step.

Summary of prompts for discussion

Consequential effects	Preparer-specific connections	Relationships in taxonomies	Technology/format changes
Should we model elements for disclosures resulting from the consequential effects of Standards or Amendments? Can this be done within our due process? Is it practical to do this at the time new requirements are being developed?	Is narrative disclosure of these connections sufficient? What connections and relationships would be most important/beneficial for users of the data? How costly would it be for preparers to capture this information? Is AI likely to mitigate this cost?	In the era of increasing AI use, would more structured information in the taxonomy on relationships and meaning of elements be beneficial for users of the taxonomy? What information and relationships would be most beneficial?	What changes should the IFRS Foundation make to take advantage of new technologies and support their use by others? Is moving to a simpler model and format, like JSON ('Project TAVI'), the right approach? How should any transition be approached?

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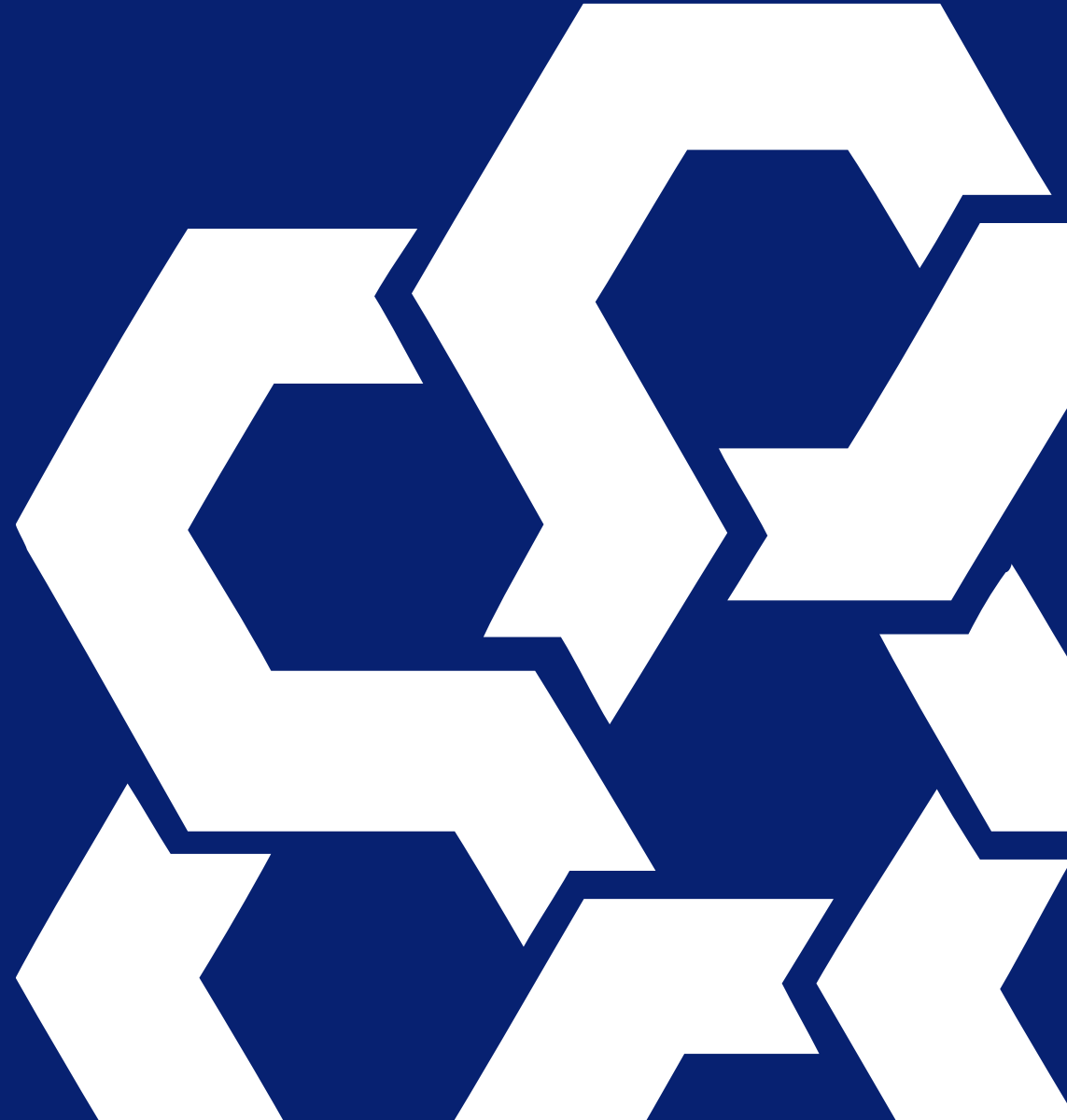
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Appendix A

Consequential effects, examples



Which Standards are most likely to give rise to consequential effects?

- Not all Standards necessarily have these implicit interconnections. Standards which potentially have more pervasive implications include:

IAS 7 Statement of Cash Flows

IAS 33 Earnings per Share

IFRS 13 Fair Value Measurement

*IAS 8 Basis of Preparation of Financial
Statements*

IFRS 3 Business Combinations

*IFRS 18 Presentation and Disclosure
in Financial Statements*

*IAS 21 The Effects of Changes in
Foreign Exchange Rates*

IFRS 8 Operating Segments

Extent to which ‘consequential effects’ are modelled in the IFRS Accounting Taxonomy

Currently typically considered

- Separate presentation of current and non-current assets and liabilities, where appropriate (for example, ‘*current lease liabilities*’ and ‘*non-current lease liabilities*’)
- Reflecting the various categories in the statement of profit or loss—operating, investing, financing, discontinued operations and income taxes (for example, ‘*regulatory income (expense), operating*’)
- Presentation choices for other comprehensive income, that is, before tax, with tax effects separately, or net of tax (see slides 37-39)

Currently not considered

- Reflecting the adjusting line items for non-cash flows in cash flow disclosures (see slide 42)
- Reflecting common reconciling items given the nature of the concept being reconciled (see slides 43-44)
- Amendments (for example, FICE) that might have impacts on items included to calculate diluted EPS
- Standards that include ‘comprehensive’ lists (for example, recent IFRS 18 change) – cross-checking across Standards.

Example of consequential
effects that **are** modelled in
the IFRS Accounting
Taxonomy

Example – OCI items

When a Standard requires presentation of OCI items, we create ‘net of tax’, ‘before tax’, ‘income tax’ and ‘reclassification adjustments’ element variations based on paragraphs 90-94 of IFRS 18.

IFRS 20.64

- | | |
|----|--|
| 64 | <p>In some cases, an entity applying other IFRS Accounting Standards includes an item of expense or income in other comprehensive income. In such cases, the entity shall also include in other comprehensive income regulatory income or regulatory expense relating to that item of expense or income, as specified in paragraph 65. The entity shall:</p> <ul style="list-style-type: none">(a) classify regulatory income and regulatory expense included in other comprehensive income in accordance with paragraph 88 of IFRS 18 Presentation and Disclosure in Financial Statements;(b) present regulatory income or regulatory expense separately from the related expense or related income;(c) reclassify regulatory income or regulatory expense included in other comprehensive income to the statement of profit or loss if, and only if, the entity reclassifies the related expense or related income to the statement of profit or loss in accordance with other IFRS Accounting Standards; and(d) classify and present the reclassified regulatory income or regulatory expense in accordance with paragraph 62. |
|----|--|

Example – OCI items

Current taxonomy modelling (**OCI components presented net of tax**):

Element label	Element type	Reference
Other comprehensive income, net of tax , regulatory income (expense) that will not be reclassified to profit or loss	Monetary	IFRS 20.64, IFRS 18.94(a)
Regulatory income (expense) included in other comprehensive income that will be reclassified to profit or loss, net of tax	Monetary	IFRS 20.64, IFRS 18.94(a)
Reclassification adjustments on regulatory income (expense), net of tax	Monetary	IFRS 20.64, IFRS 18.90
Other comprehensive income, net of tax , regulatory income (expense) that will be reclassified to profit or loss	Monetary	IFRS 20.64, IFRS 18.94(a)

Example – OCI items

Current taxonomy modelling (**OCI components presented before tax**):

Element label	Element type	Reference
Other comprehensive income, before tax , regulatory income (expense) that will not be reclassified to profit or loss	Monetary	IFRS 20.64, IFRS 18.94(b)
Regulatory income (expense) included in other comprehensive income that will be reclassified to profit or loss, before tax	Monetary	IFRS 20.64, IFRS 18.94(b)
Reclassification adjustments on regulatory income (expense), before tax	Monetary	IFRS 20.64, IFRS 18.90
Other comprehensive income, before tax , regulatory income (expense) that will be reclassified to profit or loss	Monetary	IFRS 20.64, IFRS 18.94(b)
Income tax relating to regulatory income (expense) included in other comprehensive income that will not be reclassified to profit or loss	Monetary	IAS 12.81(ab), IFRS 18.93
Income tax relating to regulatory income (expense) included in other comprehensive income that will be reclassified to profit or loss	Monetary	IAS 12.81(ab), IFRS 18.93

Examples of consequential effects that **are not** modelled in the IFRS Accounting Taxonomy

Some concrete examples

Recent PTU for IFRS 20 *Regulatory Assets and Regulatory Liabilities* received ITCG feedback on:

- Cash flow–non-cash adjustments
- Reconciliations–Business combinations, forex, transfers etc.

Indirect cash flow – adjustments for non-cash income or expense

*“No element seems to be added for cash flow statement. The regulatory income (expense) is **expected to be a non-cash income or expense.***

*It **might well be accompanied by** the introduction of a **new line in the CFS** (when prepared using the indirect method) to adjust for the effect of such non-cash income or expense in the operating profit.*

*Therefore, it **might be useful to add an element for Adjustments** for regulatory income (expense).”*

We acknowledge that there is currently no element specifically for the non-cash reconciling item. We note that IAS 7 includes an overarching requirement for the adjustments related to particular types of non-cash income or expense, but no specific list of items.

Accordingly, we did not consider it appropriate to introduce a specific element for adjustments relating to regulatory income (expense).

IFRS 20 reconciliations – common items (1/2)

“Shouldn't more elements be included as part of [the regulatory assets reconciliation]?”

*For instance, we could expect to see ‘Increase (decrease) through **effect of changes in foreign exchange rates**’ or ‘Decrease through **losing control of subsidiaries** or other businesses’”*

IFRS 20 reconciliations – common items (2/2)

- Standards may specify certain reconciling items (see IFRS 20.73)
- In practice, additional items are expected but are not specified in IFRS 20. For example:
 - foreign exchange effects
 - business combination
 - disposal groups held for sale

Current taxonomy modelling

- No elements created
- Preparers will need to **create extension elements** for these reconciling items, even though they could be expected to be disclosed frequently

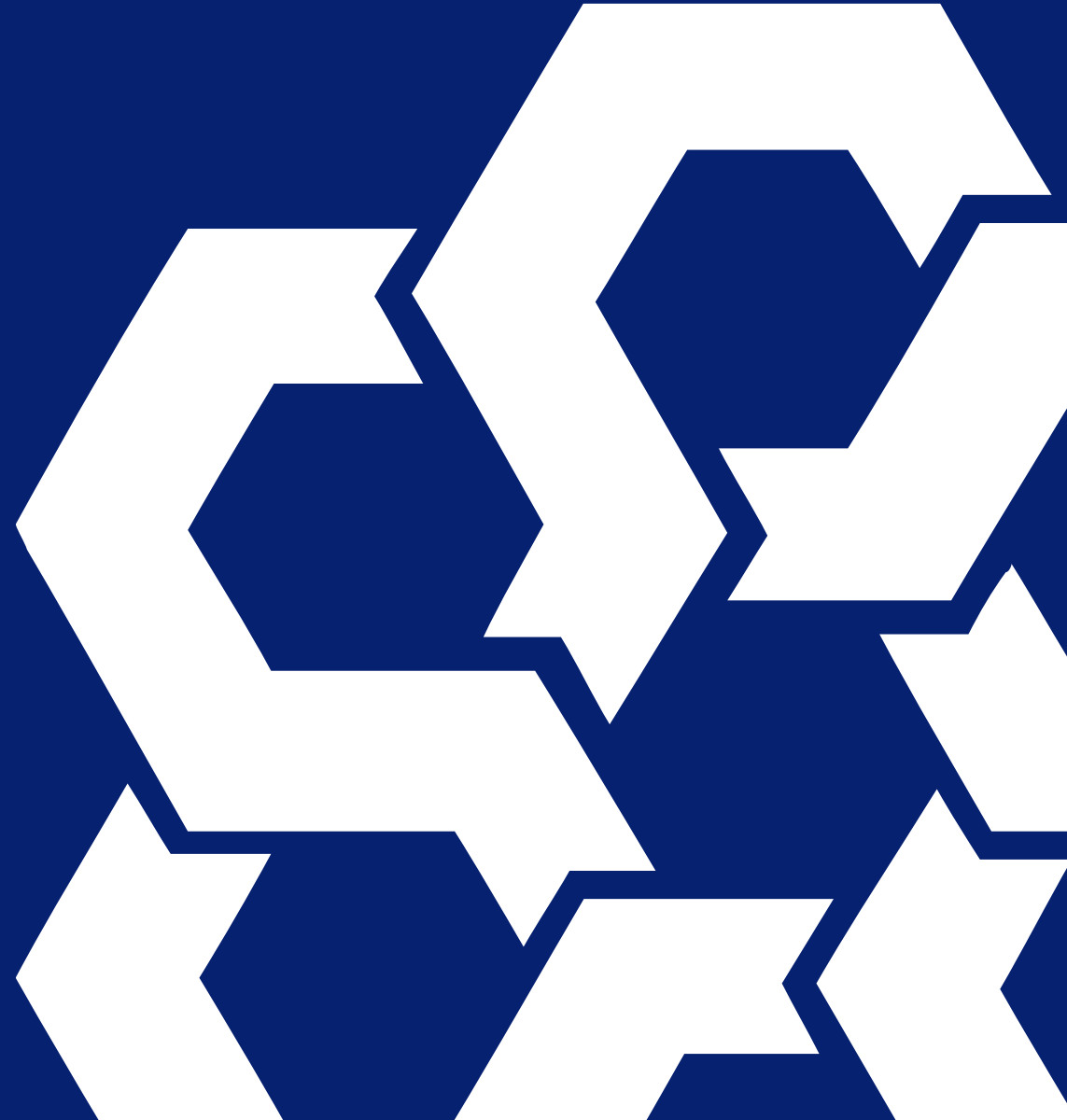
IFRS 20.73

An entity shall disclose in the reconciliations required by paragraph 72 changes in the carrying amount of a regulatory asset or regulatory liability arising from:

- (a) the origination of regulatory assets during the reporting period;
- (b) the origination of regulatory liabilities during the reporting period;
- (c) the recovery of regulatory assets during the reporting period;
- (d) the fulfilment of regulatory liabilities during the reporting period;
- (e) regulatory interest income on regulatory assets or regulatory interest expense on regulatory liabilities;
- (f) other components of regulatory income or regulatory expense—for example, changes in the carrying amount of a regulatory asset or regulatory liability arising from remeasurements of the regulatory asset or regulatory liability or changes in the boundary of a regulatory agreement; and
- (g) changes in regulatory assets and regulatory liabilities that did not give rise to regulatory income or regulatory expense—for example, regulatory assets acquired and regulatory liabilities assumed in a business combination.

Appendix B

Extract from Dec 2022 ITCG AP1:
*Digital representation of specific
proposals related to the Primary
Financial Statements project*



Digital reporting and location of information

- Regulators often require entities to submit metadata on the location of an item (that is, information on whether an item is presented in the primary financial statements or disclosed in the notes)
 - For some jurisdictions, this metadata is accessible for users (for example, for US SEC filers). However, in other jurisdictions such metadata may not be accessible for users
 - However, such metadata is provided by different mechanisms between jurisdictions, and is often imperfect due to underlying issues in the XBRL specifications – hence, what is required by regulators is not necessarily the same (metadata might not be comparable between jurisdictions)
 - Without correct information on the location of an item, users might double-count items and hence be misled by information provided
 - Could build specific structures into IFRS Accounting Taxonomy to enable information on the location of an item to be accessible to users regardless of the jurisdiction
-

Digital reporting and relationship between information

- IFRS Accounting Taxonomy has no general modelling to indicate how an item that is disclosed in the notes relates to line items presented in the primary financial statements (for example, how does disaggregated revenue in the notes relate to revenue line item(s) presented in the statement of profit or loss?)
 - Where such a disclosure is required by IFRS Accounting Standards, the IFRS Accounting Taxonomy generally has text elements (for example, text elements are used for the requirement to disclose the line item(s) in the statement of profit or loss in which impairment losses of non-financial assets are included)
 - It is therefore often difficult for users of digital reports to understand the relationship between information given in the notes and information given in the primary financial statements
 - PFS proposals improve how information is communicated – focussing in particular on providing users with a better understanding of relationships between items
-

PFS proposals improve how information is communicated (focus on statement of financial performance)

Proposals provide users with a better understanding of how items presented or disclosed in financial statements **relate** to each other – specifically, proposals provide information on:

- **relationship between items presented in primary financial statements:**
 - what are the components of a presented subtotal?
 - in which category (categories) is a presented item included?
- **relationship between items presented in primary financial statements and items disclosed in notes:**
 - how much depreciation, amortisation and employee benefits is included in each presented item?

Objectives:

- Digital users lack context provided by paper-based reports, making it easier for digital users to be misled
- IFRS Accounting Taxonomy should facilitate digital consumption of ‘relationship-information’

* Presented = item presented in the primary financial statements (for example, in the statement of profit or loss)

** Disclosed = item disclosed in the notes

What needs to be done to achieve objective of facilitating digital consumption of relationships?

- Line item and dimensional modelling are not sufficient to fully achieve objective of facilitating digital consumption of relationship-information provided in paper-based reports
- Issue is more pronounced with PFS proposals because PFS proposals lead to more relationship-information being provided by entities than currently required



To achieve objective, we think we need to introduce modelling approaches into IFRS Accounting Taxonomy that can help communicate relationships



Limitations: Need to choose tool(s) that are likely to achieve objective of PFS proposals to some extent while maintaining an appropriate cost-benefit balance

Tools that could help communicate location/relationships

Tools	Description
Linking mechanisms	Seven types of linking mechanisms discussed below:
1. Presentation	Allows an entity/taxonomy author to indicate how elements should be viewed as being laid out, such as in which statement or disclosure elements are included, in what order, and with what logical nesting.
2. Calculations	Allows an entity/taxonomy author to indicate where line items are expected to sum up.
3. Line items as members	Allows an entity to use line items under an axis to act as a member.
4. Anchoring	Allows an entity to link an entity-specific extension element to the closest related element in the IFRS Taxonomy. It helps users to get some meaning out of the extension element by seeing the related anchors. Note: It can also be used to link one taxonomy element with another taxonomy element.
5. 'Properties', 'Traits', 'meta-model relationships'	Allows an entity/taxonomy author to convey properties of taxonomy elements either as values or connections to other concepts, or to (define and) describe specific conceptual relationships between taxonomy elements
6. Footnotes	Allows an entity to provide additional textual information with a tagged fact, through a footnote in the digital report. Example: Entity can use the element 'Number of employees' and may provide additional details related to that number of employees in the footnote.
7. Fact-explanatory	Allows an entity to link two tagged facts in a digital report. Example: Entity can create a link between the elements 'Employee benefits expense' and 'Average number of employees' [Mechanism could be adapted in taxonomy to allow indication of different/more specific connections between facts]

What are users' needs?

Objectives:

Digital users need to understand the:

- components of subtotals (for example: which line items are included in operating profit or loss?)
- location of items in the statement of profit or loss (for example: in which category (categories) is impairment included?)

Note: some items might be presented in:

- more than one category for a single entity (Entity A presents **impairment** in operating and investing)
- different categories for different entities (Entity A presents **foreign exchange losses** in operating, Entity B in financing)

Entity A – Summary of a statement of profit or loss

Revenue	X
...	...
Impairment	(10)
Operating profit or loss	X
...	X
Impairment	(20)
Profit or loss before financing and income tax	X
...	(X)
Profit or loss before tax	X

Operating

Investing

Financing

Entity A – Summary of a statement of profit or loss

Revenue	X
...	...
Foreign exchange losses	(10)
Operating profit or loss	X
...	X
Profit or loss before financing and income tax	X
...	(X)
...	(X)
Profit or loss before tax	X

Entity B – Summary of a statement of profit or loss

Revenue	X
...	...
...	...
Operating profit or loss	X
...	X
Profit or loss before financing and income tax	X
...	(X)
Foreign exchange losses	(10)
Profit or loss before tax	X

Operating

Investing

Financing

Tools which could be used

Use of category metadata	We could create elements (line items) in the Taxonomy including the following: i. Operating category in P&L ii. Investing category in P&L iii. Financing category in P&L Every element of income or expense in P&L (or in notes) would need to be linked to one or more of the above elements through an anchoring-like mechanism¹. It would benefit the users of digital reporting to identify the category to which any item of income or expense relates, similar to the user of a paper-based report. This tool would be used to identify categories for elements or extensions used in line-item modelling. See illustration on next slide.
Preparer-defined presentation and calculation	Line-item components of subtotals can be easily seen (and analysed) if the preparer submits their presentation and calculation relationships with their XBRL file. US SEC and ESMA already require the submission of preparer-defined presentation and calculation links with the XBRL file. Note: Calculations and presentation may not work adequately where dimensions are used. Note: This would not require any change to the IFRS Accounting Taxonomy.

¹ Such as custom link roles, the new 'property' reference part role in the Link Role Registry, 'concept traits', or a generic fact-attribute mechanism.

Illustration—Use of category metadata

This tool could be used when:

- the taxonomy line item does not convey sufficient details about the category (eg property management expenses); or
- an extension is created (eg for cleaning expenses).

This tool may not be needed when the taxonomy element already conveys sufficient details about the category (eg impairment expenses).

Summary of a statement of profit or loss			
Revenue		X	Operating
Cleaning expenses		(15)	
Impairment		(10)	
Operating profit or loss		X	
Share of profit or loss of associates and joint ventures accounted for using the equity method		X	Investing
Cleaning expenses		(25)	
Property management		(5)	
Impairment		(20)	
Profit or loss before financing and income tax		X	
Unwinding of discount on pension liabilities and provisions		(X)	Financing
Profit or loss before tax		X	

Taxonomy element	Category metadata	Label in FS	Amount
Impairment loss classified in operating category		Impairment	10
Impairment loss classified in investing category		Impairment	20
Cleaning expenses, classified in operating category (EXT)	Operating category in P&L	Cleaning expenses	15
Cleaning expenses, classified in investing category (EXT)	Investing category in P&L	Cleaning expenses	25
Property management expense	Investing category in P&L	Property management	5

Appendix C

FASB Metamodel



FASB metamodel: types of accounting relationships

Accounting relationships

Relationship	Description
Instant-accrual	The target accrues into the source. Links an accrual, such as an expense or income provision against an asset or liability (such as accumulated amortization) to the periodic changes (such as amortization in a period).
Instant-contra	The target offsets the source element, specifically as a contra element that reduces an asset or liability
Instant-inflow	The target element flows into the balance represented by the source, for example “proceeds from sale” flowing into the balance of cash.
Instant-outflow	The target element flows out of the balance represented by the source, representing a decrease to the balance. For example, “payments to acquire PPE” reducing the balance of cash.
Class-subclass	Indicates that the target element has (at least) all the traits of the parent element.
Concept-dimensional-equivalent	Indicates that the combination of the target elements represents the same concept as the source element.
Aggregate-other	Indicates that an element represents the residual, not otherwise categorized component of the source element. For example, “Assets, current” and “Other Assets, current”
Concept-Numerator, Concept-denominator	Indicates the target element is the numerator/denominator in the calculation of the source element. For example, “Net Income (Loss) Available to Common Stockholders, Basic” and “Earnings per Share, Basic”

FASB metamodel: example list of ‘traits’ expressing accounting meaning

Traits (attributes)

Relationship	Description
Trait-concept	Indicates that the target element possesses the trait represented by the source element. For example, “Commercial Paper” being linked to ‘Unsecured debt [Member]’ indicates that Commercial Paper is a type of unsecured debt.

Accrual	Expense	Non-deductible Expense	Restricted
Allocation	Expense Reversal	Non-deductible Permanent Expense	Revenue
Arithmetic Average	Face Or Par Value	Non-deductible Temporary Expense	Revolving Loan
Cash Flow Hedging	Fair Value Hedging	Non-designated	Sales Type Lease
Commodity Contract	Finance Lease	Non-operating	Secured Debt
Comprehensive Income	Financing Activity	Not Designated As Hedging Instrument Trading	Segment Discontinued Operations
Contra Asset	Fixed Rate	Operating Activity	Senior Debt Obligations
Contra Equity	Foreign Exchange Contract	Operating Lease	Subordinated Debt
Contra Liability	Forward Contracts	Operating	Tax Benefits
Convertible	Gain	Option MM	Tax Carry-forward
Credit Risk Contract	Indirect Cash Flow Method Reconciling Item	Payable	Tax Contingency
Current	Interest Rate Contract	Realized	Tax Credit
Derecognize	Intrinsic Value	Reclassification	Tax Deductible Expense
Designated As Hedging Instrument	Investing Activity	Recognize	Tax Expense
Direct Financing Lease	Investment By Owners	Reconciling Tax Item	Tax Settlement
Distribution To Owners	Junior Subordinated Debt	Recorded As Estimate	Taxable Revenue
Equity Contract	Liability	Recorded At Amortized Cost After Allowance	Temporary Equity
Equity MM	Loss	For Credit Loss	Term Loan
Estimated Future Cash Receipt	Maximum	Recorded At Amortized Cost	Threshold
Estimated Future Expense	Metric	Recorded At Historical Cost	Unrealized
Estimated Future Maturity	Minimum	Recorded At Lower Of Carrying Value Or Fair	Unsecured Debt
Estimated Future Obligation	Net Investment Hedging	Value Less Cost To Sell	Variable Rate
Estimated Future Payment	Non-taxable Revenue	Remeasurement	Weighted Average
Estimated Future Revenue	Non-current	Reported At Fair Value	