



IFRS[®]

Accounting

March 2025

IFRS[®] Taxonomy Update

IFRS[®] Accounting Taxonomy 2024—Update 1

***IFRS 18* Presentation and Disclosure in Financial Statements**

IFRS[®] Accounting Taxonomy 2024

Update 1

IFRS 18 Presentation and Disclosure in Financial
Statements

IFRS® Accounting Taxonomy 2024—Update 1 IFRS 18 Presentation and Disclosure in Financial Statements is published by the International Accounting Standards Board (IASB).

Disclaimer: To the extent permitted by applicable law, the International Accounting Standards Board (IASB) and the Foundation expressly disclaim all liability howsoever arising from this publication or any translation thereof whether in contract, tort or otherwise to any person in respect of any claims or losses of any nature including direct, indirect, incidental or consequential loss, punitive damages, penalties or costs.

Information contained in this publication does not constitute advice and should not be substituted for the services of an appropriately qualified professional.

© 2025 IFRS Foundation

All rights reserved. Reproduction and use rights are strictly limited. Please contact the Foundation for further details at permissions@ifrs.org.

Copies of IASB publications may be ordered from the Foundation by emailing customerservices@ifrs.org or by visiting our shop at <https://shop.ifrs.org>.



The IFRS Foundation has trade marks registered around the world including 'FSA®', the 'Hexagon Device' logo®, 'IAS®', 'IASB®', 'IFRIC®', 'IFRS®', the 'IFRS®' logo, 'IFRS for SMEs®', 'ISSB®', 'International Accounting Standards®', 'International Financial Reporting Standards®', 'International Financial Reporting Standards Foundation®', 'IFRS Foundation®', 'NIIF®', 'SASB®', 'SIC®', 'SICS®', and 'Sustainable Industry Classification System®'. Further details of the IFRS Foundation's trade marks are available from the IFRS Foundation on request.

The Foundation is a not-for-profit corporation under the General Corporation Law of the State of Delaware, USA and operates in England and Wales as an overseas company (Company number: FC023235) with its principal office in the Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD.

CONTENTS

from page

INTRODUCTION	4
Why has the IASB made changes to the IFRS® Accounting Taxonomy?	4
Impact of IFRS 18 on the IFRS Accounting Taxonomy	7
Reading this Update	8
Documentation and guidance labels	9
IFRS Accounting Taxonomy files	9
Effective date	9
OVERVIEW OF THIS DOCUMENT	10
OVERALL APPROACH AND METHODOLOGY	10
Retaining, deprecating or changing existing elements with a reference to IAS 1	10
Addition of categorical and parent narrative elements	11
Addition of elements based on the Illustrative Examples that accompany IFRS 18	11
MODELLING FOR THE REQUIREMENTS IN IFRS 18	11
Presentation requirements for the statement of profit or loss	12
Disclosure requirements for MPMs	19
Disclosure requirements for specified expenses by nature	25
FURTHER CHANGES TO THE IFRS® ACCOUNTING TAXONOMY	29
Relationship between elements in the notes and elements in the primary financial statements	29
Consequential amendments to other IFRS Accounting Standards	30
The replacement of the terms 'IFRS', 'IFRSs' or 'IFRS Standard' in labels	33
Effective date and transition	34
IMPLEMENTATION GUIDANCE FOR PREPARERS	35
Guidance in this document	35
Guidance labels in the IFRS Accounting Taxonomy	39
APPROVAL BY THE IASB OF IFRS® ACCOUNTING TAXONOMY 2024—UPDATE 1 IFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS ISSUED IN MARCH 2025	40
APPENDIX A—IFRS® ACCOUNTING TAXONOMY TERMS AND GUIDANCE MATERIALS	41
APPENDIX B—GENERAL POLICIES FOR TAXONOMY MODELLING APPLIED IN THIS TAXONOMY UPDATE	43
APPENDIX C—ADVANTAGES AND DISADVANTAGES OF THE MODELLING APPROACHES TAKEN	48
APPENDIX D—LIST OF CATEGORICAL AND PARENT NARRATIVE ELEMENTS	51
APPENDIX E—ILLUSTRATION OF A TAGGED EXAMPLE DISCLOSURE OF AN MPM RECONCILIATION	54
APPENDIX F—ILLUSTRATION OF A TAGGED EXAMPLE DISCLOSURE OF INFORMATION ON SPECIFIED EXPENSES BY NATURE	59
APPENDIX G—ILLUSTRATION OF A SINGLE PRESENTATION GROUP FOR THE STATEMENT PRESENTING COMPREHENSIVE INCOME, PROFIT OR LOSS	63
APPENDIX H—ILLUSTRATION OF THE 'FACT-EXPLANATORYFACT' FOOTNOTEARC MECHANISM	67

Introduction

Why has the IASB made changes to the IFRS® Accounting Taxonomy?

- IN1 The IASB made changes to the IFRS® Accounting Taxonomy to reflect the changes to presentation and disclosure requirements arising from IFRS 18 *Presentation and Disclosure in Financial Statements*, issued in April 2024.¹ IFRS 18 supersedes IAS 1 *Presentation of Financial Statements*. IFRS 18 includes presentation and disclosure requirements that are new and requirements that were carried forward from IAS 1.
- IN2 IFRS 18 is intended to improve how information is communicated in financial statements by:
- (a) requiring an entity to present defined totals and subtotals and to classify income and expenses into the categories of operating, investing, financing, income taxes and discontinued operations in the statement of profit or loss;
 - (b) requiring an entity to disclose information about management-defined performance measures (MPMs); and
 - (c) strengthening the requirements for aggregating and disaggregating information by introducing principles on aggregation and disaggregation and disclosure requirements for specified expenses by nature.

Overall approach and methodology

- IN3 *Approach to existing elements with a reference to IAS 1*—to enable preparers of digital financial statements to reuse existing elements while allowing users of digital financial statements to retain trend information, the IASB retained existing elements unless:
- (a) for ‘disclosure’ or ‘example’ reference type elements:
 - (i) the requirements or examples were carried forward from IAS 1 to IFRS 18 but have been substantially changed; or
 - (ii) the requirements or examples were not carried forward from IAS 1 to IFRS 18 and the IASB does not reasonably expect the continued use of those elements; and
 - (b) for ‘common practice’ reference type elements:
 - (i) the continued use of the element could be misleading for users; or
 - (ii) the IASB does not reasonably expect the continued use of those elements.
- IN4 *Approach to adding categorical and parent narrative elements*—the IASB added categorical and parent narrative elements for the categorical information required by IFRS 18, including for the accounting policy choices in IFRS 18.
- IN5 *Approach to adding elements based on the Illustrative Examples that accompany IFRS 18*—the IASB decided not to add elements for all items illustrated in the Illustrative Examples that accompany IFRS 18. Specifically, the IASB only added elements if the IASB reasonably expects entities to use those elements to tag items in their digital financial statements.

Modelling for the requirements in IFRS 18

- IN6 *Presentation requirements for the statement of profit or loss*—the IASB used a line-item modelling approach to reflect the requirements in IFRS 18 in which the label of the line-item element reflects the category of the element in the statement of profit or loss. Specifically, the IASB:
- (a) for elements that all entities would present in the same category, changed the labels of those elements to reflect the category of the respective elements;
 - (b) for ‘disclosure’ or ‘example’ reference type elements that could be presented in more than one category by a single entity or in different categories by different entities:
 - (i) added elements that reflect the category of the element in their label for all variations of the element that the IASB reasonably expects entities to present; and

¹ ‘Presentation’ refers to items presented in the primary financial statements. ‘Disclosure’ refers to items disclosed in the notes to the financial statements.

- (ii) retained the existing element, including its label (representing the total amount of an item of income or expense across different categories in the statement of profit or loss), that is, the label of such an element does not reflect a category;²
 - (c) for ‘common practice’ reference type elements that could be presented in more than one category of the statement of profit or loss by a single entity or in different categories by different entities:
 - (i) changed the labels of the existing elements if the IASB reasonably expects entities to present those elements to reflect the category for which presentation is reasonably expected; or
 - (ii) retained the labels of the existing elements if the IASB does not reasonably expect entities to present those elements (that is, the labels of such elements do not include a category);
 - (d) for the defined subtotals ‘operating profit or loss’ and ‘profit or loss before financing and income taxes’ required by IFRS 18 and the subtotals listed in paragraph 118 of IFRS 18, added line-item elements if no suitable related line-item element exists in the IFRS Accounting Taxonomy;
 - (e) deprecated the presentation groups ‘[310000] Statement of comprehensive income, profit or loss, by function of expense’ and ‘[320000] Statement of comprehensive income, profit or loss, by nature of expense’;
 - (f) added the presentation group ‘[330000] Statement presenting comprehensive income, profit or loss’ and a calculation relationship for the statement of profit or loss; and
 - (g) changed the location of income and expense elements, specifically:
 - (i) included elements that the IASB reasonably expects entities to use for presentation in the statement of profit or loss in the presentation group ‘[330000] Statement presenting comprehensive income, profit or loss’;
 - (ii) included elements that the IASB does not reasonably expect entities to use for presentation in the statement of profit or loss, but which have a reference to IFRS 18 in the presentation group ‘[800200] Notes - Analysis of income and expense’; and
 - (iii) included elements that the IASB does not reasonably expect entities to use for presentation in the statement of profit or loss, and which have (a) reference(s) only to IFRS Accounting Standards other than IFRS 18 in the presentation group to which the reference refers.
- IN7 *Disclosure requirements for MPMs*—the IASB added the presentation group ‘[800270] Notes - Management-defined performance measures’. Within that presentation group, the IASB:
- (a) added a text block element to tag the MPM note;
 - (b) added a table text block element to tag the MPM reconciliation;
 - (c) added a dimensional table (for the reconciliation between an MPM and the most directly comparable subtotal listed in paragraph 118 of IFRS 18 or total or subtotal specifically required to be presented or disclosed by IFRS Accounting Standards) with:
 - (i) a ‘Management-defined performance measures’ axis;
 - (ii) a ‘Reconciliation of management-defined performance measure’ axis with two predefined members; and
 - (iii) line-item elements from the statement of profit or loss; and
 - (d) created a formula in the IFRS Accounting Taxonomy to help alleviate possible data quality issues arising from the limitation on calculation relationships under the current XBRL[®] specification.
- IN8 *Disclosure requirements for specified expenses by nature*—the IASB added the presentation group ‘[800260] Notes - Specified expenses by nature’. Within that presentation group, the IASB:
- (a) added a text block element to tag the specified expenses by nature note;
 - (b) added a table text block element to tag the disclosure of the amounts of specified expenses by nature related to each line item in the operating category of the statement of profit or loss;

² Elements that do not include a category in their label should not be used to tag line items in the statement of profit or loss. Rather, an entity could use such elements to tag amounts disclosed in the notes.

- (c) added two line-item elements and included three existing line-item elements in that presentation group to tag totals of specified expenses by nature;
- (d) added a dimensional table with:
 - (i) one axis with specific member elements representing the specified expenses by nature; and
 - (ii) line-item elements from the statement of profit or loss; and
- (e) deprecated the existing common practice table 'Disclosure of attribution of expenses by nature to their function' and related elements.

Further changes to the IFRS Accounting Taxonomy

- IN9 *Relationship between elements in the notes and elements in the primary financial statements*—the IASB encourages preparers to use the 'fact-explanatoryFact' footnoteArc mechanism to connect disclosures in the notes with amounts presented in the primary financial statements.
- IN10 *Consequential amendments to other IFRS Accounting Standards*—the IASB made changes to the IFRS Accounting Taxonomy to reflect consequential amendments to other IFRS Accounting Standards.
- IN11 *The replacement of 'IFRS', 'IFRSs' or 'IFRS Standard' in labels*—the IASB changed the terms 'IFRS', 'IFRSs' or 'IFRS Standard' to 'IFRS Accounting Standard' or 'IFRS Accounting Standards' in all documentation labels in the IFRS Accounting Taxonomy unless the term 'IFRS' is used with a number (for example, 'IFRS 9'), but retained the terms 'IFRS', 'IFRSs' or 'IFRS Standard' in the element labels.
- IN12 *Effective date and transition*—for the period of transition to IFRS 18, the IASB created two taxonomy entry points in the IFRS Accounting Taxonomy 2025, specifically:
 - (a) an entry point 'IFRS full taxonomy with elements reflecting IAS 1 presentation and disclosure requirements'; and
 - (b) an entry point 'IFRS full taxonomy with elements reflecting IFRS 18 presentation and disclosure requirements'.

Implementation guidance for preparers

- IN13 *Implementation guidance for preparers*—the IASB provided implementation guidance in this document for preparers in relation to:
 - (a) labelling extension line-item elements created for the statement of profit or loss;
 - (b) tagging an MPM note; and
 - (c) tagging a specified expenses by nature note.
- IN14 *Guidance labels*—the IASB added guidance labels to specific elements in the IFRS Accounting Taxonomy to explain to preparers how those elements should be used.

Impact of IFRS 18 on the IFRS Accounting Taxonomy

IN15 Table 1 summarises the impact of IFRS 18 on the IFRS Accounting Taxonomy. The impact is described in detail in the next sections of this document.

Table 1—How IFRS 18 impacts the IFRS Accounting Taxonomy

Topic	Paragraph(s)	Impact on the IFRS Accounting Taxonomy
<i>Key topics</i>		
Presentation requirements for the statement of profit or loss	10–51	<ul style="list-style-type: none"> • Addition of approximately 40 line-item elements reflecting the category of the element in the element label • Changes to labels of more than 250 line-item elements to reflect the category of the element in the element label • Changes to references • Deprecation of approximately 30 line-item elements • Addition of the presentation group '[330000] Statement presenting comprehensive income, profit or loss' and inclusion of a calculation relationship for the statement of profit or loss • Deprecation of the presentation groups '[310000] Statement of comprehensive income, profit or loss, by function of expense' and '[320000] Statement of comprehensive income, profit or loss, by nature of expense' • Addition of categorical and parent narrative elements
Disclosure requirements for MPMs	52–70	<ul style="list-style-type: none"> • Addition of the presentation group '[800270] Notes - Management-defined performance measures', which includes elements related to the disclosure requirements for MPMs • Addition of one text block element and one table text block element • Addition of one table with two axes (one axis representing MPMs with no specific member elements and one axis representing reconciling items with two predefined member elements) and line-item elements from the statement of profit or loss • Creation of a formula in the IFRS Accounting Taxonomy formula linkbase • Addition of categorical and parent narrative elements

continued...

...continued

Topic	Paragraph(s)	Impact on the IFRS Accounting Taxonomy
Disclosure requirements for specified expenses by nature	71–85	<ul style="list-style-type: none"> • Addition of the presentation group '[800260] Notes - Specified expenses by nature', which includes elements related to the disclosure requirements for specified expenses by nature • Addition of one text block element and one table text block element • Addition of one table with one axis with five specific member elements representing the specified expenses by nature and line-item elements from the statement of profit or loss • Addition of two line-item elements representing the totals of depreciation and amortisation, and inclusion of five line-item elements representing the totals of specified expenses by nature in a separate abstract • Deprecation of the common practice table 'Disclosure of attribution of expenses by nature to their function'
<i>Other topics</i>		
Other narrative disclosure requirements	87–91	<ul style="list-style-type: none"> • Addition of one text block element
Consequential amendments to other IFRS Accounting Standards	92–101	<ul style="list-style-type: none"> • Changed the line-item element for the starting point in the presentation group '[520000] Statement of cash flows, indirect method' from 'Profit (loss)' to 'Operating profit (loss), operating' • Addition of line-item elements • Changes to labels of line-item elements • Deprecation of line-item elements • Changed the label of two presentation groups

Reading this Update

- IN16 This document uses taxonomy-specific terms. Appendix A contains brief explanations of the IFRS Accounting Taxonomy terms used in this document.
- IN17 Changes to the IFRS Accounting Taxonomy elements are shown in tables. New elements are shaded in green. For amended element labels or references, added text is underlined and deleted text is struck through. Unchanged elements, which are provided only for ease of reading and context, are shown in grey text. Indents are used to show a taxonomy presentation or calculation parent–child relationship between IFRS Accounting Taxonomy elements.
- IN18 The element label shown is the standard label, unless otherwise indicated. For more information on element labels, see Table A1 in Appendix A and the 'Element labels' section in *Using the IFRS Taxonomy – A preparer's guide*.
- IN19 This document does not provide the full list of XBRL properties for the IFRS Accounting Taxonomy elements listed. For further information on the XBRL properties applied to an element, see the IFRS Accounting Taxonomy files and associated documentation.
- IN20 Amounts in examples are denominated in currency units (CU). The examples are provided for illustrative purposes – they do not reflect all requirements in IFRS 18.
- IN21 References in tables are not necessarily complete. Tables include references to IFRS 18, or to other IFRS Accounting Standards if there is no reference to IFRS 18. An element might have other references – to IFRS 18 and other IFRS Accounting Standards – that are not included in the tables. A full list of references is included in the IFRS Accounting Taxonomy files.

Documentation and guidance labels

- IN22 The IFRS Accounting Taxonomy includes documentation and guidance labels for elements in the IFRS Accounting Taxonomy. Documentation labels describe in text the accounting meaning of each element. Guidance labels advise an entity on correctly using an element.
- IN23 Documentation labels for the new elements are included in the *IFRS Taxonomy Illustrated* in Microsoft Excel and the IFRS Accounting Taxonomy files. Changes to documentation labels and new guidance labels are discussed throughout the document.

IFRS Accounting Taxonomy files

- IN24 The changes resulting from this Update have been included in the IFRS Accounting Taxonomy 2025 under the taxonomy entry point 'IFRS full taxonomy with elements reflecting IFRS 18 presentation and disclosure requirements'.

Effective date

- IN25 IFRS 18 applies to annual reporting periods beginning on or after 1 January 2027, with early application permitted.

This document uses several acronyms. ‘ET’ refers to element type and ‘ER’ to element reference type. Element type ‘M’ refers to monetary, ‘T’ to text, ‘TB’ to text block, ‘B’ to Boolean, and ‘EE’ to extensible enumeration. Reference type ‘D’ refers to disclosure, ‘E’ to example and ‘CP’ to common practice. A short code appended to labels is used to refer to axes and members: ‘(A)’ refers to an axis, ‘(M)’ refers to a member, and ‘(DM)’ refers to the domain member of the axis.

Overview of this document

- 1 This document discusses changes to the IFRS[®] Accounting Taxonomy to reflect the presentation and disclosure requirements arising from IFRS 18 *Presentation and Disclosure in Financial Statements*. The document is structured as follows:
- (a) overall approach and methodology (paragraphs 2–8);
 - (b) modelling for the requirements in IFRS 18 (paragraphs 9–85);
 - (c) further changes to the IFRS Accounting Taxonomy (paragraphs 86–115); and
 - (d) implementation guidance for preparers (paragraphs 116–140).

Overall approach and methodology

- 2 This section discusses the IASB’s approach:
- (a) to retaining, deprecating or changing existing elements with a reference to IAS 1 (paragraphs 3–5);
 - (b) to adding categorical and parent narrative elements (paragraph 6); and
 - (c) to adding elements based on the Illustrative Examples that accompany IFRS 18 (paragraphs 7–8).

Retaining, deprecating or changing existing elements with a reference to IAS 1

- 3 Existing elements with a reference to IAS 1 have been retained unless:
- (a) for ‘disclosure’ or ‘example’ reference type elements:
 - (i) the requirements or examples were carried forward from IAS 1 to IFRS 18 but have been substantially changed; or
 - (ii) the requirements or examples were not carried forward from IAS 1 to IFRS 18 and the IASB does not reasonably expect the continued use of those elements;³ and
 - (b) for ‘common practice’ reference type elements:
 - (i) the continued use of the element could be misleading for users;⁴ or
 - (ii) the IASB does not reasonably expect the continued use of those elements.
- 4 This approach has the benefit of enabling preparers to continue to use existing elements while allowing users to retain trend information.
- 5 For the retained elements, the IASB (see Tables 2–3):
- (a) changed the references of ‘disclosure’ or ‘example’ elements if the requirements or examples were carried forward from IAS 1 to IFRS 18 (or another IFRS[®] Accounting Standard) unchanged;

3 For example, the IASB deprecated the element ‘Finance costs’ because the requirement to present this line item was not carried forward to IFRS 18 and, applying the requirements in IFRS 18, the IASB does not reasonably expect the continued use of this element. In contrast, the element ‘Distribution costs’ is mentioned as an example in IAS 1, but the example was not carried forward to IFRS 18. However, because the IASB reasonably expects the continued use of the element, this element has been retained.

4 For example, the IASB deprecated the common practice element ‘Profit or loss from operating activities’ because that subtotal is not defined in IFRS Accounting Standards and might include items of income and expense other than those included in the defined subtotal ‘operating profit or loss’, which entities are required to present applying IFRS 18. Because the IASB added an element for ‘operating profit or loss’, retaining the element ‘Profit or loss from operating activities’ might risk preparers continuing to use that element to tag the required subtotal ‘operating profit or loss’ (and risk users being misled by comparing data tagged using the element ‘Profit or loss from operating activities’ from periods before the application of IFRS 18 with tagged data from periods after application of IFRS 18, which might not be comparable).

- (b) changed both the references and labels⁵ of ‘disclosure’ or ‘example’ elements if the requirements or examples were carried forward from IAS 1 to IFRS 18 (or to another IFRS Accounting Standard) with minor textual adjustments that do not substantially change the meaning of the requirement or example; and
- (c) changed the references of ‘common practice’ elements from IAS 1 to IFRS 18.⁶

Table 2—Example of changes to labels and references

Element label	ET	ER	Reference ⁷
Profit (loss) before tax Profit (loss) before income taxes	M	D, E	IAS 1.102, IAS 1.103 IFRS 18.118(e)
Trade and other payables	M	D	IAS 1.54(k) IFRS 18.103(m)

Table 3—Example of changes to existing categorical elements⁸

Element label	List	ET	ER	Reference
Nature of financial statements	Separate / Consolidated	EE	D	IAS 1.51(b), IFRS 18.27(b), IAS 27.16(a), IAS 27.17(a)
Entity complied with any externally imposed capital requirements	True / False	B	D	IAS 1.135(d) IFRS 18.127(d)

Addition of categorical and parent narrative elements

- 6 IFRS 18 includes new requirements for categorical information. Applying the IFRS Foundation’s (Foundation’s) general policy for adding categorical elements (paragraphs B19–B21), the IASB generally added child categorical elements and parent narrative elements for those new requirements (see also paragraphs 48–51, paragraphs 69–70 and Appendix D). This approach of adding child categorical elements and a parent narrative element allows preparers to tag categorical information in a categorical format by using the child categorical element and to tag additional contextual information by using the parent narrative element. Such an approach enables users to search for and analyse parent narrative elements separately from other information to understand the context of a categorical element.

Addition of elements based on the Illustrative Examples that accompany IFRS 18

- 7 Applying the Foundation’s general policy for adding elements based on Illustrative Examples that accompany IFRS Accounting Standards (paragraphs B22–B25), the IASB decided not to add elements for all items of income and expense illustrated in the various examples of a statement of profit or loss in the Illustrative Examples that accompany IFRS 18.
- 8 The Illustrative Examples that accompany IFRS 18 illustrate how the presentation and disclosure requirements in IFRS 18 could be applied (for example, they illustrate how an entity could provide, in the statement of profit or loss, a useful structured summary of its income and expenses applying paragraphs 21–24 of IFRS 18). The items illustrated in the Illustrative Examples do not necessarily correspond to items entities might use in practice. Therefore, including elements for all items illustrated in the Illustrative Examples that accompany IFRS 18 would not necessarily be useful for preparers.

Modelling for the requirements in IFRS 18

- 9 This section discusses the modelling for the requirements in IFRS 18, specifically:
- (a) the presentation requirements for the statement of profit or loss (paragraphs 10–51);

5 In this context ‘labels’ refers to the label of the requirement or example (see paragraphs 19–37 for changes to labels to reflect the category of an item of income or expense in the element label as a result of the presentation requirements in IFRS 18).

6 No labels or references have been changed for elements with an expiration date.

7 For simplicity, this table shows only the references to IFRS 18.

8 The IASB retained all categorical elements because the requirements for categorical information were carried forward from IAS 1 to IFRS 18 unchanged (see paragraphs B19–B21 for more information on categorical elements).

- (b) the disclosure requirements for MPMs (paragraphs 52–70); and
- (c) the disclosure requirements for specified expenses by nature (paragraphs 71–85).

Presentation requirements for the statement of profit or loss

10 This section discusses:

- (a) the presentation requirements in IFRS 18 for the statement of profit or loss (paragraphs 11–18); and
- (b) the modelling for the presentation requirements for the statement of profit or loss (paragraphs 19–51).

Presentation requirements in IFRS 18 for the statement of profit or loss

11 Paragraph 47 of IFRS 18 requires an entity to classify income and expenses included in the statement of profit or loss in one of five categories, which are:

- (a) the operating category;
- (b) the investing category;
- (c) the financing category;
- (d) the income taxes category; and
- (e) the discontinued operations category.

12 Paragraphs 52–68 of IFRS 18 set out requirements for classifying income and expenses in the operating, investing, financing, income taxes and discontinued operations categories—including specific requirements for entities with specified main business activities.⁹ Additionally, paragraphs B65–B76 of IFRS 18 set out requirements for how foreign exchange differences, the gain or loss on the net monetary position, and gains and losses on derivatives and designated hedging instruments are classified in the categories.

13 Paragraph 69 of IFRS 18 requires an entity to present totals and subtotals in the statement of profit or loss for:

- (a) operating profit or loss;
- (b) profit or loss before financing and income taxes;¹⁰ and
- (c) profit or loss (carried forward from IAS 1 to IFRS 18).

14 An entity is required to present additional subtotals in the statement of profit or loss if their presentation is necessary to provide a useful structured summary of the entity's income and expenses (paragraph 24 of IFRS 18). The IASB expects that some entities might present as additional subtotals some of the subtotals listed in paragraph 118 of IFRS 18. The subtotals listed in paragraph 118 of IFRS 18 are reproduced here:

- 118 ...
- (a) **gross profit or loss (revenue minus cost of sales) and similar subtotals (see paragraph B123);**
 - (b) **operating profit or loss before depreciation, amortisation and impairments within the scope of IAS 36;**
 - (c) **operating profit or loss and income and expenses from all investments accounted for using the equity method;**
 - (d) **for an entity that applies paragraph 73, a subtotal comprising operating profit or loss and all income and expenses classified in the investing category;**
 - (e) **profit or loss before income taxes; and**
 - (f) **profit or loss from continuing operations.**

⁹ Entities with specified main business activities (that is, entities that provide financing to customers as a main business activity or invest in assets as a main business activity) classify some income and expenses in the operating category that would otherwise be classified in the investing or financing category (paragraphs 49–50 of IFRS 18).

¹⁰ An entity that provides financing to customers as a main business activity and classifies in the operating category all income and expenses from liabilities that arise from transactions that involve only the raising of finance (that is, classifies in the operating category income and expenses from liabilities that arise from transactions that involve only the raising of finance and do not relate to providing financing to customers (applying the accounting policy choice in accordance with paragraph 65(a)(ii) of IFRS 18)) is prohibited from presenting the otherwise required subtotal 'profit or loss before financing and income taxes' (paragraph 73 of IFRS 18). Such an entity might instead conclude that presenting a different subtotal provides a useful structured summary of the entity's income and expenses.

- 15 Figure 1 is an example of a statement of profit or loss and illustrates how an entity that does not invest in assets as a main business activity or provide financing to customers as a main business activity might apply the presentation requirements in IFRS 18. An entity might conclude that presenting line items or subtotals other than those illustrated in this example provides a useful structured summary of its income and expenses.

Figure 1—Illustration of a statement of profit or loss¹¹

Revenue	Operating
Cost of sales	
Gross profit	
Other operating income	
Selling expenses	
Research and development expenses	
General and administrative expenses	
Goodwill impairment loss	
Other operating expenses	
Operating profit	
Share of profit and gains on disposals of associates and joint ventures	Investing
Profit before financing and income taxes	
Interest expenses on borrowings and lease liabilities	Financing
Interest expenses on pension liabilities and provisions	
Profit before income taxes	
Income tax expense	Income taxes
Profit from continuing operations	
Loss from discontinued operations	Discontinued operations
Profit for the year	

- 16 IFRS 18 includes two accounting policy choices for entities that provide financing to customers but do not invest in assets as a main business activity, specifically:

- (a) paragraph 56(b)(ii) of IFRS 18 permits such entities to classify, in either the operating or investing category, income and expenses from cash and cash equivalents that do not relate to providing financing to customers; and
- (b) paragraph 65(a)(ii) of IFRS 18 permits such entities to classify, in either the operating or financing category, income and expenses from liabilities that arise from transactions that involve only the raising of finance and do not relate to providing financing to customers.

- 17 An entity is required to apply the accounting policy choices consistently—classifying the income and expenses described in paragraph 16 in the operating category or the investing and financing categories (as described in paragraph 65 of IFRS 18). IAS 8.27A requires the disclosure of material accounting policy information, which is likely to include information about accounting policies chosen by an entity that relate to material transactions (IAS 8.27C(b)).

- 18 In addition, entities with specified main business activities are required to provide additional qualitative and quantitative disclosures. Paragraph 51 of IFRS 18 describes these additional disclosures, and is reproduced here:

- 51 If an entity:**
- (a) **invests in assets as a main business activity, it shall disclose that fact.**
 - (b) **provides financing to customers as a main business activity, it shall disclose that fact.**
 - (c) **identifies a different outcome from its assessment of whether it invests in assets or provides financing to customers as a main business activity (see paragraph B41), it shall disclose:**

continued...

¹¹ The categories on the right-hand side of this example are for illustrative purposes only. An entity is not required to present categories in the statement of profit or loss.

...continued

- (i) the fact the outcome of the assessment has changed and the date of the change.
- (ii) the amount and classification of items of income and expense before and after the date of the change in the outcome of the assessment in the current period and the amount and classification in the prior period for the items for which the classification has changed because of the changed outcome of the assessment, unless it is impracticable to do so. If an entity does not disclose the information because it is impracticable to do so, the entity shall disclose that fact.

Modelling for the presentation requirements for the statement of profit or loss

19 This section discusses the modelling for the presentation requirements for the statement of profit or loss, specifically:

- (a) the modelling for items of income and expense (paragraphs 23–35);
- (b) the modelling for totals and subtotals (paragraphs 36–37);
- (c) the assignment of income and expense elements to presentation groups (paragraphs 38–47); and
- (d) the modelling for categorical information on the statement of profit or loss (paragraphs 48–51).

20 IFRS 18 does not require an entity to present the category of a line item in the statement of profit or loss. However, in paper-based financial statements, that context is already provided to users through the totals and subtotals presented in the statement of profit or loss.¹² To enable users of digital financial statements to understand the structure of the statement of profit or loss similarly to users of paper-based financial statements, the IASB used a line-item modelling approach in which the label of the line-item element reflects the category of the element in the statement of profit or loss. Preparers tagging a statement of profit or loss using those elements would convey to users the category of an element presented in the statement of profit or loss through the element label. For example, because the line item ‘cost of sales’ is presented in the operating category of the statement of profit or loss, the label of that line-item element was changed to ‘Cost of sales, operating’. For extension line-item elements in the statement of profit or loss, preparers would need to include the category of the element in the label of the extension element (paragraphs 119–120).

21 This approach is similar to the approach used for:

- (a) items in the statement of financial position (for example, the IFRS Accounting Taxonomy includes separate line-item elements for ‘non-current provisions’ and ‘current provisions’); and
- (b) items in the statement of cash flows (for example, the IFRS Accounting Taxonomy includes separate line-item elements for ‘dividends received, classified as operating activities’ and ‘dividends received, classified as investing activities’).

22 Appendix C discusses the advantages and disadvantages of the modelling for the presentation requirements for the statement of profit or loss. Appendix C also discusses the advantages and disadvantages of using category metadata, which could be used in addition to a line-item modelling approach.

Modelling for items of income and expense

23 Applying the requirements in IFRS 18 for the classification of income and expenses in categories in the statement of profit or loss (paragraphs 11–18), particular items of income and expense:

- (a) will be classified in the same category by all entities;
- (b) might be classified in more than one category by a single entity; or
- (c) might be classified in different categories by different entities (for example, some entities might classify an item in the investing category and other entities might classify that item in the operating category).

¹² For example, items of income and expense presented between the subtotals ‘operating profit or loss’ and ‘profit or loss before financing and income taxes’ are classified in the investing category.

- 24 For items of income and expense that all entities would present in the same category (paragraph 23(a)), the IASB changed the labels of those line-item elements to reflect the category of the respective elements (see Table 4).

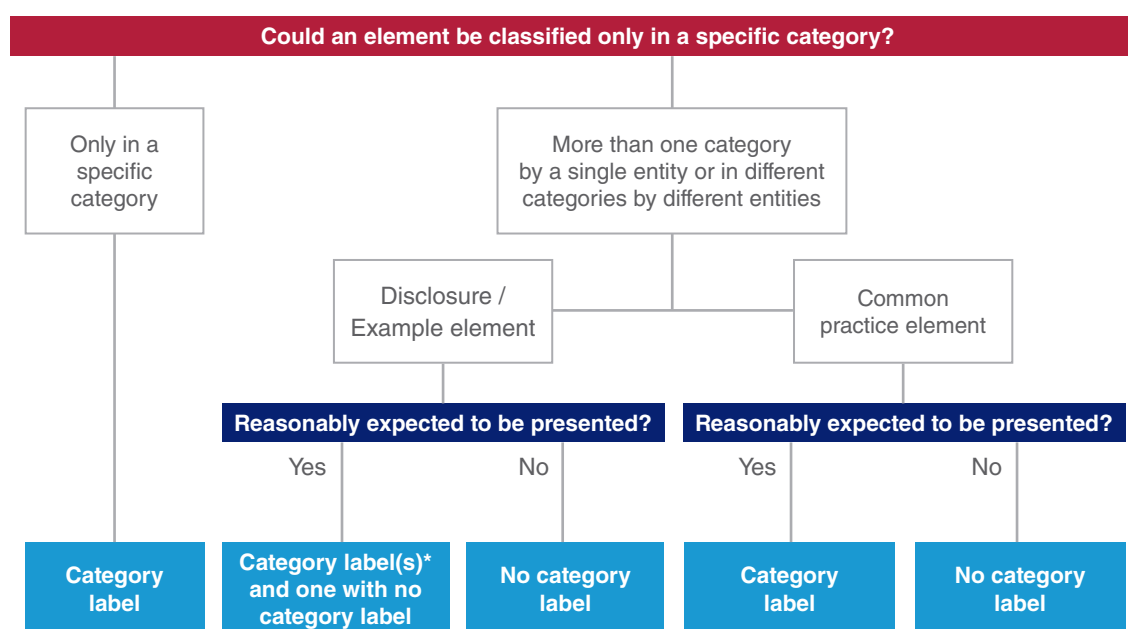
Table 4—Example of label change to line-item element

Element label	ET	ER	Reference
Cost of sales, <u>operating</u>	M	D, E	IAS 1.99, IAS 1.103, IFRS 18.81, IFRS 18.82(a)

- 25 For items of income and expense that could be presented in more than one category by a single entity or in different categories by different entities (paragraphs 23(b)–23(c)), the IASB took different approaches for different element reference types, specifically for line-item elements with (see Figure 2 for an illustration of the approach):

- (a) a ‘disclosure’ or ‘example’ reference type (paragraphs 26–29); and
- (b) a ‘common practice’ reference type (paragraphs 30–35).

Figure 2—Approach to changing labels and adding line-item elements



* Addition of one or more element(s) for which the category of the item is reflected in the element label

‘Disclosure’ or ‘example’ reference type elements

- 26 Elements with a ‘disclosure’ or ‘example’ reference type are elements that have been added to the IFRS Accounting Taxonomy because of specific presentation or disclosure requirements in IFRS Accounting Standards or specific examples included in IFRS Accounting Standards that illustrate such presentation or disclosure requirements.

- 27 For line-item elements with a ‘disclosure’ or ‘example’ reference type that could be presented in more than one category by a single entity or in different categories by different entities, the IASB:

- (a) added elements that reflect the category of the element in their label for all variations of the element that the IASB reasonably expects entities to present (for example, if a particular item of income or expense is reasonably expected to be presented in the operating category only, a line-item element was added for the operating category only); and
- (b) retained the existing element, including its label (representing the total amount of an item of income or expense across different categories in the statement of profit or loss), that is, the label of such an element does not reflect a category (see Table 5).¹³

¹³ Elements that do not include a category in their label should not be used to tag line items in the statement of profit or loss. Rather, an entity could use such elements to tag amounts disclosed in the notes.

- 28 Adding only line-item elements for variations of an element that the IASB reasonably expects entities to present (as opposed to adding line-item elements for all possible variations of an element):
- does not significantly increase the need for entities to create extension line-item elements;
 - reduces the risk of adding clutter to the IFRS Accounting Taxonomy; and
 - reduces the effort needed to maintain the IFRS Accounting Taxonomy.

Table 5—Example of addition and retention of line-item elements

Element label	ET	ER	Reference
Foreign exchange gain (loss)	M	D	IAS 21.52(a), IFRS 18.B28
Foreign exchange gain (loss), operating	M	E	IFRS 18.B28
Foreign exchange gain (loss), investing	M	E	IFRS 18.B28
Foreign exchange gain (loss), financing	M	E	IFRS 18.B28
Foreign exchange gain (loss), income taxes	M	E	IFRS 18.B28

- 29 The IASB retained the existing line-item elements because preparers might disclose total amounts of an item of income or expense in the notes.¹⁴ The IASB added guidance labels to such elements to explain to preparers that they should *not* use line-item elements that do not reflect a category in their label to tag line items in the statement of profit or loss (paragraphs 138–139). Such guidance is necessary because if entities were to use such elements to tag line items in the statement of profit or loss users would not be able to determine the category of the item of income or expense (see also paragraph 20 on enabling users of digital financial statements to understand the structure of the statement of profit or loss similarly to users of paper-based financial statements).

‘Common practice’ reference type elements

- 30 Elements with a common practice reference are elements that have been added to the IFRS Accounting Taxonomy because a previous common practice review determined that many entities create extension elements for such elements.
- 31 An assessment of reasonable expectation is not the same as a common practice assessment—meaning if the IASB thinks a variation of an item of income or expense is reasonably expected to be presented by entities in particular circumstances, then those elements were added applying this approach.
- 32 For line-item elements with a ‘common practice’ reference type that could be presented in more than one category by a single entity or in different categories by different entities, the IASB:
- changed the labels of the existing elements if the IASB reasonably expects entities to present those elements to reflect the category for which presentation is reasonably expected; or
 - retained the labels of the existing elements if the IASB does not reasonably expect entities to present those elements (that is, the labels of such elements do not include a category and could be used to tag amounts in the notes as explained in paragraph 29).¹⁵
- 33 Changing or retaining only the label of the existing element (as opposed to adding line-item elements for all possible variations of an element):
- does not significantly increase the need for entities to create extension line-item elements;
 - reduces the risk of adding clutter to the IFRS Accounting Taxonomy; and
 - reduces the effort needed to maintain the IFRS Accounting Taxonomy.
- 34 The IASB reasonably expects common practice elements to be presented if:
- the accounting concept the element represents suggests that the element is sufficiently aggregated for it to be used for presentation; or

¹⁴ The IASB expects that preparers will use an element reflecting the category of the element to tag amounts in the notes if that element more closely represents the amount disclosed (rather than use a wider element that does not reflect a category in its label).

¹⁵ The IASB made a few exceptions to this approach. Specifically, for some common practice elements, the IASB added an element to the IFRS Accounting Taxonomy (that is, retained the existing element and changed the label to reflect the category for which presentation is reasonably expected and added an element that reflects in its label the category of the element). For example, the IFRS Accounting Taxonomy includes the common practice elements ‘Rental income, operating’ and ‘Rental income, investing’ because the IASB reasonably expects both variations of the item ‘Rental income’ to be presented.

- (b) a previous common practice review indicates that a particular element was added to the IFRS Accounting Taxonomy because it is being used for presentation by entities in a specific industry.

35 For example, the element ‘Gains (losses) on disposals of investment properties’ was added to the IFRS Accounting Taxonomy because a common practice review concluded that it is being used for presentation by entities from the real estate sector. Applying the requirements in IFRS 18, such entities would classify gains or losses on disposals of investment properties in the operating category of the statement of profit or loss. Therefore, the element label was changed to ‘Gains (losses) on disposals of investment properties, operating’.

Modelling for totals and subtotals

36 The IASB added line-item elements for:

- (a) the required defined subtotals ‘operating profit or loss’ and ‘profit or loss before financing and income taxes’ (paragraph 69(a)–(b) of IFRS 18); and
- (b) the subtotals listed in paragraph 118 of IFRS 18 if no related line-item element existed in the IFRS Accounting Taxonomy.

37 Subtotals can be grouped into two distinct groups, which are:

- (a) subtotals that can be assigned to a category in the statement of profit or loss (for example, the subtotal ‘gross profit or loss’ can be attributed to the operating category), in which case the IASB reflected their category in the element label; or
- (b) subtotals that cannot be assigned to a category in the statement of profit or loss because they include income and expenses from more than one category (for example, the subtotal ‘profit or loss before financing and income taxes’ cannot be attributed to a category because this subtotal consists of income and expenses from both the operating and investing categories).¹⁶

Assignment of income and expense elements to presentation groups

38 The IASB made changes to presentation groups relating to income and expense elements to help preparers navigate the Taxonomy by:

- (a) adding a single presentation group for the statement presenting comprehensive income, profit or loss (paragraphs 39–45); and
- (b) making changes to other presentation groups relating to income and expense elements (paragraphs 46–47).

A single presentation group for the statement presenting comprehensive income, profit or loss

39 Paragraph 78 of IFRS 18 requires an entity to present expenses in the operating category of the statement of profit or loss in a way that provides the most useful structured summary of the expenses using one or both of the characteristics of the nature of expenses or their function within the entity. Paragraph B79 of IFRS 18 sets out factors an entity would consider in concluding whether to present expenses classified in the operating category ‘by nature’ or ‘by function’. Sometimes an entity might conclude that presenting some expenses by nature and other expenses by function in the statement of profit or loss provides the most useful structured summary (paragraph B80 of IFRS 18).

40 To reflect the presentation requirements in IFRS 18, the IASB:

- (a) deprecated the presentation groups ‘[310000] Statement of comprehensive income, profit or loss, by function of expense’ and ‘[320000] Statement of comprehensive income, profit or loss, by nature of expense’; and
- (b) added a single presentation group ‘[330000] Statement presenting comprehensive income, profit or loss’, which ‘combines’ the two presentation groups ‘[310000] Statement of comprehensive income, profit or loss, by function of expense’ and ‘[320000] Statement of comprehensive income, profit or loss, by nature of expense’.

41 Applying the requirements in IFRS 18, preparers might need ‘by function’ elements (for example, ‘General and administrative expenses, operating’) and ‘by nature’ elements (for example, ‘Raw materials and consumables used, operating’) to tag the statement of profit or loss—hence, having a single presentation group for the statement presenting comprehensive income, profit or loss will help preparers navigate the Taxonomy.

¹⁶ Totals cannot be assigned to a category because totals comprise items of income and expense that are included in more than one category in the statement of profit or loss.

- 42 Applying the IFRS Foundation's (Foundation's) general policy for the assignment of elements to presentation groups, the IASB included in that single presentation group only elements for totals, subtotals and items of income and expense that the IASB reasonably expects entities to present in the statement of profit or loss (paragraphs B29–B30).
- 43 To help preparers navigate the single presentation group, the IASB added separate abstracts within that group, which are:
- (a) two top-level abstracts distinguishing between totals, subtotals and items of income and expense that the IASB expects to be commonly presented by many entities, and additional subtotals and related elements, which are:
 - (i) 'Profit (loss) [abstract]';¹⁷ and
 - (ii) 'Additional subtotals and related elements [abstract]';
 - (b) five further abstracts for the five categories in the statement of profit or loss within the abstract 'Profit (loss) [abstract]', which are:
 - (i) 'Operating category in profit or loss [abstract]';
 - (ii) 'Investing category in profit or loss [abstract]';
 - (iii) 'Financing category in profit or loss [abstract]';
 - (iv) 'Income taxes category in profit or loss [abstract]'; and
 - (v) 'Discontinued operations category in profit or loss [abstract]'; and
 - (c) further abstracts within the abstract 'Additional subtotals and related elements [abstract]' for additional subtotals and related elements.
- 44 The IASB included a calculation relationship for the statement of profit or loss in the IFRS Accounting Taxonomy. However, the IASB expects that entities will need to adjust that calculation relationship for their entity-specific circumstances. Specifically, some of the items of income and expense in the calculation relationship are mutually exclusive. For example, if an entity presenting operating expenses by function presents in the statement of profit or loss the line items 'cost of sales' and 'general and administrative expenses', it is expected that other expenses, such as 'employee benefit expense', would already be included in those line items. Therefore, the entity would need to remove the element 'Employee benefits expenses, operating' from the calculation relationship to not create an inconsistent calculation.
- 45 Appendix G includes an illustration of the single presentation group for the statement presenting comprehensive income, profit or loss – which includes line-item elements for totals, subtotals and items of income and expense.

Other presentation groups relating to income and expense elements

- 46 The IASB also considered more generally how income and expense elements could be included in presentation groups to help preparers find the elements they need to alleviate the risk of preparers creating unnecessary extension line-item elements. In the IFRS Accounting Taxonomy 2024, income and expense elements were included in various presentation groups without a systematic logic. For example, some income and expense elements were included in the presentation group '[800200] Notes - Analysis of income and expense' albeit not having a reference to IAS 1 (but rather, only having a reference to another IFRS Accounting Standard). Therefore, the IASB refined its approach for including income and expense elements in presentation groups.
- 47 Specifically, the IASB included income and expense elements in presentation groups based on an approach whereby:
- (a) elements the IASB reasonably expects entities to use for presentation in the statement of profit or loss were included in the single presentation group '[330000] Statement presenting comprehensive income, profit or loss';¹⁸

17 For example, the abstract 'Profit (loss)' includes the totals and subtotals included in the presentation groups '[310000] Statement of comprehensive income, profit or loss, by function of expense' and '[320000] Statement of comprehensive income, profit or loss, by nature of expense'. This abstract also includes the newly required subtotals defined by IFRS 18, 'operating profit or loss' and 'profit or loss before financing and income taxes'.

18 There are a few exceptions where the reference of an element is only to IFRS Accounting Standards other than IFRS 18. The IASB included such elements in '[330000] Statement presenting comprehensive income, profit or loss' if the IASB reasonably expects entities to use those elements for presentation.

- (b) elements the IASB does not reasonably expect entities to use for presentation in the statement of profit or loss, but which have a reference to IFRS 18 were included in the presentation group ‘[800200] Notes - Analysis of income and expense’; and¹⁹
- (c) elements the IASB does not reasonably expect entities to use for presentation in the statement of profit or loss, and which have (a) reference(s) only to IFRS Accounting Standards other than IFRS 18 were included in the presentation group(s) to which the reference(s) refer(s).

Modelling for categorical information on the statement of profit or loss

- 48 The Foundation’s general policy for adding categorical elements allows for the addition of categorical elements for accounting policy choices (paragraphs B19–B21).
- 49 Therefore, the IASB added two extensible enumeration elements for the accounting policy choices described in paragraph 16 (see Table 6). The IASB added two elements because, if not classified in the operating category, the categories in which an entity would classify the items of income and expense are different. (That is, entities would classify the items of income and expense described in paragraph 16(a) in the investing category and the items of income and expense described in paragraph 16(b) in the financing category.)
- 50 In addition, the IASB added one parent narrative element for the qualitative disclosure requirements described in paragraph 17. The IASB added only one parent narrative element for the (child) extensible enumeration elements because an entity is required to apply both accounting policy choices consistently (see also Table 6).

Table 6—Extensible enumeration elements and parent narrative element

Element label	List	ET	ER	Reference
Disclosure of accounting policy choices for income and expenses from specific cash and cash equivalents and from specific liabilities [text block]		TB	D	IFRS 18.56(b)(ii), IFRS 18.65(a)(ii)
Classification of income and expenses from cash and cash equivalents that do not relate to providing financing to customers	Operating category / Investing category	EE	D	IFRS 18.56(b)(ii)
Classification of income and expenses from liabilities that arise from transactions that involve only raising of finance and do not relate to providing financing to customers	Operating category / Financing category	EE	D	IFRS 18.65(a)(ii)

- 51 Appendix D includes a list of categorical and parent narrative elements the IASB added to the IFRS Accounting Taxonomy.

Disclosure requirements for MPMs

- 52 This section discusses:
- (a) the disclosure requirements in IFRS 18 for MPMs (paragraphs 53–58); and
- (b) the modelling for the disclosure requirements for MPMs (paragraphs 59–70).

Disclosure requirements in IFRS 18 for MPMs

- 53 Paragraph 117 of IFRS 18 states that an MPM is a subtotal of income and expenses that:
- (a) an entity uses in public communications outside financial statements;
- (b) an entity uses to communicate to users of financial statements management’s view of an aspect of the financial performance of the entity as a whole; and
- (c) is not listed in paragraph 118 of IFRS 18 or specifically required to be presented or disclosed by IFRS Accounting Standards.²⁰

¹⁹ There are a few exceptions where the reference of an element is to an IFRS Accounting Standard for which there is no presentation group in the IFRS Accounting Taxonomy. The IASB included such elements in ‘[800200] Notes - Analysis of income and expense’.

²⁰ See paragraph 14 for the subtotals listed in paragraph 118 of IFRS 18.

54 An entity is required to disclose information about all measures that meet the definition of an MPM in a single note. The information required to be disclosed for each MPM is specified in paragraph 123 of IFRS 18, which is reproduced here:

123 An entity shall label and describe each management-defined performance measure in a clear and understandable manner that does not mislead users of financial statements (see paragraphs B134–B135). For each management-defined performance measure, the entity shall disclose:

- (a) a description of the aspect of financial performance that, in management’s view, is communicated by the management-defined performance measure. This description shall include explanations of why, in management’s view, the management-defined performance measure provides useful information about the entity’s financial performance.
- (b) how the management-defined performance measure is calculated.
- (c) a reconciliation between the management-defined performance measure and the most directly comparable subtotal listed in paragraph 118 or total or subtotal specifically required to be presented or disclosed by IFRS Accounting Standards (see paragraphs B136–B140).
- (d) the income tax effect (determined by applying paragraph B141) and the effect on non-controlling interests for each item disclosed in the reconciliation required by (c).
- (e) a description of how the entity applies paragraph B141 to determine the income tax effect required by (d).

55 An entity is also required to disclose, for each reconciling item in the reconciliation between an MPM and a total or subtotal listed by IFRS Accounting Standards (referred to as an ‘MPM reconciliation’), the amount(s) related to each line item in the statement(s) of financial performance (paragraph B137(a) of IFRS 18).

56 Figure 3 is an example of an MPM reconciliation and illustrates how an entity might apply the disclosure requirements in IFRS 18 for MPMs.²¹ The illustration shows the reconciliation of ‘operating profit’ (IFRS) to ‘adjusted operating profit’ (MPM). An entity is not required to give the information in a table (for example, the entity might choose to disclose information on the income tax effect and the effect on non-controlling interests elsewhere in the note).

²¹ The requirements in paragraphs 123(d) and B137(a) of IFRS 18 do not form part of the reconciliation required by paragraph 123(c) of IFRS 18. However, for simplicity, both the requirement described in paragraph 123(c) of IFRS 18 and the requirements described in paragraphs 123(d) and B137(a) of IFRS 18 are referred to as part of the ‘MPM reconciliation’ because it is expected that many entities will disclose such information together in a table.

Figure 3—Illustration of an MPM reconciliation

	IFRS	Adjustments			MPM
		Impairment losses	Restructuring expenses	Gains on disposal of property, plant and equipment	
Other operating income		–	–	(1,800)	
Research and development expenses		1,600	–	–	
General and administrative expenses		–	3,800	–	
Goodwill impairment loss		4,500	–	–	
Operating profit / Adjusted operating profit	57,000	6,100	3,800	(1,800)	65,100
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	–	

57 Paragraphs 124–125 of IFRS 18 include disclosure requirements if an entity changes how it calculates an MPM, adds a new MPM, ceases using a previously disclosed MPM or changes how it determines the income tax effects of the reconciling items. Those paragraphs are reproduced here:

124 If an entity changes how it calculates a management-defined performance measure, adds a new management-defined performance measure, ceases using a previously disclosed management-defined performance measure or changes how it determines the income tax effects of the reconciling items required by paragraph 123(d), it shall disclose:

- (a) an explanation that enables users of financial statements to understand the change, addition or cessation and its effects.
- (b) the reasons for the change, addition or cessation.
- (c) restated comparative information to reflect the change, addition or cessation unless it is impracticable to do so. An entity's selection of a management-defined performance measure is not an accounting policy choice. Nonetheless, in assessing whether restating the comparative information is impracticable, an entity shall apply the requirements in paragraphs 50–53 of IAS 8.

125 If an entity does not disclose the restated comparative information required by paragraph 124(c) because it is impracticable to do so, it shall disclose that fact.

58 Paragraph B134(b) of IFRS 18 includes disclosure requirements relating to how an entity has calculated its MPMs:

B134 Paragraph 123 requires an entity to label and describe its management-defined performance measures in a clear and understandable manner that does not mislead users of financial statements. To provide such a description, an entity shall disclose information that enables a user of financial statements to understand the items of income or expense included and excluded from the subtotal. Therefore, an entity shall:

- (a) label and describe the measure in a way that faithfully represents its characteristics in accordance with paragraph 43 (see paragraph B135); and
- (b) provide information specific to management-defined performance measures – that is:

continued...

...continued

- (i) if the entity has calculated the measure other than by using the accounting policies it used for items in the statement(s) of financial performance, the entity shall state that fact and the calculations it has used for the measure; and
- (ii) if, in addition, the calculation of the measure differs from accounting policies required or permitted by IFRS Accounting Standards, the entity shall state that additional fact and, if necessary, an explanation of the meaning of terms it uses (see paragraph B135(b)).

Modelling for the disclosure requirements for MPMs

59 Applying the Foundation’s general policy on the addition of elements to reflect the requirements in IFRS Accounting Standards, the IASB included in the IFRS Accounting Taxonomy both text block elements and elements to tag the individual monetary amounts included in an MPM reconciliation. These additions were made because stakeholder feedback suggested that users generally find such tagged information useful (paragraphs B11–B18). The IASB added the presentation group ‘[800270] Notes - Management-defined performance measures’ to the IFRS Accounting Taxonomy and included elements related to the disclosure requirements for MPMs in that presentation group.

60 This section discusses the modelling for the disclosure requirements for MPMs, specifically:

- (a) the modelling for the MPM note (paragraphs 62–63);
- (b) the modelling for the MPM reconciliation (paragraphs 64–68); and
- (c) the modelling for categorical information on MPMs (paragraphs 69–70).

61 Appendix C discusses the advantages and disadvantages of the modelling for the disclosure requirements for MPMs.

Modelling for the MPM note

62 Applying the Foundation’s general policy for adding text block elements (paragraphs B12–B15), the IASB added a text block element for the MPM note, which includes both narrative and numerical information about MPMs (see Table 7).

Table 7—Addition of text block element

Text block element

Element label	ET	ER	Reference
Disclosure of management-defined performance measures [text block]	TB	D	IFRS 18.122

63 Applying the Foundation’s general policy for adding detailed narrative elements (paragraphs B11–B21), the IASB decided not to add elements for discrete pieces of narrative information relating to MPMs (for example, not to add a separate narrative element for the disclosure of how the entity calculates the income tax effect of reconciling items). The IASB expects users to analyse narrative information about an entity’s MPMs as a whole rather than to separately search for and analyse discrete pieces of narrative information about individual MPMs.

Modelling for the MPM reconciliation

64 For the requirement to disclose an MPM reconciliation, the IASB added a table text block element, which could be used by entities if they provide the required information in a table.²²

65 The IASB added a dimensional table with (see Table 8):

- (a) a ‘Management-defined performance measures’ axis with no specific member elements. (Entities will need to create extension member elements under this axis for their MPMs, for example, an extension member for ‘adjusted operating profit (loss)’.)

²² The table text block element is included in the text block element (paragraph 62).

- (b) a ‘Reconciliation of management-defined performance measure’ axis with two predefined members ‘Value of management-defined performance measure’ and ‘All reconciling items’.²³ (Entities will need to create extension member elements under the ‘All reconciling items’ member for the reconciling items.)
- (c) line-item elements from the statement of profit or loss. (These line-item elements are the same as those used to tag items in the statement of profit or loss – meaning entities will not need to create extension line-item elements specifically for the MPM reconciliation.²⁴)
- (d) the totals or subtotals listed in paragraph 118 and paragraph B123 of IFRS 18. (These line-item elements are the same as those used to tag items in the statement of profit or loss – meaning entities will not need to create extension line-item elements specifically for the MPM reconciliation.²⁵)

Table 8—Elements for the MPM reconciliation*Table text block element*

Element label	ET	ER	Reference
Disclosure of reconciliation of management-defined performance measures [text block]	TB	D	IFRS 18.123(c)

Axes and members

Element label	ER	Reference
Management-defined performance measures (A)	D	IFRS 18.122, IFRS 18.123(c)
Management-defined performance measures (DM)	D	IFRS 18.122, IFRS 18.123(c)
... (entity creates members for MPMs)		
Reconciliation of management-defined performance measure (A)	D	IFRS 18.123(c)
Reconciliation of management-defined performance measure (DM)	D	IFRS 18.123(c)
Value of management-defined performance measure (M)	D	IFRS 18.122, IFRS 18.123(c)
All reconciling items (M)	D	IFRS 18.123(c)
... (entity creates members for reconciling items)		

Line items

Element label	ET	ER	Reference ²⁶
Total or subtotal listed in IFRS Accounting Standards [abstract] ²⁷			
Gross profit (loss), <u>operating</u>	M	D	IFRS 18.118(a)
Interest income (expense), <u>operating</u>	M	D	IFRS 18.B123(a)
Fee and commission income (expense), <u>operating</u>	M	D	IFRS 18.B123(b)
Insurance service result, <u>operating</u>	M	D	IFRS 18.B123(c)
Financial result, <u>operating</u>	M	D	IFRS 18.B123(d)
Rental income (expense), <u>operating</u>	M	D	IFRS 18.B123(e)
Operating profit (loss) before depreciation, amortisation and impairments, <u>operating</u>	M	D	IFRS 18.118(b)

continued...

23 The IASB added a guidance label to the element ‘All reconciling items (M)’ to explain to preparers how this member element should be used (see paragraph 140).

24 See paragraphs B7–B9 on the Foundation’s general policy for the use of line-item elements from the primary financial statements as line-item elements in dimensional modelling.

25 Ibid.

26 For simplicity, this table shows only the references to IFRS 18.

27 The line-item elements included in this abstract represent the totals and subtotals listed in paragraph 118 and paragraph B123 of IFRS 18.

...continued

Element label	ET	ER	Reference ²⁶
Operating profit (loss), operating	M	D	IFRS 18.69(a)
Operating profit (loss) and income (expenses) from all investments accounted for using equity method	M	D	IFRS 18.118(c)
Operating profit (loss) and all income (expenses) classified in investing category	M	D	IFRS 18.118(d)
Profit (loss) before financing and income taxes	M	D	IFRS 18.69(b)
Profit (loss) before <u>income taxes</u>	M	D, E	IFRS 18.118(e)
Profit (loss) from continuing operations	M	D	IFRS 18.86(a), IFRS 18.118(f)
Profit (loss)	M	D, E	IFRS 18.69(c), IFRS 18.86(a), IFRS 18.107(c)(i)
... (other total or subtotal specifically required to be presented or disclosed by IFRS Accounting Standards)			
Line items from statement of profit or loss [abstract] ²⁸			
Revenue, <u>operating</u>	M	D, E	IFRS 18.75(a)(i)
Other operating income (expense), <u>operating</u>	M	CP	IFRS 18.24
Research and development expenses, <u>operating</u>	M	D, E	IFRS 18.81(a)
General and administrative expenses, <u>operating</u>	M	CP	IFRS 18.24
Impairment loss recognised in profit or loss, goodwill, <u>operating</u>	M	D, E	IFRS 18.IE7
<u>Income tax</u> Tax expense (income), <u>income taxes</u>	M	D	IFRS 18.75(a)(iv)
Profit (loss), attributable to non-controlling interests	M	D	IFRS 18.76(a)
... (other line-item elements from the statement of profit or loss)			

- 66 Because MPMs and reconciling items are entity-specific, the IASB did not add specific member elements for MPMs under the ‘Management-defined performance measures’ axis, or for reconciling items under the ‘Reconciliation of management-defined performance measure’ axis. (That is, MPMs and reconciling items are unlikely to be comparable with MPMs or reconciling items of other entities that use similar labels or descriptions.) Entities would need to create extension member elements for their entity-specific MPMs and reconciling items under these axes.
- 67 The IASB added line-item elements from the statement of profit or loss to the dimensional table under the abstract ‘Line items from statement of profit or loss’ to help preparers find these elements. Entities could use these line-item elements *if they correspond* with the line-item elements used to tag the statement of profit or loss. However, including line-item elements from the statement of profit or loss in the dimensional table bears the risk of entities not ‘reusing’ the line-item elements they have used to tag the statement of profit or loss for the MPM reconciliation (but rather using a line-item element from the abstract ‘Line items from statement of profit or loss’).
- 68 The IASB acknowledges that calculation relationships between elements used with different dimensional attributes are not possible under the current XBRL[®] specification. To help alleviate possible data quality issues arising from such a limitation, the IASB created a formula in the IFRS Accounting Taxonomy formula linkbase, which would raise a warning if a total or subtotal listed in IFRS Accounting Standards and the sum of the reconciling items do not add up to an MPM. Although the formula provides less assurance to preparers and users compared to calculation relationships, the formula could still be a useful tool to identify errors in the MPM reconciliation.

28 The line-item elements included in this abstract represent items illustrated in the Illustrative Examples that accompany IFRS 18. An entity might need to use other line-item elements if it presents other line items in the statement of profit or loss.

Modelling for categorical information on MPMs

- 69 Applying the Foundation's general policy for adding categorical elements (paragraphs B19–B21), the IASB added categorical and parent narrative elements for the categorical information required by paragraphs 125, B134(b)(i) and B134(b)(ii) of IFRS 18 (Appendix D includes a list of categorical and parent narrative elements the IASB added to the IFRS Accounting Taxonomy).
- 70 The IASB decided not to add a categorical element for the requirement to include in the MPM note a statement that MPMs provide management's view of an aspect of the financial performance of the entity as a whole and are not necessarily comparable with measures sharing similar labels or descriptions provided by other entities (paragraph 122 of IFRS 18). The IASB expects that all entities that disclose MPMs would disclose statements with a similar content. In the IASB's view, adding a categorical element would not help users analyse disclosures more efficiently than they could otherwise do.

Disclosure requirements for specified expenses by nature

- 71 This section discusses:
- (a) the disclosure requirements in IFRS 18 for specified expenses by nature (paragraphs 72–75); and
 - (b) the modelling for the disclosure requirements for specified expenses by nature (paragraphs 76–85).

Disclosure requirements in IFRS 18 for specified expenses by nature

- 72 Paragraph 83 of IFRS 18 requires an entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss to disclose in a single note, for depreciation, amortisation, employee benefits, impairment losses (or reversals thereof) and write-down of inventories (or reversals thereof):
- (a) the total amount; and
 - (b) the amount related to each line item in the operating category of the statement of profit or loss.
- 73 If, for a particular specified expense by nature, the amount related to line items in the operating category of the statement of profit or loss does not fully explain the total amount of that particular specified expense by nature, an entity is required to disclose the line items outside the operating category in which that expense is included (that is, give a qualitative explanation of the line items involved). This requirement can be found in paragraph 83 of IFRS 18:
- 83 **An entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss shall also disclose in a single note:**
- (a) **the total for each of:**
 - (i) depreciation, comprising the amounts required to be disclosed by paragraph 73(e)(vii) of IAS 16 *Property, Plant and Equipment*, paragraph 79(d)(iv) of IAS 40 *Investment Property* and paragraph 53(a) of IFRS 16 *Leases*;
 - (ii) amortisation, comprising the amount required to be disclosed by paragraph 118(e)(vi) of IAS 38 *Intangible Assets*;
 - (iii) employee benefits, comprising the amount for employee benefits recognised by an entity applying IAS 19 *Employee Benefits* and the amount for services received from employees recognised by an entity applying IFRS 2 *Share-based Payment*;
 - (iv) impairment losses and reversals of impairment losses, comprising the amounts required to be disclosed by paragraphs 126(a) and 126(b) of IAS 36 *Impairment of Assets*; and
 - (v) write-downs and reversals of write-downs of inventories, comprising the amounts required to be disclosed by paragraphs 36(e) and 36(f) of IAS 2; and
 - (b) **for each total listed in (a)(i)–(v):**
 - (i) the amount related to each line item in the operating category (see paragraph B84); and
 - (ii) a list of any line items outside the operating category that also include amounts relating to the total.

- 74 The amounts disclosed need not be the amounts recognised as an expense in the period. However, if an entity discloses amounts that are not the amounts recognised as an expense in the period, it shall give a qualitative explanation of that fact and identify the assets involved. This requirement can be found in paragraph B84 of IFRS 18:

- B84** An entity will either present expenses by nature, or applying paragraph 83, disclose some expenses by nature. The amounts presented or disclosed need not be the amounts recognised as an expense in the period. They could include amounts that have been recognised as part of the carrying amount of an asset. If an entity:
- (a) presents amounts that are not the amounts recognised as an expense in the period, it will also present an additional line item for the change in the carrying amount of the affected assets. For example, applying paragraph 39 of IAS 2, an entity might present a line item for changes in inventories of finished goods and work in progress.
 - (b) discloses, applying paragraph 83(b), amounts that are not the amounts recognised as an expense in the period, the entity shall give a qualitative explanation of that fact, identifying the assets involved.

- 75 Figure 4 is an extract of an example of a specified expenses by nature note and illustrates how an entity might apply the disclosure requirements in IFRS 18 for specified expenses by nature. An entity is not required to give the information in a table.

Figure 4 – Illustration of an extract of a specified expenses by nature note

	20X2
Depreciation	
Cost of sales	23,710
Research and development expenses	2,515
General and administrative expenses	4,975
Total depreciation	31,200
Amortisation	
Research and development expenses	13,840
Total amortisation	13,840
Employee benefits	
Cost of sales	61,640
Selling expenses	7,515
Research and development expenses	6,545
General and administrative expenses	8,920
Total employee benefits	84,620
Impairment losses	
Research and development expenses	1,600
Goodwill impairment loss	4,500
Total impairment losses	6,100
Write-down of inventories	
Cost of sales	2,775
Total write-down of inventories	2,775

Modelling for the disclosure requirements for specified expenses by nature

- 76 Applying the Foundation's general policy on the addition of elements to reflect requirements in IFRS Accounting Standards, the IASB included in the IFRS Accounting Taxonomy both text block elements and elements to tag the individual monetary amounts included in the specified expenses by nature note, because stakeholder feedback suggested that users generally find such tagged information useful (paragraphs B11–B21).

77 The IASB added the presentation group ‘[800260] Notes - Specified expenses by nature’ to the IFRS Accounting Taxonomy and included elements related to the disclosure on specified expenses by nature in that presentation group.

78 This section discusses the modelling for the disclosure requirements for specified expenses by nature, specifically:

- (a) the modelling for the specified expenses by nature note (paragraph 80);
- (b) the modelling for the disclosure of totals of specified expenses by nature (paragraphs 81–82); and
- (c) the modelling for the disclosure of amounts of specified expenses by nature related to each line item in the operating category of the statement of profit or loss (paragraphs 83–85).

79 Appendix C discusses the advantages and disadvantages of the modelling for the disclosure requirements for specified expenses by nature.

Modelling for the specified expenses by nature note

80 Applying the Foundation’s general policy for adding text block elements (paragraphs B12–B15), the IASB added a text block element for the specified expenses by nature note, which includes both narrative and numerical information about specified expenses by nature (see Table 9).

Table 9—Addition of text block element

Text block element

Element label	ET	ER	Reference
Disclosure of specified expenses by nature [text block]	TB	D	IFRS 18.83

Modelling for the disclosure of totals of specified expenses by nature

81 For the requirement to disclose totals of specified expenses by nature, the IASB:

- (a) added two line-item elements representing the total amount of depreciation and the total amount of amortisation included in the operating and investing categories of the statement of profit or loss; and
- (b) included these newly added line-item elements and the existing line-item elements for employee benefits expenses, impairment loss (or reversal of impairment loss) and write-down (or reversal of write-down) of inventories under the abstract ‘Disclosure of totals of specified expenses by nature’ (see Table 10).²⁹

Table 10—Elements for the requirement to disclose totals of specified expenses by nature

Line items

Element label	ER	Reference ³⁰
Disclosure of totals of specified expenses by nature [abstract]		
Depreciation	D	IFRS 18.83(a)(i)
Amortisation	D	IFRS 18.83(a)(ii)
Employee benefits expenses, <u>operating</u>	D, E	IFRS 18.83(a)(iii)
Impairment loss (reversal of impairment loss) recognised in profit or loss	D	IFRS 18.83(a)(iv)
Write-downs (reversals of write-downs) of inventories, <u>operating</u>	D	IFRS 18.83(a)(v)

82 An entity would use the line-item elements from the abstract ‘Disclosure of totals of specified expenses by nature’ to tag totals of specified expenses by nature (for example, use the line-item element ‘Depreciation’ to tag the total amount of depreciation). Appendix F illustrates a tagged example disclosure of information on specified expenses by nature.

²⁹ The IASB did not include this abstract in the dimensional table to help preparers find these elements (see also paragraphs 83–85).

³⁰ For simplicity, this table shows only the references to paragraph 83 of IFRS 18.

Modelling for the disclosure of amounts of specified expenses by nature related to each line item in the operating category of the statement of profit or loss

83 For the requirement to disclose the amounts of specified expenses by nature related to each line item in the operating category of the statement of profit or loss, the IASB added a table text block element, which could be used by entities if they provide the required information in a table.³¹

84 The IASB added a dimensional table with (see Table 11):

- (a) a ‘Nature expenses’ axis consisting of five specific member elements representing the specified expenses by nature listed in paragraph 83 of IFRS 18. (Entities wishing to disclose information on expenses by nature other than those specified in paragraph 83 of IFRS 18 could create extension member elements under this axis.)
- (b) line-item elements from the operating category of the statement of profit or loss. (These line-item elements are the same as those used to tag items in the statement of profit or loss—meaning entities will not need to create extension line-item elements specifically for the specified expenses by nature note.³²)

Table 11—Elements for the requirement to disclose the amounts of specified expenses by nature related to each line item in the operating category of the statement of profit or loss

Table text block element

Element label	ET	ER	Reference
Disclosure of attribution of specified expenses by nature [text block]	TB	D	IFRS 18.83(b)(i)

Axis and members

Element label	ER	Reference
Nature expenses (A)	D	IFRS 18.83(b)(i)
Nature expenses (DM)	D	IFRS 18.83(b)(i)
Depreciation (M)	D	IFRS 18.83(b)(i)
Amortisation (M)	D	IFRS 18.83(b)(i)
Employee benefits (M)	D	IFRS 18.83(b)(i)
Impairment loss (reversal of impairment loss) (M)	D	IFRS 18.83(b)(i)
Write-down (reversal of write-down) of inventories (M)	D	IFRS 18.83(b)(i)

Line items³³

Element label	ET	ER	Reference ³⁴
Line items from statement of profit or loss [abstract]			
Cost of sales, <u>operating</u>	M	D, E	<u>IFRS 18.81</u> , <u>IFRS 18.82(a)</u>
Research and development expenses, <u>operating</u>	M	D, E	<u>IFRS 18.81(a)</u>
General and administrative expenses, <u>operating</u>	M	CP	<u>IFRS 18.24</u>
Selling expenses, <u>operating</u>	M	D	<u>IFRS 18.B85</u>
Impairment loss recognised in profit or loss, goodwill, <u>operating</u>	M	D, E	<u>IFRS 18.IE7</u>
Operating profit (loss), <u>operating</u>	M	D	<u>IFRS 18.69(a)</u>
... (entity might need to use other line items from the statement of profit or loss)			

31 The table text block element is included in the text block element (paragraph 80).

32 See paragraphs B7–B9 on the Foundation’s general policy for the use of line-item elements from the primary financial statements as line-item elements in dimensional modelling.

33 The line-item elements included in this abstract represent items illustrated in the Illustrative Examples that accompany IFRS 18. An entity might need to use other line-item elements if it presents other line items in the statement of profit or loss.

34 For simplicity, this table shows only the references to IFRS 18.

85 The IASB added line-item elements from the statement of profit or loss to the dimensional table under the abstract ‘Line items from statement of profit or loss’ to help preparers find these elements. Entities could use these line-item elements *if they correspond* with the line-item elements used to tag the statement of profit or loss. However, including line-item elements from the statement of profit or loss in the dimensional table bears the risk of entities not ‘reusing’ the line-item elements they have used to tag the statement of profit or loss for the specified expenses by nature note (but rather using a line-item element from the abstract ‘Line items from statement of profit or loss’).

Further changes to the IFRS® Accounting Taxonomy

86 This section discusses:

- (a) the relationship between elements in the notes and elements in the primary financial statements (paragraphs 87–91);
- (b) the consequential amendments to other IFRS® Accounting Standards (paragraphs 92–101);
- (c) the replacement of ‘IFRS’, ‘IFRSs’ or ‘IFRS Standard’ in labels (paragraphs 102–105); and
- (d) the effective date and transition (paragraphs 106–115).

Relationship between elements in the notes and elements in the primary financial statements

87 If amounts disclosed in the notes are included in one or more line items in the primary financial statements, paragraph 114 of IFRS 18 requires an entity to disclose in the note the line item(s) in the primary financial statements in which the amounts are included.

88 The IASB has an established taxonomy practice for modelling similar disclosure requirements as text block elements (paragraph B32). Therefore, the IASB added one text block element for this disclosure requirement (see Table 12).

Table 12—Addition of text block element

Text block element

Element label	ET	ER	Reference
Disclosure of line items in primary financial statements in which disclosed amounts are included [text block]	TB	D	IFRS 18.114

89 However, the IASB acknowledges that entities are likely to disclose the information required by paragraph 114 of IFRS 18 in several places in the notes. In this case, having only one text block element for this disclosure requirement means that preparers would need to tag information that is scattered throughout the notes with a single element using the XBRL® ‘continuation’ mechanism to aggregate the text fragments.

90 Paragraph 113 of IAS 1 includes a requirement to cross-reference each line item in the primary financial statements (for example, in the statement of financial position) to the notes, which has been retained in paragraph 114 of IFRS 18. Such cross-references are typically implemented on paper through annotations to line items indicating the relevant notes. There is an existing XBRL mechanism designed to reflect such cross-references, called a ‘fact-explanatoryFact’ footnoteArc, which can be used to link facts presented in the primary financial statements to relevant facts disclosed in the notes (including the text block fact capturing the relevant note). Therefore, to implement the additional requirement to disclose the line item(s) in the primary financial statements in which amounts disclosed in the notes are included, the IASB encourages preparers to use the footnoteArc mechanism to connect each such disclosed fact in the notes to the fact in the primary financial statements in which that amount is included.³⁵ In the absence of a more precise arcrole in the XBRL International Link Role Registry for this purpose, preparers should use the ‘fact-explanatoryFact’ arcrole.³⁶ Because this mechanism is already present in the XBRL specifications, the IASB’s view is that software vendors and regulators could implement a capability or requirement to make it easier for preparers to use the mechanism with little additional effort.

91 Appendix H includes an illustrated example of how the ‘fact-explanatoryFact’ footnoteArc mechanism is used.

35 And, indeed, to indicate relevant cross-references between numbers in the notes and other relevant parts of, or numbers in, the notes, or between numbers in the primary financial statements.

36 A ‘fact-explanatoryFact’ footnoteArc is one with an arcrole of ‘<https://www.xbrl.org/lrr/arcrole/factExplanatory-2009-12-16.xsd#fact-explanatoryFact>’.

Consequential amendments to other IFRS Accounting Standards

92 The IASB changed the IFRS Accounting Taxonomy to reflect consequential amendments to other IFRS Accounting Standards, including:

- (a) the amendments to IAS 7 *Statement of Cash Flows* (paragraphs 93–97);
- (b) the amendments to IAS 12 *Income Taxes* (paragraphs 98–99); and
- (c) the amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 100–101).

Amendments to IAS 7

93 The IASB amended paragraph 18(b) of IAS 7 to change the starting point of the statement of cash flows prepared using the indirect method from ‘profit or loss’ to ‘operating profit or loss’. Because of the change to the starting point, adjustment line-item elements that relate to ‘profit or loss’ but not to ‘operating profit or loss’ are no longer needed for the statement of cash flows.

94 The IASB reflected the amendment to IAS 7 by:

- (a) including the line-item element ‘operating profit (loss), operating’ as the starting point in the presentation group ‘[520000] Statement of cash flows, indirect method’; and
- (b) deprecating adjustment line-item elements that relate to ‘profit or loss’ but not to ‘operating profit or loss’ in the presentation groups:
 - (i) ‘[520000] Statement of cash flows, indirect method’; and
 - (ii) ‘[800300] Notes - Statement of cash flows, additional disclosures’ (see Table 13).

Table 13—Example of a deprecated adjustment line-item element

Element label	Documentation label
Adjustments for income tax expense	Adjustments for income tax expense to reconcile profit (loss) to net cash flow from (used in) operating activities. [Refer: Profit (loss)]

95 The IASB also amended the requirements in IAS 7 that relate to the classification of interest and dividend cash flows in the statement of profit or loss (which remove some of the previous classification choices for such cash flows). Because of those amendments, the IASB deprecated the line-item elements:

- (a) ‘Dividends paid, classified as operating activities’; and
- (b) ‘Interest paid, classified as investing activities’.

96 The IASB also amended paragraph 16 of IAS 7. The paragraph is reproduced here with added text underlined and deleted text struck through:

16 The separate presentation disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. Examples of cash flows arising from investing activities are:

...

- (c) cash payments to acquire equity or debt instruments of other entities including and interests in associates and joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes);³
- (d) cash receipts from sales of equity or debt instruments of other entities including and interests in associates and joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes);³

97 The IASB reflected this amendment by:

- (a) adding two line-item elements to the presentation group ‘[520000] Statement of cash flows, indirect method’; and
- (b) changing the reference type of two line-item elements in the presentation group ‘[800300] Notes - Statement of cash flows, additional disclosures’ (see Tables 14–15).

Table 14—Addition of line-item elements and reference type change

Element label	Documentation label	ER
[520000] Statement of cash flows, indirect method		
Other cash payments to acquire interests in associates and joint ventures, classified as investing activities	The cash outflow to acquire interests in associates and joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes), classified as investing activities. [Refer: Total for all joint ventures [member]; Total for all associates [member]]	Example
Other cash payments to acquire equity or debt instruments of other entities, classified as investing activities	The cash outflow to acquire equity or debt instruments of other entities (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes), classified as investing activities.	Example
Other cash payments to acquire interests in joint ventures, classified as investing activities	The cash outflow to acquire interests in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes), classified as investing activities. [Refer: Total for all joint ventures [member]]	Example
[800300] Notes - Statement of cash flows, additional disclosures		
Purchase of interests in associates, <u>classified as investing activities</u>	The cash outflow for the purchase of interests in associates, classified as investing activities. [Refer: Total for all associates [member]]	Common practice Example

Table 15—Addition of line-item elements and reference type change

Element label	Documentation label	ER
[520000] Statement of cash flows, indirect method		
Other cash receipts from sales of interests in associates and joint ventures, classified as investing activities	The cash inflow from sales of interests in associates and joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes), classified as investing activities. [Refer: Total for all joint ventures [member]; Total for all associates [member]]	Example
Other cash receipts from sales of equity or debt instruments of other entities, classified as investing activities	The cash inflow from sales of equity or debt instruments of other entities (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes), classified as investing activities.	Example
Other cash receipts from sales of interests in joint ventures, classified as investing activities	The cash inflow from sales of interests in joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes), classified as investing activities. [Refer: Total for all joint ventures [member]]	Example
[800300] Notes - Statement of cash flows, additional disclosures		
Proceeds from sales of interests in associates, <u>classified as investing activities</u>	The cash inflow from sales of interests in associates, classified as investing activities. [Refer: Total for all associates [member]]	Common practice Example

Amendments to IAS 12

98 The IASB amended paragraph 81(h)(ii) of IAS 12. The subparagraph is reproduced here with added text underlined and deleted text struck through:

- 81 The following shall also be disclosed separately:
- ...
- (h) in respect of discontinued operations, the tax expense relating to:
- ...
- (ii) the profit or loss of from the ordinary activities of the discontinued operation for the period, together with the corresponding amounts for each prior period presented;
- ...

99 Because the amendment to IAS 12 is a minor textual adjustment that does not substantially change the meaning of the requirement, the IASB changed only the label of the line-item element (see Table 16; see also paragraph 3 on the IASB's approach to existing elements with a reference to IAS 1).

Table 16—Changes to label

Element label	Documentation label	ET	ER	Reference
Tax expense (income) relating to profit (loss) from ordinary activities of discontinued operations, discontinued operations	The tax expense (income) relating to the profit (loss) arising from ordinary activities of discontinued operations, in the discontinued operations category in the statement of profit or loss. [Refer: Discontinued operations [member]; Profit (loss)]	M	D	IAS 12.81(h)(ii), IFRS 5.33(b)(ii)

Amendments to IAS 8

100 The IASB amended the title of IAS 8 from 'Accounting Policies, Changes in Accounting Estimates and Errors' to 'Basis of Preparation of Financial Statements'. The disclosure requirements relating to the statement of IFRS compliance were also moved from IAS 1 to IAS 8.

101 The IASB reflected these amendments by:

- (a) changing the titles of the presentation groups:
- (i) from '[811000] Notes - Accounting policies, changes in accounting estimates and errors' to '[811000] Notes - Basis of preparation of financial statements and statement of IFRS compliance'; and
- (ii) from '[810000] Notes - Corporate information and statement of IFRS compliance' to '[810000] Notes - Corporate information';
- (b) changing the label of one line-item element in the presentation group '[811000] Notes - Basis of preparation of financial statements and statement of IFRS compliance' to align with the amended title of IAS 8 (see Table 17); and
- (c) including elements related to the statement of IFRS compliance in that presentation group (see paragraphs B29–B30 for the Foundation's general policy for the assignment of elements to presentation groups).

Table 17—Change to label of one line-item element**[811000] Notes - Basis of preparation of financial statements and statement of IFRS compliance Accounting policies, changes in accounting estimates and errors**

Element label	Documentation label	ET	ER	Reference
Disclosure of <u>basis of preparation of financial statements changes in accounting policies, accounting estimates and errors</u> [text block]	<u>The disclosure of the basis of preparation of financial statements which includes (a) general matters; (b) the criteria for selecting, changing and disclosing accounting policies; and (c) the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.</u> The entire disclosure for changes in accounting policies, accounting estimates and errors.	TB	D	IAS 8 Accounting policies

The replacement of the terms ‘IFRS’, ‘IFRSs’ or ‘IFRS Standard’ in labels

- 102 Since the formation of the International Sustainability Standards Board (ISSB), IFRS Standards have been defined in the Foundation *Constitution* as comprising IFRS Accounting Standards and IFRS Sustainability Disclosure Standards. IFRS Accounting Standards are issued by the IASB. They comprise:
- (a) IFRS Accounting Standards;
 - (b) IAS[®] Standards;
 - (c) IFRIC[®] Interpretations; and
 - (d) SIC[®] Interpretations.
- 103 The definition of IFRS Accounting Standards was included in Appendix A of IFRS 18 and in the amended IAS 8. The definition was included in both IFRS Accounting Standards because the disclosure requirements relating to the basis of preparation have been moved from IAS 1 to IAS 8.
- 104 The IASB changed the term ‘IFRS’ to ‘IFRS Accounting Standard’ in IFRS 18 and some other IFRS Accounting Standards. This change was made because the definition of ‘IFRS Standards’ now includes both IFRS Accounting Standards and IFRS Sustainability Disclosure Standards.
- 105 The IASB:
- (a) changed the terms ‘IFRS’, ‘IFRSs’ or ‘IFRS Standard’ to ‘IFRS Accounting Standard’ or ‘IFRS Accounting Standards’ in all documentation labels in the IFRS Accounting Taxonomy unless the term ‘IFRS’ is used with a number (for example, ‘IFRS 9’), in which case the IASB did not change the label because IFRS Accounting Standards are still referred to in that way (see Table 18).
 - (b) retained the terms ‘IFRS’, ‘IFRSs’ or ‘IFRS Standard’ in the element labels. Retaining the term has the benefit of maintaining shorter element labels in the IFRS Accounting Taxonomy.

Table 18—Example of change to documentation label

Element label	Documentation label
Other comprehensive income	The amount of income and expense (including reclassification adjustments) that is not recognised in profit or loss as required or permitted by IFRS Accounting Standards <u>IFRSs</u> . [Refer: IFRSs [member]]
Financial liabilities previously designated at fair value through profit or loss reclassified voluntarily, initial application of IFRS 9	The amount of financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss but are no longer so designated, and that the entity voluntarily elected to reclassify when the entity initially applies IFRS 9. [Refer: Financial liabilities at fair value through profit or loss]

Effective date and transition

Creation of two taxonomy entry points

106 IFRS 18 applies for annual reporting periods beginning on or after 1 January 2027, with early application permitted. Entities that apply IFRS 18 early will need to tag their digital financial statements using an IFRS Accounting Taxonomy that includes elements that reflect the presentation and disclosure requirements in IFRS 18. However, entities that do not apply IFRS 18 early will need to tag their digital financial statements using an IFRS Accounting Taxonomy that includes elements that reflect the presentation and disclosure requirements in IAS 1. Therefore, the IFRS Accounting Taxonomy includes both ‘types’ of elements during the period of transition to IFRS 18.

107 The IASB created two taxonomy entry points, which are:

- (a) ‘IFRS full taxonomy with elements reflecting IAS 1 presentation and disclosure requirements’; and
- (b) ‘IFRS full taxonomy with elements reflecting IFRS 18 presentation and disclosure requirements’.

108 Creating two taxonomy entry points is a change to the Foundation’s usual approach to transition to a new IFRS Accounting Standard that allows early application, whereby old and new elements are accessible through a single entry point within the IFRS Accounting Taxonomy. However, having two distinct entry points allows entities that apply IFRS 18 early to find the set of elements they need easily, and prevents them from incorrectly tagging their digital financial statements using elements that reflect the IAS 1 presentation and disclosure requirements. For example, an entity applying IFRS 18 early would use the entry point with elements reflecting the IFRS 18 presentation and disclosure requirements.

109 Under the IASB’s approach of having two entry points, the IASB:

- (a) added an effective date of IFRS 18 to:
 - (i) new elements reflecting the IFRS 18 presentation and disclosure requirements;
 - (ii) new presentation groups in the entry point ‘IFRS full taxonomy with elements reflecting IFRS 18 presentation and disclosure requirements’; and
 - (iii) the description of the entry point ‘IFRS full taxonomy with elements reflecting IFRS 18 presentation and disclosure requirements’; and
- (b) added an expiry date of IAS 1 to:
 - (i) elements reflecting the IAS 1 presentation and disclosure requirements;
 - (ii) presentation groups for depreciation in the entry point ‘IFRS full taxonomy with elements reflecting IAS 1 presentation and disclosure requirements’; and
 - (iii) the description of the entry point ‘IFRS full taxonomy with elements reflecting IAS 1 presentation and disclosure requirements’.

110 The taxonomy entry point ‘IFRS full taxonomy with elements reflecting IAS 1 presentation and disclosure requirements’ will be removed after the period of transition to IFRS 18.

Disclosure requirements relating to the effective date and transition

111 If an entity applies IFRS 18 for a period earlier than its effective date of 1 January 2027, the entity shall disclose that fact in the notes (see paragraph C1 of IFRS 18).

112 The IASB has an established taxonomy practice for modelling the disclosure of the fact of early application of a new IFRS Accounting Standard or amendment (paragraph B31). This modelling allows an entity to combine the line-item element ‘Description of fact that new or amended IFRS Accounting Standard is applied early’ and the related member element under the axis ‘Initially applied IFRSs’ to tag the disclosure of the fact of early application of a new IFRS Accounting Standard or amendment.

113 The IASB added:

- (a) a reference to paragraph C1 of IFRS 18 to the line-item element ‘Description of fact that new or amended IFRS Accounting Standard is applied early’ and the Boolean element ‘New or amended IFRS Accounting Standard is applied early’; and

- (b) a member element to the ‘Initially applied IFRSs’ axis in the table ‘Disclosure of initial application of standards or interpretations’ in the presentation group ‘[811000] Notes - Basis of preparation of financial statements and statement of IFRS compliance’ (see Table 19).

Table 19—Reference change and addition of member element*Text block element and categorical element*

Element label	List	ET	ER	Reference ³⁷
Description of fact that new or amended IFRS Accounting Standard is applied early		T	D	IFRS 18.C1
New or amended IFRS Accounting Standard is applied early	True / False	B	D	IFRS 18.C1

Axis and members

Element label	ER	Reference
Initially applied IFRSs (A)	D	IAS 8.28
Initially applied IFRSs (DM)	D	IAS 8.28
...		
Presentation and Disclosure in Financial Statements (M)	D	IFRS 18.C1

114 Paragraph C3 of IFRS 18 requires an entity to disclose, for the comparative period immediately preceding the period in which IFRS 18 is first applied, for each line item in the statement of profit or loss, a reconciliation between:

- (a) the restated amounts the entity presented in applying IFRS 18; and
 (b) the amounts the entity previously presented in applying IAS 1.

115 Applying the Foundation’s general policy for adding text block elements (paragraphs B12–B15), the IASB added one text block element for the reconciliation required by paragraph C3 of IFRS 18 because the disclosure:

- (a) is temporary, and detailed elements will be of no use after IFRS 18 is applied for the first time;
 (b) is expected to be provided in a variety of ways, making it difficult to provide detailed elements to represent all the approaches; and
 (c) is not expected to be analysed line-by-line or compared entity-to-entity by users – rather, it is expected to be used as a whole note, specific to each entity (see Table 20).

Table 20—Addition of text block element

Element label	ET	ER	Reference
Disclosure of reconciliation between restated amounts presented applying IFRS 18 and amounts previously presented applying IAS 1 [text block]	TB	D	IFRS 18.C3

Implementation guidance for preparers

116 The IASB provided implementation guidance for preparers to help ensure consistent application of the modelling in:

- (a) this document (paragraphs 118–136); and
 (b) guidance labels in the IFRS® Accounting Taxonomy (paragraphs 137–140).

117 Guidance on how to navigate through the different presentation groups in the IFRS Accounting Taxonomy and how to find line-item elements is provided in *Using the IFRS Taxonomy – A preparer’s guide*.

Guidance in this document

118 This section discusses guidance on:

- (a) labelling extension line-item elements created for the statement of profit or loss (paragraphs 119–120);

³⁷ For simplicity, this table shows only the references to IFRS 18.

- (b) tagging an MPM note (paragraphs 121–129); and
- (c) tagging a specified expenses by nature note (paragraphs 130–136).

Labelling extension line-item elements created for the statement of profit or loss

- 119 Preparers should include in the label of extension line-item elements created for the statement of profit or loss the category of that element. The labelling should follow the same logic as applied by the IASB in labelling income and expense elements. For example, the labelling should end with ‘..., operating’ or ‘..., investing’.
- 120 Including the category of the element in the label of extension line-item elements provides useful information to users of digital financial statements (paragraph 20). If an entity does not reflect the category of an extension line-item element in its label, but instead, for example, decides to use the same label for the extension line-item element as it uses in its paper-based financial statements, a user of digital financial statements will not be able to identify in which category of the statement of profit or loss the extension line-item element is included.

Tagging an MPM note

- 121 This section discusses:
- (a) general guidance on tagging an MPM reconciliation (paragraph 123); and
 - (b) specific guidance on tagging an MPM reconciliation, specifically on:
 - (i) reusing line-item elements from the statement(s) of financial performance (paragraph 124);
 - (ii) using signage (paragraphs 125–127);
 - (iii) labelling of extension member elements (paragraph 128); and
 - (iv) multi-tagging ‘common reconciling items’ (paragraph 129).
- 122 Appendix E illustrates a tagged example disclosure of an MPM reconciliation.

General guidance on tagging an MPM reconciliation

- 123 An MPM reconciliation should be tagged in the following way:
- (a) the MPM is tagged using:
 - (i) an extension member created under the ‘Management-defined performance measures’ axis;
 - (ii) the predefined ‘Value of management-defined performance measure’ member under the ‘Reconciliation of management-defined performance measure’ axis; and
 - (iii) the line-item element representing the total or subtotal (to which the MPM is reconciled) from the ‘Total or subtotal listed in IFRS Accounting Standards’ abstract;
 - (b) the total or subtotal to which the MPM is reconciled is tagged with the line-item element representing the total or subtotal from the ‘Total or subtotal listed in IFRS Accounting Standards’ abstract;
 - (c) the total amount of each reconciling item is tagged using:
 - (i) an extension member created under the ‘Management-defined performance measures’ axis;
 - (ii) an extension member created under the ‘Reconciliation of management-defined performance measure’ axis; and
 - (iii) the line-item element representing the total or subtotal (to which the MPM is reconciled) from the ‘Total or subtotal listed in IFRS Accounting Standards’ abstract; and
 - (d) the amounts related to line items in the statement(s) of financial performance for each reconciling item are tagged using:
 - (i) an extension member created under the ‘Management-defined performance measures’ axis;
 - (ii) an extension member created under the ‘Reconciliation of management-defined performance measure’ axis; and
 - (iii) line-item elements from the statement(s) of financial performance.

*Specific guidance on tagging an MPM reconciliation***Reusing line-item elements from the statement(s) of financial performance**

- 124 If an entity has used a line-item element from the IFRS Accounting Taxonomy to tag a line item in the statement(s) of financial performance (or has created an extension line-item element to tag a line item in the statement(s) of financial performance), it should reuse that element to tag related information in the MPM note. Hence, entities should not create extension line-item elements specifically for the MPM note.

Using signage

- 125 In paper-based financial statements, the use of signage will depend on the direction of the MPM reconciliation ('IFRS to MPM' or 'MPM to IFRS') and the typographic preferences of a preparer. The exact same information could be disclosed in different ways, resulting in different apparent signages for individual numbers, but a user of paper-based financial statements would still be able to correctly determine the meaning of the disclosures in context. In digital financial statements each number is tagged distinctly and might be analysed over time or between entities. Having a consistent sign convention for reconciling adjustments is therefore particularly helpful for users.
- 126 A total of a reconciling item should be tagged as if the reconciliation were disclosed according to the principle that *the IFRS measure plus the reconciling items equals the MPM*.³⁸ For example, because MPMs are expected to be 'net income' (credit) items, a total of a reconciling item that increases the value of the MPM should be tagged with a plus sign, and conversely, a total of a reconciling item that decreases the value of the MPM should be tagged with a minus sign (see Table 21).
- 127 The amount of a reconciling item related to each line item in the statement(s) of financial performance should be tagged depending on the nature of the line item (credit or debit) and how those line items are summed to reach the MPM,³⁹ and thus be tagged as follows (see also Table 21):
- a reconciling item that decreases a debit line item (for example, decreases an expense) in the statement(s) of financial performance should be tagged with a minus sign.
 - a reconciling item that increases a debit line item (for example, increases an expense) in the statement(s) of financial performance should be tagged with a plus sign.
 - a reconciling item that decreases a credit line item (for example, decreases income) in the statement(s) of financial performance should be tagged with a minus sign.
 - a reconciling item that increases a credit line item (for example, increases income) in the statement(s) of financial performance should be tagged with a plus sign.

Table 21—Use of signage in the MPM reconciliation

Totals of reconciling items (paragraph 126)		
Impact on the value of an MPM		Sign
Increases the value of an MPM		Plus
Decreases the value of an MPM		Minus
Amount of reconciling item related to line item in statement(s) of financial performance (paragraph 127)		
Impact on line item in the statement(s) of financial performance	Is line item in the statement(s) of financial performance a debit or credit line item?	Sign
Decreases line item	Debit	Minus
Increases line item	Debit	Plus
Decreases line item	Credit	Minus
Increases line item	Credit	Plus

³⁸ The total of a reconciling item should be tagged with the line-item element for the most directly comparable subtotal listed in paragraph 118 of IFRS 18, or total or subtotal specifically required to be presented or disclosed by IFRS Accounting Standards, and a member created under the 'Reconciliation of management-defined performance measure' axis, representing the reconciling item.

³⁹ The amount of a reconciling item related to each line item in the statement(s) of financial performance should be tagged with a line-item element from the statement(s) of financial performance and a member created under the 'Reconciliation of management-defined performance measure' axis, representing the reconciling item.

Labelling of extension member elements

128 Extension member elements under the ‘Management-defined performance measures’ and ‘Reconciliation of management-defined performance measure’ axes should be labelled in a clear and understandable manner that does not mislead users. To ensure that extension member elements for MPMs can be used consistently throughout reporting periods, extension member elements should be labelled in a way that allows for the value of the MPM to be either positive or negative (for example, an entity should create an extension member for ‘adjusted operating profit or loss’ rather than ‘adjusted operating profit’).

Multi-tagging of ‘common reconciling items’

129 Reconciling items that relate to more than one MPM should be multi-tagged. For example, if a preparer discloses, in a single table, two reconciliations for two MPMs, any common reconciling items in those reconciliations should be double-tagged.

Tagging a specified expenses by nature note

130 This section discusses:

- (a) general guidance on tagging a specified expenses by nature note (paragraphs 132–133); and
- (b) specific guidance on tagging a specified expenses by nature note, specifically on:
 - (i) reusing line-item elements from the statement of profit or loss (paragraph 134);
 - (ii) using signage (paragraph 135); and
 - (iii) double-tagging of totals and ‘operating subtotals’ of specified expenses by nature (paragraph 136).

131 Appendix F illustrates a tagged example disclosure of information on specified expenses by nature.

General guidance on tagging a specified expenses by nature note

132 The amounts of specified expenses by nature related to each line item in the operating category of the statement of profit or loss should be tagged using:

- (a) the line-item elements from the operating category of the statement of profit or loss; and
- (b) member elements representing the specified expenses by nature.

133 Totals of specified expenses by nature should be tagged using the line-item elements from the abstract ‘Disclosure of totals of specified expenses by nature’.

*Specific guidance on tagging a specified expenses by nature note***Reusing line-item elements from the statement of profit or loss**

134 If an entity has used a line-item element from the IFRS Accounting Taxonomy to tag a line item in the statement of profit or loss (or has created an extension line-item element to tag a line item in the statement of profit or loss), it should reuse that element to tag related information in the specified expenses by nature note. Hence, entities should not create extension line-item elements specifically for the specified expenses by nature note.

Using signage

135 A total of a specified expense by nature should be tagged using a line-item element from the abstract ‘Disclosure of totals of specified expenses by nature’ (for example, ‘Depreciation’) with:

- (a) a plus sign if the total is a debit number; or
- (b) a minus sign if the total is a credit number (see Table 22).

Table 22—Use of signage for tagging totals of specified expenses by nature

Totals of specified expenses by nature		
Tagging	Is the amount a debit or credit?	Sign
Line-item element from the abstract ‘Disclosure of totals of specified expenses by nature’	Debit	Plus
Line-item element from the abstract ‘Disclosure of totals of specified expenses by nature’	Credit	Minus

Double-tagging of totals and ‘operating subtotals’ of specified expenses by nature

- 136 If the total of a specified expense by nature equals the ‘operating subtotal’ of that specified expense by nature, an entity should double-tag the amount to communicate clearly to users that the figure represents both the total and the ‘operating subtotal’ of a specified expense by nature (for example, if an entity does not classify any depreciation in the investing category, the total depreciation would be equal to the ‘operating subtotal’ of depreciation).

Guidance labels in the IFRS Accounting Taxonomy

137 This section discusses:

- (a) guidance labels for line-item elements (paragraphs 138–139); and
- (b) guidance labels for member elements (paragraph 140).

Guidance labels for line-item elements

138 The IASB added guidance labels to line-item elements that do not reflect a category in their label (because they represent total amounts of items of income and expense across different categories in the statement of profit or loss (paragraph 27(b) and paragraph 32(b))). The guidance explains to preparers that they should only use such line-item elements to tag information in the notes. If a preparer were to use line-item elements that do not reflect a category in their label to tag line items in the statement of profit or loss, users would not be able to identify the category in which those items are presented.

139 The IASB added guidance labels for:

- (a) line-item elements for which the IFRS Accounting Taxonomy includes (an) element(s) that reflect(s) the category of the element(s) in its (their) label (see Figure 5); and
- (b) line-item elements for which there is no corresponding element in the IFRS Accounting Taxonomy that reflects the category of the element in its label (see Figure 6).

Figure 5 – Guidance label for line-item elements described in paragraph 139(a)

Do not use this line-item element for the statement of profit or loss. This element is used only to tag information in the notes. The IFRS Accounting Taxonomy includes (an) element(s) that could be used for the statement of profit or loss (or for the notes if the element(s) more closely represent(s) the amount(s) disclosed). If no suitable element is included in the IFRS Accounting Taxonomy, an extension element needs to be created. The label of that extension element should reflect the category of the element in its label.

Figure 6 – Guidance label for line-item elements described in paragraph 139(b)

Do not use this line-item element for the statement of profit or loss. This element is used only to tag information in the notes. If no suitable element is included in the IFRS Accounting Taxonomy, an extension element needs to be created. The label of that extension element should reflect the category of the element in its label.

Guidance labels for member elements

140 The IASB also added a guidance label for the predefined member ‘All reconciling items’ (see also paragraph 65(b)). The guidance explains to preparers that they should use the predefined member only to tag a total of all reconciling items and need to create extension member elements for their entity-specific reconciling items, rather than use the predefined member to tag individual reconciling items (see Figure 7).

Figure 7 – Guidance label for the predefined member element described in paragraph 65(b)

This member should be used only to tag amounts representing the ‘total of all reconciling items’ for a given MPM. It should NOT be used to tag (an) individual reconciling item(s). (An) extension(s) should be created for (an) individual reconciling item(s) under this member.

Approval by the IASB of IFRS® Accounting Taxonomy 2024—Update 1 *IFRS 18* Presentation and Disclosure in Financial Statements issued in March 2025

IFRS® Accounting Taxonomy 2024—Update 1 *IFRS 18* Presentation and Disclosure in Financial Statements was approved for issue by all 14 members of the International Accounting Standards Board.

Andreas Barckow

Chair

Linda Mezon-Hutter

Vice-Chair

Nick Anderson

Patrina Buchanan

Tadeu Cendon

Florian Esterer

Zach Gast

Hagit Keren

Jianqiao Lu

Bruce Mackenzie

Bertrand Perrin

Rika Suzuki

Ann Tarca

Robert Uhl

Appendix A—IFRS® Accounting Taxonomy terms and guidance materials

A1 This appendix discusses:

- (a) the IFRS® Accounting Taxonomy terms used in this document (paragraph A2); and
- (b) guidance materials (paragraphs A3–A5).

A2 Table A1 includes brief explanations of the IFRS Accounting Taxonomy terms used in this document.

Table A1—IFRS Accounting Taxonomy content terminology

Core content—IFRS Accounting Taxonomy elements	
<p>The IFRS Accounting Taxonomy contains elements that represent information reported in financial statements prepared in accordance with IFRS Accounting Standards.</p> <p>These elements are described using:</p> <ul style="list-style-type: none"> • line items—which represent the accounting concepts being reported. They can be either numerical, for example, ‘Assets’, ‘Property, plant and equipment’; or narrative, reflecting the figures and narrative reported, for example, ‘Description of accounting policy for government grants’. • axes and members—information categories and components that accounting concepts can be broken down into or reported by, for example, ‘Classes of property, plant and equipment’. Axes in the IFRS Accounting Taxonomy have a domain member that applies whenever a preparer does not combine a line item with a specific member to tag the value reported in the financial statements. • tables—logical groupings of IFRS Accounting Taxonomy axes, members and line items. 	<p>These IFRS Accounting Taxonomy elements have:</p> <ul style="list-style-type: none"> • element names and element identifiers—unique computer tags used to identify and mark up the data. • element standard labels—human-readable names reflecting the accounting meaning of an element. Some elements have additional labels that provide more specific descriptions to show a total (total label), for example, or to distinguish between opening and closing balances (period start and end labels). Such additional labels do not alter the accounting meaning of the element but are used for displaying IFRS Accounting Taxonomy presentation relationships. • element types (ET)—categories of permitted data values, for example, text (T), text block (TB), monetary (M), decimal (DEC), percentage (PER), duration (DUR), Boolean (B) and extensible enumeration (EE). <ul style="list-style-type: none"> • text element types are used for narrative disclosures. They are also used when IFRS Accounting Standards do not specify the details of a disclosure requirement, but a preparer is expected to express that disclosure requirement in a free-text format. • text block element types are used for a set of information that might include, for example, numerical disclosures, narrative explanations and tables. • element properties, such as: <ul style="list-style-type: none"> • period—which indicates whether the element is expected to be reported for a period of time (duration) or at a particular point in time (instant); and • balance—which indicates whether the element is generally expected to be reported as a credit or a debit.

continued...

...continued

Supporting content—Documentation and references for IFRS Accounting Taxonomy elements	
The IFRS Accounting Taxonomy provides supporting content explaining the accounting meaning of an element.	<p>This content includes:</p> <ul style="list-style-type: none"> • references—which link an element to the IFRS literature, for example, IFRS 15 <i>Revenue from Contracts with Customers</i>. • element reference types (ER)—which define the source of an element, for example, disclosure (D), example (E) and common practice (CP). • documentation labels—which provide a textual definition of each element. The sources of these definitions are the IFRS Accounting Standards and their accompanying materials, when available. • guidance labels—which are implementation notes that help preparers to correctly use IFRS Accounting Taxonomy elements in a digital report.
Supporting content—Relationships between IFRS Accounting Taxonomy elements (linkbases)	
The IFRS Accounting Taxonomy calculation linkbase explains how elements might relate mathematically to each other.	<p>For example, this content includes:</p> <ul style="list-style-type: none"> • summations of elements to a total or subtotal; and • formulas to show that an element is a ratio of other taxonomy elements.
The IFRS Accounting Taxonomy uses the presentation linkbase to provide presentation views under which the line items, axes and members (or a combination of those elements as tables) have been grouped. These presentation views enable human-readable viewing and navigation of the IFRS Accounting Taxonomy.	<p>The IFRS Accounting Taxonomy includes specific presentation elements:</p> <ul style="list-style-type: none"> • headings (abstract elements); and • presentation groups. <p>These elements are not used when tagging financial statements. These headings and presentation groups also have standard labels.</p>
The IFRS Accounting Taxonomy uses the definition linkbase to provide views under which the combined line items, axes and members (tables) have been grouped. The definition linkbase supports the computer-readable use of the IFRS Accounting Taxonomy.	<p>For example, the content includes:</p> <ul style="list-style-type: none"> • a definition for each table; and • a domain member for each axis.

Guidance materials

- A3 The IFRS Foundation (Foundation) has published guidance materials that might be relevant to this Taxonomy Update:
- Guide to Understanding the IFRS® Taxonomy Update* to provide an introduction to the IFRS Accounting Taxonomy and to explain the terms used to describe its content;
 - Using the IFRS Taxonomy—A preparer’s guide* to help preparers understand the content of the IFRS Accounting Taxonomy; and
 - Using the IFRS digital taxonomies—A guide for regulators implementing the IFRS digital taxonomies in a digital filing system* to help regulators and other organisations implement the IFRS digital taxonomies within a digital filing system.
- A4 The Foundation also publishes tagged illustrative examples to show how the IFRS Accounting Taxonomy is used. These examples include tagged presentations and disclosures that reflect requirements in IFRS Accounting Standards, using IFRS Accounting Taxonomy elements and the XBRL® syntax.
- A5 For every change in the IFRS Accounting Taxonomy, the rationale for the change and the intended use of the changed or new elements is explained in the corresponding IFRS Taxonomy Update.

Appendix B—General policies for taxonomy modelling applied in this Taxonomy Update

- B1 This appendix includes the IFRS® Foundation’s (Foundation’s) general policies for taxonomy modelling applied in this Taxonomy Update:
- (a) for the use of line-item modelling and dimensional modelling for the presentation and disclosure requirements in IFRS Accounting Standards (paragraphs B2–B9);
 - (b) for the creation of calculation relationships in the IFRS Accounting Taxonomy (paragraph B10);
 - (c) for the addition of elements to reflect requirements in IFRS Accounting Standards (paragraphs B11–B21);
 - (d) for the addition of elements based on Illustrative Examples that accompany, or Implementation Guidance for, IFRS Accounting Standards (paragraphs B22–B25);
 - (e) for the deprecation of elements (paragraphs B26–B28);
 - (f) for the assignment of elements to presentation groups (paragraphs B29–B30);
 - (g) for the disclosure of the fact of early application (paragraph B31); and
 - (h) for the communication of relationships between elements in the primary financial statements and elements in the notes (paragraph B32).

Use of line-item modelling and dimensional modelling for the presentation and disclosure requirements in IFRS Accounting Standards

- B2 This section describes:
- (a) the use of line-item modelling and dimensional modelling (paragraphs B3–B6); and
 - (b) the use of line-item elements from the primary financial statements as line-item elements in dimensional modelling (paragraphs B7–B9).

Use of line-item modelling and dimensional modelling

- B3 The Foundation uses line-item modelling to present information in a structured, hierarchical format using parent–child relationships, in which a parent element reflects one possible hierarchical roll-up of the child elements included immediately below it.
- B4 The Foundation uses dimensional modelling to communicate additional characteristics of line-item elements, which are:
- (a) the disaggregation of a monetary value into components that make up that value; or
 - (b) the specific characteristics of a concept that do not represent a monetary disaggregation (for example, the disclosure of the range of strike prices for the disclosure of share-based payment awards).

- B5 Line-item modelling has advantages over dimensional modelling because:
- (a) preparers can tag data more easily;
 - (b) users can consume the tagged data more easily; and
 - (c) preparers and users can use calculations to validate the data (paragraph B10).

- B6 However, line-item modelling in isolation might not be a feasible modelling approach for all presentation and disclosure requirements in IFRS Accounting Standards. Therefore, the Foundation generally uses a combination of line-item modelling and dimensional modelling to reflect the presentation requirements related to primary financial statements. The Foundation’s view is that calculations are useful because they enable users to understand and draw relationships from tagged data effectively.

Use of line-item elements from the primary financial statements as line-item elements in dimensional modelling

- B7 Line-item elements from the primary financial statements are used as line-item elements, rather than as member elements on an axis, if:
- (a) an IFRS Accounting Standard requires an entity to refer to line items from the primary financial statements in a particular disclosure; and
 - (b) the IFRS Accounting Taxonomy reflects those disclosure requirements using dimensional modelling.

- B8 Using line-item elements from the primary financial statements as line-item elements in dimensional modelling better conveys information about the relationships between items presented in the primary financial statements and items disclosed in the notes because it creates a structural link between items presented in the primary financial statements and items disclosed in the notes. It eliminates the need for entities to create extension elements to connect information disclosed in the notes with items presented in primary financial statements (entities would be able to use the same line items used to tag information in the primary financial statements).
- B9 This policy has some risks, for example:
- (a) some disclosure requirements might require an entity to provide information about line items from the primary financial statements as secondary information, rather than as the primary information required to be disclosed. In such cases, the approach might be counterintuitive for preparers and users because it could imply that the line items from the primary financial statements are the main information required by the disclosure requirement.
 - (b) some entities could provide the information about line items from the primary financial statements in a narrative format, rather than in a table. For such entities, tagging the information in a table could be counterintuitive. To mitigate this risk, the Foundation generally provides guidance to help ensure that entities apply the modelling consistently.

Creation of calculation relationships in the IFRS Accounting Taxonomy

- B10 Calculation relationships are added in the IFRS Accounting Taxonomy to express summation relationships, which help users of those calculation relationships select the right concepts and understand how they relate to one another. Calculation relationships are included in the IFRS Accounting Taxonomy if possible. However, not all relationships can be expressed using calculation relationships because of limitations in the calculation specifications issued by XBRL[®] International Inc. For example:
- (a) the specifications do not work with cross-period elements—that is, calculations between instant and duration period type elements are not possible;
 - (b) the specifications do not work across different dimensions—that is, calculations between elements used with different dimensional attributes are not possible;
 - (c) the specifications mean that the balance type of the total concept determines whether the operands can be added or subtracted—for example, if the balance type for a concept is ‘debit’ for the total, only debit concepts can be added, and only credit concepts can be subtracted;
 - (d) the specifications require an exhaustive list of children to be included and cannot be used if a list of members is just examples of what could be included; and
 - (e) the specifications limit the possible calculations—there cannot be more than one calculation adding up the same total in the same calculation extended link role.

Addition of elements to reflect requirements in IFRS Accounting Standards

- B11 As a general policy, elements are added for the presentation or disclosure requirements in IFRS Accounting Standards. This section describes the modelling policies related to:
- (a) text block elements (paragraphs B12–B15);
 - (b) elements to tag individual monetary amounts (paragraphs B16–B18); and
 - (c) categorical elements (paragraphs B19–B21).

Text block elements

- B12 Text block elements can be used to reflect requirements to disclose narrative or numerical information that does not specify the content, structure or format of those disclosures. Text block elements are typically used to tag disclosures of unstructured blocks of information, which might include, for example, numerical disclosures, narrative explanations, tables or graphs.
- B13 Text block elements are usually added for:
- (a) accounting policies that have a material effect on financial statements;
 - (b) individual notes;
 - (c) all disclosures reported in a table, referred to as a table text block; and

- (d) some disclosures of unstructured blocks of information that might contain narrative or unspecified quantitative information.

B14 In general, a distinct text block element is added for each narrative disclosure expected to be separately understandable to users of digital financial statements and readily identifiable for tagging, provided that tagging the information would not involve excessive cost for preparers.

B15 Text block elements allow users of digital financial statements to extract and analyse large blocks of unstructured information. For example, a user could use the element ‘Disclosure of business combinations [text block]’ to search for the business combinations note in a set of digital financial statements.

Elements to tag individual monetary amounts

B16 Elements to tag individual monetary amounts are generally added to the IFRS Accounting Taxonomy if a specific requirement in IFRS Accounting Standards requires presentation or disclosure of that amount.

B17 For example, paragraph 126(a) of IAS 36 requires an entity to disclose, for each class of assets, the amount of impairment losses recognised in profit or loss during the period. To reflect this requirement the IFRS Accounting Taxonomy includes a monetary line-item element for the impairment losses recognised in profit or loss and an axis and member elements to reflect each class of asset. These elements include references that link the element to the presentation or disclosure requirement to which the element relates.

B18 However, in specific circumstances, feedback obtained from public consultation might suggest that users of digital financial statements would *not* consume individually tagged monetary amounts separately from other tagged information because, for example, additional context is necessary to understand individually tagged monetary amounts. In such cases the Foundation might, after careful consideration of the feedback obtained from public consultation, deviate from its general policy of adding to the IFRS Accounting Taxonomy elements to tag individual monetary amounts (paragraph B16), and instead only add a text block element for a specific disclosure requirement (paragraphs B12–B15).

Categorical elements

What are categorical elements?

B19 Categorical elements allow preparers to tag standard responses from a list of options defined in the IFRS Accounting Taxonomy. The objective of adding categorical elements is to help users analyse narrative disclosures more efficiently. Categorical elements allow users to efficiently extract and analyse narrative information that can be provided in a structured format. The types of categorical elements introduced are:

- (a) Boolean elements—these allow an entity to choose between ‘true’ or ‘false’ (‘yes’ or ‘no’) options.
- (b) extensible enumeration elements—these allow an entity to choose a specified option or options from a discrete list of possible outcomes (and create entity-specific option(s) if necessary). There are two variants of extensible enumeration elements—set-valued extensible enumerations and single-valued extensible enumerations. Set-valued extensible enumerations allow an entity to choose multiple options from a specified list, whereas single-valued extensible enumerations allow an entity to choose only one option from a specified list.

General policies for categorical elements

B20 The Foundation’s general policies for categorical elements in the IFRS Accounting Taxonomy are:

- (a) to add a Boolean element if narrative disclosures can be appropriately standardised as either ‘true’ or ‘false’.
- (b) to add an extensible enumeration element if an exhaustive list of options is provided in an IFRS Accounting Standard, for example the disclosure of an entity’s accounting policy choice.
- (c) to add an extensible enumeration element if an exhaustive list of options is not provided in an IFRS Accounting Standard but the examples in that IFRS Accounting Standard illustrate information that would be useful for users if disclosed in a categorical format. In such cases, the list of options excludes the option ‘other’ to prevent users from making incorrect assumptions about the comparability of the information (specifically, if two entities would both use ‘other’ to tag a discrete piece of entity-specific information, this could convey to users that the information is comparable, which might not be the case).
- (d) to use categorical elements alongside parent narrative elements. This approach helps preparers tag both categorical data and any related contextual information.

- (e) to avoid the use of ‘true-only’ Boolean elements—that is, a variant of Boolean elements that only allows preparers to tag a value as ‘true’ (or ‘yes’) or omit the tag. Using such Boolean elements could lead to problems if jurisdictions decide to make using a categorical element mandatory, although the related information is not explicitly required to be disclosed in paper-based financial statements.

B21 The Foundation’s general policy is to include extensible enumeration elements to reflect the disclosure of an entity’s accounting policy choices, arising from:

- (a) requirements in specific IFRS Accounting Standards for an entity to disclose its accounting policy choice. For example, paragraph 73(a) of IAS 16 requires an entity to disclose the measurement bases used for determining the gross carrying amount for each class of property, plant and equipment. Therefore, the Foundation added an extensible enumeration element to reflect this requirement, along with a list of discrete options to reflect the measurement bases ‘Cost model’ and ‘Revaluation model’.
- (b) the requirement for an entity to disclose material accounting policy information in the notes, in accordance with paragraph 27A of IAS 8. The Foundation tentatively plans to include extensible enumeration elements for this requirement in IAS 8 as part of a future general improvements project.

Addition of elements based on Illustrative Examples that accompany, or Implementation Guidance for, IFRS Accounting Standards

B22 Neither Illustrative Examples that accompany, nor Implementation Guidance for, IFRS Accounting Standards are part of IFRS Accounting Standards. The purpose of Illustrative Examples and Implementation Guidance is to illustrate the requirements in IFRS Accounting Standards (for example, presentation and disclosure requirements).

B23 As a general policy, Taxonomy elements are added for items that illustrate presentation and disclosure requirements in the Illustrative Examples or Implementation Guidance if the Foundation reasonably expects preparers to use those elements.

B24 For example, paragraph IE63 of the Illustrative Examples that accompany IFRS 13 *Fair Value Measurement* illustrates that the disclosure of significant unobservable inputs used in fair value measurement as required by paragraph 93(d) of IFRS 13 might be disaggregated by valuation techniques. The IFRS Accounting Taxonomy reflects this possible disaggregation using an axis and member elements. The member elements reflect examples of valuation techniques in IFRS 13 and in the Illustrative Examples that accompany IFRS 13.

B25 Contrary to the example described in paragraph B24, no elements were added for the example in paragraph IG3 of the Implementation Guidance for IFRS 8 *Operating Segments*, which illustrates possible reportable segments of an entity. The IFRS Accounting Taxonomy includes no elements that reflect these possible reportable segments because these reportable segments are entity-specific, and it is likely that entities would commonly report operating segments in a different way.

Deprecation of elements

B26 As a general policy, if a presentation or disclosure requirement changes, the Foundation deprecates any related existing elements and adds new elements instead of changing the element labels of the existing elements.

B27 The Foundation acknowledges that deprecating elements creates issues for users wishing to build a continuous time series of an item (for example, of a specific subtotal). However, the Foundation’s view is that deprecating an element if a presentation or disclosure requirement changes reflects the change in those requirements (that is, the continued use of elements for which the related presentation or disclosure requirements have changed could be misleading for users).

B28 Deprecation is not the same as deletion. Deprecation means that an element is still available in the IFRS Accounting Taxonomy, but the Foundation no longer recommends using that element. Deprecated elements are moved to the ‘Deprecated entry point’.

Assignment of elements to presentation groups

B29 As a general policy, elements are included in the presentation group based on the IFRS Accounting Standard to which they relate. For example, the elements ‘Foreign exchange gain’ and ‘Foreign exchange loss’ are included in the presentation group ‘[842000] Notes - Effects of changes in foreign exchange rates’. This practice allows preparers and users to find all elements relating to presentation and disclosure requirements required by a specific IFRS Accounting Standard in a distinct location.

- B30 In addition to presentation groups that reflect the respective IFRS Accounting Standards, the IFRS Accounting Taxonomy also groups elements into presentation groups based on the primary financial statements in which those concepts might be presented. This practice helps preparers and users navigate the IFRS Accounting Taxonomy. For example, elements that are reasonably expected to be used to tag items presented in the statement of profit or loss are included in the presentation group '[330000] Statement presenting comprehensive income, profit or loss'.

Disclosure of the fact of early application

- B31 The Foundation has an established practice for modelling in the IFRS Accounting Taxonomy the disclosure of the fact of early application of a new IFRS Accounting Standard or amendment. This modelling allows a preparer to tag the disclosure of the fact of early application of a new IFRS Accounting Standard or amendment by combining the line-item element 'Description of fact that new or amended IFRS Accounting Standard is applied early' and the related member under the axis 'Initially applied IFRSs' in the table 'Disclosure of initial application of standards or interpretations' in the presentation group '[811000] Notes - Basis of preparation of financial statements and statement of IFRS compliance'.

Communication of relationships between elements in the primary financial statements and elements in the notes

- B32 Two features are used in the IFRS Accounting Taxonomy to communicate the relationship between elements presented in the primary financial statements and elements disclosed in the notes. These features are:
- (a) the documentation labels of elements include cross-references to related elements to help preparers identify related elements for more information about the element.
 - (b) the same concept is used for line items in primary financial statements and related items disclosed in the notes. For example, the element 'Property, plant and equipment' is included in both the presentation group '[210000] Statement of financial position, current/non-current' and the presentation group '[822100] Notes - Property, plant and equipment'.

Appendix C—Advantages and disadvantages of the modelling approaches taken

C1 This appendix discusses the advantages and disadvantages of the modelling approaches taken for:

- (a) the presentation requirements for the statement of profit or loss (paragraphs C2–C9);
- (b) the disclosure requirements for MPMs (paragraphs C10–C12); and
- (c) the disclosure requirements for specified expenses by nature (paragraphs C13–C15).

Presentation requirements for the statement of profit or loss

C2 This section discusses the advantages and disadvantages of:

- (a) a line-item modelling approach (paragraphs C3–C4); and
- (b) a category metadata approach (which could be used in addition to a line-item modelling approach) (paragraphs C5–C9).

Advantages and disadvantages of a line-item modelling approach

C3 The advantages of a line-item modelling approach include:

- (a) it is consistent with the IFRS Foundation's (Foundation's) general policy for modelling presentation requirements relating to the primary financial statements, except for the statement of changes in equity (paragraphs B3–B6). Preparers and users would not need to invest additional time and effort in adapting to a different modelling approach.
- (b) it allows for XBRL[®] calculations to work throughout the statement of profit or loss. Users could find and analyse the line-item elements included in a total or subtotal (subject to regulatory requirements and the functionality of systems used to access digital financial statements).⁴⁰

C4 The disadvantages of a line-item modelling approach include:

- (a) the risk of information about categories being hard to access by users and therefore hindering their analysis and comparison of digital financial statements.
- (b) the need for the IASB to apply judgement in deciding which variations of an element entities are reasonably expected to present in the statement of profit or loss. Applying judgement could have unintended effects on how entities determine which items of income and expense to present. Entities might perceive that the IASB only expects line-item elements that reflect the category of the element in their label to be presented.
- (c) the risk of entities incorrectly tagging the statement of profit or loss because the IFRS[®] Accounting Taxonomy would include elements for items of income and expense with similar labels—some of which are to be used to tag the statement of profit or loss and some of which are to be used to tag information in the notes (for example, 'Foreign exchange gain (loss), operating' as opposed to 'Foreign exchange gain (loss)').
- (d) the risk of entities having to create extension line-item elements to tag line items in the statement of profit or loss although the IFRS Accounting Taxonomy includes an element representing the total amount of that item (which previously could have been used to tag the statement of profit or loss).
- (e) the risk of relying on entities to appropriately reflect the category in the labels of extension line-item elements, and the risk of translation issues arising from entities creating extension line-item elements labelled in non-English languages.⁴¹
- (f) the risk of adding clutter to the IFRS Accounting Taxonomy. The approach required the number of line-item elements to be increased, which might make it more difficult for preparers to find and users to analyse the correct line-item elements.
- (g) the risk of creating additional effort to maintain the IFRS Accounting Taxonomy.

⁴⁰ The IASB included a calculation relationship for the statement of profit or loss in the IFRS Accounting Taxonomy (paragraph 44).

⁴¹ The IASB expects that preparers will not need to create many extension line-item elements because of the requirements in IFRS 18 relating to classifying income and expenses in categories in the statement of profit or loss.

Advantages and disadvantages of a category metadata approach

- C5 The IASB considered using category metadata to convey information on the category of an item of income or expense to users, whereby each element in the statement of profit or loss would be linked to its category using an arcrole mechanism. Category metadata could be used to convey information on the category of an element for both:
- (a) line-item elements included in the IFRS Accounting Taxonomy; and
 - (b) extension line-item elements created by entities.
- C6 The advantages of using category metadata include:
- (a) conveying to users information on the category of an item for all line-item elements presented in the statement of profit or loss (including for extension line-item elements);
 - (b) making it unnecessary for the IASB to apply judgement in deciding which items of income and expense an entity might present in the statement of profit or loss, and thus avoiding the risks associated with such judgement;
 - (c) avoiding the risk of entities incorrectly tagging items in the statement of profit or loss with elements that should not be used to tag the statement of profit or loss;
 - (d) avoiding the risk of entities having to create extension line-item elements to tag items in the statement of profit or loss although the IFRS Accounting Taxonomy includes an element for that item (representing the total amount of that item across different categories in the statement of profit or loss);
 - (e) avoiding the risk of entities not reflecting information on the category of an item in the labels of extension line-item elements, and the risk of translation issues arising from entities creating extension line-item elements labelled in non-English languages;
 - (f) avoiding the risk of adding clutter to the IFRS Accounting Taxonomy; and
 - (g) avoiding the additional effort required to maintain the IFRS Accounting Taxonomy.
- C7 The disadvantages of using category metadata include:
- (a) changes to the current IFRS Taxonomy architecture:
 - (i) leading to inconsistent modelling approaches between jurisdictions (because category metadata is not currently used in some jurisdictions); and
 - (ii) requiring preparers and users to invest additional time and effort to adapt to such an approach.
 - (b) the risk that entities would not use category metadata consistently for tagging information, thus making it hard for users to compare digital financial statements between entities. (For example, some entities might not use category metadata, but instead create extension line-item elements and reflect the category of an item in the element label.)
 - (c) metadata would also convey information to users on the category of all elements that are linked to a particular category, whether they are used for presentation or disclosure.
- C8 However, for this modelling to work it would either be necessary:
- (a) to distinguish between elements used for presentation in the statement of profit or loss and elements not used for presentation, which cannot be achieved on the Taxonomy level; or
 - (b) to require that the individual facts (reported information) be linked to the categories in the statement of profit or loss, which would have required further exploration by the IASB.
- C9 The IASB will continue to assess whether to introduce category metadata into the IFRS Accounting Taxonomy at a later date, because stakeholder feedback suggested that category metadata would generally be useful for users.

Disclosure requirements for MPMs

- C10 The modelling approach for the MPM reconciliation has advantages and disadvantages. The IASB's view is that the advantages of the approach outweigh the disadvantages and that some of the disadvantages could be mitigated by providing guidance for preparers (paragraphs 121–129).

- C11 The advantages of the modelling include:
- (a) it provides users with a structural link between an MPM and the IFRS total or subtotal it adjusts because the same line-item element is used to tag both measures. For example, in the MPM reconciliation an entity would tag both the IFRS subtotal ‘operating profit or loss’ and the MPM ‘adjusted operating profit or loss’ using the line-item element ‘Operating profit (loss), operating’. The modelling permits users to query for the predefined ‘Value of management-defined performance measure’ member to identify an entity’s MPMs and understand how those MPMs relate to the IFRS totals or subtotals they adjust.
 - (b) it provides users with a structural link between line-item elements presented in the statement of profit or loss and the MPM reconciliation because the same line-item elements are used. Such modelling permits users to query line-item elements and obtain additional information on those line-item elements. For example, a user who searches for the line-item element ‘Revenue, operating’ would also obtain information on any MPMs that adjust for revenue.
- C12 The disadvantages of the modelling include:
- (a) it might be confusing for users if an MPM is tagged with a line-item element representing an IFRS total or subtotal.⁴² Specifically, *even if* a dimension is used to reflect the fact that the MPM is only an aspect of an IFRS total or subtotal, users might still be misled by such tagging.
 - (b) the reuse of line-item elements from the statement(s) of financial performance for the MPM reconciliation. The purpose of the MPM reconciliation is to reconcile an MPM to the most directly comparable subtotal listed in paragraph 118 of IFRS 18 or total or subtotal specifically required to be presented or disclosed by IFRS Accounting Standards. Information about the line item(s) in the statement(s) of financial performance to which a reconciling item relates is the secondary information in the MPM reconciliation. Therefore, tagging such information by using line-item elements from the primary financial statements as line-item elements might be counterintuitive for preparers and users because it could imply that this information is the primary information required.
 - (c) the risk of translation issues arising from entities creating extension member elements labelled in non-English languages.
 - (d) the risk of data quality issues arising from the limitation on calculation relationships across different dimensions under the current XBRL specification. With a formula, preparers or users can only identify *that* an error has occurred, without being able to determine why the error has occurred. The use of formulas is also not consistent among jurisdictions, because their use depends on the requirements set by regulators.

Disclosure requirements for specified expenses by nature

- C13 The modelling approach has advantages and disadvantages. The IASB’s view is that the advantages of the modelling approach outweigh the disadvantages.
- C14 The advantages of the approach include:
- (a) it provides users with a structural link between items disclosed in the specified expenses by nature note and the line items presented in the statement of profit or loss. The modelling permits users to query, for example, for the line-item element ‘Cost of sales, operating’ and obtain information both on the amount of cost of sales in the statement of profit or loss and on the amounts of specified expenses by nature related to cost of sales (such as depreciation (‘Depreciation [member]’) or employee benefits (‘Employee benefits [member]’)).
 - (b) entities would not need to create extension line-item elements, because entities could reuse the extension line-item elements they have already created for any entity-specific line items in the statement of profit or loss.
- C15 The disadvantages of the approach include the lack of a structural link between amounts disclosed in the specified expenses by nature note and information on specified expenses by nature disclosed elsewhere in the notes (for example, information on depreciation might be disclosed in both a specified expenses by nature note and in a property, plant and equipment note).

⁴² The MPM would be tagged with a line-item element representing an IFRS total or subtotal and also with the predefined ‘Value of management-defined performance measure’ member under the ‘Reconciliation of management-defined performance measure’ axis and an extension member under the ‘Management-defined performance measures’ axis (for example, ‘adjusted operating profit (loss)’).

Appendix D—List of categorical and parent narrative elements

D1 Table D1 includes the categorical and parent narrative elements the IASB added to the IFRS® Accounting Taxonomy (paragraphs 48–51 and paragraphs 69–70).

Table D1—Categorical and parent narrative elements

Element label	Documentation label	List	ET	ER	Reference
Disclosure of accounting policy choices for income and expenses from specific cash and cash equivalents and from specific liabilities [text block]	The disclosure of accounting policy choices for income and expenses from cash and cash equivalents and from the liabilities that do not relate to providing financing to customers.		TB	D	IFRS 18.56(b)(ii), IFRS 18.65(a)(ii)
Classification of income and expenses from cash and cash equivalents that do not relate to providing financing to customers	Indicates (operating category investing category) for accounting policy choice for income and expenses from cash and cash equivalents that do not relate to providing financing to customers.	Operating category / Investing category	EE	D	IFRS 18.56(b)(ii)
Classification of income and expenses from liabilities that arise from transactions that involve only raising of finance and do not relate to providing financing to customers	Indicates (operating category financing category) for accounting policy choice for income and expenses from the liabilities that arise from transactions that involve only raising of finance and do not relate to providing financing to customers.	Operating category / Financing category	EE	D	IFRS 18.65(a)(ii)
Disclosure of investing in assets or providing financing to customers as a main business activity [text block]	The disclosure of investing in assets or providing financing to customers as a main business activity.		TB	D	IFRS 18.51
Entity invests in assets as a main business activity	Indicates (true false) whether the entity invests in assets as a main business activity.	True / False	B	D	IFRS 18.51(a)
Entity provides financing to customers as a main business activity	Indicates (true false) whether the entity provides financing to customers as a main business activity.	True / False	B	D	IFRS 18.51(b)
Entity changed assessment of whether it invests in assets or provides financing to customers as a main business activity	Indicates (true false) whether the entity changed its assessment of whether it invests in assets or provides financing to customers as a main business activity.	True / False	B	D	IFRS 18.51(c)(i)

continued...

...continued

Element label	Documentation label	List	ET	ER	Reference
Amount and classification not disclosed because of impracticability for items for which classification has changed because of changed assessment of specified main business activity(ies)	Indicates (true false) whether the entity does not disclose the information about (i) the amount and classification of items of income and expense before and after the change in assessment of whether it invests in assets or provides financing to customers as a main business activity in the current period and (ii) the amount and classification in the prior period for the items for which the classification has changed, because of the changed assessment, because it is impracticable to do so.	True / False	B	D	IFRS 18.51(c)(ii)
Statement that restated comparative information for MPMs is not disclosed because of impracticability	Statement that the entity does not disclose restated comparative information to reflect a change in how it calculates its management-defined performance measure(s), the addition of a new management-defined performance measure, the cessation of use of a previously disclosed management-defined performance measure or a change in how it determines the income tax effects of reconciling items.		T	D	IFRS 18.125
Restated comparative information for MPMs not disclosed because of impracticability	Indicates (true false) whether the entity has disclosed restated comparative information to reflect a change in how it calculates its management-defined performance measure(s), the addition of a new management-defined performance measure, the cessation of use of a previously disclosed management-defined performance measure or a change in how it determines the income tax effects of reconciling items.	True / False	B	D	IFRS 18.125

continued...

...continued

Element label	Documentation label	List	ET	ER	Reference
Disclosure related to calculation of MPM [text block]	The disclosure of whether the entity has calculated its management-defined performance measure(s) other than by using accounting policies it used for line items in the statement(s) of financial performance and, if yes, the calculation the entity has used for its management-defined performance measure(s). Disclosure of whether the calculation of management-defined performance measure(s) differs from accounting policies required or permitted by IFRS Accounting Standards and, if necessary, an explanation of the meaning of terms the entity uses.		TB	D	IFRS 18.B134(b)
Entity calculated MPM other than by using accounting policies it used for line items in statement(s) of financial performance	Indicates (true false) whether the entity has calculated its management-defined performance measure(s) other than by using accounting policies it used for line items in the statement(s) of financial performance.	True / False	B	D	IFRS 18.B134(b)(i)
Calculation of MPM differs from accounting policies required or permitted by IFRSs	Indicates (true false) whether the calculation of management-defined performance measure(s) differs from accounting policies required or permitted by IFRS Accounting Standards.	True / False	B	D	IFRS 18.B134(b)(ii)

Appendix E—Illustration of a tagged example disclosure of an MPM reconciliation

E1 This appendix illustrates how a preparer would tag an example disclosure of an MPM reconciliation for two MPMs using the elements for the requirement to disclose an MPM reconciliation described in paragraphs 64–68 and the resulting data a user would be able to extract from such a tagged table. This appendix consists of five tables, which are:

- (a) Table E1 illustrating an example disclosure of an MPM reconciliation;
- (b) Table E2 illustrating the elements used to tag the example disclosure;
- (c) Table E3 illustrating the guidance for the use of signage for tagging an MPM reconciliation;
- (d) Table E4 illustrating the tagged example disclosure of an MPM reconciliation (Table E1) using the elements in Table E2 and applying the guidance on the use of signage in Table E3; and
- (e) Table E5 illustrating the data a user would be able to extract from the tagged example disclosure (Table E4).

Table E1—Illustration of an example disclosure of an MPM reconciliation for two MPMs⁴³

Table A (Reconciliation of operating profit to adjusted operating profit)	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of property, plant and equipment	MPM
Other operating income		–	–	(1,800)	
Research and development expenses		1,600	–	–	
General and administrative expenses		–	3,800	–	
Goodwill impairment loss		4,500	–	–	
Operating profit / Adjusted operating profit	57,000	6,100	3,800	(1,800)	65,100
Income tax expense		–	(589)	297	
Profit attributable to non-controlling interests		305	161	–	

Table B (Reconciliation of profit from continuing operations to adjusted profit from continuing operations)	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of property, plant and equipment	MPM
Other operating income		–	–	(1,800)	
Research and development expenses		1,600	–	–	
General and administrative expenses		–	3,800	–	
Goodwill impairment loss		4,500	–	–	
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	–	

⁴³ In this example, the table was structured to convey the adjustment from the IFRS measure to the MPM; however, other representations are possible. In addition, in this example, all reconciling items relate to the reconciliation of both MPMs, which is why they could also be disclosed in a combined table. To facilitate understandability of the tagging (including the use of signage), the MPM reconciliations for the two MPMs in the example are illustrated in two separate tables.

Table E2—Elements for the requirement to disclose an MPM reconciliation*Text block element*

Element label	ET	ER	Reference
Disclosure of management-defined performance measures [text block]	TB	D	IFRS 18.122

Table text block element

Element label	ET	ER	Reference
Disclosure of reconciliation of management-defined performance measures [text block]	TB	D	IFRS 18.123(c)

Axes and members

	Element label	ER	Reference
A1	Management-defined performance measures (A)	D	IFRS 18.122, IFRS 18.123(c)
M1	Adjusted operating profit (loss) (M) [Extension]		
M2	Adjusted profit (loss) from continuing operations (M) [Extension]		
A2	Reconciliation of management-defined performance measure (A)	D	IFRS 18.123(c)
M3	Value of management-defined performance measure (M)	D	IFRS 18.122, IFRS 18.123(c)
M4	All reconciling items (M)	D	IFRS 18.123(c)
M5	Impairment loss adjustment (M) [Extension]		
M6	Restructuring expenses adjustment (M) [Extension]		
M7	Gains on disposal of property, plant and equipment adjustment (M) [Extension]		

Line items⁴⁴

	Element label	ET	ER	Reference ⁴⁵
	Total or subtotal listed in IFRS Accounting Standards [abstract]			
	...			
L1	Operating profit (loss), operating	M	D	IFRS 18.69(a)
	...			
L2	Profit (loss) from continuing operations	M	D	IFRS 18.86(a), IFRS 18.118(f)
	...			
	Line items from statement of profit or loss [abstract]			
L3	Other operating income (expense), operating	M	CP	IFRS 18.24
L4	Research and development expenses, operating	M	D, E	IFRS 18.81(a)
L5	General and administrative expenses, operating	M	CP	IFRS 18.24
L6	Impairment loss recognised in profit or loss, goodwill, operating	M	D, E	IFRS 18.IE7
L7	Income tax expense (income), income taxes	M	D	IFRS 18.75(a)(iv)
L8	Profit (loss), attributable to non-controlling interests	M	D	IFRS 18.76(a)

⁴⁴ For simplicity, this table does not include all elements that are included in the dimensional table (see Table 8 for the full table).

⁴⁵ For simplicity, this table shows only the references to IFRS 18.

Table E3—Guidance for the use of signage in an MPM reconciliation⁴⁶

Totals of reconciling items (paragraph 126)		
Impact on the value of an MPM		Sign
Increases the value of an MPM		Plus
Decreases the value of an MPM		Minus
Amount of reconciling item related to line item in statement(s) of financial performance (paragraph 127)		
Impact on line item in the statement(s) of financial performance	Is line item in the statement(s) of financial performance a debit or credit line item?	Sign
Decreases line item	Debit	Minus
Increases line item	Debit	Plus
Decreases line item	Credit	Minus
Increases line item	Credit	Plus

⁴⁶ Paragraphs 121–129 discuss in more detail general and specific guidance on how to tag an MPM note, including reusing line-item elements from the statement(s) of financial performance, using signage, labelling of extension member elements and multi-tagging of ‘common reconciling items’.

Table E4—Tagged example disclosure of an MPM reconciliation (Table E1)

Table A (Reconciliation of operating profit to adjusted operating profit)	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of property, plant and equipment	MPM
Other operating income		–	–	(1,800) [L3, A1:M1, A2:M7]	
Research and development expenses		(1,600) [L4, A1:M1, A2:M5]	–	–	
General and administrative expenses		–	(3,800) [L5, A1:M1, A2:M6]	–	
Goodwill impairment loss		(4,500) [L6, A1:M1, A2:M5]	–	–	
Operating profit / Adjusted operating profit	57,000 [L1]	6,100⁴⁷ [L1, A1:M1, A2:M5]	3,800⁴⁸ [L1, A1:M1, A2:M6]	(1,800)⁴⁹ [L1, A1:M1, A2:M7]	65,100 [L1, A1:M1, A2:M3]
Income tax expense		–	589 [L7, A1:M1, A2:M6]	(297) [L7, A1:M1, A2:M7]	
Profit attributable to non-controlling interests		305 [L8, A1:M1, A2:M5]	161 [L8, A1:M1, A2:M6]	–	

Table B (Reconciliation of profit from continuing operations to adjusted profit from continuing operations)	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of property, plant and equipment	MPM
Other operating income		–	–	(1,800) [L3, A1:M2, A2:M7]	
Research and development expenses		(1,600) [L4, A1:M2, A2:M5]	–	–	
General and administrative expenses		–	(3,800) [L5, A1:M2, A2:M6]	–	
Goodwill impairment loss		(4,500) [L6, A1:M2, A2:M5]	–	–	
Income tax expense		–	589 [L7, A1:M2, A2:M6]	(297) [L7, A1:M2, A2:M7]	
Profit from continuing operations / Adjusted profit from continuing operations	32,100 [L2]	6,100 [L2, A1:M2, A2:M5]	3,211 [L2, A1:M2, A2:M6]	(1,503) [L2, A1:M2, A2:M7]	39,908 [L2, A1:M2, A2:M3]
Profit attributable to non-controlling interests		305 [L8, A1:M2, A2:M5]	161 [L8, A1:M2, A2:M6]	–	

47 Because 'Operating profit (loss), operating' has a credit balance type and the expense line-item elements 'Research and development expenses, operating' (Research and development expenses) and 'Impairment loss recognised in profit or loss, goodwill, operating' (Goodwill impairment loss) have a debit balance type, the total effect of the reconciling item on the IFRS measure will have the opposite sign (in this example, a plus sign).

48 Because 'Operating profit (loss), operating' has a credit balance type and the expense line-item element 'General and administrative expenses, operating' (General and administrative expenses) has a debit balance type, the total effect of the reconciling item on the IFRS measure will have the opposite sign (in this example, a plus sign).

49 Because 'Operating profit (loss), operating' has a credit balance type and the income line-item element 'Other operating income, operating' (Other operating income) has a credit balance type, the total effect of the reconciling item on the IFRS measure has the same sign (in this example, a minus sign).

Table E5—Data a user would be able to extract from the tagged example disclosure (Table E4)

Management-defined performance measure (A)	Adjusted operating profit (loss) (M)			
Reconciliation of management-defined performance measure (A)	Impairment loss adjustment (M)	Restructuring expenses adjustment (M)	Gains on disposal of property, plant and equipment adjustment (M)	Value of management-defined performance measure (M)
Operating profit (loss), operating	6,100	3,800	-1,800	65,100
Other operating income (expense), operating			-1,800	
Research and development expenses, operating	-1,600			
General and administrative expenses, operating		-3,800		
Impairment loss recognised in profit or loss, goodwill, operating	-4,500			
Income tax expense (income), income taxes		589	-297	
Profit (loss), attributable to non-controlling interests	305	161		

Management-defined performance measure (A)	Adjusted profit (loss) from continuing operations (M)			
Reconciliation of management-defined performance measure (A)	Impairment loss adjustment (M)	Restructuring expenses adjustment (M)	Gains on disposal of property, plant and equipment adjustment (M)	Value of management-defined performance measure (M)
Profit (loss) from continuing operations	6,100	3,211	-1,503	39,908
Other operating income (expense), operating			-1,800	
Research and development expenses, operating	-1,600			
General and administrative expenses, operating		-3,800		
Impairment loss recognised in profit or loss, goodwill, operating	-4,500			
Income tax expense (income), income taxes		589	-297	
Profit (loss), attributable to non-controlling interests	305	161		

Operating profit (loss), operating	57,000
Profit (loss) from continuing operations	32,100

Appendix F—Illustration of a tagged example disclosure of information on specified expenses by nature

F1 This appendix illustrates how a preparer would tag an example disclosure of information on specified expenses by nature using the modelling described in paragraphs 81–85 and the resulting data a user would be able to extract from such a tagged table. This appendix consists of six tables, which are:

- (a) Table F1 illustrating an example disclosure of information on specified expenses by nature;
- (b) Table F2 illustrating the elements used to tag the example disclosure;
- (c) Table F3 illustrating the guidance for the use of signage for tagging totals of specified expenses by nature;
- (d) Table F4 illustrating the tagged example disclosure of information on specified expenses by nature (Table F1) using the elements in Table F2 and applying the guidance on the use of signage in Table F3; and
- (e) Table F5 and Table F6 illustrating the data a user would be able to extract from the tagged example disclosure (Table F4).

Table F1—Example disclosure of information on specified expenses by nature

Specified expenses by nature	20X2
Depreciation	
Cost of sales	23,710
Research and development expenses	2,515
General and administrative expenses	4,975
Total depreciation	31,200
Amortisation	
Research and development expenses	13,840
Total amortisation	13,840
Employee benefits	
Cost of sales	61,640
Selling expenses	7,515
Research and development expenses	6,545
General and administrative expenses	8,920
Total employee benefits	84,620
Impairment losses^(a)	
Research and development expenses	1,600
Goodwill impairment loss	4,500
Total impairment losses	6,100
Write-down of inventories^(a)	
Cost of sales	2,775
Total write-down of inventories	2,775
(a) The amounts disclosed represent the total of impairment losses and reversals of impairment losses and the total of write-down of inventories and reversals of write-down of inventories.	

Table F2—Elements for the disclosure requirement for specified expenses by nature*Text block element*

Element label	ET	ER	Reference
Disclosure of specified expenses by nature [text block]	TB	D	IFRS 18.83

Table text block element

Element label	ET	ER	Reference
Disclosure of attribution of specified expenses by nature [text block]	TB	D	IFRS 18.83(b)(i)

Axes and members

	Element label	ER	Reference
A1	Nature expenses (A)	D	IFRS 18.83(b)(i)
M1	Nature expenses (DM)	D	IFRS 18.83(b)(i)
M2	Depreciation (M)	D	IFRS 18.83(b)(i)
M3	Amortisation (M)	D	IFRS 18.83(b)(i)
M4	Employee benefits (M)	D	IFRS 18.83(b)(i)
M5	Impairment loss (reversal of impairment loss) (M)	D	IFRS 18.83(b)(i)
M6	Write-down (reversal of write-down) of inventories (M)	D	IFRS 18.83(b)(i)

Line items

	Element label	ET	ER	Reference ⁵⁰
	Line items from statement of profit or loss [abstract]			
L1	Cost of sales, operating	M	D, E	IFRS 18.81, IFRS 18.82(a)
L2	Research and development expenses, operating	M	D, E	IFRS 18.81(a)
L3	General and administrative expenses, operating	M	CP	IFRS 18.24
L4	Selling expenses, operating	M	D	IFRS 18.B85
L5	Impairment loss recognised in profit or loss, goodwill, operating	M	D, E	IFRS 18.IE7
L6	Operating profit (loss), operating	M	D	IFRS 18.69(a)

Line items

	Element label	ET	ER	Reference ⁵¹
	Disclosure of totals of specified expenses by nature [abstract]			
L7	Depreciation	M	D	IFRS 18.83(a)(i)
L8	Amortisation	M	D	IFRS 18.83(a)(ii)
L9	Employee benefits expenses, operating	M	D, E	IFRS 18.83(a)(iii)
L10	Impairment loss (reversal of impairment loss) recognised in profit or loss	M	D	IFRS 18.83(a)(iv)
L11	Write-down (reversal of write-down) of inventories, operating	M	D	IFRS 18.83(a)(v)

⁵⁰ For simplicity, this table shows only the references to IFRS 18.

⁵¹ For simplicity, this table shows only the references to paragraph 83 of IFRS 18.

Table F3—Guidance for the use of signage for tagging totals of specified expenses by nature⁵²

Totals of specified expenses by nature		
Tagging	Is the amount a debit or credit?	Sign
Line-item element from the abstract 'Disclosure of totals of specified expenses by nature'	Debit	Plus
Line-item element from the abstract 'Disclosure of totals of specified expenses by nature'	Credit	Minus

Table F4—Tagged example disclosure of information on specified expenses by nature (Table F1)

Specified expenses by nature	20X2
Depreciation	
Cost of sales	23,710 [A1:M2, L1]
Research and development expenses	2,515 [A1:M2, L2]
General and administrative expenses	4,975 [A1:M2, L3]
Total depreciation	31,200 [L7]
Amortisation	
Research and development expenses	13,840 [A1:M3, L2]
Total amortisation	13,840 [L8]
Employee benefits	
Cost of sales	61,640 [A1:M4, L1]
Selling expenses	7,515 [A1:M4, L4]
Research and development expenses	6,545 [A1:M4, L2]
General and administrative expenses	8,920 [A1:M4, L3]
Total employee benefits	84,620 [L9]
Impairment losses^(a)	
Research and development expenses	1,600 [A1:M5, L2]
Goodwill impairment loss	4,500 [A1:M5, L5]
Total impairment losses	6,100 [L10]
Write-down of inventories^(a)	
Cost of sales	2,775 [A1:M6, L1]
Total write-down of inventories	2,775 [L11]
(a) The amounts disclosed represent the total of impairment losses and reversals of impairment losses and the total of write-down of inventories and reversals of write-down of inventories.	

52 Paragraphs 130–136 discuss in more detail general and specific guidance on how to tag a specified expenses by nature note, including reusing line-item elements from the statement of profit or loss, using signage and double tagging of totals and 'operating subtotals' of specified expenses by nature.

Table F5—Data a user would be able to extract from the tagged example disclosure (requirement to disclose the amount related to each line item in the operating category of the statement of profit or loss) (Table F4)

Nature expenses (A)	Depreciation (M)	Amortisation (M)	Employee benefits (M)	Impairment loss (reversal of impairment loss) (M)	Write-down (reversal of write-down) of inventories (M)
Cost of sales, operating	23,710		61,640		2,775
Selling expenses, operating			7,515		
Research and development expenses, operating	2,515	13,840	6,545	1,600	
General and administrative expenses, operating	4,975		8,920		
Impairment loss recognised in profit or loss, goodwill, operating				4,500	

Table F6—Data a user would be able to extract from the tagged example disclosure (requirement to disclose the total amount) (Table F4)

Depreciation	31,200
Amortisation	13,840
Employee benefits expenses, operating	84,620
Impairment loss (reversal of impairment loss) recognised in profit or loss	6,100
Write-down (reversal of write-down) of inventories, operating	2,775

Appendix G—Illustration of a single presentation group for the statement presenting comprehensive income, profit or loss

G1 This appendix illustrates the single presentation group for the statement presenting comprehensive income, profit or loss and the abstracts (paragraphs 39–45).

Table G1—Single presentation group for the statement presenting comprehensive income, profit or loss

Element label	ET	ER	Reference ⁵³
Profit or loss [abstract]			
Profit (loss) [abstract]			
Operating category in profit or loss [abstract]			
Revenue, operating	M	D, E	IFRS 18.75(a)(i)
Cost of sales, operating	M	D, E	IFRS 18.81, IFRS 18.82(a)
Gross profit (loss), operating	M	D	IFRS 18.118(a)
Royalty income, operating	M	CP	IFRS 18.24
Licence fee income, operating	M	CP	IFRS 18.24
Franchise fee income, operating	M	CP	IFRS 18.24
Selling expenses, operating	M	D	IFRS 18.B85
General and administrative expenses, operating	M	CP	IFRS 18.24
Research and development expenses, operating	M	D, E	IFRS 18.81(a)
Decrease (increase) in inventories of finished goods and work in progress, operating	M	D	IFRS 18.78
Other work performed by entity and capitalised, operating	M	CP	IFRS 18.24
Raw materials and consumables used, operating	M	E	IFRS 18.80, IFRS 18.81(b)
Employee benefits expenses, operating	M	D, E	IFRS 18.80, IFRS 18.81, IFRS 18.83(a)(iii)
Depreciation, amortisation and impairment loss (reversal of impairment loss) recognised in profit or loss [abstract]			
Depreciation and amortisation expense [abstract]			
Depreciation expense, operating	M	CP	IFRS 18.24
Amortisation expense, operating	M	CP	IFRS 18.24
Depreciation and amortisation expense, operating	M	D	IFRS 18.80
Impairment loss (reversal of impairment loss) recognised in profit or loss, operating	M	D	IFRS 18.78
Depreciation, amortisation and impairment loss (reversal of impairment loss) recognised in profit or loss, operating	M	E	IFRS 18.IE10
Trading income (expense), operating	M	E	IFRS 18.IE13
Other operating income (expense), operating	M	CP	IFRS 18.24
Foreign exchange gain (loss), operating	M	E	IFRS 18.B28
Impairment loss recognised in profit or loss, goodwill, operating	M	D, E	IFRS 18.IE7
Hedging gains (losses) for hedge of group of items with offsetting risk positions, operating	M	D	IFRS 7.24C(b)(vi), IFRS 9.6.6.4

continued...

⁵³ For simplicity, this table shows only the references to IFRS 18 (or references to other IFRS® Accounting Standards if there are no references to IFRS 18).

...continued

Element label	ET	ER	Reference ⁵³
Difference between carrying amount of dividends payable and carrying amount of non-cash assets distributed, operating	M	D	IFRIC 17.15
Gains (losses) on net monetary position, operating	M	D	IAS 29.9
Gains (losses) on financial assets at fair value through profit or loss, operating	M	D	IFRS 7.20(a)(i)
Gains (losses) on fair value adjustment, investment property, operating	M	D	IAS 40.76(d)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9, operating	M	D	IFRS 18.75(b)(ii)
Gain (loss) arising from derecognition of financial assets measured at amortised cost, operating	M	D	IFRS 18.75(b)(iii)
Gains (losses) arising from difference between previous amortised cost and fair value of financial assets reclassified out of amortised cost into fair value through profit or loss measurement category, operating	M	D	IFRS 18.75(b)(iv)
Cumulative gain (loss) previously recognised in other comprehensive income arising from reclassification of financial assets out of fair value through other comprehensive income into fair value through profit or loss measurement category, operating	M	D	IFRS 18.75(b)(v)
Insurance finance income (expenses) from insurance contracts issued recognised in profit or loss, operating	M	D	IFRS 18.75(c)(iv)
Finance income (expenses) from reinsurance contracts held recognised in profit or loss, operating	M	D	IFRS 18.75(c)(v)
Dividend income, operating	M	CP	IFRS 18.24
Impairment loss (reversal of impairment loss) recognised in profit or loss, loans and advances [abstract]			
Impairment loss recognised in profit or loss, loans and advances, operating	M	CP	IFRS 18.24
Reversal of impairment loss recognised in profit or loss, loans and advances, operating	M	CP	IFRS 18.24
Impairment loss (reversal of impairment loss) recognised in profit or loss, loans and advances, operating	M	CP	IFRS 18.24
Gains (losses) on disposals of investment properties [abstract]			
Gains on disposals of investment properties, operating	M	CP	IFRS 18.24
Losses on disposals of investment properties, operating	M	CP	IFRS 18.24
Gains (losses) on disposals of investment properties, operating	M	CP	IFRS 18.24
Operating profit (loss), operating	M	D	IFRS 18.69(a)
Investing category in profit or loss [abstract]			
Share of profit (loss) of associates and joint ventures accounted for using equity method, investing	M	D	IFRS 18.75(a)(iii)
Gains (losses) on disposals of associates and joint ventures, investing	M	E	IFRS 18.IE7
Investment income, investing	M	E	IFRS 18.IE11
Dividend income, investing	M	CP	IFRS 18.24

continued...

...continued

Element label	ET	ER	Reference ⁵³
Depreciation, amortisation and impairment loss (reversal of impairment loss) recognised in profit or loss, investing	M	CP	IFRS 18.24
Gains (losses) on disposals of investments, investing	M	D	IFRS 18.B79(e)
Gains (losses) on financial assets at fair value through profit or loss, investing	M	D	IFRS 7.20(a)(i)
Gains (losses) on fair value adjustment, investment property, investing	M	D	IAS 40.76(d)
Interest revenue calculated using effective interest method, investing	M	D	IFRS 18.75(b)(i)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9, investing	M	D	IFRS 18.75(b)(ii)
Gain (loss) arising from derecognition of financial assets measured at amortised cost, investing	M	D	IFRS 18.75(b)(iii)
Gains (losses) arising from difference between previous amortised cost and fair value of financial assets reclassified out of amortised cost into fair value through profit or loss measurement category, investing	M	D	IFRS 18.75(b)(iv)
Cumulative gain (loss) previously recognised in other comprehensive income arising from reclassification of financial assets out of fair value through other comprehensive income into fair value through profit or loss measurement category, investing	M	D	IFRS 18.75(b)(v)
Rental income, investing	M	CP	IFRS 18.24
Foreign exchange gain (loss), investing	M	E	IFRS 18.B28
Profit (loss) before financing and income taxes	M	D	IFRS 18.69(b)
Financing category in profit or loss [abstract]			
Interest expense, financing	M	D	IFRS 18.61
Gains (losses) on financial liabilities at fair value through profit or loss, financing	M	D	IFRS 7.20(a)(i)
Foreign exchange gain (loss), financing	M	E	IFRS 18.B28
Profit (loss) before income taxes	M	D, E	IFRS 18.118(e)
Income taxes category in profit or loss [abstract]			
Income tax expense (income), income taxes	M	D	IFRS 18.75(a)(iv)
Foreign exchange gain (loss), income taxes	M	E	IFRS 18.B28
Profit (loss) from continuing operations	M	D	IFRS 18.86(a), IFRS 18.118(f)
Discontinued operations category in profit or loss [abstract]			
Profit (loss) from discontinued operations, discontinued operations	M	D	IFRS 18.75(a)(v)
Profit (loss)	M	D, E	IFRS 18.69(c), IFRS 18.86(a), IFRS 18.107(c)(i)
Profit (loss), attributable to [abstract]			
Profit (loss), attributable to owners of parent	M	D	IFRS 18.76(b)
Profit (loss), attributable to non-controlling interests	M	D	IFRS 18.76(a)
Additional subtotals and related elements [abstract]			

continued...

...continued

Element label	ET	ER	Reference ⁵³
Operating profit (loss) before depreciation, amortisation and impairments, operating	M	D	IFRS 18.118(b)
Operating profit (loss) and income (expenses) from all investments accounted for using equity method	M	D	IFRS 18.118(c)
Operating profit (loss) and all income (expenses) classified in investing category	M	D	IFRS 18.118(d)
Interest income and expenses [abstract]			
Interest revenue calculated using effective interest method, operating	M	D	IFRS 18.75(b)(i)
Interest expense, operating	M	E	IFRS 18.IE13
Interest income (expense), operating	M	D	IFRS 18.B123(a)
Insurance service result [abstract]			
Insurance revenue, operating	M	D	IFRS 18.75(c)(i)
Insurance service expenses from insurance contracts issued, operating	M	D	IFRS 18.75(c)(ii)
Income (expenses) from reinsurance contracts held, other than finance income (expenses), operating	M	D	IFRS 18.75(c)(iii)
Insurance service result, operating	M	D	IFRS 18.B123(c)
Fee and commission income (expense) [abstract]			
Fee and commission income, operating	M	E	IFRS 18.IE13
Fee and commission expense, operating	M	E	IFRS 18.IE13
Fee and commission income (expense), operating	M	D	IFRS 18.B123(b)
Rental income (expense) [abstract]			
Rental income, operating	M	CP	IFRS 18.24
Rental expense, operating	M	CP	IFRS 18.24
Rental income (expense), operating	M	D	IFRS 18.B123(e)
Net financial result [abstract]			
Investment income, operating	M	CP	IFRS 18.24
Insurance finance income (expenses), operating	M	D	IFRS 17.110
Financial result, operating	M	D	IFRS 18.B123(d)

Appendix H—Illustration of the ‘fact-explanatoryFact’ footnoteArc mechanism

H1 This appendix illustrates the use of the ‘fact-explanatoryFact’ footnoteArc mechanism. As discussed in paragraphs 87–91, the IASB encourages preparers to use a ‘fact-explanatoryFact’ footnoteArc to connect a disclosed fact in a note with the fact in the primary financial statements in which the amount is included.

H2 This appendix consists of four tables, which are:

- (a) Table H1 illustrating an extract of an entity’s statement of profit or loss;
- (b) Table H2 illustrating an extract of an entity’s notes;
- (c) Table H3 illustrating the tagging using the ‘fact-explanatoryFact’ footnoteArc mechanism; and
- (d) Table H4 illustrating the data a user would be able to extract from the tagged example disclosure.

Table H1—Illustration of an extract of an entity’s statement of profit or loss

	Note	20X2	20X1
Revenue	1	120	90
Cost of sales		70	50
Gross profit		50	40

Table H2—Illustration of an extract of an entity’s notes

1. Revenue		
Revenue was generated from publications, licensing of intellectual property and membership fees.		
<i>Revenue by region</i>		
	20X2	20X1
	CU	CU
Americas	80	60
Asia-Oceania	10	—
Europe	30	16
UK	—	14
	120	90
...		
6. Adverse events		
...		
Included in cost of sales in the statement of profit or loss is an expense of CU10 for abnormal amounts of wasted materials.		
...		

Table H3—Illustrative tagging using the ‘fact-explanatoryFact’ footnoteArc mechanism

Quantitative facts

ID	Taxonomy element	Tagged fact (20X2)
A	Revenue, operating	120
B	Cost of sales, operating	70
C	Gross profit (loss), operating	50
D	Abnormal amounts of wasted materials [Extension]	10

Narrative facts (text blocks)

ID	Taxonomy element	Tagged fact																					
Note_1	Disclosure of revenue [text block]	<p>Revenue was generated from publications, licensing of intellectual property and membership fees.</p> <p><i>Revenue by region</i></p> <table border="1"> <thead> <tr> <th></th> <th>20X2</th> <th>20X1</th> </tr> <tr> <th></th> <th>CU</th> <th>CU</th> </tr> </thead> <tbody> <tr> <td>Americas</td> <td>80</td> <td>60</td> </tr> <tr> <td>Asia-Oceania</td> <td>10</td> <td>—</td> </tr> <tr> <td>Europe</td> <td>30</td> <td>16</td> </tr> <tr> <td>UK</td> <td>—</td> <td>14</td> </tr> <tr> <td></td> <td>120</td> <td>90</td> </tr> </tbody> </table>		20X2	20X1		CU	CU	Americas	80	60	Asia-Oceania	10	—	Europe	30	16	UK	—	14		120	90
	20X2	20X1																					
	CU	CU																					
Americas	80	60																					
Asia-Oceania	10	—																					
Europe	30	16																					
UK	—	14																					
	120	90																					
Fact_a	Disclosure of line items in primary financial statements in which disclosed amounts are included [text block]	Included in cost of sales is an expense of CU10 for abnormal amounts of wasted materials.																					

‘Footnote’ links

Footnote type	From	To
fact-explanatoryFact	A	Note_1
fact-explanatoryFact	D	B
fact-explanatoryFact	D	Fact_a

H3 The ‘footnote’ link between fact A (20X2 Revenue of CU120) and the Note_1 (the text of the first note to the financial statements) reflects the existing requirements to indicate the link between primary financial statement figures and relevant notes. That is, it conveys the same information as the ‘1’ in the note column of Table H1.

H4 The second link reflects the new IFRS 18 requirement to connect a disclosed fact in the notes with the fact in the primary financial statements in which the amount is included, with the third link providing additional information assisting with this.

Table H4—Data a user would be able to extract from the tagged example disclosure

Abnormal amounts of wasted materials [Extension]	(20X2) CU10
Explanatory facts	<p>Cost of sales, operating (20X2): CU70</p> <p><i>Included in cost of sales is an expense of CU10 for abnormal amounts of wasted materials.</i></p>



IFRS[®]

Foundation

Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Tel **+44 (0) 20 7246 6410**

Email **customerservices@ifrs.org**

ifrs.org

The IFRS Foundation has trade marks registered around the world, including 'FSA[®]', 'IASB[®]', 'IFRS[®]', 'International Financial Reporting Standards[®]', 'ISSB[®]', and 'SASB[®]'. For a full list of our registered trade marks, visit www.ifrs.org.