

Update on the IFRS Taxonomy

XBRL Europe, Warsaw

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The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board (Board) or the IFRS Foundation.

Agenda

Background

IFRS Taxonomy—activities

- The IFRS Taxonomy 2018
- Areas of focus in the next 12 months

Better communication in financial reporting

- The Primary Financial Statements project and its interaction with the IFRS Taxonomy

Background

What is the IFRS Taxonomy?

- Consists of ‘**elements**’ that are used to tag information in financial statements prepared using IFRS Standards
- Makes the tagged information **readable for computers**
- **Reflects the presentation and disclosure requirements** in IFRS Standards (including the IFRS for SME Standard)

A single and global standard for tagging IFRS disclosures,
facilitating digital communication

IFRS Taxonomy elements

IFRS Standards

Reporting practice

Presentation
and disclosure
requirements

Illustrative
examples,
implementation
guidance

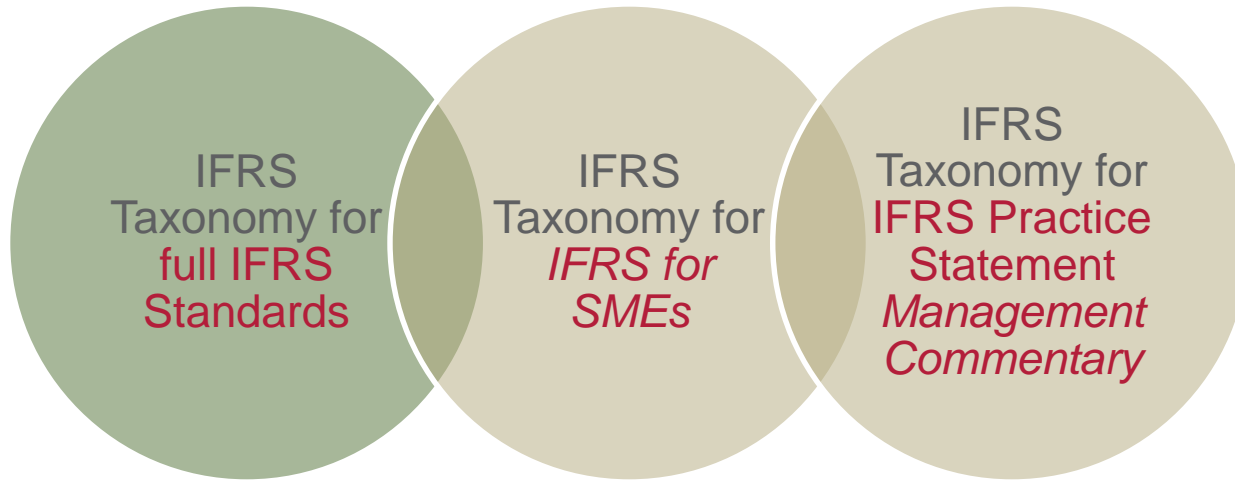
Information that companies
commonly disclose when
applying IFRS Standards

Process for updating the IFRS Taxonomy



IFRS Taxonomy—activities

IFRS Taxonomy 2018



The **IFRS Taxonomy 2018** was released on **16 March 2018**.
It reflects IFRS Standards as at 1 January 2018, including those published but not yet effective.
Only the IFRS Taxonomy for full IFRS Standards was updated.

- No updates to the architecture of the IFRS Taxonomy
- Includes updates to the IFRS Taxonomy for full IFRS Standards reporting

Reflecting new or amended IFRS Standards

1. IFRS 17 Insurance Contracts
2. Some of the amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
3. Amendments to IFRS 9: *Prepayment Features with Negative Compensation*

General improvements

1. Content

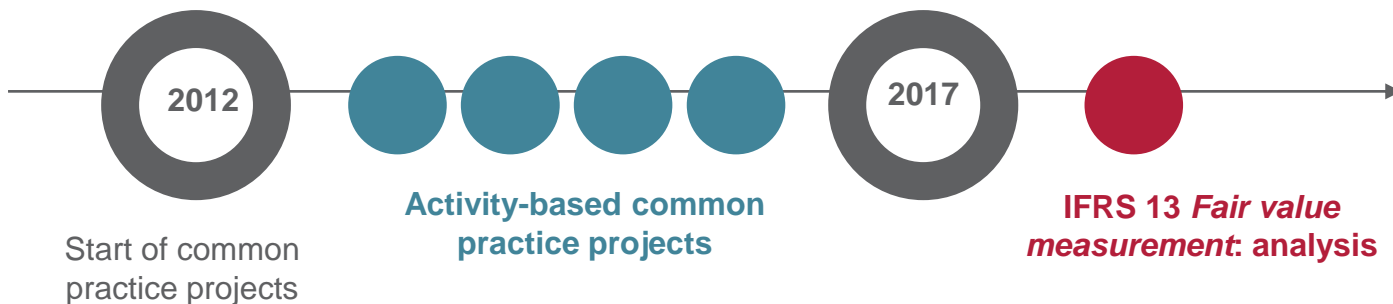
- reflect the presentation and disclosure requirements of IFRS Standards and related common reporting practice in a timely manner using the most appropriate data model

2. Consistent and accurate implementation

- support regulators and preparers with using the IFRS Taxonomy to provide investors with high-quality, globally-consistent tagged disclosures based on IFRS Standards

Topic	Publication date	Taxonomy impact
<i>Conceptual Framework for Financial Reporting</i>	March 2018	Limited to none
<i>Classification of Liabilities</i> (Amendments to IAS 1)	H2 2018	Limited to none
<i>Definition of a Business</i> (Amendments to IFRS 3)	Q2 2018	Limited to none

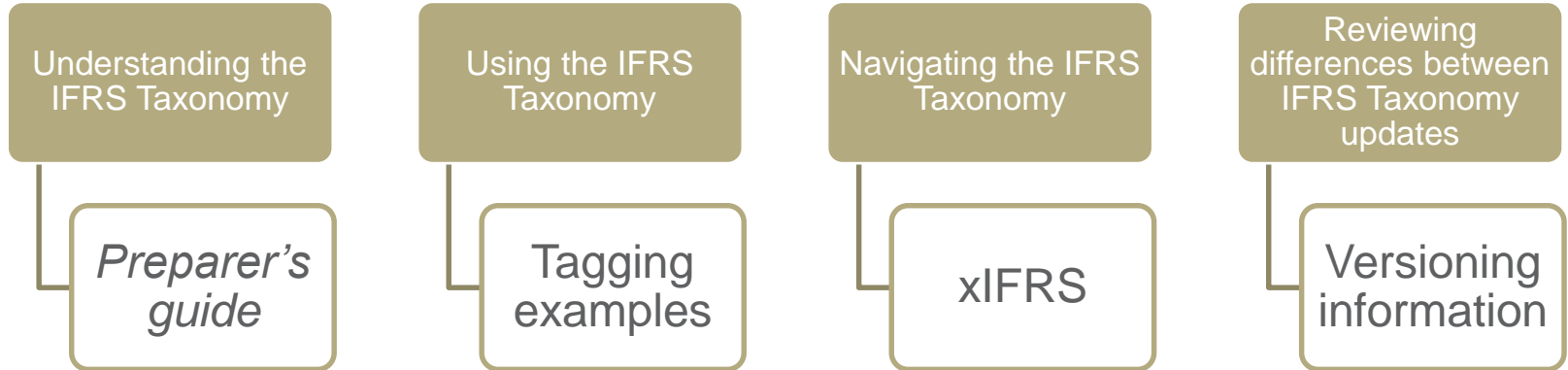
The **impact** of new or amended IFRS Standards on the IFRS Taxonomy in the next 12 months will be limited

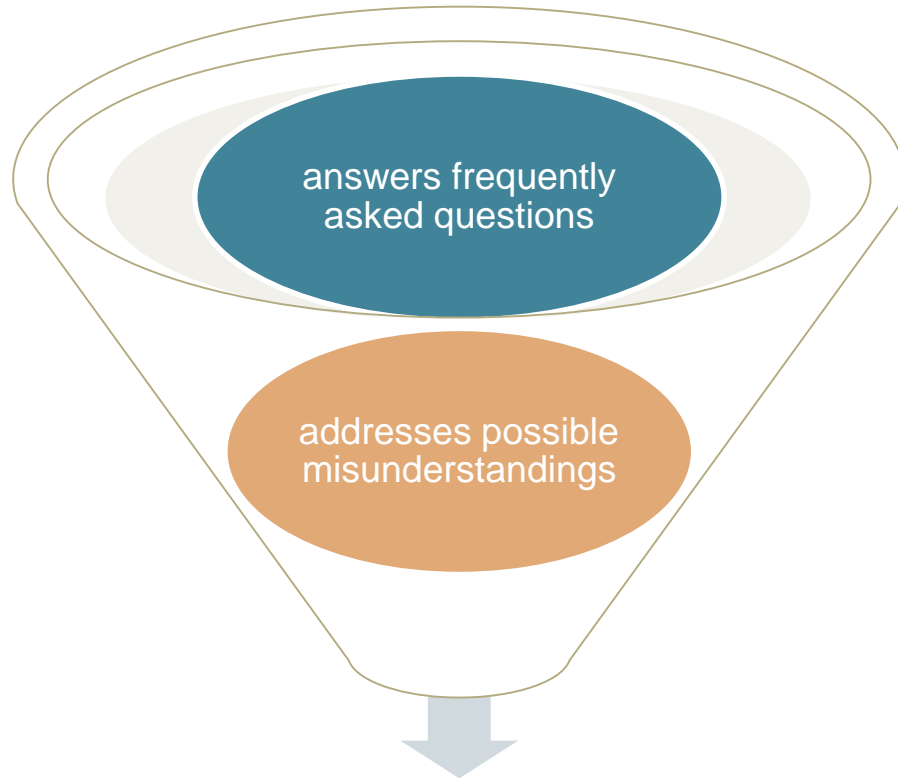


Focus in the next 12 months is on analysing common reporting practice



- A wide range of supporting and educational materials relating to the IFRS Taxonomy is available to help **users implement the IFRS Taxonomy correctly and consistently**, for example:





When do I report negative values?
How can I understand the accounting meaning of an element?
How can I quickly locate an element?
.....

IFRS Taxonomy calculations do not infer accounting meaning.
The IFRS Taxonomy does not prescribe how disclosures should be presented in financial statements.
.....

A living document, the *Preparer's Guide* helps preparers **understand** the content of **the IFRS Taxonomy** to improve the quality of tagging

Where to find the guide and other resources?

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IFRS Taxonomy

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General resources

We have developed the following supporting and educational materials to aid understanding and use of the IFRS Taxonomy.

+ Browsing the IFRS Taxonomy

+ Understanding IFRS Taxonomy Updates

- Filing with the IFRS Taxonomy

- [Using the IFRS Taxonomy—A preparer's](#)
- [Illustrative examples](#) (links to our archive site)
- [Annual Report](#)



+ Working with the IFRS Taxonomy

- Quick wins—changes that can:
 - be implemented relatively quickly; and
 - provide tangible benefits to users

Improvements
to guides

Responding to external
feedback or answering
commonly asked questions

Implementation notes

Reporting of positive (negative)
values for monetary elements
that do not have a balance
attribute

Better communication in financial reporting

Better Communication in Financial Reporting



Proposed—Structure of the Statement(s) of Financial Performance

Revenue	10,000
Cost of goods sold	-4,000
Gross profit	6,000
Selling, general and admin costs	-3,000
Profit before investing, financing and income tax	3,000
Fair value changes in the value of investment property	250
Other income from investments	<u>50</u>
Profit before financing and income tax	3,300
Interest income from cash and cash equivalents calculated using effective interest method	80
Other income from cash and cash equivalents and financing activities	20
Expenses from financing activities	-1000
Net interest on net defined benefit liability	-300
Pre-tax profit	2,100

Two subtotals facilitate comparisons between entities

Income or expenses from investments

Finance income/expenses

Management performance measure

The management performance measure is presented in a **separate reconciliation in the notes**:

Management performance measure reconciliation (extract from notes)	
Profit before investing, financing and income tax	3,000
Restructuring expenses for the closure of Factory A	1,000
Litigation settlement related to [...]	400
Management performance measure	4,400

Reconciled to most appropriate subtotal or total required by IFRS Standards

- Improving the structure of the Primary Financial Statements should **help investors in their use of structured electronic financial reports.**
For example:
 - the consistent presentation and tagging of subtotals makes it possible to screen a large number of companies in a cost-efficient manner
 - tagging reconciliations makes it possible to quickly identify differences in the components of a reconciliation over time

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