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Improvements to navigation

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Background

- The primary aim of the IFRS Taxonomy presentation linkbase is to help preparers (and other users) navigate the taxonomy content

- We received feedback that preparers sometimes have difficulty finding:

    – axes and related members *(see slides 4 to 11)*

    – elements for tagging primary financial statements *(see slides 12 to 24)*

Aims

- To seek your views on:

    - staff proposals to address the feedback

    - any other information that can help preparers (and other users) navigate the IFRS Taxonomy content better

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Location of axes and members

Two types of axes

- The IFRS Taxonomy has two types of axes:

    – general application axes *(see slide 6)*

    – applied axes (*see slide 7)*

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Presentation—General application axes

General application axes

Apply to a large number of IFRS Taxonomy elements	• Normally not included within a table • Each axis is located within a specific presentation group (together with all its members)

There are six general application axes within the IFRS Taxonomy:

⊞ ◇ [901000] Axis - Retrospective application and retrospective restatement
⊞ ◇ [901100] Axis - Departure from requirement of IFRS
⊞ ◇ [901500] Axis - Creation date
⊞ ◇ [903000] Axis - Continuing and discontinued operations
⊞ ◇ [904000] Axis - Assets and liabilities classified as held for sale
⊞ ◇ [913000] Axis - Consolidated and separate financial statements

Presentation—Applied axes

Applied axes

Apply to a relatively limited number of IFRS Taxonomy elements	• Included in appropriate tables • Located within the presentation group(s) that reflect the disclosure requirements of the IFRS Standards to which the table(s) relate

The IFRS Taxonomy (excluding the Taxonomy for *IFRS for SMEs®*) contains 130 applied axes. For example, presentation group '[817100] Notes – Operating segments' includes:

What problem are we trying to solve?

- **Applied axes can be applicable outside a defined IFRS Taxonomy table but may not always be easy to find**

For example:

The 'Geographical areas' axis is located (only) in presentation groups '[831150] Notes – Revenue from contracts with customers' and '[871100] Notes – Operating segments'.

This axis can also be used for disclosures not explicitly required by IFRS Standards, for example to tag a disaggregation of income taxes or banking deposits by geographical area.

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Definition linkbase

- Please note that all axes (with their default members) are currently included within the definition linkbase in one single group '[990000] Axis – Defaults'.

⬦ [990000] Axis - Defaults	
⊞ Ex Accounting estimates [axis]	
⊞ Ex Actuarial assumptions [axis]	
⊞ Ex Agricultural produce by group [axis]	
⊞ Ex Amounts arising from insurance contracts [axis]	
⊞ Ex Arrangements involving legal form of lease [axis]	
⊟ Ex Assets and liabilities [axis]	
m Assets and liabilities [member]	dimension-default...

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- Creation of a new presentation group that lists all available IFRS Taxonomy axes and their default members to mirror the list of axes in the definition linkbase group '[990000] Axis – Defaults'

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Questions for group 1—Axes

- Do you agree with the proposal to add a new IFRS Taxonomy presentation group that includes all axes and their default members?

- If not, why not? Are there alternative options we should consider?

- How useful are these improvements to preparers?
Very useful   /   Moderately useful   /   Nice to have

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Location of elements for tagging primary financial statements

Current presentation

Two main sets of IFRS Taxonomy presentation groups:

Set 1

- Elements reflecting IAS1 *Presentation of Financial Statements* and IAS7 *Statement of Cash Flows*
- Elements that other IFRS Standards require preparers to present in primary financial statements

Set 2

- Elements reflecting common reporting practice, includes disclosures that are commonly presented in primary financial statements

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Current presentation—Examples

Set 1

[210000] Statement of financial position, current/non-current

[520000] Statement of cash flows, indirect method

Set 2

[800100] Notes – Subclassifications of assets, liabilities and equity

[800300] Notes – Statement of cash flows, additional disclosures

What problem are we trying to solve?

- Preparers find it confusing that elements to tag primary financial statements are split into different sets of presentation groups. In their view, this makes the IFRS Taxonomy difficult to navigate.

An example is provided on the next slide

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Problem—Example

A company presents the following disclosures in its cash flow statement:
- Cash flow from operating activities before changes in working capital: 1500
- Increase in trade receivables: 200

The element to tag the value of 200 is located in set 1:

The element to tag the value of 1500 is located in set 2:

Set 1:

- [520000] Statement of cash flows, indirect method
  - Statement of cash flows [abstract]
    - Cash flows from (used in) operating activities [abstract]
      - Profit (loss)
      - Adjustments to reconcile profit (loss) [abstract]
        - Adjustments for income tax expense
        - Adjustments for finance costs
        - Adjustments for decrease (increase) in inventories
        - Adjustments for decrease (increase) in trade accounts receivable

Set 2:

- [800300] Notes - Statement of cash flows, additional disclosures
  - Statement of cash flows [abstract]
    - Cash flows from (used in) operating activities [abstract]
      - Classes of cash payments from operating activities [abstract]
      - Adjustments for interest expense
      - Adjustments for interest income
      - Adjustments for dividend income
      - Adjustments for finance income
      - Adjustments for finance income (cost)
      - Adjustments for deferred tax expense
      - Adjustments to reconcile profit (loss) other than changes in working capital
      - Cash flows from (used in) operations before changes in working capital

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- Where possible, the IFRS Taxonomy uses calculations and abstract elements to link the elements within the two sets. For example:

Presentation groups and use of abstract elements   **Calculation**

[210000] Statement of financial position, current/non–current	[800100] Notes – subclassifications of assets, liabilities and equity
Property, plant and equipment	Property, plant and equipment [abstract] Land and buildings Machinery …

What do we think?

- For many elements, it is not possible to use calculations and abstract elements. As a result, the staff agrees that using two sets of presentation groups may confuse preparers, especially those using the IFRS Taxonomy for the first time.

- The staff considered three possible options:
  - merging the two sets *(see slides 19–20)*
  - using guidance elements *(see slides 21–22)*
  - providing guidance outside the IFRS Taxonomy *(see slide 23)*

Option 1—Staff analysis

- The staff considered the option of merging the two presentation sets but rejected it because:

  - it is inconsistent with the overall IFRS Taxonomy design principle of basing presentation groups on the structure of the IFRS Standards.

  - merging the two sets is not always easy or possible (see the next slide for an example).

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Option 1—Example

[310000] Statement of comprehensive income, profit or loss, by function of expense
- Profit or loss [abstract]
  - Profit (loss) [abstract]
    - Revenue
    - Cost of sales
    - Gross profit
    - Other income
    - Distribution costs
    - Administrative expenses

[800200] Notes - Analysis of income and expense
- Analysis of income and expense [abstract]
  - Material income and expense [abstract]
    - Selling, general and administrative expense [abstract]
      - Selling expense
      - General and administrative expense
      - Total selling, general and administrative expense
    - Distribution and administrative expense

How to merge the common practice elements relating to 'selling, general and administrative expenses' into the [310000] presentation group?

Option 2—What is it?

- Introducing a new abstract guidance element that facilitates cross-referencing among various presentation groups. For example:

  – abstract guidance element for presentation group [310000] Statement of comprehensive income, profit or loss, by function of expense

    This group includes elements that reflect the presentation and disclosure requirements of IAS 1 and the presentation requirements of other IFRS Standards. Additional elements to tag primary financial statements are located elsewhere within the IFRS Taxonomy. Refer to [800200] for common practice elements commonly presented on the statement of comprehensive income.

- The staff thinks that this option is not a 'quick win'. It has to be considered as part of a general review relating to the use of cross-reference navigation guidance within the IFRS Taxonomy:

  – Restricting use of abstract elements to specific presentation groups only may confuse preparers tagging the notes. The absence of guidance for a presentation group may be interpreted as 'no need to search the remainder of the taxonomy content'.

  – The use of abstract elements may not be the best technical solution. For example, long explanations may be required in order for the guidance to be useful.

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Option 3—Staff analysis

- The *Preparer's Guide* already describes how a preparer can navigate the IFRS Taxonomy to locate elements for tagging primary financial statements. Currently, this description does not refer to specific examples.

- The guide was published in December 2017. It is likely that it may already have clarified some points of confusion.

- The staff thinks the use of examples within the guide (illustrating the tagging of a sample primary financial statement) can further demonstrate to preparers how to navigate the IFRS Taxonomy.

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Questions for group 2

- Do you agree with the staff analysis of options 1 and 2? Are there any alternative options you think we should consider?

- Do you agree that including examples in the *Preparer's Guide* is useful? Are there any other steps we should take?

- How useful are these improvements to preparers?
Very useful   /   Moderately useful   /   Nice to have

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Other questions

Questions for group 1 and group 2

- Are there any other 'quick wins' the staff should consider which can improve a preparer's navigation of the IFRS Taxonomy? What are these and what problems are they trying to solve?

- How useful are these improvements to preparers?
Very useful   /   Moderately useful   /   Nice to have

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