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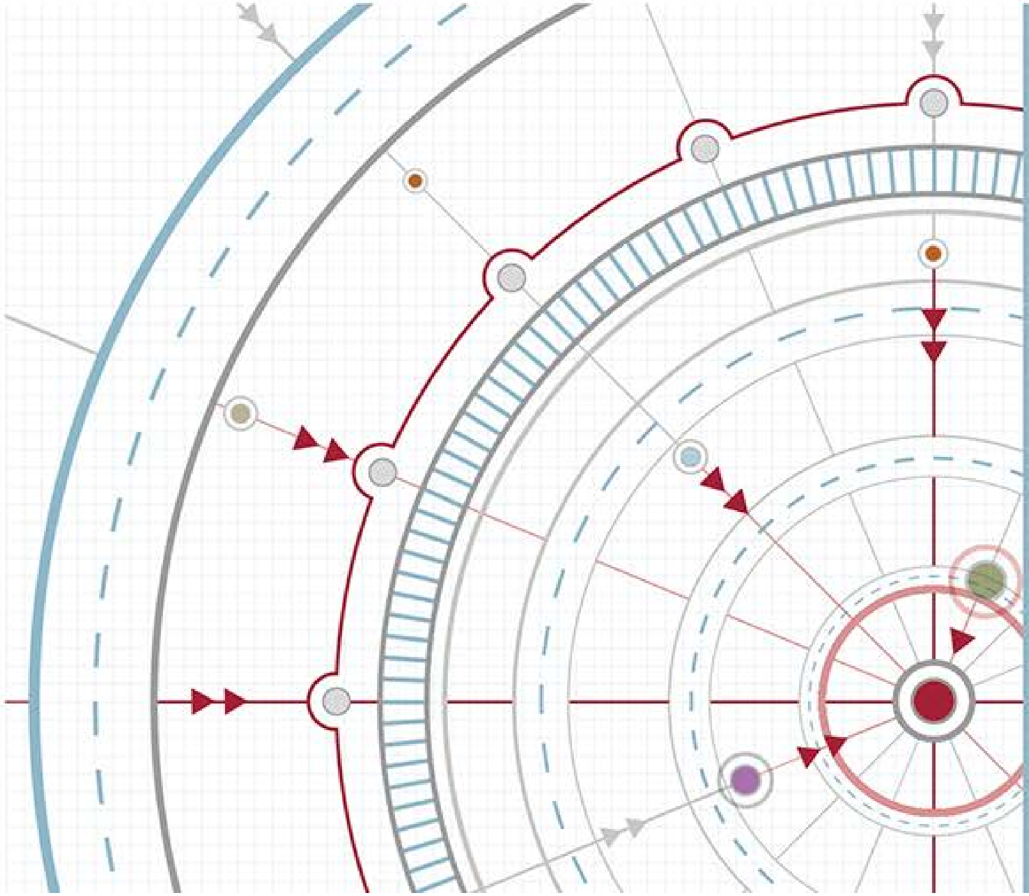

IFRS® Taxonomy 2018—Proposed Update 1 *Common Practice (IFRS 13* Fair Value Measurement*)*

Comment letter analysis

We recommend printing these slides in colour

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Background

- Proposed IFRS Taxonomy Update (PTU) 1 *Common Practice (IFRS 13 Fair Value Measurement):*
  - Was published on 20 September 2018;
  - With a comment deadline on 19 November 2018.

- We have received 2 comment letters:
  - Merrill Corporation (Merrill); and
  - Global Financial Reporting Collective (GFRC)

Overview of comments (1/2)

	Merrill	GFRC	Slides*	PTU**
1. Sensitivity of fair value measurement to changes in unobservable inputs				
1.1. Adding a new table and text block element for the sensitivity analysis	agree	agree		25 - 29
1.2. Adding a new axis and members for unobservable inputs	agree	note	6 - 7	30 - 31
1.3. Adding new line items to quantify the reasonably possible change in unobservable inputs	note	N/A	8 - 11	32 - 44
1.4. Adding new line items and deprecating existing line items for the change in fair value to distinguish between an increase and a decrease in inputs	agree	N/A		45 - 52
1.5. Adding new line items for the change in fair value to distinguish between the effect: (i) on profit or loss and other comprehensive income; and (ii) before and after tax	(i) agree (ii) disagree	disagree	12 - 14	53 - 63

* In this slide deck we have not discussed proposals which respondents (i) did not comment on; or (ii) agreed with.
** For more information on all proposals, please refer to the Proposed IFRS Taxonomy Update (PTU). Paragraph numbers are included for your convenience.

Legend:
agree / disagree = substantive comment
note = non-substantive comment

Overview of comments (2/2)

	Merrill	GFRC	Slides	PTU
2. Quantitative information about significant unobservable inputs used in fair value measurement				
2.1. Adding new elements for significant unobservable inputs	agree	note	16 - 18	67 - 70
2.2. Change from line items to dimensional modelling	agree	agree		71 - 75
3. Other proposed improvements				
3.1. Adding new members to the existing 'Valuation techniques used in fair value measurement' axis	agree	N/A		77 - 80
3.2. Adding an existing member and a new member to the existing 'Classes of liabilities' axis	agree	N/A		81 - 84
3.3. Adding new line items for the reconciliation from opening to closing balance of fair value measurements: (i) exchange rate differences (incl. rejected element (ii) disposals)	(i) disagree (ii) agree	(i) N/A (ii) note	20 - 24	85 - 93
3.4. Adding new line items for transfers between levels of the fair value hierarchy	note	N/A	25 - 27	94 - 99
4. Other comments				
4.1 Comments on labels	agree	note	30	
4.1 Comments on future common practice	note	note	31 - 32	
4.2 Other comments	N/A	note	33 - 35	

➊ Sensitivity of fair value measurement to changes in unobservable inputs

Change 1.2 and 2.2— Issue and proposal

- What is the issue?
  - Issue 1.2 Entities commonly report the sensitivity analysis disaggregated by unobservable input.
  - Issue 2.2 Entities disclose a variety of unobservable inputs for which entity-specific tags are difficult to analyse.
- We proposed adding a new **‘Unobservable inputs’ axis** to tag information disaggregated by significant unobservable inputs to address both issues:
  - Issue 1.2 by adding the new axis to allow disaggregation of sensitivity analysis (sensitivity analysis is required in paragraph 93(h) of IFRS 13); and
  - Issue 2.2 by changing taxonomy model from line items to dimension (using the new axis) to reflect disclosure of significant unobservable inputs used in fair value measurement required in paragraph 93(d) of IFRS 13. This change allows linking entity-specific elements to a known axis and help with its analysis.

Change 1.2—Feedback received and staff proposal

Feedback received

- GFRC proposes changing the reference type of 'Unobservable Inputs' Axis and 'Unobservable Inputs (Member)' to "Disclosure" instead of "Common practice". They argue it is illogical to have an Axis that reflects common practice with Members that reflect disclosure requirements.

Staff proposal

- The proposed Axis includes 2 references: to paragraph 93(d) and to paragraph 93(h) - both with a "Common practice" reference type.
  - We agree that the reference to paragraph 93(d) reflects a disclosure requirement (the only change was related to modelling). Hence we propose changing the reference type to "Disclosure".
  - We disagree that the reference to paragraph 93(h) reflects a disclosure requirement because disaggregation by input reflects common reporting practice, not a requirement of the IFRS Standard. Hence we propose to keep the "Common practice" reference type.
- The staff note that the proposed Axis includes Members with various reference types: some reflect examples in IFRS Standards, others reflect common reporting practice (as proposed in Issue 2.2).

Change 1.3—What is the issue?

Our analysis of common reporting practice has shown that a change in unobservable inputs can be expressed in different ways:

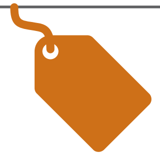
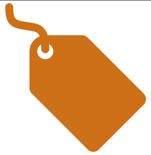
		Change in input	
		‘**Absolute**’ changes (in the same unit as the input)	‘**Relative**’ changes (in percentages)
Value of input	in a unit *other than a* percentage (eg expected cash flows, in EUR)	**TYPE I—Not common** Eg an increase in expected cash flows of 2 million EUR	**TYPE II—Common** Eg an increase in expected cash flows of 5%
	a percentage (eg discount rate)	**TYPE III—Common** Eg a 2% increase (ie 200 basis points) in an 8% discount rate to a discount rate of 10%	**TYPE IV—Did not identify common practice*** Eg a 2% increase in an 8% discount rate to a discount rate of 8.16% (ie multiplied by 1.02)

* There were no cases where we could identify reported changes as relative change with certainty. However, we note that for some reported changes, we could not identify it as either ‘absolute’ or ‘relative’.

Change 1.3—Proposed approach

- Add ‘Percent’ type elements to tag the commonly reported types of changes (Type II and Type III).
- Specify in an implementation note (see next slide) that the elements should not be used to tag Type IV changes.

Percentage changes	
Percentage of reasonably possible **increase** in unobservable input, assets	Percent item type
Percentage of reasonably possible **decrease** in unobservable input, assets	Percent item type

	Absolute changes	**Relative** changes
Input *other than* a percentage eg cash flows in EUR	**Create extension**	
Input is a percentage eg discount rate		**Create extension**

- \+ Intuitive label—common percentage changes (Types II and III) are tagged with elements labelled ‘Percentage’.
- \+ By requiring extensions to be created for Type IV changes, there is no potential for users to confuse Type III with Type IV changes.
- ? No element to tag Type IV changes (but we could not determine whether those are common).

Change 1.3—Proposed approach: implementation note

- We propose creating an implementation note* that includes the following information:
  - when to use which element, including examples; and
  - when to create extensions.
- For example, we would add the following implementation note under the proposed approach:

Percentage of reasonably possible increase in unobservable input, assets
Use this element for increases expressed as percentages in inputs not expressed as percentages—for example, a 2% increase in cash flows. Also use this element for increases expressed in percentage points in inputs expressed as percentages—for example, a 2% increase in an 8% discount rate to a discount rate of 10%. Do not use this element for relative changes in inputs expressed as percentages—for example, a 2% increase in an 8% discount rate to a discount rate of 8.16% (ie multiplied by 1.02). In such cases, create extension elements.

* Proposed IFRS Taxonomy Update *General Improvements* published in December 2018 explores how to include implementation notes in the IFRS Taxonomy.

Change 1.3—Comments and staff proposal

- Merrill agrees with the proposals. In addition, they note the following:
    1. Merrill agrees that there is no need to add an element for Type IV changes because in their experience such changes are not common (the staff could not determine whether those changes were common or not – see slide 7).
    2. It would be helpful to modify the implementation note as follows: change "for example, a 2% increase in an 8% discount rate to a discount rate of 10% <u>(ie the 2% represents a 2 percentage points increase)</u>." *

- Staff proposal

  The staff it would be clearer to clarify the implementation note as follows: "for example, a 2~~%~~ <u>percentage point</u> increase in an 8% discount rate to a discount rate of 10%.

* Information added is underlined, information removed is struck through.

Change 1.5—profit or loss vs OCI, before vs after tax?

We proposed adding line items for the increase (decrease) in fair value that distinguish between the effect on (i) profit or loss and other comprehensive income (OCI); and (ii) before tax and after tax because:

- We have found that entities commonly disclose the effect of change in fair value on profit or loss and on OCI.
- Even though our analysis provided only limited evidence of various reporting practice, entities need to calculate the disclosed effect either before or after tax. Including only elements that do not distinguish between those effects, might mislead investors who will compare amounts calculated *before tax* with those calculated *after tax*.

- We note that this approach:
  - Makes the IFRS Taxonomy larger – 16 new elements.
  - Adding elements *before and after tax* is inconsistent with modelling in IFRS 17 which may need to be amended.
  - May result in electronic reporting providing more information than paper-based financial statements (whether effect on profit or loss or OCI is calculated before or after tax)

Change 1.5—Comments

Both Merrill and GFRC were concerned that aspects of the proposed changes may be inconsistent with IFRS 13 which requires disclosure of the effect of a change in fair value.

- Regarding elements that disaggregate between effect on profit or loss and OCI:
  - Merrill agrees with that proposal.
  - GFRC disagrees with that proposal because, in their view, IFRS 13 requires disclosure of the change in the amount reported in the statement of financial position. They further wonder whether the fact that some entities disclose the effect on profit or loss and OCI could be a result of the drafting of paragraph 93(h)(ii) which includes a reference to amounts recognised in profit or loss and OCI when testing the significance of a change.
- Regarding elements that disaggregate between effect before and after tax:
  - Merrill recommends adding “before tax” elements only. This is because they view those elements as an additional disaggregation of a change in the fair value of the amount reported in the statement of financial position (which does not include tax).
  - GFRC is confused which “tax” the element name is referring to because IFRS 13 already specifies which taxes that could (or could not) be part of fair value.

Change 1.5—Staff proposal

- The staff proposes not to amend the proposals because we think our arguments are still valid: ie the proposals reflect common reporting practice which is not inconsistent with IFRS 13. The staff note that:
  - It is unclear whether Paragraph 93(h) of IFRS 13 requires disclosure of the effect of changes in fair value on both the statement of financial position and the statement of financial performance. Paragraph BC 210(b) of Basis for Conclusions on IFRS 13 appears to imply that the effect on the statement of financial position is required.
  - We have observed it is a common reporting practice to provide information about the effect of changes in fair value on the statement of financial performance (in addition to the effect on the statement of financial position). Such information is likely to be useful to users of financial statement and is not inconsistent with IFRS 13.
  - Adding common practice elements will eliminate the need to create entity-specific elements to tag these disclosures.
- In addition, to avoid confusion regarding which “tax” effect the element is referring to, we propose including reference to another IFRS Taxonomy element “Tax income (expense)” in the documentation label.

❷ Quantitative information about significant unobservable inputs used in fair value measurement

Background

- Paragraph 93(d) of IFRS 13 requires an entity to disclose the value of significant unobservable inputs used in fair value measurement.
- This disclosure was modelled using the following line items:

Disclosure of significant unobservable inputs used in fair value measurement of assets [line items]	line items
Interest rate, significant unobservable inputs, assets	X.XX duration
Historical volatility for shares, significant unobservable inputs, assets	X.XX duration
Adjustment to mid-market consensus price, significant unobservable inputs, assets	X.XX duration
Current estimate of future cash outflows to be paid to fulfil obligation, significant unobservable inputs, assets	X duration
Financial forecast of profit or loss for cash-generating unit, significant unobservable inputs, assets	X duration
Financial forecast of cash flows for cash-generating unit, significant unobservable inputs, assets	X duration
Weighted average cost of capital, significant unobservable inputs, assets	X.XX duration
Revenue multiple, significant unobservable inputs, assets	X.XX duration
Constant prepayment rate, significant unobservable inputs, assets	X.XX duration
Probability of default, significant unobservable inputs, assets	X.XX duration

Change 2.1—New elements for inputs

- We proposed to add 4 elements reported commonly in practice:

Discount rate*, significant unobservable inputs, assets	percent
Rent, significant unobservable inputs, assets	decimal
Capitalisation rate, significant unobservable inputs, assets	percent
Credit spread, significant unobservable inputs, assets	percent

* Because the weighted average cost of capital is a type of discount rate, we proposed to present the existing ‘Weighted average cost of capital’ element as a child to the new ‘Discount rate’ element.

* Further, as mentioned in the PTU, the staff noted that some overlap between discount rate and interest rate is possible but in many cases only one element will be appropriate. The staff expects “Interest rate” is likely to be used for financial assets and “discount rate” for non-financial assets.

Change 2.1—Comments and staff response

Comment

- Merrill agreed with the proposal while GFRC was concerned that those two terms are often used as synonyms and suggested clarifying the difference between them.

Response

- IFRS Standards use both ‘interest rate’ and ‘discount rate’. However there is no clear description of the difference between the two terms.
- The staff further analysed the financial statements and found that the discount rate identified as common reporting practice was typically used as an input for the valuation techniques based on the present value calculation. Consequently, staff proposes to amend the documentation label (definition) of the element as proposed below.

Element label	Revised documentation label (addition is underlined)
Discount rate, significant unobservable inputs, assets	Discount rate used as a significant Level 3 unobservable input for assets used in valuation techniques based on a present value calculation.

❸ Other proposed improvements

Change 3.3—Staff analysis

- IFRS 13 requires the following changes to be disclosed separately:

Total gains or losses for the period recognised in profit or loss	**Effects on profit or loss or OCI**
Total gains or losses for the period recognised in OCI	
Purchases, sales, issues and settlements (each type disclosed separately)	**Balance sheet movements**
The amounts of any transfers into or out of Level 3 of the fair value hierarchy	

- We found that the following changes were also commonly disclosed separately:
  - **Disposals**: We proposed not to add a new element for disposals. The IFRS Taxonomy includes an element related to sales (see previous slide). We think that entities mostly use ‘disposals’ as a synonym for ‘sales’.
  - **Exchange differences**: we propose to add elements to reflect this. Staff analysis is provided on the next slides.

Change 3.3—Staff analysis

- Entities commonly disclose a separate line item for the **effect of changes in foreign exchange rates** (using many different labels).
- In most cases, entities **also disclose other gains or losses on profit or loss or OCI** as separate line items (excluding the effect of changes in foreign exchange rates).

	Asset class A
At 1 January 20X0	**CU2,000**
Purchases	400
Sales	(200)
Gains/losses recognised in profit or loss	80
Gains/losses recognised in OCI	40
Exchange differences*	30
At 31 December 20X0	**CU2,350**

* In most cases, we were not able to determine which type of translation is reported, nor whether it is recognised in profit or loss or OCI.

* IAS 21 distinguishes two types of translation differences where gains and losses are recognised differently:

- foreign currency to functional currency – recognised in profit or loss or OCI, depending on the details; and
- functional currency to presentation currency – recognised in OCI

Change 3.3—Possible modelling approaches

Proposed approach
Assets at beginning of period
Increase (decrease) in fair value measurement, assets
Gains (losses) recognised in profit or loss, fair value measurement, assets
Gains (losses) recognised in profit or loss on exchange differences, fair value measurement, assets
Gains (losses) recognised in profit or loss other than on exchange differences, fair value measurement, assets
Gains (losses) recognised in other comprehensive income, fair value measurement, assets
Gains (losses) recognised in other comprehensive income on exchange differences, fair value measurement, assets
Gains (losses) recognised in other comprehensive income other than on exchange differences, fair value measurement, assets
Purchases, fair value measurement, assets
Sales, fair value measurement, assets
Issues, fair value measurement, assets
Settlements, fair value measurement, assets
Transfers into Level 3 of fair value hierarchy, assets
Transfers out of Level 3 of fair value hierarchy, assets
Assets at end of period

Rejected approach
Assets at beginning of period
Increase (decrease) in fair value measurement, assets
Gains (losses) recognised in profit or loss, fair value measurement, assets
Gains (losses) recognised in other comprehensive income, fair value measurement, assets
Exchange differences, fair value measurement, assets
Purchases, fair value measurement, assets
Sales, fair value measurement, assets
Issues, fair value measurement, assets
Settlements, fair value measurement, assets
Transfers into Level 3 of fair value hierarchy, assets
Transfers out of Level 3 of fair value hierarchy, assets
Assets at end of period

We rejected this approach because it is inconsistent with IFRS 13

IFRS 13 requires gains (losses) recognised in profit or loss to be separately disclosed from gains (losses) recognised in OCI**.** Exchange differences are a type of gain (loss).

New elements are highlighted in green.

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Change 3.3—Comments

- Merrill disagreed with the proposal and instead agreed with the rejected approach because it is similar to the current reporting practice and therefore easier to use.

  They think that preparers traditionally view exchange differences as a separate type of change that is not part of gains and losses (but rather a balancing figure resulting from recalculation of balances). Hence, preparers often disclose gains and losses without exchange rate differences (this is consistent with what we have observed in practice). They are concerned that preparers will be confused which element should be used to tag those gains (losses) because:

  - They should use element “Gains (losses) other than exchange differences …”; but
  - They will likely use element “Gains (losses) recognised …”

  Hence, if the proposed modelling approach is retained, Merrill suggests deleting element “Gains (losses) recognised …” because it will not be used often and may cause confusion.

- GFRC agreed with the proposed approach and suggest adding reference to IAS 21 to clarify the possible confusion related to presentation requirements.

Change 3.3—Staff response

- The staff think the proposed approach appropriately reflects IFRS 13 requirements.
- We cannot remove the “total” element because it reflects IFRS requirements. However, to avoid confusion regarding use of this element, we propose to clarify its label (see highlighted words in yellow).
- The staff could not find reference to requirements in IAS 21 that would be helpful.

Proposed IFRS Taxonomy
Assets at beginning of period
Increase (decrease) in fair value measurement, assets
Gains (losses) recognised in profit or loss including exchange differences, fair value measurement, assets
Gains (losses) recognised in profit or loss on exchange differences, fair value measurement, assets
Gains (losses) recognised in profit or loss excluding* exchange differences, fair value measurement, assets
Gains (losses) recognised in other comprehensive income including exchange differences, fair value measurement, assets
Gains (losses) recognised in other comprehensive income on exchange differences, fair value measurement, assets
Gains (losses) recognised in other comprehensive income excluding exchange differences, fair value measurement, assets
Purchases, fair value measurement, assets
…
Assets at end of period

Illustration of tagging

Common reporting practice
Assets at beginning of period
Increase (decrease) in fair value measurement, assets
Gains (losses) recognised in profit or loss, fair value measurement, assets
Gains (losses) recognised in other comprehensive income, fair value measurement, assets
Exchange differences, fair value measurement, assets
Purchases, fair value measurement, assets
…
Assets at end of period

Proposed common practice elements - green font.

* Note: amended label to match the change highlighted in yellow (compare to slide 22)

Change 3.4—Transfers between levels—background

- Paragraph 93(c) of IFRS 13 requires an entity to disclose transfers between Level 1 and Level 2 and the reason for those transfers.
- In addition, paragraph 93(e)(iv) of IFRS 13 requires an entity to disclose transfers into and out of Level 3, as part of the reconciliation and the reason for those transfers.
- The following table shows how the IFRS Taxonomy reflects those requirements for assets:

Transfers between Level 1 and Level 2

Transfers out of Level 1 into Level 2 of fair value hierarchy, assets held at end of reporting period	X duration	IFRS 13.93 c Disclosure
Description of reasons for transfers out of Level 1 into Level 2 of fair value hierarchy, assets	text	IFRS 13.93 c Disclosure
Transfers out of Level 2 into Level 1 of fair value hierarchy, assets held at end of reporting period	X duration	IFRS 13.93 c Disclosure
Description of reasons for transfers out of Level 2 into Level 1 of fair value hierarchy, assets	text	IFRS 13.93 c Disclosure

Transfers into and out of Level 3

Transfers into Level 3 of fair value hierarchy, assets	X duration, debit	IFRS 13.93 e (iv) Disclosure
Transfers out of Level 3 of fair value hierarchy, assets	(X) duration, credit	IFRS 13.93 e (iv) Disclosure
Description of reasons for transfers into Level 3 of fair value hierarchy, assets	text	IFRS 13.93 e (iv) Disclosure
Description of reasons for transfers out of Level 3 of fair value hierarchy, assets	text	IFRS 13.93 e (iv) Disclosure

Change 3.4—Transfers between levels—proposal

- We propose to add two line items reported commonly in practice:

Statement that there were no transfers between Level 1 and Level 2 of fair value hierarchy, assets	text
Statement that there were no transfers between Level 1, Level 2 and Level 3 of fair value hierarchy, assets	text

- We considered, but rejected:
  - broadening the scope of the existing text elements to tag the reasons for transfers to include statements that there were no transfers between levels. Under this approach, the elements would capture a mix of information resulting from IFRS requirements and information resulting from common reporting practice, which may be confusing.
  - modelling these elements as Boolean elements. Because the IFRS Taxonomy currently does not use Boolean elements, we would need to consider this feature for the whole Taxonomy.

Change 3.4—Comments and staff proposal

Comment

- Merrill think that these elements should not be added at this time. Instead, further efforts should be undertaken to add these elements as Boolean elements to facilitate better consumption of XBRL data.

Staff proposal

- No change in the staff proposal:
  - Our analysis of reporting practice shows that companies commonly report this information and:
    - according to our process we add elements to the IFRS Taxonomy that reflect common reporting practice (unless it’s inconsistent with IFRS Standards); and
    - companies may create extensions if we didn’t add such elements to the IFRS Taxonomy.
  - As mentioned in the PTU, we have considered this approach and rejected because the Boolean element type is currently not used in the IFRS Taxonomy. Consequently, the use of this element type would need to be reviewed separately and applied consistently to the entire IFRS Taxonomy content.

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Other Comments

Question 4, 5 and 6—Appropriate use of labels & areas for future common practice analysis

4. Do the labels of the proposed elements faithfully represent their meaning?
5. Do the documentation labels of the proposed elements correctly define these elements?

If not, please specify what changes you would make and why.

6. Are there other areas where common practice analysis may be useful?

Question 4-5—Comments on labels

Merrill did not raise any concerns on Question 4 and 5 while GFRC had the following comments.

Q no	GFRC	Staff response
4 – element labels	In identifying the appropriate elements to choose for tagging, they: • do not see the labels as important. • find references more useful in identifying appropriate elements. • think implementation guidance can also help.	N/A
5 – documentation labels	• They could not review all documentation labels but noted that some do not provide additional details beyond what is included in the element labels. • In addition, in order to make it simpler for respondents to find new documentation labels, they suggested including them as an Appendix to Proposed IFRS Taxonomy Updates (PTU).	For the upcoming updates to the IFRS Taxonomy 2019, we will consider how to highlight the changes in the documentation labels.

Question 6—Comments on future common practice projects (1/2)

Comments on future common practice projects

Merrill	Staff response
• Suggested to analyse the extensions used in IFRS filings submitted to the US SEC • Suggested considering elements for equity opening balance adjustment at transition. o IFRS Standards often require transition effect to be recognised in equity but there is no requirement to disclose such amounts hence no elements are created in the IFRS Taxonomy. o Note: Securities and Exchange Board of India (SEBI) suggested in their comment letter to PTU creating such IFRS Taxonomy elements for the Amendment to IFRS 9 published in October 2017.	We are currently reviewing: • IFRS filings submitted to the SEC; and • other comments and requests related to the future common practice projects. Based on that analysis, we will consider which common practice projects we should undertake in the future.

Question 6—Comments on future common practice projects (2/2)

Comments on the process of analysis of common reporting practice

<table>
<tr><th>GFRC</th><th>Staff response</th></tr>
<tr><td>They are concerned about the potential overlap between common practice elements because labels in the financial statements used for analysis of reporting practice might be misleading, as follows:
• similar amounts can be differently labelled in other jurisdictions; or
• different aggregation of amounts can be labelled similarly.

They suggested:
• further analysis of labels used to identify common practice, including possibly contacting issuers of the analysed financial statements; and
• adding implementation guidance to common practice elements to help with consistent tagging.</td><td>When considering common practice elements, the staff analyses all information in the financial statement (including notes) to understand the meaning of disclosed amounts and avoid misunderstanding of the labels used.
In addition, as noted in comment 1, for the future common practice analysis the staff plans to consider entity-specific tags used in the electronic filing instead of paper-based financial statements.</td></tr>
</table>

Other—Comments from GFRC (1/3)

GFRC think the IFRS Taxonomy plays an important role in the development of IFRS Standards because:

- electronic use of financial information is becoming increasingly important; and
- it improves drafting of the IFRS Standards by considering its structure and helping to identify inconsistencies.

In addition, they had more specific comments on IFRS Taxonomy design:

	Comment from GFRC	Staff response
1	They suggested presentation in the IFRS Taxonomy should reflect more reporting practice than the requirements of the IFRS Standards. They have provided an example of such presentation for fair value disclosures organised by Levels (fair value hierarchy) while requirements of the IFRS Standards are organised by a type of information required (which could be for two different Levels).	The presentation of the IFRS Taxonomy is designed to reflect the requirements of the IFRS Standards. We think this approach makes it easier for preparers to find appropriate elements because they prepare disclosures based on the requirements in IFRS Standards. In addition, reporting practice varies and preparers will build their own presentation to reflect their financial reporting.

Other—Comments from GFRC (2/3)

Comments on relation between the IFRS Taxonomy and IASB projects

	GFRC	Staff response
2	They noted the staff need to consider how to reflect in the IFRS Taxonomy the proposals of Primary Financial Statement project related to disclosure of the management performance measures. They see two options: • Option 1: creating common practice elements for common reporting practice to avoid need to create entity-specific elements; or • Option 2 (preferred): creating one element for the performance measure and another for the explanation related to that measure.	The Proposed IFRS Taxonomy Updates are published for public consultation together with (or shortly after) the final IFRS Standards. The Primary Financial Statement project is currently preparing for publishing Discussion Paper or Exposure Draft in the 2nd half of 2019. Nevertheless, the staff from two teams hold preliminary, internal discussions to consider possible alternatives should the proposals in the consultation document (ED or DP) did not change in the final IFRS Standard.
3	They identified a number of areas where they think the disclosure requirements of IFRS 13 are unclear or where analysis of common reporting practice could improve the requirements.	We have provided those comments to the Targeted Standards Level Review team who are considering how the disclosure requirements of IFRS 13 could be improved.

Other—Comments from GFRC (3/3)

Comments on education and implementation support

	Comment from GFRC	Staff response
4	They noted examples provided in the PTU related to exchange differences helped them understand the proposals hence they recommend providing more examples. They emphasised examples were especially helpful in understanding how some disclosures might: • be interpreted / look like in the financial statement; and • be tagged using the IFRS Taxonomy (especially when Axis is used).	We will explore using more examples in the future.
5	They noted the importance of the appropriate implementation help in the success of the electronic reporting and urge IASB to consider it as a high priority.	The staff note that: • PTU *General Improvements* proposes the introduction of implementation notes to help preparers identify appropriate elements. • The Preparer's Guide aims to help preparers use the IFRS Taxonomy.

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Thank you