



# Review of axes used in the Primary Financial Statements

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

The staff hold the view that XBRL **calculations are important** because:

- they can be used by preparers to validate their XBRL filing; and
- they tell the users of structured electronic data how line items roll up to totals and sub-totals

The IFRS Taxonomy includes **line items for items commonly presented in the primary financial statements**, even when they could be tagged through the use of an axis. For example:

The line item ...	is equivalent in accounting meaning to ...	
	the line item ...	when combined with the member ...
'Impairment loss, recognised in profit or loss, trade receivables'	'Impairment loss recognised in profit or loss'	'Trade receivables'

Line items are added when it is **expected that an axis would prevent the use of XBRL calculations** in the primary financial statements

# Overview of our research

The staff researched the use of both extension axes and IFRS Taxonomy axes for all primary financial statements and for all foreign private issuers.

We included the use of IFRS Taxonomy axes in our research because:

- the IFRS Taxonomy policy is to create equivalent line items for disclosures commonly presented on the primary financial statements (see slide 2); and
- we observed diversity in tagging for extensions with some preparers using IFRS Taxonomy axes and others creating extension line items to tag a disclosure that has the same accounting meaning.

We grouped the use of axes into different categories in order to better identify whether any IFRS Taxonomy improvements are required (see slide 4)

# Use of axes—categories

We observed that axes are mainly used for the following scenarios:

Supplementary  
currency (*slides 5-11*)

Preference share  
(*slides 12-19*)

Continuing &  
discontinued  
operations  
(*slides 20-24*)

Attribution to a specific named party &  
disaggregation (*slides 25-28*)

American Depositary  
Receipts (*will be  
discussed at next meeting*)

The staff also noticed some instances of **incorrect tagging**. (*see appendix A*)

# Supplementary currency

## What is the issue? (1/2)

The staff observed that some foreign private issuers display their primary financial statements **in a currency that is a ‘convenience translation’**. For example:

	Note	December 31,		Convenience Translation into US\$ in thousands (Note 2C)
		2018	2017	
		€ in thousands		
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	3	36,882	23,962	42,231
Marketable securities	4	2,132	2,162	2,441
Restricted cash and marketable securities	4	4,653	3,265	5,328
Asset from concession project	6D	1,292	1,286	1,479
Financial assets	6B	1,282	1,249	1,468
Trade and other receivables	5	12,623	10,645	14,454
		<u>58,864</u>	<u>42,569</u>	<u>67,401</u>

Within an XBRL filing, **the unitRef** is used to indicate the currency of a value. In addition, the staff observed that a very few companies have created a **‘currency’ extension axis** to identify the convenience translation (see next slide)

# What is the issue? (2/2)

Line item displayed in the primary financial statements	Line item	UnitRef	Axis	Member
Current assets: 58,864,000 Euros	Current assets [IFRS]	GBP		
Current assets: 67,401,000 US dollars	Current assets [IFRS]	USD	Currency [Extension]	USD [Extension]

- An electronic user does not know that **the USD dollar values represent a convenience translation**. A few companies use an extension axis, however this axis does not have a defined accounting meaning
- **This user can be misled** in thinking that the USD values represent information that is required by IFRS Standards

Paragraph 57 of IAS 21 *The effects of changes in foreign exchange rates* requires specific disclosures when an entity displays its financial statements or other financial information **in a currency that is different from either its functional currency or its presentation currency**:

- 57 When an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and the requirements of paragraph 55 are not met, it shall:
- (a) clearly identify the information as supplementary information to distinguish it from the information that complies with IFRSs;
  - (b) disclose the currency in which the supplementary information is displayed; and
  - (c) disclose the entity's functional currency and the method of translation used to determine the supplementary information.



## Staff analysis (2/2)

The **disclosure requirements of paragraphs 57b and c of IAS 21** are reflected within the IFRS Taxonomy as follows:

Description of functional currency	text	IAS 21.53 Disclosure, IAS 21.57 c Disclosure
Description of currency in which supplementary information is displayed	text	IAS 21.57 b Disclosure
Description of methods of translation used to determine supplementary information	text	IAS 21.57 c Disclosure

The IFRS Taxonomy **does not have a specific element(s)** to reflect the paragraph 57a requirement for an entity to clearly identify the supplementary information.

The staff holds the view that **the existing line item** ‘Description of currency in which supplementary information is displayed’ is not **sufficient to meet this requirement**, as this element is:

- i. a text element: tagging may not be required, or when tagged still requires a user to link the text value to the UnitRef of a monetary element
- ii. a ‘standalone’ element: a convenience translation applies to all (or most) values and therefore is best modelled through the use of an axis

The staff is **proposing to add a new ‘for general application’ axis** to capture the IAS 21.57(a) disclosure requirement, as follows:

Element label	Documentation label	References
Currency in which information is displayed [axis]	The axis of a table defines the relationship between the domain members or categories in the table and the line items or concepts that complete the table.	Disclosure IAS 21.57(a)
Currency that is required by IFRS Standards (functional or presentation) [default member]	This member indicates information that is displayed in a currency that is required by IFRS Standards. It also represents the standard value for the ‘Currency in which information is displayed’ if no other member is used.	Disclosure IAS 21.57(a)
Supplementary currency [member]	This member indicates information that is displayed in a currency that is not required by IFRS Standards. This member identifies the information as supplementary information to distinguish it from information that is required by IFRS Standards.	Disclosure IAS 21.57(a)

# Question to the ITCG?

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Do you agree with the staff proposals outlined on slide 10? If not, what improvements would you suggest and why?

# Preference shares

# What is the issue?

Our review highlighted that companies commonly present a disaggregation of issued capital into ordinary and preference capital in:

## The statement of financial position

- a. Tagged in practice using two different approaches: a line item model or a dimensional model. (see slide 14)
- b. For staff proposals see slide 15.

## The statement of changes in equity

- a. Tagged in practice using two different approaches. (see slide 17)
- b. For staff proposals see slide 18.

# Preference shares—tagging example (statement of financial position)

	Approach 1 Dimensional model			Approach 2 Line item model
Line item presented in the statement of financial position	Line item	Axis	Member	Line item
Preference capital	Issued capital [IFRS]	Classes of share capital [IFRS]	Preference shares [IFRS]	Preference capital [Extension]
Ordinary capital	Issued capital [IFRS]	Classes of share capital [IFRS]	Ordinary shares [IFRS]	Ordinary issued capital [Extension]

# Staff proposals—Statement of financial position

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The staff is proposing to add two new ‘equivalent’ **common reporting practice line items**, as children of the existing IFRS Taxonomy line item ‘Issued capital’

1 Issued capital, ordinary shares

2 Issued capital, preference shares

# Question to the ITCG?

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Do you agree with the staff proposals outlined on slide 15? If not, what improvements would you suggest and why?



# Preference shares—tagging example (statement of changes in equity)

Company X	Preference	Ordinary	Share premium
Balance as at 1 January 2019	1000	6000	1000
Issue of series x preference shares	200		100
Balance as at 31 December 2019	1200	6000	1100



	Tagging approach 1	Tagging approach 2
Line item	Issue of equity [IFRS]	Issue of equity [IFRS]
Axis 1	Components of equity [IFRS]	Not used
Axis 1 member	Issued capital [IFRS]	Not used
Axis 2	Classes of share capital [IFRS]	Classes of share capital [IFRS]
Axis 2 member	Preference shares [IFRS]	Preference shares [IFRS]

The IFRS Taxonomy envisages the use of approach 1. Under approach 2, an electronic user does not know whether the tagged value only represents ‘issued capital’ or alternatively also includes a share premium amount.

The staff is proposing to:

1

Add the existing IFRS Taxonomy axis ‘Classes of share capital’ axis to the ‘Statement of changes in equity table’ (\*)

2

Add a guidance label to the line item ‘Issue of equity’ clarifying that the ‘Classes of share capital axis’ should be used in conjunction with the ‘Components of equity’ axis

(\*) The ‘Statement of changes in equity table’ already includes the ‘Components of equity’ axis

# Question to the ITCG?

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Do you agree with the staff proposals outlined on slide 18? If not, what improvements would you suggest and why?

# Continued & discontinued operations

# What is the issue? (1/1)

Our review highlighted that companies commonly report a **disaggregation of the following line items into continuing operations and discontinued operations** in the Statement of Comprehensive Income:

1. Comprehensive income
2. Comprehensive income, attributable to owners of parent
3. Comprehensive income, attributable to non-controlling interests

Example-  
extracts  
from filings

Comprehensive income for the period attributable to:
Common shareholders:
Continuing operations
Discontinued operations
Non-controlling interests - discontinued operations
<b>Total comprehensive income</b>

Total comprehensive income for the year from continuing operations
Total comprehensive income for the year from discontinued operations
<b>Total comprehensive income for the year</b>

## What is the issue (2/2)

The staff observed that such disaggregation is tagged using one of the following approaches:

Approach	Treatment
Approach 1	Use of the <b>relevant line item with the IFRS Taxonomy axis</b> 'Continuing and discontinued operations'.
Approach 2	Use of <b>extension line items</b>

The staff is proposing to add six new 'equivalent' common practice elements:

Existing elements	Proposed elements (as child elements to corresponding existing elements)
Comprehensive income	<ul style="list-style-type: none"><li>• Comprehensive income from continuing operations</li><li>• Comprehensive income from discontinued operations</li></ul>
Comprehensive income, attributable to owners of parent	<ul style="list-style-type: none"><li>• Comprehensive income from continuing operations, attributable to owners of parent</li><li>• Comprehensive income from discontinued operations, attributable to owners of parent</li></ul>
Comprehensive income, attributable to non-controlling interests	<ul style="list-style-type: none"><li>• Comprehensive income from continuing operations, attributable to non-controlling interests</li><li>• Comprehensive income from discontinued operations, attributable to non-controlling interests</li></ul>

# Question to the ITCG?

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Do you agree with the staff proposals outlined on slide 23? If not, what improvements would you suggest and why?



# Attribution to a specific named party & disaggregation

# What is the issue?

## Attribution to a specific named party

Some companies present line items that **are attributed to a specific named subsidiary, associate, segment or related party**, etc.

The staff observed that such disclosures **are tagged in different ways**, using one of the following approaches: (\*)

Approach	Description
Approach 1	Use of <b>relevant line item with an axis</b> . Calculations for all line items and totals (or sub-totals) may not be possible under this approach.
Approach 2	Use of an <b>extension line item</b> . Calculations are possible.

## Disaggregation

Some companies present **a disaggregation of certain line items** in the primary financial statements.

The staff observed that such disaggregation is **tagged in different ways** using one of the following approaches:

Approach	Description
Approach 1	Use of <b>relevant line items with an axis</b> . Calculations for all line items and totals (or subtotals) may not be possible under this approach.
Approach 2	Use of <b>extension line items</b> . Calculations are possible.

***For tagging examples, please refer to appendix B***

The staff is **not proposing any improvements to the IFRS Taxonomy**. Our reasons are:

1

**No new equivalent line items:** we did not find sufficient commonality in the disclosures to justify the addition of new common practice (equivalent) line items.

2

**No guidance to ensure consistent tagging:** the tagging rules (or guidelines) will depend on the regulatory filing regime, any such guidance is outside the scope of the IFRS Taxonomy

# Question to the ITCG?

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Do you agree with the staff proposals outlined on slide 27? If not, what improvements would you suggest and why?

# Summary of staff proposals

# Summary of staff proposals

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Category	Proposed improvements to the IFRS Taxonomy
Supplementary currency	<b>Yes</b> , addition of a new 'for general application' axis (see slide 11)
Preference shares	<b>Yes</b> , Statement of financial position: addition of two new line items (see slide 16) <ul style="list-style-type: none"><li>• Issued capital, ordinary shares</li><li>• Issued capital, preference shares</li></ul> Statement of changes in equity: addition of the 'Classes of share capital axis' to the 'Statement of changes in equity' table and a new guidance label (see slide 19)
Continued & Discontinued operations	<b>Yes</b> , addition of 6 new line items (see slide 24) <ul style="list-style-type: none"><li>• Comprehensive income from continuing operations</li><li>• Comprehensive income from discontinued operations</li><li>• Comprehensive income from continuing operations, attributable to owners of parent</li><li>• Comprehensive income from discontinued operations, attributable to owners of parent</li><li>• Comprehensive income from continuing operations, attributable to non-controlling interests</li><li>• Comprehensive income from discontinued operations, attributable to non-controlling interests</li></ul>
Attribution to a specific named party & disaggregation	<b>No</b>
Incorrect tagging	<b>No</b>

# Appendix A

Incorrect tagging

# Incorrect tagging

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- The staff **observed some instances of incorrect tagging**:
  - Use of a wrong IFRS Taxonomy axis: or
  - An extension axis is created where an IFRS Taxonomy exists.
- For example:
  - A company uses ‘Classes of share capital [axis]’ instead of ‘Classes of ordinary shares [axis]’ for disclosure of ‘Earnings per share’ in the statement of comprehensive income



The staff is **not proposing any improvements to the IFRS Taxonomy**. Our reasons are:

1

Not sufficient commonality in the errors being made to point to a specific IFRS Taxonomy area where further improvements may be required.

2

The IFRS Taxonomy has a specific presentation group labelled '[990000] Axis -defaults' that lists all IFRS Taxonomy axes. This helps a preparer to locate the correct axis.

3

The staff thinks that these errors may reduce over time as preparers become more familiar with the IFRS Taxonomy

# Appendix B

# Attribution to a specific named party—tagging example

	Approach 1 Dimensional model			Approach 2 Line item model
Line item presented in the primary financial statements	Line item	Axis	Member	Line item
Dividends received from subsidiary, ABC Limited	Dividends received, classified as investing activities [IFRS]	Subsidiaries [IFRS]	ABC Limited [Extension]	Dividends received from subsidiary, ABC Limited [Extension]
Investment in XYZ Limited	Investments accounted for using equity method [IFRS]	Associates [IFRS]	XYZ Limited [Extension]	Investment in XYZ Limited [Extension]

# Disaggregation—tagging example

Provisions:	
Provisions for pensions and similar obligations	X
Provisions for taxes	X
<b>Provisions for off-balance sheet risk</b>	<b>X</b>
<b>Other provisions</b>	<b>X</b>



Sample extract  
from a balance  
sheet

	Approach 1 Dimensional model			Approach 2 Line item model
Line item presented in the primary financial statements	Line item	Axis	Member	Line item
Provisions for off-balance sheet risk	Provisions [IFRS]	Classes of provisions [IFRS]	Off balance sheet risk [Extension]	Provisions for off-balance sheet risk [Extension]
Other provisions	Provisions [IFRS]	Classes of provisions [IFRS]	Miscellaneous other provisions [IFRS]	Miscellaneous other provisions [IFRS]

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