



Tagging of comparative information reported in accordance with superseded IFRS Standard

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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.

Topics being discussed today

The staff is seeking your views on the following:

	Topics	Reference to slides
1	How to tag comparative information reported in accordance with a superseded IFRS Standard	Slides 3 to 11
2	Change policy on retention of elements of a superseded IFRS Standard (to be discussed only if ITCG disagrees with the proposal in Topic 1)	Slides 12 to 16

How to tag comparative information reported in accordance with a superseded IFRS Standard

- Under the cumulative catch-up transition approach and the prospective transition approach, entities are **not required to restate comparative financial information**. These approaches are permitted by some new (or amended) IFRS Standards.
 - For example, at the date of initial application of IFRS 16 *Leases* (ie 1 January 2019), companies have the option to use the cumulative catch-up approach for transition. When this option is elected, **prior period amounts are recognised and measured in accordance with requirements of IAS 17 *Leases*** (the superseded standard) as illustrated in the example on slide 5. The preparer would need to tag the disclosures of IAS 17 with the taxonomy elements of IAS 17.

Example

Using the cumulative catch-up for transition from IAS 17 to IFRS 16

Future undiscounted lease commitments under the premises leases are as follows:	IFRS 16	IAS 17
	2019	2018
	£'000	£'000
Within one year	1,073	986
In two to five years	3,132	3,206
More than five years	3,008	4,011
	7,213	8,203
Effect of discounting	(771)	–
Lease liability at 31 December 2019	6,442	–
Current	898	–
Non-current	5,544	–

Existing IFRS Taxonomy policy

The existing IFRS Taxonomy **policy is to deprecate elements related to a superseded IFRS Standard** from the annual taxonomy in the year the new (or amended) IFRS Standard becomes effective.

- For example - the disclosure elements relating to IAS 17 were included in the 2018 annual IFRS Taxonomy ‘IFRS full standards entry point’ but were moved to the ‘Deprecated entry point’ in the 2019 annual IFRS taxonomy as IFRS 16 became effective on the 1st of January 2019.

2018 IFRS Taxonomy Illustrated

Disclosure of finance lease and operating lease by lessee [line items]	line items	
Minimum finance lease payments payable	X instant, credit	Expiry date 2019-01-01 IAS 17.31 b Disclosure
Minimum finance lease payments payable, at present value	X instant, credit	Expiry date 2019-01-01 IAS 17.31 b Disclosure
Future finance charge on finance lease	X instant, credit	Expiry date 2019-01-01 IAS 17.31 b Disclosure
Minimum lease payments payable under non-cancellable operating lease	X instant, credit	Expiry date 2019-01-01 IAS 17.35 a Disclosure
Minimum lease payments of arrangements that include payments for non-lease elements	X instant, credit	Expiry date 2019-01-01 IFRIC 4.15 b (i) Disclosure
Minimum lease payments of other arrangements that do not include payments for non-lease elements	X instant, credit	Expiry date 2019-01-01 IFRIC 4.15 b (i) Disclosure

What is the issue?

- We observed that **companies use different approaches to tag the non- restated comparative information**. Companies:
 1. use elements of the superseded Standard (from the deprecated entry point or a previous IFRS Taxonomy version);
 2. create extensions; or
 3. use elements of the new (or amended) IFRS Standard.
- The **staff holds the view that the correct tagging approach is option 1**. Our reasons are:
 - it ensures consistency in tagging of the information reported in the current and previous financial report for the same financial reporting period; and
 - it flags to users of tagged data that the comparative information is not restated and therefore not directly comparable to the current year figures.

How do we support correct use?

- There is a risk that **our policy of deprecating** elements of a superseded IFRS standard at the time the new (or amended) IFRS Standard becomes effective **is encouraging companies to use tagging approaches 2 or 3.**
- We think that we **can mitigate this risk** using one of the following options:

	Option	Description
1	Guidance	Provide guidance to preparers in Using the IFRS Taxonomy – A preparer’s guide . That guidance would state that preparers should use the previous version of the IFRS Taxonomy to tag non-restated comparative information.
2	Change policy	Delay deprecation. Retain the elements of a superseded IFRS Standard in the IFRS Taxonomy for two years after the new IFRS Standard becomes effective. Refer slides 9-10.

Option 2: Change policy

- Option 2 would require the following change to the existing IFRS Taxonomy policy:
 - **not to deprecate the elements of a superseded IFRS Standard** when the new (or amended) IFRS Standard permits or requires prospective application or use of the cumulative catch-up approach; and
 - retain these elements **for two years** after the new IFRS or amendment becomes effective. We propose two years as some jurisdictions require disclosure of two years of comparative information.
- We would apply the new IFRS Taxonomy policy prospectively ie only for new (or amended) IFRS Standards effective on (or after) the 1st of January 2020.

- There are **two disadvantages** to Option 2-
 - **Risk of wrong tagging:** Depreciation of the element prompts the company to change their tag because the old tag will no longer be available in the IFRS Taxonomy. Therefore, there is a risk that companies the risk here is that the companies may **continue to use the elements of the superseded Standard (even for the current year)**.
 - **IFRS Taxonomy resources required to implement and support.**

Staff proposal and question

- Considering the disadvantages of option 2, we **propose to provide additional guidance** only. Refer option 1 on slide 8.



Do you agree with the staff proposal? If not, what would you suggest and why?

Change policy to retain the elements of superseded IFRS Standard

(to be discussed only if ITCG disagrees with the proposal in Topic 1)

Reference notes- Background

The IFRS Taxonomy contains reference notes that show the effective and expiry dates of elements.

2020 IFRS Taxonomy Illustrated

Deferred acquisition costs arising from insurance contracts	X _{instant, debit}	Expiry date 2021-01-01 IFRS 4.37 b Example, Expiry date 2021-01-01 IFRS 4.37 e Disclosure, Expiry date 2021-01-01 IFRS 4.IG23 a Example, Expiry date 2021-01-01 IFRS 4.IG39 a Example
Intangible assets relating to insurance contracts acquired in business combinations or portfolio transfers	X _{instant, debit}	Expiry date 2021-01-01 IFRS 4.37 b Example, Expiry date 2021-01-01 IFRS 4.IG23 b Example
Assets under reinsurance ceded	X _{instant, debit}	Expiry date 2021-01-01 IAS 1.55 Example, Expiry date 2021-01-01 IFRS 4.37 b Example, Expiry date 2021-01-01 IFRS 4.IG20 c Example
Insurance contracts liability (asset) at beginning of period	X _{instant, credit}	Effective 2021-01-01 IFRS 17.99 b Disclosure
Insurance contracts that are assets at beginning of period	X _{instant, debit}	Effective 2021-01-01 IFRS 17.99 b Disclosure
Insurance contracts that are liabilities at beginning of period	X _{instant, credit}	Effective 2021-01-01 IFRS 17.99 b Disclosure

Reference notes - Proposal

- If we decided to implement Option 2 rather than option 1, we would **propose to add notes to the references of the elements** of superseded IFRS Standards to explain that these are meant to tag non-restated comparative financial information only. Eg, “Expired 2021-01-01 (use for non-restated comparatives only)”.
- So references would have a following life cycle:

Time	Reference notes	
	Elements of the superseded IFRS standard	Elements of the new IFRS Standard
Publication of new IFRS Standard	“Effective 2017-01-01”	-
After effective date of new Standard until publication of successor Standard	No reference note	-
Publication of successor Standard	“Expiry date 2021-01-01”	“Effective 2021-01-01”
After effective date of successor IFRS Standard	“Expired 2021-01-01 (use for non-restated comparatives only)” Elements are retained in the annual IFRS Taxonomy	No reference note
Two years after effective date	Elements are deprecated	

Rejected options

S. No.	Option	Reason for rejection
1	New IFRS Taxonomy presentation group for all elements of superseded IFRS Standards	Companies may use label search functions only, not considering its presentation context. So, it would not be clear that the elements are meant to tag non-restated comparatives only.
2	Adding standard suffix to the element labels like 'for non-restated comparatives only'	It would be an additional change because we would still have to make the change to the expiry dates. So, it will require additional resource with no clear benefit.
3	Use of guidance label (Implementation note) to clarify that the element will be used for non-restated comparatives only.	It would be an additional change because we would still have to make the change to the expiry dates. So, it will require additional resource with no clear benefit.
4	Use of custom reference role for transitional elements	<ol style="list-style-type: none">1. It constitutes a change to the architecture of the IFRS Taxonomy. Our objective is to keep the architecture stable where possible.2. This reference type is not recognised by the XBRL International. So, we would have to maintain the custom reference roles.



Do you agree with the staff proposal to change the reference notes of elements of superseded standards, if we decide to change the policy and retain such elements? If not, what would you suggest and why?

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