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## IFRS Taxonomy Consultative Group (ITCG) meeting

Date	1 February 2024
Project	<b>IFRS Accounting Taxonomy 2024—Proposed Update 1—IFRS 18 <i>Presentation and Disclosure in Financial Statements</i></b>
Topic	<b>Draft IFRS Accounting Taxonomy 2024—Proposed Update 1—IFRS 18 <i>Presentation and Disclosure in Financial Statements</i></b>
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This paper has been prepared for discussion at a public meeting of the ITCG. This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB *Update*.

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## Purpose of this meeting



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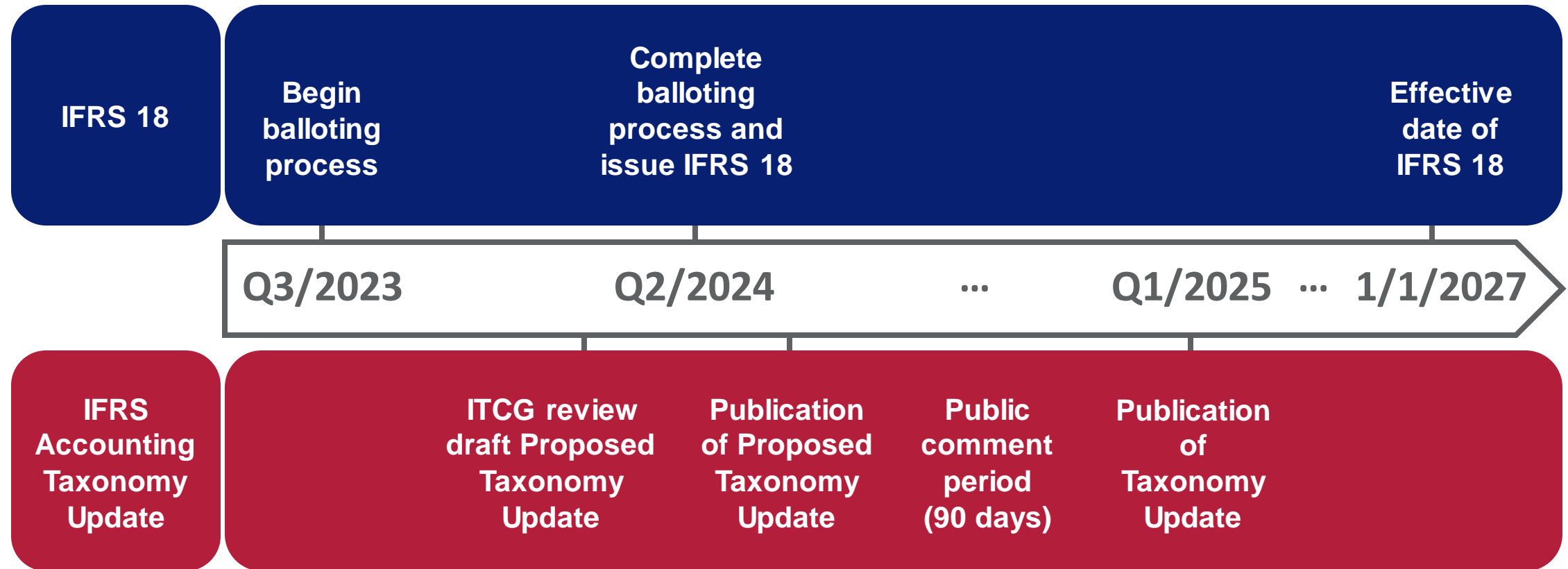
- Provide an update on the finalisation of IFRS 18 which is based on the work on the Primary Financial Statements (PFS) project
- Provide an overview of draft IFRS Accounting Taxonomy 2024—Proposed Update 1
- Discuss ITCG members' preliminary feedback on the draft IFRS Accounting Taxonomy 2024—Proposed Update 1
- Discuss with ITCG members possible outreach activities during the consultation period

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## Project update



## Timeline for finalisation of IFRS 18 and IFRS Accounting Taxonomy Update\*



\* Timeline may be subject to change

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# Draft IFRS Accounting Taxonomy 2024—Proposed Update 1



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## Draft IFRS Accounting Taxonomy 2024—Proposed Update 1

- Draft IFRS Accounting Taxonomy 2024—Proposed Update 1 proposes changes to the IFRS Accounting Taxonomy to reflect the requirements in IFRS 18, which will be issued in H1 2024.
- ITCG members discussed modelling approaches for key topics in IFRS 18 at various meetings during 2022 and 2023, specifically the modelling for:
  - required subtotals and categories in the statement of profit or loss;
  - disclosure requirements for management-defined performance measures; and
  - disclosure requirements for specified expenses by nature.
- The draft IFRS Accounting Taxonomy 2024—Proposed Update 1 reflects these discussions and the feedback received from ITCG members on the key topics.
- Slides 8–10 summarise previous ITCG meetings’ discussions and proposals in the draft IFRS Accounting Taxonomy 2024—Proposed Update 1.

## Subtotals and categories in the statement of profit or loss

### Discussions at ITCG meetings

- Discussed modelling approaches at ITCG meetings in December 2022, February 2023 and October 2023.
- Feedback was that a line-item modelling should be used to reflect requirements in IFRS 18 (to classify items of income or expense into categories in the statement of profit or loss).
- Category of an item of income/expense would be reflected in the element standard label and element name (for newly created elements). Elements reflecting category information would be created for items of income or expense that could be presented in more than one category or in different categories for different entities in the statement of profit or loss.
- Feedback was that elements should be added for all items of income or expense that could be presented in more than one category or in different categories.

### Proposals in Proposed Update 1

- IASB proposes this approach in the draft IFRS Accounting Taxonomy 2024—Proposed Update 1.
- IASB proposes to only add elements for items of income/expense for which it reasonably expects such items might be presented in the statement of profit or loss. Adding elements for all items of income/expense that could be presented in more than one category or in different categories would not be helpful for entities (because it is unlikely that those items would be presented).



## Management-defined performance measures (MPMs)

### Discussions at ITCG meetings

- Discussed modelling approaches for MPM reconciliation at ITCG meetings in July 2023 and October 2023.
- In July 2023, ITCG members discussed a dimensional modelling approach that would use three axes to model the MPM reconciliation (MPM axis, reconciling items axis, location in the statement(s) of financial performance axis). Feedback was that three axes might make it difficult for preparers to tag data and users to consume it.
- ITCG members suggested using primary financial statement concepts as line items (rather than an axis for the location in the statement(s) of financial performance). This would provide a structural link between items presented in primary financial statements and items disclosed in the notes (and reduce the number of axes used). Entities would also not need to create extension elements for the disclosure but could reuse extension elements created for the statement of profit or loss.
- The refined approach was discussed at the ITCG meeting in October 2023.

### Proposals in Proposed Update 1

- IASB proposes this approach in the draft IFRS Accounting Taxonomy 2024—Proposed Update 1.
- IASB is not proposing to create members under the axes because the MPMs and the reconciling items are likely to be entity-specific (that is, they are unlikely to be comparable with measures or reconciling items of other entities that use similar labels or descriptions).

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## Specified expenses by nature

### Discussions at ITCG meetings

- Discussed modelling approaches at ITCG meetings in December 2022 and October 2023.
- IASB considered, but rejected, modelling the requirement by using line-item elements in the statement of profit or loss as members because of the feedback received from ITCG members at the December 2022 meeting.
- At the October 2023 meeting, ITCG members discussed modelling the requirement by creating a dimensional table with:
  - one axis with member elements representing the specified expenses by nature (an exhaustive list of items); and
  - line-item elements from the operating category of the statement of profit or loss (that is, primary financial statement concepts would be used as line-item elements).

### Proposals in Proposed Update 1

- IASB proposes this approach in the draft IFRS Accounting Taxonomy 2024—Proposed Update 1.

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## Possible outreach activities during the consultation period

- The comment period for draft IFRS Accounting Taxonomy 2024—Proposed Update 1 will be 90 days.
- During the consultation period, we could, for example, test the proposals with fieldwork participants.
- If we decide to test the proposals with fieldwork participants, we will need to:
  - determine the scope of testing (that is, should participants test all proposals or only test proposals for key topics, such as MPMs); and
  - identify and select appropriate fieldwork participants.
- To further facilitate stakeholders’ understanding of the proposals we could also:
  - conduct a webinar in which we explain the proposals;
  - create a snapshot document\* of the proposals.
- We recommend conducting a webinar or creating a snapshot document at this stage in the project only if we think this would be helpful for stakeholders (keeping in mind, entities would be unlikely to be tagging information in digital financial statements using the proposed modelling before 2026).

\* For an example of a snapshot document please see: <https://cdn.ifrs.org/content/dam/ifrs/project/primary-financial-statements/exposure-draft/snapshot-ed-general-presentation-disclosures.pdf>.

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## Questions for ITCG members and requested action

### Questions relating to the draft IFRS Accounting Taxonomy 2024—Proposed Update 1

- Do you have any preliminary feedback for us on the draft IFRS Accounting Taxonomy 2024—Proposed Update 1? Specifically:
  - are the questions included in the draft IFRS Accounting Taxonomy 2024—Proposed Update 1 clear or do you need more information (see also Appendix);
  - do you have any other questions on the IASB’s proposals?
- Do you have any suggestions on how we could receive more feedback on the draft IFRS Accounting Taxonomy 2024—Proposed Update 1?

### Questions relating to possible outreach activities during the consultation period


- Do you think testing the proposals with fieldwork participants would be useful? If so, would you be able to support us in identifying possible fieldwork participants?
- What are your views on conducting a webinar or creating a snapshot document at this stage in the project?

### Requested action

- Please send us your comments on the draft IFRS Accounting Taxonomy 2024—Proposed Update 1 by **5:00 PM GMT on 6 February 2024**.

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## Appendix—Draft IFRS Accounting Taxonomy 2024—Proposed Update 1 (Questions Q1–Q9)



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## General question (Question 1)

### **Question 1—Element labels and documentation labels**

- (a) Do you agree that the proposed element labels faithfully represent the meaning of the proposed elements?  
If not, please specify what changes you suggest and why.
- (b) The IFRS Taxonomy Illustrated provides proposed documentation labels for the proposed elements. Do you agree that the proposed documentation labels correctly and clearly describe the accounting meaning of the proposed elements?  
If not, please specify what changes you suggest and why.

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## Questions related to the overall approach and methodology (Questions 2–3)

### **Question 2—Elements with a reference to IAS 1 (paragraphs 3–8)**

Do you agree with the IASB’s proposed approach to elements with a reference to IAS 1?  
If not, please specify what changes you suggest and why.

### **Question 3—Categorical elements (paragraphs 9–16)**

- (a) Do you agree with the IASB’s proposal:
- (i) to retain categorical elements included in the IFRS Accounting Taxonomy, changing only the references from IAS 1 to IFRS 18; and
  - (ii) to add categorical elements for the new requirements in IFRS 18?
- If not, please specify what changes you suggest and why.
- (b) Do you agree that the proposed categorical elements adequately reflect the requirements in IFRS 18?  
If not, please specify what changes you suggest and why.

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## Questions related to the key requirements in IFRS 18 (Question 4)

### **Question 4—Presenting subtotals and totals and classifying income and expenses into categories in the statement of profit or loss (paragraphs 18–50)**

- (a) Do you agree with the proposed approach of using line-item modelling instead of dimensional modelling? Specifically, do you agree with the proposed approach of:
- (i) adding line-item elements for items of income or expenses that a single entity could present in more than one category in the statement of profit or loss or that different entities could present in different categories in that statement; and
  - (ii) reflecting the category information in the element label for elements that all entities can only present in the same category of the statement of profit or loss?  
If not, please specify what changes you suggest and why.
- (b) Do you have any views on the use of category metadata as a mechanism to reflect category information?  
If yes, please specify why you would recommend using category metadata or, alternatively, why you would advise against using it.



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## Questions related to the key requirements in IFRS 18 (Question 5)

### **Question 5—Disclosing management-defined performance measures (paragraphs 51–76)**

- (a) Do you agree with the proposed modelling for management-defined performance measures, specifically:
- (i) using dimensional modelling instead of line-item modelling for the MPM reconciliation; and
  - (ii) using primary financial statement concepts as line-item elements for the attribution of reconciling items to line items presented in the statement(s) of financial performance?
- If not, please describe what alternative modelling you suggest and why.
- (b) Do you have any views on the use of line-item elements as members in dimensional modelling? If yes, please specify why you would recommend using line-item elements as members in dimensional modelling or, alternatively, why you would advise against using line-item elements as members.

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## Questions related to the key requirements in IFRS 18 (Questions 6–7)

### **Question 6—Disclosing specified expenses by nature (paragraphs 77–98)**

- (a) Do you agree with the proposed modelling for specified expenses by nature, specifically:
- (i) using dimensional modelling instead of line-item modelling;
  - (ii) using primary financial statement concepts as line-item elements for the attribution of line items to line items presented in the statement(s) of financial performance?
- If not, please describe what alternative modelling you suggest and why.
- (b) Do you agree with the IASB’s proposal to deprecate the existing common practice table?  
If not, please specify why.

### **Question 7—Implementation guidance**

Do you agree with the proposed implementation guidance for the key requirements in IFRS 18 (described in paragraphs 48–50, paragraphs 75–76, and paragraphs 97–98)?  
If not, please describe what alternative implementation guidance you suggest and why.

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## Questions related to further proposed changes to the IFRS Accounting Taxonomy (Questions 8–9)

### **Question 8—Presentation groups for the statement of comprehensive income (paragraphs 100–106)**

Do you agree with the IASB’s proposal:

- (a) to deprecate the existing presentation groups for the statement of comprehensive income; and
  - (b) to create a single presentation group for the statement of comprehensive income, profit or loss?
- If not, please specify why.

### **Question 9—Further proposed changes to the IFRS Accounting Taxonomy (paragraphs 107–131)**

Do you agree with the IASB’s other further proposed changes to the IFRS Accounting Taxonomy?  
If not, please specify why.

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