

February 2016

International Financial Reporting Standards

Update on the IFRS Taxonomy

February 2016

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Agenda

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- Public response of the IFRS Foundation to ESMA
 - overview
 - the IFRS Taxonomy and its objectives
 - common practice and entity-specific disclosures
- The annual IFRS Taxonomy 2016 and other areas that may be of interest

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Public response of the IFRS Foundation to ESMA

overview

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Introduction



Welcome to the website of the IFRS Foundation and the IASB

The IFRS Foundation comments on ESMA's Consultation Paper on the European Single Electronic Format (ESEF)

07 January 2016

The IFRS Foundation, which is responsible for the governance and oversight of the International Accounting Standards Board (IASB), welcomes ESMA's proposal to use the IFRS Taxonomy™ as issued by the IFRS Foundation for structured financial reporting under IFRS.

Related information

- [ESMA's consultation paper](#)
- [The public response by the IFRS Foundation](#)
- [The IFRS Taxonomy pages](#)

- makes reference to '*The IFRS Foundation Trustees' Review of Structure and Effectiveness: Issues for the review*'
- response to specific questions only: objectives of the ESEF, the use of the IFRS Taxonomy including extensions and XBRL

The Trustees' Review

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Relevance of IFRS (Strategic goal 1) –seeking views on:

The IFRS Taxonomy

- the IFRS Taxonomy strategy
- how to best support regulators in their efforts to improve digital access to IFRS financial information

The role of technology

- whether and, if so, how the IFRS Foundation should respond to, and exploit opportunities of, changes in technology (big data etc.)

The consultation closed on 30 November. Comments are currently being reviewed by the Trustees of the IFRS Foundation.

Response to ESMA: highlights

- the IFRS Foundation **supports** the introduction of **a single format for structured electronic reporting** in Europe
- the IFRS Foundation **remains committed** to supporting regulators in their use of the IFRS Taxonomy. This includes the representation of the IFRS Taxonomy in **the XBRL syntax**
- the IFRS Taxonomy **does not impose requirements or guidance** that may restrict entities in their application of the Standards
- the IFRS Foundation **stands ready to support ESMA** and to co-operate with other stakeholders

Response to ESMA: highlights (cont'd)

- in our view **the use of the IFRS Taxonomy** as issued by the IFRS Foundation **is essential to the successful achievement of the objectives** of the ESEF
- the IFRS Foundation supports ESMA's proposal to permit the use of IFRS Taxonomy common practice content, but **would prefer that ESMA does not prohibit the use of XBRL extensions** (or any other mechanism) to structure entity-specific disclosures

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Public response of the IFRS Foundation to ESMA objectives of the IFRS Taxonomy

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Improved accessibility

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IFRS Taxonomy

facilitates effective digital communication by making IFRS financial statements more accessible (easier to ingest, process and analyse)

ESEF 'Electronic reporting should facilitate accessibility to investors'

'If **multiple codes and systems** were to exist across the world to tag the same IFRS disclosure, preparers and users of digital reports would incur additional costs to tag and analyse the data which, in the IFRS Foundation's view, **is likely to significantly weaken the benefits** of structured electronic reporting'

Accurate digital representation

‘The IFRS Foundation holds the view that the Foundation itself should take responsibility for the development and maintenance of the IFRS Taxonomy **in order to protect the integrity of information reported as IFRS in any format.**’

The IFRS Taxonomy ...	for example ...
does not impose additional guidance	elements reflecting reporting practice have a specific reference attribute
does not restrict entities in their application of the IFRS Standards	extensibility of the IFRS Taxonomy
does not conflict with the IFRS Standards	the IFRS Taxonomy presentation linkbase is for navigation only

Potential to facilitate comparability ...

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Public response of the IFRS Foundation to ESMA

‘ ... the reporting medium of a set of financial statements does not by itself make information more or less comparable. Electronic reporting has the **potential to facilitate comparability**, because it can make it easier for a user to identify and analyse similarities and differences between entities and between periods over time. However, **the extent to how well this is achieved depends on how electronic reporting is implemented. ...**’

... to some extent depends on how electronic reporting is implemented

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screening, benchmarking and time series analysis

for example, how do gross margins compare across European retailers?

structured electronic reporting makes it easier to extract the data but investors are also likely to require ...

- the **complete set** of IFRS disclosure in an easy to access way
- seamless integration of structured data and its **reporting context**
- XBRL linkbases that capture **how an entity aggregates and classifies** information, which includes a reconciliation of key performance measures
- and more ...?

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Public response of the IFRS Foundation to ESMA

common practice and entity-specific disclosures

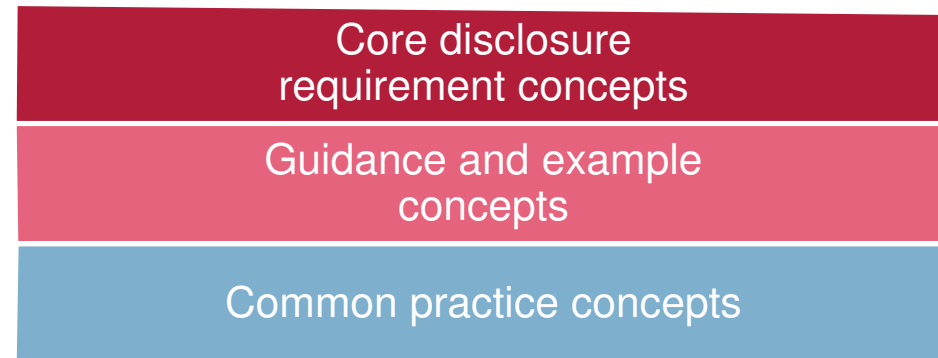
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The IFRS Taxonomy overview

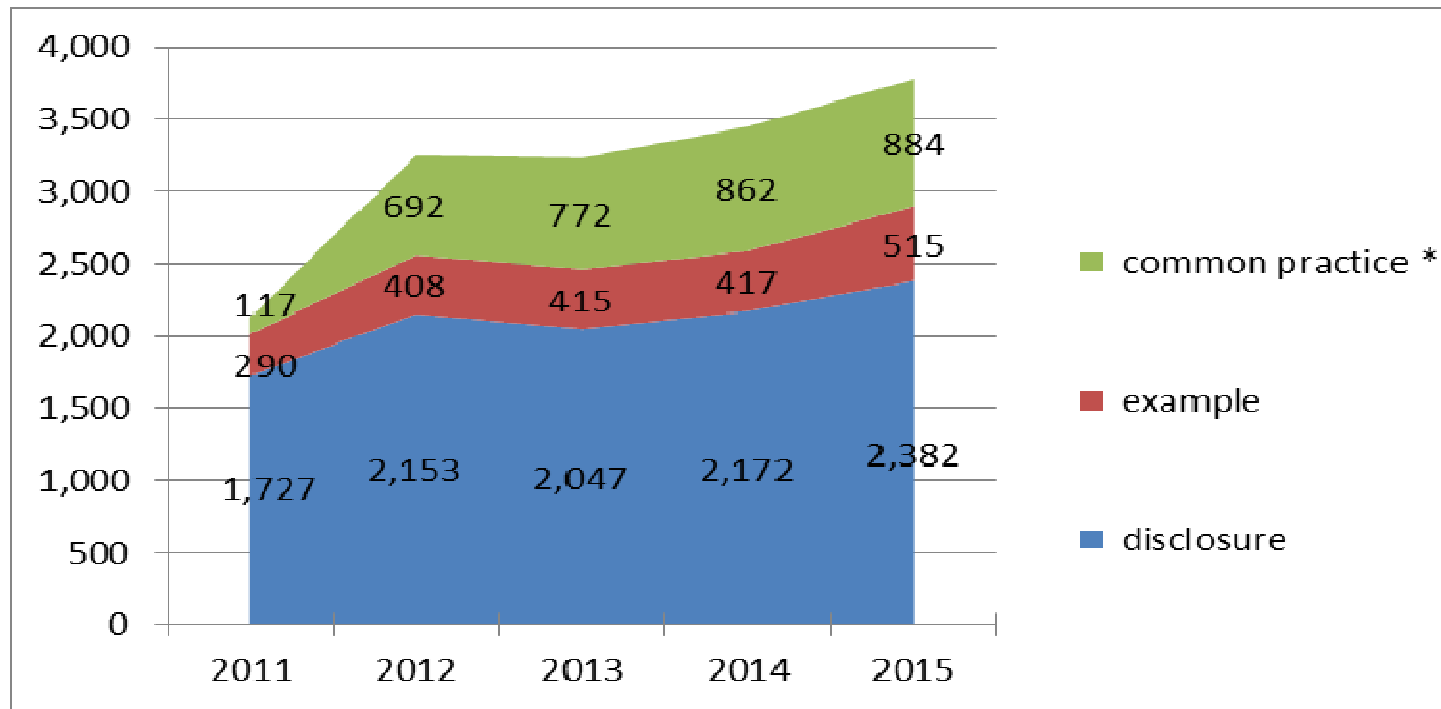
The image shows a stack of financial statements. Three callout boxes are overlaid on the documents, each pointing to a specific line item. The top box is red and labeled 'Revenue'. The middle box is pink and labeled 'Operating profit'. The bottom box is blue and labeled 'Sales and Marketing Expense'. The background documents are slightly blurred, showing various financial metrics and columns.



Common practice concepts reflect disclosures that entities commonly disclose in practice when applying the IFRS Standards ie they reflect IFRS reporting practice

The IFRS Taxonomy in numbers


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* - The IFRS Taxonomy team reviewed approximately 800 IFRS financial statements

Entity-specific disclosures

IFRS Standards – fair presentation: IFRS financial statements must include relevant information. Relevant information reflects an entity’s specific facts and circumstances, no matter what format is used to exchange the information.



IFRS Taxonomy – common practice is not an exhaustive list of elements that an entity may disclose.



What is the best way to handle entity-specific disclosures within a digital structured report? The IFRS Taxonomy team will be an active participant of the newly created XII Best Practices Board Taskforce.

Public response of the IFRS Foundation to ESMA

‘ ... The IFRS Foundation therefore would prefer that ESMA does not prohibit the use of XBRL extensions (or any other mechanisms) to structure entity-specific elements. If ESMA does choose to prohibit the use of XBRL extensions, it should include within the ESEF Regulatory Technical Standard the option to re-evaluate the issue at a later date ... ’

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IFRS Taxonomy 2016 and other areas of interest

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IFRS Taxonomy 2016

The **2016 annual version** of the IFRS Taxonomy is targeted to be released in **early April 2016**

IFRS Taxonomy updates	Description of change	Number of elements
Taxonomy Update 1	2015 Amendments to the <i>IFRS for SMEs</i>	89 new
Taxonomy Update 2	Common Practice (information technology, media, chemicals and utilities)	48
Taxonomy Update 3*	IFRS 16 Leases	98
Taxonomy Update 3*	reference changes relating to the deferral of the effective date of IFRS 15 <i>Revenue from Contracts with Customers</i>	NA

* Proposed, public consultation ends late March 2016



Upcoming IFRS Taxonomy changes

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Topic	IASB due process stage	Expected publication Date	Impact
Amendments to IAS 7 <i>Statement of Cash Flows</i> *	IFRS Standard	January 2016	limited
Insurance Contracts	IFRS Standard	after 6 months	significant
Annual Improvements 2014-2016	IFRS Standard	after 6 months	limited
Amendments to IFRS 8 <i>Operating Segments</i>	Exposure Draft	within 6 months	limited
Common and industry practice	Retail, Agriculture, Leisure	Proposed Update in Q2 2016	analysis in progress

* This will be published as IFRS Taxonomy Update 1 to the IFRS Taxonomy 2016

Proposed IFRS Taxonomy due process

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- Main proposals:
 - IFRS Taxonomy updates for new or amended IFRS to be approved by the IASB and to have status of accompanying material (same as Illustrative Examples)
 - IFRS Taxonomy created and consulted only for final Standards (not for Exposure Drafts)
 - IFRS Taxonomy updates for common practice to be reviewed by three to five members of the IASB
- Public consultation ends on 3 February 2016
 - <http://go.ifrs.org/TaxonomyDueProcessConsultation>

IFRS Filing profiles

- Survey of countries and regulators continues
 - Overall filing rules for IFRS statements
 - Specific survey on IFRS Taxonomy use
- First profiles published on the IFRS Foundation website in June – <http://go.ifrs.org/filingprofiles>
- A second batch of profiles was published Q4 2015

Trends so far – IFRS Taxonomy









- IFRS Taxonomy-based filing is split between mandatory and optional filing
- Most jurisdictions create extensions based on the IFRS Taxonomy, however there is some use without changes or additions
- Most jurisdictions do not require or allow preparers to include extension items
- The version of IFRS Taxonomy in use and frequency of update is quite varied

IFRS Taxonomy supporting materials

changes to improve user navigation of the versioned IFRS Taxonomy Illustrated

Taxonomy Visualisation

[Expand all] [Collapse all]  collapsible Extended Link Role (ELR)

 [510000] Statement of cash flows, direct method
 [520000] Statement of cash flows, indirect method
 [610000] Statement of changes in equity
 [710000] Statement of changes in net assets available for benefits
 [800100] Notes - Subclassifications of assets, liabilities and equities
 [800200] Notes - Analysis of income and expense
 [800300] Notes - Statement of cash flows, additional disclosures
 [800400] Notes - Statement of changes in equity, additional disclosures



distinct colours to highlight the ELRs with (orange) or without (blue) changes

Thank you

