IASB® meeting

Date	**October 2024**
Project	**IFRS® Accounting Taxonomy 2024—Proposed Update 1 *IFRS 18* Presentation and Disclosure in Financial Statements**
Topic	**Summary of comment letter feedback and fieldwork findings**
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Objective of this paper

1. In May 2024, the IASB published IFRS® Accounting Taxonomy 2024—Proposed Update 1 *IFRS 18* Presentation and Disclosure in Financial Statements (the 'PTU'), which sets out the proposed modelling for the new presentation and disclosure requirements in IFRS 18 *Presentation and Disclosure in Financial Statements*. The 103 day comment period closed on 3 September 2024.

2. This paper summarises the feedback received on the PTU from comment letter respondents and the fieldwork findings[1] from fieldwork conducted from June to September 2024. We are not asking the IASB to make decisions at this meeting. However, we ask IASB members to comment on any feedback or fieldwork findings that were unclear, that provide new information, or that need further research.

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[1] 'Fieldwork findings' refer to the evaluation of tagged examples submitted by preparer participants and feedback from the fieldwork questionnaire and debrief meetings (preparer and user participants).

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3.   Future papers will discuss:

   (a)   proposed changes to the proposals; and

   (b)   next steps in the publication of the IFRS Accounting Taxonomy Update.

Structure of this paper

4.   This paper is structured as follows:

   (a)   sources of feedback and methodology used (paragraphs 5–14);

   (b)   summary of comment letter feedback and fieldwork findings (paragraphs 15–34);

   (c)   comment letter feedback (paragraphs 35–49);

   (d)   fieldwork findings (paragraphs 50–87);

   (e)   question for the IASB;

   (f)   Appendix A—Background information on the fieldwork exercise; and

   (g)   Appendix B—Further fieldwork findings.

Sources of feedback and methodology used

5.   The following section describes the sources of feedback and the methodology used to quantify the feedback and fieldwork findings:

   (a)   comment letters (paragraphs 6–7);

   (b)   fieldwork (paragraphs 8–13); and

   (c)   methodology (paragraph 14).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 2 of 25

Comment letters

6. As of 10 October 2024, the IASB has received 14 comment letters.[2] Table 1 and Table 2 include an analysis of comment letter respondents by stakeholder type and region.

Table 1—Comment letter respondents by stakeholder type

Stakeholder type	Count
Individual	5
XBRL public interest organisation	3
Preparer	2
Accountancy body	2
Accounting firm	1
Standard-setter/regulator	1
Total	**14**

Table 2—Comment letter respondents by region

Region	Count
Europe	4
North America (excluding Mexico)	4
Africa	3
Asia-Oceania	2
South and Latin America (including Caribbean)	1
Total	**14**

7. The questions asked from stakeholders in the PTU are included in the slides 36–41 in AP25B of this meeting.

Fieldwork

8. This section describes:

    (a)   the objective of the fieldwork (paragraph 10);

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[2] All comment letters are available here.

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 3 of 25

(b)   the composition of fieldwork participants by stakeholder type and region (paragraph 11); and

(c)   what fieldwork participants were asked to do (paragraphs 12–13).

9.   Appendix A explains how participants were selected and the fieldwork steps. The fieldwork examples are included in the slides 42–50 in AP25B of this meeting.

Objective of the fieldwork

10.   The objective of the fieldwork was to help the IASB assess the likely effects of the proposals, specifically to identify:

(a)   any potential challenges in tagging financial statements using the proposed modelling and whether more guidance is needed;

(b)   whether information provided as a result of such tagging facilitates comparability and analysis of information; and

(c)   other practical effects of the proposals, such as implementation costs.

Composition of fieldwork participants by stakeholder type and region

11.   We undertook fieldwork with a total of 21 participants. Based on their professional background, participants either participated in the 'preparer testing round' (tagging examples using the proposed modelling) or 'user testing round' (analysing examples tagged using the proposed modelling). Table 3 and Table 4 include an analysis of the participants by stakeholder type and region.

Table 3—Fieldwork participants by stakeholder type

Stakeholder type	Testing round	Count
Preparers (including tagging agents)	Preparer testing round	12
Accounting firm	Preparer testing round	1
Software vendors	Preparer testing round	1
Users (including data aggregators)	User testing round	7
Total		**21**

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 4 of 25

Table 4—Fieldwork participants by region

Region	Count
Europe	11
Asia-Oceania	7
North America (excluding Mexico)	3
Total	**21**

What fieldwork participants were asked to do

12. Preparers were asked to tag, using the proposed IFRS Accounting Taxonomy, examples provided by us and users were asked to analyse tagged examples prepared by us (see paragraph 9 for the fieldwork examples). Preparers were given the choice to submit tagged examples either in inline XBRL (iXBRL) or in an Excel format and users were given the choice to analyse the examples in iXBRL or in an Excel format.[3]

13. All participants were also asked to complete a questionnaire covering questions related to the proposed IFRS Accounting Taxonomy, the tagging exercise (preparer testing round) and the tagged examples (user testing round).

Methodology

14. Table 5 describes the terms used in this paper to describe the extent to which feedback was provided by comment letter respondents and the extent of the fieldwork findings.

Table 5—Description of terms used

Term	Description
Almost all	All except a very small minority
Most	A large majority, with less than a few exceptions
Many	A large majority, with more than a few exceptions
Some	A small minority, with several exceptions
A few	A very small minority

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[3] Allowing this choice was necessary because not all participants had software available to submit or analyse iXBRL files.

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 5 of 25

Summary of comment letter feedback and fieldwork findings

15. The fieldwork identified only minor challenges for preparers for the proposals relating to the statement of profit or loss and the specified expenses by nature note—however, significant challenges were identified for the management-defined performance measure (MPM) note.

16. Furthermore, the fieldwork identified that the proposals relating to the statement of profit or loss generally provide users with useful information, but that structured data (category metadata) was more useful. The fieldwork also identified that users have differing views on the usefulness of individually tagged amounts in an MPM reconciliation and, to a lesser extent, the specified expenses by nature note and that some users were also concerned about the data quality of tagged MPM reconciliations, given the complexity of the tagging required.

17. Comment letter feedback was broadly supportive of the proposals in the PTU. Some respondents, however, were not supportive of the proposals for the MPM note and provided specific comments.

18. The remaining section summarises the feedback received from comment letter respondents and the fieldwork findings by topic, specifically:

    (a)   the statement of profit or loss (paragraphs 19–21);

    (b)   the MPM note (paragraphs 22–27);

    (c)   the specified expenses by nature note (paragraphs 28–31); and

    (d)   connecting amounts in the notes to line item(s) in the primary financial statements ('Fact-explanatoryFact' footnoteArc mechanism) (paragraphs 32–34).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 6 of 25

Statement of profit or loss

19.   Based on the fieldwork, reflecting the category of an item of income/expense in the element label is an approach that appears to be intuitive for preparers (when tagging a statement of profit or loss) and to provide users with useful information (when analysing such a statement) (paragraphs 52–55 and 57–59). Most comment letter respondents were also supportive of the proposals (a summary of the proposals and the questions asked from stakeholders in the PTU are included in AP25B of this meeting).

20.   Some user fieldwork participants, however, also said that having, in addition to element labels, category metadata available would be beneficial because it would allow users to computer-process data (while element labels could be used to understand individual elements better). In their view, category metadata is more useful for users and element labels are more useful for preparers (paragraph 60). However, most preparer and user fieldwork participants also said that their current software does not allow for the use of category metadata (paragraph 56 and paragraph 60).

21.   Some preparer fieldwork participants and a comment letter respondent from an XBRL public interest organisation also said that more 'category elements' (reflecting the category of an item in their label) should be added to the IFRS Accounting Taxonomy (paragraph 55 and paragraph 38):

   (a)   to reduce the risk of extensions being created because:

      (i)   extensions are difficult for users to analyse;

      (ii)   extensions might not be labelled in a way that conveys information on their category (for example, companies might not include the category in the label or the label might be in a non-English language); and

   (b)   to enable companies to use those elements to anchor to extension elements.

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 7 of 25

MPM note

22. Fieldwork participants had mixed views on the proposals relating to the modelling for the MPM note, while most comment letter respondents broadly agreed with the proposals without providing any further explanation of why they agreed (a summary of the proposals and the questions asked from stakeholders in the PTU are included in AP25B of this meeting).

23. Many preparer fieldwork participants said that tagging the MPM note was challenging for them, that the proposed modelling was not intuitive and that they had relied heavily on the guidance and illustrations provided in the PTU—and still we identified many mistakes when evaluating the tagged fieldwork examples (paragraphs 61–68).

24. Some preparer fieldwork participants stated that factors that had contributed to the tagging exercise being viewed as challenging are that their current software would not allow for such tagging or that the requirements in IFRS 18 were not fully understood yet (paragraph 63). Some also said they would have wanted to include calculations for validation purposes (paragraph 64).[4]

25. User fieldwork participants had mixed views on the proposals relating to the MPM note (paragraphs 69–73). Specifically, they had differing views on what data points were useful for their analysis, while some also had concerns around data quality (if companies were to tag information on MPMs applying the proposed modelling).

26. Some user fieldwork participants said the individual tags in the MPM note would provide them with useful information for their analysis while others said they would only analyse such a note as a whole because the information was entity-specific and is likely to change from period to period (paragraph 70). Some also said they were concerned that there would be no consistency in how preparers tag an MPM note

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[4] The proposed modelling is a dimensional approach that uses two axes (dimensions). Because the current XBRL specification does not allow for calculations across multiple dimensions, calculations within the table do not work. This issue is not specific to our proposal but would also be the case for other dimensional modelling approaches that use multiple axes (dimensions).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 8 of 25

(given the complexity of the proposed modelling) and that they expect many errors in practice (paragraph 72).

27.   Some comment letter respondents from XBRL public interest organisations, however, disagreed with the proposals, saying that the proposed modelling was too complex and that a member (in a dimension) should not be used to change/define the meaning of a line-item element (paragraphs 44–45). One of these respondents suggested alternative modelling approaches to the one proposed by the IASB (paragraph 46).

Specified expenses by nature note

28.   Based on the fieldwork, tagging the specified expenses by nature note was viewed to be fairly intuitive by preparers and users generally found the information provided useful—albeit having differing views on what data points were useful for their analysis (paragraphs 74–77 and 78–83). Most comment letter respondents were also supportive of the proposals (a summary of the proposals and the questions asked from stakeholders in the PTU are included in AP25B of this meeting).[5]

29.   When evaluating the tagged fieldwork examples we did, however, observe that some preparers had struggled with specific aspects of the proposals—such as double tagging operating subtotals of specified expenses by nature and totals of specified expenses by nature (paragraph 75).[6] Some preparers said they had not tagged these amounts correctly either because their software would not allow for double tagging or because the IFRS 18 requirement was not well understood (paragraph 76).

30.   Some user fieldwork participants said they had analysed the individual tags of a specified expenses by nature note, while others said they would only analyse the specified expenses by nature note as a whole (rather than the individual tags) (paragraph 79).

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[5] We did not receive many specific comments from comment letter respondents on this proposal (paragraphs 47–48).

[6] The need to double tag operating subtotals and totals of specified expenses by nature arose from the specificity of the fieldwork example.

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 9 of 25

31. Similar to preparer fieldwork participants, many user fieldwork participants were also confused about how (and why) operating subtotals and totals of specified expenses by nature were double tagged—and, more broadly, did not fully understand what information was being conveyed through these tags (paragraph 82).

Connecting amounts in the notes to line item(s) in the primary financial statements ('Fact-explanatoryFact' footnoteArc mechanism)

32. Fieldwork participants had mixed views on the proposals relating to the use of the 'Fact-explanatoryFact' footnoteArc mechanism (paragraphs 84–87), while most comment letter respondents broadly agreed with the proposals without providing any further explanation of why they agreed (paragraph 49) (a summary of the proposals and the questions asked from stakeholders in the PTU are included in AP25B of this meeting).[7]

33. Most fieldwork participants did not make use of this mechanism (either because their current software would not allow for its use or because the mechanisms' purpose was not well-understood).

34. Some preparer fieldwork participants were concerned that, if this mechanism were implemented in their jurisdiction, tagging all information in the notes using this mechanism would be time-consuming (paragraph 86). Some user fieldwork participants, however, were supportive of the mechanism (saying it would help them better understand relationships between items presented in the primary financial statements and items disclosed in the notes) (paragraph 87).

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[7] We did not receive any specific comments from comment letter respondents on this proposal (paragraph 49).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 10 of 25

Comment letter feedback

35.   This section describes the comment letter feedback regarding the modelling for:

   (a)   the statement of profit or loss (paragraphs 37–42);

   (b)   the MPM note (paragraphs 43–46);

   (c)   the specified expenses by nature note (paragraphs 47–48); and

   (d)   connecting amounts in the notes to line item(s) in the primary financial statements ('Fact-explanatoryFact' footnoteArc mechanism) (paragraph 49).

36.   The IASB also asked comment letter respondents questions on a few other topics, such as, whether they agreed with the proposed implementation guidance or whether they agreed with creating two taxonomy entry points during the period of transition to IFRS 18 (these questions asked from stakeholders in the PTU are included in the slides 37 and 41 in AP25B of this meeting). Most comment letter respondents agreed with these proposals. No respondent gave any further explanations on why they agreed with the proposals.

Statement of profit or loss

Line-item modelling approach

37.   Broadly, comment letter respondents were supportive of the proposals relating to the statement of profit or loss. However, some respondents from XBRL public interest organisations also provided a few specific suggestions on how the modelling could be improved.

38.   One respondent from an XBRL public interest organisation said that the proposal to not add corresponding category elements for all elements labelled 'total' might result

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 11 of 25

in companies creating many extensions.[8] This respondent suggested that more category elements should be added for companies:

(a)   to tag amounts in the statement of profit or loss;

(b)   to use as a narrow anchor for an extension line-item element; or

(c)   to use to tag disaggregated amounts in the notes of a line-item element in the statement of profit or loss.

39.   One respondent from an XBRL public interest organisation said that using element labels to convey the category of an item of income or expense is problematic for extension line-item elements because companies:

(a)   might not label extension line-item elements in a way that conveys its category; and

(b)   might label extension line-item elements in a non-English language.

Category metadata

40.   Most respondents also commented on the proposal relating to the use of category metadata for extension line-item elements, in additional to the proposed line-item modelling approach. Some respondents, mainly from XBRL public interest organisations and accountancy bodies, agreed with the proposal, while some, mainly individuals, disagreed (most of which did not make any specific comments on why they disagreed).

41.   One respondent from an accountancy body said that category metadata could be an effective way of enhancing the comparability of digital financial statements as it provides a solution for when the proposed line-item modelling approach alone is not sufficient (that is, for when extension elements are not labelled correctly).

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[8] Applying the proposals, elements labelled 'total' should not be used to tag the statement of profit or loss. Instead, companies could use these elements to tag total amounts of an item of income or expense in the notes to the financial statements (see October 2024 AP25B, slide 9, for the proposal).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 12 of 25

42.   One respondent from an XBRL public interest organisation said that a machine-readable property should be added to the Taxonomy. This would make the data more suitable for automated consumption and analysis and provide better quality data.

MPM note

43.   Respondents were broadly supportive of the proposals relating to the MPM note, however, most did not provide any further explanations on why they agreed. However, some respondents were also not supportive of the proposals and provided specific comments and suggestions on the modelling.

44.   Some respondents from XBRL public interest organisations said that a member in a dimension should not be used to change/define the meaning of a line-item element because this might lead to data that is difficult for users to interpret (as this is not how users usually consume dimensional data). For example, the MPM measure 'adjusted operating profit' would be tagged with the line-item element 'Management-defined performance measure' and the extension member 'Adjusted operating profit'. In this example, the extension member was being used to convey the meaning of the MPM measure 'adjusted operating profit' (rather than the MPM line-item element).

45.   One of these respondents further said that:

        (a)   the different approaches to tagging an IFRS measure (that is, using only the line-item element in the statement of profit or loss and using the line-item element with a member in the MPM note) was confusing;

        (b)   the multi-dimensional approach is complicated; and

        (c)   calculation relationships do not work (see footnote 4 of this paper on why calculation relationships do not work).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 13 of 25

46.   This respondent also suggested alternative modelling approaches. Table 6 illustrates the differences between the proposed modelling and one of the suggested alternative modelling approaches:

Table 6—Differences between proposed modelling and suggested alternative

Description	Proposed modelling	Suggested alternative
Axes (dimensions)	- MPM axis 'Reconciling items in reconciliation of management-defined performance measure' axis	- MPM axis 'Components of management-defined performance measure' axis
Members under two axes	No pre-defined members under both axes	Pre-defined MPM member under the components of MPM axis
Tagging of IFRS measure	Using a line-item element for IFRS measure with an extension member for MPM measure under MPM axis	Using a line-item element for IFRS measure
Tagging of total of each reconciling item	Using an MPM line-item element with: - an extension member for MPM measure under MPM axis; and - an extension member for reconciling item under reconciling items axis.	Using a line-item element for IFRS measure with: - an extension member for MPM measure under MPM axis; and - an extension member for reconciling item under components of MPM axis.
Tagging of MPM measure	Using an MPM line-item element with an extension member for MPM measure under MPM axis	Using a line-item element for IFRS measure with: - a MPM member under components of MPM axis; and - an extension member for MPM measure under MPM axis.

Specified expenses by nature note

47.   Most respondents were broadly supportive of the proposals relating to the specified expenses by nature note.

48.   One respondent from an XBRL public interest organisation provided specific suggestions on how to improve the proposed modelling, specifically by including a mechanism to connect the expense by nature line-item to the related expense by nature member. They also suggested implementing supporting rules that ensure that expenses by nature cannot be used with members that appear on the expenses by nature axis.

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 14 of 25

Connecting amounts in the notes to line item(s) in the primary financial statements ('Fact-explanatoryFact' footnoteArc mechanism)

49.   Most respondents broadly agreed with the IASB's suggestion to use the 'Fact-explanatoryFact' footnoteArc mechanism to connect amounts in the notes to line item(s) in the primary financial statements—however, no respondent made any specific comments.

Fieldwork findings

50.   This section describes the fieldwork findings regarding the modelling for:

(a)   the statement of profit or loss (paragraphs 52–60);

(b)   the MPM note (paragraphs 61–73);

(c)   the specified expenses by nature note (paragraphs 74–83); and

(d)   connecting amounts in the notes to line item(s) in the primary financial statements ('Fact-explanatoryFact' footnoteArc mechanism) (paragraphs 84–87).

51.   Appendix B includes a list of further fieldwork findings, not separately discussed in this paper.

Statement of profit or loss

Preparer testing round

52.   Preparers generally found the proposals relating to the statement of profit or loss intuitive to apply. Some of these preparers said that because a line-item modelling approach is currently used to tag other primary financial statements, applying the proposed modelling would not require much adjustment for them.

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 15 of 25

53. When evaluating the tagged examples, we observed that most preparers had correctly used category elements to tag the statement(s) of profit or loss (rather than 'total' elements). Some of those preparers said that the proposed guidance labels for elements labelled 'total' ('*Do not use this element for the statement of profit or loss.*') were helpful in understanding that these elements were not supposed to be used to tag a statement of profit or loss. However, some preparers also said that it had not been clear to them that elements labelled 'total' were not supposed to be used because they did not frequently use guidance labels and that guidance labels were not prominently visible in their software.[9]

54. Our evaluation of the tagged examples showed that most preparers had also correctly labelled extension line-item elements to reflect the category of the extension element, however some did not.

55. Some preparers, however, also said that the proposed approach might lead to companies having to create more extension line-item elements to tag the statement of profit or loss (as elements labelled 'total' could no longer be used to tag a statement of profit or loss should the IASB decide to proceed with the proposed approach). They made the following suggestions:

    (a) to create a category element for 'Depreciation, amortisation and impairment loss (reversal of impairment loss) recognised in profit or loss' in operating;

    (b) to create category elements for specific line items in the fieldwork examples (for example, 'Interest expenses on borrowings and lease liabilities'); and

    (c) to create additional category elements for the financing category.

56. Almost all preparers had not used category metadata to tag the statement(s) of profit or loss (in addition to tagging using category elements). Most preparers said they had not been able to use this mechanism with their current software, some of which also

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[9] Specifically, a few preparers said that they generally only used guidance labels if the concept of an element was not clear to them (that is, if its accounting meaning was not clear).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 16 of 25

said it was also not clear to them how the mechanism should be used. A few preparers questioned whether tagging a statement of profit or loss using this mechanism was needed (as category elements would already include the category in their label).

User testing round

57. Users generally found that the proposals relating to the statement of profit or loss provided them with useful information but had differing views on whether element labels (reflecting the category of an item) or category metadata was more useful for their analysis.

58. Many users said that element labels (category elements) were useful in understanding the structure of the statement of profit or loss as well as the category of individual items of income or expense. Some of these users also said that element labels were helpful for users who want to compare items across companies (because it would be clear from the element label that the items are included in the same category).

59. Many users said that the calculation relationships included in the tagged statement(s) of profit or loss were useful to understand the structure of those statements and to validate the tagged data.

60. However, some users said that having category metadata for all elements included in a statement of profit or loss, rather than just for extension elements, would make it easier for them to computer-process such data (whereas this would not be the case using only element labels). Those users also said that, in their view, category metadata is more beneficial for users (to computer-process data) and element labels are more beneficial for preparers (to find appropriate tags). Many users, however, were not able to use category metadata with their current software (albeit some of those users saying that they thought software is likely to adapt to include this mechanism in the future).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 17 of 25

MPM note

Preparer testing round

61. Preparers generally found the proposals relating to the MPM note challenging to apply, stating that the proposed modelling was not intuitive to them. Many preparers said that tagging the MPM note was challenging because it required tagging using two axes (and creating extension members). Many preparers also said that they had relied heavily on the guidance and illustrations provided in the PTU when tagging the MPM note.

62. Our evaluation of the tagged examples identified many mistakes in how preparers had tagged the MPM reconciliation. Common mistakes we identified were:

    (a) not using the line-item element from the statement of profit or loss (some);

    (b) not using the correct axes and members (specifically for the IFRS and MPM measure) (some);

    (c) not using the MPM line-item element (many);

    (d) not using the correct signage (almost all); and

    (e) not double tagging common reconciling items (almost all).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 18 of 25

63. Some preparers said that factors had contributed to the tagging exercise being viewed as challenging were that their current software did not allow for the use of two axes or that they had not fully understood the requirements in IFRS 18 yet (paragraph 62(a)–(b)).

64. Some preparers also said they would have wanted to create calculation relationships within the MPM reconciliation for validation purposes.

65. A few participants said that tagging the income tax effect (or effect on non-controlling interests) of a reconciling item in the same way, regardless of whether it is part of the reconciliation, was confusing.

66. Many preparers said it was confusing to them that not all amounts within the row representing the MPM reconciliation (IFRS measure to MPM) were tagged using the same line-item element—that is, the IFRS measure is tagged with a line-item element from the statement of profit or loss (for example, 'Operating profit (loss), operating') whereas the totals of the reconciling items and the MPM measure are tagged with the MPM line-item element (paragraph 62(c)).

67. Almost all preparers said they had not taken into consideration the signage when tagging amounts in the MPM reconciliation (paragraph 62(d)). Some said they were used to having validation checks in place in their software, alerting them to the fact that a sign was being used incorrectly (which had not been the case when tagging the fieldwork examples).

68. Almost all preparers also said they had not fully understood that common reconciling items (that is, reconciling items that were reconciling items for more than one MPM) had needed to be double tagged (paragraph 62(e)).[10]

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[10] This topic is specific to the fieldwork example, in which two MPMs were reconciled to IFRS measures in a single table. Hence, double tagging would not be an issue for companies that disclose separate tables for each MPM.

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 19 of 25

User testing round

69.   Users had mixed views on the proposals relating to the MPM note. Specifically, users had differing views on what data points were useful for their analysis, while some also had concerns around data quality (if companies were to tag information on MPMs applying the proposed modelling).

70.   Some users said they had analysed the individual tags, while others said they would only analyse the MPM reconciliation as a whole because the information was too entity-specific and is likely to change from period to period, specifically:

   (a)   a company's reconciling items might change from period to period—making any automatic analysis of such data difficult; and

   (b)   extension members (for example, for MPMs) do not allow for automated comparisons (for example, an MPM of two different companies might be calculated the same but labelled differently or vice versa).

71.   Users that had analysed the individual tags said that useful data points for their analysis included:

   (a)   IFRS measure and MPM measure (many);

   (b)   totals of each reconciling item (some); and

   (c)   link provided between reconciling items and line-item elements in the statement of profit or loss (a few).

72.   Some users also said they had concerns that there would be no consistency in how preparers tag MPM reconciliations (given the complex tagging required) and that they expect MPM reconciliations to often be tagged incorrectly in practice (which would hinder them from analysing the individual tags of an MPM reconciliation).

73.   A few users had encountered software issues when trying to analyse the tagged MPM reconciliation (for example, one user had not been able to use the extension member elements with their software).

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 20 of 25

Specified expenses by nature note

Preparer testing round

74. Preparers generally found the proposals relating to the specified expenses by nature note fairly intuitive to apply.

75. When evaluating the tagged examples, we observed that many preparers had correctly tagged the specified expenses by nature note. We did, however, also observe that some preparers struggled with specific aspects of the proposals, specifically, those preparers did not correctly tag:

    (a)   the operating subtotals of the specified expenses by nature (required to be tagged in the dimensional structure using a member); and

    (b)   the totals of specified expenses by nature (required to be tagged using only line-item elements representing total amounts of specified expenses by nature).

76. Preparers who had not tagged the operating subtotals and totals of specified expenses by nature correctly said they had not tagged these amounts correctly because:

    (a)   their software would not allow for double tagging of the same amount;[11] or

    (b)   the requirements in IFRS 18 were not well understood.

77. Preparers also said they had not been able to create calculation relationships for the specified expenses by nature note (and that such calculations were important for preparers to validate the data) [Note: Preparers were not able to create calculation relationships because the calculation in the statement of profit or loss did not align with the calculation in the specified expenses by nature note—leading to preparers encountering calculation inconsistencies. We had not included any calculation relationship for the specified expenses by nature note in the Taxonomy].

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[11] Our fieldwork example was specific in that the operating subtotal of a specified expense by nature (for example, the amount of depreciation in the operating category) was the same as the total amount of that specified expense by nature. This required double tagging of the same amount, which would have not been the case had the amounts been different.

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 21 of 25

User testing round

78.   Users generally found that the proposals relating to the specified expenses by nature note provided them with useful information but had differing views on what data points were useful for their analysis.

79.   Some users said they had analysed the individual tags of a specified expenses by nature note. However, some users also said they would only analyse the specified expenses by nature note as a whole (rather than the individual tags).

80.   Users that had analysed the individual tags said that useful data points for their analysis included:

  (a)   totals of specified expenses by nature (some); and

  (b)   amounts of specified expenses by nature included in individual line items in the statement of profit or loss (some).

81.   Some users said they would use totals of specified expenses by nature to compare between companies and use the calculation relationships and the amounts of specified expenses by nature included in individual line items in the statement of profit or loss for validation purposes.

82.   Many users did not fully understand why operating subtotals and totals of specified expenses by nature were double tagged in the example—once in the dimensional structure and once using only line-item elements. Specifically, they did not fully understand what information was being conveyed through these tags [for example, what information is being conveyed if an amount is tagged with the line-item element 'Operating profit (loss), operating' and the Depreciation [member]?].

83.   Users were not concerned about there being no structural link between totals of specified expenses by nature (disclosed in the specified expenses by nature note) and similar information disclosed elsewhere in the notes [for example, applying the proposals, total depreciation disclosed in the specified expenses by nature note is not

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 22 of 25

linked to total depreciation disclosed elsewhere in the notes]. Users that had commented on this point said that the location of an item did not matter to them as long as it was clear what information was being conveyed by the tag.

Connecting amounts in the notes to line item(s) in the primary financial statements ('Fact-explanatoryFact' footnoteArc mechanism)

84. Preparers and users had mixed views on the proposal to 'connect' amounts in the notes to line-item elements in the primary financial statements using the 'Fact-explanatoryFact' footnoteArc mechanism.

85. Most fieldwork participants did not make use of this mechanism—either because their current software would not allow for its use or because the mechanisms' purpose was not well-understood.

86. Some preparers were concerned that, if implemented in their jurisdiction, tagging all information in the notes using this mechanism would be time-consuming.

87. Some users, however, were supportive of preparers using this mechanism to connect information in the notes with information in the primary financial statements. Those users said the mechanism would help them better understand how items disclosed in the notes relate to items presented in the primary financial statements (that is, better understand 'parent-child relationships').

Question for the IASB

Question for the IASB
Do you have any comments on the feedback received from comment letter respondents or the fieldwork findings?

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 23 of 25

Appendix A—Background information on the fieldwork exercise

How fieldwork participants were selected

A1.   We identified fieldwork participants by:

(a)   posting a 'Request for fieldwork participation' on our public website;

(b)   posting a video clip about the fieldwork on the IFRS Foundation's LinkedIn profile;

(c)   inviting members and observers of the IFRS Taxonomy Consultative Group (ITCG) to assist in identifying possible fieldwork participants; and

(d)   directly targeting possible fieldwork participants via LinkedIn (if their professional background suggested that they could be suitable participants for the fieldwork).

Fieldwork steps

A2.   The fieldwork steps were as follows:

Step	Date	Activity
1	June 2024	Recruiting fieldwork participants
2	July 2024	Circulation of fieldwork instructions, questionnaire and examples to tag (preparer testing round)
3	July 2024	Kick-off meetings with preparers
4	August 2024	Circulation of fieldwork instructions, questionnaire and tagged examples (user testing round)
5	August 2024	Kick-off meetings with users
6	August 2024	Debrief meetings with preparers
7	August 2024	Receipt of preparer fieldwork deliverables (tagged examples and questionnaire)
8	September 2024	Receipt of user fieldwork deliverables (questionnaire)
9	September 2024	Debrief meetings with users

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 24 of 25

Appendix B—Further fieldwork findings

B1.   This appendix includes a list of further comments and questions raised by fieldwork participants on the statement of profit or loss.

Topic	Comment/question	Testing round
Location of elements in presentation groups	Should 'net' or 'gross' elements be used to tag the P&L? For example, the element 'Other operating income (expense)' is included in the presentation group [330000] *Statement presenting comprehensive income, profit or loss* and 'Other operating income' and 'Other operating expense' are included in the presentation group [800200] *Notes - Analysis of income and expense*.	Preparer testing round
Location of elements in presentation groups	Could income/expense elements that are currently only included in presentation groups based on IFRS Accounting Standards be included in the presentation groups [330000] *Statement presenting comprehensive income, profit or loss* or [800200] *Notes – Analysis of income and expense* (as this would make it easier for preparers to find those elements)? For example, the element 'Interest expense on lease liabilities, financing' is only included in the presentation group [832610] *Notes – Leases*.	Preparer testing round
Tagging of subtotals	How should the subtotal 'profit or loss before financing and income taxes' be tagged if a company does not have any line items (of income or expense) in the investing category of the statement of profit or loss?	Preparer testing round
Structure of presentation groups (abstracts)	Why are subtotals and totals included in the abstracts 'operating', 'investing', 'financing' in the presentation group [330000] *Statement presenting comprehensive income, profit or loss*?	Preparer testing round
Anchoring extensions	Can extension elements be anchored to 'total' elements?	Preparer testing round

IFRS® Accounting Taxonomy 2024—Proposed Update 1 IFRS 18
Presentation and Disclosure in Financial Statements | Summary of
comment letter feedback and fieldwork findings

Page 25 of 25