

---

## IFRS Taxonomy Consultative Group (ITCG) meeting

<b>Date</b>	1 October 2024
<b>Project</b>	IFRS Accounting Taxonomy
<b>Topic</b>	IFRS Accounting Taxonomy Update—IFRS 18
<b>Contacts</b>	Juliane-Rebecca Upmeier ( <a href="mailto:jrupmeier@ifrs.org">jrupmeier@ifrs.org</a> ) Vivek Baid ( <a href="mailto:vbaid@ifrs.org">vbaid@ifrs.org</a> )

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), the International Sustainability Standards Board (ISSB), or any individual IASB or ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards or IFRS Sustainability Disclosure Standards.

## Purpose of this meeting

- To share preliminary fieldwork findings and feedback received from comment letters
- To discuss possible changes to some of our taxonomy proposals based on those preliminary findings and feedback from comment letters

Taxonomy proposals on	Summary of possible changes	Slides
Management-defined performance measures (MPMs)	<ul style="list-style-type: none"> <li>• Minor changes to modelling</li> <li>• Alternative modelling suggestion</li> </ul>	6–24
Specified expenses by nature	<ul style="list-style-type: none"> <li>• No changes to modelling</li> <li>• Re-arranging of some elements</li> </ul>	25–32
Subtotals and categories in the statement of profit or loss	<ul style="list-style-type: none"> <li>• No changes to modelling</li> <li>• Addition of some more category elements</li> </ul>	33–39
Use of fact-explanatory mechanism	<ul style="list-style-type: none"> <li>• No changes to modelling</li> </ul>	40–43

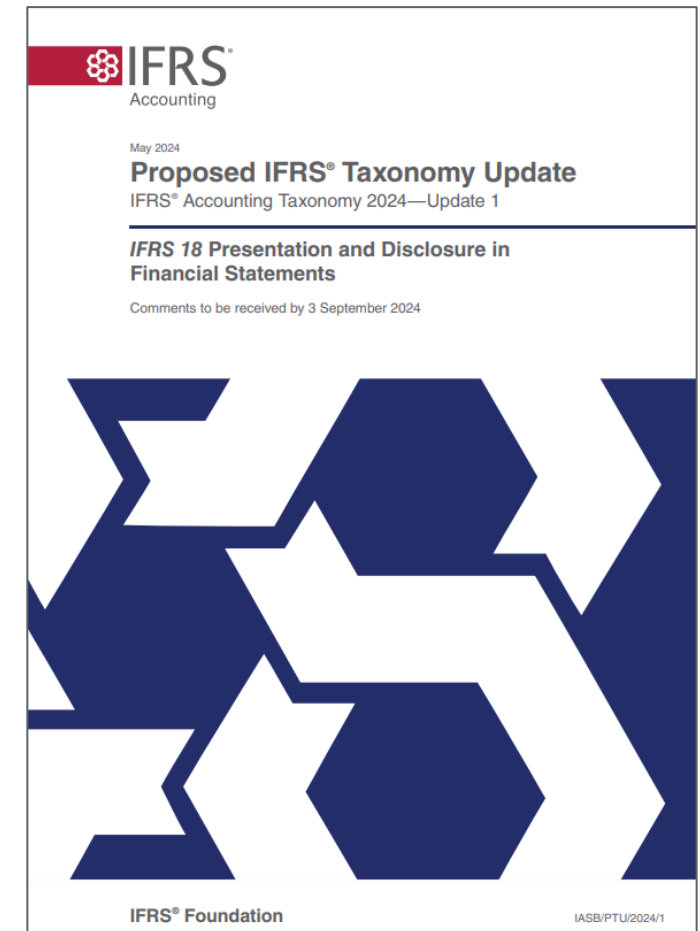
---

## Project update



## Project update

- **May** – Proposed Taxonomy Update document (PTU IFRS 18) was published
- **July to September** – Fieldwork exercise
  - Tested proposals with preparers / tagging agents and users of digital data (**22 fieldwork participants**)
  - Preparers/tagging agents were provided with specific examples to tag using our proposed modelling
  - Users were provided with tagged examples to evaluate whether tagged examples facilitates their analysis of information
  - Participants were also asked to complete a questionnaire
- **Early September** – Comment letter period ends
  - Received a total of **14 comment letters**




## Summary of high-level feedback

Specific topics	Fieldwork participants (Preparers)	Fieldwork participants (Users)	Comment letter respondents
Management-defined performance measures	Generally found tagging <b>challenging</b>	Generally found proposals lead to provision of useful data, <b>with specific comments</b>	Generally well-received, <b>with specific comments</b>
Specified expenses by nature	Generally found tagging intuitive, <b>some minor difficulties</b>	Generally found proposals lead to provision of useful data, <b>with specific comments</b>	Generally well-received, <b>with specific comments</b>
Subtotals and categories in the statement of profit or loss	Generally found tagging intuitive, <b>some minor difficulties</b>	Generally found proposals lead to provision of useful data, <b>with specific comments</b>	Generally well-received, <b>with specific comments</b>

---

## Management-defined performance measures (MPMs)



## Management-defined performance measures (MPMs)

### IFRS 18 introduces:

- Requirements to disclose information relating to MPMs in a single note:
  - **reconciliation** of MPM to IFRS-defined subtotal or total
  - **link reconciling items** to line items in the statement of profit or loss
  - **income tax effect and effect on non-controlling interest** for each reconciling item for each MPM
  - **explanation** of **why** MPM is reported, **how** MPM is calculated, and any **changes** to MPM

	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of PP&E	MPM
Other operating income		-	-	(1,800)	
Research and development expenses		1,600	-	-	
General and administrative expenses		-	3,800	-	
Goodwill impairment loss		4,500	-	-	
<b>Operating profit / Adjusted operating profit</b>	<b>57,000</b>	6,100	3,800	(1,800)	<b>65,100</b>
Income tax expense		-	(589)	297	
<b>Profit from continuing operations / Adjusted profit from continuing operations</b>	<b>32,100</b>	6,100	3,211	(1,503)	<b>39,908</b>
Profit attributable to non-controlling interests		305	161	-	

---

## High level summary of preliminary findings

### Proposed dimensional modelling

Proposed dimensional modelling with two axes was **confusing and not intuitive** for preparers.

Users found the proposed modelling useful in understanding MPMs, related adjustments and linkage to P&L line items.

### Calculation

**Issues around creating calculations** in this note. Calculation among line items had issues because of proposed modelling and calculation across dimensions had issues because of limitation of XBRL specifications.

Users want to have calculations to perform validation checks.



# Management-defined performance measures (MPMs)

\* FE means fieldwork exercise  
\* CL means comment letters

## High level summary of issues (see Appendix A for detailed fieldwork findings/comment letter feedback)

Description of issues	Feedback	Our assessments	Slides
Limitation of software (dimensional tagging and double tagging)	FE	These factors are expected to resolve themselves with time and market development	N/A
Lack of experience with IFRS 18 (newly issued) and detailed tagging of notes	FE		
Complexity of example used for fieldwork	FE		
Limitations and complexity of modelling (use of two dimensions)	FE / CL		
Ambiguity around signage for reconciling adjustments	FE / CL		
Creating calculation relationship within line items was difficult because of proposed modelling	FE / CL	The IASB could consider <b>tweaking proposals</b> to resolve ( <b>possible changes</b> )	Slides 10–18
Confusion on income tax and non-controlling interest effect in the MPM reconciliation (that do not form part of the MPM reconciliation)	FE / CL		
Limitations of calculation specification for aggregation across dimensions (calculation from IFRS measure to MPM)	CL	Outside our scope because of limitations in XBRL specifications	N/A
Confusion on how to use the 'MPM' line-item element	FE / CL	CL suggested an <b>alternative modelling suggestion</b>	Slides 19–23
Confusion on why IFRS measure (e.g., 'Operating profit') is tagged with a member	FE / CL		

---

## Suggested changes to proposed modelling



---

## Management-defined performance measures (MPMs)

### Possible change—Creating new elements for income tax and NCI effect

- IFRS 18 requires companies to disclose the income tax effect and effect on NCI for each reconciling item in an MPM reconciliation
- However, depending on the MPM, the income tax effect (or effect on NCI) might also form part of the MPM reconciliation itself
- For example, the income tax effect does not form part of the reconciliation of ‘operating profit’ to ‘adjusted operating profit’ but forms part of the reconciliation of ‘profit from continuing operations’ to ‘adjusted profit from continuing operations’ (see also slide 7)
- Our current proposed modelling does not consider cases where the income tax effect and effect on NCI does not form part of the reconciliation, which leads to confusion (e.g., ‘Income taxes expense (income), income taxes’ was tagged with an extension member ‘Adjusted operating profit’ but it does NOT form part of the reconciliation)
- We therefore suggest creating new line-item elements for cases when the income tax effect and effect on NCI does not form part of the reconciliation (slide 12)
- This would also enable preparers to include vertical calculations

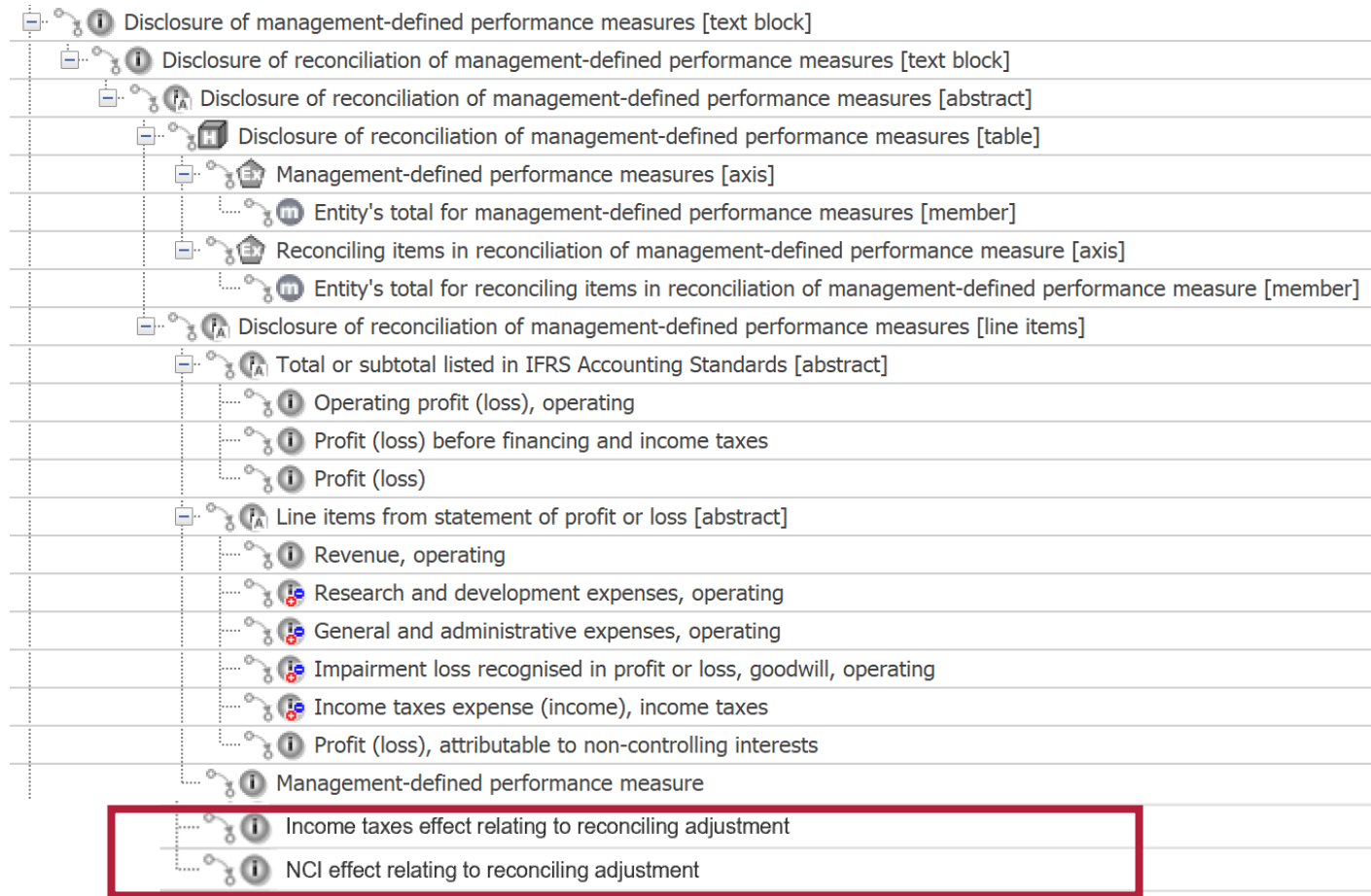
## Management-defined performance measures (MPMs)

Possible change—Creating new elements for income tax and NCI effect

Does income tax effect or effect on NCI form part of MPM reconciliation?	Suggested tagging
Yes	Tag with <b>existing line-item elements</b> from the statement of profit or loss
No	Tag with <b>new line-item elements</b> : <ul style="list-style-type: none"> <li>• ‘Income tax effect relating to reconciling adjustment’</li> <li>• ‘Effect on non-controlling interest relating to reconciling adjustment’</li> </ul>

# Management-defined performance measures (MPMs)

## Illustration of new elements...



Creating separate elements for income tax and NCI effect of reconciling adjustments

---

# Management-defined performance measures (MPMs)

## Calculations in the MPM reconciliation...

### Horizontal calculations (IFRS to MPM):

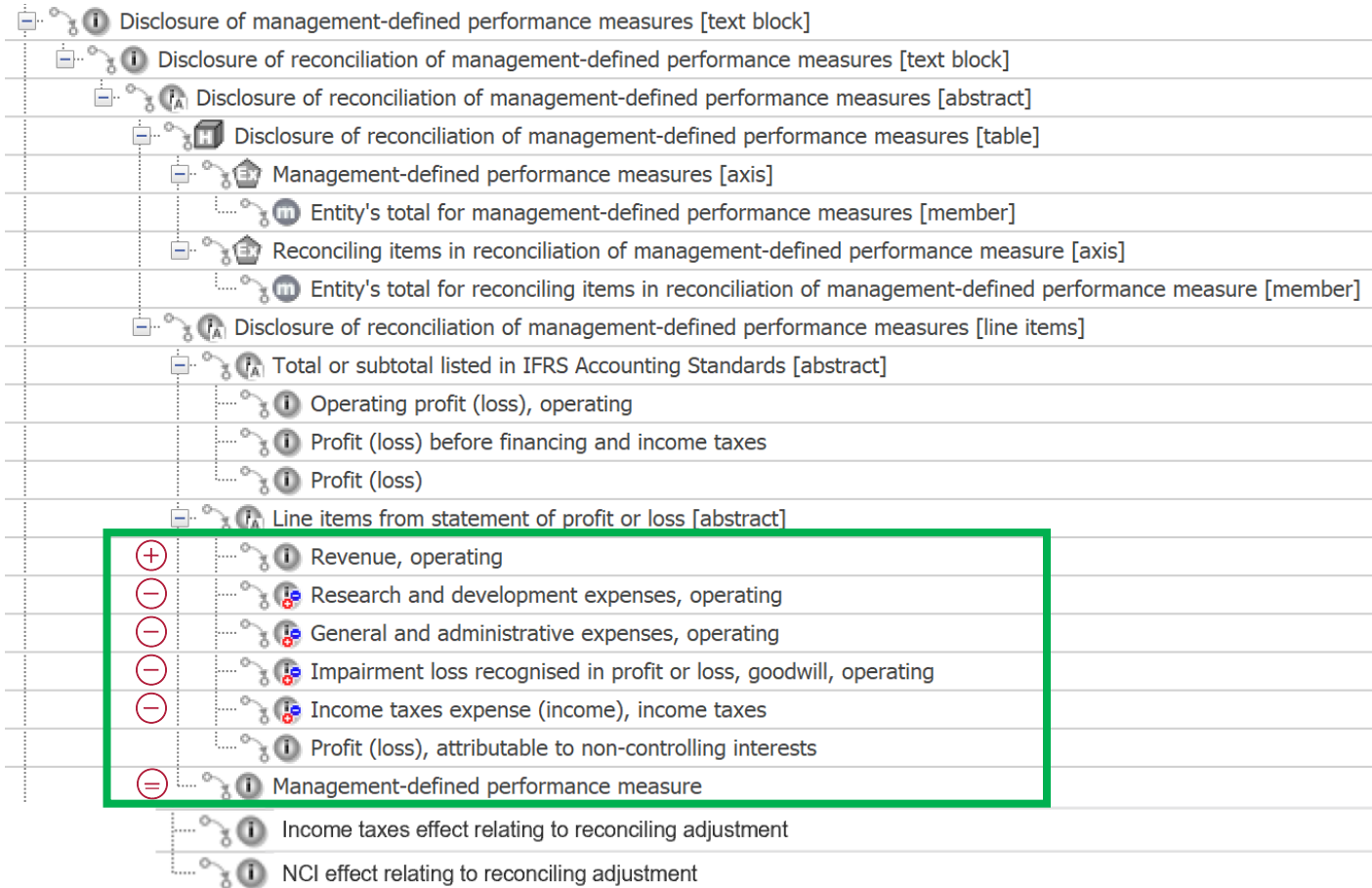
- Horizontal calculations do not work in our proposed modelling
- Enabling horizontal calculations to work would mean fundamentally changing the modelling (currently no viable alternative modelling)

### Vertical calculations (sum of reconciling items):

- Vertical calculations did not work in our proposed modelling
- If we decide to make changes to the modelling for the income tax effect and effect on non-controlling interests prepares could include vertical calculations (slides 15, 17–18)
- Users might find such calculations useful when validating data, however, there are risks associated with including vertical calculations (slide 16)

# Management-defined performance measures (MPMs)

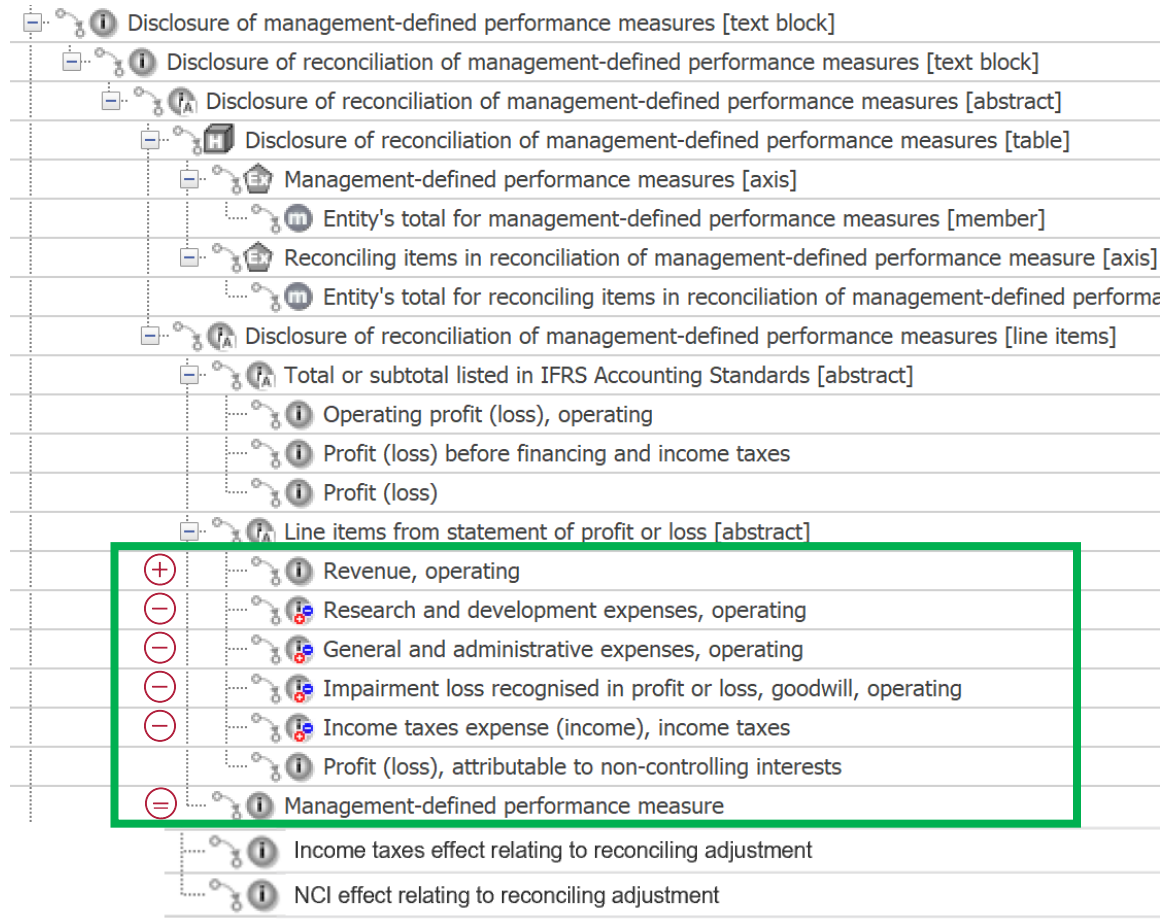
## Illustration of possible vertical calculations...



Preparers could include vertical calculations in their dimensional table

# Management-defined performance measures (MPMs)

## Risks associated with including vertical calculations...



- Line-item elements in this calculation will generally not add up to the MPM measure. For example, the P&L line-item element 'research and development expenses' will typically include more than just the reconciling item 'impairment losses'
- Vertical calculations (i.e., representing the total of a reconciling item) will work in the XBRL specification because preparers will be tagging each amount with a member element
- However, the calculation in the Taxonomy will generally not work from an accounting (IFRS 18) perspective (i.e., MPM is not the sum of the line-item elements on a standalone basis) which might confuse preparers/users
- Calculations typically align with the requirements in IFRS Accounting Standards. Therefore, this would be a change to how we create calculations
- Hence, decided **not** to include vertical calculations because it will be difficult for preparers and users to understand



# Management-defined performance measures (MPMs)

## Possible change—Creating new elements for income tax and NCI effect

MPM [axis]	Adjusted operating profit [M]				
Reconciling item [axis]		Impairment loss [M]	Restructuring expenses [M]	Gains on disposal of PPE [M]	
Other operating income, operating		-	-	(1,800)	
R&D expenses, operating		1,600	-	-	
General and administrative expenses, operating		-	3,800	-	
Impairment loss recognised in profit or loss, goodwill, operating		4,500	-	-	
Operating profit (loss), operating	57,000				
MPM		6,100	3,800	(1,800)	65,100
Income tax effect relating to reconciling adjustment		-	(589)	297	
Effect on NCI relating to reconciling adjustment		305	161	-	

Preparers could include vertical calculations

This calculation across dimensions is not possible. We could try to include a formula here

Income tax effect and NCI effect do NOT form part of MPM reconciliation

# Management-defined performance measures (MPMs)

## Possible change—Creating new elements for income tax and NCI effect

MPM [axis]	Adjusted profit from continuing operations [M]				
Reconciling item [axis]		Impairment loss [M]	Restructuring expenses [M]	Gains on disposal of PPE [M]	
Other operating income, operating		-	-	(1,800)	
R&D expenses, operating		1,600	-	-	
General and administrative expenses, operating		-	3,800	-	
Impairment loss recognised in profit or loss, goodwill, operating		4,500	-	-	
<b>Income taxes expense (income), income taxes</b>		-	(589)	297	
Profit from continuing operations	32,100				
MPM		6,100	3,211	(1,503)	39,908
<b>Effect on NCI relating to reconciling adjustment</b>		305	161	-	

Preparers could include vertical calculations

Income tax effect forms part of MPM reconciliation

Effect on NCI does not form part of MPM reconciliation

---

## Alternative modelling suggestion



---

## Management-defined performance measures (MPMs)

### Alternative modelling suggestion for MPM reconciliation

- One comment letter respondent said that:
  - ❖ the use of line-item element ‘Management-defined performance measure’ itself (without a member) does not reflect the meaning of the MPM measure
  - ❖ tagging the IFRS-defined subtotals with an additional dimension that does not change the meaning of the item is confusing (e.g., tagging operating profit with line-item element ‘Operating profit (loss), operating’ and an extension member ‘Adjusted operating profit’ under the MPM axis)
- The respondent suggested an alternative modelling approach, specifically:
  - ❖ to remove the line-item element ‘Management-defined performance measure’;
  - ❖ to tag the IFRS measure without an additional dimension; and
  - ❖ to include a member ‘MPM’ under a new ‘Component of MPM’ axis (which would allow users to identify a company’s MPM measures).

We have illustrated how the MPM reconciliation would be tagged using the alternative modelling suggestion on slides 21–22

# Management-defined performance measures (MPMs)

## Alternative modelling suggestion—Illustration (1/2)

MPM [axis]		Adjusted operating profit [M]			
Component of MPM [axis]		Impairment loss [M]	Restructuring expenses [M]	Gains on disposal of PPE [M]	MPM [M]
Other operating income, operating		-	-	(1,800)	
R&D expenses, operating		1,600	-	-	
General and administrative expenses, operating		-	3,800	-	
Impairment loss recognised in profit or loss, goodwill, operating		4,500	-	-	
<b>Operating profit (loss), operating</b>	<b>57,000</b>	<b>6,100</b>	<b>3,800</b>	<b>(1,800)</b>	<b>65,100</b>
<b>MPM</b>					
Income tax effect relating to reconciling adjustment		-	(589)	297	
Effect on NCI relating to reconciling adjustment		305	161	-	

Instead of using 'MPM' line-item element, users could query this 'MPM' member to identify the MPM measure

Enables vertical calculations

Under this approach, aggregating across the "Components of MPM" axis will yield the original IFRS value, although it should be noted that for this to work, the reconciling items would need to be tagged with the opposite sign to the presentation in the example

# Management-defined performance measures (MPMs)

## Alternative modelling suggestion—Illustration (2/2)

MPM [axis]		Adjusted profit from continuing operations [M]			
Component of MPM [axis]		Impairment loss [M]	Restructuring expenses [M]	Gains on disposal of PPE [M]	MPM [M]
Other operating income, operating		-	-	(1,800)	
R&D expenses, operating		1,600	-	-	
General and administrative expenses, operating		-	3,800	-	
Impairment loss recognised in profit or loss, goodwill, operating		4,500	-	-	
Income taxes expense (income), income taxes		-	(589)	297	
<b>Profit from continuing operations</b>	32,100	6,100	3,211	(1,503)	39,908
<b>MPM</b>					
Effect on NCI relating to reconciling adjustment		305	161	-	

Instead of using 'MPM' line-item element, users could query this 'MPM' member to identify the MPM measure

Enables vertical calculations

Under this approach, aggregating across the "Components of MPM" axis will yield the original IFRS value, although it should be noted that for this to work, the reconciling items would need to be tagged with the opposite sign to the presentation in the example

# Management-defined performance measures (MPMs)

## Comparison between proposed and alternative modelling

Description	Proposed modelling (after applying possible changes)	Alternative modelling suggestion
<b>User query of MPM measure</b>	<ul style="list-style-type: none"> <li>Query 'MPM' line-item element to identify MPM measures</li> </ul>	<ul style="list-style-type: none"> <li>Query 'MPM' member to identify MPM measures</li> </ul>
<b>Preparer tagging of the row 'IFRS measure / MPM'</b>	<ul style="list-style-type: none"> <li>Using two different line-item elements (e.g. 'Operating profit (loss), operating' and 'MPM' line-item elements) to tag a single row perhaps LESS intuitive for preparers</li> </ul>	<ul style="list-style-type: none"> <li>Using one line-item element (e.g. 'Operating profit (loss), operating') to tag a single row perhaps MORE intuitive for preparers</li> <li>Users could confuse MPM, reconciling adjustments and IFRS measure since they are all tagged with same line-item element (e.g., 'Operating profit (loss), operating') but with different members</li> </ul>
<b>Horizontal calculation (IFRS measure to MPM)</b>	<ul style="list-style-type: none"> <li>Does not work in the existing XBRL calculation specification</li> </ul>	<ul style="list-style-type: none"> <li>Does not work in the existing XBRL calculation specification</li> </ul>
<b>Vertical calculation (sum of reconciling item)</b>	<ul style="list-style-type: none"> <li>Vertical calculation relationships (showing the sum of line-item elements from P&amp;L equals 'MPM' element) could not be included in the Taxonomy because it would NOT align with the calculation from the accounting perspective. However, preparers can include vertical calculations in their digital FS.</li> </ul>	<ul style="list-style-type: none"> <li>Vertical calculation relationships (showing the sum of line-item elements from P&amp;L equals 'Operating profit (loss)' element) could be included in the Taxonomy because it would align with the calculation from the accounting perspective.</li> </ul>

- Points to consider:**
- If preparers are unable to tag information, neither approach will provide useful information for users
  - There is a risk that users might be confused by the alternative modelling (as information about the MPM, reconciling items and IFRS measure is the key information). However, initial user feedback indicates that users typically analyse data as a whole (so perhaps less of a concern)

---

## Questions for ITCG members

- 1) Do you have questions on our fieldwork findings or comment letter feedback (slides 6–9)?
- 2) What are your views on (slides 10–18):
  - 1) creating new line-item elements for cases where the income tax effect and effect on NCI does not form part of the reconciliation; and
  - 2) not creating vertical calculations because of the risks associated with this?
- 3) What are your views on the alternative modelling suggestion (slides 19–23)?



---

## Specified expenses by nature



## Specified expenses by nature

### IFRS 18 requires\* the disclosure of:

- total amounts of specified expenses by nature
- the amounts included in **each** line item in the operating category of the statement of profit or loss for the specified expenses by nature

### The specified expenses by nature are:

- depreciation
- amortisation
- employee benefits
- impairments of non-financial assets
- write-down of inventories

*\* Note: this disclosure requirement only applies to companies that present one or more line items by function in the statement of profit or loss (for example, cost of sales)*

### Illustration of a ‘specified expenses by nature note’

(in currency units)	20X2	20X1
Cost of sales	23,710	21,990
Research and development expenses	2,515	2,590
General and administrative expenses	4,975	4,750
<b>Total depreciation</b>	<b>31,200</b>	<b>29,330</b>
Research and development expenses	13,840	12,690
<b>Total amortisation</b>	<b>13,840</b>	<b>12,690</b>
Cost of sales	61,640	57,175
Selling expenses	7,515	7,110
Research and development expenses	6,545	6,750
General and administrative expenses	8,920	5,825
<b>Total employee benefits</b>	<b>84,620</b>	<b>76,860</b>
Research and development expenses	1,600	1,500
Goodwill impairment loss	4,500	–
<b>Total impairment loss</b>	<b>6,100</b>	<b>1,500</b>
Cost of sales	2,775	2,625
<b>Total write-down of inventories</b>	<b>2,775</b>	<b>2,625</b>

\* Appendix B includes an illustration of the tagging applying our Taxonomy proposals

---

## High level summary of preliminary findings

### Proposed dimensional modelling

Proposed dimensional modelling was **well supported** by preparers and users.

### Calculation

Preparers faced some **issues around creating calculations** in this note.  
Users want calculations to perform validation checks.

# Specified expenses by nature

\* FE means fieldwork exercise  
 \* CL means comment letters

High level summary of issues (see Appendix A for detailed fieldwork findings/comment letter feedback)

Description of issues	Feedback	Our assessments	Possible changes (PC)
Complexity of example used for fieldwork (requires understanding double tagging)	FE	These factors will likely be resolved by providing <b>more guidance and education</b>	N/A
Tagging of total number with opposite sign was counter intuitive for some participants	FE		
Confusion on the use of elements that can only sit in the operating category to tag the total amounts of specified expenses by nature	FE		
Issues in creating calculations	FE		
Many found issues in including calculations in this table	FE	The IASB could consider <b>tweaking proposals</b> to resolve ( <b>possible changes</b> )	PC1 & PC2 (Slides 29–31)
Confusion on tagging totals and operating-subtotals of a specified expense by nature (non-dimensional vs. dimensional structure)	FE		

---

## Specified expenses by nature

### Possible changes to the proposals

**PC1 – Regroup ‘total’ line-item elements:**

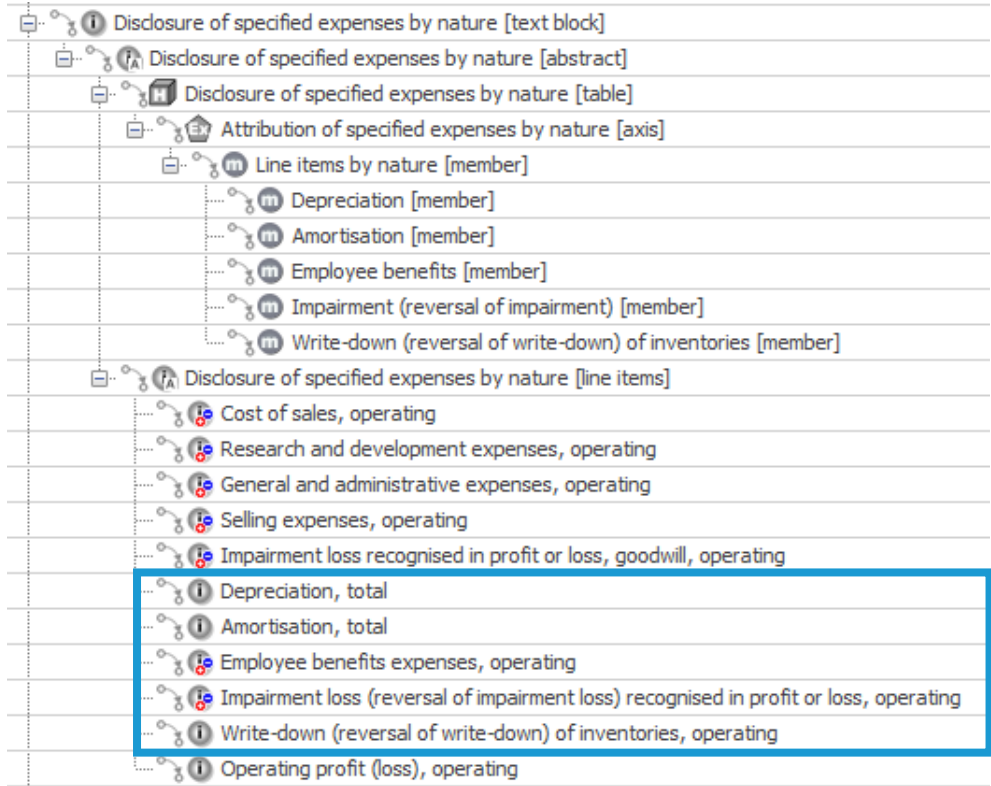
- remove ‘total’ line-item elements from the dimensional structure; and
- reallocate them under an abstract element

**PC2 – Including **calculation** of total specified expenses by nature within Taxonomy**

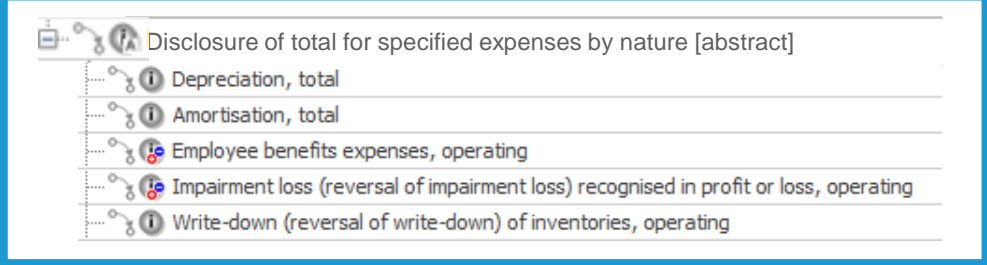
# Specified expenses by nature

## PC1 – Regroup ‘total’ line-item elements

### Existing proposed modelling in the PTU IFRS 18



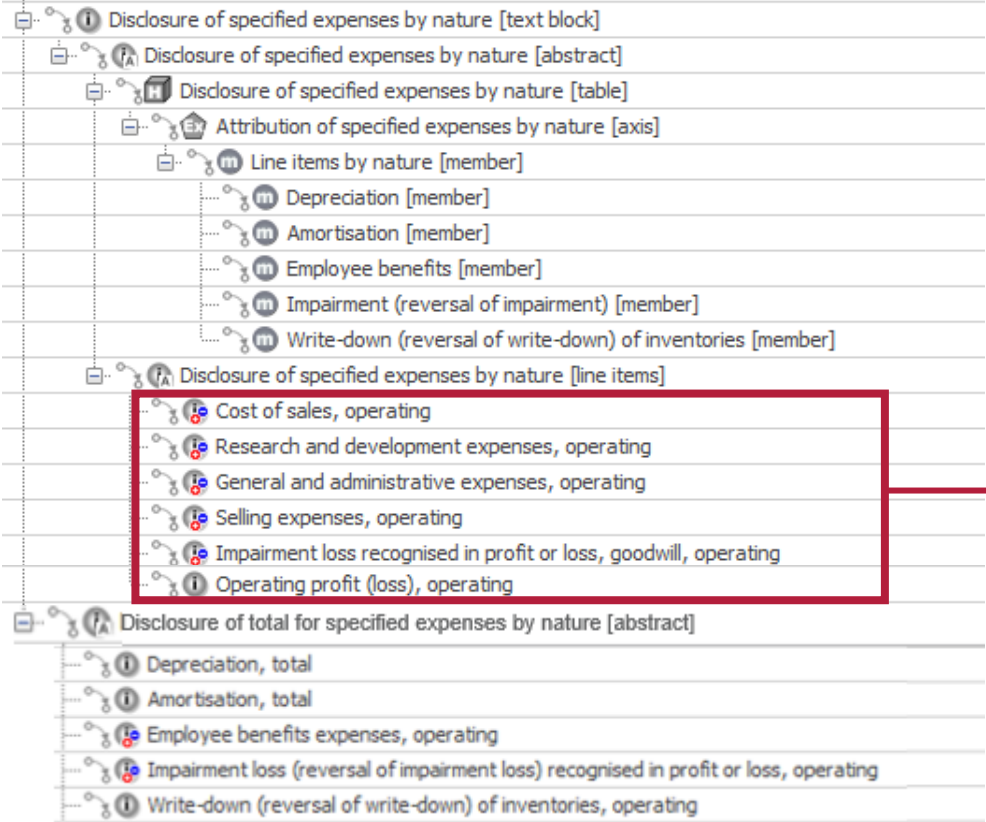
### Regroup these elements and re-allocate them in a separate abstract element



# Specified expenses by nature

## PC2 – Including calculation of total specified expenses by nature within Taxonomy

### After regrouping (PC1)...



Include calculation here within the Taxonomy

---

## Questions for ITCG members

- 1) Do you have questions on our fieldwork findings or comment letter feedback (slides 25–28)?
- 2) What are your views on the possible changes we are suggesting for the specified expenses by nature note (slides 29–31)?



---

## Statement of profit or loss (subtotals and categories)



# Subtotals and categories in the statement of profit or loss

## IFRS 18 introduces:

- New defined categories (operating, investing and financing) to provide a **consistent structure of the statement of profit or loss**
- Two new **required subtotals** to facilitate comparability:
  - Operating profit
  - Profit before financing and income taxes

## Statement of profit or loss

Revenue

Cost of sales

**Gross profit**

Other operating income

Selling expense

Research and development expenses

General and administrative expenses

Goodwill impairment loss

Other operating expenses

**Operating profit**

Share of profit or loss of associates and joint ventures

Other investment income

**Profit before financing and income taxes**

Interest expenses on borrowings and lease liabilities

Interest expenses on pension liabilities and provisions

**Profit before income taxes**

Income tax expense

**PROFIT**

Operating

Investing

Financing

\* Appendix B includes an illustration of the tagging applying our Taxonomy proposals

## High level summary of preliminary findings

### Proposed line-item modelling

Proposed approach where category of an item is reflected in element label **well supported** by preparers and users.

However, some fieldwork participants suggested to include **more category elements in the P/L** (because of the risk of more extensions under current approach).

### Calculation

Users found **calculations helpful** for validations and understanding structure of P/L.

Preparers **did not face any issues** in including calculations in the statement of profit or loss.

### Category metadata\*

**Users who used category metadata found it useful** (as it could help in cases where the category of an item is not reflected in its label; or is only available in a non-English language), category metadata could help in standardising category information.

However, preparers found it **difficult to apply category metadata** (relatively new mechanism and not able to use with current software).

\* Category metadata (trait-concept relationship) was discussed at ITCG meetings in [October 2023](#), [February 2023](#) and [December 2022](#).

# Subtotals and categories in the statement of profit or loss

\* FE means fieldwork exercise  
 \* CL means comment letters

High level summary of issues (see Appendix A for detailed fieldwork findings/comment letter feedback)

Description of issues	Feedback	Our assessments	Discussion point (DP)
Lack of 'category elements' that reflect the category of an item of income/expense in their label (risk of extensions and anchoring issues)	FE / CL	The IASB could consider <b>adding more category elements</b> in the presentation group of statement of profit or loss.	DP1 (Slide 37)
Guidance labels not prominently visible using software (leading to 'total' elements being used instead of 'category elements')	FE	This might resolve itself with time, market development and preparer experience	DP2 (Slide 38)
Some extensions did not reflect the category in their element labels	FE / CL		

# Subtotals and categories in the statement of profit or loss

## DP1 – Lack of ‘category elements’

	Description
<b>Current proposal</b>	<p>If an element can only sit in a single category, we have changed the existing element label to reflect that category (e.g., ‘Revenue, operating’)</p> <p>If an element can sit in more than one category, we have changed the existing element label to ‘total’ (e.g., ‘Interest expense on borrowing, total’). Elements labelled ‘total’ should NOT be used to tag the P&amp;L. For elements for which we reasonably expect their presentation in the P&amp;L, we have added ‘category elements’</p>
<b>Respondent concern</b>	<p>Some said that many P&amp;L line-item elements are now labelled ‘total’ (thus, cannot be used to tag the P&amp;L anymore), which might lead to many extensions. One respondent suggested to add more category elements:</p> <ul style="list-style-type: none"> <li>• to allow their use as narrow anchors for an extension line-item element tagged in the P&amp;L; or</li> <li>• to allow their use as a disaggregation of a line-item element in the statement of profit or loss.</li> </ul> <p>In their view, ‘total’ elements cannot be used as an anchor for extension elements because ‘total’ elements represent the total of all categories whereas the extension element is specific to a category.</p>

# Subtotals and categories in the statement of profit or loss

## DP2 – Guidance labels

	Description
<b>Current proposal</b>	<p>Include guidance labels to line-item elements labelled ‘total’</p> <p><i>“Do not use this element for the statement of profit or loss. This element is only used to tag information in the notes. If no element reflecting category information for the statement of profit or loss is included in the IFRS Accounting Taxonomy an extension element needs to be created. The label of that extension element should reflect category information.”</i></p>
<b>Respondent concern</b>	<p>Guidance labels were not very accessible in some software. Hence, some preparers did not look at them and therefore, mis-tagged some numbers in the statement of profit or loss with taxonomy elements with ‘total’ in their label.</p>
<b>Staff preliminary view</b>	<p>We think this issue might resolve with time and market development with software making the guidance labels more accessible in their tools.</p>

---

## Questions for ITCG members

- 1) Do you have questions on our fieldwork findings or comment letter feedback (slides 33–36)?
- 2) What are your views on adding more category elements to the presentation group for the statement of profit or loss (slide 37)?
- 3) What are your views on the software accessibility of guidance labels (slide 38)?

---

## Use of fact-explanatory Fact mechanism



# Grouping of information – aggregation and disaggregation

## Finding – Use of fact-explanatoryFact mechanism

**Taxonomy proposal:**

- Encourage to use fact-explanatoryFact\* mechanism to connect a disclosed fact in the notes with the fact in the primary financial statements in which the amount is included
- For example, connecting “Abnormal amount of wasted materials” (disclosed in the note) to “Cost of sales, operating” in the primary financial statements

Extract of the statement of profit or loss EE Group

	(in thousands of CU)	
	20X2	20X1
Revenue	120	90
Cost of sales	70	50
<b>Gross profit</b>	<b>50</b>	<b>40</b>

Extract of a note disclosure EE Group

Included in cost of sales in the statement of profit or loss is an expense of CU10 (20X1: CU8) for abnormal amounts of wasted materials.

Fact Table	Fact List	Presentation	Calculation	Dimension	Fact-Explanatoryfact
<a href="http://www.xbrl.org/2003/role/link">http://www.xbrl.org/2003/role/link</a>					
<b>Abnormal Amounts of Wasted Materials [D20221231_3] = 10,000</b>					
Cost of sales, operating [D20221231_3] = 70,000					
<b>Abnormal Amounts of Wasted Materials [D20211231_3] = 8,000</b>					
Cost of sales, operating [D20211231_3] = 50,000					

\* Or perhaps even the equivalent mechanism using a separately registered link role in the XBRL Link Role Registry, such as **fact-factAmountIncludedIn**

---

## High level summary of preliminary findings

### Fact-explanatoryFact mechanism

Some users **who used information captured using fact-explanatoryFact mechanism found it very useful.**

However, **preparers found it difficult to apply fact-explanatoryFact mechanism** (relatively new mechanism and not able to use with current software).

---

## Questions for ITCG members

- 1) Do you have questions on our fieldwork findings or comment letter feedback (slides 40–42)?
- 2) What are your views on the use of the fact-explanatoryFact mechanism?

---

## Appendix A—Fieldwork findings and comment letter feedback



# Management-defined performance measures (MPMs)

## Fieldwork findings

### **Preparers: Generally found tagging using proposed modelling challenging (not intuitive; software limitations)**

- Many found the guidance/ illustrations helpful to understand the proposals; some suggested providing more
- Some used incorrect line-item elements/members (lack of knowledge of proposals or software limitations):
  - Did not tag using two axes or members
  - Did not create both extension members under the MPM axis
  - Did not use the line-item ‘Management-defined performance measure’ or incorrectly tagged IFRS measure
  - Did not re-use the line-item elements from the P&L to tag the MPM reconciliation
- Many did not use the correct signage when tagging amounts
- Some raised concerns that the proposed modelling does not distinguish between income tax effects and NCI effects that form part of the reconciliation and those that do not (tagged in the same way)
- Many faced issues double tagging common reconciliation items\* (lack of knowledge of proposals or software limitations)
- Many said they would have preferred to be able to include calculations for validation purposes

\* The fieldwork example was specific example in that two MPMs were combined in a single table (requiring double tagging of common reconciling items)—in practice, companies might choose to disclose separate MPM reconciliations for each MPM

# Management-defined performance measures (MPMs)

## Fieldwork findings

### **Users: Generally found proposals lead to provision of useful data**

- Some analysed at the textblock tag level and some at the detailed tag level
- Those that analysed at the textblock tag level said detailed tagging was not useful to them as they needed more context, whereas most of those that analysed at the detailed tagging level said they had generally used all available data (e.g., IFRS measure, MPM measure, reconciling items and link between reconciling items and P&L)
- Some said the separate line-item element 'Management-defined performance measure' useful for their analysis
- Some said calculation relationships will be useful (for validation purposes)
- Some said:
  - by using extension members (rather than specified members) users will not be able to identify cases where a company's MPM is calculated the same as an MPM of another company (because each company will have created extension members labelled differently)
  - their software was not able to use extension members
- Some said the modelling could be improved by adding Booleans (or indexes) to indicate that a company has MPMs (i.e., is providing an MPM reconciliation)

---

## Management-defined performance measures (MPMs)

### Comment letter feedback

#### Proposals generally well-received, with specific comments

- One respondent commented that a dimensional disaggregation should not be used to change the meaning of the line item or to define the meaning of a concept. The respondent also commented that using the proposed dimensional approach will result in data that is difficult for users to interpret and represents an unexpected use of dimensions.
- One respondent commented on the proposal as follows:
  - a) the use of line-item element ‘Management-defined performance measure’ itself (without a member) does not reflect the meaning of the MPM measure;
  - b) tagging the IFRS-defined subtotals with an additional dimension that does not change the meaning of the item is confusing (e.g. tagging operating profit with line-item element ‘Operating profit (loss), operating’ and an extension member ‘Adjusted operating profit’ under MPM axis);
  - c) the multi-dimensional approach (i.e. dimensions with two axes) is complicated; and
  - d) the proposal does not capture any calculation relationships.

The respondent also suggested three alternative approaches.

# Specified expenses by nature

## Fieldwork findings

### Preparers: Generally found tagging using proposed modelling intuitive

- Most were able to correctly tag amounts of specified expenses by nature included in line items in the statement of profit or loss (i.e., using the dimensional structure with one axis)
- Many faced difficulties tagging totals of specified expenses by nature and operating-subtotals (required double-tagging\*), specifically:
  - Some did not tag totals of specified expenses by nature, but rather only tagged the operating-subtotals (not the IFRS 18 requirement)
  - Some tagged the operating-subtotals in a non-dimensional structure (i.e., without a member), that is, with a ‘total’ element not used in statement of profit or loss (e.g., ‘Depreciation, total’ instead of ‘Operating profit (loss), operating’ and Depreciation [Member])
- Many faced issues in creating calculation relationships\*\*
- Some used incorrect signage to tag totals of specified expenses by nature

\* The fieldwork example was specific example in that the total of a specified expense by nature equalled its operating subtotal—in practice, this might not be the case for all companies

\*\* The fieldwork example included different calculation relationships for the statement of profit or loss and corresponding specified expenses by nature note. This led to preparers encountering calculation inconsistencies.



## Specified expenses by nature

### Fieldwork findings

#### **Users: Generally found proposals lead to provision of useful data**

- Most analysed at the detailed tag level rather than the textblock tag level only
- Those that analysed at the textblock tag level said detailed tagging was not useful to them as they needed more context
- Most of those that analysed at the detailed tag level said they had used all available data, that is:
  - totals of specified expenses by nature (to compare across companies)
  - amounts of specified expenses by nature included in line items in the P&L (for validation purposes)
  - calculation relationships (for validation purposes)
- Many also said they did not understand which tag belongs to the total and which tag belongs to the operating-subtotal (as the amounts were the same in our example, hence, double-tagged\*)
- Many were not concerned about the missing link between totals of specified expenses by nature (disclosed in the specified expenses by nature note) and totals disclosed elsewhere in financial statements. Of these participants, some said:
  - the location of an item did not matter to them
  - they were used to creating their own linkages between primary financial statements/notes

\* The fieldwork example was specific example in that the total of a specified expense by nature equalled its operating subtotal—in practice, this might not be the case for all companies

---

## Specified expenses by nature

### Comment letter feedback

#### **Proposals generally well-received, with specific comment**

- One comment letter respondent suggested including a mechanism to relate the line-item expense by nature to the related expense by nature member. The respondent also suggested implementing supporting rules that ensure that expenses by nature cannot be used with members that appear on the expenses by nature axis.

# Subtotals and categories in the statement of profit or loss

## Fieldwork findings

### **Preparers: Generally found tagging using proposed modelling intuitive**

- Most used correct elements (i.e., ‘category elements’ that reflect category of an item in their label)
- Some did not use correct element, but rather used ‘total’ elements to tag items in the statement of profit or loss—of which some said that guidance labels (‘do not use this element’) were not prominently visible in their software
- Some created extension elements that did not reflect the category of the item in their element label
- No issues creating calculation relationships
- Some said category elements were hard to find (as they were included in more than one presentation group)
- Some said that because some ‘total’ elements do not have corresponding ‘category elements’ this would lead to more extensions in practice and create anchoring issues for those jurisdictions with anchoring requirements. In their view, anchoring an extension element to a ‘total’ element would be incorrect because the ‘total’ element represents the total across all categories (whereas the extension element is included in a specific category)

# Subtotals and categories in the statement of profit or loss

## Fieldwork findings

### **Users: Generally found proposals lead to provision of useful data**

- Many used category elements of which some said:
  - that category elements were useful to compare income/expenses across companies
  - they were useful to understand the structure of the P&L
- Many used the calculation relationship—of which some said they had used it:
  - to validate the data
  - to understand the structure of the P&L (incl. the category of an item)
- Some used all available data points (of which some said they used the data points for validation purposes)
- Some only used selected data points—e.g., revenue, subtotals or totals
- Some found it confusing that:
  - some elements were missing a balance attribute (e.g., goodwill impairment losses)
  - basic/diluted EPS was double-tagged

---

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

### Comment letter feedback

#### Proposals generally well-received, with specific comments

- One comment letter respondent said that many P&L line-item elements are only categorised as ‘total’, which might lead to many extensions. The respondent suggested, in addition to the current proposal, to add more category elements if it is reasonably expected that the elements could be used:
  - a) as a narrow anchor for an extension line-item element tagged in the P&L; or
  - b) as a disaggregation of a line-item element in the statement of profit or loss.
- One respondent also commented that use of label to capture category information would lead to errors, be difficult to apply and especially complex given the large number of languages used in IFRS disclosures. The respondent suggested that a machine-readable property be added.

---

## Appendix B—PTU proposal and illustrations of the tagging



---

## Management-defined performance measures (MPMs)



---

## Management-defined performance measures (MPMs)

### Taxonomy proposal—Use of a dimensional structure with two axes

- Dimensional modelling for the MPM reconciliation using:
  - two axes—‘MPM’ axis and ‘Reconciling items’ axis;
  - line-item elements from the statement of profit or loss;
  - MPM line-item element (to capture the MPM value and overall effect of each reconciling item)
- Companies would create entity-specific extension member elements under these axes for their MPMs and reconciling items
- Companies would use the same line-item elements used to tag items in the statement of profit or loss to tag the MPM reconciliation
  - This creates a linkage between the statement of profit or loss and the MPM reconciliation
  - Extension line-item elements created in the statement of profit or loss would be ‘re-used’ to tag the MPM reconciliation



One axis (MPM axis)

Two axes (MPM axis and reconciling items axis)

# Management-defined performance measures (MPMs)

**Example 1B: Note on management-defined performance measures (XYZ Group)**

XYZ Group—Note on management-defined performance measures

Management-defined performance measures 20X2					(in thousands of CU)
	IFRS	Impairment losses	Restructuring expenses	Adjusting items	Management-defined performance measure
				Gains on disposal of property, plant and equipment	
Other operating income		-	-	(1800)	
Research and development expenses		1600	-	-	
General and administrative expenses		-	3800	-	
Goodwill impairment loss		4500	-	-	
<b>Operating profit / Adjusted operating profit</b>	<b>57,000</b>	<b>6,100</b>	<b>3,800</b>	<b>(1800)</b>	<b>65,100</b>
Income tax expense		-	(589)	297	
<b>Profit from continuing operations / Adjusted profit from continuing operations</b>	<b>32,100</b>	<b>6,100</b>	<b>3,211</b>	<b>(1503)</b>	<b>39,908</b>
Profit attributable to non-controlling interests		305	161	-	

📄
🔍
⏪ ⏩

**Other operating income, operating, Adjusted operating profit [member]**

**Concept**

- (ifrs-full) Other operating income, operating

*The amount of operating income that the entity does not separately disclose in the same statement or note, in the operating category in the statement of profit or loss.*

**Dimensions**

- Management-defined performance measures [axis] 📄
- Adjusted operating profit [member]
- Reconciling items in reconciliation of management-defined performance measure [axis] 📄
- Gains on disposal of property, plant and equipment, adjusting item [member]

**Properties**

**Date** 1 Jan 2022 to 31 Dec 2022 📄

**Fact Value** € -1,800,000

**Accuracy** thousands

**Scale** thousands

**Change** No prior fact in this report

**Entity** [UK CRN] FC023235

**Concept** ifrs-full:OtherOperatingIncomeOperating 📄

< 1 of 1 >

Other operating income, operating, Adjusted profit from continuing operations [member]

**Double tagging of 'common reconciling items'**

# Management-defined performance measures (MPMs)

**Example 1B: Note on management-defined performance measures (XYZ Group)**

**XYZ Group—Note on management-defined performance measures**

Management-defined performance measures 20X2						(in thousands of CU)
	IFRS	Impairment losses	Restructuring expenses	Adjusting items		
				Gains on disposal of property, plant and equipment	Management-defined performance measure	
Other operating income		-	-	(1800)		
Research and development expenses		1600	-			
General and administrative expenses		-	3800			
Goodwill impairment loss		4500	-			
<b>Operating profit / Adjusted operating profit</b>	<b>57,000</b>	<b>6,100</b>	<b>3,800</b>	<b>(1800)</b>	<b>65,100</b>	
Income tax expense		-	(589)	297		
<b>Profit from continuing operations / Adjusted profit from continuing operations</b>	<b>32,100</b>	<b>6,100</b>	<b>3,211</b>	<b>(1503)</b>	<b>39,908</b>	
Profit attributable to non-controlling interests		305	161			

**Other operating income, operating, Adjusted operating profit [member]**

**Concept**

- (ifrs-full) Other operating income, operating

*The amount of operating income that the entity does not separately disclose in the same statement or note, in the operating category in the statement of profit or loss.*

**Other operating income, operating, Adjusted profit from continuing operations [member]**

**Concept**

- (ifrs-full) Other operating income, operating

*The amount of operating income that the entity does not separately disclose in the same statement or note, in the operating category in the statement of profit or loss.*

**Dimensions**

- Management-defined performance measures [axis]
- Adjusted operating profit [member]
- Reconciling items in reconciliation of management-defined performance measure [axis]
- Gains on disposal of property, plant and equipment, adjusting item [member]

**Dimensions**

- Management-defined performance measures [axis]
- Adjusted profit from continuing operations [member]
- Reconciling items in reconciliation of management-defined performance measure [axis]
- Gains on disposal of property, plant and equipment, adjusting item [member]

**Properties**

- Date** 1 Jan 2022 to 31 Dec 2022
- Fact Value** € -1,800,000
- Accuracy** thousands
- Scale** thousands
- Change** No prior fact in this report
- Entity** [UK CRN] FC023235
- Concept** ifrs-full:OtherOperatingIncomeOperating

< 1 of 1 >

**Properties**

- Date** 1 Jan 2022 to 31 Dec 2022
- Fact Value** € -1,800,000
- Accuracy** thousands
- Scale** thousands
- Change** No prior fact in this report
- Entity** [UK CRN] FC023235
- Concept** ifrs-full:OtherOperatingIncomeOperating

< 1 of 1 >

# Management-defined performance measures (MPMs)

## Example 1B: Note on management-defined performance measures (XYZ Group)

### XYZ Group—Note on management-defined performance measures

Management-defined performance measures 20X2					(in thousands of CU)
	IFRS	Impairment losses	Restructuring expenses	Adjusting items	Management-defined performance measure
				Gains on disposal of property, plant and equipment	
Other operating income		-	-	(1800)	
Research and development expenses		1600	-	-	
General and administrative expenses		-	3800	-	
Goodwill impairment loss		4500	-	-	
Operating profit / Adjusted operating profit	57,000	6,100	3,800	(1800)	65,100
Income tax expense		-	(589)	297	
Profit from continuing operations / Adjusted profit from continuing operations	32,100	6,100	3,211	(1503)	39,908
Profit attributable to non-controlling interests		305	161	-	

Disclosure or reconciliation of management-defined performance measures [text block]

**Operating profit (loss), operating**

**Concept**

- (ifrs-full) Operating profit (loss), operating

*The total of all income and expenses classified in the operating category in the statement of profit or loss. [Refer: Profit (loss)]*

**Dimensions**

- Management-defined performance measures [axis]
- Adjusted operating profit [member]

**Properties**

- Date** 1 Jan 2022 to 31 Dec 2022
- Fact Value** € 57,000,000
- Accuracy** thousands
- Scale** thousands
- Change** 10.0% increase on 1 Jan 2021 to 31 Dec 2021
- Entity** [UK CRN] FC023235
- Concept** ifrs-full:OperatingProfitLossOperating

< 1 of 1 >

**MPM element**

# Management-defined performance measures (MPMs)

## Example 1B: Note on management-defined performance measures (XYZ Group)

### XYZ Group—Note on management-defined performance measures

Management-defined performance measures 20X2					(in thousands of CU)
	IFRS	Impairment losses	Restructuring expenses	Adjusting items	Management-defined performance measure
				Gains on disposal of property, plant and equipment	
Other operating income		-	-	(1800)	
Research and development expenses		1600	-	-	
General and administrative expenses		-	3800	-	
Goodwill impairment loss		4500	-	-	
<b>Operating profit / Adjusted operating profit</b>	<b>57,000</b>	<b>6,100</b>	<b>3,800</b>	<b>(1800)</b>	<b>65,100</b>
Income tax expense		-	(589)	297	
<b>Profit from continuing operations / Adjusted profit from continuing operations</b>	<b>32,100</b>	<b>6,100</b>	<b>3,211</b>	<b>(1503)</b>	<b>39,908</b>
Profit attributable to non-controlling interests		305	161	-	

**Management-defined performance measure**

**Concept**

- (ifrs-full) Management-defined performance measure

*A management-defined performance measure is a subtotal of income and expenses that (a) an entity uses in public communications outside financial statements; (b) an entity uses to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole; and (c) is not listed in paragraph 117, or specifically required to be presented or disclosed by IFRS Accounting Standards.*

**Dimensions**

- Management-defined performance measures [axis]
- Adjusted operating profit [member]
- Reconciling items in reconciliation of management-defined performance measure [axis]
- Impairment losses, adjusting item [member]

**Properties**

- Date** 1 Jan 2022 to 31 Dec 2022
- Fact Value** € 6,100,000
- Accuracy** thousands
- Scale** thousands
- Change** 306.7% increase on 1 Jan 2021 to 31 Dec 2021
- Entity** [UK CRN] FC023235
- Concept** ifrs-full:ManagementdefinedPerformanceM...

< 1 of 1 >

---

## Specified expenses by nature



---

## Specified expenses by nature

### Taxonomy proposal—Use of a dimensional structure with one axis

- Dimensional modelling using:
  - one axis with member elements representing the specified expenses by nature; and
  - line-item elements from the operating category of the statement of profit or loss
- Companies would use the same line-item elements used to tag items in the statement of profit or loss to tag the specified expenses by nature note
  - This creates a linkage between the statement of profit or loss and the specified expenses by nature note
  - Extension line-item elements created in the statement of profit or loss would be ‘re-used’ to tag the specified expenses by nature note
- Total of a specified expense by nature: Companies would tag totals using a ‘total’ line-item element (but not in the dimensional structure, so without a member)
- ‘Operating-subtotal’ of a specified expense by nature: Companies would tag operating-subtotals (e.g., depreciation in operating category) using the line-item element ‘Operating profit (loss), operating’ and the corresponding member (e.g., Depreciation [M])

# Specified expenses by nature

## Example 1C: Note on specified expenses by nature (XYZ Group)

### XYZ Group—Note on specified expenses by nature

	(in thousands of CU)	
	20X2	20X1
<b>Depreciation</b>		
Cost of sales	23,710	21,990
Research and development expenses	2,515	2,590
General and administrative expenses	4,975	4,750
<b>Total depreciation</b>	<b>31,200</b>	<b>29,330</b>
<b>Amortisation</b>		
Research and development expenses	13,840	12,690
<b>Total amortisation</b>	<b>13,840</b>	<b>12,690</b>
<b>Employee benefits</b>		
Cost of sales	61,640	57,175
Selling expenses	7,515	7,110
Research and development expenses	6,545	6,750
General and administrative expenses	8,920	5,825
<b>Total employee benefits</b>	<b>84,620</b>	<b>76,860</b>
<b>Impairment losses</b>		
Research and development expenses	1,600	1,500
Goodwill impairment loss	4,500	-
<b>Total impairment losses</b>	<b>6,100</b>	<b>1,500</b>
<b>Write-down of inventories</b>		
Cost of sales	2,775	2,625
<b>Total write-down of inventories</b>	<b>2,775</b>	<b>2,625</b>

## Dimensional -Linkage to P&L-

Cost of sales, operating

### Concept

- (ifrs-full) Cost of sales, operating

*The amount of all expenses directly or indirectly attributed to the goods or services sold, in the operating category in the statement of profit or loss. Attributed expenses include, but are not limited to, costs previously included in the measurement of inventory that has now been sold, such as depreciation and maintenance of factory buildings and equipment used in the production process, unallocated production overheads, and abnormal amounts of production costs of inventories.*

### Dimensions

- Attribution of specified expenses by nature [axis]
- Depreciation [member]

### Properties

- Date** 1 Jan 2022 to 31 Dec 2022
- Fact Value** € 23,710,000
- Accuracy** thousands
- Scale** thousands
- Change** 7.8% increase on 1 Jan 2021 to 31 Dec 2021
- Entity** [UK CRN] FC023235
- Concept** ifrs-full:CostOfSales

# Specified expenses by nature

## Example 1C: Note on specified expenses by nature (XYZ Group)

### XYZ Group—Note on specified expenses by nature

	(in thousands of CU)	
	20X2	20X1
<b>Depreciation</b>		
Cost of sales	23,710	21,990
Research and development expenses	2,515	2,590
General and administrative expenses	4,975	4,750
<b>Total depreciation</b>	<b>31,200</b>	<b>29,330</b>
<b>Amortisation</b>		
Research and development expenses	13,840	12,690
<b>Total amortisation</b>	<b>13,840</b>	<b>12,690</b>
<b>Employee benefits</b>		
Cost of sales	61,640	57,175
Selling expenses	7,515	7,110
Research and development expenses	6,545	6,750
General and administrative expenses	8,920	5,825
<b>Total employee benefits</b>	<b>84,620</b>	<b>76,860</b>
<b>Impairment losses</b>		
Research and development expenses	1,600	1,500
Goodwill impairment loss	4,500	–
<b>Total impairment losses</b>	<b>6,100</b>	<b>1,500</b>
<b>Write-down of inventories</b>		
Cost of sales	2,775	2,625
<b>Total write-down of inventories</b>	<b>2,775</b>	<b>2,625</b>

Double tagging of 'total'

Dimensional  
-Linkage to P&L and calculation-

Operating profit (loss), operating

Concept

- (ifrs-full) Operating profit (loss), operating

*The total of all income and expenses classified in the operating category in the statement of profit or loss. [Refer: Profit (loss)]*

Dimensions

- Attribution of specified expenses by nature [axis]
- Depreciation [member]

Properties

Date	1 Jan 2022 to 31 Dec 2022
Fact Value	€ -31,200,000
Accuracy	thousands
Scale	thousands
Change	6.4% increase on 1 Jan 2021 to 31 Dec 2021
Entity	[UK CRN] FC023235
Concept	ifrs-full:OperatingProfitLossOperating

< 1 of 1 >

Not dimensional  
-IFRS 18 requirement-

Depreciation, total

Concept

- (ifrs-full) Depreciation, total

*The amount of depreciation, comprising that required to be disclosed by paragraph 73(e)(vii) of IAS 16 Property, Plant and Equipment, paragraph 79(d)(iv) of IAS 40 Investment Property and paragraph 53(a) of IFRS 16 Leases.*

Properties

Date	1 Jan 2022 to 31 Dec 2022
Fact Value	€ 31,200,000
Accuracy	thousands
Scale	thousands
Change	6.4% increase on 1 Jan 2021 to 31 Dec 2021
Entity	[UK CRN] FC023235
Concept	ifrs-full:Depreciation

< 1 of 1 >



---

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



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

### Taxonomy proposal—Use of line-item modelling

- Line-item modelling—where the category of an item is reflected in the element label (e.g., ‘**Revenue, operating**’)
- The category of an item should also be reflected in the labels of extension elements (e.g., ‘Share of profit and gains on disposal of associates and joint ventures, **investing**’)
- To retain a continuous time series, we have kept existing elements—meaning, the element concept names remain unchanged and do not reflect the category of an item (e.g., ‘**ifrs-full:Revenue**’)
- If an element can only sit in a single category, we have changed the existing element label to reflect that category (e.g., ‘**Revenue, operating**’)
- If an element can sit in more than one category, we have changed the existing element label to ‘total’ (e.g., ‘**Interest expense on borrowing, total**’). For elements for which we reasonably expect their presentation in the statement of profit or loss, we have added ‘category elements’ (where the label of the element reflects the category of an item of income or expense)
- Elements labelled ‘total’ should NOT be used to tag the statement of profit or loss, and should only be used to tag items in the notes

# Subtotals and categories in the statement of profit or loss

## Example 1A: Statement of profit or loss (XYZ Group)

XYZ Group—Statement of profit or loss for the year ended 31 December 20X2

(in thousands of Currency Units)		
	20X2	20X1
Revenue	367,000	353,100
Cost of sales	(241,600)	(224,100)
<b>Gross profit</b>	<b>125,400</b>	<b>129,000</b>
Other operating income	12,200	4,100
Selling expenses	(28,900)	(27,400)
Research and development expenses	(25,100)	(25,900)
General and administrative expenses	(20,900)	(22,400)
Goodwill impairment loss	(4,500)	—
Other operating expenses	(1,200)	(5,600)
<b>Operating profit</b>	<b>57,000</b>	<b>51,800</b>
Share of profit and gains on disposal of associates and joint ventures	5,300	7,300
<b>Profit before financing and income taxes</b>	<b>62,300</b>	<b>59,100</b>
Interest expenses on borrowings and lease liabilities	(13,000)	(13,200)
Interest expenses on pension liabilities and provisions	(6,500)	(6,000)
<b>Profit before income taxes</b>	<b>42,800</b>	<b>39,900</b>
Income tax expense	(10,700)	(9,975)
<b>Profit from continuing operations</b>	<b>32,100</b>	<b>29,925</b>

**IFRS Accounting Taxonomy element**

**Concept**

**(ifrs-full) Revenue, operating**

*The income arising in the course of an entity's ordinary activities, in the operating category in the statement of profit or loss. Income is increases in assets, or decreases in liabilities, that result in increases in equity, other than those relating to contributions from holders of equity claims.*

**Properties**

- Date** 1 Jan 2022 to 31 Dec 2022
- Fact Value** € 367,000,000
- Accuracy** thousands
- Scale** thousands
- Change** 3.9% increase on 1 Jan 2021 to 31 Dec 2021
- Entity** [UK CRN] FC023235
- Concept** ifrs-full:Revenue

< 1 of 1 >

# Subtotals and categories in the statement of profit or loss

## Example 1A: Statement of profit or loss (XYZ Group)

XYZ Group—Statement of profit or loss for the year ended 31 December 20X2

	(in thousands of Currency Units)	
	20X2	20X1
Revenue	367,000	353,100
Cost of sales	(241,600)	(224,100)
<b>Gross profit</b>	<b>125,400</b>	<b>129,000</b>
Other operating income	12,200	4,100
Selling expenses	(28,900)	(27,400)
Research and development expenses	(25,100)	(25,900)
General and administrative expenses	(20,900)	(22,400)
Goodwill impairment loss	(4,500)	–
Other operating expenses	(1,200)	(5,600)
<b>Operating profit</b>	<b>57,000</b>	<b>51,800</b>
Share of profit and gains on disposal of associates and joint ventures	5,300	7,300
<b>Profit before financing and income taxes</b>	<b>62,300</b>	<b>59,100</b>
Interest expenses on borrowings and lease liabilities	(13,000)	(13,200)
Interest expenses on pension liabilities and provisions	(6,500)	(6,000)
<b>Profit before income taxes</b>	<b>42,800</b>	<b>39,900</b>
Income tax expense	(10,700)	(9,975)
<b>Profit from continuing operations</b>	<b>32,100</b>	<b>29,925</b>
Loss from discontinued operations	–	(5,500)
<b>PROFIT</b>	<b>32,100</b>	<b>24,425</b>
Profit attributable to:		
Owners of the parent	25,680	19,540
Non-controlling interests	6,420	4,885
	32,100	24,425
Earnings per share from continuing operations:		

**Extension element**

-
☰
🔍

**Concept**

- (example1) Share of profit and gains on disposal of associates and joint ventures investing

**Properties**

- Date** 1 Jan 2022 to 31 Dec 2022 📅
- Fact Value** € 5,300,000
- Accuracy** thousands
- Scale** thousands
- Change** 27.4% decrease on 1 Jan 2021 to 31 Dec 2021
- Entity** [UK CRN] FC023235
- Concept** example1:ShareProfitAndGainsOnD... 📄

< 1 of 1 >

∨ Anchoring

**Wider anchor**

- None

**Narrower anchors**

- (ifrs-full) Share of profit (loss) of associates and joint ventures accounted for using equity method, investing
- (ifrs-full) Gains (losses) on disposals of associates and joint ventures, investing

---

## Follow us online

 [ifrs.org](https://www.ifrs.org)

 [@IFRSFoundation](https://twitter.com/IFRSFoundation)

 [IFRS Foundation](https://www.youtube.com/IFRSFoundation)

 [International Accounting  
Standards Board](https://www.linkedin.com/company/ifrs-foundation)