
IFRS Taxonomy Consultative Group (ITCG) meeting

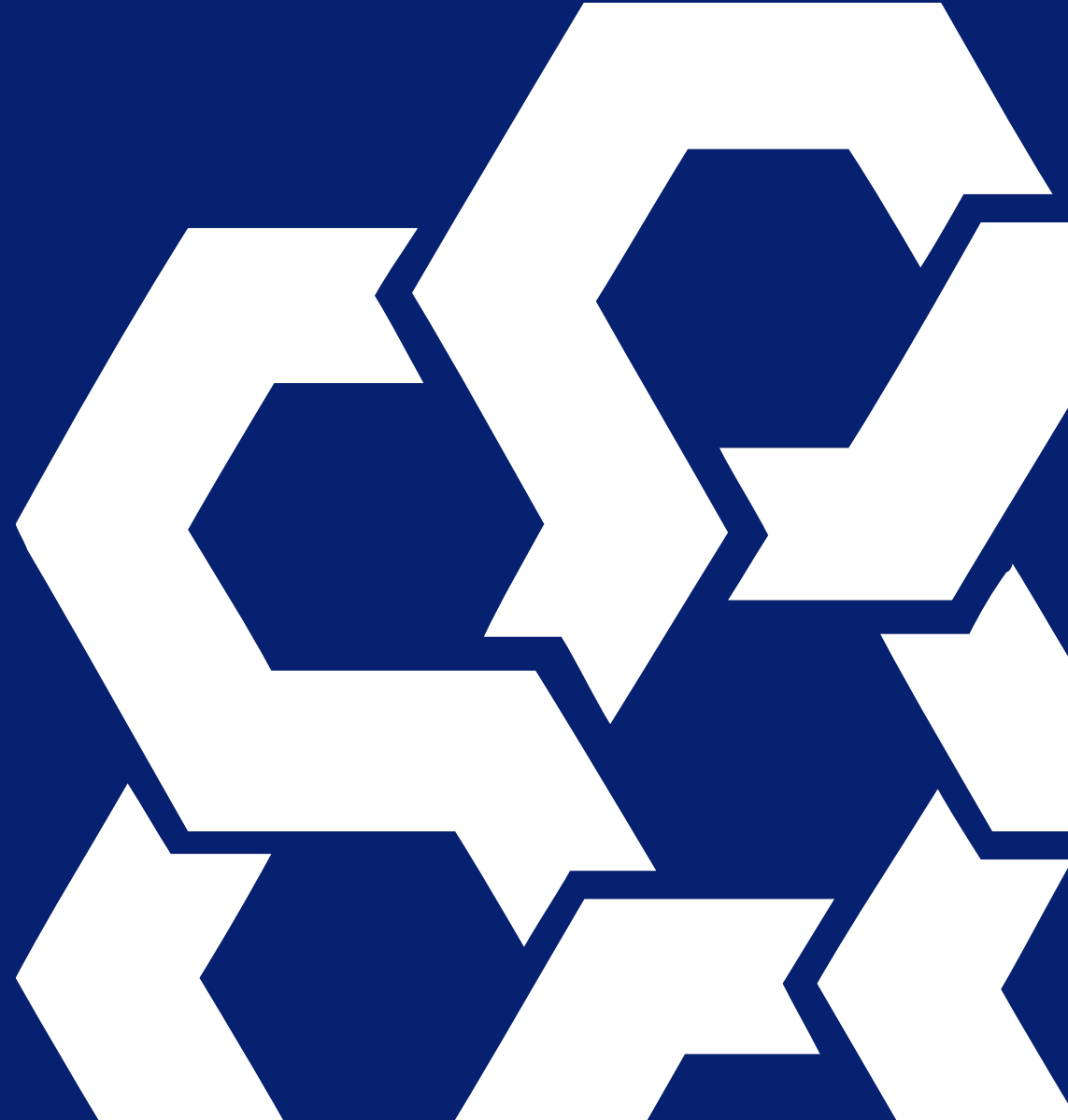
Date	1 October 2024
Project	IFRS Accounting Taxonomy
Topic	IFRS Accounting Taxonomy Updates
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This paper has been prepared for discussion at a public meeting of the ITCG. This paper does not represent the views of the International Accounting Standards Board (IASB), 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 session

- To inform the ITCG of progress on proposed updates to the IFRS[®] Accounting Taxonomy 2024:
 - Proposed Taxonomy Update 3 *IFRS 19* Subsidiaries without Public Accountability: Disclosures, *Amendments to the Classification and Measurement of Financial Instruments* and *Annual Improvements*; and
 - Proposed Taxonomy Update 2 *Contracts for Renewable Electricity*.
- Both proposed updates are currently out for comment and the staff welcome feedback as part of the formal consultation process.

IFRS[®] Accounting Taxonomy 2024—Proposed Update 3



Introduction

- The Proposed Update reflects disclosure requirements arising from three new or amended IFRS Accounting Standards issued this year:
 - IFRS 19 *Subsidiaries without Public Accountability: Disclosures*
 - *Amendments to Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7)
 - *Annual Improvements to IFRS Accounting Standards – Volume 11*

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

- **IFRS 19 includes** disclosure requirements that are a **reduced** version of those set out in other IFRS Accounting Standards
- Taxonomy proposals relating to IFRS 19:

Disclosure requirements in IFRS 19	Proposed taxonomy modelling
Disclosure requirements drawn from requirements in other IFRS Accounting Standards	Adding references to IFRS 19 to existing elements in their current locations in the IFRS Accounting Taxonomy
Disclosure requirements in other IFRS Accounting Standards that remain applicable and that are specified in IFRS 19 by cross-reference	NOT adding references to IFRS 19 to existing elements in the IFRS Accounting Taxonomy
Disclosure requirements that are specific to IFRS 19 and their related requirements drawn from other IFRS Accounting Standards	Creating new elements and including these new elements and any related existing elements in a new presentation group for IFRS 19

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

1. Disclosure requirements drawn from requirements in other IFRS Accounting Standards

- Adding **references** to IFRS 19 to existing elements in their current locations in the IFRS Accounting Taxonomy

IAS 2:

36	The financial statements shall disclose:
(a)	the accounting policies adopted in measuring <u>inventories</u> , including the cost formula used;
(b)	the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity;
✘ (c)	the carrying amount of inventories carried at <u>fair value</u> less costs to sell;
(d)	the amount of inventories recognised as an expense during the period;
(e)	the amount of any write-down of inventories recognised as an expense during the period with paragraph 34 ;
(f)	the amount of any reversal of any write-down that is recognised as an expense during the period in accordance with paragraph 34 ;
✘ (g)	the circumstances or events that led to the reversal of a write-down of inventories recognised as an expense during the period in accordance with paragraph 34 ; and
(h)	the carrying amount of inventories pledged as security for liabilities



Element label	Reference
Description of inventory cost formulas	IAS 2.36(a), IFRS 19.164(a)
Inventory cost formulas, categorical	IAS 2.36(a), IFRS 19.164(a)
Inventories, at fair value less costs to sell	IAS 2.36(c)
Cost of inventories recognised as expense during the period	IAS 2.36(d) , IFRS 19.164(c)
Inventory write-down	IAS 2.36(e), IFRS 19.164(d)
Reversal of inventory write-down	IAS 2.36(f), IFRS 19.164(e)
Description of circumstances leading to reversals of inventory write-down	IAS 2.36(g)
Inventories pledged as security for liabilities	IAS 2.36(h), IFRS 19.164(f)

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

2. Disclosure requirements in other IFRS Accounting Standards that remain applicable and that are specified in IFRS 19 by **cross-reference**

- **NOT adding references** to IFRS 19 to existing elements in the IFRS Accounting Taxonomy
- To apply such requirements in IFRS 19, an entity would need to refer to the cross-referenced paragraphs so references are not needed.
- Having Taxonomy elements that only refer to the paragraphs of underlying IFRS Accounting Standards is consistent with the drafting approach used in IFRS 19 and sufficient to facilitate the appropriate use of the Taxonomy when applying the Standard.
- Example - NO reference to IFRS 19 would be added to elements relating to paragraph 47 of IFRS 16

IFRS 16 Leases

...

Disclosure requirements in IFRS 16 that remain applicable

127 A lessee shall apply the disclosure requirements in paragraph 47 of IFRS 16.

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

3. Disclosure requirements that are **specific to IFRS 19** and their related requirements drawn from other IFRS Accounting Standards

- Creating **new elements** and including these new elements and any related existing elements in a new presentation group for IFRS 19

IAS 24 Related Party Disclosures	
226	Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose: <ul style="list-style-type: none"> (a) the name of its parent and, if different, the ultimate controlling party; and (b) the name of the ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards, as required by paragraph 7(c) and which results in the entity being eligible to apply this Standard.

[890000] Notes – Subsidiaries without public accountability	
Disclosure requirements under subheading IAS 24 [abstract]	
Name of parent entity	..., IAS 24.13, <u>IFRS 19.226(a)</u>
Name of ultimate parent of group	..., IAS 24.13, <u>IFRS 19.226(a)</u>
Name of ultimate or intermediate parent that prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards	<u>IFRS 19.226(b)</u>
Explanation of relationships between parent and subsidiaries	IAS 24.13, <u>IFRS 19.226</u>
Notes:	
<ul style="list-style-type: none"> • GREEN items are new elements • GREY items are existing elements that logically complete the hierarchical structure of the new elements 	

Amendments to Classification and Measurement of Financial Instruments

- *Amendments to Classification and Measurement of Financial Instruments* amended and added disclosure requirements in IFRS 7 and introduced transitional disclosure requirements in IFRS 9.
- Taxonomy proposals relating to the amendments:

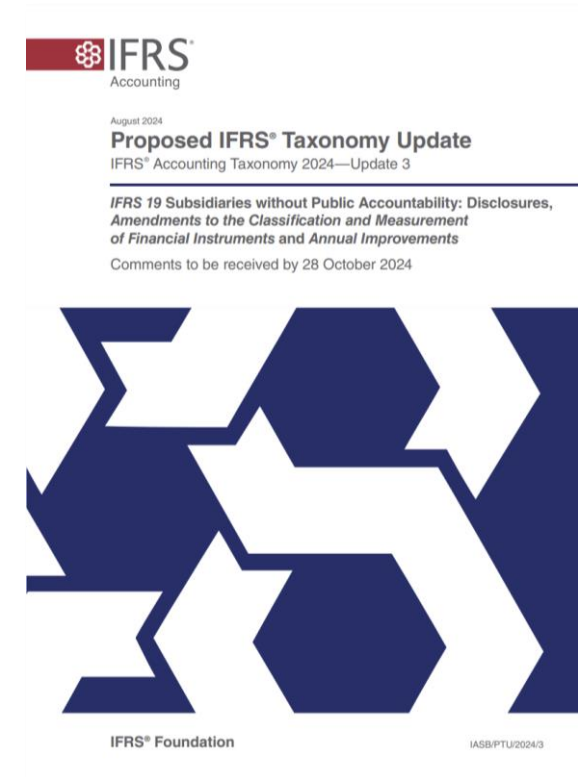
Amended / additional disclosure requirements	Proposed taxonomy modelling
Investments in equity instruments designated at FVOCI	<ul style="list-style-type: none"> • Creating a new table for the disclosure of information about each class of equity investment • Creating three monetary elements
Financial instruments with contractual terms that could change the amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event (Financial instruments with particular contingent features)	<ul style="list-style-type: none"> • Creating two tables (one for financial assets and the other for financial liabilities) • Creating a text element, a text block element and a monetary element in each table
Transitional disclosures	<ul style="list-style-type: none"> • Creating a new table with four line-item elements

Request for feedback—Proposed Update 3

- A [consultation package](#), including a proposed update to the IFRS Accounting Taxonomy (PTU) reflecting the new or amended IFRS Accounting Standards, was published for public comment on 29 August 2024.¹
- The IASB is seeking feedback on the proposals in the PTU through comment letters and/or survey responses.
- The deadline for submitting feedback is **28 October 2024**.

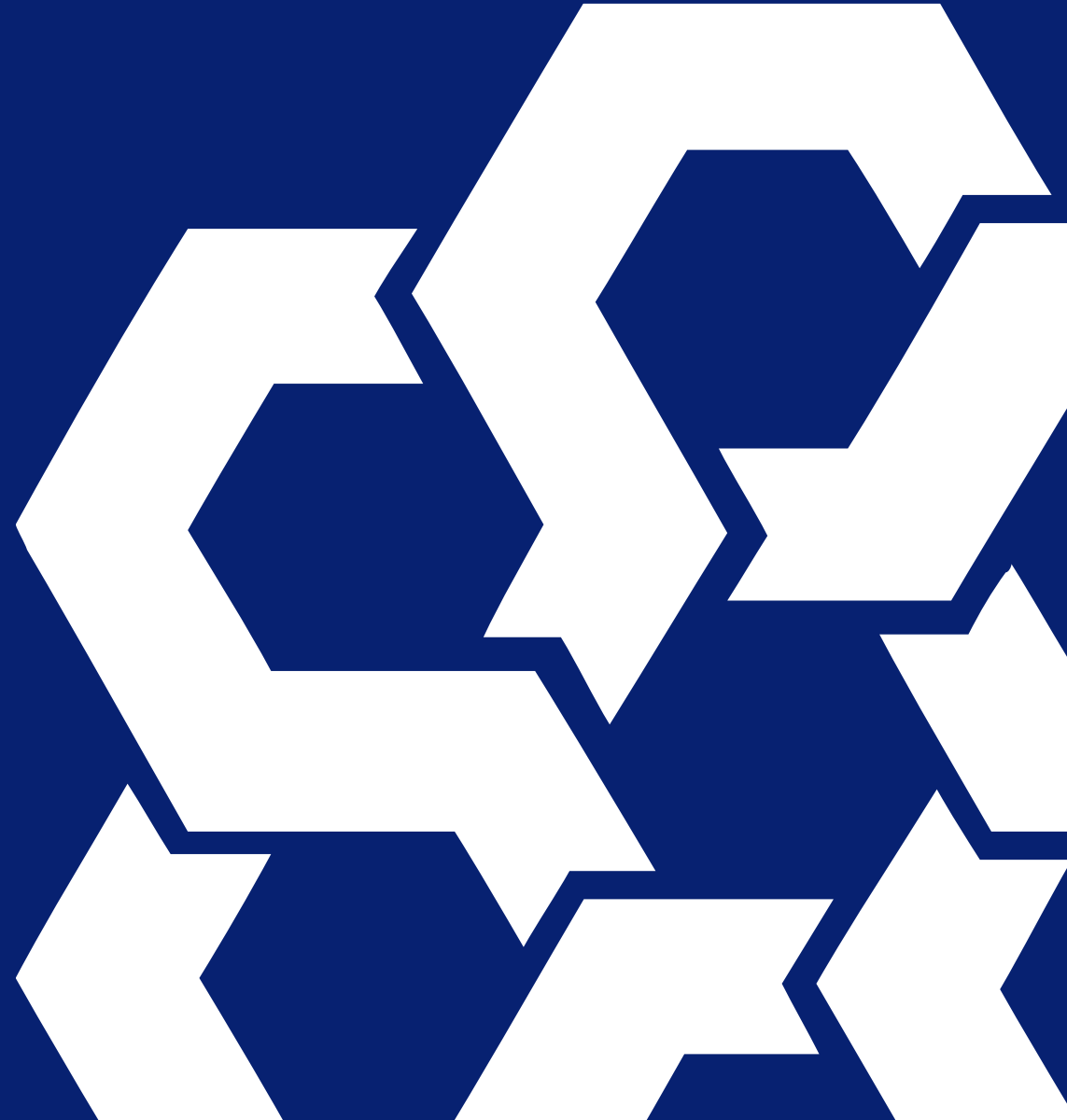
Question 1

Do you have any questions or comments relating to the IFRS[®] Accounting Taxonomy 2024—Proposed Update 3 *IFRS 19* Subsidiaries without Public Accountability: Disclosures, Amendments to the Classification and Measurement of Financial Instruments and Annual Improvements (slides 4–9)?



¹ IFRS[®] Accounting Taxonomy 2024—Proposed Update 3 consultation page can be accessed via the following link: <https://www.ifrs.org/content/ifrs/home/projects/work-plan/ifrs-accounting-taxonomy-update-subsidiaries-without-public-accountability-disclosures/ptu-and-comment-letters-amendments-ifrs9-ifrs7.html>

IFRS[®] Accounting Taxonomy 2024—Proposed Update 2



Introduction (1)

- On 15 August 2024, the IASB published a proposed update to the IFRS Accounting Taxonomy reflecting the proposed disclosure requirements in *Contracts for Renewable Electricity*. In [July 2024](#), the ITCG members discussed the proposed taxonomy modelling related to this Exposure Draft.
- To publish the Taxonomy Update in time for the IFRS Accounting Taxonomy 2025, which will be published in March 2025, the IASB obtained permission from the Due Process Oversight Committee to publish this proposed IFRS Taxonomy based on the proposals in the Exposure Draft.
- *Contracts for Renewable Electricity* proposes to amend IFRS 9 *Financial Instruments* for the ‘own-use’ and hedge accounting requirements for contracts for renewable electricity and to amend IFRS 7 *Financial Instruments: Disclosures* for the related disclosure requirements.

To reflect the proposed disclosure requirements, the IASB proposes create one new table and 14 new elements (see slides 14–15).

- *Contracts for Renewable Electricity* also proposes consequential amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

Based on the expected modelling approach to reflect IFRS 19 requirements, the IASB proposes to add references to the related elements to reflect the proposed requirements in *Contracts for Renewable Electricity*.

Introduction (2)

- The IASB has started redeliberation of the proposed amendments in *Contracts for Renewable Electricity*. Many respondents (including from the accounting profession and auditors, companies and standard-setters and CMAC and GPF members) disagreed with many of the proposals related to disclosure requirements. The IASB will consider comments received in finalising the amendments.
- Any changes to the proposed disclosure requirements will be considered alongside the comments received on this Proposed Taxonomy Update in finalising the IFRS Taxonomy Update.

An overview of the proposals (1)

The IASB proposes:

- to model separate text block elements for each of the paragraphs 42T–42V in *Contracts for Renewable Electricity* to reflect separate disclosure objectives;

Each text block element would reflect a separate narrative disclosure, expected to be separately understandable to users of digital financial statements and readily identifiable for tagging.

- not to model a separate narrative element for the proposed requirement in paragraph 42V(d);

Proposed text block element ‘*Disclosure of information on how contracts for renewable electricity affect purchaser’s financial performance*’ would capture all information disclosed in accordance with paragraph 42V and would be more useful to users of digital financial information.

- to introduce two new element types to the IFRS Accounting Taxonomy:
 - ‘energy’; and
 - ‘monetaryPerEnergy’.

An overview of the proposals (2)

The IASB proposes:

- not to add a specific member to reflect the name of the amended IFRS Accounting Standard to the ‘Initially applied IFRSs [axis]’; and

Adding members for minor IFRS amendments would make this mechanism more complex to use and would be of little benefit to users of digital financial reports (for example, the disclosure of adjustments to primary balances itemised to this amendment is unlikely).

- The IASB is consulting on the effective date for *Contracts for Renewable Electricity*. If the effective date is:
 - 1 January 2025; the IASB proposes not to model a separate element for the disclosure of fact of early application.

The amendments would already be in effect before the proposed elements are included in IFRS Accounting Taxonomy 2025. Therefore, modelling the elements would not be useful.

- later than 1 January 2025; the IASB proposes to reflect the disclosure of the fact of early application.

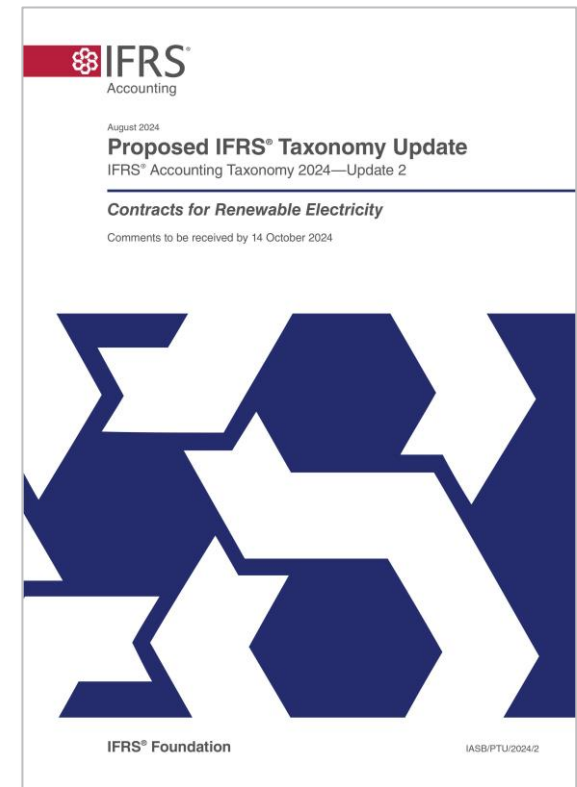
Request for feedback—Proposed Update 2

- A [consultation package](#), including a proposed update to the IFRS Accounting Taxonomy (PTU) reflecting the proposed disclosure requirements in Exposure Draft *Contracts for Renewable Electricity*, was published for public comment on 15 August 2024.²
- The IASB is seeking feedback on the proposals in the PTU through comment letters and/or survey responses.
- The deadline for submitting feedback is **14 October 2024**.

Question 2

Do you have any questions or comments relating to the IFRS[®] Accounting Taxonomy 2024—Proposed Update 2 *Contracts for Renewable Electricity* (slides 12–16)?

² IFRS[®] Accounting Taxonomy 2024—Proposed Update 2 *Contracts for Renewable Electricity* consultation page can be accessed via the following link: [IFRS - Proposed IFRS Taxonomy Update 2024 and comment letters: Contracts for Renewable Electricity](#)



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