Entity-specific disclosure task force- progress update

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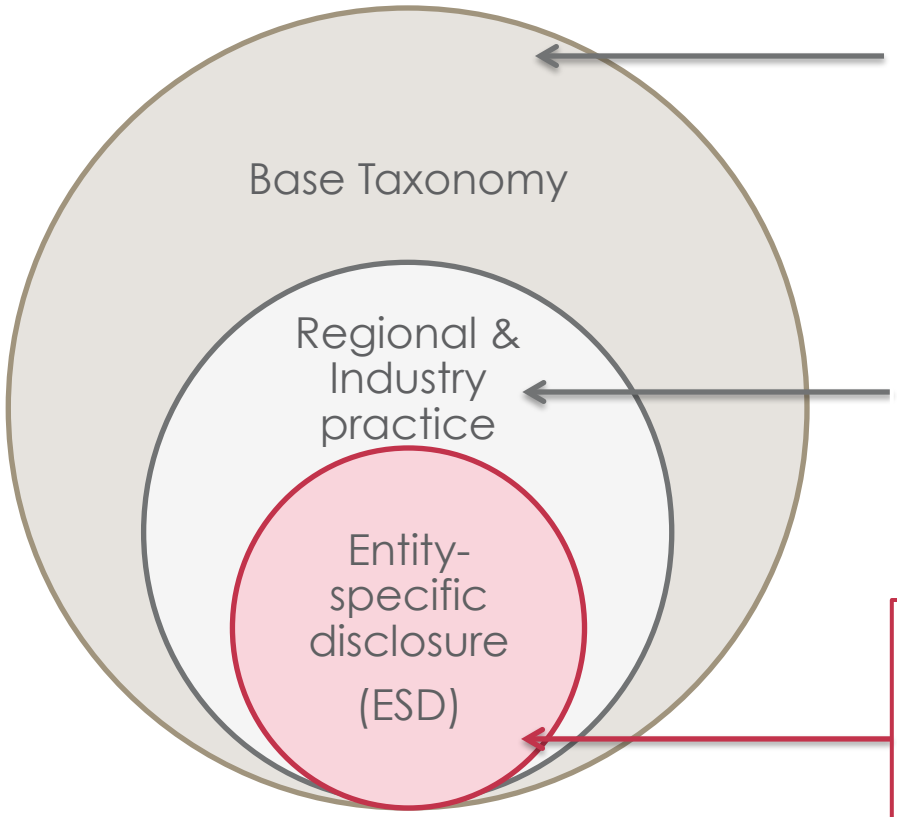
Agenda

- Introduction
- Business cases
- Entity-specific disclosures mechanisms
- Preliminary conclusions
- Data Quality Committee Feedback

Note: The XBRL glossary of terms can be found here: https://www.xbrl.org/guidance/xbrl-glossary/

What is an entity-specific disclosure?



The base taxonomy specified by the regulator (or other filing system owner). Eg the IFRS Taxonomy, the US GAAP Taxonomy, JGAAP Taxonomy, UK FRC Taxonomies.

Disclosures common across reports from specific regions or companies with the same industrial activities. Depending on the system these may be included in base taxonomies, other taxonomies provided by regulators or industry bodies.

A disclosure made in a report that is specific to the entity (or to a small number of entities) and not found in the base taxonomy or regional or industry taxonomies.

Why XBRL needs to work with entity-specific disclosures

- Common in flexible or 'open' reporting
- Allow entities to provide all the most relevant information in financial statements – "telling the story"
- Allow users to analyse how an entity may be different and how management operates

The task-force

- An XBRL International (XII) task force set up to look at how entity-specific disclosures are handled in XBRL
- Reports to the XBRL International Best Practices Board
- Joint chairs:
  - Louis Matherne – FASB
  - Andromeda Wood – IASB
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Purpose and initial scope

- Investigate why Entity-specific disclosures are created, when they are used and what they are intended to represent.
- Document common user difficulties.
- Describe best practice principles and solutions.
- Define requirements for syntax solutions if necessary.
- Initial scope
  - Entity-specific disclosures in financial reporting.
  - XBRL syntax for working with entity-specific disclosures, with and without preparer extension taxonomies.
  - Interaction with filing rules related directly to the XBRL syntax for ESDs but not overall rules for what to tag and how to identify the correct taxonomy item(s).

Summary of work

- Presentations from regulators and software vendors describing current and proposed market practice.
- Documentation of business cases.
- Discussion of existing mechanisms including Inline XBRL, dimensions and anchoring via existing XBRL linkbase functionality.
- Discussion of additional syntax, in particular dedicated ‘anchors’.
- Task force outputs:
  - A description of the business cases.
  - A high level discussion of the impact of taxonomy design, reporting format (in particular Inline XBRL) and the relationship with tagging rules.
  - A discussion of the different mechanisms in XBRL for working with entity-specific disclosures

Business cases

Business case—disaggregation

- A disaggregation of a base taxonomy item
  - Components of the disaggregated item may be entity-specific.
  - Includes cases where the base taxonomy item is not reported (a higher level aggregation may be).
  - The sum of the reported components may not equal the value of the base taxonomy item (for example, if the base value includes immaterial values).

Example–disaggregation of a base item

T	Cash generated from operations	80,117
E	PRC Enterprise Income Tax paid	(9,916)
E	Hong Kong Profits Tax paid	(411)
T	**NR Total tax paid**	
T	Net cash from operating activities	69,790

T Base taxonomy
E Entity specific
NR Not reported

- The entity has provided an entity-specific disaggregation of tax paid.
- It has not reported the total for the tax paid which is a base taxonomy item.
- Extension taxonomies with a calculation or presentation linkbase would only indicate that these tax items are related to the *Net cash from operating activities*.
- If the total tax paid had been reported there may still be missing information if:
  - the items do not sum and therefore a calculation is not provided;
  - the items are not presented together.

Business case—aggregation

- An aggregation of items
  - The items being aggregated may be entity-specific items or base taxonomy items or a mixture of both.
  - Not all components of an entity-specific aggregation are necessarily disclosed separately in a report.
  - The entity-specific aggregation may be a subtotal with further aggregation.

Example—aggregation of items

	Depreciation, amortization, provisions and write-downs- *Millions of euro*	12 31 2012
T	Amortization of intangible assets	72
T	Depreciation of tangible assets	417
T	**Total amortisation and depreciation**	489
T	Provisions for risks and charges	44
T	Bad debt provision (receivables recognized as current assets)	32
E	Other write-downs of fixed assets	2
E	**Total depreciation, amortization, provisions and write-downs**	567

T Base taxonomy
E Entity specific

- The entity has provided an entity-specific total: *Total depreciation, amortization, provisions and write-downs.*
- If the entity provides an extension taxonomy with a calculation (or presentation) linkbase then the components are linked to the entity-specific aggregation.
- However, the ESD *Other write-downs of fixed assets* will be linked to an entity-specific parent.

Entity-specific disclosures in XBRL

XBRL mechanisms available

- Base taxonomies (without requiring entity extension) can support some tagging of ESDs, e.g., typed dimensions
- Preparer extension taxonomies can also support ESDs with existing or new "anchoring" mechanisms
- Information available for interpreting ESDs can be influenced by report format:
  - Inline XBRL contains more accessible report structure than plain XBRL.

Use of dimensions

- Mainly for business cases involving disaggregation
- Generic (explicit) dimensions
  - Predefined set of explicit dimension members associated with a name or description line item eg Segment 1, Segment 2, Director 1, Director 2 etc.
- Typed dimensions
  - General line item provided in the base taxonomy to tag the entity-specific components where required by the regulator.
  - Typed dimension used to provide each additional tagged item with a unique context.
  - No need to anticipate the number of ESDs in advance – not predefined

Entity-specific disclosures in XBRL – Preparer extension taxonomy

Use of existing linkbases

- Calculation linkbase considered most useful for dealing with ESDs.
  - Better definition of link meaning than the presentation linkbase
  - Roll-up information important to users.
- Similar link information possible via presentation linkbase but presentation does not always reflect the roll-up.
- However:
  - For some business cases there are gaps in the information provided by the existing linkbases.
  - Calculation links when processed will provide 'warning' messages if roll ups are not complete or do not sum for other reasons.
  - Dimensional relationships are not yet well covered by the TF.

Existing linkbases—updates?

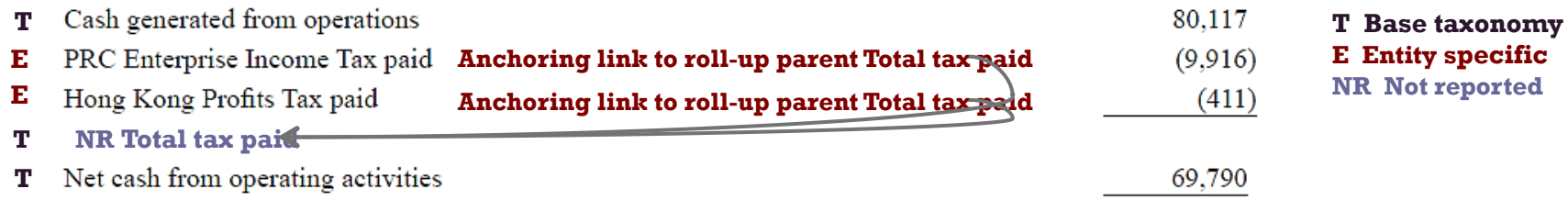
- The group has discussed a number of possible ways to improve the way ESDs are covered by existing linkbases.
- Discussions have included:
  - Updates to the calculation linkbase specification to allow the documentation of incomplete roll-ups.
  - Recommendations to require the inclusion of unreported base taxonomy items into linkbase relationships to provide context.
  - The specification of relationship meanings for the members within a domain.*

*Note: This presentation does not go into how the syntax might vary for use with dimensions in detail as these discussions are not complete

Additional links—'anchoring'

- Providing an additional link, in a preparer extension taxonomy linkbase, between a tagged ESD and a base taxonomy item.
- Anchoring link is a direct link between an extension taxonomy item and a base taxonomy item. No need to work via indirect links.
- Uses existing XBRL syntax structures – no specification changes required.

Anchoring—example



- The entity tags the items using extension taxonomy items.
- These items are then linked via a single linkbase link to an appropriate base taxonomy item.
  - In this case for the example that item is the calculation parent from the base taxonomy.
- This link provides the information missing from the other linkbases.

Anchoring—discussion

- Most useful for entity-specific disclosures:
  - without taxonomy calculations;
  - where the most appropriate base taxonomy item is not reported.
- Additional anchoring link may not provide useful additional information if other linkbases are present
  - Little additional benefit adding a link to an item with an existing direct base taxonomy parent that is serviceable.
  - Depends on how users are using the existing linkbases.
- Additional link will require guidance to help preparers identify the correct base item and is another relationship for users to 'decipher".

Additional topics—'anchoring'

- Whether there is an optimal meaning for the anchoring link
  - In the example there is a link specifying that a particular base taxonomy item is the calculation roll-up parent. Is this the most useful link to provide?
- Should the recommendation be that anchoring links are only used where necessary to complete user information?
- Should the recommendation be that anchoring links should always be provided for ESDs in order to avoid complicated additional rules for preparers?

Conclusions so far

Overall

- Regulators round the world already represent entity-specific disclosures in XBRL in a number of ways
- If users only need limited information about some entity-specific disclosures then:
  - Inline XBRL retains the context for entity-specific disclosures (tagged or untagged).
  - The base taxonomy can use dimensions and general line items to complete roll-up information.
  - The entity description of the disclosure and other relationships are not passed on to data users in the XBRL report unless there is also a preparer extension taxonomy.

Extension taxonomies

- Preparer extension taxonomies that have a calculation linkbase provide links from ESDs to the base taxonomy.
- Calculation links for ESDs are sometimes incomplete or missing.
  - If the most useful base taxonomy total is not reported then the ESD will not have a link to it.
  - Calculation links when processed will provide 'warning' messages if roll-ups are not complete or do not sum for other reasons.
  - Other linkbases (eg presentation) may provide additional information but the relationships are less well defined.
- Some users would prefer a single 'place' to look for ESD links.

Anchoring

- Additional anchoring links would provide links from ESDs directly to the base taxonomy.
- These links could be used:
  - Alongside existing linkbases in preparer extension taxonomies
    - Fills in gaps in existing information.
  - As the only linkbase provided with an extension taxonomy:
    - There would be guaranteed minimum information for users working with ESDs.
    - However it would provide less information (eg roll-ups) for the whole report than with existing linkbases.

Topics still under consideration

- A number of points related to the proposal for additional anchoring information (see slide 22).
- The XBRL syntax for dimensional information is more complicated and is still being discussed. In particular:
  - This syntax already provides more context for entity-specific additions than is available for line items.
  - How they interact with the current proposals for anchors to the base taxonomy.
  - The use of the extensible enumerations specification.

Desired DQC feedback

- On the range of XBRL options discussed
- On ideas for improving the use of existing XBRL linkbases in extension taxonomies
- On suggestion that a linking mechanism dedicated to 'anchoring' entity-specific disclosures to the base taxonomy should be provided
  - Are there cases when multiple anchoring links would be useful or does the lead to too much complexity?
- Is there is an optimal meaning for the anchoring link?
- Should the recommendation be that anchoring links are:
  - only used where necessary to complete user information?
  - always be provided for ESDs in order to avoid complicated additional rules for preparers?