

Element Selection and Extension Management

Preliminary conclusions

April 6, 2016

Discussion draft for guidance

- Focused on income statement and balance sheet
- Expanded to include selection of standard elements
- Provides guidelines for applying existing regulations for element selection in the context of financial reporting

No regulatory changes are required for guidance on selecting standard elements

Discussion draft - continued

- Identifies three specific cases where extensions are required
- Identifies one case where an item should not be tagged
- Provides a mechanism for connecting extensions to standard elements

Regulatory changes are required for these items

Preliminary conclusions

- Extensions are a serious problem for users
- The location of a disclosure in the financial statements is irrelevant to how the disclosure should be tagged
 - Different element selections should not be made for face financial statements and footnotes for a given disclosure

Element selection

- Materiality for the financial statements is determined by US GAAP for public companies (FASB Codification and Regulation S-X) when the statements are created, and XBRL element selection must follow the materiality used to create the statements (Regulation S-T 405(b))
- Element selection begins with understanding of why a disclosure is presented in the financial statements, and should follow US GAAP or common practice requirements
- Use the most recent version of the taxonomy (Regulation S-T(c)iii)
- Standard elements should be used (except for the specifically identified cases where an extension is required)
- Individual items which are immaterial are generally tagged with an Other [concept]

Element selection

Flowchart

- Selecting standard elements
- Selecting elements for aggregations

Regulation S-X requirements

Balance Sheets (5.02) requirements for reporting noncurrent assets

- Securities of related parties
- Indebtedness of related parties (noncurrent)
- Other investments
- Property, plant and equipment
- Accumulated depreciation, depletion and amortization of property, plant and equipment
- Intangible assets
- Accumulated depreciation and amortization of intangible assets
- Other assets
- Total assets

Test case 1 - standard element exists for aggregation

Deposits, Prepaid and Whatever	30
Goodwill	<u>210</u>
Total assets	240

Standard element exists for the item
Deposits, Prepaid and Whatever

Use the standard element

Test case 2 - material and immaterial components

Deposits	200
Prepaid	10
Whatever	<u>10</u>
Deposits, Prepaid and Whatever	220
Goodwill	10
Other Assets	<u>10</u>
Total assets	240

Standard elements exist for the components: Deposits, Prepaid and Whatever, and the components are NOT reported in the balance sheet or footnote

No standard element exists for the total Deposits, Prepaid and Whatever

Use the standard element for Deposits

Test case 3 - aggregation of immaterial amounts

Deposits	10
Prepaid	10
Whatever	<u>10</u>
Deposits, Prepaid and Whatever	30
Goodwill	<u>210</u>
Total assets	240

Standard elements exist for the components: Deposits, Prepaid and Whatever, and the components are NOT reported in the balance sheet or footnote

No standard element exists for the total Deposits, Prepaid and Whatever

Use the standard element for Other Noncurrent Assets

Test case 4 - standard element already used

Deposits	10
Prepaid	10
Whatever	<u>10</u>
Deposits, Prepaid and Whatever	30
Other Assets	10
Goodwill	<u>200</u>
Total assets	240

Standard elements exist for the components: Deposits, Prepaid and Whatever, and the components are NOT reported in the balance sheet or footnote

No standard element exists for the total Deposits, Prepaid and Whatever

Use the standard element for Other Noncurrent Assets - but it is already used

Create an extension for the total and connect it to Other Noncurrent Assets

Test case 5 - standard elements exist for all

Deposits	200
Prepaid	10
Whatever	<u>10</u>
Deposits, Prepaid and Whatever	220
Goodwill	10
Other Assets	<u>10</u>
Total assets	240

Components are reported on the balance sheet or footnotes

Standard elements exist for all components and the total

Use the standard elements

Test case 6 - standard elements don't exist

Deposits	200
Prepaid	10
Whatever	<u>10</u>
Deposits, Prepaid and Whatever	220
Goodwill	10
Other Assets	<u>10</u>
Total assets	240

Components are reported on the balance sheet or footnotes

Standard elements exist for Deposits and the total Deposits, Prepaid and Whatever

No standard elements exist for the items Prepaid or Whatever

Create extensions for Prepaid and Whatever and connect them to the total Deposits, Prepaid and Whatever

Test case 7 - no standard element for aggregation

Deposits	200
Prepaid	10
Whatever	<u>10</u>
Deposits, Prepaid and Whatever	220
Goodwill	10
Other Assets	<u>10</u>
Total assets	240

Components are reported on the balance sheet or footnotes

Standard elements exist for the items
Deposits, Prepaid and Whatever

No standard element exist for the total

Do not tag the total. Include the components in the calculation for the balance sheet.

Test case 8 - no standard elements for aggregation or some components

Deposits	200
Prepaid	10
Whatever	<u>10</u>
Deposits, Prepaid and Whatever	220
Goodwill	10
Other Assets	<u>10</u>
Total assets	240

Components are reported on the balance sheet or footnotes

Standard elements exist for the items
Deposits and Prepaid

No standard elements exist for Whatever or
the total

**Use the standard element Other
Noncurrent Assets for Whatever**

**Do not tag the total. Include the
components in the calculation for the
balance sheet.**

Test case 9 - no standard element for component

Deposits	200
Prepaid	10
Whatever	<u>10</u>
Deposits, Prepaid and Whatever	220
Goodwill	10
Other Assets	<u>10</u>
Total assets	240

Components are reported on the balance sheet or footnotes

Standard elements exist for the items Deposits and Prepaid

No standard elements exist for Whatever or the total

Do not tag the total

Create an extension for Whatever and connect it to the standard element Other Noncurrent Assets

When are extensions required?

In only three cases...

Disaggregations of a standard element

First case where an extension is required

Disaggregation of a standard element into **two or more items**, and only where a standard element does not exist for one or more of the items

- “I want to use a standard element for more than one item” - e.g. where service revenue is disaggregated into two or more items by type of customer
- Create an extension where a standard element does not exist for the individual component item(s)
- Connect the extension to the standard element which is being disaggregated

Disaggregations of a standard element

- Filers present disaggregations of a standard element which are not required disclosures or common practice and for practical purposes are not added to the taxonomy, as they are not widely reported
- There are standard elements for required and common disaggregations in the taxonomy, and they must be used for these disaggregations
- **Providing additional descriptive detail about an item as part of the caption does not, by itself, constitute a disaggregation of a standard element**

Components of an aggregation

Second case where an extension is required

For components of an aggregation where one or more of the components is immaterial (i.e., no standard element exists for the component)

- Create an extension for the immaterial component
- Connect the extension to the standard element for the aggregation
 - If the aggregation is not tagged, select the Other [concept] for the immaterial component

Concept is used elsewhere in filing

Third case where an extension is required

For aggregations where the component items are not disclosed separately and are not material, and the standard element for Other [concept] is more appropriately used for another item in the financial statements

- Create an extension for the aggregate item
- Connect the extension to the standard element Other [concept]

Connecting Extensions

- Required extensions must be connected to a standard element
- Two connection mechanisms are considered
 - Arc roles
 - Dimensions
- Users' needs will determine which mechanism is specified for a given disclosure
- **Extensions are allowed only for these three cases and must be connected to standard elements because**
 - In these three cases, extensions provide meaningful, actionable information;
 - Connecting unnecessary extensions to standard elements does not provide a meaningful improvement in data quality