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Director, XBRL Services  
Clarity Systems

RE: Request for Information - Concept Naming and Change Management in the IFRS Taxonomy

To the IASC Foundation,

I am pleased to have the opportunity to comment on your "Request for Information" regarding Concept Naming and Change Management in the IFRS taxonomy.

*While I serve as Director, XBRL Services for Clarity Systems, the comments herein reflect my personal views.*

I have had the good fortune to be engaged in XBRL from its very inception in 1998 with leadership in the early days through the present – both as part of the Securities and Exchange Commission's XBRL project team that developed the US GAAP taxonomy that is currently in use for SEC filings as well as working closely with Clarity System's software development team, and our SEC filer clients coaching them through their XBRL implementations using Clarity FSR. My experience provides an informed and well rounded view of the issues.

**From the RFI: In response to this request, comments should be submitted as replies to the following questions:**

(a) Which of the options (R1, R2, R3) should be implemented for the architecture of the IFRS Taxonomy with regards to the renaming of concepts? Please note that only one option may be selected. Please provide the reason for your decision as well your assessment of the benefits and costs of the selected option.

### **Renaming of Concepts**

I support **Option R3** - Abstract Names and IDs: all concept names and IDs are changed to a short meaningless string of text for the IFRS Taxonomy 2010, which then remains stable in subsequent releases.

#### Rationale

I've always felt the current convention of synchronizing the element names to the labels was at best a waste of time and at worse misleading to the user. Users are reading in meaning that does not exist for these element names. Additionally, as time passes, the labels will get out of sync with the element names resulting in unnecessary confusion.

A current example of this issue from the US GAAP taxonomy, which is similar to the one provided in the RFI, includes:

*In the 2008 taxonomy*

Element Name	MinorityInterest
Element Label	Minority Interest
Element Documentation Label	Carrying amount of the equity interests owned by noncontrolling shareholders, partners, or other equity holders in one or more of the entities included in the reporting entity's consolidated financial statements.

*In the 2009 taxonomy*

Element Name	<b>MinorityInterest</b>
Element Label	<b>Stockholders' Equity Attributable to Noncontrolling Interest</b>
Element Documentation Label	Total of all Stockholders' Equity (deficit) items, net of receivables from officers, directors owners, and affiliates of the entity which is directly or indirectly attributable to that ownership interest in subsidiary equity which is not attributable to the parent (noncontrolling interest, minority interest).

In this example, the taxonomy designers elected to continue with the same element from 2008 to 2009 presumably to facilitate year to year consistency in a concept that is largely unchanged except for its placement in the statements and the label name.

The above difference in the element to label name in the 2009 taxonomy is meaningless but causes confusion with users of the taxonomy as they see the characters “MinorityInterest” and assume it must be wrong. While understandable, this is an incorrect conclusion and can result in the unnecessary creation of an extension element.

Costs

As costs, the RFI suggest there will be a substantial initial effort for extenders to remap from the 2009 to the 2010 taxonomy. While I can see that this will involve some effort I’m having a hard time seeing it as “substantial”. This is a simple element name replacement across the extension taxonomy. Even as a manual exercise this is trivial but it should be close to instantaneous if performed using software.

I agree that “lower code readability” will be a result of this change but the benefit is that users will stop misreading element names and taxonomy designers won’t have to worry about making the elements “look the same” as the label.

Benefit

Removing this misleading information would improve the use of the taxonomies. Additionally, there would be no requirement to synchronize element names and labels.

**From the RFI: In response to this request, comments should be submitted as replies to the following questions:**

(b) Which of the options (D1, D2) should be implemented for the architecture of the IFRS Taxonomy with regards to the deletion of concepts? Please note that only one option may be selected. Please provide the reason for your decision as well your assessment of the benefits and costs of the selected option.

**Deletion of Concepts**

With qualification I support **Option D1** - Current IFRS Approach: concepts are deleted from the schema if no longer required.

**Qualification:** As concepts are deprecated they are removed from the primary taxonomy schema file (ifrs-cor\_2009-04-01.xsd) and placed in a secondary schema created just for deprecated concepts. There could be a secondary schema file for each annual deprecation. Something like ifrs-dep\_2010-04-1.xsd and then again next year ifrs-dep\_2011-04-1.xsd and so forth).

Rationale

Based on what I'm seeing in practice, I believe that a deprecated element should no longer be used past its deprecation date. If for some reason the taxonomy extender needs to use that element, then they should create a new company specific concept. I would not expect this to be a common situation.

Some have argued that the deprecated concepts need to continue in existence for previously generated extensions and instance documents but those extensions and instances refer to the prior base taxonomies, which are expected to exist in perpetuity. There should be no issues for prior extensions or instances that correctly continue to reference the prior taxonomy releases. Furthermore, when these extended taxonomies are rolled forward the deprecated elements should be replaced.

There is arguably some value in having the deprecated elements present to facilitate mapping between subsequent taxonomy releases but by putting the deprecated elements into a secondary schema file you can use them when you need them and leave them behind when you don't.

Benefit

This approach would continue to have the elements available for reference if needed but without requiring the base taxonomy schema to carry the increasing volume and load of these elements over time.

## Costs

Impact should be minimal. The IFRS taxonomy would need to make the deprecated elements available in these deprecated schemas but they could be designed to roll off over time, e.g., 10 years.

Please contact me at the email address or phone number provided in my signature line if you have any questions.

Best regards,



**J. Louis Matherne, CPA**

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## About Clarity Systems

Clarity Systems delivers software solutions to the Office of Finance. Clarity Systems software helps large and mid-market organizations around the world improve their budgeting, planning, consolidations, scorecarding and management reporting processes, and also automates their external reporting processes to support the production of regulatory and statutory reports. Clarity Systems unified applications help CFOs reduce risk while simultaneously improving operational efficiency. For more information, please visit Clarity Systems website at [www.claritysystems.com](http://www.claritysystems.com).

## About Louis Matherne

As Director, XBRL Services, Mr. Matherne is responsible for providing XBRL leadership and subject matter expertise to Clarity Systems' clients as well as sales and product development teams. Prior to joining Clarity Systems, Louis was a member of the Securities and Exchange Commission's XBRL project team that developed the US GAAP taxonomy. Prior to joining the SEC, Louis was a Director with the American Institute of CPAs, most recently as Director XBRL. In that capacity, Louis also served as the Founding President of XBRL International.

Mr. Matherne has been deeply involved with XBRL from its inception in 1999 and has been referred to as one of the Founding Fathers of XBRL.