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**International  
Accounting Standards  
Committee Foundation**

*This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.*

## **INFORMATION FOR OBSERVERS**

**IASCF Meeting, 15-16 January 2009**

**Agenda Paper 7A**

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### **IASC Foundation XBRL Team Status Update**

#### Executive Summary

Consistent with the IASCF XBRL Due Process, the Exposure Draft of the IFRS Taxonomy 2009 (an update of the existing taxonomy) is being released on 12<sup>th</sup> January for a 60 day comment period. The final version of the IFRS Taxonomy 2009 is expected to be released on 1<sup>st</sup> April 2009. There is a desire of many commentators for the Trustees to give some form of quality of assurance. As discussed at the last meeting, the Trustees are not expert in the field of taxonomy development, and, like the standard-setting process, the organisation stands behind the quality of the people and process. The Trustees are asked again to affirm that position.

A number of stakeholders have asked the organisation to reassess its position regarding the development of industry extensions. Currently, the organisation does not create industry extensions, because of concerns regarding creating new GAAP and undermining the principles-based framework of IFRSs. At the same time, demand is growing, and some have suggested that the IASCF should potentially extend the mandate of the IASCF XBRL team to approve, recognize, and develop industry extensions. Staff is now considering this issue, and will submit a new Vision and Strategy paper including budget and funding to Trustees at the next meeting in London (1st April).

# 1 Update on IFRS Taxonomy development

## 1.1 IFRS Taxonomy 2009

After review by XQRT (1<sup>st</sup> – 19<sup>th</sup> December 2008), the Exposure Draft of the IFRS Taxonomy 2009 has been released on 12<sup>th</sup> January for a 60-days period of comments. The main changes<sup>1</sup> from the 2008 version are:

- IFRS changes (annual improvements, credit crisis, IFRIC 17...)
- Improving taxonomy architecture (according to the ITA/TCF initiative – see Other Developments)
- Clarification of wording (i.e. impairment of reversal recognised -> reversal of impairment loss recognised)
- Syntax changes (not affecting semantic) leading to
  - A decrease in size (14.5MB -> 8.3MB)
  - An improved performance for 70% (24 sec -> 10 sec for upload)

The final version of the IFRS Taxonomy 2009 is expected to be released on 1<sup>st</sup> April 2009.

## 1.2 Quality Assurance

Some adopting jurisdictions recently called for the IFRS taxonomy development process (similar to the IASB Due Process) to include a form of assurance and certification. These parties are seeking assurance regarding the quality of the IFRS taxonomy. The IASC Foundation position has been that *“the IASC Foundation will stand behind the process and the process is meant to ensure that the IFRS taxonomy is a faithful representation of IFRSs and reflects our best effort to develop a taxonomy of the highest standard. For this reason, we have developed a professional team and have established the XBRL Quality Review Team and the XBRL Advisory Council. External parties are seeking comfort from the fact that the Trustees would stand behind the process”*<sup>2</sup>.

The IASC Foundation Constitution calls for the Trustees to “review broad strategic issues affecting accounting standards, promote the IASC Foundation and its work and promote the objective of rigorous application of International Accounting Standards and International Financial Reporting Standards, provided that the Trustees shall be excluded from involvement in technical matters relating to accounting standards”

In this capacity, the XAC suggested that the Trustees should consider whether XBRL be specifically mentioned in the Constitution. Staff believes that the Constitution is sufficiently broad to cover XBRL in the organization and singling specific non-standard-setting activities is unnecessary. However, we could determine the strength of feeling on this issue as part of the Constitution Review.”

At the same time, team is preparing full documentation of the **XBRL Activities Due Process** (i.e. taxonomy development, translations). The documented process is to be disclosed together with the final version of the IFRS Taxonomy 2009.

Last, team will soon be working with a small group of Board members in order to

- Provide the Board regular update on XBRL developments, and especially team activities
- Having XBRL to contribution to the development in the standard setting process (i.e. Presentation of Financial Statements – IAS 1

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<sup>1</sup> All changes from the 2008 to the 2009 version are fully documented.

<sup>2</sup> This statement was already shared with Trustees and is restated here for the clarity of the topic.

- Let the Board consider the compliance of the IFRS Taxonomy with approved IFRS and express it publicly by explicit statement.

Decision 1: The Trustees already agreed to issue a statement to acknowledge their support of the taxonomy development process. This could be reiterated as part of the Trustees' meeting statement.

## ***1.3 Other developments***

### **1.3.1 Interoperable Taxonomy Architecture (ITA)**

In October 2007, the US SEC, Japan FSA and IASCF initiated the **Interoperable Taxonomy Architecture (ITA) project** in order to align the three IFRS, US GAAP and EDINET taxonomies architectures. After one and half year of ongoing effort, status of the work done summarizes as follows:

- ITA group has finished the Taxonomy Comparison Framework (TCF). The framework has been recently consolidated in TCF master and now consists of four main sections (General Information, Technical Alignment, Domain Alignment, Extension and Instance Rules Alignment). ITA decided to share the TCF master with the XBRL International Taxonomy Architecture Working Group as interim deliverable.
- ITA group works on the ITA Guide which documents the recommendation and agreed best practices on taxonomy architecture. ITA set time line and aims to prepare first draft of the ITA Guide for the XAC face to face meeting in March and final version for Paris conference.
- As interim steps developers of three taxonomies started already to implement agreed best practices to each of the three taxonomies

### **1.3.2 IFRS for Private Entities (PEs)**

As planned, the XBRL team has started the development of the **IFRS for Private Entities (PEs) taxonomy** and to release an Exposure Draft version together with the release of the standards by IASB (probably in Q2-2009).

### **1.3.3 IFRS Taxonomy Module Manager (ITMM)**

ITMM provides an interactive graphical interface that guides the user through the selection of the necessary IFRS modules. ITMM is as an entry point (in the form of a schema or empty instance document) and the starting point for entity-specific extension or direct filing. In its more recent version, ITMM has been fully integrated with an IFRS taxonomy viewer.

ITMM has been conceived with open source tools and, consequently, its code will also have to be released as Open Source. Due to legal issues, this release is delayed but is expected to be released by the end of January 2009.

### **1.3.4 Translations**

Team is working closely with IASCF Translations department. As already stated in the previous report to Trustees, the development of Translations of XBRL labels for European languages has been impacted by delays of the European Commission project. Nevertheless, translations are being performed as soon as content is made available.

### 1.3.5 Infosys filing to US SEC in XBRL

Infosys already provided XBRL filings to US Securities and Exchange Commission in US GAAP<sup>3</sup>. Since Infosys decided to move to IFRS and as XBRL team was looking for more real cases examples to illustrate the practical use of the IFRS Taxonomy, both Infosys and the IASCF teams worked together to prepare the Infosys Form 6-K in XBRL<sup>4</sup> to be filed to the US SEC for the first quarter ended on 30<sup>th</sup> June 2008. Some statistics resulting from that work:

- Total number of concepts used 204
- Of which IFRS concepts: 168
- InfoSys concepts (extensions): 36
- Percentage of IFRS usage : 82.3 %

The XBRL file rendered in XHTML will be presented to Trustees during the meeting.

## 2 Update on XBRL Team and budget

### 2.1 Staff

As stated in previous reports to Trustees, Tom and Olivier have changed the team structure to have only permanent staff for the main functions from 1<sup>st</sup> October 2008. The team is now composed as follows:

- Olivier Servais – team leader
- Maciej Piechocki – Project Manager Technology
- Holger Obst – Project Manager Accounting
- Danielle Pham – Executive Assistant (Communication, Projects, Administration)<sup>5</sup>
- Kurt Ramin – Advisor

The Team still needs to be staffed with the following position:

- A Project Assistant Technology

The Team also welcomes temporary secondees: the Trustees are welcome to spread word regarding our willingness to accept secondees.

### 2.2 Budget and Funding

The change in structure of the XBRL team has not net impacted the budget that was approved by Trustees in July 2007. Contingent on any decisions on Taxonomy Extensions (see below), no change in budget is expected.

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<sup>3</sup> <http://www.sec.gov/xbrl>

<sup>4</sup> Primary Financial Statement, excluding the notes

<sup>5</sup> Starting on 19<sup>th</sup> January

## **3 Update on XBRL Advisory Council and XBRL Quality Review Team**

### **3.1 XBRL Advisory Council (XAC)**

#### **3.1.1 Outcome of the XAC meeting on 11<sup>th</sup> October 2008<sup>6</sup>**

Out of the Quality Assurance topic already raised, and the Industry Extensions further addressed, in this report, XAC made the following conclusion: “Attendance at the meeting highlighted the growing international recognition of the important role that XBRL, in association with IFRS, can play in capital markets. The exigencies of the current economic condition create an increased sense of urgency for important work to be completed ready for increased adoption from 2010 onwards. The need to expand preparers’ use and understanding of the semantic value of XBRL for internal as well as external data communication through the use of extensions was discussed. This will have to be balanced with the need to promote and maintain standardised extensions to the IFRS taxonomy to facilitate end-user analysis. The XAC meeting provided a forum for robust discussion on these and other relevant issues and the Team was offered diverse and complementary perspectives on which to formulate strategic responses.”

#### **3.1.2 Outcome of the XAC conference call on 17<sup>th</sup> December 2008**

The main topics discussed by XAC members during the conference call on 17<sup>th</sup> September 2008 were:

- IFRS Taxonomy 2009 update
- Taxonomy Comparison Framework/Interoperable Taxonomy Architecture (update)
- IFRS Taxonomy Extensions Commons (COMMONS): review of the Paper

#### **3.1.3 Membership**

We have no new application for the XAC, but we are receiving a growing number of requests from individuals who wish to observe meetings.

### **3.2 XBRL Quality Review Team**

#### **3.2.1 Outcome of the XQRT conference call on 10<sup>th</sup> September 2008**

The key findings from the XQRT conference call on 10<sup>th</sup> September 2008 are:

- IFRS Taxonomy 2009
  - Timeline was discussed and agreed by the XQRT before being formally approved by Trustees
  - no significant accounting or architecture changes
- Future releases of the IFRS Taxonomy Guide will be enriched with more accounting examples
- The IASC Foundation Trustees and the XAC will discuss the role of the XBRL Team in the development of the IFRS Taxonomy industry and national extensions

#### **3.2.2 Membership**

We have no new applications for the XQRT.

## **4 IFRS Taxonomy Extensions**

Proper use the IFRS taxonomy for financial reporting generally requires extensions. The risk is that but the uncoordinated development of extensions will lead to incomparability. In Beijing, Trustees

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<sup>6</sup> Minutes of the meeting are attached

supported staff suggestion to develop an IFRS Taxonomy Extensions “framework” (called then the Clearing System). Team then has various discussions (i.e. XAC, Board members) and considered two approaches:

- IFRS Taxonomy Extensions Commons (Commons)
- Extend Team mandate to approve - recognize - develop industry extensions

#### **4.1 IFRS Taxonomy Extensions Commons (Commons)**

As suggested by Trustees, a detailed paper<sup>7</sup> is being prepared and this initiative has been renamed ‘Commons’. The purpose of Commons is to provide the framework to perform such coordination. The elements are guidance, repository, forum and identification of common concepts. A panel of experts who are not members or employees of the IASCF or IASB will be asked to contribute to the Commons project by identifying the common concepts. This document describes; the functional and technical requirements, the role of the IASCF XBRL team, the funding and the timeline for Commons.

#### **4.2 XAC comments**

During its last conference call, XAC made following comments regarding Extensions:

- There is a consensus among XAC on the need for a single set of global industry IFRS taxonomy extensions. Clarification of the definition of taxonomy extensions: distinction between company, industry, local/national and international regulators/supervisors
- Need for an infrastructure to host and create extensions, and to make this infrastructure a legitimate source of authoritative extensions<sup>8</sup>
- A concern that the proposed Commons, by itself, could not meet the market’s (especially the users’) expected timeline (2011, and in particular for the US implementation) because of its voluntary participation approach
- There is a need to identify the main industries and use existing resources to identify common, currently reported elements
- While the IASCF has strongly resisted expanding the scope of its taxonomy because of the concern that it would create authoritative guidance outside the IASB’s due process, some members of the XAC are advocating that the mandate of the IASCF XBRL team be extended to approve, recognize, and possibly develop industry extensions. This would require a relaxation of the restriction on the Team’s taxonomy development to solely the IFRS (Bound Volume). Management is concerned with the implications of this mandate expansion.
- The XAC’s task is to provide advice on strategic direction. It was also recognised that there may be practical difficulties associated with the achievement of the agreed goal of a common set of industry extensions within the timeframe and so it is important to pursue the best options available.

#### **Staff is proposing**

- **Working with a small group of IASB members to make sure the proposed revised approach is in line with organisational strategy**
- **Then working with a small subgroup of Trustees to confirm the proposed decisions**

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<sup>7</sup> See Agenda Paper XYZ

<sup>8</sup> That is the concept of COMMONS

- **Submitting a new Vision and Strategy paper, including an analysis of budget and funding implications, to Trustees at the next meeting in London (1<sup>st</sup> April).**

Decision 2: Approve team's proposals, and especially working with a small subgroup of Trustees and submitting a new Vision and Strategy paper including budget and funding to Trustees at the next meeting in London (1st April).

## 5 Update on other XBRL adoption developments

The XBRL team has been involved in number of initiatives since XBRL is considered in most of IFRS adoption and implementation initiatives:

- US SEC: on 17<sup>th</sup> December, the Commission adopted the final rule to provide for corporations (public companies) and for mutual funds financial statement information to be filed with the Commission in interactive data format (XBRL).
  - The agenda has been slightly updated:
    - Year 1: domestic US and foreign companies (large accelerated filers) filing in US GAAP with a public float of over \$5Bn (about top 500)
    - Year 2: all other domestic and foreign large accelerated filers using US GAAP
    - Year 3: all remaining filers using US GAAP, including smaller reporting companies, and foreign companies filing in IFRS (as issued by IASB)
  - As the main comments were affecting the initial cut-off date, this initial date has been delayed from Dec 15, 2008 to June 15, 2009.
  - Financial statements in XBRL will not replace but supplement ASCII/text and will have to be made available also on the corporate/funds website for at least 12 months.
  - A 30 day grace period would be permitted for the first interactive data exhibit of each filer
  - A specific issue has been raised during the Q&A about “the level of details” of the IFRS Taxonomy: “companies could expect finding in IFRS taxonomy the same level of details as in the US GAAP”.
- European adoption: despite a number of positive signals from the European Commission and European Parliament (i.e. “to see XBRL playing a bigger role on the reduction of administrative burden”<sup>9</sup>), no clear message has been provided so far by the European Commission. Different stakeholders (including XAC members) are asking Trustees to formally urge the European Commission to publish a roadmap in order to mandate XBRL where appropriate (i.e. listed companies, banks, insurance companies...)
- In China, the Ministry of Finance, the China Securities Regulation Commission (CSRC) and the two stock exchanges (Shanghai and Shenzhen<sup>10</sup>) have agreed to work together on the development of a common taxonomy which is based on IFRS taxonomy.
- The Team is following a number of initiatives in Australia, Canada, China, European countries, India, Japan, Israel, South Africa, and Chile, among others.

<sup>9</sup> XBRL has been endorsed by the HLG and the European Parliament Committee on Economic & Monetary Policy (ECON) as a potential technology enabler for the achievement of the €150 bn savings sought by the program (increasing European GDP by 1.4%)

<sup>10</sup> Both stock exchanges are already mandating the use of XBRL for companies filing.

