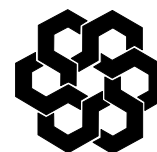


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**International  
Accounting Standards  
Committee Foundation**

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

## **INFORMATION FOR OBSERVERS**

**IASCF Trustees Meeting  
New York, 7 October 2009**

### **REPORT OF THE DUE PROCESS COMMITTEE**

#### **Agenda Paper 4**

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

### Executive Summary

Continuous communication with stakeholders confirms the importance of a fully documented Due Process for XBRL Activities. Extensive comments on the exposure draft have been received and the team has made a recommendation to the Trustees, through the Due Process Oversight Committee, to approve the final Due Process for XBRL Activities.

Trustees are expected make a decision on:

- final *Due Process Handbook for XBRL Activities* and the proposed *Summary and Feedback statement*
- extending the membership of the XBRL Advisory Council (XAC) to include representatives of the four main accounting firms and the application of Bob Laux to replace Taylor Hawes/Scott Godwin (Microsoft)
- extending the membership of the XBRL Quality Review Team (XQRT) to include representatives of the four main accounting firms
- incepting a new body (EEEP), charged with the development of IFRS Taxonomy Extensions including the preparation of a business plan and initiating contacts for collaborative development between the IASB/IASC Foundation and external parties including IOSCO, international regulators, and the four major accounting firms

# 1 Update on IFRS Taxonomy development

## 1.1 IFRS for Small and Medium-sized Entities (SMEs) Taxonomy

As planned, the team has released a non public draft of the IFRS for SMEs Taxonomy to the XQRT. A public exposure draft has been published on 28 September, with comments due by 27 November. The final release is scheduled to be published on 2 December. The current timeline is summarised below (which also appears on the IASB website):



## 1.2 IFRS Taxonomy Architecture

Since 2007, the technical development of the IFRS Taxonomy has included the maintenance of a consistent taxonomy architecture which was published, after a public review period, in April 2008. As addressed in the previous XBRL report in July, due to changes in technology and also stakeholders' expectations expressed by either the XQRT or public comments, the team has released two Requests for Information (RfIs) for public comment, on proposed amendments to the IFRS Taxonomy Architecture by

- Improving the use of Dimensions
- Improving the mechanism for renaming and deleting concepts

A total of 20 comment letters were received between 15 July and 14 August, in particular from key stakeholders, and no formal decision has been made yet on how the IFRS Taxonomy Architecture will be changed.

## 1.3 Quality Assurance and Due Process

Upon the Trustees' request during the XBRL report at the meeting in London in April, the *Due Process Handbook for the XBRL Activities* was released for public comment on the IASB website<sup>1</sup> for 90 days, with the comment period ending on 26 June 2009 (and which was subsequently extended until 17 July).

All comments have been given due consideration and the result is a significant degree of difference between the exposure draft and the revised *Due Process Handbook for XBRL Activities*. Therefore, accompanying this report are two documents:

- A proposed (to be final) *Due Process Handbook for XBRL Activities*
- A proposed *Summary and Feedback statement*

A summary of the improvements to the exposure draft is as follows:

1. Amendment to the organisation and operating procedures of the XQRT

<sup>1</sup> <http://www.iasb.org/XBRL/IFRS+Taxonomy/ED+DP+XBRL+Due+Process/ED+DP+XBRL+Due+Process.htm>

2. Amendment to the statement that the primary stakeholders of the IFRS Taxonomy are investors, now to include all users of financial statements as prescribed in the IASB framework
3. Reinforced statements concerning the ongoing nature of the development of the IFRS Taxonomy, rather than a single, annual release
4. Formalisation of the process for introducing changes to the architecture of the IFRS Taxonomy
5. Inclusion of the revised IASC Foundation disclaimer in the Handbook

Decision 1: The Trustees are invited to approve the proposed *Due Process Handbook for XBRL Activities* and the proposed *Summary and Feedback statement*

## **1.4 Translations**

Thanks to a close collaboration with the IASC Foundation Translations department, a new process for XBRL translations has been incepted and translations of the IFRS Taxonomy 2009 into Arabic, Dutch, French, Italian and Spanish have been released. The other remaining priority translations are Chinese, German and Japanese and are scheduled for release over the course of the next few weeks.

## **2 Update on XBRL Team and budget**

No change since previous report.

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

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

#### **3.1.1 Composition of the XBRL Advisory Council**

The comments received on the Due Process indicate that the efficiency of the XQRT, and also the XAC, would benefit from reinforcement with a larger number of representatives from the accounting profession. Although currently six of the 13 members of the XAC already represent the accounting profession, we recommend that the Trustees agree to extend the membership of the XAC to include representatives from each of the four main accounting firms. Currently, only PricewaterhouseCoopers and KPMG are represented on the XAC.

We have also received the application of Bob Laux to the XAC, to replace Taylor Hawes/Scott Godwin (Microsoft).

Decision 2a and 2b: The Trustees are invited to approve the proposal to extend the membership XAC to include representatives from each of the four main accounting firms, and also the application of Bob Laux to the XAC to replace Taylor Hawes/Scott Godwin (Microsoft)

#### **3.1.2 Outcome of the XAC conference call on 16 September 2009**

Here are the main topics discussed by XAC members during the conference call on 16 September 2009:

- The outcome of the public consultation on the exposure draft *Due Process Handbook for XBRL Activities* and the key changes arising from this consultation were discussed. Recommendations for improvements by the XAC were suggested. The final version of the Handbook is to be approved by the Trustees during their meeting in October.
- An update on the IASC Foundation's recent XBRL activities was given, including:
  - The feedback from the two Requests for Information on proposed changes to the architecture of the IFRS Taxonomy were discussed and the key findings shared, although no formal decisions have been made yet.
  - The development of the IFRS for SMEs Taxonomy
  - Development timeline for the IFRS Taxonomy 2010
- There was a brief update on extensions, which is to be discussed further with the Trustees.
- The agenda for the upcoming face-to-face meeting on 15 October was discussed, and will be published on the XAC website shortly.

## 3.2 XBRL Quality Review Team (XQRT)

### 3.2.1 Composition of the XBRL Quality Review Team (XQRT)

Upon the Trustees' request at the April and July meetings, the composition of the XQRT has been examined. The comments received on the Due Process indicate that the efficiency of XQRT would benefit from reinforcement with a larger number of representatives from the accounting profession. Although currently nine of the 18 members of the XQRT already represent the accounting profession, we recommend that the Trustees agree to extend the membership of the XQRT to include representatives from each of the four main accounting firms. Currently, only Ernst & Young and Deloitte are represented on the XQRT.

Decision 3: The Trustees are invited to approve the proposal to extend the membership of the XQRT to include representatives from each of the four main accounting firms.

### 3.2.2 Outcome of the XQRT meeting on 9 September 2009

Here are the main topics discussed by XQRT members during the conference call on 9 September

- The outcome of the public consultation on the exposure draft *Due Process Handbook for XBRL Activities* and the key changes arising from this consultation were discussed. The near-final version of the Handbook is to be reviewed by the Trustees' Due Process Oversight Committee.
- There was a brief update on extensions, which is to be discussed further with the Trustees.
- The feedback from the two Requests for Information on proposed changes to the architecture of the IFRS Taxonomy were discussed and the key findings shared, although no formal decisions have been made yet.
- A brief update was given from the ITA meeting in Washington DC in August.
- Thanks were expressed to the XQRT members who submitted comments on the draft IFRS for SMEs Taxonomy, and key comments and findings are to be shared.
- A full update of all items above will be provided at the face-to-face meeting in London on 16 October, details of which will be provided in the next few weeks.

## 4 IFRS Taxonomy Extensions

Extensive discussions with the XAC, XQRT, XBRL Board Advisory and various stakeholders has confirmed the need for the IASC Foundation to be involved in and to contribute to the development of tags reflecting ‘*additional information necessary to fulfill the requirement of IFRS principles, but not specified listed in IFRS, in order to provide more details based on specific industry, local/regional, supervision, preparer or user requirements*’.

A detailed analysis of pro’s and con’s for each class of developers (issuers/preparers, regulators/supervisors and accounting standard setters) confirms that there is no single solution.

In order to minimise the risks and maximise efficiency, three non-exclusive levels of involvement by the IASC Foundation in the development of extensions are being considered:

- Collecting illustrative financial statements to identify ‘common practice’ concepts
- Aggregating existing concepts/extensions and making them available on the IASB website (clearing house)
- Incepting a new body to identify and create tags for IFRS Taxonomy extensions

The first two points have previously been discussed with Trustees and could be included in the third suggestion (the inception of a new body). The main rationale for incepting a new body is:

- Avoid the products of this body, which are IFRS Taxonomy Extensions (common practice or, industry-specific concepts) being perceived as official pronouncements of the IASB
- Define a proper funding scheme for this activity which is clearly outside of the initial scope of the IASC Foundation’s XBRL activities

This potential body would operate in a similar way to the IFRIC, whereby a panel of external experts meet on a regular basis to prepare, review and approve the work done by a dedicated staff..

Preliminary, informal research has generated interest from organisations including IOSCO, the Australian Government, the European Commission, the Japan FSA, the US SEC and other international regulators, as well as the four major accounting firms, to be present on the Extensions External Experts Panel (name to be refined). Discussions with members of the IASB, in particular the XBRL Board Advisory Group, reaffirm the belief that both the IASB and the IASC Foundation would also contribute actively to the EEEP.

Support and preparation of the work of the EEEP would be the responsibility of a dedicated team (funded by EEEP members) based in the IASC Foundation premises.

The team recommends that the Trustees approve the decision to prepare a business plan, draft a charter, refine deliverables, operations and due process, and initiate contacts for collaborative development between the IASB/IASC Foundation and external parties, including IOSCO, other international regulators, and the four major accounting firms.

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| Decision 4: The Trustees are invited to approve the proposal to incept a new body (EEEEP), charged with the development of IFRS Taxonomy Extensions and to prepare a business plan and initiate contacts for collaborative development between the IASB/IASC Foundation and external parties, including IOSCO, other international regulators, and the four major accounting firms. |
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## **5 Update on other XBRL adoption developments**

The team invites the Trustees to read the *XBRL Update* newsletter which provides a comprehensive overview of recent XBRL projects around the world.