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

## **INFORMATION FOR OBSERVERS**

**IFRS Foundation Trustees Meeting, Tokyo, 10 February 2011**

### **AGENDA PAPER 11C**

#### **IFRS Foundation XBRL Team Trustees' Report for XBRL Activities**

##### Executive Summary

In accordance with the XBRL Due Process, an exposure draft of the **IFRS Taxonomy 2011** was released on 18 January 2011 for a 60-day comment period. **Outreach activities** to coordinate the global adoption of the IFRS Taxonomy are ongoing. Efforts to improve **interaction with the IASB/technical staff** have shown to be effective, resulting in improvements in the quality of both the IFRSs and the IFRS Taxonomy. The analysis of **common-practice IFRS Taxonomy concepts** (ie extensions) in accordance with a robust due process – if approved by the Trustees – could lead to the publication of the first set of extensions as early as April 2011.

## **1 XBRL Team activities**

### ***1.1 Update on the IFRS Taxonomy 2011***

#### **1.1.1 Release timeline and due process**

As with previous versions of the IFRS Taxonomy, the IFRS Taxonomy 2011 has been developed in accordance with the due process for XBRL activities as approved by the Trustees.

On 20 December 2010, the draft 2011 taxonomy was submitted to the XQRT (XBRL Quality Review Team) for review until 10 January 2011. Approximately **250 comments were received from the XQRT**, relating to both financial reporting content and technical, XBRL matters. The comments impacted approximately **950 items** in the taxonomy (both new and existing items). The comments were analysed and considered by the XBRL Team and, where appropriate, changes to the taxonomy were implemented.

The **exposure draft** of the taxonomy **was released on 18 January 2011 for a 60-day public review period** in accordance with the expected timeline and due process requirements. It is expected that the **final version** of the 2011 taxonomy will be released **by the end of March 2011**, in time for the IFRS Taxonomy Annual Convention on 29 March 2011.

### 1.1.2 Statistics

Below are some headline statistics on the number of items in the exposure draft IFRS Taxonomy 2011 compared to last year's version of the taxonomy. Overall, there has been an increase in the number of items in the exposure draft 2011 taxonomy when compared to the 2010 taxonomy. This increase in numbers is a result of:

- Changes in IFRS (the addition of new items for new IFRSs and the deprecation of redundant standards)
- The addition of new items to include IFRS application and implementation guidance, basis for conclusions and illustrative examples (i.e. part B of the Bound Volume) in the taxonomy.

Number of taxonomy items	ED 2011 taxonomy	2010 taxonomy
<b>Total</b>	<b>2,301</b>	<b>2,027</b>
All IFRSs excluding the IFRS for SMEs (1)	<b>2,188</b>	1,936
IFRS for SMEs (2)	<b>1,059</b>	1,026
Items in both the IFRSs and the IFRS for SMEs (3)	<b>946</b>	935
Items specific to the IFRS for SMEs (=2-3)	<b>113</b>	91
Items specific to all IFRSs excluding the IFRS for SMEs (=1-3)	<b>1,242</b>	1,001

### 1.1.3 Interim releases

IFRS Taxonomy *interim releases* contain additional taxonomy items that reflect new IFRSs and improvements to IFRSs published by the IASB. They are not included in the core IFRS Taxonomy because they are published after the final release of the annual taxonomy.

The following IFRSs (either final standards or exposure drafts) are scheduled to be published by the IASB in 2011 will be provided in XBRL-format as interim releases to the IFRS Taxonomy 2011:

- IFRS 10, 11, 12 and IAS 27, IAS 28, IAS 31
- Fair value measurement
- Post-employment benefits (incl. pensions)
- Financial statement presentation (Presentation of OCI)
- Exposure draft Asset and liability offsetting

The objectives of publishing interim releases - and thereby providing the XBRL tags together with the standards - are:

- To encourage comments on both IFRSs and the XBRL version of the IFRSs;
- To support early adopting entities wishing to report a new IFRS in XBRL format by providing taxonomy items earlier.

So far, the publication of interim releases has been met with **very positive feedback from stakeholders**.

## 1.2 IFRS Taxonomy Annual Convention

The first *IFRS Taxonomy Annual Convention* will be held on **29 March 2011** at the Renaissance Chancery Court Hotel in **London**. It is intended as an opportunity to gather stakeholders from different regions and business areas to meet and to share views on IFRS and XBRL adoption, and to discuss issues such as implementation and extensions. The date and location have been aligned with the London Trustees' meeting in order to encourage attendance and involvement by the Trustees. The convention will feature influential keynote speakers from the international financial reporting, XBRL and regulatory communities including:

- **Michel Barnier**, *Commissioner - Internal Market and Services*, **European Commission**<sup>1</sup>
- **Hans Hoogervorst**, *Chair of the Technical Committee*, **IOSCO**
- **Masamichi Kono**, *Deputy Commissioner*, **Financial Services Agency, Government of Japan**
- **James Kroeker**, *Chief Accountant*, **United States Securities and Exchange Commission**
- **Stephen Cooper**, *Members*, **IASB**

David Sidwell will provide a keynote address on behalf of the Trustees and as Chair of the Due Process Oversight Committee.

## 2 Update on interaction with the IASB/technical staff

Interaction with the XBRL Board Advisory<sup>2</sup> is ongoing and has proven to be mutually beneficial.

Following previous discussions with the Board Advisory, the XBRL Team has started to provide **feedback to technical staff on IFRS disclosure requirements** during the drafting of an IFRS. Technical staff have been very receptive to the feedback provided by the XBRL Team. As a result of this feedback some sections of forthcoming IFRSs have been amended to improve consistency within a new IFRS and with existing IFRSs, and some IFRSs have been clarified thereby allowing XBRL tagging requirements to be reflected more accurately. It was the general opinion of the XBRL Board Advisory that this type of interaction will continue to **improve the quality of both the IFRSs and the IFRS Taxonomy**.

## 3 IFRS Taxonomy adoption

In terms of adoption of the IFRS Taxonomy, there is not much to report since the last update was provided to the Trustees. Nonetheless, the Trustees are invited to refer to the latest edition of *XBRL Update*, the IFRS Foundation newsletter for XBRL activities, which will be circulated during the meeting in Tokyo.

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<sup>1</sup>subject to confirmation

<sup>2</sup> The XBRL Board Advisory is comprised of six Board members: Steve Cooper (Chair), Philippe Danjou, Patricia McConnell, Patrick Finnegan, Prabhakar Kalavacherla and Darrel Scott, plus Alan Teixeira and Tom Seidenstein.

However there are some topics to report on:

- European Union: ESMA (European Securities and Markets Authority, previously the Committee of European Securities Regulators) recently confirmed that it would conduct a cost-benefit analysis on the use of XBRL. The analysis will consider a scenario under which there is a five year transitional period to introduce a **mandatory** requirement for issuers preparing consolidated financial statements using IFRS to file in XBRL format.
- US SEC: it is still unclear whether the US SEC will **defer the adoption** of the IFRS Taxonomy for foreign private issuers who prepare their financial statements in IFRSs and if these foreign issuers will be required to submit these filings in XBRL format from 15 June 2011.
- China<sup>3</sup> : The Ministry of Finance has initiated the first batch implementation of the CAS (Chinese Accounting Standards) General Purpose Taxonomy (GPT) on 12 January. Mr Wang Jun, the Vice Minister of Finance, stated that the first batch implementation is leading business reporting in China into a new electronic age. In his speech he also set a high value on the assistance provided by IFRS Foundation in developing the GPT, and he expressed a willingness to strengthen the XBRL co-operation mechanism between the Foundation and the Ministry. According to the first batch implementation, 13 large Chinese companies – the majority of which are listed in United States - will prepare and file their 2010 financial reports to the Ministry of Finance using the GPT by the end of June 2011. Furthermore, 12 large Chinese accounting firms - including local branches of the ‘Big 4’ will help all of their A-share audit clients listed on the main board to prepare and file their 2010 XBRL instance to the Ministry of Finance through its professional accounting regulatory system.

The GPT was issued in October 2010 and is the first XBRL taxonomy based on CAS and extensible to reporting entities as well as regulators. In order to be a jurisdictional extension of the IFRS Taxonomy, the GPT follows the same architecture as the IFRS Taxonomy, which has been aligned with the architecture of the US GAAP and Japanese EDINET taxonomies.

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<sup>3</sup> Update kindly provided by the Ministry of Finance, People’s Republic of China.

## 4 Common-practice taxonomy concepts (ie extensions)

Based on the findings from the pilot initiative launched in April to work with US-listed foreign companies to produce IFRS financial reports in XBRL that are compliant with US SEC requirements, the XBRL Team has started to identify and list concepts that are commonly reported by preparers but that are not present in the IFRS Taxonomy (because they are not present in IFRSs).

- Sources
  - Participating foreign private issuers in the voluntary SEC project.
  - 174 FPIs who currently report to the US SEC in IFRS, comprising of 150 commerce/industry, 19 financial institutions and 5 insurance which are distributed evenly in terms of geography and industry.
  - Models of the ‘Big 4’.
  - Others (non-FPIs, FINREP, etc)
- Process
  - **Collate an inventory** of the concepts reported in the primary financial statements of the participating FPIs in the voluntary SEC project, the 150 C&I FPIs filing to the SEC and the models of the ‘Big 4’. Concepts reported by financial institutions and insurance companies are being analysed through field testing with representatives from these two sectors.
  - **Alignment** of these concepts with the IFRS Taxonomy.
  - **Identification** of concepts not presents in the IFRS Taxonomy and tentative prioritisation of the ‘common’ concepts (frequency, relevance...)
- Next steps

Today, the scope of the IFRS Foundation’s XBRL activities is restricted to IFRSs as issued by IASB, which excludes additional (ie common-practice) concepts. Therefore the issues that need to be addressed before the potential amendment of the XBRL Team’s scope of work by the Trustees are related to: **scope of work, due process and budget.**

The XBRL Team suggests that the scope of the common-practice concepts that should be considered by the IFRS Foundation should be defined as ‘*concepts not present in the IFRS Taxonomy (because they are not required by IFRS) but which are used by entities when reporting in accordance with IFRSs*’.

In order to prevent the risk that such concepts could be perceived as official pronouncements by the IASB, these concepts will not be part of the core IFRS Taxonomy and will clearly be identified as separate, additional common–practice items.

The **due process for XBRL Activities will be reviewed** to reflect this change in the XBRL Team’s scope of work. Discussions on the matter have been initiated with the XQRT. It is expected that the amendments will be limited.

The analysis conducted so far of extra (common-practice) concepts has been conducted using **existing resources and budget**. However the XBRL Team believes that further activities related to the development of common-practice concepts will require additional resources and therefore an amendment to the budget.

It is hoped that the amendment of the XBRL Team’s mission statement will be approved by the Trustees during the London meeting at the end of March 2011. If so, the first set of extra concepts could be released in April.

## **5 XBRL Advisory Council and XBRL Quality Review Team**

### ***5.1 Outcome of the XAC conference call on 15 December 2010***

- Newly-appointed XAC members who opted to join the call as observers were welcomed and introduced.
- Common-practice concepts was discussed:
  - A re-cap was provided of the findings from the pilot initiative launched in April to work with US-listed foreign companies to produce IFRS financial reports in XBRL that are compliant with US SEC requirements.
  - An update was provided on the current analysis being conducted and the sources of the financial statements being analysed.
- An update was provided on the projects around the world currently implementing the IFRS Taxonomy.

- An update was provided on the development of the IFRS Taxonomy 2011 and the time line for the publication of the XQRT draft and the exposure draft was discussed.
- Forthcoming 2011 IFRSs and taxonomy interim releases were discussed.
- Bartek Czajka was introduced as the newly-appointed Project Manager in the XBRL Team.
- The forthcoming IFRS Taxonomy Annual Convention on 29 March 2011 was discussed.

## ***5.2 Outcome of the XQRT conference call on 29 January 2011***

- The XBRL Quality Review Team review of the draft IFRS Taxonomy 2011 was discussed and a brief overview of the comments received from XQRT members was discussed.
- The XBRL Team's responses to the review comments were discussed:
  - The majority of these comments have been implemented for the taxonomy exposure draft, resulting in minor changes. However some comments require further consultation with the IASB and technical staff and will be discussed with the XQRT once these consultations have taken place.
- Ways to improve how the Statement of income and retained earnings is expressed in the taxonomy was discussed.
- The publication time line of the exposure draft IFRS Taxonomy 2011 was discussed.
- Forthcoming 2011 IFRSs and taxonomy interim releases were discussed:
  - During the public review period of the ED 2011 taxonomy, the XBRL Team will be working on interim releases for a number of IFRSs which are scheduled for publication in Q1 2011.
  - Whether these interim releases will be provided to the XQRT for review based on the ED taxonomy or on the final 2011 taxonomy is to be decided.
- Progress on the analysis of common-practice concepts was discussed.

## ***5.3 Meeting with the XAC and the XQRT in London***

As happened in 2010, it is suggested that the **Chairmen of the XAC and XQRT meet with the Trustees' Due Process Oversight Committee**, tentatively on 30 March.