

# AGENDA PAPER

IFRS Foundation Trustees' meeting—Education and Content Services Committee

London

12-13 April 2012

Agenda ref 4F

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**To:** Education and Content Services Committee

**From:** Nicole Johnson

**Re:** IFRS Content Services Update

This is the first time I have presented to the Committee. I would like to start by giving a brief introduction to the work of the Content Services Team and then to present five updates on areas of activity:-

1. Translations
2. Trade marks and intellectual property
3. Web shop
4. Production process review
5. Budget 2012

## Introduction to Content Services

The Content Service Team includes 14 staff with diverse yet related roles.

The team and roles are connected by our content processes;

Provision of content to support IFRS adoption; including:

- Creation and management of content related policies;
- Sales of IFRS Foundation commercial products;
- Licensing content to 3<sup>rd</sup> parties for commercial sales;

Protecting the Foundations content copyright and trade marks; and

Directing IFRS translation activities; including

- Advising and supporting national authorities during the IFRS adoption process;
- Overseeing management of commercial and adoption related activities.

Skills of the Content Services team include customer services, translations, project management, desk top publishing, contract drafting and management, publication management, sales and marketing.

## **1- Translations**

### ***Purpose***

This section provides an update on IFRS translation activities.

### ***Country Gap Analysis Letter – Adoption of IFRS***

As presented to the Committee in September 2011, the translation team has analysed the reports available on the websites of both Deloitte and PwC regarding which countries require the use of IFRS or IFRS for SMEs. Comparing this information to our own waiver records we have identified potential inconsistencies where the information on the adoption/required use differs to the information set out in the Deloitte and PwC lists. To address these inconsistencies the translation team has been researching and networking to find the most appropriate contact and organisation in these countries to ascertain their status of adoption. A letter has now been sent out to all of these countries asking for more information on their status and offering support for the adoption process. A limited response has been received so far, and a further round of communication to follow up will be initiated.

We have recently been in contact with countries, such as Bhutan, Indonesia, Iran, Macao, Myanmar, Philippines, and Tonga to support them in the procedural aspects of the adoption process.

### ***Latin American Update***

The Spanish translation procedure is continuing to work well; we are succeeding in our target of translating new standards within two months of their publication in English. This has put us in a good position for producing the 2012 Spanish Red Book translation which is expected by the end of second quarter.

We are expanding the Spanish Review Committee to include representation from all Spanish-speaking countries with an adoption/convergence interest in IFRSs. Most recently, new representatives from Colombia and Bolivia have joined the Committee.

Panama has now adopted IFRS for SMEs, and is in the process of signing the copyright waiver agreement to allow them to publish the standard into legislation. There have also been developments with Colombia, which is working towards a provisional date of adoption in 2014.

### ***Russian***

Russia's decision to adopt, and the signing of the copyright waiver agreement with the Russian Ministry of Finance in April 2011, has prompted heightened interest in the Russian translation. In January 2012, it was agreed that the Russian Ministry of Finance would take over the responsibility for the Russian translation, and the contract licensing them to translate is in process. The Russian Ministry of Finance will also coordinate the Review Committee, at the same time ensuring that other Russian-speaking countries are represented on the Committee.

In November 2011, the IFRS Foundation jointly hosted a conference with IFAC for the Commonwealth of Independent States and Baltic States. The Foundation translations team held separate meetings with delegates from 12 countries which improved our understanding of the status of adoption for these countries. We are now better placed to help support them in their work towards adoption.

### ***Turkey***

The Turkish Accounting Standards Board has been dissolved, and a new body called the Public Oversight, Accounting and Auditing Standards Authority has been established. We are currently investigating whether the new body will take on all the existing contracts, including a waiver agreement, a rolling Bound Volume translation and distribution contracts.

### ***Conceptual Framework***

Following queries from a number of countries regarding inclusion of the Conceptual Framework in the requirements, a decision by Technical Directors was made to include it under the copyright waiver agreement. This will enable countries to make it available as reference material. The Conceptual Framework was included in the set of requirements that were sent out to Governments with copyright waivers in March.

***IFRS for SMEs***

Interest in the publication of IFRS for SMEs continues to grow. Translations of the IFRS for SMEs into Albanian, Japanese, Kazakh and Mongolian have recently been completed and those for Bosnian and Estonian have recently commenced.

***IFRS for SMEs Training Material***

There is considerable activity and interest in the translation of IFRS for SMEs training modules, with Spanish, Arabic, Turkish and Russian currently being translated as the English modules are issued.

***2012 Translation Work Plan***

We have restated the Translation Work plan for 2011 which shows the languages in which we were active in 2011 (see Appendix Table 1). Appendix Table 2 identifies language projects planned for 2012. Since the work plan was last presented in September, notable changes include the addition of IFRS for SMEs in Afrikaans and Estonian, and the addition of European Portuguese, following adoption discussions with Macao. We are progressing queries with Indonesia, Myanmar and the Philippines.

**2- Trade marks and intellectual property*****Purpose***

This update sets out a proposal for protecting and maintaining the Foundation's intellectual property rights (IPR).

***Background***

The Foundation has more than 30 registered trademarks in 43 different countries. Advice has cost £110,000 per annum for the last 3 years. We face growing complexity on the registration and defence of our trade marks as the number of countries adopting IFRS increases.

***Aims***

- To improve the visibility and control of our intellectual property.
- To act on advice which is commercially relevant to the IFRS Foundation's field of activity.

- To introduce an effective reporting system involving one summary report which gives details of all current actions taken. The report will be provided to the Principal-Content Services and the IFRS Foundation's Director of Operations.
- To hold quarterly meetings to review the Foundation's latest IPR status and discuss actions, strategy and any new matters. The Foundation will be represented at the meetings by the Principal - Content Services, and the IFRS Foundation's Director of Operations, as required.
- To reduce redundant trade marks and eliminate unnecessary administration.
- To review the specifications in all the relevant classes in conjunction with the wording used in the IFRS Mission Statement, the Constitution and the Strategy Document.
- To ensure the ownership of the copyright in the Linked Hexagon logo and the particular form of the Linked Hexagon logo with IFRS are vested in the IFRS Foundation.
- In driving process improvements we will also seek to ensure the most cost effective approach possible.

### ***Proposal***

- To complete an audit of the IPR of IFRS Foundation.
- To create and agree a commercially relevant, global strategy for trademark registration and defence.
- To centralise all our IPR with one specialist legal firm. This will enable us to apply our agreed strategy consistently and to create one master database of all our trade marks, oppositions, copyright issues and domains.
- Staff will review and create an up to date record of all trade mark specifications.
- Some of the trade marks appear to have been superseded. Consideration needs to be given to the length of time we maintain the registration of old marks as a defensive measure. Other marks such as eIFRS are superfluous to IFRS, as all 'e' means is 'electronic'. Thus, careful consideration needs to be given as to which trade marks are not required or are not of any value to IFRS Foundation.
- There are differences in the specifications of trade marks filed in the various countries. For example, most of the applications filed by our US legal firm, Sheppard Mullin, do

not actually mention the setting of accounting and financial standards, which is core to the activities of the Foundation and the IASB. The setting of accounting and financial standards is now covered specifically by Class 45, and several of our EU registrations already include this class.

- There are some 46 domain names covering various combinations of letters, which cost to renew and which are not necessarily used. Consideration should be given to allowing those domains to lapse which serve no benefit or that are likely never to be used.

### **Next Steps**

Staff plan to complete the tender process and select a provider by the end of April 2012. The audit of the current portfolio is expected to be complete by the end of May 2012. A proposed strategy for protection of trade marks will be based on the recommendations identified by the audit. A first draft will be presented at the July 2012 Trustee meeting with final sign off targeted for the October 2012 Trustee meeting.

## **3- Webshop**

### **Purpose**

This update sets out a proposal for enhancing the webshop, our online channel for publication sales.

### **Background**

The webshop layout and navigation routes can be inconsistent and information can be difficult to find or interpret. To date, there has been no formal or regular process in place for reviewing webshop design and function.

A website customer survey was conducted in April 2011. This showed 38% of respondents felt that the IFRS Foundation webshop was 'fair' or 'poor' (see Appendix Table 3 *Extract from IFRS Foundation Website Survey 2011*).

### **Objective**

The redevelopment of the webshop will support the IFRS Foundation brand and reputation, and the dissemination of IFRSs, by providing a more professional and easier to navigate

facility. It will improve the customer experience, functionality and routine maintenance processes and it will align the webshop design and navigation with that of the main IFRS Foundation site.

### ***What do we need to improve?***

#### ***Navigation***

Navigation around the site can be difficult, is not always consistent and can require a number of unnecessary user steps. Recently published, free and translated products are particularly hard to find.

#### ***Design***

There are a number of inconsistencies to the look and feel of items on the homepage, and between the webshop and the main IFRS Foundation website. The product information pages offer just one format, although we publish our material in a number of different formats. There is little or no targeted promotion of our products on the webshop or on the main IFRS Foundation website.

#### ***Content***

Much of the information is internally-focussed, so it is not always clear to external customers where to look to find information. Technical support information is hard to find and could be more user-friendly. The site is entirely in English, despite selling translations and referring users to translations. Further work needs to be undertaken to understand the options for providing easier access to non English speaking customers.

#### ***Functionality***

The handling of different currencies could be improved. The webshop is not fully compatible with or designed for smartphones and tablet personal computers.

#### ***Compliance and maintenance***

Currently there are limited tools for systematic review of the webshop. There is no mechanism for reviewing the webshop content, design or functionality. There is no measurement of traffic to the webshop. Password functionality needs to be reviewed, particularly the 'forgotten password' process, which can be difficult or time-consuming for users. We need to review all handling and storage of data to ensure on-going compliance with

data protection standards. We need to ensure that the site terms and conditions, and legal rubric, are comprehensive and enforceable.

### ***How will we measure success?***

The results of a follow-up customer survey should show an improvement on the results of the customer survey of April 2011;

- By an increase in revenue received via the webshop; and
- Via increased use of site measured via Google Analytics.

## **4- Production process review**

### ***Purpose***

This update outlines the planned enhancements to the editorial and production processes.

### ***Background***

As our timetable has been under pressure for the past 18 months, our production processes have been focussed on the publication of the high quality hard-copy English language books, at times at the expense of other formats, such as electronic versions or those used for translation or XBRL.

Hard copy is prepared first, reviewed and changes are made for the printed books. Once the print content is finalised, the content undergoes a number of file format transformations to support electronic publication. Each format transformation requires data manipulation. Errors can be introduced, so the content can differ depending on the medium it appears in.

### ***Proposal***

This Foundation should be in a position to deliver consistent versions of its content in hard copy and electronically simultaneously. Improvement in the process should address:

- the divergence in its content across different output media;
- the duplication of editorial amendments across different file types; and
- the need for manual workarounds and re-proofing where data is exported into multiple different file types.



Three pieces of technical development are required;

- Automated typesetting for standards content (XML- eXtensible Mark-up Language - to print-ready PDF);
- Automated XML to MS Word conversion; and
- Upgrades to our existing XML editing software and content management system.

***How will we measure our success?***

- A reduction in the number of drafting and editorial corrections;
- Increased functionality, such as automated indexing; and
- Time taken from finalisation of content to output will be reduced.

***Suppliers***

A vendor tender process will enable us to select a provider of page layout services: either a third party professional typesetter or a software provider who will build a typesetting system to be run by Foundation editorial staff.

***Timeframe***

We plan to complete the tender and select a provider by the end of April 2012 and to have a system in operation by the third quarter of 2012.

## 5- Budget 2012

### Purpose

Below is an update on the Content Services 2012 budget.

### 2012 Publications and Related Activity Budget summary

| Products                          | 2011 Budget | 2011 Actual | 2012 Budget | Variance* |
|-----------------------------------|-------------|-------------|-------------|-----------|
|                                   | £           | £           | £           | £         |
| Red Book                          | 1,053,000   | 813,976     | 813,976     | 0         |
| Blue Book                         | 819,000     | 580,877     | 610,877     | 30,000    |
| Translations                      | 200,000     | 145,641     | 145,641     | 0         |
| Other Books                       |             | 32,299      | 32,240      | -59       |
|                                   |             |             |             |           |
| Comprehensive                     | 1,200,000   | 1,013,516   | 1,013,516   | 0         |
| CD-Rom                            |             | 44,886      | 44,886      | 0         |
| eIFRS                             | 550,000     | 436,320     | 467,720     | 31,400    |
| Conference                        | 250,000     | 230,356     | 280,356     | 50,000    |
| Royalties                         | 1,974,000   | 2,030,825   | 2,040,825   | 10,000    |
| Additional revenue to meet Budget |             |             | 181,262     | 181,262   |

|           |         |         |         |        |
|-----------|---------|---------|---------|--------|
| Education | 235,000 | 193,139 | 203,139 | 10,000 |
|-----------|---------|---------|---------|--------|

| Summary      | 2011 Budget | 2011 Actual | 2012 Budget | Variance |
|--------------|-------------|-------------|-------------|----------|
| Revenue      | 6,281,000   | 5,521,835   | 5,834,438   | 312,603  |
| Expenditure  | 2,726,985   | 2,618,435   | 2,633,916   | 15,481   |
| Contribution | 3,554,015   | 2,903,400   | 3,200,522   | 297,122  |

\* Variance = 2012 Budget v 2011 Actual

### Summary

The 2012 Red Book published on schedule in March 2012. The Green Book and Blue Book are scheduled to publish in October and December 2012 respectively. The timing of technical outputs continues to have a significant effect on timing of sales revenue.

Additional contributions of £181,000 are needed to meet the 2012 Content Services budget.

There is potential additional revenue from licensing the Blue Book content, which will become available in new formats (XML and Word) as a result of the new editorial processes.

Royalty revenue is also an area of potential upside as we continue to receive requests to license our content.

## Appendix

**Table 1**

### 2011 Translation Work Plan

| Languages               | Full IFRSs | Translating the Requirements under a formal agreement | SMEs‡ | EDs | XBRL | SME Training |
|-------------------------|------------|---|-------|-----|------|--------------|
| 1. Albanian             |            | ✓   | ✓     |     |      |              |
| 2. Arabic               | ✓          |   |       |     | ✓    | ✓            |
| 3. Armenian             | ✓          | ✓   | ✓     |     |      |              |
| 4. Azeri                |            | ✓   |       |     |      |              |
| 5. Belarusian           |            | ✓   | ✓     |     |      |              |
| 6. Bosnian              |            |   | ✓     |     |      |              |
| 7. Bulgarian            |            |   | ✓     |     |      |              |
| 8. Chinese Traditional  | ✓          | ✓   |       | ✓   | ✓    |              |
| 9. Croatian             |            | ✓   | ✓     |     |      |              |
| 10. Farsi               |            | ✓   |       |     |      |              |
| 11. French*             | ✓          | ✓   |       | ✓   |      |              |
| 12. Georgian            | ✓          |   |       |     |      |              |
| 13. German*             | ✓          |   |       |     |      |              |
| 14. Hebrew              | ✓          | ✓   |       |     |      |              |
| 15. Japanese            | ✓          |   | ✓     | ✓   | ✓    |              |
| 16. Kazakh              |            | ✓   | ✓     |     |      |              |
| 17. Khmer               |            | ✓   | ✓     |     |      |              |
| 18. Korean              | ✓          | ✓   |       |     | ✓    |              |
| 19. Kyrgyz              | ✓          | ✓   |       |     |      |              |
| 20. Macedonian          |            | ✓   | ✓     |     |      |              |
| 21. Mongolian           |            | ✓   | ✓     |     |      |              |
| 22. Polish              | ✓          |   | ✓     |     |      |              |
| 23. Portuguese (Brazil) | ✓          | ✓   |       |     |      |              |
| 24. Romanian            | ✓          | ✓   |       |     |      |              |
| 25. Russian             | ✓          | ✓   | ✓     |     |      | ✓            |
| 26. Serbian             |            | ✓   | ✓     |     |      |              |
| 27. Spanish*            | ✓          | ✓   |       |     |      | ✓            |
| 28. Tajik               |            | ✓   |       |     |      |              |
| 29. Turkish             | ✓          | ✓   | ✓     |     |      | ✓            |
| 30. Turkmen             |            | ✓   |       |     |      |              |
| 31. Ukrainian           |            | ✓   | ✓     |     |      |              |
| 32. Uzbek               |            | ✓   |       |     |      |              |

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+ European languages covered by European adoption are not included in this list where Requirements are provided by the EU.

‡ Translations that were completed prior to 2011 have not been included (e.g. Arabic, Czech, French, Italian, Japanese, Lithuanian, Romanian, Spanish, Simplified Chinese).

**Table 2**

**2012 Translation Work Plan**

| Languages               | Full IFRSs | Translating the Requirements under a formal agreement | SMEs‡ | EDs | XBRL | SME Training |
|-------------------------|------------|---|-------|-----|------|--------------|
| 33. Afrikaans           |            |   | ✓     |     |      |              |
| 34. Albanian            |            | ✓   |       |     |      |              |
| 35. Arabic              | ✓          |   |       |     | ✓    | ✓            |
| 36. Armenian            |            | ✓   | ✓     |     |      |              |
| 37. Azeri               |            | ✓   |       |     |      |              |
| 38. Belarusian          |            | ✓   |       |     |      |              |
| 39. Bosnian             |            |   | ✓     |     |      |              |
| 40. Bulgarian           | ✓          |   |       |     |      |              |
| 41. Chinese Traditional | ✓          | ✓   |       | ✓   |      |              |
| 42. Croatian            |            | ✓   |       |     |      |              |
| 43. Estonian            |            |   | ✓     |     |      |              |
| 44. Farsi               |            | ✓   |       |     |      |              |
| 45. French              |            | ✓   |       | ✓   |      |              |
| 46. Georgian            | ✓          |   |       |     |      |              |
| 47. German              | ✓          |   | ✓     |     |      |              |
| 48. Hebrew              |            | ✓   | ✓     |     |      |              |
| 49. Japanese            | ✓          |   |       | ✓   | ✓    |              |
| 50. Kazakh              |            | ✓   |       |     |      |              |
| 51. Khmer               |            | ✓   | ✓     |     |      |              |
| 52. Korean              | ✓          | ✓   |       |     | ✓    |              |
| 53. Kyrgyz              |            | ✓   | ✓     |     |      |              |
| 54. Macedonian          |            | ✓   |       |     |      |              |
| 55. Mongolian           |            | ✓   | ✓     |     |      |              |
| 56. Polish              |            |   |       |     |      |              |
| 57. Portuguese (Brazil) | ✓          | ✓   |       |     |      | ✓            |

|                           |   |   |   |   |   |   |
|---------------------------|---|---|---|---|---|---|
| 58. Portuguese (European) |   | ✓ |   |   |   |   |
| 59. Romanian              | ✓ | ✓ |   |   |   |   |
| 60. Russian               | ✓ | ✓ | ✓ |   |   | ✓ |
| 61. Serbian               |   |   |   |   |   |   |
| 62. Spanish*              | ✓ | ✓ |   |   | ✓ | ✓ |
| 63. Tajik                 |   | ✓ |   |   |   |   |
| 64. Turkish               | ✓ | ✓ |   |   |   | ✓ |
| 65. Turkmen               |   | ✓ | ✓ |   |   |   |
| 66. Ukrainian             | ✓ | ✓ | ✓ | ✓ |   |   |
| 67. Uzbek                 |   | ✓ |   |   |   |   |

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+ European languages covered by European adoption are not included in this list where Requirements are provided by the EU.

‡ Translations of IFRS for SMEs that were completed prior to 2012 have not been included (e.g. Arabic, Brazilian Portuguese, Czech, French, Italian, Japanese, Kazakh, Lithuanian, Polish, Romanian, Spanish, Simplified Chinese).

### Table 3

Extract from IFRS Foundation Website Survey 2011

**Question 4: If you have purchased a product or subscription through the IFRS Foundation webshop, how would you rate your experience?**

|             |              |
|-------------|--------------|
| Excellent   | 12.8%        |
| <b>Good</b> | <b>49.2%</b> |
| Fair        | 28%          |
| Poor        | 10%          |

**Almost exactly half of respondents found their experience good. However 38% considered their experience fair or poor, which indicates that improvements could be made.**

*“The webshop feature was not in line with the professionalism of the rest of the site*

*Customer comment*

*“It is not clear about the steps to follow to purchase on-line*

*Customer comment*

Respondents were given the option to provide a further comment about their experience of the webshop. 63 people added additional comments.

### ***Additional requests***

|           |  |                                       |
|-----------|--|---------------------------------------|
| <b>1</b>  | Free or more affordable products requested   | 23.8% of respondents (15 respondents) |
| <b>2</b>  | Navigation and / or structure issues         | 14% of respondents (9 respondents)    |
| <b>3</b>  | Technical comment or suggestion              | 12.7% of respondents (8 people)       |
| <b>4</b>  | Problem at point of payment                  | 9.5% of respondents (6 people)        |
| <b>5</b>  | Happy with the webshop                       |                                       |
| <b>6</b>  | Currency problem                             | 7.9% of respondents (5 people)        |
| <b>7</b>  | Password problem / Product complaint (joint) | 6.3% of respondents (4 people)        |
| <b>8</b>  | Translation of the website                   | 4.8% of respondents (3 people)        |
| <b>9</b>  | Font issues                                  | 3.2% of respondents (2 people)        |
| <b>10</b> | <i>Other responses</i>                       |                                       |