Reducing reporting burden with XBRL: a catalyst for better reporting

24 June 2009
International Financial Reporting Standards (IFRSs) and XBRL
An ideal combination?
Track Agenda

• XBRL @ the IASB and IASC Foundation

• Practical cases for
  – Issuers / preparers / accountants
  – Regulators / supervisors / stock exchanges
  – Analysts / investors / data providers

• Session wrap-up
XBRL at the IASC Foundation

• Trustees’ decision in 2001
• Part of the adoption and implementation of IFRSs
• Quality-assurance of the IFRS Taxonomy
• Maintenance and coordination

The Mission of the IASC Foundation XBRL team: to provide users with an IFRS XBRL taxonomy with the same quality, in the same languages and at the same time as the IFRSs
IASB and IASC Foundation

- The IASC Foundation is the oversight body of the IASB and promotes activities in support of IFRS

- The IASB is made of 14 members with technical (accounting) expertise who create the International Financial Reporting Standards (IFRSs)
Why XBRL at the IASB?

• XBRL is the *de facto* standard for electronic reporting

• Part of the development of IFRSs
  – IASB goal: to provide high quality standards (IAS 1 par 9)
  – Organising the presentation of financial statements (i.e. True and Fair view - Framework 46)
  – Codification of concepts (help in convergence)

• Improved access for users to financial information

• Could increase the range of users (i.e. translation)

• Could ease IFRS conversion, understanding and implementation
What do we provide

• **A licence-free IFRS Taxonomy** consistent with the Bound Volume of IFRSs and follows a similar due process to the IASB

• **Translations of the Taxonomy** (priority for Arabic, Chinese, Dutch, French, German, Italian, Japanese and Spanish)

• **The IFRS Taxonomy Guide**, for issuers and preparers, analysts, accountants, regulators, software vendors and service providers

• **The IFRS Taxonomy Modules Manager**, an online tool which helps users to navigate and customise the Taxonomy according to their requirements

• **The IFRS Taxonomy Illustrated**, presents a simplified view of the Taxonomy in an easy to read, visual format, with non-technical language

*the IFRS for SMEs Taxonomy will be released by Q3-2009*
# Organisation

**IASCF XBRL Team**
- Olivier Servais - Director of XBRL Activities
- Maciej Piechocki - Project Manager Technology
- Holger Obst - Project Manager Accounting
- Danielle Pham - Executive Assistant
- Kurt Ramin – Advisor

**XBRL Advisory Council**
- 13 members + 5 appointed observers with global representativeness
- Strategic advice
- Meetings - twice a year (F2F) and quarterly CC

**XBRL Quality Review Team**
- 18 members + 5 appointed observers with global representativeness
- Review taxonomies; strategic advice; practical recommendations on taxonomy quality
- Meetings – twice a year (F2F) and monthly CC

**XBRL Board Advisors**
- Four Board members + COO + Director of Technical Activities + XBRL Team
- Monthly discussions - vision & strategy; the role of XBRL in IASB developments

**IASCF Trustees**
- Quarterly update
- Review on all XBRL activities
IFRS Taxonomy 2009
Development and release timeline

- XBRL Quality Review Team (XQRT) review
  1 Dec 2008 - 19 Dec 2008

- Public review of ED IFRS Taxonomy 2009
  12 Jan 2009 – 24 Mar 2009

- Final Release IFRS Taxonomy 2009
  2 April 2009

- IFRS Taxonomy 2009 improvement and development
- XQRT review
- IU
- Public review
- Internal update
XBRL Activities
Due Process

• Fully documented in the Due Process Handbook
• Principal requirements: interoperability, usability, extensibility, stability & comparability

• Five stages
  – Planning and analysis
  – Technology evaluation
  – Taxonomy alignment with underlying IFRSs
  – Taxonomy building
  – Review of Taxonomy drafts
  – Taxonomy publication and maintenance

• Parties involved: IASB, XAC, XQRT, Trustees & public
• Field visits, tests, cost/benefit analysis, support materials
IFRS Taxonomy Architecture
Major Requirements

Business requirements:
- **Timeline** - alignment between the IFRS Taxonomy development time line and the IASB delivery timetable (i.e. the publication time line of the yearly Bound Volume of IFRSs).
- **Consistency** - the IFRS taxonomy must reflect and be consistent with the IFRSs.

Functional requirements:
- **Interoperability** - the IFRS taxonomy should ensure interoperability between different software systems.
- **Flexibility** - the IFRS taxonomy should be usable throughout the financial reporting supply chain where IFRSs are implemented (increasing market transparency, supporting better analysis, reducing reporting burden, enhancing regulation & supervision) & geographic regions.
- **Extensibility** - the IFRS Taxonomy (like the IFRSs) aims to ensure comparability of financial information (not just uniformity). Users of the IFRS taxonomy can extend it for their specific needs.
- **Stability** - the IFRS Taxonomy is intended for use by all participants of the financial reporting supply chain; the technical and accounting design must ensure it is stable and sustainable; however alignment with the IFRSs will entail necessary adjustments to the taxonomy from an accounting perspective.

Technical requirements:
- **Compliance** - the IFRS taxonomy must be compliant with XII specifications.
- **New XBRL technologies** - the impact of new technologies (specifications) developed by XII should be considered.
National Law Extension of IFRS Taxonomy

National Law Extensions are needed because:

- Stock listed companies are subject to national laws
- National law requires stock listed companies to disclose additional information in annual reports and quarterly reports (compared to Bound Volume)
- If XBRL is going to replace traditional reporting mediums (paper, PDF etc), the IFRS XBRL Taxonomy Extensions must contain elements of national law

Examples:

- National Commercial Code,
- National Corporate Governance Codex
- National Stock Corporation Law
- National Securities Trading Act
- National Accounting Standards Boards
National Law Extension of IFRS Taxonomy

Challenges

- National Law Reporting Requirements overlap with IAS/IFRS
- National Law Reporting Requirements differ from Country to Country

Risks:

- If Preparers extend IFRS Taxonomy themselves on National Law Reporting Requirements there will be a disorder of extensions.
- If National XBRL Jurisdictions extend IFRS Taxonomy on National Law but not harmonized between each other we also have a disorder of extensions

Solution

- Aim: Harmonized National Law IFRS Taxonomy Extensions
- Guidelines by IASC Foundation
- XBRL Europe (IFRS Working Group) tasks:
  - searching for and evaluating practices for reporting harmonization based on the IFRS taxonomy in Europe
  - evaluating practices and making suggestions to the European XBRL Jurisdictions for national IFRS Taxonomy Extensions
  - evaluating a process to harmonize national IFRS Taxonomy Extensions
- Close Collaboration of IASC Foundation with IFRS Working Groups of XBRL Europe and of it’s national XBRL Jurisdictions
National Law Extension of IFRS Taxonomy – Call for Participation

Meet XBRL Europe’s IFRS Working Group
   at Friday, June 26, 10:30–12:30, Conference Location: open

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Papers issued for comments

- Due Process for XBRL Activities – 26 June
- RfC – Dimensions in the IFRS Taxonomy
- RfC – Concept naming and Change Management

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