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Mr Olivier Servais
Director of XBRL Activities
International Accounting Standards
Committee Foundation
30 Cannon Street
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Our ref
Contact

MT/288
Mary Tokar

6 July 2009

Dear Mr Servais

International Accounting Standards Committee Foundation Exposure Draft of the *Due Process Handbook for XBRL Activities*

We appreciate the opportunity to comment on the International Accounting Standards Committee Foundation's (the Foundation) Exposure Draft of the *Due Process Handbook for XBRL Activities* (the Exposure Draft). This letter expresses the views of KPMG IFRG Limited.

We support the Foundation's objective of articulating its due process for XBRL activities. As mentioned in our comment letter dated 24 March 2009 on the Exposure Draft of the *IFRS Taxonomy 2009*, we believe that a formalised description of the processes and review procedures applied in developing the IFRS Taxonomy (the Taxonomy) will improve the transparency and credibility of both those processes and the Taxonomy.

In responding to the Foundation's invitation to comment, we have sought to consider broadly what we would expect from a due process handbook for XBRL activities and whether we consider these items to have been addressed appropriately in the Exposure Draft.

Appendix 1 to this letter provides our comments and suggestions for consideration by the Foundation in finalising the *Due Process Handbook for XBRL Activities*. These primarily relate to:

- internal review and approval procedures and their articulation in the Exposure Draft;
- the involvement of IASB technical staff in development of the XBRL taxonomy; and
- providing clearer principles about the circumstances in which certain procedures would be appropriate and articulating them in the due process handbook, e.g., additional discussion phase, re-exposure of a draft Taxonomy, post-implementation procedures.

Appendix 1 follows the structure of our analysis outlined above. Appendix 2 lists the specific items about which the Foundation requested comments, and identifies the sections in this letter in which our comments on those items are provided to the extent that our analysis has addressed the questions asked.



Our comments are based on a high-level analysis only and as such we have not provided detailed drafting comments. However, as a general drafting point we note that the Exposure Draft currently uses many technical terms without an associated glossary, particularly in the section *The five stages of the due process*. We encourage the Foundation to ensure that the due process handbook is understandable by those without a detailed grasp of the technical aspects of XBRL.

The Exposure Draft states that the Taxonomy will be updated once annually to be aligned with the IFRS Bound Volume, and will include only the disclosure and presentation requirements of IFRSs. As noted in our comment letter on the Exposure Draft of the *IFRS Taxonomy 2009*, we believe that such an annual update that reflects in the Taxonomy only those standards included in the IFRS Bound Volume at a point in time presents a significant barrier to use of the Taxonomy. We encourage the Foundation to engage in field testing and focused consultation with XBRL stakeholder groups to determine whether an increase in the scope of the Taxonomy, for example to include “common practice” items, is appropriate, and to find a more flexible approach to dealing with the facts that adoption of changes in IFRSs is not an overall determination made on an annual basis aligned with the IFRS Bound Volume .

In addition, we encourage the Foundation to reconsider the appropriateness of including such Taxonomy details in the due process handbook as we believe that due process guidance should focus on matters related to processes and procedures rather than specifying the output of those processes and procedures. We believe that specifying the form of the Taxonomy in this manner would restrict the ability of the Foundation to respond to potential user demands by changing certain aspects of the Taxonomy, for example by updating the Taxonomy on a more frequent basis or providing common practice extensions, without amending its due process guide.

Please contact Mary Tokar or Bruce Darton at +44 (0)20 7694 8871 if you wish to discuss any of the issues raised in this letter.

Yours sincerely

KPMG IFRG Limited

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Appendix 1

1. Due process prior to publication of the final Taxonomy

Internal review and approval

It currently is not clear to us from the Exposure Draft who approves a final Taxonomy for release – whether the explicit approval of the Trustees is required or if the Trustees have delegated that authority and responsibility. We encourage the Foundation to clarify the extent of the Trustees’ involvement in the approval of the Taxonomy in the due process handbook. In addition, we encourage the Foundation to consider whether approval from the International Accounting Standards Board (IASB) should be required before publication of the Taxonomy, since it relates to International Financial Reporting Standards (IFRSs) for which the IASB has responsibility. We believe that formal approval by both the Foundation and the IASB would enhance the credibility of the IFRS Taxonomy.

We encourage the Foundation to explain in the due process handbook what a review by the XBRL Quality Review Team (XQRT) comprises, for example, what review procedures are undertaken.

We note from paragraph 32 of the Exposure Draft that a draft Taxonomy can be exposed for public comment without a review by the XQRT “in exceptional documented circumstances”. We believe that the due process handbook should clarify what is meant by “exceptional documented circumstances”. We believe that instances in which review procedures are omitted should be rare. We encourage the Foundation to clarify this in the due process document what would be the benefits of exposure without XQRT review.

Additional discussion phase

We note from paragraph 61 of the Exposure Draft that a taxonomy draft may be released for discussion “if deemed necessary”. We encourage the Foundation to consider including in the due process handbook explicit criteria for determining the circumstances in which such a discussion phase is required, the objectives of a discussion phase, and what that phase would constitute.

Addressing public comments

Paragraphs 62 and 63 of the Exposure Draft provide information on how comments received from the public will be addressed. We support the suggestion to provide on the IASB Web site a summary and analysis of the comments received and the XBRL team’s proposed response to those comments. We welcome the transparency of this approach.

We consider it important that the Foundation build sufficient time into the annual Taxonomy cycle timetable to address comments from constituents. Having received comments, we consider it important for the Foundation to consider the responses received even if this means modifying their intended timetable, whether published or not published.

Re-exposure of a draft Taxonomy

We note from paragraph 33 of the Exposure Draft that “if a significant number of changes are required as a result of comments submitted, the XBRL team may deliver a new Taxonomy draft

with an invitation to the public to comment.” We support incorporating the consideration of re-exposure into the due process handbook. However, we believe that consideration of the need for re-exposure should be a formal step in the development of a Taxonomy and that the due process handbook should provide explicit criteria to be considered when determining whether re-exposure is required. We draw your attention to paragraphs 46 to 48 of the *IASB Due Process Handbook*, which discuss re-exposure considerations in the development and publication of an IFRS.

Involvement of IASB technical staff

We believe that the involvement of the IASB technical staff should play an important role in incorporating the standards and interpretations into the Taxonomy given their knowledge of IFRSs as a result of working closely with the Board in drafting and developing those standards and interpretations. Accordingly, we believe that the role of the IASB technical staff in the process should be enhanced so that it is well integrated into the development of the Taxonomy. We encourage the Foundation to clarify in the due process handbook the role of the IASB technical staff in the development of a final Taxonomy.

2. Due process after publication of the final Taxonomy

Post-implementation procedures

We note from paragraph 36 of the Exposure Draft that, following publication of a final version of the Taxonomy, the XBRL team *may* convene meetings with stakeholders to discuss practical implementation. We encourage the Foundation to consider whether such procedures should be presumed, particularly in the early years of development and use of the Taxonomy. We also encourage the Foundation to consider incorporating into the due process handbook the possibility of initiating post-implementation studies and to stipulate when such studies may be appropriate.

3. Other

XBRL stakeholders

The draft of the due process handbook includes a list of stakeholders of the Taxonomy that includes investors, analysts, preparers of financial information, regulators, aggregators and intermediaries, industry groups and software vendors. We encourage the Foundation to consider whether it is more appropriate to align the stakeholders mentioned in the draft due process handbook with the users of financial statements listed in the *Framework for the Preparation and Presentation of Financial Statements*.

Global consistency and comparability

We believe that global consistency and comparability of financial information is one of the key potential benefits of XBRL. For this reason we consider it important that the IFRS XBRL architecture is compatible with other XBRL architectures. While this is an important objective, we believe that it would be more appropriate to articulate it somewhere other than in a due process handbook.

Encouraging broad-based support for the Taxonomy

We believe that broad-based stakeholder support is important for widespread use of the Taxonomy. Recognising that liaison activities and widening accessibility to the Taxonomy by providing translations into different languages contribute to enhancing the extent of stakeholder buy-in, we support the inclusion of such considerations into the due process handbook. We believe that it is important to build and maintain strong and effective relationships with stakeholder groups. As English is not the first language of many users of IFRSs, high quality and timely translations are necessary in order to ensure that the translated versions result in the same treatment as the English versions.

Appendix 2

This appendix lists the specific items on which the Foundation requested comments and provides the sections in this letter in which our comments on those items are provided to the extent that our analysis has addressed the questions asked.

1. Evaluation and alignment: Cover letter
2. IASB involvement in the due process for XBRL activities: Section 1
3. Taxonomy development in alignment with IFRSs: Cover letter
4. Draft taxonomies: Cover letter
5. Additional reporting components outside of IFRSs: Cover letter
6. Emphasis on the final release of the Taxonomy: Not addressed
7. “Principles”, “requirements” or “underlying considerations”: Not addressed
8. Co-operation with the ITA: Section 3
9. Translation: Section 3
10. Stakeholders of XBRL: Section 3