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Our ref:

Email: nicole.kissun@bdo.co.uk

Dear Ms Guest

### Consultation Paper: XBRL Accounts Taxonomies

We welcome the opportunity to comment on the above consultation. BDO is an award winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,000 offices in more than 100 countries.

Overall, we are positive about the changes made in these new taxonomies and can see areas where there are improvements which will facilitate tagging and also where interpretation of the tagging will be easier for clients.

#### Specific Comments on the Taxonomies

- A. We feel that the content of the taxonomies reflect expected reporting under the relevant standards and are clear, however as FRS101 and 102 are not currently being widely used, further changes to the tags are likely to be identified in due course. Some observations on the tags are noted in Appendix 1.
- B. With regard to the Design Document, the changes to the taxonomies are useful and pertinent. We have comments on several aspects of the changes which can be found in Appendix 2.
- C. Consistency checks - we believe that these would add a great deal of value to the taxonomies. This applies particularly for software that uses auto-tagging features, where there is a high risk of error if preparers do not fully review the outputs.

We see having business rules that support the taxonomies as a necessity in order to:

- increase the overall quality of information submitted to HMRC.
- ensure greater consistency between accounts tagged by different service providers (currently we believe there to be a difference in approach from firm to firm due to the lack of updated guidance available to preparers).

If you have any queries in relation to our above response, please contact Nicole Kissun 020 7893 2980.

Yours sincerely

BDO LLP

BDO LLP





## Appendix 1 - Comments on taxonomy items

Applies to all three taxonomies:

- Strategic report - requirements of s414 do not appear to be included
- 010 Directors report
  - Principal activities no longer required in the directors report under the act
  - Number of staff by gender - this is a requirement of the strategic report
  - We could not find the following tags:
    - Financial risk management objectives and policies (unless small)
    - Information on exposure to price risk, credit risk, liquidity risk and cash flow risk (unless small)
    - Likely future developments (unless small)
    - Research and development (unless small)
    - Existence of branches (unless small)
    - Description of employee involvement policies (unless small)
    - Detailed information on capital structure (only for quoted company)
- Income statement/Statement of comprehensive income
  - Operating profit/loss not required to be disclosed.
  - For the separate statement of comprehensive income, we are unsure why the first line of profit/loss is split into attributable to owners/non-controlling interest. This disclosure is required under IAS 1 paragraph 81B however we would only expect the split to be provided once, usually at the bottom of the statement of profit or loss.
  - Income tax on other comprehensive income should be shown within the 'will not/may be reclassified' section and not shown in a separate tax section below.
- Financial statement headings - should be Statement of financial position, Statement of cash flows

Applies to FRS101

- There are some items which are only applicable for quoted companies and would therefore not be relevant to FRS101 (for example Number of staff by gender; Greenhouse gas emissions)

Applies to FRS 101 and IFRS

- Statement of changes in equity
  - The statement begins with profit, other comprehensive income and tax on other comprehensive income but there is no requirement to be split between 'will not/may be reclassified' categories, as this information has already been disclosed in the statement of comprehensive income.
  - Total comprehensive income within the statement of changes of equity is also not required to be split into 'will not/may be reclassified' categories, as above.

Applies to IFRS

It is unclear if the following disclosures have been included in the taxonomies:

- Lease disclosures under IAS 17 paragraphs 31, 35, 47 and 56
- Segments disclosures on major external customers under IFRS 8 paragraph 34

- Earnings per share disclosures on anti-dilutive instruments that were not included in the calculation that could have a future significant impact basic earnings per share under IAS 33 paragraph 70(C).
- A description of the valuation processes used by the entity for recurring and non-recurring fair value measurements categorised within Level 3 of the financial instruments fair value hierarchy under IFRS 13 paragraph 93
- Directors remuneration disclosures under Companies Act and listing rules
- Key management personnel disclosures under IAS 24 paragraph 17

#### Appendix 2 - Observations on specific aspects of the taxonomies

Tuples - we agree with the removal of tuples; this is one area where our clients often ask questions as they find it difficult to interpret the grouping references and tags, the dimensions approach is likely to be a more accessible concept for clients who are trying to understand the data.

Dimensions - it is good to see generally the availability of these being improved as there were several areas where we have been unable to tag due to a lack of an available dimension. This also tends to raise questions from our clients where we may have tagged part of analysis but not had sufficient/appropriate dimensions to tag all of it.

Granular text tags - the removal of granular text tags is an advantage as there were often situations where the tag label meant that overlapping selections of tags had to be made in order to report the event/transaction properly which leads to some judgement in what text selection to use for the tag. Having one tag to cover the whole event/transaction reduces the ambiguity over tag selection and makes it much easier to tag and interpret from a user point of view.

Cross-referencing information - we feel that a hyperlink approach to linking would significantly improve the usability of the taxonomy. There are some areas of the taxonomy which currently just contain a cross reference to a heading in another section of the taxonomy. It is not always evident where this heading element might be located in the taxonomy and headings are not searchable therefore, for these items, it is difficult to find the relevant tags.

Addition of balance attributes to cash flow data tags - we are pleased to see these being incorporated as this is one area of the taxonomy in which it can be difficult to apply the signs correctly.