Notes from Financial Reporting Council (FRC), Technical Task Force meeting on 01-May-13

Attendees: Task Force technical people, "Big Four" accounting practices (except Deloittes), HMRC, Companies House, CoreFiling, CaseWare and Richard Rumsey and Tony Hall from Sage

This was the second meeting. The first was held on 27-Mar-13 with Amy Noblett for Sage.

These are brief notes with matters of relevance to Sage AD. The official minutes will issue from the FRC later.

There were a number of project management and technical papers received from the FRC. These have been loaded into Open so they can be studied by our teams.

Progress on taxonomy developments

The existing UK IFRS taxonomy is being used as the base for the FRS 101, FRS 102 and core development.

The release will mean that the UK IFRS taxonomy will be revised.

Work completed to the end of April shows an indication that there is a greater overlap than expected. Caution that this may be arise from work areas covered so far.

The project plan has a public release of the draft taxonomies towards the end of Q1, 2014.

As each stage of the draft taxonomy is completed, it will be available to the "Closed User Group". This is the members of the Technical Task Force and the only two software vendors in this group are Sage and CaseWare. Other significant software vendors may be invited to give feedback on the intermediate releases.

Technical issues

- Paper #5, point 5, "Labels and names": Agreed that label names changes will be kept to a minimum to reduce version changes.
- Paper #5, point 8, "Use of the documentation label": This taxonomy field will be comprehensively filled with references to legislation and accounting standards. The Sage Assisted Tagging tool should be able to access this to provide online help to customers.
- Paper #5, point 9, "Use of tuples": Tuples will replaced by dimensions for all monetary and numeric data although retained for narrative data. CaseWare and Sage supported this strongly with descriptions of customer confusion over tuples. KPMG and CoreFiling were satisfied that they and their customers did not need this change. We expect the change to be made.
- Paper #5, point 11, "Formulae": Present practice where formulae are not used in UK GAAP taxonomies where data can be output in varying location in a set of accounts, will continue. E&Y and CoreFiling stated that analysis dimensions inferred the need for formulae. Sage (RR) pointed out the existence of rounding errors being reported by HMRC that could be a related issue. HMRC will take up this issue with Andy Greener.

- Paper #6, point 2, "Proposed use of text tags": The reduction of text tags was accepted, especially when the level of granularity did not match narratives in accounts.
- Paper #8, Analysis dimensions: The paper has theoretical examples and Peter Calvert explained this subject at length.
- Paper #9, IASB: This was not discussed due to the meeting overrunning on time. Will be carried forward to the next meeting.

Other intelligence

The updated IFRS taxonomy will not be compatible with the existing one. HMRC learned at the meeting that they will need to allow for two versions of IFRS.

Future updates to taxonomies will require version control in tagging tools:

- CaseWare tag current and comparative year's data and, on balance forward, store the current year's data with tags as the comparatives for next year's processing. This will cause issues when a new version of a taxonomy is adopted. No doubt they will change to something like the flexible approach that we have, where the current and comparative data is tagged simultaneously.

CaseWare reported that they have visited quite a few clients to discover their intentions towards FRS 101 versus FRS 102 adoption. Surprise finding was that, apart from the really large firms, practices will switch their clients over to one or the other of the new FRSs, probably to cope with reduced technical knowledge and changed procedures. FRS 101 (reduced IFRS) looks likely to be the preferred standard. We should aim to find out if there is any trend among our customers, because this is highly relevant to development priorities.

HMRC advised that to date, they have been focussed on getting data in and are now starting to change their emphasis to critical analysis of the data. The impact is that queries may emerge from tagged data that was accepted some time ago.