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By email only to: j.guest@frc.org.uk

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Dear Ms Guest

XBRL Accounts Taxonomies

Deloitte LLP is pleased to respond to the XBRL Accounts Taxonomies consultation paper. We have set out our detailed responses to the consultation questions in Appendix 1 to this letter, together with some comments on the detailed taxonomy in Appendix 2.

Project governance

Overall, we welcome the FRC's proposals. We have previously commented that we are strongly in favour of the FRC providing the governance for the taxonomy development process; the combination of the FRC's public interest role and due process should result in high quality taxonomies. This is vital work given the general move to online filing – the requirement of the amended Transparency Directive for XBRL filing by 1 January 2020 and the government's commitment to increasing the proportion of financial statements filed electronically with Companies House.

Maintenance of the taxonomy

We believe that it is important that, once finalised, these taxonomies are kept up-to-date. Many accounting and other pronouncements which govern the content of the financial statements and annual report permit early adoption. A delay in the availability of suitable XBRL tags within the relevant taxonomy could reduce companies' ability to early adopt. In addition, it will be important to work with Companies House and HMRC to reduce the risk of early adopters' financial statements and accompanying annual report failing validation checks.

It will also be helpful if the FRC could outline to companies a timeline for the preparation of more specialist material. We agree with the FRC that the priority should be the core material used by most companies. However, more specialist companies would find it helpful to have an indication as to when taxonomies or extensions for them might be available in order to plan for implementation. For example,

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there is no content to deal with Schedule 2 (banks and banking groups) or Schedule 3 (insurance companies and insurance groups) of the Accounting Regulations, yet such companies will be required to file XBRL accounts with HMRC. Companies will also need guidance as to the tagging of information required by SORPs. Whilst in general, SORP data is supplementary to the normal UK GAAP requirements, charitable companies often prepare a combined SOFA and profit and loss account, and guidance on tagging such a statement would be helpful to enable them to also file electronically with Companies House.

Tagging of other areas of the annual report

Finally, the FRC Accounts Taxonomies Design paper comments that "the taxonomies contain components to reflect other developments in the annual report and accounts, including those in auditor reporting." We called for the FRC to commence a project to develop tags for this information when we commented on your draft plan and budget for 2014/15 and we welcome the fact that you have started to do this. We can see that there are tags for some information (the statutory directors' report, the statutory audit report and the voluntary accountants' report on unaudited financial statements) but not others (e.g. the directors' responsibility statement, the strategic report and the corporate governance statement), and the tags for a quoted company's directors' remuneration report do not seem to include all of the information required by the law.

Section 3.1 of the Design paper describes the criteria used to decide which portions should be tagged, but does not explain how these criteria have been applied to elements of the annual report. It would be helpful if the Design paper explained the rationale. For example:

- Forcing a strategic report into rigid tags could be counterproductive, reducing the innovation we have seen since the strategic report was introduced. On the other hand, no tagging at all makes it hard to identify in machine readable form which data is the strategic report, making it harder for users to carry out keyword searches for specific things they are interested in. We suggest that the FRC considers this point as part of the Financial Reporting Lab's project on electronic reporting to gain investor views as to ease of interrogation vs ability to tell the story.
- The directors' remuneration report for a quoted company is a subject of intense interest by users of accounts and the audited portion is largely standardised; this would seem to suggest tagging for at least the audited portion, yet the taxonomy has only limited tags for this report (see our comments in Appendix 2).

We would be happy to discuss our letter and the draft proposals with you. If you have any questions, please contact Richard Gillin on 020 7007 0202 or rgillin@deloitte.co.uk.

Yours sincerely

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Appendix 1 Responses to detailed questions set out in the consultation paper

Question 1 Does the content of the taxonomies accurately reflect expected reporting under the relevant standards?

We have raised some minor comments in Appendix 2 to this letter.

Question 2 Is the content clear and unambiguous?

We consider that the content of the taxonomies is largely clear and unambiguous. The decision to use a familiar and intuitive taxonomy structure greatly improves our understanding of the contents.

References to accounting standards

We welcome the inclusion of detailed and accurate references to accounting standards and legislation which help to reduce ambiguity and enhance tagging quality as a result. However, during our review of the taxonomies we noted some instances where references to legislation do not seem to clarify how the tag should be used. For example, the reference attached to the 'Description of share type' tag is to the Statutory Instrument section which requires the disclosure of the number, and nominal value of, its own shares purchased by the company, the aggregate amount of the consideration paid by the company for such shares and the reasons for their purchase.

We also noticed some instances where references to accounting standards are so general as to have limited use, particularly the free text comment tags (see Appendix 2 below).

Tagging guidance

Enhanced guidance on the use of given tags is appreciated and the approach taken of including the guidance within the taxonomy contributes to the clarity of the taxonomy contents. We note the FRC's stated approach of only including guidance with line item tags. However, our review identified a small number of non-line item tags where guidance would be beneficial to users. Examples include the 'SIC code recorded at UK Companies House' tags (see Appendix 2 below), and the 'Entity is under special legal status' tag.

We await the publication of the detailed tagging guide with the expectation that it will complement the tagging guidance provided within the taxonomy.

We would like to emphasise that whilst the additional guidance and references to accounting standards and legislation greatly enhance the content of the taxonomies, this will only continue to hold true if the guidance and references are regularly reviewed and updated in line with updates to the accounting standards themselves, as is the FRC's current intention.

Ultimately the presentation of the taxonomies in software tools will determine how clearly the taxonomy content appears to the majority of taxonomy users. We would join the FRC in encouraging the creators of software to make guidance tags and accounting references easily visible to users of manual tagging tools.

Dimensions

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The introduction of typed dimensions and the elimination of tuple groupings are particularly welcome as a means of reducing the complexity of groupings.

The inclusion of a separate section in the taxonomy for dimension hypercubes rather than including them 'inline' in the taxonomy (as previously) has the advantage of making the viewing of tags clearer. The disadvantage is that it is not always clear which dimensions are available for use with certain tags. For example, the guidance attached to the 'Description of event after reporting date' tag instructs the tagger to re-use the tag with a different dimension for each event after the reporting period without stating within which hypercube the appropriate dimensions can be found.

The guidance on what dimension hypercube to use is either included as inline labels in the taxonomy or attached to the tag itself. Where it is the former, this can be misleading. For example, the positioning of the label 'Use current / non-current dimension to identify within one year / after one year values [guidance]' implies that the guidance applies to all of the tags below it in the taxonomy structure, when the tag 'Called up share capital not paid, current asset' is clearly intended to be applied to a current asset only. Consistent provision of guidance on the dimensions available for each tag and the dimension hypercubes in which those dimensions can be found would remedy the above.

Analysis items and additional dimension tags

We support the introduction of analysis items and additional dimension tags to handle non-standard breakdowns to allow more complete tagging, but would point out the potential danger of preparers using these general tags instead of more suitable specific tags which may exist. The use of such analysis items in the place of a suitable tag would lead to inconsistency and an overall reduction in quality for the users of XBRL.

Question 3 Does the Design Document explain changes to the accounts taxonomies in ways which are useful and pertinent?

Yes, the Design Document clearly explains the approach taken by the FRC in developing the taxonomies which is particularly useful. We believe the Design Document describes each of the changes in sufficient depth and is easy to understand. The use of non-technical language and explanations helps this. The examples given provide a useful illustration of the concepts discussed. The version of the Design Document released thus provides a solid foundation for the final version to be built upon.

Question 4 Would it be helpful to have the taxonomies supported by 'consistency checks' and, to what extent are those seen as necessary rather than desirable?

We believe that consistency checks are a desirable way of improving the overall quality of iXBRL generated in the UK.

Any 'consistency checks' would need to be carefully designed as poorly designed checks would increase the burden on preparers and be detrimental to tagging quality. It may be difficult to design consistency checks for all disclosures as some disclosures, such as tax notes, have line items which vary greatly from entity to entity.

We agree with the approach taken that the implementation of such checks as part of online validation services would not be desirable as they could inhibit the ability of users to file with HMRC.

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Appendix 2 Detailed comments on the draft taxonomies

All comments relate to the Core taxonomy.

Label	**Comments**
SIC code recorded at UK Companies House, (1-4)	There is no requirement to include SIC codes in financial statements or any accompanying directors' report or strategic report and in our experience it is rare for companies to do so. It is unclear why this information needs to be provided in the filing; it is more likely that users searching a database of filings will pick this up from other data held by Companies House. If the tag is retained in the taxonomy, then we agree with it being a string item type which will help with the many hierarchies involved in the SIC classification. Guidance is needed to make it clear whether the number or description or both are required. [For example what should tagged be here: '55100 - Hotels and similar accommodation'?]
Description of share type [within Entity shares [heading]]	This reference is to paragraph 9a of Sch 7 SI 2008/410. This relates to the purchase of own shares; there is already a tag for this within the Directors' Report. It is unclear what additional information is to be tagged here. We suggest that this duplicated tag is deleted.
Entity is under special legal status	Guidance would be useful to understand what is meant by this. If this is intended to identify entities subject to a form of insolvency proceeding, it would be helpful for the title of the tag to indicate this, perhaps with a dimension for the types of UK insolvency processes.
Phone number [heading]	There is no single phone number tag, but rather four separate tags (Country code, Area code, Local number, Extension number). This would seem to create additional work and complexity for the tagger, and it is questionable whether such information is likely to be found in financial statements.
Country of formation or incorporation	The default dimension is 'England', however legally a company cannot be incorporated in England. We believe the default should be 'England and Wales' instead.
Directors' report [heading]	The directors' report tags include tags for "Description of principal activities". This requirement was removed by SI 2013/1970 with effect from 30 September 2013. This SI also narrowed the "Purchase of own shares" disclosures so that they are only required by a public company; it may be helpful to indicate this in the tag Label as "Purchase of own shares by a public company [heading]".
Entity and directors' statements	This heading is included within the Directors' report heading: • "StatementThatDirectorsAcknowledgeTheirResponsibilitiesUnder TheCompaniesAct" is referenced to ISA (UK and Ireland) 700 9.1. This

[heading]	paragraph does not deal with directors' responsibilities. Paragraph 14 of the ISA most closely deals with this but is covered within the audit report heading. The wording of the tag suggests this might be more likely to be associated with the audit exemption requirement for a statement on the balance sheet, but tags already exist for these exemptions in the heading. • "StatementThatDirectorsReportHasBeenPreparedInAccordanceWithProvisionsSmallCompaniesRegime" is referenced to s450 of the Act. S450 is about abbreviated accounts, not directors' reports; abbreviated accounts are unlikely to be filed with a directors' report. This should tag should refer to the "Small Companies Exemption" which is the relevant requirement for a directors' report, and refer to s419(2) of the Act. • "StatementThatAccountsHaveBeenPreparedInAccordanceWithProvisionsSmallCompaniesRegime", "DescriptionWhyAnEntityWithSubsidiariesHasNotPreparedGroupAccounts", "EntityHasTakenExemptionUnderCompaniesActInNotPublishingItsOwnProfitLossAccountTruefalse" and the audit exemption tags (see below) relate to the financial statements and specifically to statements that should be on the face of the balance sheet. As these statements do not form part of the directors' report, they should not be within the Directors' Report heading. If they do not appear in the approvals heading forof the balance sheet, we suggest a separate heading for approval of the financial statements. • The four audit exemption tags referring s477, s479A, s480, the fact that members have not requested an audit and the directors have maintained accounting records, might usefully be Boolean types as the fifth audit exemption tag (relating to accounting records) is. This will avoid Companies House rejecting the accounts for incorrectly worded statements and make the data easier to search. • "AccountsAreInAccordanceWithSpecialProvisionsInSection4453CompaniesActRelatingToMedium-sizedCompaniesTruefalse" refers to s445 of the Act. This statement is only required if medium-sized abbreviated accounts are delivered; the full medium-sized accounts for members do not need this statement. We suggest the word "Abbreviated" at the start of the tag to avoid confusion, and the reference is amended to s450(3) of the Act. Again, this should not be within the Directors' Report heading.
Audit report [heading]	We have a few suggestions for the tags within this heading: • It may be helpful for there to be fields for the Registered Auditor number and senior statutory auditor's registration number. This would go some way towards dealing with incidences of fraudulent use of auditors' names and pave the way for electronic "signing" of the audit report by the auditor in due course. • The "Basis of audit opinion" tag refers to paragraph 7b of ISA (UK and Ireland) 700. This reference is to the objectives paragraph of the ISA; the requirements paragraphs of the ISA do not require a "Basis" heading unless the opinion is modified, and there is already another tag for this. • There is no tag for any opinion on another framework (paragraph 19 of the ISA). • Another tag is required for reporting on matters prescribed by the Companies Act 2006 – consistency of the directors' report (and any strategic report) with the financial statements, and where applicable proper

	preparation of the directors' remuneration report. • For completeness, there should be a tag for any auditors' opinion on regularity (paragraph 20 of the ISA). • The tag "Statement on matters on which auditor reports by exception" should refer to paragraphs 21-22B of the ISA, not just paragraph 22A. • There is a tag "Statement by auditor that the company is entitled to deliver abbreviated accounts and accounts properly prepared" which refers to s449 of the Act. This is not part of the "Audit report" but a separate report which may be dated on a separate date to the audit report on the underlying financial statements. We suggest it is moved to a new heading or group of headings "Special auditors' report on audit exemption". • "Statement on reasons for any qualification of opinion" should be "Description of mater(s) giving rise to any modified audit opinion". This more closely reflects the wording of paragraph 16 of ISA (UK and Ireland) 705, as well as the fact that technically a disclaimer of opinion and adverse opinion are not a "qualification".
Statement on power to amend financial statements after issue [heading]	This statement gives as a reference s454 of the Act. It does not allow for all of the other information required by s454 of the Act. Consideration should be given to a separate heading for the statements required when financial statements are revised.
Depreciation, amortisation and impairment expense	There appears to be no way of distinguishing between amortisation expense and depreciation expense which might be disclosed separately in the Income Statement.
Income statement free-text comment	This has been chosen as an example of the free-text comment tags. There are questions as to whether these tags are necessary. If they are deemed necessary, more guidance should be given as to their intended use.
Amounts owed by associates and joint ventures / participating interests	There appears to be no way of distinguishing between associates, joint ventures and participating interests when we might expect the amounts to be disclosed separately.
Cash flow statement [heading]	There is no summary tag for 'increase (decrease) in cash and cash equivalents', a line which is commonly used. Instead there are specific tags like 'Increase (decrease) in cash and cash equivalents from foreign exchange differences'.

General description of changes in accounting policies	Guidance is needed as to whether all changes should be included in a single tag in the event that more than one change has been made or whether only one change should be tagged.
Copyrights, patents, trademarks, service and operating rights [Dimension]	It might be advisable to have separate dimensions for copyrights, patents, trademarks and service and operating rights rather than one single dimension.
Credit ratings [Dimension]	The guidance given is 'Assign credit ratings dimension tags to reflect the order of ratings in the rating system used by the entity', which would appear to place a burden on the user. Standard credit ratings such as AAA, AA+, etc. might be better.
Description of event after reporting date	The guidance given is: 'Tag should be reused with a different dimension value for each event after the reporting date', but this does not identify which hypercube should be used.
Property, plant and equipment / tangible fixed assets [heading]	We believe a tag is required for depreciation eliminated on reclassification as Held For Sale.
Off balance sheet disclosures [heading]	The guidance "For unconsolidated subsidiaries, see 'Investments in unconsolidated structured entities' section [cross-reference]" could be misleading as: • not all unconsolidated structured entities (disclosures relating to which are required by IFRS 12) would meet the definition of a subsidiary; and • not all unconsolidated subsidiaries (for example, those subject to the investment entities exemptions in IFRS 10 and FRS 102) are structured entities.
Directors remuneration [heading]	The approach of the tags seems to be to relate to individual directors, using the Entity Officers Dimension to identify totals and highest paid director. • It is not clear how this will work for an unquoted company. Is the idea that the "All entity officer/entity officers total" is used with a "highest paid director" tag where total remuneration exceeds £200,000? We assume that the intention is not to tag each director individually as this is not required. • The approach adopted seems to be that those tags required to tag the information required by Sch 5 SI 2008/410 are included here, and only the additional disclosures required by Sch 8 SI 2008/410 are included within

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	the heading “Director remuneration, additional quoted company disclosures”. This is confusing because Sch 5 information is still required for a quoted company, and not all of the Sch 8 information will be included in the same place; indeed, not all of the Sch 5 data is necessarily calculated on the same basis as the Sch 8 data. We suggest that the Sch 5 information and Sch 8 information are separated, with the Sch 5 data including totals plus highest paid director, and then Sch 8 data using the entity officer dimension to include director-by-director disclosure. • There do not seem to be tags for some of the other Sch 8 information, for example pension entitlements (as opposed to benefits); directors’ interests in shares is one stringItemType whereas Sch 8 requires a table. Overall, we recommend that given the interest shown in directors’ remuneration, a completeness check is carried out against the requirements of Sch 8.
Entity officers [Dimension]	It would be helpful for guidance to make it clear that this should be a list of all directors and any secretaries who either served at any point in the year, or who are serving now. This is needed to complete the directors’ report correctly (a list of all directors who served in the year) and make the “Name of director signing financial statements” (and similar) tags work. We suggest that: • Some of the specific titles “Chairman”, “Chief executive” are used by companies but not required by law; the list is also not a full list of common titles - for example, many private companies still have a “Managing director”; others may wish to identify a “Finance director” or “Chief Financial Officer”. It may be helpful for each director to have a name and an optional title, rather than shoehorning them into one of these categories. • “Company secretary and director 1” and “Company secretary and director 2” are not needed; if someone is both a director and a company secretary, they should be tagged as both a director, and as a company secretary. • “Chief partner, limited liability partnership” is not a defined term in the Limited Liability Partnerships Act 200. LLPs typically refer to a “chief executive” and/or “senior partner”; it also seems to be in the main flow of directors and secretaries, rather than under the “Partners, limited liability partnership” heading.