

Since we last reported to JSC in May 2005 we have made significant progress in line with our strategy and work plan presented at that time, of which The Institute and CPA Australia are principal sponsors. Globally, XBRL has advanced significantly with adoption by several government regulators and many stock exchanges. This is slowly being reflected in Australia with discussion moving from whether to implement XBRL to how to implement it.

Specific Achievements Since Last Report (May 2005)

- We have brought together the parties most likely to benefit from XBRL financial reporting - being ASX, ASIC, AASB, SIA, IFSA, the Institute of CA's and CPA Australia - to develop the Australian extension to the IFRS Taxonomy published by the IASCF. The expected cost of this is \$160,000 of which \$80,000 is to be contributed by ASX and the other \$80,000 by ASIC via a grant from AGIMO (Aust Govt Information Mgt Office). Internal restructuring in AGIMO has delayed this funding since June. In that time we have approached ICANZ and XBRL NZ and agreed with them to cooperate in the development of a joint taxonomy (or taxonomy set) to promote interoperability between Australia and NZ as well as within each country. The basis of this cooperation is that it should not cost either country more than it would to proceed individually.
- The NZ cooperation discussions have also canvassed the options for ongoing maintenance of the taxonomy plus continuation of the work undertaken by the consortium to date. This has commenced the dialogue on the issues surrounding an orderly transition of control from the profession, who have successfully nurtured the standard through its infancy by promoting its use and acceptance, to government, who have the role of maintaining a sound and stable infrastructure for business reporting. These discussions have only just commenced and there are many logistical and political issues to resolve. This will be a focus of our efforts through 2006.
- We attended the XBRL International Conference and AGM in Tokyo – a requirement of our membership in the XBRL International consortium.
- The LCM Project, which has brought together the 4 major banks, MYOB and Quicken Australia to investigate the use of XBRL for straight through processing of Loan Covenant Monitoring, has made some progress in that we have agreed that the scope must be widened for it to be successful. To that end we had agreement by Michael Carmody, the Commissioner of Taxation, to host a meeting of senior government and industry decision makers to work out a way forward for XBRL adoption. Since then, however, Mr Carmody resigned as Commissioner and so the host for, and timing of, this meeting is now uncertain although the ATO have confirmed their commitment to hosting it.
- Resulting from an ATO hosted meeting in February 2005, the OASIS Tax Technical Committee released a position paper recommending XBRL for use by tax authorities in all OECD countries. The ATO have followed this up by hosting a meeting of the Netherlands, UK and NZ tax authorities on 7 and 8 December 2005 to discuss implementation of XBRL, to which XBRL Australia has been invited (in fact ATO insisted upon our attendance).
- We created XBRL versions of the last 3 years' annual reports using the IFRS Taxonomy and have posted these on our website.
- The Institute of Chartered Accountants covered the travel costs for Trevor Pyman to attend a meeting at the AICPA in New York, attended by representatives of the professional associations of 9 countries, the Big 4 and GT. This meeting set out to produce a Briefing Paper for the Steering Group of the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) at their meeting on December 4, 2005 in Cape Town, South Africa. The paper is intended to demonstrate to IFAC not only the need for action but also the urgency to allocate priority resources to establish the guidelines necessary for the provision of

appropriate assurance on business reports in XBRL format. The recommendations of this paper are that IFAC:

1. Recognize that the audit profession must address the assurance issues related to reporting in XBRL format now to clarify the responsibilities and protect the role of the audit profession in the future; and
2. Commit resources to create a taskforce to address the issues presented in the paper and prepare guidance materials for practitioners.

Some of the issues raised in the paper for consideration are:

- Is the current assurance framework suitable for the audit of information disseminated in XBRL format?
 - Who needs assurance on such data?
 - What is the nature of the assurance needed, for example, what will be the subject matter, exact responsibilities of the auditor, scope of the audit, suitable criteria, and materiality? How will the audit approach be affected?
 - How should an auditor express an audit opinion related to financial statements in XBRL format
 - what wording is appropriate,
 - how to “attach” the opinion to the file and/or the data in it?
 - Is there an appropriate level of assurance for various scenarios? What are those scenarios and their impact on the nature and extent of assurance required?
 - What risks does the profession need to manage when providing assurance on XBRL formatted reports?
 - What are the necessary skills, capabilities and competencies for the auditor?
 - What are any new independence and ethical issues?
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- Expenditure by XBRL Australia to date on all the above achievements is approximately \$67,000. The Facilitators (Institute of CAs and CPA Australia) have contributed \$62,500 and the 17 Ordinary and Sponsor members have pledged a further \$59,000 of which \$44,000 has been received to date. There is only a very slight chance that the remaining \$15,000 will not be collected in the next 2-3 months (owed by PwC and ASX).

Plans for remainder of FY06 (i.e. Dec 2005 to June 2006)

- Develop and publish the Australian extension to the IFRS Taxonomy (ATTX Project). This will be funded outside XBRL Australia as described above.
- Leverage the ATO Meeting of industry and government leaders to drive further adoption in the private sector – primarily by the major accounting software vendors (MYOB/Quicken), banks and the stock exchange.
- Leverage AGTIF recommendation and NZ cooperation to push adoption of XBRL within the major government agencies - primarily ABS, ASIC and Dept of Finance and Admin.
- Participate in IFAC’s XBRL Taskforce should one be created.
- Continue liaison work with NZ and Australian governments to transition control of XBRL from the accounting professional bodies to appropriate government agencies.
- The budget to achieve these plans, plus administrative and other operational costs, is \$48,000 for the remainder of the year to 30 June 2006. No additional funding commitment from the Facilitators (ICAA and CPAA) is expected other than any agreed travel costs for attendance at IFAC Taskforce meetings (should a taskforce be created).