

IFRS Foundation
30 Cannon Street
London
EC4M 6XH

20 December 2012

Dear Sir

Proposal to Establish an Accounting Standards Advisory Forum

We are pleased to comment on the above proposal. Following consultation, this letter reflects the views of the BDO network¹.

In principle, we support the proposal which is a necessary step in redefining the IASB's relationship with other accounting standard setters as the convergence programme with the FASB comes to an end. However, we are not convinced that the proposal sets out in sufficient detail precisely what the Accounting Standards Advisory Forum (ASAF) would be intended to achieve, and how. The proposal outlines the proposed role and working model in general terms, and we believe that it would be appropriate to articulate these more clearly before finalising the approach to be followed.

The question of objectives links to membership. While we understand that the IFRS Foundation would wish to limit the size of the ASAF, we see no need for the size of the ASAF to be restricted to 12, and consider that a group of (say) 20 would easily be capable of being fully effective. Linked to this, when identifying organisations to be represented, we would encourage the IFRS Foundation first to establish which standard setters and regional groups are best placed to provide the desired input (and quality of that input). This should include consideration of which of these currently provide active and high quality input, and those geographic areas which should be represented. It will be critically important to ensure, as far as possible, that the risk of any organisation or geographic area feeling disenfranchised is minimised; the IFRS Foundation needs to demonstrate that it is inclusive.

We note the intention that the ASAF would be chaired by either the Chairman or the Vice-Chairman of the IASB. We disagree with this, and believe that an arrangement similar to that of the IFRS Advisory Council, which has its chair and vice-chair drawn from external organisations, would be appropriate. This would result in the ASAF being in a position genuinely to provide (and to be perceived as providing) independent advice to the IASB.

¹ Service provision within the international BDO network of independent member firms ('the BDO network') in connection with IFRS (comprising International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the IFRS Interpretations Committee and the former Standing Interpretations Committee), and other documents, as issued by the International Accounting Standards Board is provided by BDO IFR Advisory Limited, a UK registered company limited by guarantee. Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium with its statutory seat in Brussels. Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BVBA, BDO IFR Advisory Limited and the member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA, BDO IFR Advisory Limited and/or the member firms of the BDO network. BDO is the brand name for the BDO network and for each of the BDO member firms.

Linked to the potential for the ASAF to be in a position to provide effective and timely independent advice, we do not believe that four relatively short meetings in each year are sufficient. In our view, a more appropriate proposal (at least at the outset, but subject to review) would be for six, two day, meetings each year.

Finally, while we acknowledge that the IFRS Foundation is anxious to make progress in establishing the ASAF, we are concerned that the comment period for this consultation is too short. There is a need to ensure that all interested parties have the opportunity to respond with appropriately considered comments. In our view, and in particular having consideration for those jurisdictions where the consultation document needs to be translated into another language, it would have been helpful for a longer comment period to have been allowed.

We hope that you will find our comments and observations helpful. If you would like to discuss any of them, please contact me at +44 (0)20 7893 3300.

Yours faithfully,

A handwritten signature in dark ink, reading "Andrew Buchanan". The signature is written in a cursive, slightly slanted style.

Andrew Buchanan

*Global Head of IFRS
BDO IFR Advisory Limited*

Appendix

Question 1

Do you agree with the proposed commitments to be made by ASAF members (paragraph 6.4) and that they should be formalised in a Memorandum of Understanding (paragraph 6.5)? Why or why not?

We agree that ASAF members should be required to make certain commitments, with these being formalised in a Memorandum of Understanding, and agree with most of the proposals.

We are strongly of the view that where a jurisdiction endorses or adopts IFRS into its own regulatory framework, this should be IFRS as issued by the IASB. However, it might be difficult for some organisations to make suggested commitment 4, as this could be viewed as giving rise to a conflict of interest if the same organisation is required to make an assessment as to whether it is appropriate for a particular IFRS or Interpretation to be endorsed or adopted by its jurisdiction. Consequently, commitment 4 might be amended to read:

‘...making an active contribution to the ASAF’s work, with a view to enabling the endorsement/adoption of IFRSs in full and without modification...’

Question 2

The Foundation believes that, in order to be effective, the ASAF needs to be compact in size, but large enough to allow for an appropriate global representation. Do you agree with the proposed size and composition as set out in paragraphs 6.7 - 6.13? Why or why not?

While we agree that the size of the ASAF needs to be kept to a manageable level, as noted in our covering letter we consider that to limit the membership to 12 is overly restrictive. A group of 20 would easily be capable of being fully effective

Linked to this, when identifying organisations to be represented, we would encourage the IFRS Foundation first to establish which standard setters and regional groups are best placed to provide the desired input (and quality of that input). This should include consideration of which of these currently provide active and high quality input, and those geographic areas which should be represented. This should be given priority over the absolute number of members.

Subject to the comments above, the proposed geographic distribution appears reasonable.