



НАЦИОНАЛЬНАЯ ОРГАНИЗАЦИЯ ПО СТАНДАРТАМ
ФИНАНСОВОГО УЧЕТА И ОТЧЕТНОСТИ

Submitted electronically through the IASB Internet site

**COMMENT LETTER OF RUSSIAN NATIONAL ORGANIZATION FOR
FINANCIAL ACCOUNTING AND REPORTING STANDARDS (NOFA)**

International Accounting Standards Board
30 Cannon Street
London EX4V 6XH
United Kingdom

16 December 2012

Subject: Proposal to Establish an Accounting Standards Advisory Forum

Dear Sir, Madam,

We appreciate the opportunity to provide our comments to *Proposal to Establish an Accounting Standards Advisory Forum* issued by International Accounting Standards Board (IASB). We are happy to contribute to the formalizing of the engagement with national standard-setters in the IASB's standard-setting process as an expert group for IFRS adoption in Russia authorized by the Ministry of Finance of Russian Federation.

Our comments and suggestions are summarized below.

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?

Answer: NOFA experts agree with the proposal of formalizing the engagement with national standard-setters in the IASB's standard-setting process in general. We expect it could provide a significant improvement in standards development and understanding between standard setters and IASB.

We have reviewed commitments settled out in paragraph 6.4 and supply our general comments below.

1. We support the IFRS Foundation's mission to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards since it is the only way of achieving global transparency in global financial reporting.

2. We support the idea of encouraging input from our jurisdiction/region to the technical activities of the IASB, in order to contribute to a single set of high quality, understandable, enforceable and globally accepted financial reporting standards, since Russian accounting experts has significant experience in providing technical assistance for IASB and strong professional positions in various branches of expertise.
3. We acknowledge the commitment for supporting consistent application of IFRSs by jurisdiction and in the region accompanied by following considerations.

The Ministry of Finance, which is the official standard setter in Russian Federation, has intention of making best efforts to promote the endorsement/adoption of IFRSs in full and without modification over time.

We should mention that following mechanism of IFRS adoption is implied by national legislation of Russian Federation at present:

- ✓ The Article 71 of Constitution of Russian Federation states that statutory accounting regulation is a responsibility of federal authorities.
- ✓ In 2010 Russian Federation adopted the Law “For Consolidated Financial Statements”, which regulates the order of application of International Financial Reporting Standards for the purpose of statutory reporting. According to the Law, IFRS’s should be examined for applicability in Russian jurisdiction and, in case they are applicable, are adopted by the orders issued by Ministry of Finance of Russia.
- ✓ The applicability implies, that each International Financial Reporting Standard has following characteristic:
 - It does not contradict to national legislation requirements
 - It goes in line with public interest
 - It satisfies the needs of users of financial statements to receive a useful and reliable information about financial position and financial result of an entity
 - It does support the integrity of accounting regulations system
 - It doesn’t preclude consistent application in Russian jurisdiction
- ✓ In case any of the abovementioned characteristics are not satisfied by the International Financial Reporting Standard, it is considered a subject for adjustment or other decision making to eliminate the sign of non-applicability.

Existing mechanism could potentially affect the endorsement of IFRSs in Russia in full, though the national standard setter has intention to avoid any carve-outs from IFRSs issued by IASB.

4. We confirm the availability of the resources and capability to play a full role in the ASAF’s technical work, including preparation for meetings and participation in substantive technical discussions. We confirm the wealth of experience and

expertise within the community of national standard setters and regional bodies and the aim to harness that to best effect.

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?

Answer: We consider it is quite probable that it will be difficult to come up with a composition of ASAF that is satisfactory to all parties and some national standard setters may not feel a sense of ownership. The compact size is important for reaching consensus with reasonable efforts, that's why we support numbers of representatives proposed in IASB project. At the same time we consider it's necessary to set up additional format of consultations between elected members of ASAF and NSS of the region represented by them. This format should include liaison procedures in working out of key decisions on the most important technical issues.

In addition, we would like to stress the fact, that Russian Federation is located both in Asia and Europe, so the opportunity for membership of Russian representatives should be clarified.

One of the options, in our view, is that Russian Federation represents CIS region in ASAF.

Best regards,

Askold Birin,

National Council for accounting standards,

NOFA foundation