

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE INTERNATIONAL FEDERATION OF ACCOUNTANTS
AND
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS FOUNDATION
March 2015

Objective of the Memorandum of Understanding

- 1) The mission of the International Federation of Accountants (IFAC) is to serve the public interest by: contributing to and supporting high-quality international standards, helping to build and encouraging strong professional accountancy organizations, accounting firms, and high-quality practices by professional accountants; and speaking out on public interest issues.
- 2) The primary objective of the International Financial Reporting Standards (IFRS) Foundation is to develop, in the public interest, a single set of high-quality, understandable, enforceable, and globally accepted financial reporting standards based upon clearly articulated principles. These standards should require high-quality, transparent, and comparable information in financial statements and other financial reporting to help investors, other participants in the world's capital markets, and other users of financial information make economic decisions.
- 3) IFAC and the IFRS Foundation both have objectives that include:
 - a. enabling the development, in the public interest, of high-quality and, where appropriate, enforceable global standards by standard-setting boards¹; and
 - b. the promotion, adoption, and rigorous implementation of those standards.
- 4) IFAC and the IFRS Foundation share a conviction that the confidence of all users in the transparency and integrity of financial reporting is critically important to the

¹Those standard-setting boards are: the International Accounting Standards Board; the International Auditing and Assurance Standards Board; the International Accounting Education Standards Board; the International Ethics Standards Board for Accountants; and the International Public Sector Accounting Standards Board.

effective functioning of capital markets and efficient capital allocation. Transparent financial information will improve users' confidence in that information, and thus contribute to promoting global financial stability and sound economic growth. Such information also enhances the accountability of entities to their stakeholders.

- 5) To achieve the objectives set out above, IFAC and the IFRS Foundation agree to commit to enhance initiatives of common and mutual interest.

Communication and Co-operating Process

- 6) IFAC and the IFRS Foundation will continue to liaise to identify opportunities to work together and support one another's public interest objectives.
- 7) IFAC and the IFRS Foundation will periodically review whether, to what extent, and in what capacity each will be represented on the other's bodies, subject to the provisions of their respective constitutional arrangements and policies from time to time that may be applicable to such appointments.
- 8) IFAC promotes the use of IFRS through its member compliance program. Member bodies of IFAC are required to use their best endeavors to incorporate IFRS in their national accounting requirements or to persuade those responsible for developing those requirements that general purpose financial statements should comply with IFRS, or with local accounting standards that are converged with IFRS. They are also required to use their best endeavors to assist with the implementation of IFRS, or with local accounting standards that are converged with IFRS.
- 9) IFAC and the IFRS Foundation will encourage their respective constituencies, including the preparers and users of financial reports, national and other accounting standard-setting bodies, and IFAC member bodies, to provide feedback on relevant projects developed by both organizations.
- 10) IFAC and the IFRS Foundation both value the relevance and importance of evidence gathering and research to inform and support their activities. To that end, both organizations will seek to share relevant research and, where appropriate, undertake joint research activities to assist in meeting their public interest objectives.

- 11) IFAC and the IFRS Foundation both have a mutual interest in protecting the independence of the standard-setting process to ensure it serves the public interest and enhances the credibility of the standards issued by the standard-setting boards. To that end, both organizations will seek to consult with one another, where appropriate, on matters affecting governance arrangements of standard-setting boards.
- 12) The initiatives above will be monitored and the achievements assessed on an on-going basis and reported to the IFAC Board and IFRS Foundation Trustees.
- 13) This Memorandum of Understanding will be reviewed by both parties no later than 31 December 2018.



Michel Prada
Chairman
International Financial Reporting Standards
Foundation Trustees



Olivia Kirtley
President
International Federation of Accountants



Fayeul Choudhury
Chief Executive Officer
International Federation of Accountants