

June 2018

IFRS[®] Foundation
Feedback Statement

Review of the Accounting Standards Advisory Forum 2018



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EXECUTIVE SUMMARY

- 1 The Trustees of the IFRS Foundation (Trustees) have completed their second review of the Accounting Standards Advisory Forum (ASAF) (2018 Review). The first review was undertaken in 2015 (2015 Review), two years after ASAF was formed.
- 2 The Trustees are pleased with the very positive feedback from the 2018 Review. The feedback highlights that ASAF continues to be a key component of the IFRS Foundation’s engagement strategy with National Standard-setters. Furthermore, the Trustees are pleased that the feedback also highlights that the actions taken following the 2015 Review have resulted in positive change. The Trustees would like to thank all who continue to make ASAF a success.
- 3 This Feedback Statement sets out the actions that the Trustees and the International Accounting Standards Board (Board) will take in response to the matters arising from the 2018 Review. The actions aim to build on the positive changes achieved by the 2015 Review.
- 4 One of the topics on which the Trustees sought feedback was the effectiveness of the engagement between ASAF and the Board. The feedback highlighted that respondents (including the National Standard-Setters represented by regional groups at ASAF) acknowledged the improvements made to the ‘feedback loop’ between the Board and ASAF since the 2015 Review.
- 5 The Board currently provides ASAF members with:
 - (a) a summary of ASAF discussions at each meeting, which is posted on the IFRS Foundation website; and
 - (b) a report explaining how the advice requested has been used.

To continue to assist ASAF members and others identify how the Board has considered ASAF’s advice, the staff will:

 - (a) clearly identify the advice received from ASAF in agenda papers for Board meetings; and
 - (b) specify in the report to ASAF members the Board agenda papers that incorporated ASAF’s advice.
- 6 The Trustees acknowledge some respondents’ suggestion to reduce the number of meetings a year from four to three if a full two-day agenda cannot be guaranteed. The Trustees would like to maintain the schedule of four meetings a year to facilitate regular and timely consultation with ASAF. The Trustees think that meetings attended in person are the most effective way for the Board to receive advice from ASAF. However, to allow for greater flexibility, the Trustees are amending the Terms of Reference to permit one ASAF meeting a year to be held via videoconference (see paragraph 2.3.5 of Appendix A).
- 7 The Trustees specifically requested views on whether to incorporate:
 - (a) consultation with ASAF as a mandatory due process step in the IFRS Foundation *Due Process Handbook* (*Due Process Handbook*); and
 - (b) ASAF into the IFRS Foundation *Constitution* (*Constitution*).

Both of these points were brought forward from the 2015 Review.
- 8 In light of the feedback, the Trustees have decided not to incorporate consultation with ASAF as a mandatory due process step in the *Due Process Handbook*. The Trustees also found no compelling reason to amend the *Constitution*; feedback on the matter was inconclusive.

- 9 The Trustees decided that formal three-yearly reviews of ASAF are no longer necessary and will amend the ASAF Terms of Reference accordingly (see paragraph 2.5 of Appendix A). The Trustees consider that ASAF is functioning successfully and has become a key component of the Board's engagement with National Standard-setters. As part of the annual review of consultative groups provided to the Due Process Oversight Committee, the staff will review ASAF to assess whether it continues to serve the function for which it was established. If at any point in the future the Trustees consider there is a need for a more formal review, they will initiate such a review.

BACKGROUND

- 10 This Feedback Statement sets out the findings from the 2018 Review and how the Trustees and the Board intend to respond to the matters highlighted.
- 11 The Trustees announced the inaugural membership of ASAF on 19 March 2013. The ASAF Terms of Reference require that ASAF and its operations be reviewed, but do not specify the scope or structure of the review.
- 12 The Trustees completed the first review of ASAF in May 2015 and published a Feedback Statement and a second Call for Candidates.
- 13 The findings from the 2015 Review were positive and suggested that ASAF had become key to the Board's engagement with National Standard-setters (the Feedback Statement can be accessed on the IFRS Foundation's website¹). The Trustees determined that the Memorandum of Understanding setting out the roles of the IFRS Foundation and ASAF remained appropriate. However, as a result of the feedback, the Terms of Reference were updated to:
- (a) extend ASAF members' terms of office from two to three years;
 - (b) remove the requirement that the final agenda for each meeting is at the discretion of the Chair of ASAF; and
 - (c) extend the review period for ASAF from two to three years.
- 14 The Feedback Statement also stated that the Trustees decided to wait to consider whether to:
- (a) include consultation with ASAF in the *Due Process Handbook*; or
 - (b) reflect the role of ASAF formally in the *Constitution*.
- 15 In June 2015, the Trustees announced the membership of ASAF for the period from 16 July 2015 to 15 July 2018.

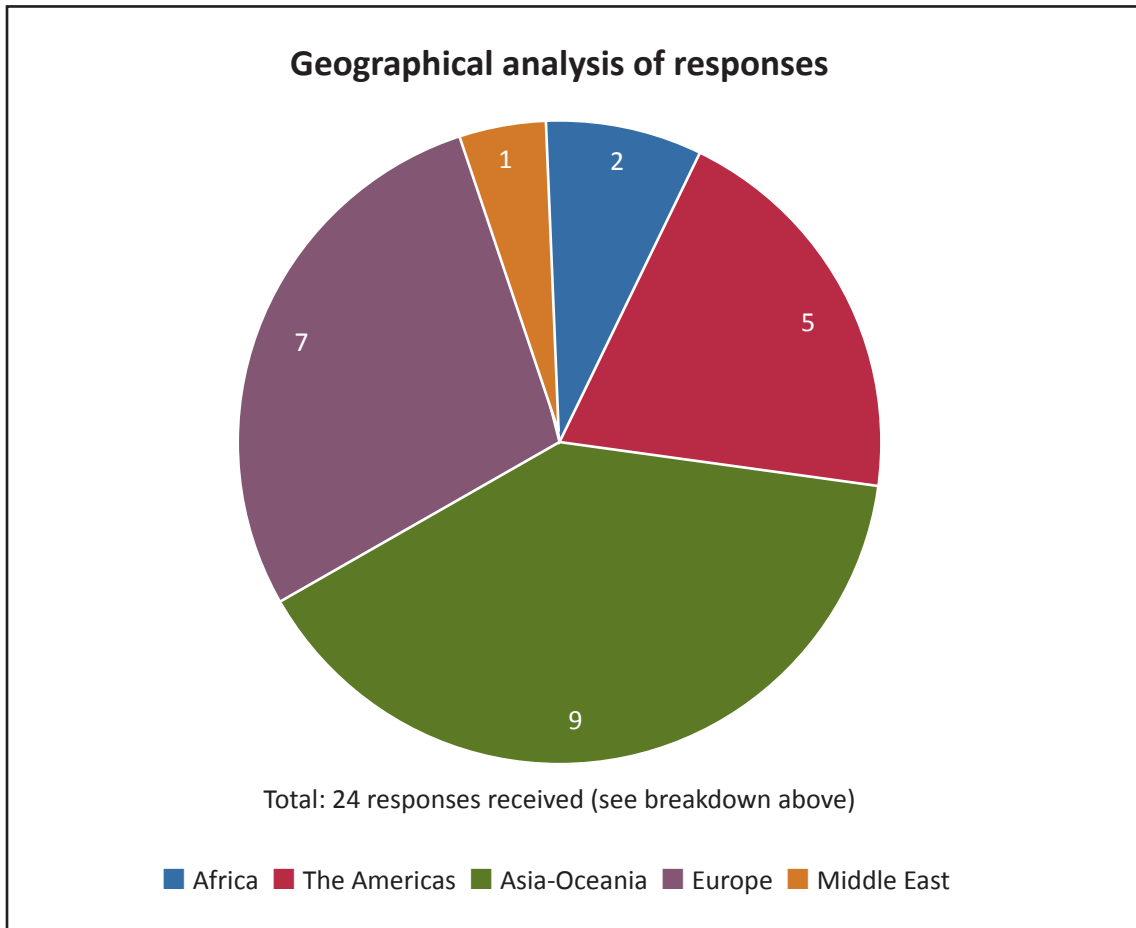
SCOPE OF THE 2018 REVIEW

- 16 The Trustees decided that the scope of the 2018 Review should be narrower than the 2015 Review because:
- (a) the 2015 Review was the first review of ASAF; therefore, it needed to be comprehensive to assess whether ASAF supported the IFRS Foundation's mission and whether ASAF should continue; and
 - (b) regular feedback from ASAF members has been positive over the last three years.

¹ <http://www.ifrs.org/-/media/feature/groups/asaf/asaf-feedback-statement.pdf>

- 17 Accordingly, the Trustees decided the 2018 Review would focus on:
- (a) the effectiveness of ASAF meetings and ASAF’s role in supporting the IFRS Foundation’s mission; and
 - (b) the matters identified in the 2015 Review, including whether to:
 - (i) incorporate consultation with ASAF as a mandatory due-process step in the *Due Process Handbook*; and
 - (ii) incorporate ASAF into the *Constitution*.
- 18 To obtain views on the effectiveness of ASAF meetings and ASAF’s role in supporting the IFRS Foundation’s mission, a questionnaire was distributed to National Standard-setters in December 2017. Twenty-four completed questionnaires were returned. The geographical analysis of responses is set out in Table 1.

Table 1. Geographical analysis of responses



- 19 To obtain views on matters that emerged during the 2018 Review, the Trustees asked the advice of the IFRS Advisory Council (Advisory Council). The Trustees also discussed the responses to the 2018 Review questionnaire with the Board and current ASAF members.
- 20 A summary of the approach to the 2018 Review is set out in Appendix C to this Feedback Statement.

KEY FINDINGS

The effectiveness of ASAF meetings and ASAF's role in supporting the IFRS Foundation's mission

21 Most feedback suggested that ASAF meetings are effective in advising the Board about its technical programme. However, some respondents highlighted areas that warranted further consideration.

Provide greater opportunities for non-ASAF members to present at ASAF meetings

22 Respondents to the questionnaire noted that ASAF continues to be key to the IFRS Foundation's engagement strategy with National Standard-setters. However, these respondents noted it is only one part of the strategy for engaging with them. Respondents welcomed the opportunity for organisations that are not members of ASAF to present at ASAF meetings.

23 As stated in the Terms of Reference, an ASAF objective is to:

1.2. ... facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan, but which may include other issues that have major implications for the IASB's work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions.

24 The ASAF Terms of Reference also acknowledge that:

2.2.7 The Chair shall have the discretion to invite a representative of a non-member NSS [National Standard-setters] or regional body to attend and participate in ASAF meetings, subject to any attendee having the technical expertise and capability to make a valuable contribution to ASAF in accordance with section 2.2.3 above. Where possible, the Chair will endeavour to obtain the prior consensus of the meeting.

25 In the period of current ASAF membership, guest presenters have been invited to present their research papers. For example:

- (a) September 2017—the UK Financial Reporting Council was invited to discuss the feedback on the Discussion Paper *Improving the Statement of Cash Flows*; this followed a previous ASAF discussion of a staff paper on the same topic;
- (b) September 2016—the Korea Accounting Standards Board presented on rate-regulated activities;
- (c) December 2015—the Korea Accounting Standards Board and the Australian Accounting Standards Board presented joint findings on *Accounting Judgments on Terms of Likelihood in Standards*; and
- (d) December 2015—the Hong Kong Institute of Certified Public Accountants presented a paper on how business combinations under common control are accounted for in its jurisdiction.

26 The Trustees acknowledge opportunities already provided to National Standard-setters who are not members of ASAF to present research topics at ASAF meetings. A guest presenter at an ASAF meeting can bring expertise and experience to a specific topic, enhancing ASAF debate and the advice ASAF provides to the Board.

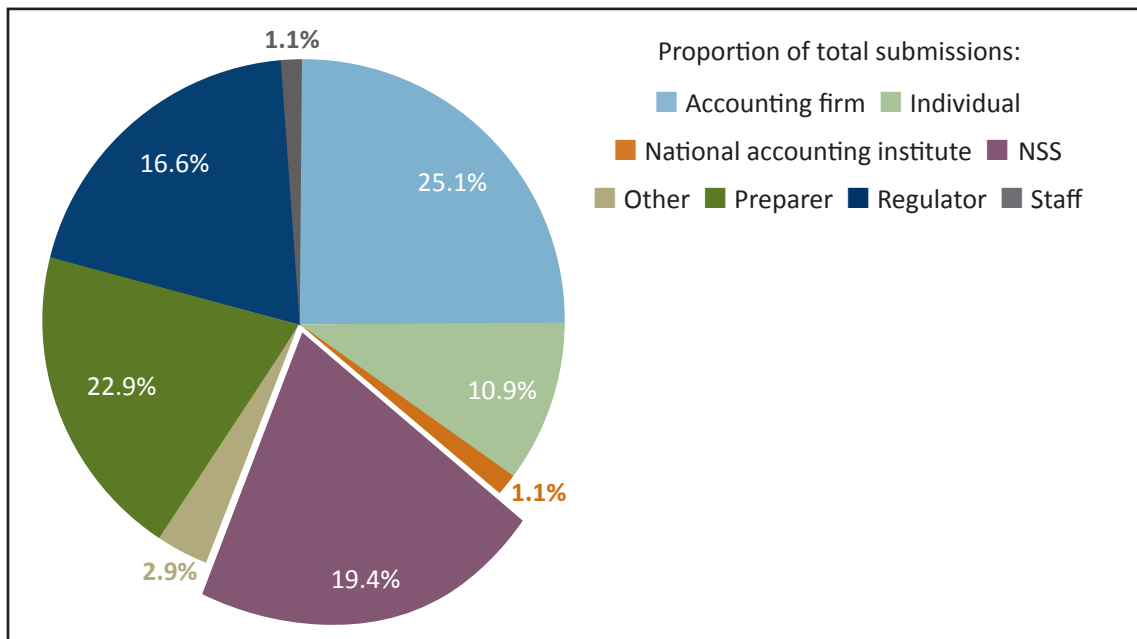
IFRS Foundation—Decision 1

The Trustees confirm National Standard-setters who are not members of ASAF will continue to be encouraged to present at ASAF meetings.

Consider whether ASAF should discuss the adoption of IFRS Standards in members’ jurisdictions

- 27 Some respondents to the questionnaire asked if ASAF could be a useful forum for discussing the adoption of IFRS Standards within a member’s jurisdiction.
- 28 The Trustees acknowledge the important role National Standard-setters have in the adoption and implementation of IFRS Standards. For instance, in the 2015 Trustees’ *Review of Structure and Effectiveness*, the Trustees highlighted the importance of the IFRS Foundation developing relationships with organisations like the National Standard-setters, who are involved in the application of IFRS Standards. The Trustees thought the Board should:
 - (a) support such organisations in their role of fostering consistent application; and
 - (b) obtain feedback on specific issues arising in practice or on the quality of implementation of IFRS Standards more generally.
- 29 The Board has a range of groups to support implementation, any of which National Standard-setters can engage with. One example is a Transition Resource Group that the Board may form after issuing a Standard to support implementation. The Transition Resource Group discusses issues stakeholders encounter when implementing the Standard.
- 30 Once an IFRS Standard is effective, the IFRS Interpretations Committee (Committee) considers emerging issues on consistent application of IFRS Standards. The Committee discusses submissions from stakeholders at its public meetings.
- 31 As evidenced by Table 2, National Standard-setters are a regular source of submissions to the Committee, ensuring that jurisdiction and regional specific issues are considered.

Table 2. IFRS Interpretations Committee submissions by type



- 32 The Board may also undertake a maintenance project to address application questions. Such projects involve the Board or the Committee developing narrow-scope amendments to, or interpretations of, Standards. These projects are regularly discussed with ASAF.
- 33 The Trustees acknowledge that discussion at ASAF meetings will, at times, address issues with the adoption of or implementation of new Standards; however, the Trustees decided that ASAF should remain focused on its primary objective, which is to facilitate effective technical discussions on standard-setting issues.
- 34 The Trustees decided not to extend ASAF's remit to discuss the progress of adoption of IFRS Standards within a member's jurisdiction because:
- (a) ASAF's primary objective is to facilitate effective technical discussions on standard-setting issues, primarily on the Board's work plan, but which may include other issues that have major implications for the Board's work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions; and
 - (b) the Board has a range of other ways of supporting the implementation of new IFRS Standards.

IFRS Foundation—Decision 2

The Trustees are of the view that ASAF discussion should focus on its primary objective, which is to facilitate effective technical discussions on standard-setting issues.

Reducing the number of meetings from four to three a year

- 35 Some respondents to the questionnaire suggested reducing the number of ASAF meetings from four to three a year, if a full two-day agenda could not be guaranteed. The Trustees appreciate that many ASAF members travel a considerable distance to attend meetings and that ASAF members bear their own costs.
- 36 The Trustees do not recommend reducing the number of meetings for the following reasons:
- (a) four meetings a year facilitates planning for regular consultation with ASAF, helping to ensure that ASAF discussions can take place before Board discussions on the same subject; and
 - (b) reducing the number of meetings may inhibit the timely progression of technical projects.
- 37 The Trustees decided to amend the Terms of Reference (see paragraph 2.3.5. of the Terms of Reference) to permit one meeting a year to be held by videoconference, where appropriate.

IFRS Foundation—Decision 3

The Trustees decided to amend the ASAF Terms of Reference to permit one ASAF meeting a year to be held by videoconference, where appropriate.

Due Process Handbook and the Constitution

- 38 As discussed above, two matters from the 2015 Review were brought forward for consideration in the next ASAF Review. The points were:
- (a) incorporating consultation with ASAF as a mandatory due-process step in the *Due Process Handbook*; and
 - (b) incorporating ASAF into the *Constitution*.

Consultation with ASAF as a mandatory due-process step

- 39 At present, the *Due Process Handbook* contains references to the Board consulting ASAF (see paragraph 3.50 of the *Due Process Handbook*); however, this is not mandatory requirement through the development of a Standard.
- 40 Although views were not requested as part of the 2018 questionnaire distributed to National Standard-setters, some respondents to the questionnaire suggested that ASAF consultation should be made a mandatory due-process step in the *Due Process Handbook*.
- 41 Advisory Council members discussed this matter at their February 2018 meeting, but did not support making ASAF consultation a mandatory due-process step for the following reasons:
- (a) references in the *Due Process Handbook* are adequate to ensure appropriate consultation with ASAF; and
 - (b) the IFRS Foundation would have difficulty defining for which projects and at what stage in a project's life-cycle ASAF consultation should be required.
- 42 The Trustees also noted that requiring consultation with ASAF at a specified stage of a technical project could adversely affect its progress. Consequently, the Trustees decided not to amend the *Due Process Handbook*.

IFRS Foundation—Decision 4

The Trustees decided not to amend the IFRS Foundation *Due Process Handbook* to include consultation with ASAF as a mandatory due process step.

ASAF and the IFRS Foundation Constitution

- 43 At present, the *Constitution* does not make an explicit reference to ASAF. However, the *Constitution* does state:
- 27 The Board will, in consultation with the Trustees, be expected to establish and maintain liaison with national standard-setters, other standard-setters, and other official bodies with an interest in accounting standard-setting in order to assist in the development of IFRSs and to promote the convergence of national accounting standards and our Standards.

- 44 The only consultative body the *Constitution* makes explicit reference to is the Advisory Council. The *Constitution* establishes the Advisory Council as a forum for providing strategic advice to the Trustees and the Board.
- 45 The Advisory Council also discussed including a reference to ASAF in the *Constitution* at its February 2018 meeting. The views of Advisory Council members were mixed.
- 46 Some Advisory Council members supported inclusion for the following reasons:
- (a) it would give formal recognition to the importance of ASAF and its involvement in the IFRS Foundation’s mission; and
 - (b) it would reflect the complementary roles of two groups that are key to the IFRS Foundation, namely the Advisory Council and ASAF.
- 47 Those Advisory Council members who did not support incorporating ASAF into the *Constitution* commented:
- (a) the independence of the Board and the ASAF members might be questioned if both the Board and ASAF were to be part of the same *Constitution*. Some Advisory Council members thought Board members might not act independently if they needed to defer to ASAF. Currently the ASAF Memorandum of Understanding states that ASAF members must respect:
 - 2.5 the IASB’s independence, by ensuring that ASAF’s discourse does not compromise or challenge the independence and integrity of the IASB and its duty to be the final arbiter of IFRSs.
 - (b) including a reference to ASAF in the *Constitution* could create two tiers of technical consultative groups because it would formalise the role of ASAF as the premier technical consultative group with greater influence than, for example, the Global Preparers Forum or the Capital Markets Advisory Committee. Both of these groups are also tasked with providing technical advice to the Board.
- 48 The Trustees have not found a compelling reason to amend the *Constitution* to incorporate ASAF. The Trustees can see the logic of establishing ASAF as the main technical consultative body to the Board in the *Constitution*—its role would complement that of the Advisory Council’s. That said, feedback to the questionnaire was inconclusive and the Trustees acknowledge comments from the Advisory Council regarding the Board’s independence. The Trustees are therefore not convinced of the value of amending the *Constitution* for a group that is currently successfully functioning in line with its Terms of Reference and Memorandum of Understanding.

IFRS Foundation—Decision 5

The Trustees decided not to amend the IFRS Foundation *Constitution* to incorporate ASAF.

Future ASAF Reviews

- 49 The 2015 Review highlighted positive feedback on the functioning of the ASAF and on how quickly it had become vital to the Board’s engagement with National Standard-setters. The 2018 Review has further demonstrated the successful functioning of ASAF.

50 The Terms of Reference currently state:

Review of ASAF

2.5.1 All aspects of ASAF and its operations shall be reviewed by the IFRS Foundation every three years (as from the date of signing or reaffirming agreement to the Memorandum of Understanding).

51 Given the successful development of ASAF, the Trustees no longer consider that a regular formal review every three years is necessary. The Trustees suggest that ASAF can continue to be reviewed adequately as part of the annual review of consultative groups provided to the Due Process Oversight Committee.

52 The Trustees will initiate a formal review in the future, if they consider it necessary.

IFRS Foundation—Decision 6

The Trustees will amend the Terms of Reference to remove the requirement for a review of ASAF every three years.

Improving the ‘feedback loop’ between ASAF and the Board

53 Communication between ASAF and the Board is pivotal to ASAF achieving its objective of contributing constructively towards the achievement of the Board’s development of a globally accepted high-quality accounting framework.

Consider the need for a consensus or a ‘majority ASAF view’

54 The ASAF Terms of Reference require (paragraph 1.2) that ASAF formalise and streamline the Board’s:

[...] collective engagement with the global community of NSS and regional bodies in its standard setting process to ensure that a broad range of national and regional input on major technical issues related to the IASB’s standard setting activities are discussed and considered.

55 Some respondents to the questionnaire suggested that a consensus or a majority ASAF view should be sought at ASAF meetings where possible. These respondents suggested that if a single ASAF view could be reported to the Board, the advice would be more accessible, offering greater clarity to the Board.

56 In response to this suggestion, Board members noted that a fundamental benefit of ASAF is its ability to highlight the different views and perspectives.

57 Board members noted that it is more valuable for them to hear and discuss these different views and perspectives than hear a consensus view. Board members decided it is important for the discussions at ASAF meetings to be summarised but did not support reporting a consensus view.

58 Some feedback suggested that an oral summary of the discussions between ASAF members at the end of each session or meeting could help improve the ‘feedback loop’. The Board recognise that a summation of the main points that have arisen through discussion at each ASAF meeting could help to clarify the advice provided by ASAF members.

Ensure ASAF advice prior to Board discussion

- 59 Some respondents to the questionnaire asked for assurances that discussion of a particular topic with ASAF would take place prior to the Board's discussion. This is to ensure the Board considers ASAF members' views before making decisions.
- 60 The Board acknowledged that it is most useful to have ASAF members' views in advance of its discussions but also noted that ASAF meets four times a year while the Board meets 11 times. It is not always possible to obtain ASAF's advice in advance of its discussions.
- 61 The Board also explained that receiving input from ASAF members after reaching tentative decisions can still be useful. For example, the views of ASAF can enhance the richness of a discussion about a topic in a Discussion Paper or an Exposure Draft.
- 62 The Board will attempt to obtain advice from ASAF in advance of its discussions, but must also balance the timely progression of technical projects and seek input from ASAF at an appropriate time.

Improvements to the summary of ASAF meeting

- 63 After each ASAF meeting, notes summarising ASAF discussions are published on the IFRS Foundation's website. Board members value the level of detail in these notes because they are able to consider the differing views of ASAF members. However, some feedback suggested that the notes could be restructured to ensure greater clarity.
- 64 To add clarity in summarising ASAF members advice to the Board and to improve the 'feedback loop', the Board will ensure that advice received from ASAF is more clearly identified in Board papers. Also, the Board will be more specific in the report provided to ASAF members in identifying the Board papers that incorporated ASAF's advice.

Board actions:

To improve the 'feedback loop' between ASAF and the Board, the Board is committed to:

- (a) ensure staff provide an oral summary of the discussions between ASAF members at the end of each session or meeting;**
- (b) work closely with project teams to coordinate when best to seek ASAF's advice;**
- (c) clearly identify the advice received from ASAF in agenda papers for Board meetings; and**
- (d) specify in the report to ASAF members the Board agenda papers that incorporated ASAF's advice.**

Appendix A: Terms of Reference

The Accounting Standards Advisory Forum (ASAF) is a group of nominated members from both National Standard-Setters ('NSS') and regional bodies involved with accounting standard-setting (regional bodies). The members of ASAF and the IFRS Foundation (the Foundation) signed a Memorandum of Understanding on [date to be inserted]. This document sets out ASAF's terms of reference.

1 OBJECTIVES OF THE ASAF

- 1.1 The G20 has consistently emphasised the importance of working towards a single set of high quality global accounting standards, and called upon accounting standards setters to continue their efforts to achieve this goal. The IFRS Foundation (the 'Foundation') has set as its objectives the aim 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; to promote, and facilitate the adoption of International Financial Reporting Standards ('IFRSs') around the globe and to promote the consistent application of IFRSs around the globe. These standards should serve investors and other market participants in making informed resource allocation and other economic decisions. The International Accounting Standards Board ('IASB') is the standard-setting body of the Foundation.
- 1.2 The objective of the ASAF is to provide an advisory forum where members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards. More particularly ASAF is established to:
- support the Foundation in its objectives, and contribute towards the development, in the public interest, of a single set of high quality understandable, enforceable and globally accepted financial reporting standards to serve investors and other market participants in making informed resource allocations and other economic decisions;
 - formalise and streamline the IASB's collective engagement with the global community of NSS and regional bodies in its standard setting process to ensure that a broad range of national and regional input on major technical issues related to the IASB's standard setting activities are discussed and considered; and
 - facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan but which may include other issues that have major implications for the IASB's work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions.

2 ORGANISATIONAL STRUCTURE AND WORKING MECHANISMS

2.1 Chairmanship

- 2.1.1 The IASB Chair or the Vice-Chair shall be the Chair of the ASAF.
- 2.1.2 The Chair shall have the discretion to draw up the ASAF technical agenda, following consultation with the IASB and ASAF members, and structure the meetings in such a way as to ensure optimal and constructive, in-depth technical discourse to achieve the ASAF's objectives.

2.2 Membership

- 2.2.1 The ASAF shall comprise twelve non-voting members, represented by twelve individuals, plus the Chair.
- 2.2.2 The twelve individuals shall represent twelve NSS and regional bodies from around the globe. The appointment is not in their personal capacity.
- 2.2.3 The individual representatives of the ASAF members should be capable of providing technical expertise, experience and practical knowledge of accounting issues from within their jurisdiction/regions to enable them to contribute meaningfully to technical discussions and provide reliable and relevant technical advice to the IASB.
- 2.2.4 Every ASAF member shall be capable of, and willing to, allocate and commit necessary staffing and resources to meet the objectives of the ASAF and the IASB.
- 2.2.5 In order to ensure a broad geographical representation and balance of the major economic regions in the world, the twelve members shall be from the following geographical regions:
- One member from Africa;
 - Three members from the Americas (North and South);
 - Three members from the Asia/Oceania region;
 - Three members from Europe (including non EU); and
 - Two members appointed from any area of the world at large, subject to maintaining overall geographical balance.
- 2.2.6 In order to ensure efficiency and continuity, there shall be a single designated representative for each member organisation. The single designated representative may be the Chair, or another senior member of staff from the organisation, who fulfils the requirements of section 2.2.3. The single designated representative may delegate another member of his/her organisation with specialist expertise to represent the organisation in discussions on particular agenda items.
- 2.2.7 The Chair shall have the discretion to invite a representative of a non-member NSS or regional body to attend and participate in ASAF meetings, subject to any attendee having the technical expertise and capability to make a valuable contribution to the ASAF in accordance with section 2.2.3 above. Where possible, the Chair will endeavour to obtain the prior consensus of the meeting.
- 2.2.8 Members of the IASB may attend ASAF meetings.
- 2.2.9 Membership of ASAF, which is renewable, is subject to review every three years (which itself is subject to the continued existence of ASAF). As well as achieving the geographical balance referred to in section 2.5.5 above, the review, as well as the initial composition, of the membership will take into account factors such as technical competence, the scale of the jurisdiction's capital market, the organisation's contribution to the IASB's standard-setting process and the scale and degree of the human capital resources available to the organisation, among others.
- 2.2.10 Members of ASAF will be selected by the Trustees of the IFRS Foundation, following a call for candidates.

2.3 Meetings

- 2.3.1 Meetings shall normally be held in London, utilising the Foundation’s secretariat and resources to host the meeting, including the meeting venue and relevant catering. The Chair and ASAF members may agree to hold meetings in other locations.
- 2.3.2 Travel and accommodation costs of attending ASAF meetings shall be borne by the members attending the meeting.
- 2.3.3 Foundation staff shall prepare the proposed agenda for each meeting, in consultation with ASAF members, in order to provide a summary of the key issues under consideration. Supporting papers for the meetings will be prepared by Foundation staff or by ASAF members. The agenda and the supporting papers shall be circulated in advance in order to ensure that ASAF members are fully prepared and capable of actively and constructively participating in all ASAF discussions and work.
- 2.3.4 Members of the ASAF are recommended to attend all meetings in person. If attendance in person is not possible members may attend by using teleconferencing, videoconferencing or any other electronic means.
- 2.3.5 The ASAF shall normally meet four times per year; where appropriate one meeting per year may be held by videoconference.

2.4 Communication

- 2.4.1 All ASAF meetings shall be held in public and webcast for the benefit of stakeholders and observers around the globe. Agenda papers and a meeting summary will be posted on the Foundation’s website.
- 2.4.2 The Foundation shall maintain a separate section of its website for ASAF, with the intention of providing information and support for all stakeholders.

2.5 ~~Review of ASAF~~

- 2.5.1 ~~All aspects of ASAF and its operations shall be reviewed by the IFRS Foundation every three years (as from the date of signing or reaffirming agreement to the Memorandum of Understanding).~~

Appendix B: Memorandum of Understanding

This Memorandum of Understanding is made on [date to be inserted]

BETWEEN

THE IFRS FOUNDATION AND THE UNDERSIGNED NATIONAL STANDARD-SETTERS AND REGIONAL BODIES

1 PREAMBLE

The G20 has consistently emphasised the importance of working towards a single set of high quality global accounting standards, and called accounting standards setters to continue their efforts to achieve this goal². The IFRS Foundation (the ‘Foundation’) has set as its objectives the aim 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; to promote, and facilitate the adoption of International Financial Reporting Standards (‘IFRSs’) around the globe and to promote the consistent application of IFRSs around the globe. These standards should serve investors and other market participants in making informed resource allocation and other economic decisions. The International Accounting Standards Board (‘IASB’) is the stand-ard-setting body of the Foundation.

The Accounting Standards Advisory Forum (‘ASAF’) is established to support the Foundation in achieving its objectives.

ASAF is a group of nominated members from both National Standard-Setters (‘NSS’) and regional bodies involved with accounting standard-setting (regional bodies).

The Foundation recognises that NSS and regional bodies have expertise in standard-setting and valuable local jurisdictional experience and knowledge, which should be taken into account by the IASB in setting global financial and reporting standards. The ASAF will provide the opportunity for greater valuable discourse, complement the existing IASB’s outreach activities and enhance the quality of the final standard.

The objective of the ASAF is to provide an advisory forum where members can constructively contribute towards the achievement of the IASB’s goal of developing globally accepted high-quality accounting standards. More particularly ASAF is established to:

- support the Foundation in its objectives, and contribute towards the development, in the public interest, of a single set of high quality understandable, enforceable and globally accepted financial reporting standards to serve investors and other market participants in making informed resource allocations and other economic decisions;

2 **2008 (Washington):** The key global accounting standards bodies should work intensively toward the objective of creating a single high-quality global standard. Source: <http://www.g20.utoronto.ca/summits/2008washington.html> / Action Plan: <http://www.g20ys.org/docs/Washington%202.pdf>.

2009 (Pittsburgh): We call on our international accounting bodies to redouble their efforts to achieve a single set of high quality, global accounting standards within the context of their independent standard setting process, and complete their convergence project by June 2011. Source: <http://www.g20.org/images/stories/docs/eng/pittsburgh.pdf>.

2009 (London): Accounting standard setters should take action by the end of 2009 to make significant progress towards a single set of high quality global accounting standards. Source: <http://www.g20.utoronto.ca/2009/2009ifi.pdf>.

2010 (Toronto): We re-emphasized the importance of achieving a single set of high quality improved global accounting stand-ards. Source: <http://www.g20.utoronto.ca/2010/to-communicate.html>.

2011 (Cannes): We reaffirm our objective to achieve a single set of high quality global accounting standards. Source: <http://www.g20.utoronto.ca/summits/2011cannes.html>.

2012 (Los Cabos): We support continuing work to achieve convergence to a single set of high-quality accounting standards. Source: <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.html>.

- formalise and streamline the IASB’s collective engagement with the global community of NSS and regional bodies in its standard setting process to ensure that a broad range of national and regional input on major technical issues related to the IASB’s standard setting activities are discussed and considered; and
- facilitate effective technical discussions on standard-setting issues, primarily on the IASB’s work plan, but which may include other issues that have major implications for the IASB’s work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions.

The parties of this MOU respect each other’s role and the establishment of ASAF does not in any way undermine their respective formal mandates: The IFRS Foundation recognises the independent roles that NSS and regional bodies have within their own national and regional context, and the members of ASAF recognise that the IASB operates within the framework of the Foundation’s constitution which sets the principle of the IASB’s independence in developing IFRSs.

The parties of this MOU may maintain open relationships with other stakeholders, and the establishment of ASAF does not preclude the IASB or the members of ASAF from having individual relationships with stakeholders and there should be no restriction on the ability of the parties to develop and maintain their own relationships.

2 COMMITMENTS OF ASAF MEMBERS

The ASAF members formally commit to:

- 2.1 Supporting and contributing to the IFRS Foundation in its mission to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards;
- 2.2 Encouraging input from constituents within their jurisdiction/regions on the technical standard-setting activities of the IASB;
- 2.3 Providing the technical resources including the appointment of representatives with standard setting experience and expertise, allocating technical resources in preparation for ASAF meetings and participating actively in substantive technical discussions;
- 2.4 Providing the necessary resources to act as an active member of ASAF, including time and travel costs;
- 2.5 Respecting the IASB’s independence, by ensuring that ASAF’s discourse does not compromise or challenge the independence and integrity of the IASB and its duty to be the final arbiter of IFRSs.

3 COMMITMENTS OF THE FOUNDATION

The Foundation formally commits to:

- 3.1 Actively engaging with the ASAF and ensuring that its views and feedback are faithfully and fully presented to the IASB as a substantive part of stakeholder outreach.
- 3.2 Providing technical resources to contribute to ASAF’s effective work and discussions, including the participation of IASB representatives (the Chair and other IASB members), and experienced staff with technical expertise.
- 3.3 Providing the necessary liaison, communication and support between the ASAF and the IASB.

- 3.4 Preparing the agenda and ensuring the timely circulation of the agenda and supporting papers (prepared by IASB staff or ASAF members), in order to ensure that ASAF members have the opportunity to be fully prepared and capable of actively and constructively participating in all ASAF discussions and work.
- 3.5 Providing the necessary resources and secretariat to host the ASAF meetings.
- 3.6 Ensuring full transparency of ASAF discussions, including that all meeting agendas, supporting papers and meeting summaries are placed in the public domain, meetings are webcast, and preparing and publishing appropriate press releases and communication following ASAF meetings for the benefit of stakeholders and observers around the globe.
- 3.7 Respecting the independence of ASAF members and recognising that ASAF's members operate under their own specific national mandates, and undertakes not to undermine or compromise the existing legal rights and obligations of the ASAF members within their respective jurisdictions.

Appendix C: Summary of the approach to the 2018 Review

- C1 The Trustees agreed the scope, content and timing of the 2018 Review of the Accounting Standards Advisory Forum (ASAF) at their meeting in November 2017. At that meeting, it was agreed that the 2018 Review would be narrower in scope than the 2015 Review and focus on:
- (a) The effectiveness of ASAF meetings and ASAF's role in supporting the IFRS Foundation's mission.
 - (b) Whether ASAF should be formally incorporated into the IFRS Foundation *Constitution*, recognising ASAF as a formal advisory body to the IFRS Foundation, similar to the Advisory Council.
 - (c) Whether, and if so how, consultation with ASAF would be formally incorporated as a due-process step in the IFRS Foundation *Due Process Handbook*.
- C2 Views would be collated through:
- (a) a questionnaire for National Standard-Setters;
 - (b) a discussion with the Advisory Council;
 - (c) discussion with Board members; and
 - (d) discussion with current ASAF members.
- C3 The following is a summary of the steps undertaken:

Date	Event
December 2017	Questionnaires distributed to NSS.
January 2017	Responses to questionnaires received and reviewed.
February 2018	Trustees updated. Discussion with Board (closed administration session). Discussion with the IFRS Advisory Council.
April 2018	Discussion with ASAF and feedback received. Final Feedback Statement agreed with the Executive Committee of the Trustees. Feedback Statement published and Call for Candidates Issued.

Appendix D: Current membership of ASAF

The current membership of ASAF is as follows:

Region	Members
Africa	Financial Reporting Standards Council of South Africa
Asia-Oceania (including one at large)	Asian-Oceanian Standard-Setters Group (AOSSG) Accounting Standards Board of Japan Australian Accounting Standards Board working with the New Zealand Accounting Standards Board China Accounting Standards Committee
Europe (including one at large)	European Financial Reporting Advisory Group (EFRAG) Accounting Standards Committee of Germany Autorité des normes comptables Organismo Italiano di Contabilità
The Americas	Group of Latin American Accounting Standard Setters (GLASS) Canadian Accounting Standards Board Financial Accounting Standards Board