

AGENDA PAPER

IFRS Foundation Trustees meeting

Brussels

12 October 2012

Agenda ref 5

This paper has been prepared by the Chairman of the IFRS Advisory Council. The views expressed in this paper are those of the authors. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS.

Memorandum

To: IFRS Foundation Trustees

From: Paul Cherry

Re: Report of the IFRS Advisory Council Chair

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1. The IFRS Advisory Council will hold its final meeting for 2012 in London on 22-23 October. In addition to the usual updates, topics for discussion include project proposals for standards-level projects on agriculture and rate-regulated activities, the IASB's emerging markets group, developing a research capability and key changes in the proposed standard on leases since the exposure draft and any remaining unresolved major issues.
 2. I have reported to you previously on the break-out sessions held in June on the draft Due Process Handbook, including the DPOC Protocol, and external involvement in the IASB standard-setting process. Summaries of the reports-back by the discussion leaders have now been sent to the DPOC Chairman and the IASB Chairman and are now available on the Council's website.
 3. The Council continues to monitor with keen interest the remaining four joint IASB/FASB project. My impression is that members are pleased with the progress on the revenue standard and appreciate the difficult challenges that have slowed the progress on the

insurance project. We intend to take a close look at the project on leases this month and I will report back to you if members raise any significant issues or concerns on the prospects for timely completion of this very important project. Members have continued to stress the importance of a globally converged standard on impairment of financial instruments that is responsive to the concerns raised by the G20 and others.

Unfortunately, there is a growing perception in some quarters that the two boards are drifting apart on this key critical issue. If the Council can contribute in moving this project forward to a conclusion, we would be keen to assist.

4. Looking ahead to next year, the Agenda Committee has identified several items of particular importance:
 - a. Standards-level project proposals. Council agrees with the IASB's conclusion that there should be relatively few new projects in the near term, allowing efforts to focus on implementation issues and timely completion of a reconstituted conceptual framework project.
 - b. New standard-setting arrangements and working relationships with national and regional bodies for the post-convergence era that are inclusive, robust and efficient.
 - c. The ever-increasing volume and complexity of financial statement disclosures. Council supports a holistic, multi-disciplinary approach under the IASB's leadership.
 - d. Achieving an appropriate high level of consistent interpretation and application of IFRSs.
 - e. The comprehensive review of the IFRS for SMEs, including whether its scope should be broadened to include more reporting entities. In previous discussions, members advised against developing differential disclosure requirements based on size (or other criteria) among listed companies. The Request for Information canvasses a wide range of issues, including major points of principle and a

number of rather more narrow technical details. The diversity and considerable practical experience of the Council is well suited for this type of feedback and input as evidenced by Council's very effective input on the IASB agenda consultation. In hindsight, I think it would have been beneficial if the Council had been consulted on the proposed approach for the comprehensive review before the Request for Information was published.

- f. Maintaining and enhancing the right balance of backgrounds/perspectives of membership in the upcoming process of new appointments to the Council. An analysis of the current membership by stakeholder group and geographic region are appended to this report.

Respectfully submitted,

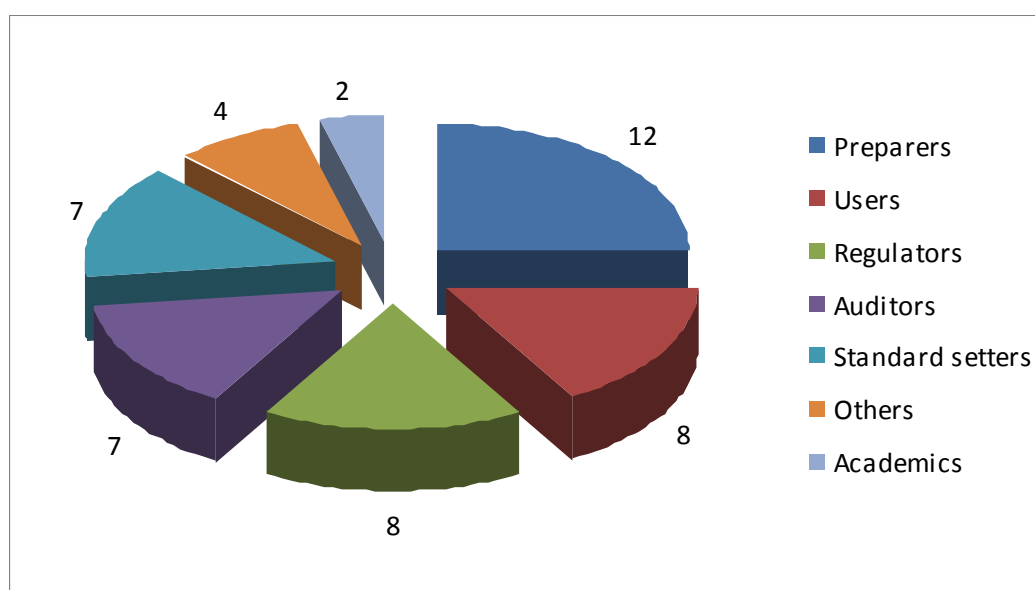
Paul Cherry

Appendix A Membership by Stakeholder Group

Appendix B Membership by Geographic Region

APPENDIX A

Membership by Stakeholder Group



APPENDIX B

Membership by Region

