

AGENDA PAPER

IFRS Advisory Council Meeting

LONDON 25 – 26 February 2013

Agenda ref 2

TOPIC Accounting Standards Advisory Forum

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This paper has been prepared for discussion at a public meeting 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.

Accounting Standards Advisory Forum Presentation for February 2013 IFRS Advisory Council meeting



Accounting Standards Advisory Forum

Formalising and streamlining the IASB's collective engagement with National Standard Setters and regional bodies in its standard setting process

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

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Introduction

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- Invitation to Comment issued on 1 November
- 63 Comment Letters received
- Proposal revised in response to comments
- Approved by IFRS Foundation Trustees on 23 Jan 2013
- Call for Nominations issued on 1 February 2013
- Deadline for nominations is 28 February 2013
- Provisional dates for first meeting are 8 and 9 April 2013

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Size

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- Forum will be chaired by IASB and have 12 other members
- Representation will be organisational, not individual
- Geographic balance:
 - Africa - 1 seat
 - Americas - 3 seats
 - Asia-Oceania - 3 seats
 - Europe (including non-EU) - 3 seats
 - World at large - 2 seats



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Memorandum of Understanding

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- Support the IFRS Foundation in its mission to develop a single set of global standards
- Focus on regionally representative, technical input, not application and endorsement/ adoption of standards
- Mutual commitment to respect independence of standard setters and IASB
- IFRS Foundation pledges commitments to ASAF members eg. Transparency, effective communication and logistical/ technical support



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Membership Criteria

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- Candidates must be willing to sign MoU and support its commitments
- Open to all recognised accounting standard setters of countries/ jurisdictions plus AOSSG, EFRAG, GLASS and PAFA
- Candidates should demonstrate:
 - Necessary technical competence, experience and knowledge of financial reporting issues
 - Scale, degree and expertise of resources available will enable participation as active member, including ability to fund attendance at meetings and devote time to preparation
- Other factors to support nomination include knowledge/ experience of IFRS, contribution to IFRS Foundation/ IASB activities, scale of capital market and how organisation would seek input from and represent NSS in region



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Member Selection

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- All candidates considered based on geographical balance, membership criteria and other factors mentioned
- Shortlist will be discussed with range of relevant regional and other bodies:
 - Regional groups of NSS eg. AOSSG, GLASS
 - In EU it will be coordinated with European Commission
 - PAFA will be consulted on African representation
 - Where no regional groups exist relevant standards setters and bodies will be consulted
- Final selection of members by IFRS Foundation Trustees following advice from IASB



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Relationship between ASAF and Advisory Council

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- ASAF and Advisory Council are both advisory bodies providing advice from perspectives of respective membership
- However, purpose of ASAF is technical advice, Advisory Council plays strategic role
- ASAF focuses on standard setting, rather than implementation and consistent application
- IFRS Foundation plans to review future membership of Advisory Council and status of ASAF as part of two-year evaluation



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International Financial Reporting Standards

Advisory Council ASAF Survey Results

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Survey Respondents

- 27 responses
 - Broad mix of stakeholders, including users
- Good geographic coverage
 - Europe 8, global organizations 7, Asia-Oceania 5, North America 5, Africa 2
- 6 respondents or their organizations also submitted comment letters to the IFRS Foundation



Council Members' Views (1/2)

- All supported creation of ASAF
- ASAF mandate should focus on:
 - Major technical issues
 - Regional views/perspectives
- Proposed commitments of members too broad
 - Endorsement/adoption of IFRSs
 - Consistent interpretation/application
- Commitments of IASB should be included



Council Members' Views (2/2)

- Keep group relatively small (10-16?)
 - Clarify appointment process
- Factors for consideration
 - Extent of use/commitment to IFRSs is important
 - Resource constraints could preclude participation of emerging markets/developing countries
- Provide rationale for proposed allocation by region
- Periodic review of membership, and allocation by region, is supported



Thank you

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