

# AGENDA PAPER

IFRS Advisory Council Meeting

LONDON 25–26 February 2013

**Agenda ref 2b**

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TOPIC Accounting Standards Advisory Forum (ASAF) and implications for the Advisory Council

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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.

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## Background

1. In December 2012 Advisory Council members were surveyed on the proposals of the IFRS Foundation on the new advisory group to the IASB, the Accounting Standards Advisory Forum (ASAF).
2. The results of survey are reported to the Advisory Council in Agenda Paper 2a.
3. One of the findings that came out of the survey was that Advisory Council members wanted to discuss the implication of this new advisory group for the Council. The results of the survey also showed that about  $\frac{2}{3}$  of those that responded think that the formation of ASAF could affect the role and composition of the Advisory Council.
4. For that reason, it was decided to discuss this issue in break-out sessions at the February 2013 Advisory Council meeting.

## Roles of the IFRS Advisory Council and Accounting Standard Advisory Forum (ASAF)

<b>Advisory Council ('AC')</b>	<b>ASAF, based on agenda paper for the Trustee January 2013 meeting in Hong Kong</b>
IASB shall consult AC on major projects, agenda decisions, project proposals and work priorities (Constitution 37(h); <i>Due Process Handbook</i> 3.43(e) & 3.53))	IASB will establish and maintain 'liaison' with national standard-setters and similar bodies (Constitution 28)
IASB shall have full discretion in developing & pursuing its technical agenda, subject to...consulting the AC (consistently with 44(a) (Constitution 37(d))	IASB shares information and consults with ASAF. Close co-ordination of IASB and NSS due process is important. ( <i>Due Process Handbook</i> 3.50)
AC objective: (Constitution 44)	ASAF objective should be:
Advise IASB on agenda decisions and work priorities ("broad strategic advice"/"sounding board" as per <i>Due Process Handbook</i> )	Support IFRS Foundation objectives
Inform IASB of views on major standard-setting projects	Formalise and streamline collective engagement with NSS/regional bodies in IASB standard-setting processes
Advise IASB or Trustees on 'other' matters. For example, the Due Process Oversight Committee consults AC Chair on matters relating to due process on IASB major projects	Ensure broad range of national/regional input on major technical issues related to IASB standard-setting activities
AC shall be consulted in advance by IASB on decisions on major projects and by Trustees on any proposed changes to Constitution (Constitution 46)	Facilitate effective technical discussion on standard-setting issues, primarily IASB work plan and "other issues that have major implications for the IASB's work plan"
AC Chair may call for 'formal poll'. If IASB ultimately disagrees with views of AC, IASB provides reasons to AC	

**OBSERVATIONS/CONCERNS:**

Both groups might legitimately discuss ‘major technical issues’ and practical implementation issues. This does not seem problematic given the very different composition of the two groups.

**OBSERVATIONS/CONCERNS:**

Timing is crucial. ASAF should not be ‘last call’ before IASB makes decisions.  
Does the vagueness of the mandate and processes of ASAF create risk that it will be considered a ‘shadow board’?  
Is there a risk that some will see ASAF as a mechanism to lobby IASB’s tentative decisions on projects?

**Questions for Advisory Council members**

5. The Advisory Council is therefore asked to discuss the following questions.

**Questions for the Advisory Council**

1. Do members agree that the Advisory Council's mandate is reasonably clear and remains appropriate in light of the proposed formation of the ASAF? If not, what changes would they propose and why?
2. Do members think the proposed mandate of the ASAF is reasonably clear and appropriate? If not, what changes would they propose and why?
3. What additional steps should be taken, if any, or what changes should be made, if any, in how the Advisory Council operates, to ensure that the work of the Advisory Council and ASAF complement one another?
4. Assuming that the role of the Council and ASAF are clear and complementary, should changes in the composition of the Advisory Council be considered? If so, what changes and why?