

AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

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Consultative Groups and DPOC engagement: update

Introduction

1. The purposes of this paper are to provide updates on a number of consultative groups and on the DPOC's engagement with the IASB's major advisory and consultative bodies.
2. The DPOC is asked to review the proposals for membership of the new IFRS Taxonomy Consultative Group and revised membership of the SME Implementation Group (SMEIG). Other than that, this report is primarily for information.

Background

3. At its July 2013 meeting, the DPOC considered an annual review of consultative groups that had been prepared by the technical staff (Agenda Paper, AP, 3E for that meeting refers) and has considered updates on developments at each of its subsequent meetings.

Consultative Groups Membership proposals

SME Implementation Group (SMEIG)

4. As last reported to the DPOC in January 2014, the IASB is increasing the size of the SMEIG to a maximum of 30 members by July 2014 and a call for applications for membership was issued on 14 January¹, with a closing date of 28 February. A total of 37 applications were received and a paper outlining the applications received and the staff's proposals for the revised composition of the SMEIG (which were supported by Darrel Scott as Chair of the SMEIG) were considered by the IASB at its closed administrative session held on 14 March (a copy of the private paper to the IASB is at AP 3G(i)).
5. At that meeting, the IASB considered and approved the staff proposal to appoint a total of 26 members to the SMEIG (11 of whom are existing members). The IASB was content with the staff basing the selection of new members on:
 - a. their knowledge and experience in financial reporting of SMEs;

¹ The call for applications is on the website at: <http://www.ifrs.org/Alerts/SME/Pages/Nominations-sought-for-SME-Implementation-Group-membership-January-2014.aspx>.

- b. use of the *IFRS for SMEs* in their jurisdiction and their direct experience with the *IFRS for SMEs*;
 - c. their proven or expected ability to participate in discussions and communicate their views, and
 - d. achieving a broad geographical representation.
- 6. The staff made their selection of existing members based on the same criteria, plus consideration of their individual contributions to the work of the SMEIG during their previous term.
- 7. The IASB agreed with the staff not to appoint a full complement of 30 members, but to hold a number of places vacant in case suitable candidates are identified at a later date, particularly any suitable investors or other users of SME financial statements.
- 8. As is usual, the proposed membership of the SMEIG as approved by the IASB is being brought to the DPOC for review to ensure that there is a satisfactory balance of perspectives, including geographical balance. The geographical balance of the membership reflects the selection criteria above, as follows:

	New Members	Existing Members	Total
Africa	3	2	5
Asia	4	1	5
Europe	3	3	6
Latin America	3	2	5
Other (North America, Caribbean, Oceania and Global)	2	3	5

- 9. In terms of professional background, the balance is as set out in the table below. The numbers reflect the fact that some members represent more than one background. The fact that members from accounting firms form the largest grouping is not surprising, given the types of entity on which the IFRS for SMEs is targeted, where the financial statements are often prepared, as well as being audited, by practitioner firms.

	New Members	Existing Members	Total
Academics	1	1	2
Accounting Body	4	3	7
Accounting Firm	10	8	18
Financial Services	1	-	1
Governmental/Regulatory Bodies	2	1	3

10. Do DPOC members have any comments on the balance of perspectives represented in the SMEIG membership as approved by the IASB?

IFRS Taxonomy Consultative Group

11. At its January 2014 meeting (AP 3D for that meeting refers), the DPOC approved the establishment of a new consultative group, the IFRS Taxonomy Consultative Group. Following that approval, on 29 January the IASB issued a call for application for members and appointed observers, with a closing date of 28 February 2014². A total of 47 applications were received and a paper outlining the applications received and the staff's proposals for the membership of the group, including recommendations for the appointments of the Chair and Vice-Chair, were considered by the IASB at its closed administrative session held on 14 March (a copy of the private paper to the IASB is at AP 3G(ii)).
12. At that meeting, the IASB considered and approved the staff proposal to appoint a total of 20 members to the IFRS Taxonomy Consultative Group. The IASB was content with the staff basing the selection of new members on:
- a. good knowledge of the XBRL technical standards;
 - b. general taxonomy building or data modelling expertise related to IFRSs or IFRS financial statements; and
 - c. practical experience in applying the IFRS Taxonomy, either as a preparer, auditor, user or regulator.

² The call for applications is on the website at: <http://www.ifrs.org/Alerts/XBRL/Pages/Call-for-Application---IFRS-Taxonomy-Consultative-Group.aspx>.

13. As is usual, the proposed membership of the IFRS Taxonomy Group as approved by the IASB is being brought to the DPOC for review to ensure that there is a satisfactory balance of perspectives, including geographical balance. The geographical balance of the membership reflects the selection criteria above, as follows:

	Total
Asia	6
Europe	9
North America	3
Other (Caribbean and Oceania)	2

14. The IASB considered the lack of representation from Africa and Latin America. With regard to Africa, there is limited use of XBRL and a dearth of candidates who could meet the selection criteria outlined above. For Latin America, the IASB accepted the view that there was a lack of suitable candidates from among the applications received, but given the use of XBRL on that continent, encouraged the staff to continue their efforts to identify potential members who met the criteria who could join the group (the terms of reference for the group, approved by the DPOC in January 2014, provides for a maximum membership of 24).

15. In terms of professional background, the balance is as set out in the table below:

	Total
Preparer/preparer tagging services	5
XBRL software and consultative services	5
Accountancy and auditing	4
Regulator	3
Users – applications or data providers	3

16. In addition, the IASB was content with the three applications that had been received for appointed observer status from a number of regulatory/standard-setting bodies and noted that a further application for such status might be made, which the Board would also welcome.

17. The terms of reference for the group give the DPOC the responsibility to appoint the Chair and Vice-Chair of the IFRS Taxonomy Consultative Group. The proposals, as endorsed by the IASB, are outlined in paragraph 11 and Appendix 2 of AP 3G(ii). **Do DPOC members approve the recommendations for the appointments of the Chair and Vice-Chair?**
18. **Other than that, do DPOC members have any comments on the balance of perspectives represented in the membership of the IFRS Taxonomy Consultative Group as approved by the IASB?**

Revenue Implementation Group: update

19. DPOC members will recall that, at a conference call held on 20 June 2013³, the Committee considered and supported considered a proposal from the technical staff that the IASB should form an implementation group in conjunction with the US Financial Accounting Standards Board (FASB) with a limited life to provide support for stakeholders after the issue of the joint IASB/FASB standard on revenue recognition. The DPOC received an update on the progress in setting up this group at its meeting in January 2014.
20. Progress is being made on the composition of the group and the identification of potential suitable candidates, together with the working procedures for meetings of the group. At the meeting, the IASB representatives will provide the DPOC with an oral update on developments.

DPOC engagement

21. As reported previously, the DPOC has discussed how it might enhance its engagement with consultative groups and IFRS Foundation Constitutional bodies (in particular the IFRS Interpretations Committee and the IFRS Advisory Council). The DPOC agreed with Scott Evans' proposal that one member of the DPOC, or David Loweth (on behalf of the DPOC), should attend at least part of a face-to-face meeting of each of the major groups and report back to the Committee to validate the breadth of attendance and an appreciation of the quality of the dialogue.
22. Since the January 2014 meeting, a number of the groups have held meetings. David attended most of the February 2014 of the IFRS Advisory Council. It was the first meeting for approximately 20 new members of the Council. Attendance at the meeting was high. It was well-chaired jointly the Vice-Chairs (Christoph Hütten and Charles Macek), pending Joanna Perry's term as Chair which starts on 1 April, and the level of

³ The note of that conference call meeting is available at: <http://www.ifrs.org/DPOC/meetings/Documents/June%202013/20130620-%20Report%20of%20DPOC%20meeting.pdf>.

engagement and participation was high. In conclusion, the meeting was a substantive one, adding value to the IASB's work.

23. In terms of the future, the following meetings are scheduled for the remainder of 2014. Scott would welcome indications from Committee members as to which of the meetings outlined below they would be willing to observe:

Group	Date	Location
IFRS Advisory Council	9-10 June 2014, then 13-14 Oct.	London
IFRS Interpretations Committee	13-14 May 2014, then 15-16 July, 16-17 September and 11-12 November.	London
Emerging Economies Group (EEG)	28-29 May 2014.	Moscow
Capital Markets Advisory Council (CMAC)/Global Preparers Forum (GPF) (Joint)	30 June 2014.	London
CMAC	16 October 2014.	London
GPF	6 November 2014.	London
Accounting Standards Advisory Forum (ASAF)	2-3 June 2014, then 25-26 September and 4-5 December.	London

