

# Report

## IFRS Advisory Council Meeting

LONDON 23–24 February 2015

---

PRESENTER Joanna Perry, Chairman

---

CONTACT [joannaperry@xtra.co.nz](mailto:joannaperry@xtra.co.nz)

---

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.

---

### **Report of the IFRS Advisory Council Chairman to the Trustees and the IASB on the February 2015 Advisory Council meeting**

1. The Council met on 23rd and 24th February 2015.
  - The main non-standing topics for discussion were the 2015 Agenda Consultation, a consideration of the opportunities for the IFRS Foundation arising from the risks identified in the October 2014 meeting, the ASAF review and further discussion on the future of Corporate Reporting, in particular the Global Reporting Initiative. The Council also considered the latest developments on the Revenue Transition Resource Group, the strategy for IFRS Foundation MOUs and the Education Initiative strategy.
  - The Council welcomed 16 new members and two new vice chairs – Goro Kumagai and Gavin Francis.
  - The Council was pleased to have Trustee Michel Prada, and 7 IASB Members in attendance at various times during the meeting as well as a number of both technical and operational IFRS Foundation staff.
  - Overall feedback of the meeting was very positive from all of those involved. The agenda again managed to strike the right balance and the Council were able to provide valuable strategic advice both to the IASB and to the Trustees.
2. Members received an update from the IASB Chairman and staff members on recent IASB activities. The IASB Chairman tabled, talked to and received feedback on the

draft Mission Statement. Advisory Council members were generally supportive of the draft Mission Statement, noting that it was not intended to change the mission of the organisation however to improve how it is communicated. Council members provided a number of comments, particularly around the statements about fostering growth and long term stability, which the IASB Chairman agreed to consider. The Council also received an update on the Interpretations Committee work programme; particular feedback and comments were provided about the potential ambiguity of the status of agenda decisions of the Committee. Members also received an update from the Chairman of Trustees and Foundation staff on recent Trustee activities and recognised the recent passing of Trustee Harvey Goldschmid.

3. The Council received an update on the review of ASAF being undertaken after its first two years. The Council provided commentary and feedback:
  - Supportive of the continuation of ASAF. There was general support for the role ASAF plays on technical issues, and hence support for not expanding its current scope beyond technical matters.
  - There were mixed views within the Council about making ASAF a mandatory part of the IASB due process, however the majority were not supportive, for a variety of reasons. Nonetheless the Council were generally supportive of including ASAF as part of the structure of the IFRS Foundation, and acknowledged that more often than not consultation with ASAF would occur.
  - There were no fixed views on the size of ASAF; however the general feeling was that a smaller group is likely to be more effective than a larger group.
  - There was little support for including regulators within ASAF.
  - There were no fixed views on the question of how and when rotation of members of ASAF might occur; although no Council members specifically spoke against rotation. Some members expressed the view that any rotation of members of ASAF should be based on member contribution and effectiveness.

- There were mixed views on the inclusion of non-IFRS adopters as members of ASAF. While some Council members advocated that the members of ASAF should be limited to the IFRS adopters, the others argued that the inclusion of non-IFRS adopters should serve the goal of a single set of high quality global standards through the momentum toward convergence of the local standards with the IFRS.
4. The Council received an update on the progress of, output of and Board discussions arising from, the Revenue Transition Resource Group. Council members provided feedback:
- The preference is that the IASB and FASB do not diverge - convergence is important, however not at all costs.
  - Timeliness and certainty is of the essence - a fixed position needs to be reached very soon given that standard setting can create uncertainty and work against high-quality implementation for entities' programs. There was some support for the IASB's tentative conclusion to 'package' any required clarifications into a single exposure draft.
  - It is imperative that the principles in IFRS 15 are not compromised - if the words themselves have to diverge between the IASB and the FASB but the underlying principles remain intact that is acceptable; however the board should be careful to explain the implications and emphasise the underlying principles.
  - Council members raised bigger questions for consideration by the IASB
    - i. the convergence programme
    - ii. the value and design of transition resource groups, including whether they should have a definitive fixed-life determined when any group is set up.

5. Council members held a discussion, largely in breakout groups, to provide advice to the IASB about the key strategy and themes to consider for the 2015 Agenda Consultation.

- There was general agreement among Council members that the Mission Statement should set the framework for the consultation.
- Generally, members felt there should not be a theme for the Agenda Consultation. However, there was a mix of views on this point and there was some support for the idea that standard-setting activities that might improve the consistency of application of standards could be a theme.
- Whilst recognising the need to complete the major projects currently in progress, several members felt that the Agenda Consultation should seek views on the consistent application of existing standards.
- There was feedback that the Agenda Consultation should seek views on the extent of the current Research agenda and whether it may need to be streamlined. In addition, consideration should be given as to how the research agenda should be changed to set the scene for future standard-setting activities in 3+ years (ie beyond the horizon of the current Agenda Consultation).
- There was feedback that narrow scope amendments should be raised as a topic in the Agenda Consultation. However, it was also clearly recognised that such amendments are unavoidable if consistency of application is an objective.
- Several members felt that the future of corporate reporting, including the effect of technology, should be built into the Agenda Consultation in some way. It was also felt that convergence could be raised as a topic.

It was agreed that further advice from the Advisory Council on the specifics to be included in the Agenda Consultation would be sought at a later meeting.

6. The Council received a presentation on the background and strategy for IFRS Foundation MOUs. Council members:

- Had no specific feedback comments on the criteria outlined for a MOU.
  - Suggested that the Foundation should review the framework and strategy of the MOU programme generically to ensure that the objectives were clearly articulated and understood.
  - Suggested that the Foundation review existing MOUs to ensure they are still valid, and in light of a framework and strategy.
7. The Council received a presentation on the Education Initiative and:
- Acknowledged it is an exciting and valuable initiative.
  - Provided some practical considerations for exploring the development of multimedia education material-target audiences, multimedia formats, small building blocks.
  - Suggested that the cost of developing multimedia material can be significant and that collaborations with others might be a cost effective approach.
  - Noted by a show of hands revealed that about one third of Council members have been involved in the Education Initiative work in one form or another.

The Council considered, largely in breakout groups, what members considered to be the opportunities arising for the IFRS Foundation arising from the risks identified in the October 2014 meeting. A number of opportunities were identified and presented for consideration by the Foundation. A selection of opportunities will be discussed in further meetings of the Council.

It was noted that the Foundation already had underway a number of initiatives that were identified and that there were also a number of new initiatives identified by Council members that the Foundation would consider.

A selection of opportunities will be discussed in further meetings of the Council.

8. The Council received a presentation from the Global Reporting Initiative (GRI) as a continuation of the Council's discussions around the future of Corporate Reporting. Council members entered into a lively discussion both about the role and process of

GRI itself and also about its role in the wider Corporate Reporting environment. The Council reiterated its previous advice to the IASB and the Foundation that in Members' views the IASB must stay at the forefront of such discussions as they are very important to ensure the future relevance of the IASB's work.

9. In conjunction with the Council meeting, breakfast meetings were held with specific focus on, respectively, investors and emerging markets. In addition new members of the Advisory Council attended an induction session.
10. I would like to thank all those that were part of the meeting – members, IASB members, Trustees, Foundation staff for their lively and passionate contribution. Such contribution is valued by all and adds to the quality of advice able to be provided by the Council as a whole.