

# Report

## IFRS Advisory Council Meeting

LONDON 2–3 November 2015

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PRESENTER Joanna Perry, Chairman

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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.

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

1. The Council met on 2nd and 3rd November 2015.
  - The main non-standing topics for discussion were the provision of member's feedback on the two consultation documents, the review of structure and effectiveness of the IFRS Foundation and the IASB's Agenda Consultation. The Council also received a presentation from the Chairman and Executive Director of the US Financial Accounting Standards Board's primary advisory group FASAC, considered the draft IFRS communications strategy, and was updated on relevant activities from member organisations and the Monitoring Board.
  - The Council was pleased to have IFRS Foundation Trustees Michel Prada and Sheila Fraser, IFRS Foundation Monitoring Board Chair Masamichi Kono, and 8 IASB Members in attendance for all or part of the meeting, as well as a number of 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. In the welcome session, and considering the prior 4 months, Goro Kumagai shared with the Council the significant progress made in Japan around the acceptance and

use of IFRS. I noted that in my view some key trends in the last 4 months were around investors and the relevance of financial statements.

3. Members received an update on Trustee activities noting that there had been two Trustee meetings since the last Council meeting. Sheila Fraser shared information around the responsibilities and processes of the Trustees' nominating committee. Sheila also noted that an informal review of the composition of the Council was being considered and that she and I would be interested in any feedback from Council members. There was no specific advice or feedback that the Council members wished to provide to the Trustees from this session.
4. The Council discussed, largely in break out groups, the questions included in the review of structure and effectiveness of the IFRS Foundation consultation paper. The key feedback messages provided to the Trustees were:
  - Little support for the IASB to extend its remit;
  - Support for the appropriateness of the current approach in the wider corporate reporting arena; although it was suggested that this approach should continue to be evaluated;
  - Support for the current three-tier structure; however it was suggested that there could be enhanced stakeholder communication to ensure there was clarity of understanding about the structure;
  - Recommendations to ensure that the composition of the Trustees remained relevant; specific note was made of gender, impartiality, relevant recent knowledge and understanding of the changing environment;
  - There were split views about the benefits of a smaller or larger IASB;
  - There were a number of suggestions about how the IFRS Foundation as a whole could remain knowledgeable about the opportunities around disruption and technology; and

- General support for the current approach around the taxonomy; although there were a number of specific suggestions.
5. Members received an update from the IASB Chairman and staff members on recent IASB and the IFRS Foundation activities. During discussion the question was raised about the length of time it took the IASB to produce documents and whether there were more efficient and effective ways of doing so. It was noted that this may be something that the Council could consider at a future meeting. During discussion on the Disclosure Initiative it was noted that adoption of some of the proposed initiatives required behaviour change and the question was raised about how this could be achieved. Again this was noted as potentially something the Council could consider at a future meeting.
  6. The Council received a comprehensive and valuable update from Steve Buller (FASAC Chairman) and Alicia Posta (FASAC Executive Director) on the structure of FASAC, how it operates, as well as some current initiatives. The Council considered whether there were any learnings from FASAC, or initiatives that could be considered by the IFRS Advisory Council. There were no specific feedback items for the Trustees or the IASB.
  7. The Council discussed, mainly in break-out sessions, three questions from the 2015 Agenda Consultation. There were no significant items of feedback; however a number of matters were raised for consideration by the IASB particularly around implementation, 'pre issue' processes and translation. Council members also raised suggestions around ensuring that the IASB maintained a regular focus on potential future issues including through the use of environmental scans.
  8. This meeting introduced for the first time a Members Communications agenda item to allow members to share relevant activities from member organisations. During this session Masamachi Kono, Monitoring Board Chair, shared information about the Monitoring Board, noting the role of the Board, and its current review of governance and membership composition. He suggested that feedback from the IFRS Advisory Council about the Monitoring Board's performance in monitoring and any

suggestions for the future may be useful. Ann Jorissen shared how the European Accounting Association was undertaking work and encouraging broad participation in the development of IFRS as high quality, globally accepted standards. Wojciech Furmanski shared with Council members the results of the review of adoption of IFRS in the European Union. He noted that from the constituents' perspective the adoption had been viewed as largely positive. Mr Furmanski also presented the European Commission's recommendations for improving the IFRS Foundation's governance. During this session members had further discussion about the Council's secondary objective about communication.

9. In a private session the Council received a presentation, discussed and provided feedback on the draft IFRS communications strategy.
10. The meeting concluded by acknowledging the contribution of the departing members of the Council. They are Alberto Giussani, Daniel McMahon, Egbert Eeftink, Ernesto López Mozo, Maarika Paul, Min Yang, Peter Chambers, René van Wyk and Stephenie Fox.
11. In conjunction with the Council meeting, breakfast meetings were held with specific focus on, respectively, investors and emerging markets.
12. As usual 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.