

## International Financial Reporting Standards

# IFRS Foundation: Review of Structure and Effectiveness

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



IFRS™

# Purposes of this session

- To present high level summary of the issues covered in the consultation document on the review of the structure and effectiveness of the Foundation.
- To introduce and set the context for discussions on the IFRS Taxonomy, digital access to financial reporting and impact of technology for financial reporting.
- To seek views and comments and encourage responses to the Request for Views – available at: [http://www.ifrs.org/About-us/IFRS-Foundation/Oversight/Trustees/Documents/WEBSITE\\_IFRS-Foundation-Trustees-Review%20-of-Structure-and-Effectiveness\\_JULY-2015.pdf](http://www.ifrs.org/About-us/IFRS-Foundation/Oversight/Trustees/Documents/WEBSITE_IFRS-Foundation-Trustees-Review%20-of-Structure-and-Effectiveness_JULY-2015.pdf).

- IFRS Foundation *Constitution* requires the Trustees to undertake a review of the entire structure of the Foundation and its effectiveness every 5 years.
- First (Constitution) review carried out 2003-05.
- Strategy Review 2007 followed by second (Constitution) review 2008-10.
- Followed by another Strategy Review 2010-12 (with a parallel review of governance by the IFRS Monitoring Board).
- Trustees have also developed a *Strategic Overview* for the period 2015-17.

- The starting point: the *Strategic Overview 2015-17* which contains four primary strategic goals for the organisation as follows:
  - (1) to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles;
  - (2) to pursue the global adoption of IFRS;
  - (3) to support the consistent application and implementation of IFRS globally; and
  - (4) to ensure that the IFRS Foundation, as an organisation, is independent, stable and accountable.
- Consultation document takes each of the four goals in turn, outlining what the review cover and what it does not, given achievements to date. Emphasis of the review is on (1), (3) and (4).

# Areas for review: summary

- Relevance of IFRS (Strategic goal 1) - seeking views on:
  - Scope of IFRS: should it cover public sector and/or private not-for-profits?
  - IASB's place re wider corporate reporting;
  - **IFRS Taxonomy, digital access to financial reports and impact of technological developments** (the focus for discussions at this meeting).
- Consistent application of IFRS (Strategic goal 3) – seeking views on what Foundation does now in this area and whether it could or should do more, including:
  - scope for enhancing co-operation with others;
  - enhancing work of Education Initiative in this area.
- Governance and funding (Strategic goal 4) – seeking views on:
  - geographical distribution of Trustees;
  - focus and frequency of future reviews;
  - size of the IASB, terms of appointment and balance of professional backgrounds;
  - functioning of the Foundation's funding model.

# Areas for review: governance structure (Strategic goal 4)

- Trustees' view is that the three-tier structure of Monitoring Board, Trustees and IASB remains appropriate.
- Strong support for the structure expressed by stakeholders in Strategy Review and Monitoring Board Governance Review reports issued in 2012. No case to change the structure.
- But Trustees are seeking views from stakeholders as to how the functioning of that structure might be improved.

# Areas for review: why the emphasis on Taxonomy and technology?

- Trustees seeking agreement on the Foundation's strategy on the IFRS Taxonomy, in particular the focus on:
  - the content of the Taxonomy rather than the computer language used (XBRL);
  - the needs of regulators.
- Given regulatory developments in many jurisdictions to improve digital access to general purpose financial reports, Trustees are keen to hear views as to how the IASB can best support regulators in their efforts.
- Advisory Council and others have stressed importance of maintaining the relevance of IFRS in the face of developments in technology (Big Data etc). This is not our area of expertise, so Trustees seeking help in thinking about whether and, if so, how the organisation should respond to, and exploit opportunities of, changes in technology.

# Responding and next steps

- Deadline for responses 30 November 2015.
- Stakeholders do not need to answer every question.
- Responses from ITCG as a whole (whether as comment letter or outreach feedback) and individual members welcome.
- Respond via: <http://www.ifrs.org/About-us/IFRS-Foundation/Oversight/Trustees/Pages/Review-of-Structure-and-Effectiveness-Request-for-Views-and-Comment-Letters.aspx>.
- Comment letter and outreach summary scheduled to be presented to the Trustees at their January 2016 meeting.
- Feedback analysis and issues, including proposals for Constitutional changes and any further due process, scheduled for the Trustees' May 2016 meeting.



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