

# AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

JAKARTA 25 MAY 2016

Agenda ref 3G

PRESENTERS HUGH SHIELDS/DAVID LOWETH

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## Consultative Groups: update

### Introduction

1. The purpose of this paper is to provide updates on the activities of the advisory and consultative bodies of the International Accounting Standards Board® ('the Board'). In particular, the DPOC is asked to review the proposals for the revised membership of the SME Implementation Group ('SMEIG').
2. The rest of the paper is primarily for information, but any questions and/or comments from Committee members would be welcome.

### Structure of the paper

3. This paper is structured as follows:
  - a. SMEIG membership proposals (paragraphs 4-9);
  - b. consultative groups activity update (paragraphs 10-20); and
  - c. schedule of future group meetings (paragraph 21).

### SME Implementation Group proposals

4. As DPOC members will recall, the objective of the SMEIG is to support the international adoption of the *IFRS for SMEs*® Standard. The DPOC last reviewed the membership of the SMEIG at its meeting in April 2014 (Agenda Paper, AP, 3G for that meeting refers<sup>1</sup>), when the size was expanded to a maximum of 30 members.
5. A total of 26 members were appointed at that time (a number of places were held vacant in case suitable candidates were identified at a later date). The terms of 10 SMEIG members end on 30 June 2016. The staff conducted an exercise to invite applications from, and nominations of, suitable candidates for membership of the SMEIG. A total of 28 applications were received and a paper outlining the staff's proposals for the revised

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<sup>1</sup> AP 3G for the DPOC meeting in April 2014 can be accessed at:  
[http://www.ifrs.org/DPOC/meetings/Documents/April%202014/AP3G%20DPOC\\_Engagement.pdf](http://www.ifrs.org/DPOC/meetings/Documents/April%202014/AP3G%20DPOC_Engagement.pdf).

composition of the SMEIG were circulated to the Board in April (a copy of the private paper – for DPOC eyes only – is at AP 3G(i)).

6. The Board has confirmed that it is content with the staff proposal and has approved the proposed membership. The proposal is that the complement of the SMEIG should be 28 members. This will leave a number of places vacant in case suitable candidates that are in particular users of SME financial statements (no applications were received from users).
7. As is usual, this proposed membership of the SMEIG as approved by the Board is being brought to the DPOC for review to ensure that there is a satisfactory balance of perspectives, including geographical balance. The proposed geographical balance of the membership would be as follows:

	New Membership	Existing Membership
Africa	5	5
Asia (including Middle East)	6	5
Europe	6	6
Latin America	7	5
Other (North America, Caribbean, Oceania and Global)	4	5

8. In terms of professional background, the balance is 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 Membership	Existing Membership
Academics	4	2
Accounting Body	11	7
Accounting Firm (including Preparer/Consultants)	18	19
Governmental/Regulatory Bodies	3	3

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

## Consultative Groups updates

10. Since the DPOC meeting in January 2016, a number of groups have met and/or will meet in the near future as summarised below.

### **IFRS Advisory Council**

11. A meeting of the Advisory Council took place on 23-24 February 2016. A copy of Advisory Council Chair Joanna Perry's report of the meeting was circulated to all Trustees under cover of Joanna's e-mail of 11 March<sup>2</sup>. As usual, David Loweth attended most of the Council meeting and supports the conclusion made by Joanna in her report that the Council provided high quality advice, including on the feedback received, and the Trustees' tentative decisions on, the Request for Views ('RFV') of the review of structure and effectiveness of the IFRS<sup>®</sup> Foundation. In particular, the Advisory Council considered certain governance aspects of the feedback received, in break-out sessions, and its advice is summarised in the relevant papers on the review for the plenary session at this meeting of the Trustees (the papers for Agenda item under AP1x refer).
12. The next meeting of the Advisory Council takes place on 13-14 June.

### **Accounting Standards Advisory Forum ('ASAF')**

13. Since January 2016, a meeting of ASAF was held on 7-8 April. The view from the Board and technical staff (as well as ASAF members) is that the meeting went well. The agenda included items on the feedback on the Board's Agenda Consultation, the conceptual framework project, rate-regulated activities, business combinations under common control, and the feedback to the Board's Exposure Draft ('ED') of proposed amendments to IFRS 4 *Insurance Contracts* addressing the consequences of the different effective dates of IFRS 9 *Financial Instruments* and the forthcoming new Insurance Contracts Standard. ASAF also considered papers prepared by the Group of Latin-American Standard-Setters ('GLASS') on accounting for inflation. The report of the meeting is still being prepared and, when finalised, will be made available on the Foundation's website<sup>3</sup>.

### **Global Preparers Forum ('GPF')**

14. The latest meeting of the GPF was held on 2 March 2016<sup>4</sup>. The meeting included sessions on the Disclosure Initiative, IFRS 2 *Share-based Payment*, improvements to the impairment requirements in IAS 36 *Impairment of Assets* and rate-regulated activities. The view from the technical staff is that the meeting was valuable.

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<sup>2</sup> Joanna's Perry's report is also available on the website at:  
<http://www.ifrs.org/Meetings/MeetingDocs/Advisory%20Council/2016/Meeting-Report-Feb-2016.pdf>.

<sup>3</sup> Meeting summaries, as well as all papers, for all ASAF meetings can be accessed at: <http://www.ifrs.org/About-us/IASB/Advisory-bodies/ASAF/Pages/ASAF-meetings.aspx>.

<sup>4</sup> The meeting notes of the March 2016 GPF meeting can be accessed at:  
<http://www.ifrs.org/Meetings/MeetingDocs/Other%20Meeting/2016/GPF/GPF-March-2016-Minutes.pdf>.

### **Capital Markets Advisory Committee ('CMAC')**

15. CMAC's latest meeting was held on 25 February 2016<sup>5</sup>. The meeting included sessions on the role and activities of the IFRS Advisory Council (taking advantage of Joanna Perry's presence in London), an update on the Disclosure Initiative, feedback on the Board's ED of proposed amendments to IFRS 4 (as referred to in paragraph x above), structured electronic reporting, primary financial statements, and an education session on the new impairment requirements in IFRS 9 *Financial Instruments*. The view from the technical staff is that the meeting was valuable.

### **Emerging Economies Group ('EEG')**

16. The EEG held its 11<sup>th</sup> plenary meeting in Istanbul, Turkey, on 3-4 May 2016<sup>6</sup>. Attendees included the Board Vice-Chair Ian Mackintosh, Board member Chungwoo Suh and the Board's Director of International Activities and Chairman of the Interpretations Committee, Wayne Upton (who chaired the meeting), together with delegates from [Brazil, Indonesia, Russia, Saudi Arabia, South Africa and Turkey]. This meeting was hosted by the Public Oversight, Accounting and Auditing Standards Authority of Turkey ('POA').
17. A communiqué from the meeting is available on the website<sup>7</sup>. This reported that delegates attending the meeting shared experiences from the perspective of emerging economies. They had a productive discussion on Government Grant accounting as the main topic. The agenda also included sessions relating to IAS 16 *Property, Plant and Equipment*, IAS 32 *Financial Instruments: Presentation*, and IAS 38 *Intangible Assets*.

### **IFRS Taxonomy Consultative Group (ITCG)**

18. Since January 2016, the ITCG has held conference call meetings on 17 February and 9 March<sup>8</sup>. The agendas for those meetings covered:
- a. a proposed IFRS Taxonomy Update for IFRS 16 *Leases*;
  - b. an upcoming IFRS Taxonomy Update for the Disclosure Initiative (Amendment to IAS 7 *Statement of Cash Flows*);
  - c. proposed enhancements to the IFRS Taxonomy Illustrated (which is a PDF/HTML version of the content of the IFRS Taxonomy); and

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<sup>5</sup> The summary report of the February 2016 CMAC meeting can be accessed at:

<http://www.ifrs.org/Meetings/MeetingDocs/Other%20Meeting/2016/CMAC-Summary-Feb-2016.pdf>.

<sup>6</sup> The agenda and papers for the EEG meeting can be accessed at: <http://www.ifrs.org/Meetings/Pages/EEG-Meeting-December-2015.aspx>.

<sup>7</sup> The communiqué can be accessed at: <http://www.ifrs.org/Meetings/MeetingDocs/EEG/Communique-of-11th-EEG-meeting-in-Turkey.pdf>.

<sup>8</sup> The details of the ITCG meetings can be accessed at: <http://www.ifrs.org/About-us/IASB/Advisory-bodies/Working-groups/ITCG/Pages/IFRS-Taxonomy-Consultative-Group-ITCG.aspx>.

- d. implementation of Taxonomy Packages 1.0 (which is a technical specification that describes what is included in a particular version of the IFRS Taxonomy so that software can automatically process it).

19. The ITCG will hold its next face-to-face meeting on 7 June<sup>9</sup>.

**Other groups**

20. Apart from the meetings referred to above, there has been no activity since the January 2016 meeting.

**Schedule of future group meetings**

21. In terms of the future, at the time of writing, the following meetings have scheduled until the end of October 2016:

<b>Group</b>	<b>Date</b>	<b>Location</b>
IFRS Interpretations Committee (IFRIC)	12 July, then 6-7 September.	London
IFRS Taxonomy Consultative Group (ITCG)	7 June and 25 October (both face-to-face meetings). Conference calls scheduled for 13 July and 14 September.	London
IFRS Advisory Council	13-14 June, then 31 October (and 1 November).	London (David attending June meeting).
Capital Markets Advisory Council (CMAC)	15-16 June (joint with GPF)	London
Global Preparers Forum (GPF)	15-16 June (joint with CMAC).	London
Accounting Standards Advisory Forum (ASAF)	13-14 June, then 29-30 September.	London

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<sup>9</sup> The draft agenda for the June 2016 ITCG meeting can be accessed at:  
[http://www.ifrs.org/Meetings/MeetingDocs/XBRL/2016/June/ITCG%20Public\\_draft\\_agenda-June%202016.pdf](http://www.ifrs.org/Meetings/MeetingDocs/XBRL/2016/June/ITCG%20Public_draft_agenda-June%202016.pdf).