
Trustees and DPOC Meeting Summary

February 2018

Trustees of the IFRS® Foundation

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This paper reports on a meeting of the Trustees of the IFRS® Foundation, the oversight body of the International Accounting Standards Board (Board). The Trustees are responsible for governance of the IFRS Foundation and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*. Consequently, this paper does not reflect the views of the Board or any individual Board member. Board technical decisions are made in public and reported in the IASB *Update*. Comments on the application of IFRS Standards do not purport to set out acceptable or unacceptable application of IFRS Standards.

1. Introduction

The IFRS Foundation (Foundation) Trustees met in Hong Kong on 30 January – 1 February 2018. Michel Prada chaired the meeting.

2. Report of the Trustees' executive session

2.1 Trustee Corporate Governance Issues

The Trustees discussed a number of issues around their governance and procedures. They agreed

- A set of revised terms of reference for all Trustee Committees that formalised and standardised Committees' operating procedures.
- A proposal to amend the Foundation's Constitution to increase the maximum term of office for the Chair of the Trustees to nine years, with a view to benefitting from the continuity in leadership and experience gained in office. Staff will draft a consultative paper and proposed amendments to the Constitution for consideration at the June 2018 Trustees meeting.
- Proposals for further clarification and enhancements to the Foundation's policy of Conflicts of Interest for Trustees for discussion with the Monitoring Board

2.2 Report of the Directors

The Trustees received a report from the Directors on the highlights of the IFRS Foundation over the last three months.

Trustees discussed:

- An update on the European Securities and Markets Authority's plan to adopt the IFRS Taxonomy and the consequent discussion of a licence agreement to allow the European Commission to translate and publish the IFRS Taxonomy in the official EU languages.
- Updates on other ongoing licensing issues
- The Foundation's workplan for 2018. It was noted that this had been updated by the Senior Management team and that it continued to support and deliver the Foundation's strategic goals.
- The workplan for steps to be taken to address recommendations in the Reputation Survey. These centre on stakeholder outreach and timeliness of standard setting. It was agreed that staff should ensure that groups who contributed to the survey were informed of the plans, and that the timetable for delivering improvements should be realistic.
- An update on the work to address the risks to the Foundation of the UK's decision to leave the EU (Brexit).
- The project to relocate the office to Canary Wharf. Trustees noted that the lease was completed on 2 January 2018 and that the project was on schedule for a planned move date in early August 2018.

2.3 Asia-Oceania Office Plan

The Trustees approved the Asia-Oceania (AO) work plan for 2018. It was noted that a more detailed implementation plan would be prepared by the staff. The Trustees agreed the objectives of the AO office to support and facilitate adoption of IFRS standards and to build technical capacity by:

- Enhancing the reputation and understanding of IFRS Standards in Japan to increase the number of Japanese companies applying IFRS Standards;
- Supporting the adoption of IFRS Standards and the application of IFRS Standards in the Asia-Oceania region by ensuring effective communication and acting as a conduit for activities in the region; and
- Supporting the education activities and increasing awareness of the Board's standard-setting activities.

The Trustees also noted the steps being taken to recruit a new Asia-Oceania Office Director following the departure of Mitsuhiro Takemura, who would soon re-join Deloitte at the end of his secondment.

2.4 Analysis of organisational expenditure

The Trustees received a presentation that analysed the Foundation's total expenditure for 2017 and highlighted areas where most resources are expended. Trustees noted the staff's plan to bring proposals to future meetings on how resources could be deployed and areas where there was room for flexibility.

2.5 Trustee meeting locations

Trustees agreed that the first meeting in 2019 should be held in Brussels, and that meeting locations for the other two meetings should be discussed further at the next Trustees' meeting.

2.6 Committee reports

The Trustees received reports from a number of Committees.

- The Audit and Finance Committee reviewed the 2017 Flash Results against budget, the 2018 draft budget and the three-year plan. They noted that the draft unaudited surplus for the year was in excess of budget largely because of foreign exchange gains, and that some of these gains were unrealised and would reverse in future years. In reviewing and approving the 2018 budget and three-year plan, they noted in particular some of the continuing funding challenges and the capital costs of the relocation to Canary Wharf. The Foundation's total funding requirement for jurisdictions would remain frozen for the next three years, which would provide certainty for the Foundation and its contributors. The Committee was updated on a number of other issues including the progress on the premises project, the audit timetable and the Foundation's risk register.
- The Education and Content Services Committee received presentations on the work of the Foundation's Content Services Division and of the Education team. They agreed that staff should develop for future review work plans of targets and the expected timeframe for the Content Services department, and for Education Activities.
- The Human Capital Committee discussed a number of human resource issues.
- The Nominating Committee discussed a number of appointments that are in progress.
- The Due Process Oversight Committee met in public and a summary of the meeting is attached and the live recording is available on the Foundation's website – [insert the link here].

3. Report of the IASB Chair

Hans Hoogervorst, the chair of the International Accounting Standards Board (Board) reported on its recent technical activities.

3.1 Technical work overview

- Following discussions with the Advisory Council, the Board added a project to its standard-setting agenda in November to revise and update the IFRS Practice Statement *Management Commentary*, which was issued in 2010.

- The Board is on track to issue the revised Conceptual Framework in March 2018 (see also 3.3 below).
- The Board has made good progress in its November and December meetings on the projects on Primary Financial Statements and Goodwill and Impairment.
- The Board has discussed two accounting models that could better reflect dynamic risk management in financial reporting, and tentatively decided to proceed with an accounting model based on cashflow hedge mechanics.
- The Board is continuing work finalising a Discussion Paper on *Financial Instruments with the Characteristics of Equity*, which is scheduled to be published in Q2 of 2018.

3.2 Supporting implementation

The Trustees were updated on the work of the Board on supporting implementation of IFRS 17 *Insurance Contracts*. They noted that the Transition Resource Group for Insurance Contracts met for the first time in November to discuss its operating procedures and would meet again in early February to discuss implementation questions received to date.

3.3 Conceptual Framework Project

Nili Shah the Executive Technical Director made a presentation on the Board's work on revising the *Conceptual Framework*. As noted above, the Board expects to issue the revised *Conceptual Framework* in March 2018.

4. Meetings in Hong Kong

During their meeting, the Trustees received a presentation from Joanna Perry, the chair of the Advisory Council, on the Council's current and proposed work in support of the Foundation's strategy.

Trustees also had a very useful and informative meeting with members of the Asian-Oceanian Standard-Setters Group.

Following the meeting, Trustees held a very successful stakeholder event and dinner entitled *Hong Kong and IFRS: Past, Present and Future*, which was co-sponsored by the Hong Kong Institute of Certified Public Accountants. Full details of the event are posted to our website at <http://www.ifrs.org/news-and-events/2018/02/panel-debate-hong-kong-and-ifrs-standards-past-present-and-future/>.

Report of the IFRS Foundation® Due Process Oversight Committee meeting

January 2018

This meeting of the DPOC was open to the public, and the recording is available on the IFRS Foundation website. The key issues in the public session were as follows.

1. Update on technical activities

The DPOC received an update on technical activities, and a report on the due process actions for International Accounting Standards Board (Board) projects. They noted in particular the Board's decision to add to its agenda a project to revise and update the Management Commentary Practice Statement, and the discussions and consultations the board held with key stakeholders before making that decisions, consistent with the requirements of the *Due Process Handbook*. The DPOC was informed that the Board was considering whether to establish a Consultative Group for the project and that they would be updated on this in due course.

The DPOC noted the three tentative and one final agenda decisions that had been published by the IFRS Interpretations Committee, and were updated on the work of the Transition Resource Group for Insurance Contracts.

The DPOC agreed with the staff's view that the requirements of the *Due Process Handbook* had been met on the Board's activities during the period.

2. IFRS Taxonomy Consultative Group: appointment of Vice-Chair

Alan Beller (Chair of the DPOC) reported that in its private session the DPOC had approved the Board's decision to appoint Ann Tarca (a Board member) to fill the vacancy of Vice-Chair of the IFRS Taxonomy Consultative group.

3. Due Process Handbook review

The DPOC discussed a paper from the staff on the outline scope and timetable for the review of the *Due Process Handbook*. On the scope, they agreed that the focus should be on how the review of the *Handbook* could best serve the Board's future agenda and the evolving needs and expectations of stakeholders.

On the timetable, they discussed the importance of balancing the need to consult widely with the objective of completing the project on a timely basis. They suggested that it might be appropriate to reduce the proposed comment period from 180 to 120 days, and that this would be a good issue on which to seek views from the Advisory Council.

The DPOC approved the paper as a basis for further developing the project, and noted that they would discuss further at their next meeting.

4. Correspondence

It was noted that no correspondence had been received for the DPOC's attention.