

# Monitoring and Motivating Consistent Adoption and Application of IFRS Standards

Advisory Council meeting  
September 2019

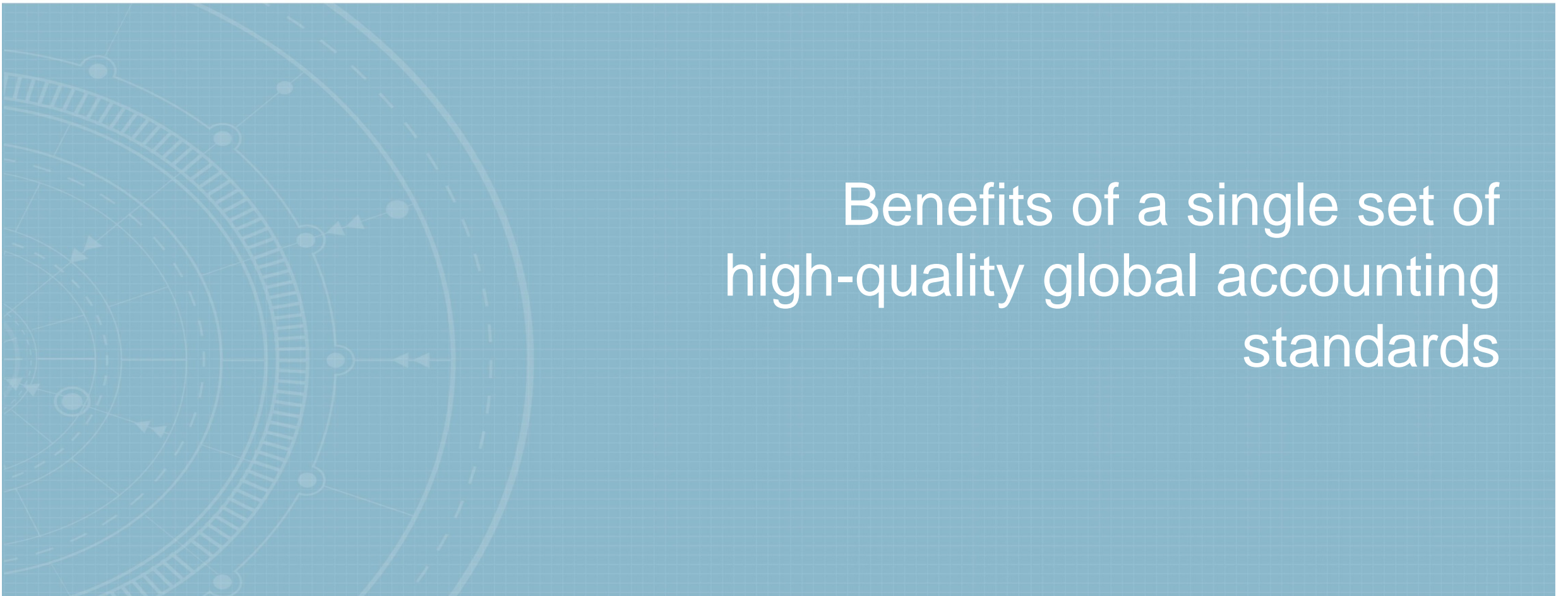
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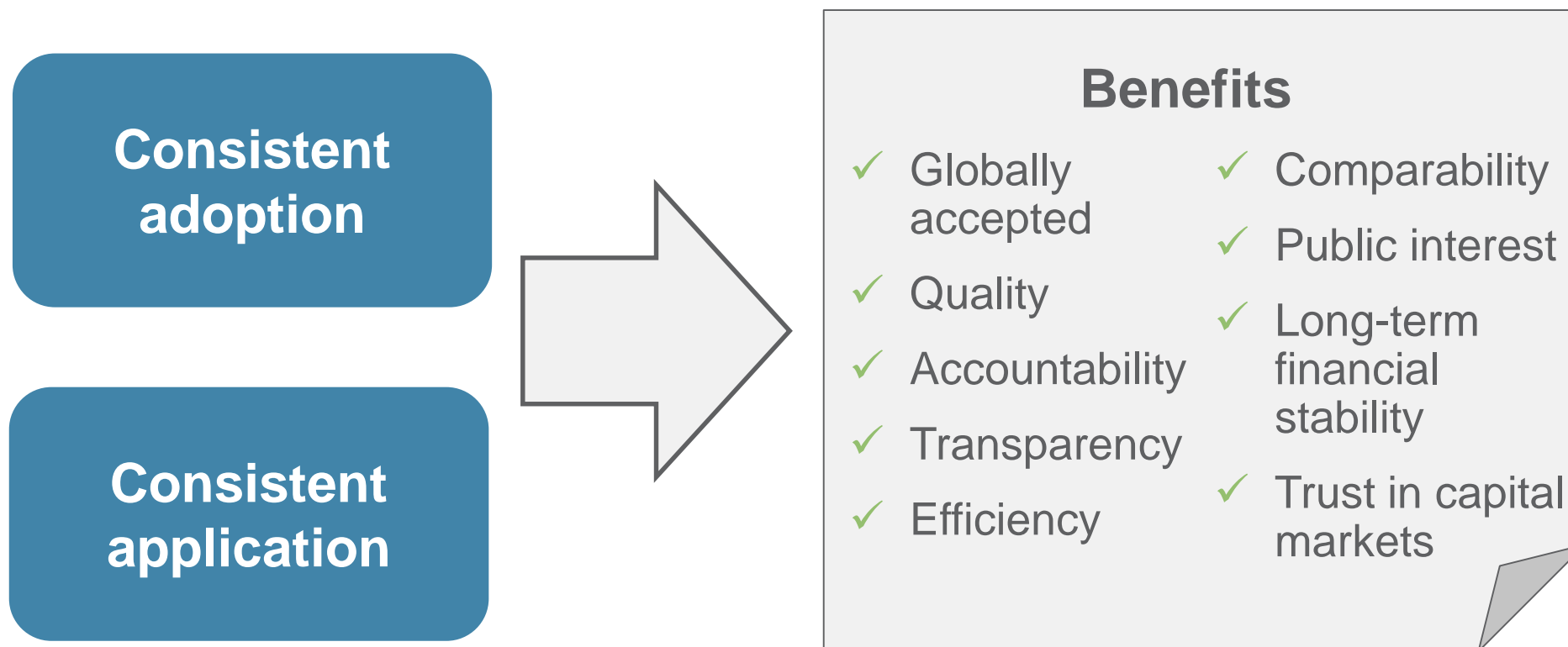
# Objective of the session

- Consistent adoption and application is critical to realising the benefits of IFRS Standards a single set of high-quality global accounting standards.
- The IFRS Foundation has historically undertaken several activities to monitor consistent adoption and application.
- However, the IFRS Foundation has undergone rapid growth in the number of countries that now require IFRS Standards...the IFRS Foundation may now be in a different stage of its life cycle.
- To what extent should the IFRS Foundation refresh its approach to monitoring consistent adoption and application?
  - What are the objectives in monitoring the status?
  - How should we monitor?
  - What should we communicate?
- How do we motivate consistent adoption and application?

- Benefits of a single set of high-quality global accounting standards
- Objectives of monitoring status of consistent adoption and application
- Process to monitor status of consistent adoption and application
- Communication of status of consistent adoption and application
- Motivating global cooperation in support of consistent adoption and application



# Benefits of a single set of high-quality global accounting standards



# Threats to the benefits

## ⚠ Threats to consistent adoption


- × Failure to update previously adopted version of the Standards
- × Exclusion of specific types of entities from scope
- × Deferred effective dates
- × Carve ins
- × Carve outs

Consistent adoption

## ⚠ Threats to consistent application

- × Differing interpretations among preparers, auditors and/or regulators resulting in widespread inconsistencies that undermine a single set of global accounting standards

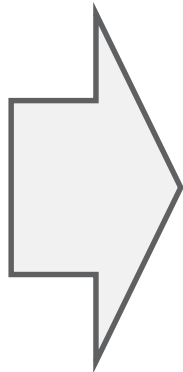
Consistent application



# Objectives of monitoring status of consistent adoption and application

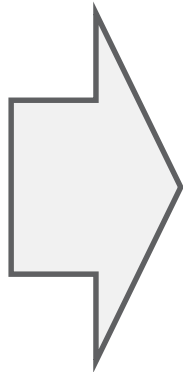
# Objectives of monitoring the status of consistent adoption and application

## Consistent adoption



- Provide evidence of extent of global adoption of IFRS Standards
- Provide transparency – market participants can identify where IFRS Standards are applied (public interest objective)
- Motivate others to become part of the IFRS ‘family’
- Promote IFRS brand and provide legitimacy
- Allocate resources (eg, where to focus influencing / educational efforts)

## Consistent application



- Provide evidence about consistent application consistent with the notion of a single set of global accounting standards
- Identify application questions to address
- Allocate resources (eg, support to regulators, NSS; education)



What comments do you have regarding the objectives on slide 8?

Consider:

- The stage of the Foundation in its life cycle
- The differences between consistent adoption and consistent application




# Process of monitoring status of consistent adoption and application

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What comments do you have regarding the process on slide 11?

- What other sources of data are available (eg, peer reviews, regulatory self-reporting, academic studies) at a reasonable cost? How can we obtain more broad-based, rather than anecdotal, information about consistent application?
- Are there other parties who can assist us with information?
- How can we best ensure the accuracy and completeness of this information?
- The process can be very resource intensive. How can we alleviate this demand? For example, should we aim to maintain the same level of data for all jurisdictions?



# Communication of status of consistent adoption and application

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## Consistent adoption

### Jurisdiction profiles – see [here](#)

- Structure – by jurisdiction
- Content
  - Extent of adoption (required vs. permitted, consolidated vs. separate company f/s, domestic vs. foreign, public vs. private, modifications)
  - Extent of IFRS Taxonomy adoption
  - Relevant jurisdictional authority
  - Endorsement process
  - Translation process
  - Regulatory filing requirements
- Frequency of updating – as information becomes available
- Statistics – number of countries, percentage of GDP, and number of listed companies

## Consistent application

- No reporting per se but the work of the Interpretations Committee and Transition Resource Groups provides information about numbers of issues being raised/addressed

## Question 3 – Communication

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What information about consistent adoption and application should we communicate and how can it be best communicated?



Motivating global cooperation in  
support of consistent adoption  
and application



# Who is responsible for consistent adoption and application?

All stakeholders have a role to play in achieving consistent adoption and application of IFRS Standards



\* National standard-setters

# Question 4 – Motivating consistent adoption and application

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How do we motivate global cooperation in support of consistent adoption and application?