

## **Report of the IFRS Advisory Council Chairman to the Trustees of the IFRS Foundation and the International Accounting Standards Board (the Board) on the IFRS Advisory Council (the Council) meeting of 17 and 18 October 2017**

1. The Council met on 17 and 18 October 2017. The Council was pleased to have Trustee Sir Callum McCarthy and 9 Board members in attendance at various times during the meeting, as well as many of both the technical and operational IFRS Foundation staff. Michel Prada apologised for his absence and in so doing commented that his term as Chairman of the Trustees ends on 31 December 2017. He expressed his thanks and congratulations to the Council for their contribution to the work of the Trustees.
2. The significant topics on the agenda were discussion and provision of advice in relation to:
  - a. the effect of technology on the future of accounting, corporate reporting and the IFRS Foundation;
  - b. the key messages embodied in the Better Communication report, recently released; and
  - c. the Trustees' reputation survey (held in private session).
3. The Council received a very informative presentation from, and held a discussion with, Antony Jenkins (Founder and Executive Chair, 10X Future Technologies) on the effect of technology on the future of accounting, corporate reporting and the IFRS Foundation. Members of Council then considered in breakout groups some key questions around the effect of technology. Members provided advice to the IFRS Foundation along the following key themes:
  - a. a tsunami of changes in relation to technology that will have an impact upon accounting, corporate reporting and the IFRS Foundation;
  - b. a clear, future role exists for some form of financial reporting and for some form of principle-based accounting standards and, therefore, for the IFRS Foundation. However, there were differing views as to what those forms might be.
  - c. stakeholders will need to deal with unstructured data and with judgements being made in a real-time environment;
  - d. all agreed that the effect of technology would have some impact and that the status quo would not remain;
  - e. the IFRS Foundation should give consideration to identifying a champion in a leadership position to drive how the IFRS Foundation responds to the tsunami of technology changes; and
  - f. in considering the impact of technology, members advised variously of a number of matters that the IFRS Foundation should give consideration to.Members considered that it would be useful to include further sessions on technology on the Council's future agenda.
4. Toshio Tsuiki, on behalf of William Coen (Secretary General of the Basel Committee on Banking Supervision (BCBS) and member of the Council), shared information about the interaction of accounting and capital frameworks and the relationship

between the BCBS and the Foundation and provided an update on post-crisis regulatory reforms. Members of the Council encouraged the Board and the Trustees to work with the BCBS to both support and provide input to the BCBS in its endeavours to move forward at pace with the “expected credit loss” work.

5. Members of the Council received an update from the Chairman of the Board and staff members on recent activities of both the Board and the IFRS Foundation. In particular, the Council noted the milestone achievement of the issue of IFRS 17 *Insurance Contracts*. Members of the Council provided advice that it may be useful for the Board to consider providing estimates of a timeline for the research pipeline.
6. Members of the Council received an update from Sir Callum McCarthy on the Trustees’ activities with the emphasis being placed on matters to be considered at future Trustee meetings.
7. The Council was provided with a summary of the report *Better Communication in Financial Reporting*, released 5 October 2017. Members of Council commended the Board on its publication and provided various suggestions for both how the Board could promote the document and how Council members (and therefore others) could use the document.
8. In private session the Council provided advice on potential future actions on the information received from the Foundation’s reputation survey.
9. The Council received a presentation on the core features and benefits of IFRS 17, as well as an update on the IFRS 17 Transition Resource Group, to give Council members information about this landmark Standard and enable them to discuss it with their own stakeholders.
10. In conjunction with the Council meeting, special focus meetings were held on investor engagement; education and research; and emerging markets.
11. This was the last meeting for a number of members and I thank all of them for their significant contribution during their membership.
12. I also thank all those that were part of this meeting—our guest speakers, Council members, Board members, Trustees and the Foundation staff for their part in the stimulating discussions.