

# AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

TORONTO 14 APRIL 2015

Agenda ref 3F

PRESENTERS HENRY REES/DAVID LOWETH

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## Consultative Groups and DPOC engagement: update

### Introduction

1. The purposes of this paper are to provide updates on a number of consultative groups and on the DPOC's engagement with the IASB's major advisory and consultative bodies.

### Consultative Groups updates

2. Since the DPOC meeting in February 2015, a number of groups have met as summarised below.

#### ***IFRS Advisory Council***

3. A meeting of the Advisory Council took place on 23-24 February. A copy of Advisory Council Chair Joanna Perry's report of the meeting was circulated to all Trustees under cover of Jenny Cale's e-mail of 18 March<sup>1</sup>. David Loweth attended most of the Council meeting and supports the conclusion made by Joanna in her report that: "Overall feedback of the meeting was very positive from all those involved. The agenda again struck the right balance and the Council were able to provide valuable strategic advice both to the IASB and to the Trustees".

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

4. The latest meeting of the ASAF took place on 26-27 March. The view from the IASB and technical staff (as well as ASAF members) is that the meeting went well. As reported elsewhere on the agenda for this Trustees' meeting (Agenda Paper, AP, 1E refers), the two-yearly review of the ASAF has recently been conducted and the results of the feedback received from ASAF members, the wider global standard-setting community and the IASB is broadly positive.

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<sup>1</sup> Joanna's Perry's report is also available on the website at:  
<http://www.ifrs.org/Meetings/MeetingDocs/Advisory%20Council/2015/February/Chairman-Report-IFRS-Advisory-Council-February-2015.pdf>.

***Joint Transition Resource Group for Revenue Recognition***

5. As reported previously, the IASB and the US Financial Accounting Standards Board (FASB) have formed a limited-life Joint Transition Resource Group for Revenue Recognition (TRG). The TRG has been established to inform the IASB and the FASB about potential implementation issues that could arise when companies and organisations implement the new Standard. The TRG will also provide stakeholders with an opportunity to learn about the new Standard from others involved with implementation. The TRG will not issue guidance.
6. All meetings of the TRG are public and co-chaired by the Vice-Chairmen of the IASB and the FASB. The latest (fourth) meeting of the group was held on 30 March. At that meeting, the TRG considered 8 items on its agenda (including updates on a number of issues from earlier meetings)<sup>2</sup>.

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

7. The ITCG held a conference call meeting on 11 February<sup>3</sup>. The technical staff reported positively on the level of attendance, engagement and debate by ITCG members on that call.

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

8. The latest meeting of the CMAC was held on 27 February<sup>4</sup>. The view of the IASB technical staff is that this was a positive and valuable meeting.

***Global Preparers Forum (GPF)***

9. The latest meeting of the GPF was held on 5 March<sup>5</sup>. The view of the IASB technical staff is that the meeting went well.

***Rate-Regulated Activities Consultative Group (RRACG)***

10. The latest meeting of the RRACG was held on 4 March. David Loweth attended the morning sessions of that meeting and I (David) can report positively on the attendance (only one member sent apologies and missed the meeting), and the level of engagement and debate by members. This included three members dialling in by telephone, and the Chair (IASB member Amaro Gomes) was extremely conscientious in giving them opportunities to participate in the discussions. From my observation, the members provided some very relevant and interesting – if sometimes challenging – perspectives, which the technical staff found very useful. The technical staff also confirmed that the afternoon sessions continued in the same vein.

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<sup>2</sup> The agenda and papers for the March 2015 Revenue TRG meeting can be accessed at: <http://www.ifrs.org/Meetings/Pages/Joint-TRG-for-Revenue-Recognition-March-2015.aspx>.

<sup>3</sup> A summary of the discussions on that conference call meeting can be accessed at: <http://www.ifrs.org/Meetings/MeetingDocs/XBRL/2015/February/Meeting%20Summary%20-%20February.pdf>.

<sup>4</sup> The papers for CMAC meeting can be accessed at: <http://www.ifrs.org/Meetings/Pages/CMAC-February-2015.aspx>.

<sup>5</sup> The papers for the GPF meeting can be accessed at: <http://www.ifrs.org/Meetings/Pages/GPF-Mar-2015.aspx>.

11. Apart from the meetings referred to in paragraphs 3-11 above, there has been no activity since the October 2014 meeting.

### Future DPOC engagement

12. As reported previously, the DPOC has discussed how it might enhance its engagement with consultative groups and IFRS Foundation Constitutional bodies (in particular the IFRS Interpretations Committee and the IFRS Advisory Council). One of the DPOC's responsibilities as set out in the *Due Process Handbook* is the effectiveness of the Advisory Council, IFRIC and other bodies relevant to standard-setting activities. The DPOC agreed with Scott Evans' proposal at the Committee's meeting in April 2013 that one member of the DPOC, or David Loweth (on behalf of the DPOC), should attend at least part of a face-to-face meeting of each of the major groups and report back to the Committee to validate the breadth of attendance and an appreciation of the quality of the dialogue.
13. At the February 2015, the DPOC requested that the staff provide the Committee with a prioritisation of which Consultative Groups should be observed. The table at Appendix A lists all the current groups and sets out the staff's proposal for engagement. In summary, the staff recommendation is that the Chair or another member of the Committee should aim to observe at part of one meeting of the following major groups:
  - a. Constitutional bodies:
    - i. Advisory Council (Michel Prada attends at least part of all meetings of the Council, but DPOC representation would be useful in particular when the Council is discussing issues of relevance to due process); and
    - ii. IFRIC;
  - b. Advisory groups;
    - i. ASAF;
    - ii. CMAC;
    - iii. GPF.
14. Meetings of IFRIC and ASAF are webcast, so a DPOC member could observe proceedings remotely, which would be a much less onerous commitment in terms of time and expense. While this would not allow for observation of the body language at the meeting, nor provide for a candid discussion with group members in the margins of the meeting, it would still provide a good opportunity to consider the level of attendance and quality of debate.
15. For other groups, including project-specific consultative groups, the staff proposal is that, for the most part, David Loweth should observe meetings on behalf of the DPOC and report back to the Committee. In the staff's view, this provides for an appropriate

balance between the DPOC meeting its responsibility for monitoring the effectiveness of such Consultative Groups at a reasonable cost (allowing for covering the expenses of a DPOC member attending a meeting).

16. In terms of the future, the following meetings are scheduled until July 2015:

<b>Group</b>	<b>Date</b>	<b>Location</b>
IFRS Advisory Council	9-10 June.	London (David attending).
Capital Markets Advisory Council (CMAC)	11-12 June 2015 (joint with GPF).	London
IFRS Taxonomy Consultative Group (ITCG)	21 April 2015 (face-to-face) and 6 May 2015 (conference call).	London
Emerging Economies Group (EEG)	25-26 May 2015	Mexico City
Joint TRG Revenue Recognition (RTRG)	13 July 2015.	London and Norwalk (simultaneously).
Global Preparers Forum (GPF)	11-12 June 2015 (joint with CMAC).	London
IFRS Interpretations Committee (IFRIC)	12-13 May 2015.	London
Accounting Standards Advisory Forum (ASAF)	16-17 July 2015.	London
TRG Impairment of Financial Instruments (ITRG)	22 April 2015.	London

17. Looking at the above schedule, DPOC representation at the June Advisory Council meeting would be particularly appropriate and useful – the Council is scheduled to discuss strategic issues relating to the forthcoming IFRS *Leases* (the due process lifecycle review is set out in AP 3C for this meeting), as well as sessions on the review of structure and effectiveness of the Foundation (AP 1D for this meeting), which is of relevance for all Trustees, and the IASB’s forthcoming Agenda Consultation. However, there is a logistical challenge given that the Advisory Council meeting takes place the week before the Trustees meet next in London.

### **Questions for the DPOC**

18. Do DPOC members agree with the staff proposal for DPOC engagement with Consultative Groups as set out in paragraphs 14-15 above?
19. Is any DPOC member willing to attend the June 2015 meeting of the Advisory Council?

**Appendix A**

**CONSULTATIVE GROUPS: PROPOSALS FOR DPOC ENGAGEMENT**

<b>Group</b>	<b>Proposal</b>
<b>A. Constitutional Bodies</b>	
IFRS Advisory Council	DPOC Chair (or Committee member) should attend at least one Council meeting a year. (David Loweth attends all Council meetings.)
IFRIC	DPOC Chair (or Committee member) should observe one day of an IFRIC meeting a year.
<b>B. Advisory Bodies</b>	
Accounting Standards Advisory Forum (ASAF)	DPOC Chair (or Committee member) should observe one day of an ASAF meeting a year.
Capital Markets Advisory Committee (CMAC)	DPOC Chair (or Committee member) should observe one day of a CMAC meeting a year (possibly in joint session with the GPF).
Education Advisory Group (EAG)	David Loweth to observe on behalf of the DPOC (as and when the group meets).
Emerging Economies Group (EEG)	Logistically, this is a challenge to observe. The EEG generally meets twice a year, with meetings being hosted by a member. Members provide summary feedback on the group's usefulness as part of the meeting communiqués. The staff proposal is that the continued existence of the EEG continues to be reviewed annually and should rely on feedback from the members and the Chair (Wayne Upton).
Global Preparers Forum (GPF)	DPOC Chair (or Committee member) should observe one day of a GPF meeting a year (possibly in joint session with the CMAC).
SME Implementation Group (SMEIG)	David Loweth to observe on behalf of the DPOC.
<b>C. Consultative Groups</b>	
IFRS Taxonomy Consultative Group (ITCG)	
Insurance Working Group (IWG)	
Leases Working Group (LWG)	Leases project is entering the final phase of drafting the Standard. LWG will be consulted as part of the editorial review process, but there are no plans for

<b>Group</b>	<b>Proposal</b>
	the group to meet again.
Rate-Regulated Activities Consultative Group (RRACG)	
Shariah-Compliant Instruments and Transactions	Logistically, this may be a challenge to observe, given the locations where the group meets. The staff proposal is that the continued existence of the Group continues to be reviewed annually and should rely on feedback from the Chair (Ian Mackintosh) and Co-ordinator (Wayne Upton).
Transitional Resource Group (TRG) – Impairment	
TRG – Revenue (RTRG)	This group is rather different, as it is a joint group with the US FASB. The lifespan of the group will depend on various factors, including whether stakeholders continue to refer issues to the RTRG for consideration.
Valuation Experts Group (VEG)	As reported to the DPOC in July 2014 as part of the Annual Review of Consultative Groups, the VEG operates more as a virtual group providing feedback on draft education material. The staff proposal is that the continued existence of the VEG continues to be reviewed annually and should rely on feedback from the technical staff.