



Project:	IFRS Foundation Review	Meeting	AASB June 2016 (M152)
Topic:	Outcomes of Review	Agenda Item:	15.1
Contact(s):	Nikole Gyles ngyles@asb.gov.au (03) 9617 7639	Project Priority:	Medium
		Decision-Making:	Low
		Project Status:	Completed

Objective of this paper

- The objective of this paper is to feedback to the Board the outcomes of the IFRS Foundation Review.

Background

- In June 2016 the IFRS Foundation finalised the Trustees' Review of Structure and Effectiveness.

Project outcomes

- The table below maps the summary of review outcomes to the views expressed by the AASB in its comment letter to the IFRS Foundation. Staff do not recommend taking any further action in relation to these outcomes at this stage.

Final Review Outcome	Does this align to AASB views? ¹
To further enhance governance and funding arrangements of the IFRS Foundation	
enhanced transparency: the Trustees received broad support for the existing three-tier governance structure, but will take steps to enhance visibility of Trustee oversight of the Board, including making meetings of the Due Process Oversight Committee public;	Yes
geographical balance: change the geographical distribution of both the Trustees and the Board by combining the North American and South American allocations into a single 'Americas' category, to allow for even distribution and better representation across	Yes (in principle)

¹ A copy of the AASB's comment letter is available here:
http://www.aasb.gov.au/ADMIN/file/content102/c3/AASB_response_on_IFRS_Foundation_Review_final.pdf
 (accessed 15th June 2016)

Final Review Outcome	Does this align to AASB views? ¹
the entire region;	
size of the Board: reduce the size of the Board from 16 to 13 members, with the flexibility to appoint a 14th (at-large) member if appropriate; and	Yes
funding: the Trustees received broad support to maintain the current ‘three-pillar’ funding model until the funding regime based on publicly supported financing is fully achieved.	No specific comment. The AASB suggests the Trustees should consider having a greater role in advocating that international and regional aid organisations directly fund programs in developing countries that would facilitate IFRS adoption in those jurisdictions.
To strengthen the relevance of IFRS Standards	
technology and financial reporting: accelerate work to address barriers to high-quality digital reporting by collaborating with investors, securities regulators and others to ensure the IFRS Taxonomy remains fit for purpose. At the same time, the Foundation will establish a network of experts to provide advice on technological innovation and its impact and relevance to IFRS Standards; and	Yes
remit: retain the existing focus of the Board on for-profit entities, with no expansion at this time to cover either the public sector or the private not-for-profit sector. While the focus of the Board will remain on financial reporting, further work will be done to consider the Board’s future role and work plan within the context of developments in wider corporate reporting.	No AASB believes the IASB’s work should include addressing entities beyond the current focus on for-profit private sector entities at the earliest opportunity.
To support consistent application of IFRS Standards	
resources: while the Board’s focus remains on producing high-quality Standards based on clear principles, there will be an increased emphasis on activities to support the consistent application of IFRS Standards. This includes the realignment of education, implementation support and interpretation activities into a single team;	Yes, although AASB expressed concern re: Transition Resource Groups; and the IFRS Interpretations Committee, particularly in relation to the Committee’s issuance of narrow-scope amendments.
programmes: continue to develop additional resources and materials to assist the consistent	Not specifically commented on, but would expect support given

Final Review Outcome	Does this align to AASB views?¹
implementation of major new Standards, including the provision of online resources; and	AASB strategy.
enhanced cooperation: continue to develop relationships with securities regulators (for example IOSCO, through the recently updated joint Statement of Protocols) and others to support implementation of IFRS Standards around the world.	No specific comment re: IOSCO, but noted: The IASB and the IFRS Foundation should work closely with other standard-setters in fields that are important to supporting the successful implementation of IFRS, in particular, in the area of measurement/valuation.

Questions to the Board

1. Does the Board have any comments or questions in relation to the outcomes of the IFRS Review?
2. Does the Board agree with the staff recommendation that no further action is required at this stage?