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IFRS Foundation®

Feedback Statement

Review of the Accounting Standards Advisory Forum



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EXECUTIVE SUMMARY

IFRS Foundation—Summary of findings

1. The Accounting Standards Advisory Forum (ASAF) held its inaugural meeting a little over two years ago. The Trustees, in recommending the establishment of the ASAF, anticipated that technical advice and feedback on the most important standard-setting issues would be discussed at the ASAF. The International Accounting Standards Board (IASB) would thereby formalise and streamline its relationships with representatives from across the accounting standard-setting community, and gain important regional perspectives. These discussions would help the IASB to achieve its goal of developing globally accepted high quality accounting standards.
2. The establishment of the ASAF was seen as an important step for the IASB, and the Trustees committed themselves to review the ASAF two years after establishing the group.
3. The Trustees, having completed the review of the ASAF, are pleased with the positive feedback received. There is strong support for the ASAF and for the IASB's commitment to the ASAF. ASAF has established itself as a key advisory group to the IASB.
4. The review highlights the importance of the work of national standard-setters (NSS) and regional groups in supporting the IASB to achieve its objectives. The Trustees would like to take this opportunity to thank all of those that have helped to make ASAF a success.
5. The Feedback Statement sets out the actions that the Trustees and the IASB will take in response to the matters raised in the review. The actions aim to build on the very positive start to the ASAF and enhance its effectiveness.
6. The Trustees considered the feedback that supported the ASAF's objectives but which suggested that wider issues, including jurisdictional matters, should be discussed at the ASAF meetings. The Trustees confirm that the ASAF's objectives permit effective technical discussions of jurisdictional issues and concerns. The IFRS Foundation continues to support the objectives of the ASAF and the IASB's commitment to the ASAF.
7. The Trustees, having carefully considered the feedback and advice, are satisfied that the current Memorandum of Understanding (MoU) remains appropriate. The MoU is set out in Appendix A of this Feedback Statement.
8. The Trustees will amend the ASAF Terms of Reference (ToR) to extend the terms of office of the ASAF members from two years to three years. The Trustees also decided that because the ASAF agenda is set in consultation between ASAF members and the IASB, they should remove the reference from the ToR that the final agenda for each meeting is at the discretion of the Chair of the ASAF. The updated ToR is set out in Appendix B of this Feedback Statement.

International Accounting Standards Board—Summary of findings

9. The responses to the review highlighted strong support for the IASB's commitment to the ASAF and the operational improvements introduced since the ASAF was established. There were some further suggestions about how the IASB could improve the operations of the ASAF. The Feedback Statement outlines the key operational improvements arising from the review that the IASB will implement.

BACKGROUND

Establishment of the Accounting Standards Advisory Forum

10. This Feedback Statement sets out the findings from the IFRS Foundation's review of the Accounting Standards Advisory Forum (ASAF) and how it intends to respond to the matters raised in the review.
11. In November 2012 the IFRS Foundation published a *Proposal to Establish an Accounting Standards Advisory Forum* (the Proposal). The purpose of the document was to seek views on a proposal by the IFRS Foundation on how the relationship with NSS and other regional bodies and the IASB might be formalised and how the IASB could better engage on a collective basis.
12. The Proposal identified that in order to achieve global acceptance of International Financial Reporting Standards (Standards) the IASB needs the support of NSS and regional bodies. The acceptance of Standards will be made easier if NSS and regional bodies feel a sense of partnership with, and ownership of, IFRS.
13. The IFRS Foundation and the IASB have always acknowledged the importance of the relationship with NSS and regional bodies. Prior to the establishment of the ASAF, the majority of the IASB's relationships with NSS and regional bodies were conducted either through bilateral agreements or a range of less formal, more ad hoc arrangements. The Proposal described how the IASB was seeking to address these ad hoc arrangements by formalising and streamlining the IASB's collective engagements with the global accounting community of NSS and regional bodies in its standard setting process.
14. In February 2013 the IFRS Foundation published a Feedback Statement on the responses to the Proposal. The responses to that Proposal revealed a high level of support for establishing the ASAF as a means of securing a more streamlined and effective dialogue between the IASB and the global accounting standard-setting community.
15. At the same time as publishing the Feedback Statement, the IFRS Foundation issued a call for nominations, inviting nominations for the inaugural membership of the ASAF. The Call for Nominations set out the membership criteria and other factors that the IFRS Foundation may take into account in selecting the members of the forum, together with proposed ToR and a MoU.
16. The ToR provide that all aspects of ASAF and its operations shall be reviewed by the IFRS Foundation two years after the establishment of the group.

The review

17. The Trustees of the IFRS Foundation announced the inaugural membership of the ASAF on 19 March 2013 for a two-year period expiring in April 2015. In accordance with the ToR the ASAF review was required to be undertaken in April 2015. In order to permit the Trustees to consider the findings from the review of the ASAF at the same time as making the second Call for Nominations, the Trustees decided to commence the review of the ASAF in late 2014.

18. The ToR state that all aspects of the ASAF and its operations shall be reviewed. The Trustees decided that to fulfil this requirement, the review should assess how the ASAF has performed in relation to its ToR and MoU.
19. The Trustees decided to collate the views of ASAF members, NSS and regional groups and IASB members through use of questionnaires.
20. The questionnaires sought the views of ASAF members and NSS on:
 - (a) whether the objectives and scope of activities of the ASAF assist the Foundation in achieving its objectives;
 - (b) the size and composition of the ASAF membership; and
 - (c) if the establishment of the ASAF has improved communication and liaison between the IASB and the NSS and regional bodies.
21. In addition the views of ASAF and IASB members were also sought on:
 - (a) the effectiveness of the ASAF meetings; and
 - (b) interaction between the IASB and ASAF members.
22. The Trustees also sought advice from its IFRS Advisory Council (the Advisory Council) based on the feedback received in response to the questionnaires from ASAF members, NSS and regional groups.
23. Responses to the questionnaire were received from all ASAF and IASB members, with the exception of two ASAF members, who preferred not to respond to the questionnaire but provided written comments.
24. A questionnaire was posted on the IASB website for NSS and regional groups to respond to. We received 37 completed questionnaires; although we did not seek responses other than from NSS, 17 responses were received from respondents that were not NSS or regional groups. This group is a very mixed range of respondents, including audit firms, academics and a preparer, among others. The matters raised by this group of respondents have been included in the Feedback Statement.
25. A summary of the approach to the review is set out in Appendix C of this Feedback Statement.

KEY FINDINGS

Objectives and scope of activities of the ASAF

26. The ToR and the MoU set out that the objective of the ASAF is to provide an advisory forum in which members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards. In particular, they note that the ASAF is established to:
- (a) provide an advisory forum that supports the IASB in its objectives;
 - (b) formalise and streamline communication with NSS and regional bodies; and
 - (c) facilitate effective technical discussion on standard-setting issues, primarily on the IASB's work plan.
27. The questionnaires sought views on whether the ASAF is achieving its objectives as set out in the ToR and the MoU, including:
- (a) whether the ASAF considers, in sufficient depth, issues that have major implications for the IASB's work; and
 - (b) whether ASAF members' experience and expertise are being used by the IASB on important issues.
28. Overall, respondents supported the ASAF's objectives as set out in the ToR and the MoU. Some respondents noted that the establishment of the ASAF is a significant enhancement to the IASB's due process and provides an opportunity for open, multilateral discussions between the IASB and NSS and regional bodies.
29. There was support for the continuation of the ASAF.

Scope of agenda topics

30. The ToR and the MoU for the ASAF include effective technical discussions on standard-setting issues. Although there was support for the ASAF's objectives, suggestions were received for additional agenda topics that could be discussed at the ASAF meetings. Some of the topics it was suggested the ASAF could discuss include:
- (a) wider concerns and issues that affect the IFRS Foundation in achieving its objectives. These include jurisdictional issues regarding whether, how and when new Standards are adopted, and issues relating to the quality, understandability and enforcement of existing Standards.
 - (b) implementation issues that arise in practice in countries that have adopted IFRS.
 - (c) the IASB's agenda priorities and work plans, and the selection and development of the IASB's research activities.
31. The Trustees considered the suggestion that additional topics could be discussed at the ASAF meetings and noted that the ASAF objectives include:

...

facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan but which may include other issues that have major implications for the IASB's work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions.

32. The Trustees are of the view that discussion of jurisdictional issues raised by ASAF members comes within the scope of references in the ToR and the MoU. The Trustees noted that global issues stem from jurisdictional issues. The ASAF provides a forum in which ASAF members can identify whether other members have experienced similar issues; discuss whether, and how, other members' jurisdictions have addressed similar issues; and identify possible solutions. Where a solution is not identified among ASAF members and the matter relates to an IFRS Standard, then the discussion may highlight a matter for the IASB to consider.

IFRS Foundation—Decision 1

33. **The Trustees confirm that the objectives of the ASAF permit effective technical discussions of jurisdictional issues and concerns. Consequently, the agenda may include discussion of jurisdictional issues and concerns.**

Agenda-setting process

34. In response to the questionnaire, some ASAF members suggested that the ASAF members should set the meeting agenda. In accordance with the ToR, the agenda for the ASAF meetings is set after consultation with the ASAF members. The final agenda for each meeting is at the discretion of the Chair of the ASAF.
35. Developing the agenda requires careful liaison with the technical staff in order to identify the appropriate stage(s) of the project for a discussion with the ASAF and to ensure that it is clear what advice the IASB is seeking.
36. The Trustees and the IASB acknowledge that for the ASAF to be effective, it is important that the ASAF members' views are adequately taken into consideration when developing the agenda. The Trustees noted that the IASB has facilitated all requests from ASAF members to discuss items that they had proposed for discussion at ASAF meetings. The Trustees are therefore confident that effective consultation on the ASAF agenda takes place between ASAF members and the IASB.

IFRS Foundation—Decision 2

37. **The Trustees decided that because the ASAF agenda is set in consultation between the ASAF members and the IASB, they should remove the reference from the ToR that the final agenda for each meeting is at the discretion of the Chair of the ASAF.**

ASAF and IASB due process

38. Some respondents to the questionnaires suggested that the ToR imply that the ASAF should have a more formal role in the IASB's due process than that of its other advisory bodies.
39. At present, the IASB's *Due Process Handbook* contains references¹ to the ASAF but does not explicitly require consultation with the ASAF prior to publication of a due process document. Consultation with the ASAF is not a mandatory due process step for the IASB.
40. The advice of the Advisory Council was sought, at its February 2015 meeting, on whether consultation with the ASAF should be a mandatory due process step for the IASB. The Advisory Council members' views were mixed. Overall, members did not support the suggestion for a variety of reasons, including:
- (a) it has the risk of lengthening the time taken to produce Standards;
 - (b) it has the potential to create two tiers of constituents—ASAF and non-ASAF members; and
 - (c) the IASB is accountable for its Standards and, hence, requiring consultation with the ASAF could be seen as reducing the IASB's accountability.
41. Although the Advisory Council did not support the ASAF becoming a mandatory part of the IASB's due process, it generally supported including the ASAF as part of the structure of the IFRS Foundation. At present, the IFRS Foundation Constitution notes:
- 28 *The IASB will, in consultation with the Trustees, be expected to establish and maintain liaison with national standard-setters, other standard-setters, and other official bodies with an interest in accounting standard-setting in order to assist in the development of IFRSs and to promote the convergence of national accounting standards and IFRSs.*
42. The Trustees considered the suggestion that ASAF should have a formal role in the IASB's due process and whether it should become a mandatory due process step, taking into consideration the advice of its Advisory Council.
43. The Trustees noted that, currently, all ASAF members are able to participate in the development of Standards by sending comment letters at each stage of a project's life-cycle, so their views are documented and considered as part of the normal due process together with the views of other NSS. Requiring the IASB to consult with the ASAF as part of the due process would extend the role of the ASAF members beyond that of other NSS. It would also extend the role of the ASAF beyond that of an advisory body.
44. The Trustees also noted that the ASAF is still evolving—this first review is based on a limited trial period, and importantly there has yet to be a rotation in the membership of the ASAF.

¹ *A national and regional network*

...

3.50. The IASB shares information and consults with the Accounting Standards Advisory Forum.

...

Standards-level projects

5.6 The IASB's discussion of potential project and its decision to adopt new projects take place in public IASB meetings. Before reaching such decisions, the IASB consults its Advisory Council, ASAF and the accounting standard-setting bodies on proposed agenda items.

45. In relation to reflecting the role of the ASAF in the Constitution, the Trustees decided against amending the Constitution at this stage in the evolution of the ASAF. Expressly including ASAF within the Constitution may limit the Trustees' ability to amend the role of the ASAF, if they should desire to do so at any point in the future and could result in the Constitution becoming unduly detailed.

IFRS Foundation—Decision 3

46. **The Trustees decided to wait, at least until after the next rotation of ASAF members has occurred, before considering the inclusion of consultation with the ASAF in the IASB's *Due Process Handbook* or reflecting the role of the ASAF formally in the Constitution.**

Membership

47. As part of the questionnaire, NSS and regional bodies, ASAF and IASB members' views were sought on the size and composition of the ASAF membership.

Size of the ASAF

48. Comments on the size of the ASAF tended to vary depending on the class of respondent to the questionnaire. NSS supported a small increase in the size of the ASAF to allow more jurisdictions to contribute; whereas ASAF members tended to support the current size, or a small decrease, to maintain the effectiveness of the discussions at the ASAF meetings.
49. The comments from IASB members were varied; some members agreed with the views of NSS and proposed a small increase in the size of the ASAF. In contrast, others proposed decreasing the size of the ASAF, possibly as a way of improving the discussion between ASAF and IASB members at the ASAF meetings.

IFRS Foundation—Decision 4

50. **The Trustees considered the overall feedback on the size of the ASAF and decided the current size of the ASAF is appropriate.**

Composition of the ASAF

51. The ToR provide that the ASAF shall comprise 12 non-voting members from the following regions:
- One member from Africa;
 - Three members from the Americas (North and South);
 - Three members from the Asia/Oceania region;
 - Three members from Europe (including non-EU); and
 - Two members appointed from any area of the world at large, subject to maintaining an overall geographical balance.

52. Responses to the questionnaires noted the following matters regarding the composition of the ASAF:
- (a) geographical representation is important;
 - (b) the representation at the ASAF could be enhanced by having more member jurisdictions that have fully adopted IFRS;
 - (c) regional groups should be permanent members of the ASAF;
 - (d) the current representation on the ASAF is from large economies and regional groups. A representative from a small economy would help to represent the specific interests of smaller economies, such as the lack of a deep capital market or trading occurring predominantly in foreign currencies;
 - (e) the representation of public sector interests on sector-neutral topics would be desirable;
 - (f) the ASAF should include regulators.
53. In considering the feedback to the ASAF review, the Advisory Council discussed the composition of the ASAF. It noted that having representation at the ASAF of both adopters and non-adopters permits opportunities for convergence to be identified. There was also support from the Advisory Council for containing the membership of the ASAF to NSS and regional groups involved in accounting standard-setting.
54. The Trustees considered the comment that regional groups should be permanent members of the ASAF and noted that regional groups are themselves subject to review and evolve over time. If regional groups were made permanent members of the ASAF the Trustees might not be able to reflect these evolutions in the membership of the ASAF.

IFRS Foundation—Decision 5

- 55. The Trustees decided there should not be permanent members and therefore to retain the current composition of the ASAF.**

Rotation of ASAF membership

56. The ToR provide that membership of the ASAF is renewable and is subject to review every two years. Respondents to the questionnaire made suggestions about the rotation of the ASAF members, including:
- (a) The term of office for ASAF members should be extended from two years to three years. A three-year term would provide more time for participants to become familiar with complex topics.
 - (b) Consideration should be given to the merits of retaining a degree of stability in the ASAF membership to assist with the retention of 'corporate knowledge'.
 - (c) Membership should be rotated among jurisdictions that have major capital markets as well as those with smaller, but internationally relevant, capital markets that are not represented on the IASB.
57. The Trustees decided that, taking into consideration the time period that is required for the IASB to complete a project, it would be appropriate to extend the terms of office from two years to three years.
58. The Trustees also agreed with the suggestion to provide a degree of stability in the ASAF membership.

59. In considering the rotation of members, the Trustees noted that the ToR provide:

2.2.3 The individual representatives of the ASAF should be capable of providing technical expertise, experience and practical knowledge of accounting issues from within their jurisdictions/regions to enable them to contribute meaningfully to technical discussions and provide reliable and tolerant technical advice to the IASB.

2.2.4 Every ASAF member shall be capable of, and willing to, allocate and commit necessary staffing and resources to meet the objectives of the ASAF and the IASB.

60. The Trustees decided these paragraphs adequately set out requirements for the membership of the ASAF and that they could assess applications responding to the second Call for Nominations to the membership of the ASAF based on these paragraphs.

IFRS Foundation—Decisions 6, 7 and 8

61. The Trustees decided to amend the ToR so that the membership of the ASAF is subject to review every three years.

62. The Trustees agreed with the suggestion to provide a degree of stability in the ASAF membership.

63. The Trustees decided to assess applications responding to the call for nominations to the membership of the ASAF based on the requirements set out in paragraphs 2.2.3 and 2.2.4 of the ToR.

64. The Trustees, having decided to extend the appointment of ASAF members from two to three years, decided that the next review of the ASAF should take place in approximately three years' time. This would coincide with the reappointment/rotations of members.

IFRS Foundation—Decision 9

65. The next ASAF review will occur in approximately 3 years.

Communication and liaison

66. One of the Trustees' aims when recommending the establishment of the ASAF was to formalise and streamline the IASB's relationship with representatives from across the accounting standard-setting community. The questionnaires sought views on whether the ASAF was achieving this aim.

Timely provision of agenda materials

67. The most significant matter highlighted by ASAF members, NSS and regional bodies was a need for agenda materials to be distributed on a timely basis. It was explained that agenda papers should be received four weeks in advance of the meetings to ensure that ASAF members can consult within their jurisdictions. Without adequate time to prepare and consult within their regions, ASAF members are unable to adequately represent the views of their jurisdiction.

68. The IASB will continue to target distribution of agenda papers four weeks before the meeting. The IASB will also seek to improve the detail regarding the advice to be sought at the ASAF meeting as part of the agenda provided to ASAF members in advance of the ASAF meeting.

Feedback to the ASAF

69. Some respondents considered that the ASAF should be provided with feedback on how its advice is taken forward. This includes the IASB providing an explanation of its position when it differs from those expressed by ASAF members.
70. The IASB is seeking to improve the feedback that it provides to its advisory bodies on how it makes use of the advice it receives. At the March 2015 ASAF meeting members were provided with a summary of the feedback on the previous meeting explaining how their advice had been, or would be, used by the IASB.

Meeting summary

71. There were comments regarding the written summaries of the ASAF meetings and a suggestion that the ASAF should be empowered to approve the summaries.
72. The preparation of an ASAF meeting summary has to carefully balance the need to reflect the comments of individual ASAF members while not providing a full transcript of the meeting.
73. The IASB considers it is not practical to propose that ASAF members finalise the summaries of the meetings, because they require liaison between the IASB project teams and the ASAF members to ensure that they are fair and balanced.

Meetings

74. The views of ASAF and IASB members were sought on the effectiveness of the ASAF meetings. ASAF members noted their support for the improvements introduced by the IASB since the ASAF was established.

Improving effective technical discussions

75. The objectives of the ASAF include facilitating effective technical discussion. In relation to this particular objective, both ASAF and IASB members noted that their expectation of an open discussion in which ideas are shared and debated, had not always materialised at the ASAF meetings.
76. The feedback about improving the discussions at the ASAF was reviewed with ASAF members at the March 2015 ASAF meeting. ASAF members noted:
- (a) In addition to facilitating technical discussions, they are also ambassadors for their jurisdictions and have a jurisdictional interest to represent at the ASAF meetings. The closer the IASB comes to the publication or issuance of a due process document, the less opportunity there is for debate regarding the decisions in the document because the ambassador role tends to take greater prominence.
 - (b) The most effective technical discussions take place when the topic under consideration relates to an IASB project that is in its research phase or when advice is being sought in advance of the IASB making its tentative decisions.
77. ASAF members noted that the ASAF has been in place for only two years and is still evolving, and the review process had itself clarified the IASB's commitment to an effective technical discussion. The clarification of the IASB's commitment to effective discussions had assisted in improving the discussions at the March 2015 meeting, which was considered to be a very effective meeting.

78. The review also identified some operational improvements that will improve the effectiveness of the discussions between ASAF and IASB members. These improvements include:
- (a) recognising that in some circumstances the objective of the discussion will not necessarily result in a debate, especially when the IASB has reached tentative decisions and is close to publication of a due process document or issuing the final IFRS;
 - (b) where possible seeking advice from the ASAF in advance of the IASB making its tentative decisions;
 - (c) encouraging discussion between ASAF and IASB members; and
 - (d) clearly identifying the advice the IASB is seeking from the ASAF.

Encouraging discussion between ASAF and IASB members

79. To encourage discussion between ASAF and IASB members, ASAF members made some operational suggestions:
- (a) IASB staff should provide verbal summaries of discussions at the end of agenda discussions. Providing a verbal summary should clarify the discussion that has taken place and ensure both ASAF and IASB members have an agreed understanding of their individual positions.
 - (b) IASB members could help to stimulate the debate at ASAF meetings by putting forward their own views and exploring the views of ASAF members.
 - (c) In addition to Board advisers, other IASB members could attend the ASAF meetings.

Clear identification of the advice the IASB is seeking from the ASAF

80. At the March 2015 ASAF meeting, ASAF and IASB members agreed that for discussions to be effective, the IASB needs to clearly identify the advice it is seeking from the ASAF members. To achieve this, agenda papers should be tailored to focus on the major points and the questions to be discussed at the ASAF meetings. ASAF members need to understand those questions so that they can consult within their jurisdictions prior to the ASAF meeting. The detailed IASB Staff Papers, Research Papers prepared by NSS and regional bodies and other similar papers should serve as background papers.

Interaction with the IASB

81. The views of ASAF members were sought on a number of questions relating to the interaction and participation of IASB members at the ASAF meetings. The interaction between ASAF and IASB members has been discussed above.
82. There was positive feedback that the attendance of the IASB Chairman and/or Vice-Chairman at every meeting demonstrates the high level of commitment by the IASB in ensuring effective engagement with NSS and regional bodies.

IASB Actions

83. In relation to matters raised regarding operational improvements, the IASB commits itself to:

Communication and liaison improvements

- (a) continue to target distribution of agenda papers four weeks before the meeting;**
- (b) provide a summary of feedback to ASAF members; and**
- (c) continue to seek the views of ASAF members on the draft meeting note.**

Meetings

- (d) encourage effective technical discussion between ASAF members and the IASB;
and**
- (e) provide agenda papers that clearly identify the advice it is seeking from ASAF members.**

Appendix A: Accounting Standards Advisory Forum: Memorandum of Understanding

This Memorandum of Understanding is made on [date to be inserted]

BETWEEN

THE IFRS FOUNDATION AND THE UNDERSIGNED

NATIONAL STANDARD-SETTERS AND REGIONAL BODIES

1. PREAMBLE

The G20 has consistently emphasised the importance of working towards a single set of high quality global accounting standards, and called accounting standards setters to continue their efforts to achieve this goal.¹ The IFRS Foundation (the ‘Foundation’) has set as its objectives the aim to develop in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles; to promote, and facilitate the adoption of International Financial Reporting Standards (‘IFRSs’) around the globe and to promote the consistent application of IFRSs around the globe. These standards should serve investors and other market participants in making informed resource allocation and other economic decisions. The International Accounting Standards Board (‘IASB’) is the standard-setting body of the Foundation.

The Accounting Standards Advisory Forum (‘ASAF’) is established to support the Foundation in achieving its objectives.

ASAF is a group of nominated members from both National Standard-Setters (‘NSS’) and regional bodies involved with accounting standard-setting (regional bodies).

The Foundation recognises that NSS and regional bodies have expertise in standard-setting and valuable local jurisdictional experience and knowledge, which should be taken into account by the IASB in setting global financial and reporting standards. The ASAF will provide the opportunity for greater valuable discourse, complement the existing IASB’s outreach activities and enhance the quality of the final standard.

The objective of the ASAF is to provide an advisory forum where members can constructively contribute towards the achievement of the IASB’s goal of developing globally accepted high-quality accounting standards. More particularly ASAF is established to:

- support the Foundation in its objectives, and contribute towards the development, in the public interest, of a single set of high quality understandable, enforceable and globally accepted financial reporting standards to serve investors and other market participants in making informed resource allocations and other economic decisions;

¹ **2008 (Washington):** The key global accounting standards bodies should work intensively toward the objective of creating a single high-quality global standard. Source: <http://www.g20.utoronto.ca/summits/2008washington.html> / Action Plan: <http://www.g20ys.org/docs/Washington%202.pdf>.

2009 (Pittsburgh): We call on our international accounting bodies to redouble their efforts to achieve a single set of high quality, global accounting standards within the context of their independent standard setting process, and complete their convergence project by June 2011. Source: <http://www.g20.org/images/stories/docs/eng/pittsburgh.pdf>.

2009 (London): Accounting standard setters should take action by the end of 2009 to make significant progress towards a single set of high quality global accounting standards. Source: <http://www.g20.utoronto.ca/2009/2009ifi.pdf>.

2010 (Toronto): We re-emphasized the importance of achieving a single set of high quality improved global accounting standards. Source: <http://www.g20.utoronto.ca/2010/to-communicate.html>.

2011 (Cannes): We reaffirm our objective to achieve a single set of high quality global accounting standards. Source: <http://www.g20.utoronto.ca/summits/2011cannes.html>.

2012 (Los Cabos): We support continuing work to achieve convergence to a single set of high-quality accounting standards. Source: <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.html>.

- formalise and streamline the IASB's collective engagement with the global community of NSS and regional bodies in its standard setting process to ensure that a broad range of national and regional input on major technical issues related to the IASB's standard setting activities are discussed and considered; and
- facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan, but which may include other issues that have major implications for the IASB's work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions.

The parties of this MOU respect each other's roles and the establishment of ASAF does not in any way undermine their respective formal mandates: The IFRS Foundation recognises the independent roles that NSS and regional bodies have within their own national and regional context, and the members of ASAF recognise that the IASB operates within the framework of the Foundation's constitution which sets the principle of the IASB's independence in developing IFRSs.

The parties of this MOU may maintain open relationships with other stakeholders, and the establishment of ASAF does not preclude the IASB or the members of ASAF from having individual relationships with stakeholders and there should be no restriction on the ability of the parties to develop and maintain their own relationships.

2. COMMITMENTS OF ASAF MEMBERS

The ASAF members formally commit to:

- 2.1. Supporting and contributing to the IFRS Foundation in its mission to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards;
- 2.2. Encouraging input from constituents within their jurisdiction/regions on the technical standard-setting activities of the IASB;
- 2.3. Providing the technical resources including the appointment of representatives with standard setting experience and expertise, allocating technical resources in preparation for ASAF meetings and participating actively in substantive technical discussions;
- 2.4. Providing the necessary resources to act as an active member of ASAF, including time and travel costs;
- 2.5. Respecting the IASB's independence, by ensuring that ASAF's discourse does not compromise or challenge the independence and integrity of the IASB and its duty to be the final arbiter of IFRSs.

3. COMMITMENTS OF THE FOUNDATION

The Foundation formally commits to:

- 3.1. Actively engaging with the ASAF and ensuring that its views and feedback are faithfully and fully presented to the IASB as a substantive part of stakeholder outreach.
- 3.2. Providing technical resources to contribute to ASAF's effective work and discussions, including the participation of IASB representatives (the Chair and other IASB members), and experienced staff with technical expertise.
- 3.3. Providing the necessary liaison, communication and support between the ASAF and the IASB.

- 3.4. Preparing the agenda and ensuring the timely circulation of the agenda and supporting papers (prepared by IASB staff or ASAF members), in order to ensure that ASAF members have the opportunity to be fully prepared and capable of actively and constructively participating in all ASAF discussions and work.
- 3.5. Providing the necessary resources and secretariat to host the ASAF meetings.
- 3.6. Ensuring full transparency of ASAF discussions, including that all meeting agendas, supporting papers and meeting summaries are placed in the public domain, meetings are webcast, and preparing and publishing appropriate press releases and communication following ASAF meetings for the benefit of stakeholders and observers around the globe.
- 3.7. Respecting the independence of ASAF members and recognising that ASAF's members operate under their own specific national mandates, and undertakes not to undermine or compromise the existing legal rights and obligations of the ASAF members within their respective jurisdictions.

APPENDICES

Appendix B: Accounting Standards Advisory Forum: Terms of Reference

The Accounting Standards Advisory Forum ('ASAF') is a group of nominated members from both National Standard-Setters ('NSS') and regional bodies involved with accounting standard-setting (regional bodies). The members of ASAF and the IFRS Foundation (the Foundation) signed a Memorandum of Understanding on [date to be inserted]. This document sets out ASAF's terms of reference.

1. OBJECTIVES OF THE ASAF

- 1.1. The G20 has consistently emphasised the importance of working towards a single set of high quality global accounting standards, and called upon accounting standards setters to continue their efforts to achieve this goal. The IFRS Foundation (the 'Foundation') has set as its objectives the aim to develop in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles; to promote, and facilitate the adoption of International Financial Reporting Standards ('IFRSs') around the globe and to promote the consistent application of IFRSs around the globe. These standards should serve investors and other market participants in making informed resource allocations and other economic decisions. The International Accounting Standards Board ('IASB') is the standard-setting body of the Foundation.
- 1.2. The objective of the ASAF is to provide an advisory forum where members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards. More particularly the ASAF is established to:
 - support the Foundation in its objectives, and contribute towards the development, in the public interest, of a single set of high quality understandable, enforceable and globally accepted financial reporting standards to serve investors and other market participants in making informed resource allocations and other economic decisions;
 - formalise and streamline the IASB's collective engagement with the global community of NSS and regional bodies in its standard setting process to ensure that a broad range of national and regional input on major technical issues related to the IASB's standard setting activities are discussed and considered; and
 - facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan but which may include other issues that have major implications for the IASB's work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions.

2. ORGANISATIONAL STRUCTURE AND WORKING MECHANISMS

2.1. Chairmanship

- 2.1.1. The IASB Chair or the Vice-Chair shall be the Chair of the ASAF.
- 2.1.2. The Chair shall have the discretion to draw up the ASAF technical agenda, following consultation with the IASB and ASAF members, and structure the meetings in such a way as to ensure optimal and constructive, in-depth technical discourse to achieve the ASAF's objectives.

2.2. Membership

- 2.2.1. The ASAF shall comprise twelve non-voting members, represented by twelve individuals, plus the Chair.
- 2.2.2. The twelve individuals shall represent twelve NSS and regional bodies from around the globe. The appointment is not in their personal capacity.
- 2.2.3. The individual representatives of the ASAF members should be capable of providing technical expertise, experience and practical knowledge of accounting issues from within their jurisdiction/regions to enable them to contribute meaningfully to technical discussions and provide reliable and relevant technical advice to the IASB.
- 2.2.4. Every ASAF member shall be capable of, and willing to, allocate and commit necessary staffing and resources to meet the objectives of the ASAF and the IASB.
- 2.2.5. In order to ensure a broad geographical representation and balance of the major economic regions in the world, the twelve members shall be from the following geographical regions:
- One member from Africa;
 - Three members from the Americas (North and South);
 - Three members from the Asia/Oceania region;
 - Three members from Europe (including non EU); and
 - Two members appointed from any area of the world at large, subject to maintaining overall geographical balance.
- 2.2.6. In order to ensure efficiency and continuity, there shall be a single designated representative for each member organisation. The single designated representative may be the Chair, or another senior member of staff from the organisation, who fulfils the requirements of section 2.2.3. The single designated representative may delegate another member of his/her organisation with specialist expertise to represent the organisation in discussions on particular agenda items.
- 2.2.7. The Chair shall have the discretion to invite a representative of a non-member NSS or regional body to attend and participate in ASAF meetings, subject to any attendee having the technical expertise and capability to make a valuable contribution to the ASAF in accordance with section 2.2.3 above. Where possible, the Chair will endeavour to obtain the prior consensus of the meeting.
- 2.2.8. Members of the IASB may attend ASAF meetings.
- 2.2.9. Membership of ASAF, which is renewable, is subject to review every ~~two~~three years (which itself is subject to the continued existence of ASAF). As well as achieving the geographical balance referred to in section 2.2.5 above, the review, as well as the initial composition, of the membership will take into account factors such as technical competence, the scale of the jurisdiction's capital market, the organisation's contribution to the IASB's standard-setting process and the scale and degree of the human capital resources available to the organisation, among others.
- 2.2.10. Members of ASAF will be selected by the Trustees of the IFRS Foundation, following a call for candidates. ~~In selecting the membership, the IFRS Foundation will consult with relevant regional bodies and regulatory bodies.~~

2.3. Meetings

- 2.3.1. Meetings shall normally be held in London, utilising the Foundation's secretariat and resources to host the meeting, including the meeting venue and relevant catering. The Chair and ASAF members may agree to hold meetings in other locations.
- 2.3.2. Travel and accommodation costs of attending ASAF meetings shall be borne by the members attending the meeting.
- 2.3.3. Foundation staff shall prepare the proposed agenda for each meeting, in consultation with ASAF members, in order to provide a summary of the key issues under consideration. ~~The final agenda for each meeting is at the discretion of the Chair of the ASAF.~~ Supporting papers for the meetings will be prepared by Foundation staff or by ASAF members. The agenda and the supporting papers shall be circulated in advance in order to ensure that ASAF members are fully prepared and capable of actively and constructively participating in all ASAF discussions and work.
- 2.3.4. Members of the ASAF are recommended to attend all meetings in person. If attendance in person is not possible members may attend by using teleconferencing, videoconferencing or any other electronic means.

2.4. Communication

- 2.4.1. All ASAF meetings shall be held in public and webcast for the benefit of stakeholders and observers around the globe. Agenda papers and a meeting summary will be posted on the Foundation's website.
- 2.4.2. The Foundation shall maintain a separate section of its website for ASAF, with the intention of providing information and support for all stakeholders.

2.5. Review of ASAF

- 2.5.1. All aspects of ASAF and its operations shall be reviewed by the IFRS Foundation ~~two~~ three years ~~after the establishment of the group~~ as from the date of signing or reaffirming agreement to the Memorandum of Understanding.

Appendix C: A summary of the approach to the review of the ASAF

The Trustees agreed the scope, content and timing of the review of the ASAF at their meeting in October 2014. At that meeting it was agreed that:

- (a) the scope of the review would be to assess how the ASAF has performed in relation to its Terms of Reference and the Memorandum of Understanding, which were signed by the ASAF and IASB members;
- (b) views would be collated through:
 - (i) a detailed questionnaire for ASAF members and IASB members;
 - (ii) a simpler questionnaire for other national standard-setters (NSS) and regional groups; and
 - (iii) a discussion with the IFRS Advisory Council.
- (c) the findings would be followed-up through interviews;
- (d) a Feedback Statement would be issued following completion of the review; and
- (e) the current ASAF members' terms of office would be extended to allow for the findings of the review to be considered prior to a second public call for nominations for candidates for the ASAF.

The following is a summary of the steps undertaken:

Date	Event
November 2014	Questionnaires for ASAF members and national standard-setters issued.
January 2015	Responses to questionnaires received and reviewed.
February 2015	Trustees updated. Questionnaire to IASB members issued and responses received. Discussion with the IFRS Advisory Council.
March 2015	Discussion with the IASB on the findings. Individual discussion with ASAF members. Discussion with the ASAF on the findings from the review.
April 2015	Discussion with the Trustees on the outcome of the review.

ASAF and IASB members were asked to complete a questionnaire. With the exception of two ASAF members (who preferred not to respond to the questionnaire but provided written comments), responses were received from all ASAF and IASB members.

A questionnaire was posted on the IASB website for NSS and regional groups to respond to - 37 completed questionnaires were received, of which 20 were completed by national standard-setters and 17 were from other respondents.

Those respondents that were not NSS or regional groups represented a mixed range of respondents, including audit firms, academics and a preparer, among others. The matters raised by this group of respondents have been included in the Feedback Statement.

Appendix D: Membership of the ASAF

The initial and current membership of ASAF is as follows:

<p>Africa</p>	<p>South African Financial Reporting Standards Council, supported by the Pan African Federation of Accountants (PAFA).</p>
<p>Asia-Oceania (including one 'at large')</p>	<p>Accounting Standards Board of Japan. Australian Accounting Standards Board. Chinese Accounting Standards Committee. Asia Oceania Standard Setters Group (AOSSG), represented by the Hong Kong Institute of Certified Public Accountants.</p>
<p>Europe (including one 'at large')</p>	<p>Accounting Standards Committee of Germany. European Financial Reporting Advisory Group (EFRAG). Spanish Accounting and Auditing Institute. United Kingdom Financial Reporting Council.</p>
<p>The Americas</p>	<p>Group of Latin American Standard-Setters (GLASS). Canadian Accounting Standards Board. United States Financial Accounting Standards Board.</p>