

Summary of the conclusions of the IFRS Foundation Trustees' meeting

February 2017

1. Introduction

The latest meeting of the Trustees of the IFRS Foundation, chaired by Michel Prada, was held in Paris 1-2 February 2017.

2. Report of the Trustees' Executive session

The Trustees addressed a number of issues at this meeting

2.1 Strategic Workplan 2017

The Trustees received a presentation on the Strategic Workplan for 2017, and discussed the priorities proposed for the Foundation in 2017 in support of the four primary strategic goals:

- (1) 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;
- (2) to pursue the global adoption of IFRS Standards ('the Standards');
- (3) to support the consistent application and implementation of the Standards globally;
- (4) to ensure that the IFRS Foundation, as an organisation, is independent, stable and accountable

The Trustees approved the work plan and the areas of focus to achieve the strategic goals. Key elements were

1. IFRS as high-quality standards

- a. Execution of the technical work plan including finalising IFRS 17 *Insurance Contracts*, the revised Conceptual Framework and the Materiality Practice Statement (these were all discussed in the report of the Chair of the IASB in 3.1 below);
- b. Work on ensuring high quality of IFRS Standards (Including work on Post Implementation Reviews and Effects Analyses);
- c. Maintaining the relevance of IFRS Standards, including support and development of activities in the area of digital reporting (including the taxonomy for IFRS Standards) and development of an appropriate business model. This also includes work on the impact of developments in wider corporate reporting and how they could be reflected in the IFRS standards.

2. Support IFRS implementation

- a. Effectiveness of the interpretation process (as discussed in 2.2 below)
- b. Educational activities to support new standards (notably IFRS 16 *Leases* and IFRS 17) together with enhanced work with key stakeholders in promoting consistent

application (including regulators, national standard-setters and International Organisations)

- c. Other educational activities including conferences, publications, outreach to trainers and academics and work on Continued Professional Development Programmes.

3. Global adoption of IFRS

The Foundation's Communications and International Strategy sets out the priorities for delivering this, and work will continue on supporting the IFRS brand and adoption processes around the world.

4. Organisational excellence and best practices

- a. Work on the funding structure, focusing on contributions from jurisdictions and other income. In parallel a reassessment of the Foundation's self-financing strategy is underway, having regard to the implications of an increasing move away from physical to digital publishing;
- b. A survey of external stakeholders' assessment of the Foundation's reputation (progress on this was discussed at the meeting, and a more detailed report will be put to the meeting in May);
- c. The implications for the Foundation of the UK referendum on leaving the EU (this was discussed in the context of the Foundation's location in 2.3 below);
- d. IFRS Foundation website to be redesigned and launched in the first half of 2017.

2.2 Maintenance of IFRS – the interpretation process

The Trustees received a presentation on the Board's and the Interpretation Committee's approach to the interpretations process including its relationship with other activities supporting the implementation and application of the Standards. The Trustees noted that the staff plan to enhance communications about the interpretations process and increase interaction with National Standard-Setters in connection with activities supporting implementation and application.

2.3 The Foundation's location

The Trustees discussed the potential need for the Foundation to relocate as the lease on its premises in London will expire in 2018. They agreed that the Foundation's needs would be best met by staying in London in the medium-term, but given the potential implications for the Foundation of the UK referendum that it would be prudent to seek a lease with a break clause after five years to enable the issues to be reassessed over time.

2.4 Presentation on the work of the International Integrated Reporting Council (IIRC)

The Trustees received a presentation from Richard Howitt the recently-appointed Chief Executive officer of the IIRC, and noted the IIRC's interest in working more closely with the IASB.

2.5 Other issues

The Trustees also discussed a number of other issues, including the following

- The Trustee Body evaluation (a self-assessment of their effectiveness that the Trustees carry out every two years). This was an opportunity for the Trustees to reflect on the way that they have met their responsibilities and to discuss wider longer-term strategic issues. In this context the Trustees noted their appreciation for the statement made by Mary Jo White, the retiring Chair of the SEC, in support of global accounting standards (*A U.S. Imperative: High-Quality, Globally Accepted Accounting Standards* published on 5 January 2017)¹; updates on the Asia Oceania office the Board's work on long-term investment, and the effect of accounting information on investment decision-making; and
- the timetable for the approval of the 2016 Audited Financial statements

2.6 Committee reports

The Trustees received reports from a number of Committees (as the **Due Process Oversight Committee** met in public there was no formal report²)

- The **Audit and Finance Committee** reviewed the 2016 flash results against budget which showed actual net operating income above budget as a result of currency gains on contributions and increases in content services income, and further expenditure savings. They were updated on the status of 2016 contributions, and reviewed the 2016 audit plan, audit partner rotation and audit timetable. They also confirmed the Foundation's investment policies and were updated on other current finance issues.
- The **Education and Content Services Committee** received a presentation on the Foundation's Education Strategy for 2017. They also reviewed progress made on the Foundation's Content Services plans in 2016 and were updated on the Continuing Professional Development Plan.
- The **Human Capital Committee** was updated on the recent successful Investors in People accreditation. They also discussed remuneration benchmarking and plans for the 2017 remuneration review.
- The **Nominating Committee** progressed recruitment of Board members, Trustee candidates and the Chair of the IFRS Interpretations Committee and discussed progress regarding the appointment process for the Chair of the Trustees.

3. Report of the Chair of the IASB

Hans Hoogervorst, Chair of the IASB, provided the Trustees with an update on a number of the Board's technical activities.

¹ <http://ww2.cfo.com/gaap-ifs/2017/01/mary-jo-white-urges-convergence/>

² Add a link to the note of the DPOC meeting

3.1 Technical work overview

The Trustees were informed of continuing work on

- a. IFRS 17 *Insurance Contracts* where the Board has conducted topic-based field-testing, and the draft standard has been circulated for an editorial review to selected parties. Staff are now reviewing the comments received and the Board is expected to consider any issues at its meeting in February. The staff will then review the timing of completion of the final standard. The Board has set the mandatory effective date of the standard for 1 January 2021 with early application permitted. This will enable insurance companies to align implementation of IFRS 9 *Financial Instruments* and IFRS 17.
- b. The Conceptual Framework, where the Board has continued its redeliberations of the 2015 ED. This has included the definitions of assets, liabilities and equity, asymmetry in treating gains and losses, business activities and long-term investment and measurement.
- c. The Disclosure Initiative, where the Discussion Paper on Principles of Disclosure is expected to be published in the first half of 2017.
- d. The Materiality Practice Statement, which the Board expects to issue in 2017.
- e. The Research programme which was revised following the agenda consultation. This includes the project on Primary Financial Statements where the Board will start technical discussions in the first half of 2017.

3.2 Agenda Consultation

Mr Hoogervorst confirmed that the Feedback Statement *IASB Work Plan 2017-2021* was published in November 2016.

3.3 Engagement Strategy

Mr Hoogervorst outlined the ongoing work through the Investors in Financial Reporting programme. This was launched in 2014 and was designed to extend investor participation in outreach activities by encouraging greater involvement from the buy-side community. Reactions to the initiative continue to be positive from the investment community and other stakeholders, and three more investors joined the programme in 2016, bringing the total to 18.

3.4 Implementation activities

The Trustees received a specific update on the work being undertaken to support those implementing IFRS 9. This was used to illustrate how the approach to supporting major new Standards has changed fundamentally in the last few years consistent with the increased emphasis on supporting those applying IFRS Standards.

4. Meeting with the Monitoring Board

The Trustees met with the IFRS Foundation Monitoring board and discussed issues around the Foundation's strategy and work as well as due process and governance.

5. Meetings in Paris

The Trustees had an interesting meeting with the Association Française des Entreprises Privées and held the final Tommaso Padoa-Schioppa lecture (a stakeholder event organised in memory of the late Trustee Chair Tommaso Padoa-Schioppa) with Jean-Claude Trichet (former President, European Central bank) as the keynote speaker. This was followed by a panel discussion on the theme *Accounting post-financial crisis - Lessons drawn and new challenges*. The discussion was moderated by Nicolas Véron (Senior Fellow, Bruegel) and the panel speakers were Patrick de Cambourg (Chair ANC), Frédéric Oudéa (CEO, Société Générale), Stephen Maijoor, (Chair, ESMA), and Hans Hoogervorst.