

SUMMARY OF THE CONCLUSIONS OF IFRS FOUNDATION

DUE PROCESS OVERSIGHT COMMITTEE (DPOC)

31 March 2011

1. Introduction of an enhanced protocol for due process oversight

The DPOC has agreed to create an enhanced protocol that describes how it discharges its responsibilities. The enhanced protocol will describe the interaction between the International Accounting Standards Board (IASB) and the DPOC, while respecting the independence of the IASB in its standard-setting activities. Once established, the enhanced protocol will provide a framework for the DPOC to oversee due process compliance from agenda consultation through to the issue of a standard. It is intended that the DPOC will issue a final report on the due process review at the end of each major project, as well as providing regular updates on the results of its review and discussions with the IASB throughout the life cycle of the projects.

2. Review of standards in development

Sir David Tweedie, Chair of the IASB, reported on the joint work of the IASB and the US-based Financial Accounting Standards Board (FASB) to complete the remaining projects described by their 2006 Memorandum of Understanding, including revenue recognition, leases and financial instruments accounting, as well as the insurance contracts standard also being jointly developed with the FASB.

In particular, Sir David highlighted aspects of projects that had the potential to prove controversial, and matters on which interested parties had raised questions about due process. Sir David confirmed that the boards were reviewing the timing of each of the proposed standards in the light of the remaining work required.

In support of this discussion, Sir David presented summaries of the IASB's compliance with its due process requirements. Those summaries are published within the new DPOC section of the IFRS Foundation website. Sir David emphasised that the development of the remaining projects had followed a transparent and rigorous due process, and that the IASB would only issue standards that were considered of high quality.

At the suggestion of the Sir David, the DPOC agreed to meet once a month until the remaining convergence projects have been completed.

3. Enhanced transparency and visibility of DPOC activities

The DPOC had previously asked staff to identify ways to promote a greater understanding of the activity of the DPOC and its oversight of the IASB's due process. In response, a dedicated DPOC section of the IFRS Foundation website has been established that includes summaries of the conclusions of DPOC meetings, public correspondence with third parties about the IASB's due

process, forthcoming meetings of the DPOC, as well as the ability to view DPOC papers by meeting date or by the project being reviewed.

Furthermore, a direct link to the DPOC section of the website has been provided within the quick links navigation system. The DPOC section of the website can be accessed via this link, or direct from www.ifrs.org/DPOC.

4. Oversight of XBRL activities

The DPOC is responsible for overseeing the due process related to the development of the IFRS Taxonomy. Accordingly, the DPOC met the Chairs of the XBRL Quality Review Team and the XBRL Advisory Council to discuss various subjects, including the need for extensions to the IFRS Taxonomy.

Staff reported that the XBRL resources of the Foundation will be integrated into the technical staff of the IASB, that members of the IASB will be involved in the development of any extensions to the Taxonomy, and that any extensions that go beyond the standards will be founded on principle-based accounting. The DPOC supported these changes and the appropriateness of the IASB to be involved in the development of such extensions.

5. Other matters

The DPOC reviewed plans for a forthcoming consultation of the IASB's future agenda.

The DPOC also noted that the European Financial Reporting Advisory Group (EFRAG) had provided details of a discussion paper on effect analysis, published by EFRAG for public comment in March 2011. Members of the DPOC expressed interest in the conclusions of the consultation exercise and asked to be kept informed of progress. The conclusions of the consultation will also be considered by the IASB as it continues to improve its effects analysis.