

REPORT ON INTERNATIONAL FORUM OF ACCOUNTING STANDARD-SETTERS (IFASS) — 29-30 MARCH 2012

IFASS met in Kuala Lumpur on 29-30 March 2012 and discussed the agenda items set out below.

Background

IFASS is an informal network of national accounting standard-setters from around the world, plus other organisations that have a close involvement in financial reporting issues. It is a forum at which interested stakeholders can discuss matters of common interest. The group is chaired by Tricia O'Malley, a former Chair of the Canadian Accounting Standards Board and former member of the IASB.

The public meeting was attended by representatives of standard setters from Australia, Austria, Belgium, Brazil, Canada, France, Germany, Hong Kong, India, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Peoples Republic of China, Republic of Korea, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Syria, Taiwan, the United Kingdom, and the United States. Representatives of the European Financial Reporting Advisory Group (EFRAG), the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and the IFRS Advisory Council also attended. A list of participants is attached. A number of observers were present.

Welcome

Tricia O'Malley, IFASS Chairman, welcomed participants to Kuala Lumpur and thanked the Malaysian Accounting Standards Board for hosting the meeting.

She requested meeting participants to complete meeting assessment forms following the meeting, and said that the results would be analysed and summarised by Steve Lim (Korea Accounting Standards Board), Felipe Perez-Cervantes (Mexican Financial Reporting Standards Board) and Didrik Thrane-Nielsen (Norwegian Accounting Standards Board). The summary would be provided in time for changes/recommendations to be considered for implementation at the next meeting in Zurich in October.

1. IASB Work Plan and IFRS Foundation Developments

- 1.1 Peter Martin, Director, Accounting Standards, Canadian Accounting Standards Board, referred the group to agenda paper 1, which provided information on the strategies and governance of the International Financial Reporting Standards (IFRS) Foundation, the International Accounting Standards Board's (IASB) efforts in developing and improving IFRSs, and key personnel changes since the group's last meeting.
- 1.2 Mr. Martin commented that the Canadian Accounting Standards Board was extremely pleased with the tone and content of the final reports of the IFRS Foundation Trustees ("IFRSs as the Global Standards: Setting a Strategy for the Foundation's Second Decade") and the IFRS Foundation Monitoring Board ("Final Report on the Review of the IFRS Foundation's Governance").
- 1.3 Alan Texeira, IASB Senior Director, Technical Activities, discussed the activities of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC), which is responsible for approving due process, overseeing the IASB's compliance with due process, and reviewing

the Trustees' fulfillment of their oversight function in accordance with the Constitution of the IFRS Foundation. The DPOC develops proposals and measurement targets, monitors the achievement of those targets and alerts the Trustees when targets are not being met.

- 1.4 Sue Lloyd, IASB Senior Director, Technical Activities, commented on the IASB's principal active projects (financial instruments, leases, insurance contracts, and revenue recognition). Referring to the potential consistency with U.S. GAAP of IFRS 9 *Financial Instruments*, she said that regarding classification and measurement, the IASB was focusing on the key differences with the U.S. model and trying to narrow the differences. Work was proceeding on a joint basis with the U.S. on impairment; so, hopefully, a common model would emerge. A common model was less likely for hedge accounting.
- 1.5 Ms. Lloyd said that the leases project was close to finalisation and that the IASB would be doing outreach in April to gather input from stakeholders. The Chairman suggested that meeting participants interested in being involved in the outreach activities contact Ms. Lloyd.
- 1.6 Referring to the insurance contracts project, Ms. Lloyd said that the IASB staff is trying to identify the differences between the IASB and FASB models to see if there is an opportunity to narrow these differences. The IASB plans to issue a review draft or a re-exposure draft by the end of 2012.
- 1.7 Representatives' comments on the IASB's principal active projects included the following:
 - A representative from the FASB commented that hedge accounting is dependent on the final model for classification and measurement. The FASB is considering the IASB model's presentation in the financial statements and will discuss whether the FASB should change the IASB's presentation approach to allow a better understanding on the face of the financial statements about what risks are being hedged, and what risks are not being hedged. The FASB is concerned about overriding classification and measurement in a significant way, and until this is considered it is difficult to predict whether the FASB model will be close to that of the IASB.
 - A representative from South Africa expressed concern if the FASB and IASB did not reach a consensus on hedge accounting. It made no sense to reach a consistent answer in the balance sheet treatment without having consistency in the income statement.
 - A representative from Japan expressed concern about the direction currently being taken by the IASB regarding the macro hedge accounting project. He commented that a net portfolio valuation approach would lead to the introduction of a new fair value model for financial instruments, which may conflict with the current classification and measurement model.
 - The Chairman commented there was a need to hear from Europe as the endorsement process for financial instruments in that region would not occur until the entire standard was completed. A representative from EFRAG said that Europe was interested in revising IFRS 9, understanding macro hedging and solving the issues.
 - A representative from the IFRS Advisory Council said the Council is in favour of a period of calm and that new projects should not be commenced without evidence-based research. He stated that a strong post-implementation review of standards is

required. There is also a strong desire for work to re-commence on the conceptual framework, including a disclosure framework.

2. Reports from Regional Groups

Update on Activities of the Asian-Oceanian Standard-Setters Group (AOSSG)

- 2.1 The AOSSG Chairman, Kevin Stevenson, provided an update on the group's activities. He commented that:
- the group has good support from the IASB;
 - the group is considering how to help build standard-setting capacity in developing Asian-Oceanic jurisdictions and how to co-operate best with the IASB and the IFRS Foundation Trustees;
 - the Chairman and Vice-Chairman will each serve two-year terms;
 - the AOSSG would like to assist Middle East jurisdictions and is considering its relationship with those jurisdictions; and
 - the next Annual AOSSG Meeting is planned for November 2012 in Kathmandu, Nepal (in order to encourage the use of IFRSs in developing countries, such as Nepal).

Update on EFRAG Activities

- 2.2 Françoise Flores, Chairman of EFRAG, provided an overview of EFRAG's activities since the last group meeting in September 2011, details of which are listed in agenda paper 2.2. Commenting on providing endorsement advice to the European Commission, she said that EFRAG has learned that principle-based standards require very careful implementation.
- 2.3 Commenting on the response to EFRAG's effects analysis discussion paper, the Chairman noted the excellent response from outside Europe. Ms. Flores said that these comments were very valuable.
- 2.4 A representative from France said he supported the move to improve processes. He said it is necessary to improve clarity and simplicity. There is a need to demonstrate change quickly and to speed up the timetable.

Update on the Activities of the Group of Latin American Accounting Standard Setters (GLASS)

- 2.5 Felipe Perez-Cervantes, Chairman of the Mexican Financial Reporting Standards Board and member of the board of GLASS, provided an overview of the constitution, objective and mission of GLASS (see PowerPoint presentation marked agenda paper 2.3). He said that, to date, GLASS has met six times to discuss and improve input to the IASB. GLASS faces the following challenges:
- Expand its membership, which consists of 12 members out of a possible 26 in total.
 - Promote active participation by current members.
 - Work closely as an integrated team.
 - Follow-up on the IASB's responses to GLASS's proposals.
 - Obtain financial support for some of GLASS's activities.

Update on the Activities of the Pan African Federation of Accountants (PAFA)

- 2.6 Sue Ludolph, Project Director (Financial Reporting) of the South African Institute of Chartered Accountants, said that the most important issue facing PAFA is capacity-building and promoting the adoption of international accounting and auditing standards in Africa. With the exception of countries in southern Africa, many countries in the region have not yet moved to IFRSs. PAFA will hold its first General Assembly in Tunis, Tunisia on 3-4 May, 2012. The organisation is hopeful that representatives of the IASB will participate.

Support for Developing Jurisdictions

- 2.7 Kevin Stevenson, AOSSG Chairman, commented that many developing countries do not have the technical capacity to promote excellence in standard setting or the use of IFRSs. Many developed countries have training materials and the means to support standard setting that could be made available to developing countries. In Asia, many donor countries have signed a memorandum of understanding to build technical capacity in the accounting profession in Asia. All the regional groups, which met earlier in the day, need a more formalised arrangement with the IASB organisation.

3. Developing the New IASB Work Programme

- 3.1 Alan Texeira, IASB Senior Director, Technical Activities, provided details of the IASB's three-yearly consultation process, the IASB's approach to dealing with the input thereto and the resulting due process enhancements (see PowerPoint presentation marked agenda paper 4).
- 3.2 Representatives' comments included the following:
- A representative from the IFRS Advisory Council said that the Council looks at strategic issues regarding the implementation and adoption of IFRSs and alerts the IASB to matters to consider when it sets its agenda. The Council is making greater use of breakout sessions, which include IASB members and Foundation trustees. The Council is globally diverse and focusing on the importance of using the IFRS network. The Council may be able to recommend how the IASB can best interact with the regional groups and use them in the agenda setting process. The regional groups probably have significant information that could be relevant for the interpretation and consistent application of IFRSs. It would be beneficial to share this data.
 - Replying to a question from the representative from the Netherlands, Mr. Texeira said that there is a very strong view that the four current major convergence projects should be completed. Regarding a question as to whether "materiality" is a concern of securities regulators in Europe, Mr. Texeira commented that the IASB would examine materiality in the context of the conceptual framework.
 - A representative from Brazil said that the conceptual framework is extremely important and should be worked on because it is a base for developing future IFRSs. Mr. Texeira said that the framework is a cornerstone of the IASB's work. The Chairman commented that it is a question of how, and not whether, the framework will be worked on.
 - Responding to a question from the representative from Mexico, Mr. Texeira said that simplification of standards is a real challenge and difficult to accomplish. The IASB Chairman concurred with this statement. Regarding dialogue with securities

regulators, he said that the IASB has a good relationship with the European Securities and Markets Authority, but that relations with regulators need to be developed further on a global basis. Possibly IFASS participants could help.

- Wayne Upton, the IASB's Director of International Activities and Chairman of the IFRS Interpretations Committee, commented that when issues are submitted to the Interpretations Committee, the staff asks national standard setters if they see similar issues in their individual jurisdiction. It would be helpful if national standard setters could also pose these questions to securities and prudential regulators in their jurisdictions.
- A representative from EFRAG agreed with Mr. Upton's comments, stating that although regulators have a role to play and they should liaise with standard setters, working on the consistent application of standards is not within their purview. The Chairman commented that regulators have a tendency to employ "one size fits all" answers to issues.
- A representative from Germany said that more ways are needed to improve principle-based standards.
- A representative from France said national standard setters see an array of issues, as is evidenced by the agendas for IFASS meetings, and standard setters should work together. He stated there is a sense that standard setters are willing to get feedback from diverse stakeholders. The challenge is how to reflect this feedback in standards.
- A representative from the U.K. said it was essential that individual jurisdictions co-operate with the IASB and that they not be discouraged from asking for projects to be activated. Mr. Texeira agreed with this assertion and, because of the IASB's constrained capacity to do preparatory work, encouraged national standard setters to work on projects.
- A representative from the FASB said he is concerned that urgent issues tend to overtake important issues. In his view, the IASB should seek a balance between these criteria. Sometimes important issues should be elevated in a standard setter's work program. The IASB Chairman agreed with this concern. However, many issues are dealt with for political reasons and because stakeholders do not like outcomes.
- A representative from Japan supported having a period of calm and dealing only with important issues and maintenance items. He favoured working on the conceptual framework project, but because that project may take too long to complete, issues relating to OCI require a separate discussion. He favoured evidence-based standard setting and supported activating projects that evidence indicates require attention.

4. Model for National Standard Setters

- 4.1 Angus Thomson, Research Director of the Australian Accounting Standards Board, and Robert Keys, Technical Director of the Australian Accounting Standards Board, gave a presentation on the updated draft paper, "A Model for National Standard-Setters" (see agenda paper 4A). This paper reflects the comments of participants on the previous draft paper, considered at the September 2011 National Standard Setters meeting and subsequent out-of-session comments.
- 4.2 Representatives confirmed that the Model should be aspirational, and would be particularly helpful to jurisdictions in the process of building standard-setting capacity.

4.3 Representatives' comments included the following:

- In relation to a national standard setter's (NSS) role in interpreting IFRSs:
 - A representative from the IFRS Advisory Council said that few issues faced by national standard setters are truly unique to a jurisdiction, given the underlying economics. Therefore, caution should be exercised about a national standard setter becoming an IFRS interpretative body. Different facts and circumstances prevailing in a particular jurisdiction may validly lead to different outcomes for the same types of transactions. Alternatively, the environment within which a transaction takes place (for example, legal framework or customary financing terms) may give rise to jurisdiction-specific issues that need to be dealt with. Wayne Upton, Chairman, IFRS Interpretations Committee, said that if a NSS concludes that an issue is jurisdiction-specific, such a conclusion should be supported by research and after consultation with other NSSs and the Interpretations Committee. A representative from France said that in the context of seeking views of other NSSs, the Model could refer to a "network" involving NSSs and the IASB. A distinction should be made between major issues of widespread interest and issues with a narrower focus of importance to fewer jurisdictions (such as agriculture and extractive activities). For issues that are not a high priority to the IASB, NSSs can play a constructive role in supplementing the resources of the IASB rather than deviating from IFRSs.
 - The general principle should be that, whenever possible, a NSS does not deviate from or provide jurisdiction-specific interpretations of IFRSs. If a NSS ultimately issues an interpretation, it should be circulated throughout the IFASS network with a view to seeking a reasonable level of confidence that that NSS is not misinterpreting IFRSs and causing problems for others.
- A representative from South Africa said the Model could acknowledge that the road to IFRS adoption might include some additions and carve outs, particularly if there is potential for conflict between IFRSs and a NSS's legal requirements. However, NSSs should be encouraged to be supportive of the IASB process and IFRS adoption – that is, endorsement without carve outs.
- The Chairman said that consideration should be given to acknowledging in the Model that some NSSs have a role in educating constituents and in endorsing IFRSs in their jurisdictions.
- A representative from Norway said that the discussion in the Model about objectivity and neutrality could be merged, given the overlap in their content.
- A representative from the U.S. said that, in respect of the relationship of the Model to the IASB's Statement of Best Practice *Working Relationship between the IASB and other Accounting Standard-Setters* (see agenda item 8), consideration should be given to ensuring that the fundamental ideas in both are consistent even if expressed differently. For example, does the reference to "partnership" in terms of the relationship between the IASB and NSSs in the Model mean the same thing as the Statement of Best Practice's reference to "complementary roles"? At the same time, it was acknowledged by a representative from France that the purposes of the Model and Statement of Best Practice are different as regards NSSs – with the Model being aspirational and the Statement dealing with NSSs as they are.
- In relation to the immediate next step, the Chairman said that the draft Model should be amended where appropriate to reflect the points made during the

discussion, clearly identified as a draft, and made available to all IFASS representatives for them to consider posting on their websites.

- A representative from the Netherlands and the Chairman suggested that the draft Model should be accompanied by a statement indicating that the Model was discussed (rather than endorsed) at the March 2012 IFASS meeting.

4.4 Representatives agreed that the Model should not be “finalised” until it is reviewed in light of the impending outcome of the review of the IASB/IFASS’s Statement of Best Practice.

4.5 The Chairman noted that, in due course, the IFASS would need to consider its process for arriving at a consensus and for endorsing documents.

5. Report on U.S. Developments Regarding U.S. GAAP and IFRSs

5.1 Tom Linsmeier, a member of FASB, presented this agenda item. He commented that the SEC Chief Accountant Jim Kroeker, and Deputy Chief Accountant Paul Beswick, both apologized for being unable to be present. Mr. Linsmeier emphasized that he was speaking personally and not on behalf of the SEC or the FASB.

5.2 He made the following observations:

- The SEC Commissioners have made no decisions regarding the possible adoption by the U.S. of IFRSs. The matter is being worked on by the SEC staff, who have completed their field work to apprise the Commissioners of their findings. The staff is working on a report to the Commissioners summarizing the outcome of the SEC work plan, and another report containing the staff’s recommendations.
- The work plan report will, at the earliest, be made public in May 2012. Thereafter, the report of staff’s recommendations will be made public if and when the Commissioners make a decision about the direction forward in the U.S., but likely not before June or July.
- The willingness of the Commissioners to take action or make a recommendation may be constrained by 2012 being a presidential election year in the U.S. Legislative and policy activity generally ceases from July or August onward. However, the SEC, being an independent agency, is not bound by such restrictions, but often voluntarily chooses to comply.
- There is a need to engage Congress directly on this matter, so the timing of a final decision is not known.
- Mary Schapiro, the SEC Chairman, has said that the SEC will arrive at a decision that is good for the U.S. and that it will do so in its own good time.
- The SEC staff acknowledges that its current thinking generally reflects a step back from potential full adoption of IFRSs and from its original “condorsement” proposal.
- There is widespread agreement in the U.S. of the desirability of having a single set of global standards, but the U.S. requires an appropriate endorsement mechanism (which is likely not to differ much from that used in other jurisdictions), with the FASB playing an important and influential role.
- The cost versus benefit trade-off in the U.S. is challenging because the U.S. already has a high quality set of financial reporting standards, making the benefits from adoption limited and the costs magnified, especially as entities seek to recover from the financial crisis.

- Certain guidance currently available in the U.S. is not covered by IFRSs (such as for rate-regulated activities), so a transition process also is required until IFRSs address such issues.
 - The SEC staff also thinks that a move to IFRSs requires that a mechanism be developed for national standard setters to provide effective input to IASB deliberations, including establishing strong bilateral and multi-lateral relationships between national standard setters and the IASB.
 - The FASB recognises that regardless of how the SEC decides about incorporation of IFRSs into the U.S. financial reporting system, its current special working relationship with the IASB cannot continue as is.
- 5.3 The IASB Chairman expressed disappointment with Mr. Linsmeier's observations. He was discouraged by the delay in the SEC stating its intentions regarding the incorporation of IFRSs into the U.S. financial reporting system. In addition, the uncertainty was affecting the IASB's efforts to converge IFRSs with U.S. GAAP. Most jurisdictions in the world are committed to IFRSs and the IASB will proceed at full speed with its work. He urged the SEC to make a decision one way or the other.
- 5.4 Mr. Linsmeier responded that, irrespective of the SEC's decision, it is important to finalise the four major convergence projects because they have important implications for all parties.
- 5.5 Representatives' comments included the following:
- Representatives from France, Australia and the U.K. expressed frustration at the lack of a decision from the U.S. The representative from France said there was much diversity in financial reporting around the world and this needs to be attended to. The representative from Australia said the uncertainty regarding the lack of a US decision is creating greater pressure on jurisdictions not to be faithful to IFRSs. The delay in a decision from the U.S. could result in that country being isolated from the rest of the world, which would suffer from the loss of US standard-setting talent. Mr. Linsmeier responded by saying that the SEC is aware of these issues and understands the potential role of, and benefits to, the U.S. participating in the IFRS process. He added that the FASB is determined to complete the four major convergence projects.
 - A representative from Brazil said that support was needed from organisations senior to the SEC in the U.S.
 - A representative from the IFRS Advisory Council commented that Australia, while it had an excellent pre-IFRS GAAP, took the long-term view that it was better to be part of the IFRS family and participate in the development of IFRSs. He commented that Australian standard setters act in the public interest and are not concerned with political popularity.

6. Topical Issues

Issue I — Improving the Financial Reporting of Income Tax

- 6.1 Andrew Lennard, Director of Research at the U.K. Accounting Standards Board, said that the purpose of this agenda item was to draw participants' attention to the Discussion Paper on this topic published by the U.K. Accounting Standards Board and EFRAG in December 2011. He referred participants to agenda paper 6.1, which included details about the Discussion Paper, the aim of which is to solicit views as to whether improvements to IAS 12 *Income*

Taxes should be considered, and what form those improvements might take. He said that comments on the Paper are requested by 29 June 2012 and that an analysis of the results would be reported at the IFASS meeting in Zurich on 22-23 October 2012.

6.2 Representatives' comments included the following:

- A representative from the IASB complimented the Paper's authors on producing a thoughtful document. The IASB's agenda consultation process resulted in a potential project on income taxes being ranked in the middle band of projects.
- The Chairman commented that questions on income tax are raised regularly for the IFRS Interpretations Committee's consideration, and that a fundamental re-think of IAS 12 is required.

Issue 2 — Business Combinations Under Common Control (BCUCC)

6.3 Tommaso Fabi, Technical Director of the Italian standard setter said that the purpose of this agenda item was to draw participants' attention to the Discussion Paper published by the Italian standard setter and EFRAG in October 2011. He referred participants to agenda paper 6.2, which includes details about the Discussion Paper, the aim of which is to stimulate debate on how BCUCC should be accounted for in the financial statements of the party receiving the business.

6.4 Representatives' comments included the following:

- A representative from South Africa said that this topic needs urgent attention and that South Africa would respond to the Paper accordingly.
- The Chairman commented that the treatment of BCUCC is a problem for all because, as there is no guidance on this topic, the treatment of these transactions is significantly diverse. She urged participants to respond to the Paper, comments on which are requested by 30 April, 2012. She said it would be helpful if respondents could indicate if such transactions were common in their respective jurisdictions and how they were treating them.

Issue 3 — Research on Development Costs Under IFRSs

6.5 Atsu Kato, Vice Chairman, Accounting Standards Board of Japan presented the results of his Board's research on the treatment of development costs under IFRSs and the preliminary implications. Intangible assets are an increasingly important aspect of business activities in Japan, and stakeholders have raised concerns about the potential lack of comparability of financial information that might exist in the application of IAS 38 *Intangible Assets*. The results are summarized in the 6.3 series of agenda papers. He said that the analysis indicated the need for a post-implementation review of IAS 38.

6.6 Representatives' comments included the following:

- A representative from the IASB said that the IASB has developed a special process to conduct post-implementation reviews two-to-three years after a standard's implementation. An active research program will be developed and shared with stakeholders.
- The Chairman said that issues that require clarification of a standard should be dealt with by the Interpretations Committee and not through the post-implementation review process.

- The Chairman commented that the research seemed to indicate insufficient disclosure about the capitalisation of development costs in all industries. More information is needed on the application of judgment in arriving at disclosures. The presenter said that more research needs to be done for all industries.
- A representative from the FASB said that research in the U.S. on FAS 86 indicates that the capitalisation of development costs varies by industry and stage of development and is affected by motivations to hit earnings targets. He questioned whether users obtain interesting insights from the way different industries capitalise development costs. A representative from Japan said that, if accounting for intangible assets is reviewed, capitalisation of development costs at fair value should not be allowed, because it would lead to recognizing internally generated goodwill.
- A representative from Australia said that that jurisdiction issued an on-line survey regarding the treatment of intangible assets. Ninety-two replies were received from preparers and 33 from users. This could assist in the post-implementation review of IFRS 3.

6.7 The Chairman closed the session by stating that this topic required time on the agenda of the next IFASS meeting when the results of additional research would be reported.

Issue 4 — Foreign Currency Convertible Bonds (FCCB)

- 6.8 Manoj Fadnis, Chairman of the Accounting Standards Board of India, said that the purpose of this agenda item was to provide details of FCCB issuances, the features of these bonds and the effect of the application of IAS 32 in India (see PowerPoint presentation marked agenda paper 6.4). The accounting for these bonds under IFRSs results in unrepresentative volatility in the income statement. As a result, paragraph 24 has been carved out of IAS 32 and replaced by paragraph 11 of Ind AS 32. India believes that the result is an adherence to principle-based accounting (substance over form) and the presentation of a true and fair view of the transaction. Mr. Fadnis called for amendments to IAS 32 (similar to the carve-out in Ind AS 32) and IFRS 9 in line with the amendment in the case of “rights” issues. Alternatively, he asked that the Interpretations Committee be requested to interpret paragraph 24 of IAS 32.
- 6.9 A representative from New Zealand said that the issue should also be looked at in connection with company hedging strategies. She asked whether an instrument containing an element of risk can be categorized as equity.
- 6.10 An IASB member and a member of the IASB staff said that the IASB is aware of the problem posed by India.

Issue 5 — Accounting Standards for Small (or Micro)-sized Entities in Different Jurisdictions

- 6.11 Jae-Ho Kim, a Technical Manager with the Korea Accounting Standards Board, presented a report on the results of a survey undertaken by his Board on the financial reporting framework for small-sized companies in various jurisdictions. Fourteen jurisdictions provided responses, and the background and the survey results are detailed in agenda paper 6.5. In reply to a question as to why Korea is pursuing this issue, Mr. Kim said that Korea is under pressure from groups in that jurisdiction regarding the need for stream-lined standards for smaller entities. In Korea small-sized unlisted entities are demanding

- standards for special purpose financial statements rather than general purpose financial statements.
- 6.12 A representative from the Netherlands said that this issue is connected to the requirements of the Fourth Accounting Directive for the member states of the European Union.
- 6.13 A representative from the IFRS Advisory Council said that the simplification of IFRSs for smaller listed entities was discussed at the February 2012 meeting of the Council. The Advisory Council expressed the view that when companies list themselves, they sign-up to the burdens and responsibilities that go with a listing, irrespective of their size. Accordingly, there is no appetite for differential reporting for them. For unlisted companies, differential reporting is a matter for local jurisdictions to deal with.
- 6.14 A representative from Brazil said that his jurisdiction requires all listed companies to use IFRSs. Audits are required only for listed companies and banks. He said that many jurisdictions around the world could potentially define the required standards for small entities, and that it would be good to have common standards.
- 6.15 A representative from the FASB said that the FASB is experiencing strong political pressure from non-listed small companies to simplify standards. Work is proceeding at the staff level on a decision-making framework for identifying if and when differential benefits to users and costs and complexity of standards suggest differences may be warranted in U.S. GAAP to serve private company users. The framework will be shared with IFASS once it is published.
- 6.16 A representative from South Africa said there is a lot of interest in a so-called third tier of financial reporting requirements. The question is whether this tier would be able to receive a fair presentation audit report. There could be lots of confusion.
- 6.17 A representative from Japan said that separate accounting guidance for small and medium-sized companies in Japan was issued in 2005, and recently additional guidance was issued to provide even more simplified guidance for much smaller companies. These sets of guidance are not considered to be accounting standards and thus some descriptions in the presentation material explaining Japan's situation require correction to avoid confusion.

Issue 6 — Goodwill Amortization and Impairment

- 6.18 Tommaso Fabi and Carlo Calandrini from the Italian standard setter asked participants if they would support a potential project to investigate whether the arguments underpinning the current requirements on goodwill measurement are still valid. They detailed the reasons why the IASB discontinued the amortization of goodwill and the potential areas for investigation (see agenda meeting paper 13). They said that the intention is to provide the IASB with information to see if improvements are required to the current model.
- 6.19 Representatives' comments included the following:
- A representative from the IFRS Advisory Council favoured the existing standard because it puts pressure on a company's directors to advise the market of the value of the entity's goodwill asset. This provides users with better information than a system of amortizing goodwill.

- A representative from Japan said that his jurisdiction requires goodwill to be amortized, unless it's impaired. He said Japan is willing to help in the investigation.
- A representative from the FASB questioned the value of testing for the impairment of goodwill. He said there is pushback in the US because of the costs involved. The FASB is willing to share with IFASS participants information gleaned in the U.S. on users' preferences relating to this issue.
- A representative from EFRAG said that the questionnaire to be circulated to the user community is to obtain input on users' information needs regarding goodwill write-offs. A representative from Japan suggested that the questionnaire should also be sent to preparers to enhance the quality of the input.
- A representative from the IASB said there has been very little discussion on the impairment standard itself. He noted that goodwill is sometimes allocated to the cash generating units of a business. Information on how the allocation is done would be helpful to the IASB.

6.20 The Chairman urged participants to complete the questionnaire. Depending on timing, an analysis of the responses might be a topic for discussion at the next IFASS meeting in October.

Issue 7 — Going Concern and Liquidity Risks: Developments in the U.K.

6.21 Andrew Lennard, Director of Research, U.K. Accounting Standards Board, said that this agenda item seeks to draw the attention of participants to work being carried out in the U.K. by the Sharman Inquiry on going concern and liquidity risks. The main points being considered in the Inquiry are summarised in agenda paper 13.2. The Inquiry is nearing a conclusion and a final report is expected in the next couple of months.

6.22 Representatives' comments included the following:

- A representative from France said that the going concern concept is a key element, particularly for banks. Work needs to be done on the type of information that banks should disclose regarding their one-time risks and liquidity levels. These items can have tremendous consequences for banks.
- A representative from the FASB said that, following the recent financial crisis, there are requests in the U.S. for additional information in financial reports on liquidity risks and interest rate risks. The FASB is responding to those requests by proposing new required disclosures this quarter. He also said going concern issues were discussed at the U.S. Public Company Accounting Oversight Board on March 29. He would forward some related material to the U.K. standard setter.
- In reply to a question, Mr. Lennard said it was likely that any additional disclosures regarding this issue would be required in Management's Discussion and Analysis, rather than in the financial statements.
- A representative from the IFRS Advisory Council observed that, in his view, during every business cycle regulators make the mistake of acting in a pro-cyclical way regarding disclosures. Regarding going concern and liquidity risks, it is necessary to distinguish between financial institutions and other entities. Excessive leverage in the financial system always results in a crisis. This is an issue that should be managed. In Australia and the U.K. the regulatory focus is on protecting creditors. This puts pressure on directors to adequately discharge their responsibilities. The U.S. has the advantage of the Chapter 11 system, which better protects the

organisation as well as its creditors. Other jurisdictions should think about this system. A representative from France commented on the varying treatments in different jurisdictions, and said that certain issues are not within the remit of IFASS.

Issue 8 — Operating Profit or Loss – Presentation and Disclosure

6.23 Jae-Ho Kim, Technical Manager, Korea Accounting Standards Board, made a presentation on issues regarding operating profit or loss that Korea has experienced following its adoption of IFRSs. An analysis of the issues is provided in agenda paper 13.3.

6.24 The presenter offered three suggestions for participants' consideration:

- to improve the international comparability of operating profit, the IASB should resume and complete its project on Financial Statement Presentation as soon as possible;
- consider whether standard setters in individual jurisdictions should take appropriate measures; and
- consider whether regulators in individual jurisdictions should take appropriate measures.

6.25 Representatives' comments included the following:

- Representatives from the Netherlands, Austria and Sweden expressed the view that entities in those jurisdictions did not change their national GAAP methods of disclosing operating profit when they adopted IFRSs, and suggested that Korea should follow suit.
- A representative from South Africa said there is a danger that the line item, operating profit, will be used as a predictive measure. This could be a problem in regard to complex issues.
- A representative from the FASB said there is no basis in the U.S. to indicate what is excluded from operating income. Investors find operating income to be a useful line.
- A representative from Mexico said that his jurisdiction has provided guidance for operating income.
- A representative from Italy said there is a higher demand for comparability at the national versus international level.
- The Chairman commented that so long as the operating income line consists of IFRS numbers, there should be no concern.
- A representative from Norway questioned the relevance of operating profit. He did not think that much could be done to make the number a comparable figure, worldwide.
- A representative from the IFRS Advisory Council said that market practice drives the information that users seek. He said that in Australia regulators require that operating profit be reconciled to IFRS numbers, and adjustments must be applied consistently from year to year. He did not believe that national standard setters should attempt to standardize operating profit.
- The Chairman suggested an alternative solution whereby the standard setter could specify what cannot be omitted from operating profit, rather than what should be included. This would avoid a detailed exposition of the requirements.

6.26 The Chairman summarized the discussion by stating that standard setters should act as they see fit, and that there appears to be no problem if a reported operating income line is not

consistent with IFRS disclosure requirements. In most markets preparers appear to be acting as they did prior to their adoption of IFRSs. Maybe the operating income line should be reconciled with IFRS numbers.

7. Statement of Best Practice Between the IASB and IFASS

- 7.1 Ian Mackintosh, IASB Vice-Chairman, commented that agenda paper 8C is an update of the draft memorandum presented at the last NSS meeting in Vienna. The draft was updated by the IASB and the French standard setter. Mr. Mackintosh and Jérôme Haas, Chairman of the French standard setter, said that the document is still a work in progress and called on participants to provide input. Mr. Mackintosh expressed the view that the draft is a balanced statement of the IASB's and national standard setters' responsibilities.
- 7.2 Mr. Mackintosh commented that the IASB wants to formalise its relationship with national standard setters and work productively with them and, to that end, will be doing outreach.
- 7.3 Mr. Haas commented that the relationship is a partnership between the IASB and national standard setters, with equal rights and obligations. He said that standard setters wanted to be listened to, and heard by, the IASB. This is not a mechanical process; it requires a network that is both formal and informal.
- 7.4 Representatives' comments included the following:
- A representative from the U.K. thought that the draft reflects adequately that the relationship between the IASB and national standard setters is in the nature of a partnership.
 - A representative from Japan agreed with the representative of the French standard setter that the draft needs to indicate how the process of working with the IASB can be made more effective. He expressed concern that the draft was titled a memorandum of understanding and wondered if this might make it binding in nature. He also mentioned that consideration should be given to the role of national standard setters in interpreting IFRSs in the Statement of Best Practice as described in the draft of "A Model for National Standard-Setters" (see agenda item 4).
 - A representative from Italy expressed the view that the draft takes the position that the IASB is on a higher level than the national standard setters. The document should take a more balanced approach on the obligations of the parties. He also was in favour of not titling the draft a memorandum of understanding. Mr. Mackintosh commented that the draft is only a statement of intentions and that it is not necessary that national standard setters actually sign it.
 - A representative from Germany questioned whether this was the right time to finalise the draft and that, owing to ongoing developments, it might be opportune to leave it open for the moment.
 - The Chairman commented that the IASB currently has a relationship with national standard setters and wondered whether it was even necessary to have a formalised document. On reflection she suggested that such a document might be useful for jurisdictions joining the IFASS or for advising oversight bodies how the relationship improves financial reporting.
 - A representative from Australia said that the key issue is the network. IFASS is not a formal body; it is a forum at which interested stakeholders can discuss matters of common interest. Currently individual jurisdictions have unilateral, bilateral and

informal relationships. In addition, regional groups have been formed. Individual jurisdictions need to be in partnership with the IASB and need a vision to aspire to, and guidance how to assist the IASB with limited financial resources. He said that the current draft is tilted towards the IASB viewpoint and not to the needs of individual jurisdictions. A vision of the relationship is required.

- A representative from the FASB said that the document is relevant. However, in addition to bilateral relationships, the draft should deal with multilateral relationships. It should foster powerful national standard setters so that these bodies are able to dampen local differences in the application of IFRSs. National standard setters need to understand what is happening in the rest of the world so that they can see that their concerns are usually not unique.
- A representative from EFRAG agreed with the representative from the FASB, and added that the draft's authors appear to lack the ambition to move to the next step. With the emergence of regional groups, all the parties have different roles. The regional groups and the national standard setters serve the public interest and it is important to develop an effective and transparent way of doing so. A partnership is required to serve the due process of the national standard setters. The document should indicate how multilateral relationships would work.
- A representative from South Africa said that the document is required and it could be useful for parties outside the IFASS group. The document should not be overly complicated and should be updated on a regular basis.
- The Chairman said that perhaps the document should define what a national standard setter does (even if standard setting is outsourced), the importance of having strong domestic standard setters, how the different jurisdictions network with each other (bilateral, regional groups and IFASS) and how the IASB works with the network, in addition to describing how the IASB works with individual national standard setters. These matters seem to be the ones members feel are not adequately addressed in the current draft.
- A representative from France agreed with the Chairman's comments, saying that the concept of a network covers the working together of the IASB and the national standard setters.
- A representative from the Netherlands said that what is important is not the recording of the process, but its execution. National standard setters should have the feeling that they are wanted in their relationship with the IASB.
- A representative from Mexico said the relationship with international regulators should be documented.
- A representative from the IFRS Advisory Council said that the document should specify the relationship between the IASB and national standard setters in an uncomplicated manner. There is enormous diversity as to how each national standard setter handles the IFRS endorsement process, and the extent of its role. The responsibility for producing IFRSs rests with the IASB; it is not a joint responsibility.

- 7.5 The Chairman closed this session by stating that the draft represents a good start. The original working group (France, U.K., Japan, Germany and Italy) should expand the document to take the comments of participants into account, in particular to indicate that there is more to the relationship between standard setters than the one between the IASB and a single national standard setter. The document should also discuss how the network operates between one or more national standard setters as well as with the IASB. It should

also include a discussion of the regional groups and how they operate on their own and as part of the global network. The regional groups will consult among themselves and bring a consolidated description of their activities to the next meeting for discussion and incorporation into the final document.

8. IASB Post-implementation Reviews

- 8.1 Alan Teixeira, Senior Technical Director, IASB, provided an overview of the IFRS post-implementation review process, using IFRS 8 *Operating Segments* as an example. The process is described in his PowerPoint presentation marked agenda paper 9.
- 8.2 In reply to a question from a representative from Korea, Mr. Teixeira said there is no immediate plan to undertake academic research on this topic, although this might be encouraged. For the moment the IASB would rely on collecting data from financial statements. The IASB is using information from the large accounting firms. It is very interested in the different applications in different jurisdictions, which can give the IASB actual examples in practice. National standard setters are asked to participate in the process via the IASB's Sharepoint system and email.
- 8.3 A representative from the FASB commented that the U.S. Financial Accounting Foundation hires academics to research issues during post-implementation reviews. The results of this research might be available to the IASB.
- 8.4 In reply to a question from a representative from South Africa regarding post-implementation reviews, Mr. Teixeira said that while the IASB does not deliberately scope out any issues, strong evidence would be required to replace an entire standard.
- 8.5 A representative from EFRAG said that the University of Leuven in Belgium did good work regarding the implementation of IFRS 8. EFRAG, in conjunction with the French and U.K. standard setters, is undertaking a project on the role of the business model in financial reporting.
- 8.6 In reply to a question from a representative from Japan, Mr. Teixeira said that academics should be encouraged to send research results to the IASB. He said that requests for input should be called a "request for information" rather than a "request for views". The method for conducting interviews is still to be determined. The IASB will be relying on national standard setters to help organise these outreach activities.

9. Effects Analysis

- 9.1 Mario Abela, EFRAG Research Director, and David Loweth, Technical Director, U.K. Accounting Standards Board (ASB), provided an analysis of respondents' comments to the Discussion Paper "Considering the Effects of Accounting Standards" issued by EFRAG and the ASB in January 2011. These organisations are currently finalizing a feedback statement and position paper. Most respondents were in favour of the project and agreed with the next steps proposed in the Paper. An analysis of respondents' comments is provided in the PowerPoint presentation marked agenda paper 10.

9.2 The Chairman suggested asking IFASS participants whether they discussed this process with their oversight bodies to see if this project is serving the public interest.

9.3 Representatives' comments included the following:

- A representative from Canada said that his jurisdiction is integrating effect analysis into domestic standard setting, and that, so far, it's working out well in practice. Proportionality is an issue. He said that the Discussion Paper has been very helpful and commended the authors.
- A representative from the FASB said it is important to define the word "effect". Government policy requires an impact analysis and this could be used to stall changes to the law.
- Representatives from Japan expressed support for EFRAG's efforts, and the inclusion of the identification of macro-economic effects, although they believed it would be difficult to measure such effects.
- A representative from the IASB said it is difficult to measure macro-economic effects and that accounting standards should be neutral in this regard.
- A representative from France said that his jurisdiction is using effect analysis. Standards change and influence the behaviour of those who use them. Effects must be examined in a dynamic mode. They will always have economic consequences. The term "effect analysis" needs to be defined. A representative from Italy concurred, stating that new accounting standards should be assessed also in regard to the incentives and disincentives they bring to bear on the behaviour of market participants (i.e. indirect effects). For instance, the envisaged de-consolidation of subsidiaries controlled by investment entities could reduce the leverage ratio of the banking groups, favouring less prudent capital management policies.
- A representative from Korea supported the concept, but expressed the concern that performing the analysis at every stage could cause overload problems and slow down the standard-setting process. He suggested that a more efficient methodology should be developed, and that designated standard setters in particular jurisdictions should perform the analysis.
- A representative from the FASB expressed concerns about the process. It might be better to identify and document the problem that the standard setter is attempting to correct, rather than waiting to see what collateral damage has occurred following a standard's implementation. It is difficult to understand all the effects of a standard in a dynamic economy. The Chairman commented that a standard setter needs to know what it is trying to fix so that it has a target to aim at. A representative from Italy agreed and thought that this process should take place at the IASB.
- A representative from EFRAG said it is important for the standard setter to understand the economic effects of its actions and to provide users with assistance in understanding what they can do better with the new information.
- In reply to questions, Mr. Abela said that the purpose of performing an effect analysis is to look at a standard's effect on financial reporting. Maybe the word "systematic" should not be used. It has a mechanical connotation and works against the notion of proportionality.

10. Public Sector Conceptual Framework

10.1 Andreas Bergmann, IPSASB Chair, provided an update on the progress in developing a public sector conceptual framework for the preparation and presentation of general purpose

financial reports of public sector entities. He detailed the key issues in the four project Phases (see PowerPoint presentation marked agenda paper 11). Phase 1 (Role, Authority and Scope; Objectives and Users; Qualitative Characteristics; and Reporting Entity) is practically complete, and the approval of the Phase 2 (Elements and Recognition in Financial Statements) and Phase 3 (Measurement of Assets and Liabilities in Financial Statements) exposure drafts is projected for September 2012, with an initial review of responses in June 2013. The review of the responses to the Phase 4 (Presentation and Disclosure) Consultation Paper is expected to start in September 2012 and a Phase 4 exposure draft is projected for March 2013. The finalised Framework is projected to be published in the second quarter of 2014.

- 10.2 In reply to a question from an IASB representative regarding the current approach to fair value in Phase 3, Mr. Bergmann said there needs to be a discussion about observable market value versus constructive market value. A representative from the U.K. said that the consultation paper avoided a discussion of the concept of “fair value”. The advantages and disadvantages of the fair value concept will be addressed in the exposure draft. A representative from the IASB said that the IASB would address the issue in a similar manner.
- 10.3 Mr. Bergmann said that IPSASB does not want to create a situation in which the conceptual framework will create a necessity to immediately replace standards. Rather, the intention is to retain existing standards with suitable updates.
- 10.4 Mr. Bergmann encouraged IFASS participants to participate in the project even if they do not have a public sector background. A representative from Australia encouraged IFASS participants to take a strong interest in the issues uncovered and the lessons learned, because of the interrelationship of these issues with those in the private sector.
- 10.5 In reply to a question, Mr. Bergmann said that IPSASB is working on a standard on entity combinations and that a consultation paper is expected in mid-year.

11. Unit of Account

- 11.1 Peter Martin, Director, Accounting Standards, Canadian Accounting Standards Board (AcSB), advised the meeting that Alex Milburn has completed a conceptual paper entitled “Towards a Measurement Framework”, to be published soon. He commented that several IFASS representatives had been very helpful in providing comments to Dr. Milburn.
- 11.2 Mr. Martin said that unit of account is a cross-cutting issue. He said that the issue of unit of account was raised at the last NSS meeting, following which AcSB staff received input from a review group, whose names are listed in the appendix to agenda paper 12.
- 11.3 Mr. Martin said that the objective of the project is to develop a definition of unit of account and to propose principles for its application to the recording of assets and liabilities, recognizing revenue and expenses, presenting information on the face of the financial statements, and providing disclosures about the entity’s results and future prospects. He discussed the status of the project and presented two hypothetical scenarios to test a proposed definition and attempt to identify the common factors underlying unit of account decisions (see agenda paper 12).

11.4 Representatives' comments on the questions regarding example 1 (see page 6 of agenda paper 12) included the following:

- A representative from the Netherlands commented that, in order to run a business, it was necessary to collect information on a granular level. The answer to the questions posed would depend on the business' operating model.
- Participants commented that it was very difficult to answer the questions relating to the hypothetical scenarios. The issue is complex and the notion is difficult to apply.
- A representative from Japan suggested that many standards deal with measurement, recognition, disclosure and presentation based on the unit of account concept. Unit of account principles could be derived from the common features of those standards, and a "bottom-up" approach, as suggested at the September 2010 NSS meeting, would still be necessary, as well as a "top-down" approach.
- A representative from the FASB stated that he preferred not to use the generic label, "unit of account". He suggested attaching the label to each separate category (for example, a unit of reporting decision, a unit of measurement, etc.). Representatives from Italy, Australia and other jurisdictions concurred. The aggregation of individual items depends on the purpose of the exercise.
- A representative from EFRAG said the concept of unit of account is not a component of the Framework, it's a matter of convention that can affect recognition, measurement, disclosure, etc.
- A representative from New Zealand said there is an interaction between the Framework and unit of account.
- The Chairman commented that this is not a business model issue. It's a cross-cutting issue for which there are no articulated principles. It's a conceptual issue dealing with matters such as initial measurement, subsequent measurement, etc.

11.5 Representatives' comments on the questions regarding example 2 (see page 9 of agenda paper 12) included the following:

- A representative from the FASB said that differing contracts could change the economics of the issue. Unit of account might only be a fundamental concept for certain accounting choices.
- A representative from the IASB said it was difficult to answer the questions. He suggested that in order to have a meaningful discussion, it is necessary to follow the discussions on the four major IASB/FASB convergence projects. This will make research more meaningful. The Chairman commented that the principles could then be teased out and the standard setter could specify appropriate units of account.
- A representative from South Africa said that in many cases the answers will be fact specific. There are no easy answers.

11.6 The Chairman suggested that existing standards should be examined to ascertain where the standard setter required the use of a specified unit of account, and consider why that was done (a bottom-up approach). She suggested that the author of the paper take into account the suggestion from a FASB representative to consider whether the same unit of account is required for recognition, measurement, etc., why it might change and how. She asked the author to develop the proposals detailed under "next steps" in agenda paper 12. Discussions on this topic will continue at the next IFASS meeting in October 2012.

12. Administrative Matters

Future IFASS meetings

- 12.1 The Chairman commented that Lebanon had offered to host the first meeting in 2013, but that many governments recommended that their citizens not visit that country in current circumstances. An informal poll of IFASS members revealed that many jurisdictions would not feel comfortable asking their representatives to ignore that advice. Following a request for others to host that meeting, offers had been received from Brazil, India and Japan. The consensus is that, because IFASS is meeting in Asia this year, the April 2013 meeting should be held on another continent. Consequently, the meeting will be hosted by Brazil. The initial meetings in 2014 and 2015 will be hosted by India and Japan, respectively. Representatives from these jurisdictions expressed their pleasure in being selected to host future meetings and extended an advance welcome to participants.
- 12.2 The Chairman said that the date and venue for the second 2013 meeting would be determined as soon as the date for the World Standard Setters' meeting was set by the IASB.
- 12.3 The next IFASS meeting will be held in Zurich on 22-23 October 2012. The agenda will be co-ordinated with that of the IFRS Advisory Council meeting in London on the same dates so that, to the extent possible, affected individuals are able to attend relevant parts of the agendas of both meetings. The World Standard Setters will be meeting in London on 25-26 October and 24 October has been set aside for side meetings and as a travel day.
- 12.4 Philipp Leu of the Swiss standard setter will provide participants with suggested hotel accommodation details in Zurich before the end of June 2012.
- 12.5 The secretary requested presenters to adhere to the deadlines for the mailing of meeting material for the Zurich meeting. Deadlines will be communicated to participants later this year.
- 12.6 Based on the discussion at this and previous meetings, the Chairman listed the following expected agenda items for the IFASS meeting in Zurich:
- The IASB work plan
 - Topical issues
 - Statement of Best Practice
 - Unit of account
 - Report by EFRAG on its consultation paper on income taxes
 - Report by EFRAG on its consultation paper on business combinations under common control
 - Joint Discussion Paper (FASB, EFRAG, U.K.) on the disclosure framework
 - Report by the Australian standard setter on the results of its research into the initial accounting for intangible assets acquired in a business combination

Criteria and Processes for Appointment of a Chairman for the IFASS

- 12.7 Following a request from the group at the March 2011 NSS meeting, Kevin Stevenson, Chairman and CEO, Australian Accounting Standards Board, presented a draft paper to

recommend formal arrangements for electing future Chairmen of the IFASS (see agenda paper 7 for the proposed criteria and related matters).

12.8 Representatives decided the following:

- The IFASS Chairman should be provided by the standard setter of a jurisdiction and, in the event of a casual vacancy, that standard-setter is responsible for providing a replacement Chairman.
- The criteria outlined in agenda paper 7, which candidates for Chairman should possess (including: ability to provide leadership and communicate the views of the IFASS to the IASB, experience in standard setting, technical awareness, and access to the necessary resources), are appropriate.
- A Chairman could be an individual who is supported by another IFASS participant by arrangement – for example, a Chairman from a jurisdiction with few resources could be supported by another, better-resourced, jurisdiction.
- Anyone who meets the criteria outlined in agenda paper 7 can nominate a proposed Chairman. The nominating individual/jurisdiction would need to outline that the nominee has the support of the relevant jurisdiction/organisation (or, by arrangement, another jurisdiction/organisation), and that the candidate's likely availability would cover the term as IFASS Chairman. In addition, the candidate's reasons for seeking the position of Chairman must be provided.
- The term of the IFASS Chairman should be two years with an automatic option to seek a third year.
- If there are two or more candidates for the position of Chairman and a vote is required, the process outlined in agenda paper 7 is appropriate. The period for voting should be sufficient to allow time for those jurisdictions that need to organise a meeting to consider their voting intentions. It was noted that, in the event that a vote is required, it would be necessary to identify those who are eligible to vote. Members agreed this is a broader issue that the IFASS would need to consider in view of the informal nature of IFASS membership.

12.9 Participants also discussed whether there should be a Chairman's Advisory Committee nominated by the Chairman to act as a "sounding board". A majority of members agreed this would be useful.

12.10 Participants did not reach a decision on the question of whether meeting costs should be shared.

12.11 Mr. Stevenson agreed to finalise the Criteria and Processes for Appointing an IFASS Chairman, based on the decisions noted above.

Other Matters

12.12 The Chairman said that the secretary would circulate a draft of the meeting report to participants as soon as possible for their comments. She asked participants to advise the secretary of the specific issues to be communicated to the IASB Chairman.

12.13 Future meeting material (in PDF format) should be forwarded to the IASB, with copies to the secretariat, with a request that it be posted on the IASB's SharePoint system.

12.14 The Chairman acknowledged the valuable contributions to the development of IFASS of David Loweth (U.K.) and Mario Abela (EFRAG), who were leaving their respective organisations for positions with the IASB and Deloitte, respectively. Her thanks for their services were heartily endorsed by the group.

13. Conclusion

13.1 The Chairman again thanked the Malaysian Accounting Standards Board and its staff for hosting the meeting. She reiterated that the next meeting would be held in Zurich on 22-23 October 2012.

Appendix A

IFASS – 29-30 MARCH 2012 KUALA LUMPUR – LIST OF PARTICIPANTS

	Name	Organisation
1	Kevin Stevenson	Australian Accounting Standards Board
2	Robert Keys	Australian Accounting Standards Board
3	Angus Thomson	Australian Accounting Standards Board
4	Gerhard Prachner	Austrian Financial Reporting and Auditing Committee
5	Sadi Podevijn	Belgian Accounting Standards Board
6	Ernesto Gelbcke	Brazilian Accounting Pronouncements Committee
7	Harry Klompas	International Forum of Accounting Standard Setters
8	Tricia O'Malley	International Forum of Accounting Standard Setters
9	Peter Martin	Canadian Accounting Standards Board
10	Yuhuan Li	Ministry of Finance of China
11	Wenxian Xia	Ministry of Finance of China
12	Françoise Flores	European Financial Reporting Advisory Group
13	Mario Abela	European Financial Reporting Advisory Group
14	Gerard Gil	French Accounting Standards Authority
15	Jérôme Haas	French Accounting Standards Authority
16	Isabelle Grauer-Gaynor	French Accounting Standards Authority
17	Rolf Ulrich (Dr)	Accounting Standards Committee of Germany
18	Liesel Knorr	Accounting Standards Committee of Germany
19	Winnie Chan	Hong Kong Institute of Certified Public Accountants
20	Hans Hoogervorst	International Accounting Standards Board
21	Sue Lloyd	International Accounting Standards Board
22	Ian Mackintosh	International Accounting Standards Board
23	Takatsugu Ochi	International Accounting Standards Board
24	Alan Teixeira	International Accounting Standards Board
25	Wayne Upton	International Accounting Standards Board

26	Zhang Wei-Guo	International Accounting Standards Board
27	Charles Macek	International Financial Reporting Standards Advisory Council
28	Andreas Bergmann	International Public Sector Accounting Standards Board
29	Manoj Fadnis	Accounting Standards Board of India
30	Sankaran Santhanakrishnan	Accounting Standards Board of India
31	Carlo Calandrini	Italian Standard Setter
32	Tommaso Fabi	Italian Standard Setter
33	Atsu Kato	Accounting Standards Board of Japan
34	Ikuo Nishikawa	Accounting Standards Board of Japan
35	Suk-Sig (Steve) Lim	Korean Accounting Standards Board
36	Jae-Ho Kim	Korean Accounting Standards Board
37	Ken Pushpanathan	Malaysian Financial Reporting Foundation
38	Tan Bee Leng	Malaysian Accounting Standards Board
39	Felipe Perez-Cervantes	Mexican Financial Reporting Standards Board (CINIF – Mexico)
40	Hans de Munnik	Dutch Accounting Standards Board
41	Patricia McBride	New Zealand External Reporting Board
42	Tony Dale	New Zealand External Reporting Board
43	Didrik Thrane-Nielsen	Norwegian Accounting Standards Board
44	Hafiz Mohammad Yousaf	Accounting Standards Committee of Pakistan
45	Rashid Rahman Mir	Accounting Standards Committee of Pakistan
46	Ivan Koo	Singapore Accounting Standards Council
47	Goh Suat Cheng	Singapore Accounting Standards Council
48	Garth Coppin	Financial Reporting Standards Council of South Africa
49	Sue Ludolph	South African Institute of Chartered Accountants
50	Maria Dolores Urrea	Spanish Institute of Accounting and Accounts Auditing
51	Claes Janzon	Swedish Financial Reporting Board
52	Philipp Leu	Swiss GAAP FER

53	Abdul Razak Kourki	Certified Public Accountants Association in Syria
54	Louise Wu	Financial Accounting Standards Committee, Taiwan
55	Russell Golden	Financial Accounting Standards Board, U.S.
56	Thomas Linsmeier	Financial Accounting Standards Board, U.S.
57	Andrew Lennard	Accounting Standards Board, U.K.
58	David Loweth	Accounting Standards Board, U.K.