

Report of the Chairman of the IFRS Advisory Council (Advisory Council) to the Trustees of the IFRS Foundation and the International Accounting Standards Board (Board), subsequent to the Advisory Council meeting of 27 and 28 February 2018

1. The Advisory Council met on 27 and 28 February 2018. The Advisory Council was pleased to have 9 Board members in attendance at various times during the meeting as well as many of both the technical and operational IFRS Foundation staff.
2. The Chairman welcomed 7 new members to the Advisory Council, including 4 new representative organisations—Business Europe; Comisión Nacional Bancaria y de Valores, Mexico; European Federation of Financial Analysts Societies; and the External Reporting Board, New Zealand.
3. The significant topics on the agenda were discussion and provision of advice in relation to:
 - the value and effectiveness of the Board’s approach to effects analysis;
 - the effectiveness of the Board’s current conference strategy;
 - an academic liaison strategy;
 - the 2018 review of the Accounting Standards Advisory Forum (“ASAF”);
 - progress on the Foundation’s Emerging Economies engagement; and
 - the Board’s proposed social media strategy
4. The Advisory Council considered and discussed whether and how the Foundation could improve the effectiveness of its Effects Analysis work. Advisory Council members provided varied advice on how the Effects Analyses could be more effective. The common themes were:
 - Maintenance of flexibility of approach is important; being proportionate and scalable depending on the project. The approach adopted is actively determined at the beginning of the project.
 - The Effects Analysis process is explicitly embedded throughout a project.
 - The Effects Analysis content remains narrower, rather than wider. However—specifically acknowledge in the Effects Analysis that it cannot be divorced from wider implications.
 - Quantitative numbers are often very hard to determine. Assumptions made to be disclosed.
 - The scope of post-implementation reviews to include a post-effects analysis.
 - A statement by the Board to clarify the differences between the basis for conclusions, the effects analysis and the post-implementation review.
5. Advisory Council members discussed the topic of the Board’s conference strategy extensively and noted many rich observations about the use of conferences within the IASB network. The concluding consistent advice was that:
 - What is key, is , to start with:
 - the objective (for example education, stakeholder concern, networking or brand enhancement)
 - with whom (for example types of stakeholder or jurisdiction) and then
 - identify a strategy and the right tools to achieve the objectives.

MEETING REPORT

IFRS[®] Advisory Council meeting

- This may, or may not, include a conference.
 - Conferences are simply a tool to support the Foundation achieving its goals

 - Conferences may not be the best vehicle for educational objectives; however, they may be suited to help achieve the objectives of stakeholder engagement and/or brand enhancement. Alternatively, a keynote speech at a non-IFRS conference may also achieve these same objectives more economically.
 - Physical presence in a jurisdiction from the Foundation is likely to be a relevant strategy/activity.
 - Cost v benefit analysis is an important consideration in determining any appropriate strategies.
6. Advisory Council members considered and discussed an academic liaison strategy. Members provided various aspects of advice with some common themes being:
- Strategy for research is considered separately from overall academic liaison strategy and research is viewed as a key priority
 - Sharing strategic ideas for making research more effective.
 - Consider the public acknowledgement and recognition of their work that is needed by academic researchers
 - Other objectives around academic liaison not prioritised due to limited resources.
7. The Advisory Council received an update on the 2018 ASAF Review which is currently in progress. Members' views were received on two key matters in the scope of the current review of ASAF. These were:
- Should ASAF be formally incorporated into the IFRS Foundation's Constitution?
 - Should consultation with ASAF be a mandatory due process step in the Due Process Handbook?

Advisory Council members' views were divided on the incorporation of ASAF into the Constitution and they provided their rationale to the staff on these views. Advisory Council members were not supportive of consultation with ASAF being a mandatory due process step in the Due Process Handbook.

8. The Advisory Council received an update on progress on the Foundation's response to the recommendations in the Reputation Survey in relation to engaging more with emerging economies. The Advisory Council noted the progress with the Emerging Economies Group outreach generally in emerging economies and the MOU with the World Bank. The Advisory Council encouraged the Foundation to continue to expand their engagement in emerging economies.
9. The Advisory Council engaged in a lively debate on the Foundation's proposed social media strategy. Members supported the concept of, and need for, the Foundation to engage on social media and to have a social media strategy. Members provided various aspects of advice with the main item being that an initial strategy includes "push" only, rather than a two-way social media debate. Members advised that entering into a two way social media debate is a very extensive commitment.

MEETING REPORT

IFRS[®] Advisory Council meeting

10. Members of the Advisory Council received an update from the Chairman of the Board and the Executive Technical Director on recent activities of both the Board and the IFRS Foundation.

From the Chairman of the Board, the Advisory Council noted

- The plan to revise the management commentary practice statement as part of wider corporate reporting
- Progress on the *Conceptual Framework*
- Progress on implementation matters in relation to IFRS17 *Insurance Contracts*. The Advisory Council watched the new IFRS 17 implementation video and complimented the Foundation on it.
- Progression of work on Better Communication in Financial Reporting
- The appointment of Lee White as Executive Director
- The planned office relocation

From the Executive Technical Director the Advisory Council noted progress on the:

- a. Continued development and support of high quality financial reporting Standards and, in particular, key aspects of the work plan
- b. Technology initiative; in particular progress made towards the Advisory Council recommendations from its October 2017 meeting
- c. Reputation Survey recommendations; in particular the execution and plans towards implementing stakeholder engagement and timeliness recommendations.

There were no matters of advice for the Board.

11. Members of the Advisory Council received an update on Trustee activities, in particular the matters discussed at the Trustees' meeting in January 2018 and the review of the Foundation's Due Process Handbook that is being undertaken by the Trustees' Due Process Oversight Committee.
12. In conjunction with the Advisory Council meeting, meetings were held with specific focuses on investors and emerging economies.
13. I thank all those that were part of this meeting—Advisory Council members, Board members and the Foundation staff for their part in the value enhancing discussions.