



GROUP OF 100

The Group of 100 Incorporated

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The Chairman
IFRS Trustees
IFRS Foundation
30 Cannon Street
London EC 4M 6XH
UNITED KINGDOM

Dear Sir

Review of Structure and Effectiveness

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises with the purpose of advancing Australia's financial competitiveness. The G100 is pleased to provide comment on this review.

Q1 *Considering the consequences referred to above, what are your views on whether the IASB should extend its remit beyond the current focus of the organisation to develop Standards; in particular for entities in the private, not-for-profit sector?*

The G100 believes that the focus of the IASB should continue to be on the preparation of high quality financial reporting standards for private sector publicly listed entities. We do not believe that the IASB's efforts and resources should be eroded by dealing with public sector and not-for-profit issues. We consider that there are sufficient issues on the work program for the IASB to address without the distraction of other work.

Q2 *Do you agree with the proposal that the IASB should play an active role in developments in wider corporate reporting through the co-operation outlined above?*

Yes. The G100 considers that the release of alternative performance measures by companies is a reflection of the rigidity of the current suite of financial reporting standards and the desire of directors and management to reflect the state of the business as seen from their perspective and knowledge of the business.

The G100 supports the approach taken and involvement of the IASB in broader financial reporting developments such as integrated reporting as there can be significant overlap and potential duplication of resources and approach to issues. Additionally, it is important to avoid conflicting approaches.

Q3 *Do you agree with the Foundation's strategy with regard to the IFRS Taxonomy?*

The G100 strongly believes that the IASB must take account of digital reporting developments in the preparation of financial reporting standards. In order to do so, and to give preparers and users the confidence that the requirements are IFRS compliant, the IASB should continue to develop and maintain the IFRS Taxonomy with the development of requisite software etc being undertaken elsewhere.

Q4 *How can the IASB best support regulators in their efforts to improve digital access to general purpose financial reports to investors and other users?*

The IASB can do so by ensuring that the IFRS Taxonomy is current, readily available and IFRS compliant.

Q5 *Do you have any views or comments on whether there are any other steps the IASB should take to ensure that it factors into its thinking changes in technology in ways in which it can maintain the relevance of IFRS?*

The G100 suggests that the IASB should provide entities with more flexibility in the presentation of information which would facilitate the use of technology in providing information and financial reports.

Q6 *What are your views on what the Foundation is doing to encourage the consistent application of IFRS? Considering resourcing and other limitations, do you think that there is anything more than the Foundation could and should be doing in this area?*

The G100 considers that more attention should be given to potential implementation issues in the preparation of a Standard in order to avoid the need, as has occurred in respect of revenue, to defer the application date of a standard. As part of its processes the IASB must be satisfied it has sought and addressed implementation issues when determining the application date of a Standard. Deferring application dates because of implementation issues raises concerns that insufficient analysis was undertaken before the issue of the standard and opens the possibility of further calls for deferral of a standard because there are difficulties in implementation.

This may be achieved by more extensive field testing, effects analysis and review before a standard is issued. Additionally, the importance of post-implementation reviews cannot be over-emphasised as a means of identifying both strengths and weaknesses in the standard-setting processes.

Q7 *Do you have any suggestions as to how the functioning of the three-tier structure of the governance of the Foundation might be improved?*

No. The present three-tier structure is appropriate and should be retained as an important governance feature to ensure accountability and independence of the standard-setting process.

Q8 *What are your views on the overall geographical distribution of Trustees and how it might be determined? Do you agree with the proposal to increase the number of 'at large' Trustee appointments from two to five?*

The G100 continues to believe that the Trustees should principally be drawn from those countries which have adopted or, are in the process of adopting IFRSs. As such, we consider that North America is over-represented with six of twenty-two Trustees. We acknowledge that the USA is an important global player that is yet to adopt IFRSs and is unlikely to do so in the short to medium term. However, if the increase in 'at large' appointments occurs representation from the USA, under North America, could be reduced and any other USA representation could occur as part of that category. This would help increase representation from other geographical areas that have adopted IFRSs.

Q9 *What are your views on the current specification regarding the provision of an appropriate balance of professional backgrounds? Do you believe that any change is necessary and, if so, what would you suggest and why?*

The G100 agrees that there should be an appropriate mix of professional backgrounds for Trustees reflecting the participants in capital markets including users of financial reports. We do not support quotas – rather the emphasis should be on appointing the best available people to the position.

Q10 *Do you agree with the proposal to change the focus and frequency of reviews of strategy and effectiveness, as set out above?*

The G100 agrees that a five year gap between reviews is now appropriate as the organisation has now matured and has established robust processes.

Q11 *Do you agree with the proposals to reduce the size of the IASB as set out in the Constitution from 16 members to 13 and the revised geographical distribution?*

The G100 supports a reduction in the number of IASB Board members. However, we are not aware of any particular reason why thirteen is an appropriate number rather than, say, twelve. While we accept the reasons for seeking a geographical balance the primary focus should be on the professional competency and experience of members.

The G100 believes that given the history and ongoing contributions to standard setting by Australia and New Zealand standard setters it is important that Board membership from these countries is maintained.

Q12 *Do you agree with the proposal to delete Section 27 and to amend the wording of Section 25 of the Constitution on the balance of the backgrounds on the IASB?*

The G100 supports the proposed change to broaden the mix of professional backgrounds from which members may be drawn.

Q13 *Do you agree with the proposal to amend Section 31 of the Constitution on the terms of reappointment of IASB members as outlined above?*

No. While we agree that the Trustees should have more flexibility in determining the terms of reappointment we consider that a total term of ten years for an ordinary member is potentially too long where relevant practical experience is an ongoing consideration. Additionally, we consider an initial fixed term of five years may discourage potential candidates with relevant recent practical experience from applying.

Q14 *Do you have any comments on the Foundation's funding model as outlined above? Do you have any suggestions as to how the functioning of the funding model might be strengthened, taking into consideration the limitations on funding.*

No.

Q15 *Should the Trustees consider any other issues as part of this review of the structure and effectiveness of the Foundation? If so, what?*

No.

Yours sincerely
Group of 100 Inc

A handwritten signature in black ink, appearing to read "N Mitchell".

Neville Mitchell
President

