



# A Status Report on the Global IFRS Project

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# Acronyms

- **IFRS = International Financial Reporting Standards**
  - Formerly (pre-2001) known as IAS = International Accounting Standards
- **GAAP = Generally Accepted Accounting Principles**
  - US GAAP (1930s); “National GAAP” by extension

# The Global IFRS Project

- 1967: Accountants International Study Group
  - Accountancy bodies of UK (lead), US, Canada
- 1973: International Accounting Standards Committee
  - 10 members AU, CA, DE, FR, IE, JP, MX, NL, UK, US
- 2000-06: EU adoption of IAS/IFRS
  - Decision 2000, legislation 2002, implementation 2005-06
- Global expansion since
  - Most medium-sized economies, advanced or emerging
  - Main outliers: CN, IN, JP, US

# The IFRS Foundation

- **22 Trustees**
  - Governing body of the foundation (Delaware entity)
- **International Accounting Standards Board**
  - 14 Board Members + staff, advisory bodies
  - London location + Tokyo office
- **Monitoring Board**
  - Trustees voluntarily submit themselves to higher authority
  - Current members: BR, EU, JP, KR, US + IOSCO

# Challenges

- **Crisis backlash**
  - EU controversies on fair value accounting
  - Settled (for now): 2013-15 EU evaluation process
- **Funding model**
  - Contributions + audit firms' support + own revenues
  - Contributions: jurisdiction-based since 2006
  - Constraint on activity e.g. research, implem. monitoring
- **Enforcement / implementation quality**
  - Auditing
  - Enforcement by securities market authorities

# Status & Prospects

- Remarkable success!
- Completion of global adoption
  - Likely emergence of two-tier structure: Japan case
    - March 2016: >100 companies, >20% of total TSE market cap.
  - Options for the United States
- Governance
  - Legitimacy of Trustees
  - Engagement with investor community



# Thank You For Your Attention

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