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(ISAR)**

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***Statement***

Presented by

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## Introduction

Ladies and gentlemen, distinguished guests, it is my pleasure to join you this morning at this important gathering. This is the second year in a row I have had the honour to participate in this conference. When I made my presentation last year, I had only been in my position for a few months. A lot has happened since with regard to international accounting standard setting.

In my brief opening remarks I would like to touch upon three important topics.

First, I will mention our progress to establish IFRS as the global language of financial reporting. Second, I will update you on the remarkable uptake of the IASB's IFRS for SMEs standard. Third, I will talk briefly about how the IFRS Foundation is evolving to better support its global remit.

### **IFRS – An International Success Story**

First, let me say a few words about the remarkable pace of IFRS adoption. It is easy to forget that little more than 10 years ago, there really were very few countries using international standards. Today, most countries in the world use IFRS, while more than two thirds of the G20 mandate its use. We know these statistics are correct because earlier this year we published the findings of a major piece of research into the use of IFRS around the world.

Of the 81 jurisdictions researched so far, nearly all have made a public commitment to supporting a single set of high quality global accounting standards while 85% of those jurisdictions have already adopted IFRS for at least some companies exposed to global markets. Those jurisdictions made very few modifications to IFRS, and where they did, it was generally regarded as a transitional step towards the full adoption of IFRS.

We should also keep in mind the enormity of this achievement. In this diverse world, there will always be established and familiar practices that have evolved over many decades. An African company may be managed in a very different manner than a European or an American company. Yet the IASB has been tasked with creating a single language to describe the financial performance of these companies on a globally consistent basis. That is why the IASB has a highly developed and inclusive due process.

It is the only way to ensure the views of all parts of the world – developed and developing countries, companies and the investors that invest in those companies – are all taken into consideration throughout the lifecycle of the standard-setting process.

### **IFRS for SME's – Global standards for mid-sized companies**

That brings me onto my second point. When the IFRS Foundation began its first Constitution Review in 2005, the Trustees asked whether the IASB should consider developing a cut-down version of full IFRS, for use typically by smaller and mid-sized companies. The answer was a resounding 'yes'.

The IFRS for SME's was issued in July 2009, and just four years later is used in over 80 countries and has been translated into 26 different languages. The standard is available for any jurisdiction to adopt, whether or not it has adopted full IFRSs. Jurisdictions determine independently which entities should use the standard. The IASB's only restriction is that listed companies and financial institutions should not use it.

We have worked hard to make IFRS for SME's truly accessible, The standard and related implementation guidance are free to download for private, non-commercial use and is available in more than a dozen languages in addition to English. Through its education initiative, the IFRS Foundation provides a comprehensive array of support for users, ranging from comprehensive free to download training material, to workshops aimed at 'training the trainers', held around the world in co-operation with regional professional associations and development agencies.

When I spoke about the IFRS for SMEs last year, the IASB just began a comprehensive review of the standard. Last month the IASB published for public comment an Exposure

Draft of proposed changes to the standard and the project is expected to be completed late next year.

The project has been a resounding success, giving smaller companies easy access to high quality reporting standards. Many millions of companies worldwide are now using the Standard, across both developed and emerging economies and reaping the benefits.

I believe this level of commitment demonstrates perfectly the importance we place, as an organisation, on ensuring that high quality accounting standards are made available to all.

### **Evolution of the organisation**

The third and final point I would like to touch on is the manner in which the IFRS Foundation has evolved.

The title of our 2012 Annual Report was ‘a new chapter in global financial reporting’. The report described the remarkable achievements of the first ten years of our history while setting out a vision for a second chapter in the history of the organisation.

This second chapter marks an important milestone for us, and reflects the conclusions of the Trustees’ Strategy Review and signpost our priorities for the coming years.

We have moved from a period of bilateral convergence with the FASB to a more inclusive, multilateral approach to standard-setting. This involves much tighter integration with a range of national and regional standard-setting bodies, including the FASB. This is best illustrated by the formation of our new Accounting Standards Advisory Forum, or ASAF. The ASAF has now met on three occasions, during which time it has become one of our most important forums for dialogue with the standard-setting community. This shows how the manner of standard-setting has continued to evolve.

An important feature of ASAF is the involvement of representatives from regional standard setting groups such as AOSSG, representing Asia and Oceania; GLASS – representing Latin America; and PAFA representing Africa. The inclusion of regional bodies gives the ASAF a balance between hearing many voices at the table, whilst maintaining the efficiency of a smaller group. If our standards are to be truly global, then we must hear the views of the global community, not just segments of it.

We have deepened our co-operation with other international and regional organisations. This will enable us to monitor and encourage greater consistency in the adoption, implementation and enforcement of our Standards.

As a relatively small organisation, we are unable to do this all by ourselves. Thankfully, other International groups such as IOSCO are well placed to do so.

We recently concluded an agreement with IOSCO to do just that. IOSCO did play a major role when they endorsed the IASC core standards in 2000, thus triggering an evolution that few would have anticipated at that time. By continuing to work together we are building on this legacy.

We have continued to strengthen the institutional structure of the organisation. We have also completed a review of the IFRS Interpretations Committee and a comprehensive update to the due process followed by the IASB. In addition, our Education and Content Committee has recently launched an important programme designed to help educators train the next generation of accountants.

Each of these initiatives signposts a more inclusive approach to accounting standard-setting as we enter this second important chapter in the history of the IFRS Foundation.

Finally, we have also made efforts to reach out to smaller economies. Economics, after all, does not begin and end in New York and Hong Kong. The developing and emerging markets are vitally important to the overall health of the global financial system and to recognise this with have taken steps to ensure that these nations are both represented and engaged at every level of the standard setting process.

### **Conclusion**

Ladies and gentlemen, thank you for your time today. In conclusion, I believe that IFRS can be considered to be an international success story, as too can the IFRS for SMEs. Moreover, the IFRS Foundation has continued to evolve in order to meet its global remit. In many ways, the diverse range of interests represented in this room is the challenge we face. For if IFRS is to be considered as a truly global language of financial reporting, it must be capable of being applied throughout the four corners of the world.

Thank you.