



The Corporate Reporting Users' Forum

8th August 2011

Via email: Tom Seidenstein
Chief Operating Officer
Email: strategyreview-comm@ifrs.org

Dear Tom

IFRS Future Strategy – Consultation Response

We welcome the further articulation of the Trustees' thinking regarding the future strategy of the IFRS Foundation and the IASB. As we noted in our letter in January in response to the first consultation document, we regard this as a well-timed step given the transition on the IASB. We have some further comments on the most recent document.

User focus

We are active users of IFRS accounts and emphasise the importance of users' interests in the design of financial reporting standards. We believe that the Board's continued focus on investor interests is the source of legitimacy for IFRS standards. The steps of recent times to increase the public accountability of the IFRS structure are probably necessary given the important status the standards now enjoy, but public accountability does not of itself give rise to legitimacy: producing standards which deliver the needs of the users of accounts does. The comments below are built on the foundation that IFRS must deliver the form of reporting which users need in order to understand the preparers of accounts.

Due process

Our core hope is that the due process of developing IFRS will in future focus more fully on the needs of investors. Although we believe that a single set of high quality globally converged accounting standards which are applied consistently, would benefit users and improve market efficiency, many users have felt frustrated by the convergence process and the associated unhelpful timetables and agenda not always focussed on the most crucial issues. We welcome a shift to a process which responds and anticipates market needs rather than to an artificial time-line. We believe that this process should involve:

- Reform proposals must be driven by users' needs for better quality information and reiterated and refreshed accordingly
- Ideas must be field-tested, using concrete case studies so users and preparers can understand what the proposals mean in practice
- Post implementation reviews are vital part of the process, determining not just whether the standard is being implemented, but whether it is delivering the right form of company reporting
- We would also suggest that the IASB and the Trustees build a closer relationship with the IAASB as auditability is a key issue for investor confidence

We believe that this would be facilitated by the IASB having more staff with prior experience of investment activities.

Prudential regulation

We have some concerns regarding the prominence given in the Trustees' thinking to the needs of prudential regulators. We believe that regulators are able to obtain significant additional information from regulated entities and so do not need to have an influence on public reporting. Investors rely only on the public information produced under accounting standards and so these standards need to respond to users' needs, not those of regulators.



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Advisory Council

We would welcome stronger references to the role of the Advisory Council in the Trustees' strategic plan. We believe that this is a key forum for user input, particularly into the agenda-setting process. We note and strongly endorse the Advisory Council's proposals arising from its self review, recommending a clear process for the Council's involvement in agenda-setting by the IASB.

XBRL

Finally, we never consider XBRL as being at the top of a CRUF agenda. We would suggest that the prominence given to the topic in the Trustees' strategic plan is not warranted. While we believe XBRL is an important mechanism to the end-user community, XBRL in of itself is not critical to the formation of useable standards by investors or preparers – it is only a medium and as such, should be left to those parties who participate in the delivery mechanism of financial data and information to prioritise the involvement of XBRL

About the Corporate Reporting Users' Forum (CRUF)

The CRUF came together in 2005 as a discussion forum to help its participants in their approach to the debate on current and future corporate reporting requirements. In particular, participants are keen to have a fuller input into the deliberations of accounting standard setters such as the IASB and FASB.

CRUF participants come from all around the world, including individuals from both buy- and sell-side institutions, and from both equity and fixed income markets.

The CRUF is a discussion forum. Different individuals take leadership in discussions on different topics and in the initial drafting of representations. It does not seek to achieve consensus views, though at times some or all of its participants will agree to make joint representations to standard setters or to the media. It would not be correct to assume that those individuals who do not participate in a given initiative disagree with that initiative. We sign this letter in our individual capacity as participants of the Corporate Reporting Users' Forum (www.CRUF.com) and not as representatives of our respective organizations. The views expressed are those of individual CRUF participants and do not necessarily reflect the views of the respective organizations where we are employed.

The participants in the Forum that have specifically endorsed this response are listed below.

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