



สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

FEDERATION OF ACCOUNTING PROFESSIONS
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

October 1, 2015

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board (IASB)
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Mr. Hoogervorst,

Comment Letter on Trustees' Review of Structure and Effectiveness: Issues for the Review

The Federation of Accounting Professions of Thailand would like to show our appreciation on the opportunity to comment on **Trustees' Review of Structure and Effectiveness: Issues for the Review**. Overall, we support all 4 strategic goals with additional suggestions. We agree on the extension of IASB roles towards the development of a single set standards and a reporting platform. We also commend for the consistency of application and implementation of IFRS, with some recommendations on practical issues. Lastly, we agree with most of the foundation's, trustees' and IASB's structure, with minor suggestions which could possibly enhance the flexibility and the efficiency of their functions.

Please find our responses to the specific questions raised in **Trustees' Review of Structure and Effectiveness: Issues for the Review** in an attachment. We believe that this process will help the trustee, IASB and the foundation in the development of financial standard process, more or less. Should you need more information, please kindly contact the Federation of Accounting Professions of Thailand.

The Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Vorasak Tummanond
Chair of Thai Accounting Standards Board
Federation of Accounting Professions of Thailand
Bangkok, Thailand

Copied to:

- 1) Chairman, Accounting Standard-Setting Committee of Thailand
- 2) Chairman, Subcommittee of Studying and Monitoring of International Financial Reporting Standards
- 3) President, Federation of Accounting Professions of Thailand



**IFRS Foundation Request for Views Trustees' Review of Structure and Effectiveness:
Issues for the Review**

Question 1: Considering the consequences referred to above, what are your views on whether the IASB should extend its remit beyond the current focus of the organization to develop Standards; in particular for entities in the private, not-for-profit sector?

FAP: Provide that there is no international organization that currently taking on responsibility to develop international standards for the private, not-for-profit sector though there continue to be the demands for internationally consistent standards for the public sector and not-for-profit sectors, we believe that the IASB may consider extend its remit beyond the current focus of the organization to develop international standards for private, not-for-profit sector. However, the trustee may need to consider whether there are resources available to undertake this work and would not jeopardize the IASB's current objectives and agenda. In addition, since the objectives and purpose of not-for-profit organization is different from those of for-profit organization who has been the key target audience of the IASB. The different in the purposes of the organization has a considerable impact on the accounting methods of each type of organization. If IASB takes on the responsibility to develop standards for entities in the private, not-for-profit sector, by having to focus on both sectors with significantly different purposes could be difficult to focus and could be conflict in the role; trustee may consider setting up a separate team/board to focus on develop international standards for the private, not-for-profit sector as an alternative for an extension of IASB's scope.

Question 2: 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?

FAP: Agrees with the proposal that IASB should play an active role in developments in wider corporate reporting through the co-operation of several regulators. Since all financial information based on IFRS prepared financial statements, IASB active role will yield in cost effectiveness for all entities applying the wider corporate reporting. Other relevant non-financial information in the integrated reporting relating to IFRS financial information may also lend support to IFRS financial statements which will provide valued information to users of financial statements.

Question 3: Do you agree with the Foundation's strategy with regard to the IFRS Taxonomy?

FAP: Yes as this will provide a single standard for the Taxonomy which thus enhances comparability of financial reports within a jurisdiction and beyond. Moreover, different regulators in a jurisdiction can easily share and import various kinds of information in financial reports for their own purposes, and this will surely reduce compliance burdens of juristic persons in submitting many sets of financial reports to all regulators.



Question 4: How can the IASB best support regulators in their efforts to improve digital access to general purpose financial reports to investors and other users?

FAP:

- 1) Create a framework for digital access to general purpose financial reports through electronic depositories and provide some role models that regulators in each jurisdiction can apply to suit their regulations and economic context.
- 2) Develop key principles and standards of electronic depositories, so each jurisdiction can use them as underpinnings in the development of local regulations. Guidelines or key issues that each jurisdiction should consider or prepare for further applications will also be very useful.

Question 5: 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?

FAP: To date, the steps taken by IASB is appropriate especially in the view of assessing whether any additional tools are needed to serve both structured and unstructured data apart from IFRS Taxonomy that focuses basically on structured data.

In addition, considering the public access to the current tool – IFRS Taxonomy, the public is able to benefit from the tool in a cost saving manner noting that the IFRS Taxonomy is offered free of charge and available on IFRS website. However, the issue of rapid changes, including changes in financial and non-financial environment, must be carefully taken into consideration when it comes to any revision of IFRS Taxonomy.

Question 6: 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 that the Foundation could and should be doing in this area?

FAP: The works that the Foundation and the IASB have undertaken so far for the strategic goal of consistency of application and implementation are truly commendable, especially regarding the interactions with various stakeholders. However after reviewing the activities outlined for this strategic goal, we observed that your collaborations with the accounting firms seem to be missing from the picture. It is to be expected that they would encounter any implementation issues before other stakeholders, e.g. the securities regulators and thus, engaging and working with the accounting firms would further facilitate your progress toward this goal.

Moreover, some circumstances may have practical issues to apply some accounting standards, it is to be expected that the Foundation can support education and illustrative examples for understanding that concept.

Question 7: Do you have any suggestions as to how the functioning of the three-tier structure of the governance of the Foundation might be improved?



FAP: The existing three-tier structure is appropriate. However, an additional matter is suggested as follows:

Membership criterion of the monitoring board:

While the commitment on the use of IFRS in the jurisdiction's capital market is taken as one important factor, the matter of whether or not such jurisdiction participates in the funding and its participated funding amount, perhaps, should not limit its potential in becoming the monitoring board member.

Question 8:

(1) What are your views on the overall geographical distribution of Trustees and how it might be determined?

(2) Do you agree with the proposal to increase the number of 'at large' Trustee appointment from two to five?

FAP:

1. We support the overall geographical diversity of Trustees component, based on global capital market proportion, as specified in the Constitution. Also, supplementary criteria, such as the number of countries planning to firstly adopt the IFRSs, should be included in determining 'at large' Trustee to encourage IFRS adoption around the globe.

2. We agree with the proposal to increase the number of 'at large' Trustee appointment from two to five members, since it provides greater flexibility and effectiveness to balance trustees' geographical component to represent current capital market proportion across the globe.

Question 9: What are your views on the current application 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?

FAP: We agree with the provision of current professional backgrounds composition as stated in the Constitution, requiring two of Trustees to be senior partner of prominent international accounting firms. In addition, we believe that holistic and collective professional background should be considered to set out the appropriate balance of professional backgrounds and to broaden intellectual aspects and experiences of trustees, ultimately leading to an enhancement of IFRS Foundation's mission and vision.

Question 10: Do you agree with the proposal to change the focus and frequency of reviews of strategy and effectiveness, as set out above?

FAP: We agree with the proposal to conduct periodic reviews of the strategy and effectiveness of the organization at least every five years in order to prevent disruption while continuously enhance related operation.



Question 11: 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?

FAP: We believe the parties most suited to determine the optimum size of the IASB are its members, together with the Board of Trustees, because other stakeholders lack the detailed information on the responsibilities of the IASB members and their current workloads. We, however, do see the benefits of a smaller board in terms of greater flexibility and effectiveness and therefore, do not object your proposals to reduce of the IASB from 16 to 13 members and the revised geographical distribution.

Question 12: 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 backgrounds on the IASB?

FAP: Agree. The proposed amendment allows more flexibility and diversity in term of background of IASB members.

Question 13: Do you agree with the proposal to amend Section 31 of the Constitution on the terms of reappointment of IASB members as outlined above?

FAP: Agree. The proposed amendment introduces more flexibility on the term of reappointment and make the most effective use of IASB members.

Question 14: 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?

FAP: Has no comments on the Foundation's funding model. FAP also agrees that the Foundation has been investigation ways to increase revenue from self-generated income and the Foundation also needs to be financially independent.

Question 15: Should the Trustees consider any other issues as part of this review of the structure and effectiveness

FAP: Has no comments.