



## **ASB's Communication Strategy (March 2006)**

1 The aim of this Communication Strategy is to set out the Accounting Standards Board's (ASB's) objectives in using communications for influencing the direction of IFRS and communicating with its constituents. It has been issued by the ASB following the discussion at our public meeting on 19 January 2006.

2 Our communication strategy aims to ensure that:

- We demonstrate thought leadership in being well informed and setting the agenda with our standard-setting research.
- Our constituents are made aware of and kept up to date on important matters and as projects commence and progress.
- We encourage a dialogue with our constituents on a timely basis.
- We work with and input into the processes of international, European and national bodies involved with standard setting and interpreting.
- We are open and transparent in our processes.

### **Leadership and setting the agenda**

3 To ensure we have real influence in the international arena, we need to have adequate and appropriate resources to keep up with current thinking. In some areas we aim to be leaders and therefore not just be involved in influencing current thinking, but developing and/or testing new ideas for financial reporting. We are presently regarded by our international colleagues as a leading standard setter and have a reputation for innovative thinking and high quality in our work and responses. The ASB believes this reputation must be maintained and enhanced.

4 To do this we will devote a proportion of our resources to taking forward new ideas for financial reporting that we hope will be influential in leading to and informing international consideration of relevant issues.

### **Keeping our constituents informed**

5 The ASB is closely involved in the development of international accounting standards from the time when projects are initially thought of, through to when they are undertaken and eventually to the issue of a



standard. Our constituents have a strong interest in this process, as the resulting standards will be used by UK and Irish entities— either directly or as reflected in UK accounting standards. ASB should therefore strive to ensure that it shares with its constituents the information that they need, when they need it.

6 Once an international project has reached the stage of a formal exposure draft, although due process often leads to some amendments being made to the initial proposals, it is difficult to change the project's fundamental direction. It is therefore important that information on developing projects is available on a timely basis.

7 A good deal of information on developments, or potential developments, in International Financial Reporting Standards (IFRS) is available for constituents directly from the International Accounting Standards Board (IASB). As it would be of limited value for ASB to merely reproduce information that is available elsewhere the ASB will strive to highlight developments that seem particularly relevant to its constituents, including the possible implications for UK reporting entities and setting out, where appropriate, an initial view on the merits of proposals. It will aim to do so as early as possible in the process.

8 The ASB's views will not be restricted to technical considerations. A majority of ASB members are part-time, and because of its links with its constituents who prepare, audit and use financial statements, the ASB is well placed to comment on the practical implications of proposed accounting standards and to form a view as to whether the technical merits of proposals are outweighed by practical concerns.

9 ASB will continue and enhance the following arrangements for providing information to its constituents:

- A newsletter *Inside Track* is published quarterly.
- ASB publishes Press Notices and, occasionally, a 'Notice for Constituents'.
- ASB's website gives (besides the above material) summaries of ASB projects and other documents produced by ASB such as submissions to others involved in standard-setting. This includes a facility for those who wish to receive e-mail alerts of new material.



- ASB staff and Board members frequently speak at conferences and public meetings, and host meetings of various groups, committees, and individuals.

## **Dialogue with ASB constituents**

10 ASB regularly publishes documents that solicit formal comments from its constituents, such as Discussion Papers and Exposure Drafts. As is to be expected, Board members receive copies of all comments and they are carefully considered in developing the project. Care is taken to understand the quality of the evidence and arguments set out in these comment letters—consultation is rather different from simply counting votes.

11 However, formal written consultation is neither sufficient nor necessarily the most effective means of obtaining the views of ASB's constituents. As mentioned above, ASB regularly hosts and attends meetings with various groups, committees and individuals. These enable ASB to understand the views and concerns of its constituents, as well as providing an opportunity for ASB to explain current items of interest. In providing feedback to the IASB on its projects the ASB will take account of all the views of its constituents, but ultimately will determine and argue for its own view on the basis of the technical and practical merits of a proposal.

12 The ASB will enhance and expand the effectiveness of its dialogue with constituents by:

- Holding round table discussions and/or public meetings on particularly important developments relating to accounting standards.
- Increasing the number of one-to-one meetings it has with influential constituents and thought leaders.
- Working more actively with professional, industry and lobby groups, including encouraging and assisting constituents attending IASB round tables.
- Publishing on its website commentaries on and explanations of developments, often before they are formally published for comment.
- Improving its web site and using electronic updates to a greater extent.



## **An effective influence in the development of international financial reporting standards**

13 It is important to the UK and Ireland that international financial reporting standards are of the highest possible quality. The UK interest in this may be greater than that of some other countries both due to the size of its capital market and its history of development in financial reporting. There is thus an important task for the ASB in playing the fullest possible role in the development of international financial reporting standards.

14 As would be expected, an important part of this work involves communication with IASB. However, ASB also attaches considerable importance to working with other standard-setters and other organisations which play a role in the standard-setting process. The United States Financial Accounting Standards Board (FASB), because of the Norwalk Agreement, is particularly important. We also work very closely with our colleagues in Europe, including the European Financial Reporting Advisory Group (EFRAG), and with other national standard setters.

15 ASB closely follows the development of each international project and contributes its views, which are not confined to responses to formal requests for consultation, but are also made whenever it appears that it might be desirable to do so. These views are published by ASB for the benefit of its constituents.

16 In addition, ASB participates in events such as round tables and advisory groups that have an input to active IASB projects. The Chairs and staff of IASB and ASB are in regular contact and staff transfers are sometimes undertaken.

17 We also work with the IASB (and other standard setters) on standard-setting research projects, usually where the existing standard is judged unsatisfactory or where there is no standard in existence. We will increase our efforts in this area on well targeted, relevant topics.

18 We believe it is important that EFRAG becomes a strong voice for Europe and we are willing to devote hard work and resources towards that being achieved. We already play an active role in the work of EFRAG's Technical Experts Group (TEG) and its Proactive Accounting Activities in Europe (PAAinE). We plan to continue our serious efforts in Europe and anticipate even greater commitment as the pro-active research role evolves



and as EFRAG's regular dialogue with the IASB on convergence issues is enhanced.

#### *Coordination and public relations*

19 As well as influencing international financial reporting standards by being active internationally, there is an opportunity for ASB to create and channel new networks of interest groups in the UK and Ireland and to raise judiciously the public relations content of its activities. The aim would be to channel press, professional and industry interest towards particular pressure points so that the IASB's considerations have due regard to our opinion and needs.

### **Open and transparent processes**

20 ASB operates under the ægis of the Financial Reporting Council (FRC). This ensures the ASB's independence and provides an appropriate means for the appointment of Board members

21 To increase transparency and enhance communications the Board now publishes its agendas and, after each Board meeting, minutes, on the ASB's website.

22 The ASB has rarely consulted in the past on its own agenda. In the future the Board will set out its planned work programme at least annually and request comments on its plans. After the first consultation, ASB will set out (i) what the previous consultation proposed; (ii) how ASB's agenda plans were modified in the light of that consultation; and (iii) how the work undertaken by ASB compared to its plans.