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Chère Mme Flores

### **Report of the Trustees Strategy Review**

ICAEW welcomes the opportunity to comment on EFRAG's draft response to the IFRS Foundation on the report of the Trustees Strategy Review, published in April 2011.

ICAEW operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. As a world leading professional accountancy body, we provide leadership and practical support to over 137,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. We are a founding member of the Global Accounting Alliance, which has over 775,000 members worldwide.

Attached to this letter is a near-final copy of the response we will be submitting to the IFRS Foundation, which includes detailed comments on each of the specific principles and recommendations set out in the Report. In general we are very supportive of EFRAG's response, which we commend as a valuable contribution to the debate. However, there are a few areas in which our views differ from EFRAG and these are explored below.

We strongly agree with EFRAG (appendix paragraph 1) that the Trustees are right in focusing on investors as the primary user group and we believe that transparent financial reporting is crucial to securing long-term stakeholder value. However, we question whether the most effective way of articulating this is by excluding shorter-term capital providers from the primary audience for high quality financial information. Clearly these users have a strong need for such information. We also find it difficult to understand how in practice this approach could be effectively applied.

In relation to IASB due process, we agree with EFRAG that improvements could be made to the analysis and consideration of effects in the standard setting process. We are keen

advocates of the work EFRAG has commenced in its recent discussion paper *Considering the Effects of Accounting Standards*. However, in our previous response to EFRAG, ICAEW REP 19/11, we questioned some of the criticisms EFRAG makes of the IASB's due process. In particular, we disagree with the stark conclusion of the final bullet of paragraph 17. Ultimately, decisions about accounting standards need to be taken by an independent standard setter in the public interest after following transparent due process. Sometimes those decisions are not popular, but past experience suggests that, with hindsight, some deeply unpopular changes to standards (where these have significantly increased transparency of financial statements) have proved highly beneficial to investors.

Please contact me should you wish to discuss any of the points raised in this response.

Yours sincerely

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## ICAEW REPRESENTATION

REPORT OF THE TRUSTEES' STRATEGY REVIEW – IFRSS AS THE GLOBAL STANDARD: SETTING A STRATEGY FOR THE FOUNDATION'S SECOND DECADE

**Memorandum of comment submitted in July 2011 by ICAEW, in response to the IFRS Foundation's report *IFRSs as the Global Standard: Setting a Strategy for the Foundation's Second Decade*, published in April 2011.**

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## INTRODUCTION

1. ICAEW welcomes the opportunity to comment on the report *IFRSs as the Global Standard: Setting a Strategy for the Foundation's Second Decade*, published by the IFRS Foundation in April 2011. A copy of which is available from this [link](#).

## WHO WE ARE

2. ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter which obliges us to work in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 137,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.
3. ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.
4. The Financial Reporting Faculty is recognised internationally as a leading authority on financial reporting. The Faculty's Financial Reporting Committee is responsible for formulating ICAEW policy on financial reporting issues, and makes submissions to standard setters and other external bodies. The faculty also provides an extensive range of services to its members, providing practical assistance in dealing with common financial reporting problems.

## MAJOR POINTS

5. ICAEW believes strongly in the benefits to investors and business of truly international standards, and has been a persistent champion of the creation of a single set of high quality global accounting standards and their application by publicly traded and other companies around the world. We made a significant contribution to the successful adoption of IFRS by UK listed companies in 2005, and our expertise in this area was reflected in the selection of the Institute by the European Commission (EC) to deliver a comprehensive study in 2007 covering all aspects of first time application of IFRS by European Union (EU) member states. In 2008 the Institute was also commissioned by the United Nations to prepare a follow-up report on the UK experience of IFRS implementation, which was presented in Geneva in October 2008. These reports and the extensive experience of our members in IFRS reporting have informed our comments on the Trustees' paper.
6. ICAEW has been closely involved at each stage of the review of the constitutional arrangements of the IFRS Foundation. We have submitted comments to all the consultation papers on the Constitution issued since February 2004 and have been represented at each of the public hearings held in London since that time, including the roundtable held on 22 June 2011. We regard the ongoing process of debate and reform as key to the success of the IASB and to wider acceptance of its legitimacy as a global standard setter. The importance of achieving an appropriate and widely-respected governance structure for the IFRS Foundation as the IASB increasingly assumes a global role of profound economic significance should not be underestimated.

7. We welcome the timing of the current strategy review paper, issued at a critical juncture in the evolution of the IASB as the primary international standard setter. We also broadly welcome the scope and content of the strategy paper, which provides some valuable clarification on issues which we think are central to the debate about the future direction and priorities of the Trustees and IASB. In our comments below, we highlight a number of key issues and raise a number of concerns, in particular we stress:

- Our support for the focus on investors' information requirements;
- The case for a specific reference under 'mission' to stewardship;
- That global adoption of a single and unmodified set of financial reporting standards should be the goal of the Foundation, not convergence;
- That it is in the public interest for the Trustees and IASB to consider the desirability, and feasibility, of addressing accounting by not-for-profit entities as soon as resource constraints allow;
- The need to avoid a proliferation of formal and de facto interpretation as IFRS application spreads around the world;
- The importance of clarity in respect of decisions about re-exposure;
- Our support for the development of a robust and widely-accepted methodology for effects analysis;
- Our opposition to XBRL considerations affecting the way in which a particular standard develops; and
- The importance of ensuring that standard setting activities, especially major agenda decisions and discussion papers, take full account of relevant accounting research, but not by building an extensive and expensive in-house research capacity.

## **COMMENTS ON SPECIFIC PRINCIPLES AND RECOMMENDATIONS**

### **A. MISSION: DEFINING THE PUBLIC INTEREST TO WHICH THE IFRS FOUNDATION IS COMMITTED**

#### **Purpose of financial reporting standards**

**A1. In carrying out the IFRS Foundation's mission as the standard-setting body, the IASB should develop financial reporting standards that provide a faithful presentation of an entity's financial position and performance. Those standards should serve investors and other market participants in their economic and resource allocation decisions. The confidence of all users of financial statements in the transparency and integrity of financial reporting is critically important to the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth.**

8. We very strongly support the focus in A1 on the primacy of the needs of investors, and hence on transparency as the core purpose of financial reporting.
9. Accounting solutions should be determined primarily to meet investor's information needs, not, for example, to further other economic or public-policy objectives. We agree that IASB should have a full and frank dialogue with key regulators on an ongoing basis, and that transparency and integrity in reporting are absolutely vital components of a stable, financial system. But we think that financial stability, and prudential supervision, should always be delivered principally through regulatory regimes, and regulators should have no particular influence over the determination of the detailed requirements of accounting standards.

10. The clarity now provided by the Trustees is an important step forward, in view of recent uncertainty about this point, and all necessary efforts should be made to ensure that this core principle is well-understood and adhered to in practice in respect to both financial statements and accompanying management commentary.
11. We would add a plea for one further clarification here, which is for a specific reference to stewardship in the context of the key economic decisions of investors, as well as resource allocation.
12. In our response to the Trustees' Strategy Review, we commented that the single term 'economic decisions' may be inadequate to reflect the full purpose of financial reporting standards. In the United States, an 'economic decision' is typically equated with an action to buy, sell or hold a security, in Europe it commonly also includes the actions that shareholders may take in response to management's stewardship. Resource allocation decisions' also appear to be limited to buy/sell/hold actions. It would perhaps be preferable to replace this term with a clear reference to stewardship.

### **Adoption of IFRSs**

**A2. As the body tasked with achieving a single set of improved high quality global accounting standards, the IFRS Foundation must remain committed to the long-term goal of the global adoption, in their entirety and without modification, of IFRSs as developed by the IASB. Convergence may facilitate adoption over a transitional period. Convergence, however, is not a substitute for adoption. Adoption mechanisms may differ among countries and may require an appropriate period of time to implement but, whatever the mechanism, they should enable relevant entities to have an audit opinion stating full compliance with IFRSs as issued by the IASB.**

13. We agree that the goal of the Foundation should remain the universal adoption of a single and unmodified set of financial reporting standards. We also accept that convergence, although a useful tool in assisting progress towards that goal, is not a substitute for adoption. It is entirely proper that each jurisdiction determines at what pace, and by which route, its journey to IFRS reporting should be undertaken, but adoption has to be the ultimate objective, and indeed the primary aspiration of the Foundation.
14. Our doubts about the practicality of convergence-based approaches to moving to IFRS-based financial reporting are reinforced by our experience of IFRS adoption in the UK and the rest of Europe. Our views on this issue are set out in our letter to the SEC, submitted in July 2011 in response to the SEC staff paper *Exploring a Possible Method of Incorporation*, published by the SEC in May 2011. A copy of our letter to the SEC is attached as an appendix for information.

**A3. With co-operation from national and international market and audit regulators, the IFRS Foundation should seek full disclosure where adoption of IFRSs is incomplete or there is divergence from the full set of IFRSs as issued by the IASB. The Foundation should seek a mechanism to highlight instances where jurisdictions are asserting compliance with IFRSs without adopting IFRSs fully.**

15. We welcome recognition that co-operation with local regulators is essential to the monitoring of IFRS implementation. The language of A3 might however benefit from some refinement. References to seeking *full disclosure* and *establishing a mechanism* to highlight jurisdictional non-compliance may suggest, perhaps unintentionally, some sort of international enforcement role for the Foundation. That would be both undesirable, and impractical.

#### Scope of standards and IFRS activities

**A4. In the near term, the primary focus of the IFRS Foundation and the IASB should remain on developing standards for private sector entities (ie both publicly traded entities and SMEs). Taking into account the necessary resource requirements, the Foundation and the IASB will consider developing standards for other entities and for other purposes at a later date.**

16. The work of the Foundation in establishing a high quality international regime for financial reporting is coming to be seen, not only as the accepted global currency for listed companies, but as a gold standard for other types of entity seeking greater transparency. These developments are to be encouraged. Indeed, we think it is in the public interest for the Trustees and IASB to consider the desirability, and feasibility, of addressing accounting by not-for-profit entities as soon as resource constraints allow. We do accept however that may not be for some time yet.
17. Similarly, we agree that it would be impractical for the IASB to extend its activities to the public sector at present, and note that IPSASB has made an important contribution to the standard of public sector accounting around the world and to the promotion of global standards closely-aligned with IFRS.
18. Whatever decisions are taken over expanding the remit of the IASB, such efforts should not be allowed to undermine or distract the IASB from its focus on setting standards that facilitate the production of commercial financial information for capital providers. It is essential that the financial statements are focussed in this way and it would not be acceptable for standards to be drafted in such a way that they detracted from this aim in the interests of satisfying the information requirements of other types of entity. These issues need careful consideration.

#### Consistency of application and implementation

**A5. In pursuing its mission, the IFRS Foundation has a vested interest in helping to ensure the consistent application of IFRSs internationally. The Foundation should pursue that objective in the following ways:**

- The IASB, as the standard-setter, should issue standards that are clear, understandable and enforceable.
- The IASB will provide guidance on its standards that is consistent with a principle-based approach to standard-setting. All application guidance and examples must be necessary to understand the principles.
- The IASB will work with a network of securities regulators, audit regulators, standard-setters and other stakeholders to identify divergence in practice. Where divergence in practice could be resolved through an improvement in the standard or an interpretation, the IASB or the IFRS Interpretations Committee will act accordingly.

- The IFRS Foundation, through its education and content services, should undertake activities aimed at promoting consistent application.
  - The IASB, in partnership with relevant authorities, will identify jurisdictions where IFRSs are being modified and encourage transparent reporting of such divergence.
  - The IFRS Foundation will seek the assistance of the relevant public authorities to achieve this objective.
19. We broadly agree with the various recommendations on consistent application listed above, especially the comments about a principle-based approach to standards setting. This is nothing new, but is fundamental to the success of IFRS as the standards are increasingly adopted by jurisdictions with differing traditions of reporting and regulation. Clear principles in standards should be underpinned by the minimum application guidance needed to illustrate how those principles are likely to be applied in common situations. This approach allows companies and auditors to respond appropriately to complex transactions and new developments in business and accounting practice, identifying the accounting solution that best addresses the substance of the transaction, rather than focusing on compliance issues. It is more likely to lead to high quality and transparent reporting than extensive rules designed to address all eventualities that arise in practice, which tend to foster a preoccupation with the detailed requirements, rather than with effective communication with investors.
20. With this approach in mind, we have some concerns over the third bullet in A5, where interpretations are mentioned as a solution to divergent practice. Companies in the early stage of IFRS implementation face many challenges, particularly in jurisdictions where the existing accounting framework relies heavily on a detailed body of rules, as well as, or instead of, principles-based standards. The forthcoming publication of several major new standards will add to such challenges. However, few of the issues involved are likely to merit the publication of formal interpretations, or other material of a similar status, whether by the IFRS Interpretations Committee, or by local regulators and other bodies. We believe that a single set of robust and well-understood standards is far more effective in promoting high quality financial reporting than a complex body of accounting literature. A proliferation of formal and de facto interpretation may result in complexity for IFRS users, with a patchwork of diverse and inconsistent precedents. It would dilute the primarily principles-based nature of IFRS, and might well stymie the emergence over time of good practice and common understandings.
21. In this context clarity over which body will be mandated to interpret international standards that have been converged with FASB standards is important. In our view, it should be the IASB (and its interpretations committee) alone, not for example the EITF or FASB.
22. Finally, a note of caution about consistent application. We expect differences in IFRS implementation that arise from differences in corporate governance, auditing and regulatory regimes, to persist for a long time to come. Achieving the objective of a single set of high quality accounting standards, adopted throughout the world, may take some time yet, and we should not expect that even a single set of global standards will mean complete uniformity across the planet. Local differences seem likely to be a feature of the world for the foreseeable future, but we can no doubt



expect their significance to decline over time as both regulatory and market forces push further towards further globalisation. Setting high quality, principles-based, well-understood standards will certainly help in this endeavour.

## **B. GOVERNANCE: INDEPENDENT AND PUBLICLY ACCOUNTABLE**

### **B1. The independence of the IASB in its standard-setting decision-making process, within a framework of public accountability, must be maintained.**

23. We strongly agree. Safeguarding the independence of the IASB in its standard setting process is of paramount importance. We support the recommendation in B3 that the Trustees should be clearer about how they carry out their oversight in this area, and also believe that the IASB's independence would be enhanced by a clearer definition of the responsibilities of each tier of the three tier system.

### **B2. The current three-tier structure (Monitoring Board, Trustees, IASB) is appropriate for the organisation's mission. Within that governance structure, the Monitoring Board, the IFRS Foundation and the IASB should enhance their interaction and procedures where appropriate to reinforce the principles of transparency, public accountability and independence. In doing so, the roles and responsibilities of each element of the organisation's governance should be clearly defined.**

24. We support the 3 tier framework. The Monitoring Board has an important role in enhancing the public accountability credentials of the IASB, although we agree that there is some apparent overlap between the roles of the Trustees and the Monitoring Board, and that existing governance arrangements could be strengthened through greater definition of the role of each tier. The proposals under B3 should help to address this.
25. However, whilst we recognise that they reflect existing arrangements, we have some concern over the responsibilities listed for the Monitoring Board. The fifth bullet refers to the right of the Monitoring Board to refer to the IASB, through the Trustees, matters of broad public interest related to financial reporting. This seems unnecessary if the other due process improvements outlined in the paper are implemented, and if it offers a means by which the Monitoring Board can recommend particular issues for inclusion on the IASB's technical agenda, it may at the least result in an unwelcome perception that the independence of the IASB is, in certain circumstances, conditional. At worst, it may provide a conduit through which undue pressure from regulatory or governmental organisations could be brought to bear on the standard setting process. This would be undesirable. Where decisions are seen to be influenced unduly by pressure from governmental or regulatory organisations, the result tends to be a lack of adequate due process or rigorous exposition of the technical issues involved. Some further clarification about the intentions of the Monitoring Board might be helpful, for example a statement that the Board and Trustees foresee no eventuality in practice where this power would be exercised.

### **B3. Consistently with point B2, the Trustees should further clarify how they discharge their oversight responsibilities.**

26. We agree that the Trustees have an essential role to play in reviewing the IASB's due process arrangements and welcome moves to clarify the means by which this duty is discharged.

**B4. Elements of the governance structure should provide regular public reports to demonstrate their effectiveness.**

27. We welcome moves to bring greater transparency to the work of the Foundation, but would caution against a proliferation of publications from the three tiers that could serve to confuse stakeholders.

**C. PROCESS: ENSURING THAT ITS STANDARDS ARE OF HIGH QUALITY, MEET THE REQUIREMENTS OF A WELL-FUNCTIONING CAPITAL MARKET AND ARE IMPLEMENTED CONSISTENTLY ACROSS THE WORLD**

28. We believe strongly that regular and inclusive due process with constituents is the hallmark of an effective and credible standard setting process, and think that the several clarifications and improvements suggested in section C are very much along the right lines. There is always a danger that new layers of due process will have a negative impact on operational efficiency, and this needs to be kept under review, but it is crucial that IASB due process is seen as the embodiment of best practice in global standard setting.
29. However, greater clarity is needed in respect of decisions about re-exposure. Good due process demands that IASB is willing to re-expose new requirements wherever significant changes are made to the original proposals, with the importance of reaching high quality and widely accepted solutions always outweighing pressure to meet internally or externally imposed deadlines. Establishing some broad principles, coupled with better effects studies and oversight by the Due Process Oversight Committee, should allow more consistent understanding and practice in this area. In the meantime, we welcome the decision to re-expose the revenue recognition proposals as a step in the right direction.
30. The reference in C1 to the establishment of a system for benchmarking the IASB's due process is a welcome development. We think it will simply demonstrate that IASB due process compares very favourably now with the due process of major standard setters and regulators around the world. There are some associated challenges of course; for example, in assessing the significance of differences between the work, responsibilities and status of the IASB and some regulatory organisations.

**C2. The framework for the Trustees in their oversight of the IASB's due process should be clarified. The Trustees' Due Process Oversight Committee should review and discuss due process compliance regularly throughout the standard-setting process and at the end of the process before a standard is finalised. The Committee should report regularly on these activities to the Trustees and in its annual report.**

31. We strongly support the more active and transparent work of the Due Process Oversight Committee, and welcome the proposed enhancements under C2, including the additional requirement of a formal final review of the due process undertaken for each completed project. This should improve acceptance of new standards by constituents.

**C3. Building on the existing due process framework and in an effort to improve the usability of financial information, the IASB should undertake the following:**

- **Clear demonstration of how priorities on its agenda are set:** In the agenda-setting process and after the required public consultation, the IASB should provide full feedback. This will assist in demonstrating how the IASB's priorities are set.
32. More formal and regular consultation around the agenda setting process is long overdue, and the forthcoming consultation is thus welcome. The debate has to be rigorous enough to permit a sound understanding of the costs and benefits of proposed projects, to ensure that a compelling and well understood case is made for change. Clear principles for making the agenda choices will also be critical to ensure that the rationale for decisions is understood and accepted.
33. Whether a consultation on the agenda every three years, rather than say every two, proves regular enough in practice should be kept under review by the Trustees. An interim review might be a possibility.
- **Agreed methodology for field visits/tests and effect analyses:** The IASB should work with relevant parties to develop an agreed methodology for field visits/tests and effect analyses (more often referred to as cost-benefit analyses or impact assessments).
34. We agree that developing a robust and widely-accepted methodology for effects analysis is very important. We would like to see effects analysis embedded as an essential and continuous part of standard setting, commencing at an early stage. A timely determination of possible positive and negative effects associated with the development of a standard could allow limited resources to be targeted more efficiently and reduce subsequent calls for revision.
35. We believe that the current consultation by the European Financial Reporting Advisory Group (EFRAG) and the UK's Accounting Standard's Board on a framework for effects analysis promises to provide a very valuable contribution to the debate about methodology.
- **Integration of XBRL into the standard-setting process and the development of relevant XBRL taxonomy extensions:** In order to take into account the impact of technology, the development of the IFRS XBRL taxonomy should be integrated into the IASB's due process. In addition, the IFRS XBRL taxonomy should be expanded to include a relevant number of extensions to the existing base taxonomy.
36. As integration of XBRL into financial reporting processes becomes more sophisticated, it makes sense to establish a formal methodology for considering the incorporation of XBRL alongside development of the standard. However, XBRL is merely a tool for encoding the information required by an accounting standard to facilitate electronic communication and analysis, and important though this is, XBRL considerations should certainly not affect the way in which a particular standard develops.

**C4. To support the IFRS Foundation's interest in consistent application of IFRSs and within the IASB's standard-setting mandate, the Foundation and the IASB should undertake the following actions:**

- **using an agreed methodology, undertake post-implementation reviews to help identify implementation issues.**

37. We agree that post-implementation reviews form an essential part of the effects analysis and therefore it is desirable for them to be formalised using an agreed methodology.
- **establish formal co-operation arrangements with securities regulators, audit regulators and national standard-setters to receive feedback on how IFRSs are being implemented and to encourage actions aimed at addressing divergence.**
38. We agree that establishing channels of communication over implementation is likely to prove a very effective way of addressing divergence in practice, although the list of appropriate bodies with which IASB and the Interpretations Committee should cooperate in this endeavour is perhaps rather narrowly drawn. It might for example include regional as well as national organisations, business and user associations, and professional accountancy bodies.
- **refine the scope of the IFRS Interpretations Committee's activities to ensure consistency of interpretation, without undermining the commitment to a principle-based approach to standard-setting.**
39. We agree with the proposed scope of the Committee's activities.
- C5. The IFRS Foundation and the IASB should encourage the maintenance of a network of national and other accounting standard-setting bodies as an integral part of the global standard-setting process. In addition to performing functions within their mandates, national and other accounting standard-setting bodies should continue to undertake research, provide guidance on the IASB's priorities, encourage stakeholder input from their own jurisdiction into the IASB's due process and identify emerging issues.**
40. We agree. National standard setters continue to have an important role to play, particularly by assisting in research, monitoring implementation and in contributing to effects analysis.
- C6. To provide thought leadership in the field of financial reporting, the IASB should establish, or facilitate the establishment of, a dedicated research capacity.**
41. We support the general thrust of this recommendation. We believe strongly in the importance of ensuring that standard setting activities, especially major agenda decisions and discussion papers, take full account of relevant accounting research. This need not in our view involve building an extensive and expensive in-house research capacity, more the allocation of some resource to for example undertaking comprehensive early-stage literature reviews, engaging with relevant academics, and liaising with national standard setters, professional accountancy bodies and other organisations that undertake and sponsor accounting research. It might also be helpful for the Foundation to set out the criteria by which it would assess the relevance of such research.
42. If successful, and sufficiently early, this process might help identify likely impacts and contentious issues related to potential projects, and hence lead to better agenda decisions.

43. It should perhaps be borne in mind in this context that the IASB has in the past been criticised for taking an overly theoretical approach to standard setting. While it is important that the standard setter's activities be appropriately grounded in international accounting research, it is also important that empirical evidence and real-life examples inform the standard setting process, thereby ensuring that the new standards are widely accepted as practical and proportionate.

**D. FINANCING: ENSURING THE ORGANISATION IS FINANCED IN A MANNER THAT PERMITS IT TO OPERATE EFFECTIVELY, EFFICIENTLY AND INDEPENDENTLY**

**D1. The funding system must maintain the independence of the standard-setting process, while providing organisational accountability.**

**D2. The existing base of financing should be expanded to enable the IFRS Foundation to serve the global community better and to fulfil the strategy described above. Specifically, funding should be proposed by the Trustees to be on a long-term basis (at least three to five years), be publicly sponsored, be flexible to permit the use of differing mechanisms and to adjust to budgetary needs, be shared among jurisdictions on the basis of an agreed formula (consistent with the principle of proportionality) and provide sufficient organisational accountability.**

44. We agree that it is essential for the Foundation's funding system to be established on a secure and mandatory basis such that its continued effective and independent operation can be assured. Perhaps the most important factor here is the reference to independence in D1. The greatest care should be taken to ensure that influence over governance is not linked to funding arrangements, and to avoid any perception that that is the case, and there should be no dominance of one funder or group of funders.
45. We agree that the ideal source of funding is levies on companies listed on the capital markets of those jurisdictions adopting IFRS, fixed for more than one year at a time, although a flexible approach will be necessary.

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