

## International Financial Reporting Standards

# Financial Information: Catalyst for Growth

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The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

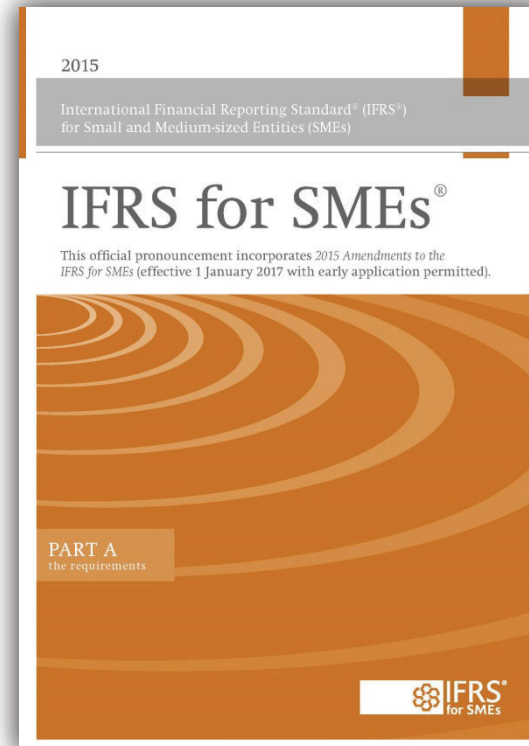
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# IFRS Standards



**Comprehensive set of Standards,  
for use by listed companies**



**Simplified Standard for use by  
smaller, non-listed companies**

# Video

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# Mission Statement

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*“To develop IFRS Standards that bring **transparency, accountability and efficiency** to financial markets around the world.*

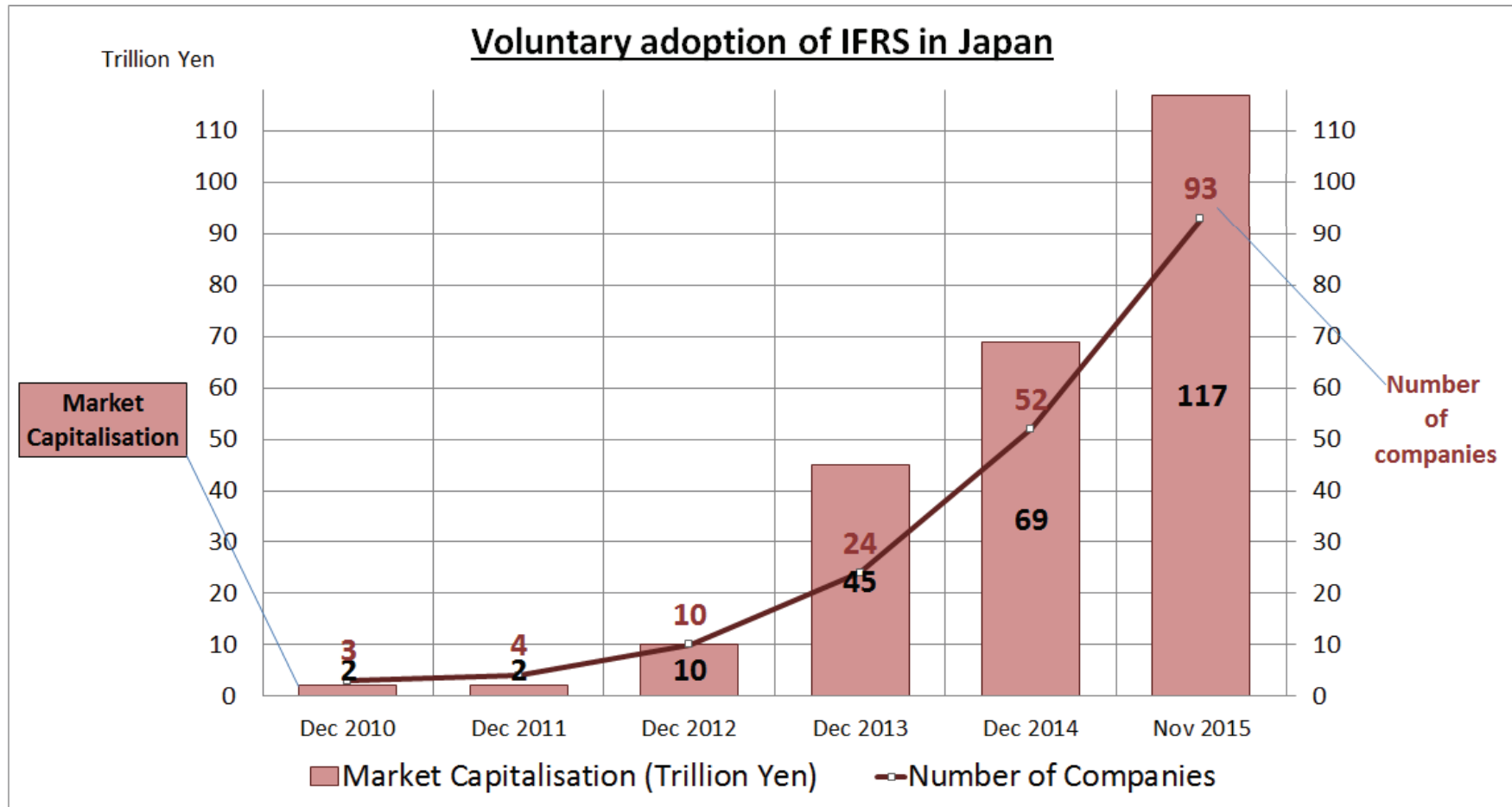
*Our work serves the public interest by fostering trust, growth and long-term financial stability in the global economy.”*

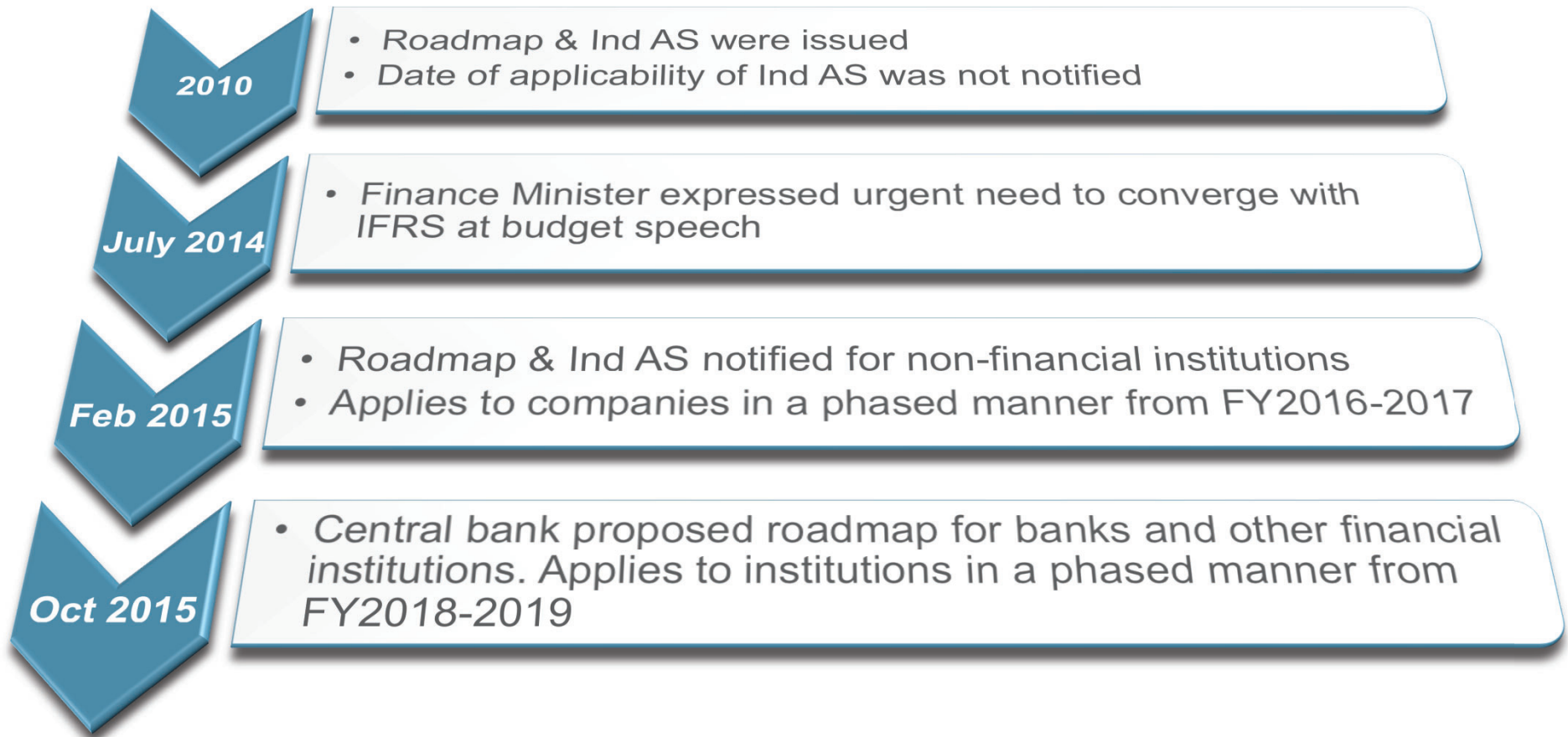
# Progress towards global standards

Afghanistan	China	Iceland	Montserrat	South Africa
Albania	Colombia	India	Myanmar	Spain
Angola	Costa Rica	Indonesia	Nepal	Sri Lanka
Anguilla	Croatia	Iraq	Netherlands	St Kitts and Nevis
Antigua and Barbuda	Cyprus	Ireland	New Zealand	St Vincent and the Grenadines
Argentina	Czech Republic	Israel	Nicaragua	Suriname
Armenia	Denmark	Italy	Niger	Swaziland
Australia	Dominica	Jamaica	Nigeria	Sweden
Austria	Dominican Republic	Japan	Norway	Switzerland
Azerbaijan	Ecuador	Jordan	Oman	Syria
Bahamas	Egypt	Kenya	Pakistan	Taiwan
Bahrain	El Salvador	Korea (South)	Palestine	Tanzania
Bangladesh	Estonia	Kosovo	Panama	Thailand
Barbados	European Union	Kuwait	Paraguay	Trinidad & Tobago
Belgium	Fiji	Latvia	Peru	Turkey
Belarus	Finland	Lesotho	Philippines	Uganda
Belize	France	Liechtenstein	Poland	Ukraine
Bermuda	Gambia	Lithuania	Portugal	United Arab Emirates
Bhutan	Georgia	Luxembourg	Qatar	United Kingdom
Bolivia	Germany	Macao	Romania	United States
Bosnia and Herzegovina	Ghana	Macedonia	Russia	Uruguay
Botswana	Greece	Madagascar	Rwanda	Uzbekistan
Brazil	Grenada	Malaysia	Saint Lucia	Venezuela
Brunei	Guatemala	Maldives	Saudi Arabia	Vietnam
Bulgaria	Guinea-Bissau	Malta	Serbia	Yemen
Cambodia	Guyana	Mauritius	Sierra Leone	Zambia
Canada	Honduras	Mexico	Singapore	Zimbabwe
Cayman Is.	Hong Kong	Moldova	Slovakia	
Chile	Hungary	Mongolia	Slovenia	

Red = countries that require the use of IFRS for all or most publicly listed companies, based on survey of 143 countries, representing 97% of worldwide GDP







**2005**

- **2005 Beijing Agreement:** Joint statement to achieve substantial convergence.

**Nov 2015**

- **2015: Updated Beijing Agreement:** Reaffirm commitment to global standards and full convergence
- Formation of working group to explore further Chinese use of IFRS especially for internationally oriented Chinese companies.



# Benefits to economic development

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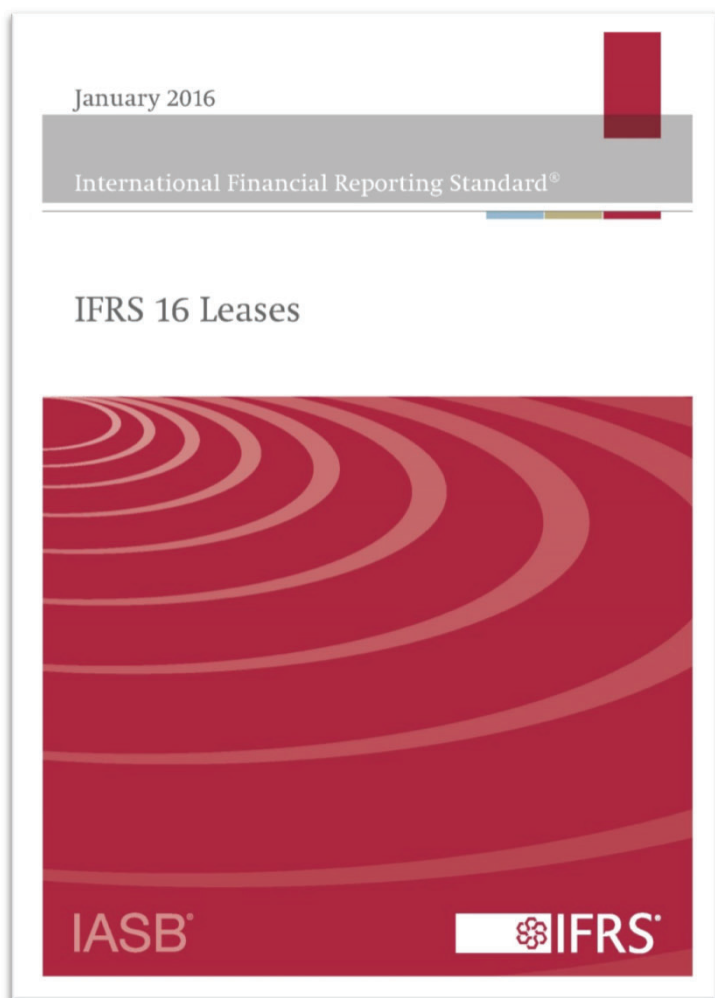
1. Improved capital allocation
2. Reduced cost of capital
3. Increased efficiency

# Work plan

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# IFRS 16 *Lease Accounting*

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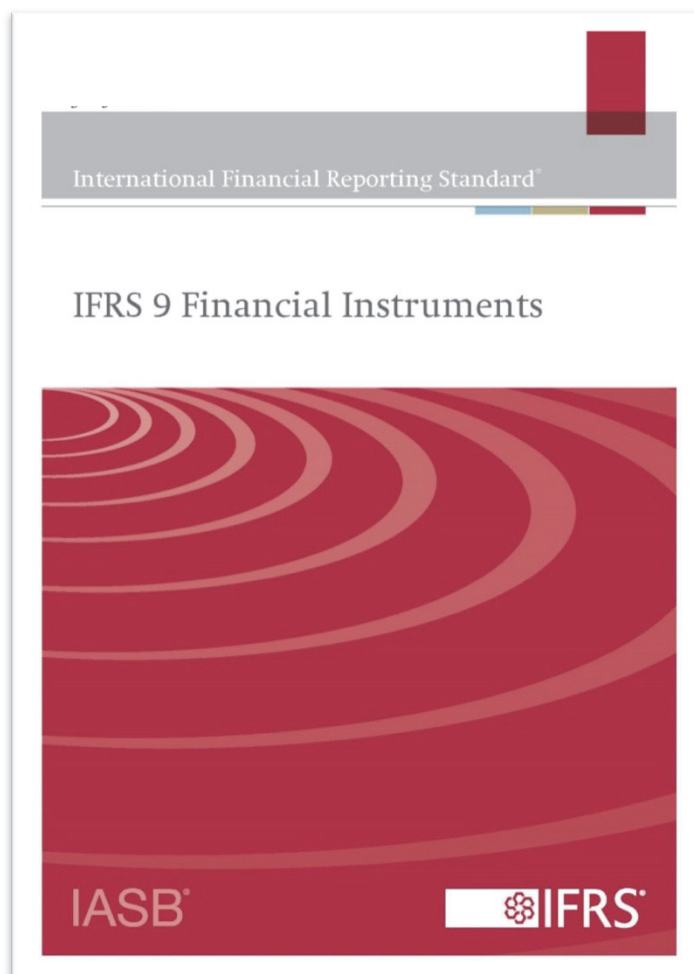
- Effective 2019
- US\$3.3 trillion of leases worldwide
- Estimated 85% not reported on balance sheet

# IFRS 16 *Lease Accounting*

Retailer	Operating lease commitments (undiscounted) <sup>4</sup>	Reported debt <sup>4</sup>	Operating lease commitments as % of reported debt
Circuit City (US)	\$4,537m	\$50m	9074%
Borders (US)	\$2,796m	\$379m	738%
Woolworths (UK)	£2,432m	£147m	1654%
HMV (UK)	£1,016m	£115m	883%
Clinton Cards (UK)	£652m	£58m	1124%

# IFRS 9 *Financial Instruments*

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- Effective 2018
- More logical classification and measurement
- Fixed 'own credit' issue
- Expected loss model
- Improved hedge accounting

# Future developments

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- **Near term:**
  - Complete reforms to insurance accounting
- **Longer term:**
  - Agenda consultation + Review of Structure and Effectiveness
  - Further strengthen relevance of IFRS Standards
  - Improved communication value of financial reporting
  - Broader issues?

# Thank you

