

3

Financials

s	Management Report	52-55
t	2010 financial supporters	56-60
u	Expected financing for 2011	61-63
v	Report of the independent auditors	64
w	Statement of comprehensive income	65
x	Statement of financial position	66
y	Statement of cash flows	67
z	Notes to the financial statements	68-78

Management Report

The primary objective of the IFRS Foundation is to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles

These standards, which are developed by the Foundation through its standard-setting body the International Accounting Standards Board (IASB), should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world's capital markets and other users of financial information make economic decisions.

The Foundation is responsible for the oversight, administration, operational support and finances of the IASB, as well as the selection of the members of the IASB and its various advisory bodies, including the IFRS Advisory Council and the IFRS Interpretations Committee. The Foundation also undertakes activities aimed at promoting the use and rigorous application of IFRSs. This includes the management of content services, eXtensible Business Reporting Language (XBRL) and educational programmes.

2010 financial results

As of 31 December 2010, the Foundation's net assets stood at £7.7 million, a decrease from £9.7 million at year-end 2009. The Trustees of the Foundation,

who approve the budget of the Foundation in consultation with the Monitoring Board, expected the deficit in 2010. Their willingness to support the deficit in financing was made on the basis that:

- some of the expenditure, including the addition of a fifteenth IASB member for a full year, was mandated by changes in the Foundation's Constitution;
- an expansion of technical staff resources, with accompanying administrative support, was required to advance the convergence work programme with the US national standard-setter, the Financial Accounting Standards Board (FASB);
- extensive international travel was warranted as part of an enhanced outreach programme being implemented by the IASB; and
- the Foundation would return to budgetary balance for the year 2011.

The Foundation's financial statements are presented in accordance with IFRSs. The following is a discussion of the highlights of the activities and financial position of the Foundation as presented in the accompanying audited financial statements.

Overview

- Total income from all activities remained relatively flat, increasing to £22.8 million in 2010 from £22.6 million in 2009. The Foundation benefited from small increases in contributions (from £16.58 million in 2009 to £16.64 million in 2010) and publication and related revenues (from £5.7 million in 2009 to £5.8 million in 2010). Owing to a lower interest rate and a general reduction of surplus funds, interest revenues decreased by £106,000 to £271,000 in 2010.
- Consistent with the agreement of the Trustees described above, total expenses before changes in fair value, exchange gains (losses) and taxes (UK corporation) were £24.1 million in 2010, an increase of 5 per cent from £23.0 million in 2009.
- When accounting for changes in fair value, exchange losses and taxes, the Foundation finished the year with a loss of £2 million in 2010, compared with a gain of £647,000 in 2009.

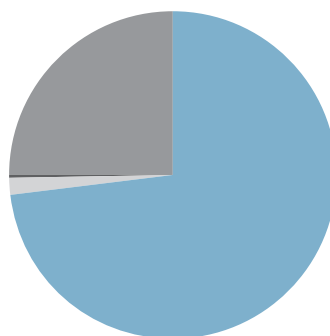
The following charts show the sources of operating income and Foundation expenses before changes in fair value, exchange gains (losses) and taxes (UK corporation).

2009

SOURCES OF OPERATING INCOME £'000

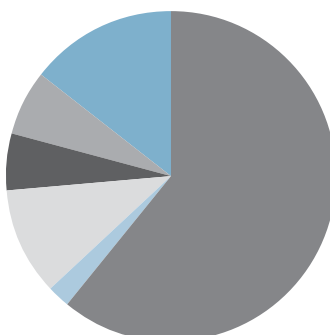
Contributions	16,584
Interest income	377
Other income	34
Revenue of publications and related activities	5,654
TOTAL	22,649

Salaries, wages and benefits	14,000
Trustees' fees	506
Cost of meetings, associated travel and accommodation	2,441
Accommodation	1,285
Other costs	1,464
Direct cost of publications and related activities	3,260
TOTAL	22,956



2009 SOURCES OF INCOME IN PER CENT

- CONTRIBUTIONS (73.2)
- INTEREST INCOME (1.7)
- OTHER INCOME (0.2)
- REVENUE OF PUBLICATIONS AND RELATED ACTIVITIES (25)



2009 SOURCES OF EXPENSES IN PER CENT

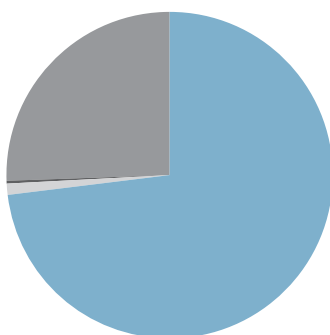
- SALARIES, WAGES AND BENEFITS (61)
- TRUSTEES' FEES (2.2)
- COST OF MEETINGS, ASSOCIATED TRAVEL AND ACCOMMODATION (10.6)
- ACCOMMODATION (5.6)
- OTHER COSTS (6.4)
- DIRECT COST OF PUBLICATIONS AND RELATED ACTIVITIES (14.2)

2010

SOURCES OF OPERATING INCOME £'000

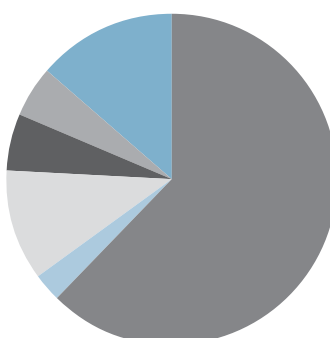
Contributions	16,640
Interest income	271
Other income	58
Revenue of publications and related activities	5,804
TOTAL	22,773

Salaries, wages and benefits	15,089
Trustees' fees	639
Cost of meetings, associated travel and accommodation	2,629
Accommodation	1,319
Other costs	1,221
Direct cost of publications and related activities	3,246
TOTAL	24,143



2010 SOURCES OF INCOME IN PER CENT

- CONTRIBUTIONS (73.1)
- INTEREST INCOME (1)
- OTHER INCOME (0.3)
- REVENUE OF PUBLICATIONS AND RELATED ACTIVITIES (25.5)



2010 SOURCES OF EXPENSES IN PER CENT

- SALARIES, WAGES AND BENEFITS (62.5)
- TRUSTEES' FEES (2.6)
- COST OF MEETINGS, ASSOCIATED TRAVEL AND ACCOMMODATION (10.9)
- ACCOMMODATION (5.5)
- OTHER COSTS (5.1)
- DIRECT COST OF PUBLICATIONS AND RELATED ACTIVITIES (13.4)

Income

The Foundation receives income from the following four sources:

- contributions (primarily through national funding regimes and, to a lesser extent, voluntary contributions);
- revenues from sales of publications and related activities in support of IFRSs (including conferences and educational programmes);
- interest income from reserve funds; and
- other income, primarily honoraria received for speeches.

Contributions

The Foundation remains committed to establishing a financing regime **that maintains the independence of the standard-setting process, while providing organisational accountability.** There has been a gradual evolution of the contributions basis. At the outset, the Foundation was financed through voluntary contributions by some 200 organisations. Some observers have raised concerns about this partial dependence on voluntary contributions. One concern expressed by some was that the temptation might exist to give important financial supporters special consideration in the standard-setting process. Conversely, there were

suggestions that supporters, dissatisfied with the outcome of a rigorous standard-setting process, might withdraw funding and disrupt the IASB's work. While neither of these concerns materialised in practice, there was a sense that dependence on voluntary contributions from largely private sources was inappropriate for an organisation acting in the public interest and could deprive the organisation of necessary resources in the future.

Since 2006 the Trustees have sought to introduce national financing regimes proportionate to a country's relative GDP, that establish a levy on companies or provide an element of publicly supported financing. Now the majority of the Foundation's finances are based on such regimes, an approach that has been particularly successful in Asia/Oceania and Europe, with continued advancement to these regimes evident in 2010. This funding is described in full on page 60 of this annual report.

In 2010 the establishment of new regimes in some countries, including Brazil and Singapore, was offset by some attrition of funding in other countries [including Germany, Sweden, and the United States]. This explains why the level of funding remained relatively flat in 2010.

Publications and related activities

The Foundation provides licences and copyright waivers for jurisdictions adopting IFRSs. It is the firm belief of the organisation that copyright should not be an impediment to the adoption and use of IFRSs. At the same time, protection of the copyright is essential for ensuring the consistency of application of IFRSs. Furthermore, the Foundation benefits from the sales of publications and licence fees to those parties wishing to have access to the range of IFRS-related materials.

Publications and related revenues grew to £5.8 million in 2010 from £5.7 million in 2009. The Foundation is seeing a greater reliance on licensing fees, as more countries and professional organisations are seeking to have access to IFRSs in electronic format. The management team expects to see steady revenue growth in this area.

Expenses

Total expenses before changes in fair value, exchange gains (losses) and taxes (UK corporation) were £24.1 million in 2010, a 5 per cent increase from £23.0 million in 2009. The primary drivers of increased expense are additional IASB members and increased staff remuneration, Trustee fees and travel costs.

- Salaries, wages and benefits for IASB members and staff increased to £15.1 million in 2010 from £14.0 million in 2009. The main cause for this increase was the appointment of a fifteenth IASB member, as required by the Foundation's Constitution. In 2010, the total cost for 14.8 full-time IASB members (2009: 14.0 full-time members) amounted to £6,759,000 (2009: £6,269,000).

- Trustee fees increased to £639,000 in 2010 from £506,000 in 2009. The Trustees are remunerated by annual and meeting fees and are reimbursed for the expenses of their travel on IFRS Foundation business. With the support of the Monitoring Board, the Trustees granted Tommaso Padoa-Schioppa an annual fee of £200,000, which represented an increase of £75,000. This was a reflection of the greater time commitment demanded of the Chair role.
- The increase in travel costs (£2.6 million in 2010 from £2.4 million in 2009) is a result of increased outreach-related activities conducted by the IASB. Costs associated with IASB consultations increased to £728,000 in 2010 from £560,000 in 2009.

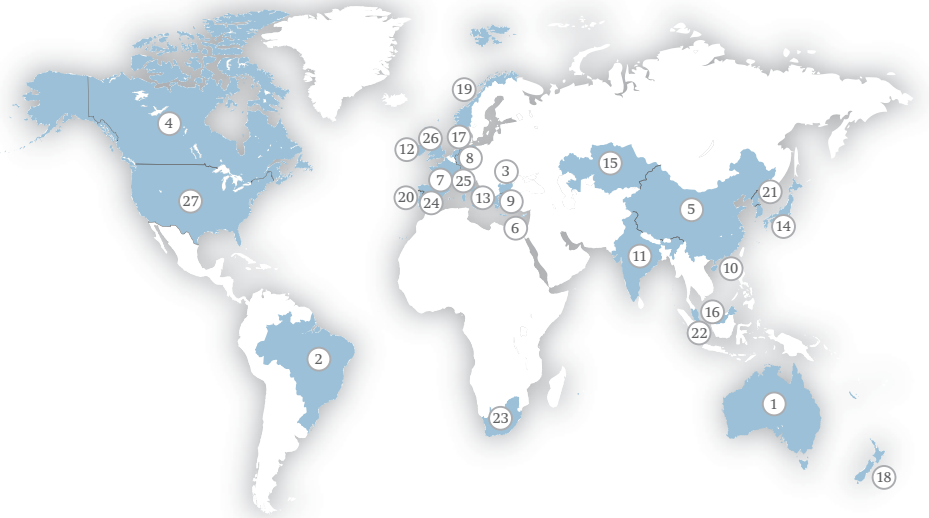
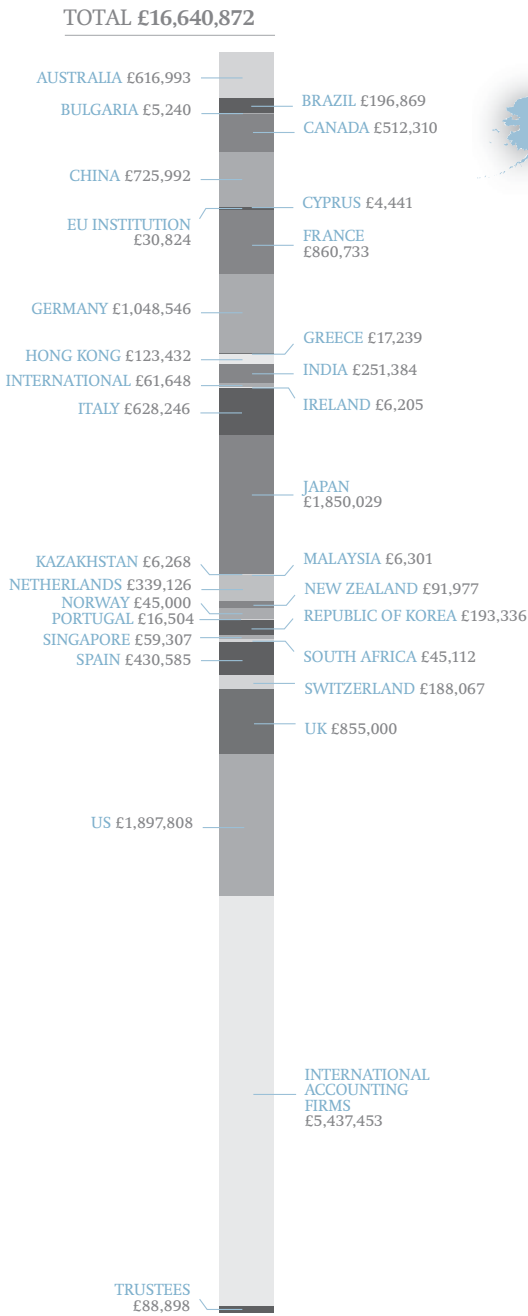
2011 outlook

The financial outlook for 2011 is improving. The Foundation expects to keep within a balanced budget, while not cutting back any of the services that it provides. The improved financial position will be primarily achieved through an increase in funding through new financing regimes. The status of these funding regimes, including new ones for the European Union as a whole, the United States, and parts of Africa and Asia, is explained on pages 61-63.

2010 financial supporters

Chart showing country donation in £s

World map showing donations by country



Key:

- | | | |
|-------------|-------------------|---------------------|
| ① Australia | ⑩ Hong Kong | ⑲ Norway |
| ② Brazil | ⑪ India | ⑳ Portugal |
| ③ Bulgaria | ⑫ Ireland | ㉑ Republic of Korea |
| ④ Canada | ⑬ Italy | ㉒ Singapore |
| ⑤ China | ⑭ Japan | ㉓ South Africa |
| ⑥ Cyprus | ⑮ Kazakhstan | ㉔ Spain |
| ⑦ France | ⑯ Malaysia | ㉕ Switzerland |
| ⑧ Germany | ⑰ The Netherlands | ㉖ UK |
| ⑨ Greece | ⑱ New Zealand | ㉗ US |

2010 Financial supporters (amounts translated into sterling on date received)

Country	Organisation
Cumulative amount raised by country appears below country name	
AUSTRALIA	
£616,993	
£100,000 +	Financial Reporting Council (national contribution)
Less than £25,000	Reserve Bank of Australia
BRAZIL	
£196,869	
	Comitê de Pronunciamentos Contábeis (national contribution)
BULGARIA	
£5,240	
	Bulgarian National Bank
CANADA	
£512,310	
£100,000 +	Canadian Institute of Chartered Accountants (national contribution)
Less than £25,000	Office of the Superintendent of Financial Institutions Canada

Country	Organisation	
CHINA	Through system created by the Ministry of Finance	
£725,992		
£50,000+	China Ministry of Finance	Shanghai Stock Exchange
	Shenzhen Stock Exchange	
£25,000 +	China Development Bank	China Petroleum & Chemical Corporation
	PetroChina Company Limited	
Less than £25,000	Air China Limited	China Shipping Development Co Ltd
	Aluminium Corporation of China Limited	China Telecom Corporation Limited
	Anhui Conch Cement Company Limited	China Unicom Corporation Limited
	Bank of China Limited	China Vanke Co Ltd
	Bank of Communications Co Ltd	Donfeng Motor Corporation
	Beijing Capital Co Ltd	Guangzhou R&F Properties Co Limited
	Beijing North Star Company Ltd	Huaneng Power International Inc
	China Construction Bank Limited	Industrial and Commercial Bank of China
	China COSCO Holdings Company Limited	Jingwei Textile Machinery Co Ltd
	China International Marine Containers (Group) Ltd	PICC Property and Casualty Company Limited
	China Life Assurance Company Limited	Ping An Insurance (Group) Company of China Ltd
	China Merchants Bank Co Limited	Tsingtao Brewery Co Ltd
	China Mobile Limited	Yanzhou Coal Mining Company Ltd
	China National Offshore Oil Corporation	ZTE Corporation
	China Shipping Container Lines Co Ltd	

Country	Organisation																												
CYPRUS £4,441	Central Bank of Cyprus																												
EU INSTITUTION £30,824	European Central Bank																												
FRANCE £860,733	French Ministry of Finance																												
GERMANY £1,048,546	Voluntary levy through Deutsches Rechnungslegungs Standards Committee e.V. the German standard-setting organisation																												
£25,000 +	<table border="1"> <tbody> <tr> <td>Adidas AG</td> <td>Fresenius SE</td> </tr> <tr> <td>Allianz SE</td> <td>Henkel KGaA</td> </tr> <tr> <td>BASF SE</td> <td>Infineon Technologies AG</td> </tr> <tr> <td>Bayer AG</td> <td>K+S AG</td> </tr> <tr> <td>Beiersdorf AG</td> <td>Linde AG</td> </tr> <tr> <td>BMW AG</td> <td>Merck KGaA</td> </tr> <tr> <td>Commerzbank AG</td> <td>METRO AG</td> </tr> <tr> <td>Daimler AG</td> <td>Münchener Rück</td> </tr> <tr> <td>Deutsche Bank AG</td> <td>Robert Bosch GmbH</td> </tr> <tr> <td>Deutsche Börse AG</td> <td>RWE AG</td> </tr> <tr> <td>Deutsche Post AG</td> <td>SAP AG</td> </tr> <tr> <td>Deutsche Telekom AG</td> <td>Siemens AG</td> </tr> <tr> <td>E.ON AG</td> <td>ThyssenKrupp AG</td> </tr> <tr> <td>Evonik Industries AG (RAG AG)</td> <td>Volkswagen AG</td> </tr> </tbody> </table>	Adidas AG	Fresenius SE	Allianz SE	Henkel KGaA	BASF SE	Infineon Technologies AG	Bayer AG	K+S AG	Beiersdorf AG	Linde AG	BMW AG	Merck KGaA	Commerzbank AG	METRO AG	Daimler AG	Münchener Rück	Deutsche Bank AG	Robert Bosch GmbH	Deutsche Börse AG	RWE AG	Deutsche Post AG	SAP AG	Deutsche Telekom AG	Siemens AG	E.ON AG	ThyssenKrupp AG	Evonik Industries AG (RAG AG)	Volkswagen AG
Adidas AG	Fresenius SE																												
Allianz SE	Henkel KGaA																												
BASF SE	Infineon Technologies AG																												
Bayer AG	K+S AG																												
Beiersdorf AG	Linde AG																												
BMW AG	Merck KGaA																												
Commerzbank AG	METRO AG																												
Daimler AG	Münchener Rück																												
Deutsche Bank AG	Robert Bosch GmbH																												
Deutsche Börse AG	RWE AG																												
Deutsche Post AG	SAP AG																												
Deutsche Telekom AG	Siemens AG																												
E.ON AG	ThyssenKrupp AG																												
Evonik Industries AG (RAG AG)	Volkswagen AG																												

Country	Organisation																																																								
GERMANY continued Less than £25,000	<table border="1"> <tbody> <tr> <td>Aareal Bank AG</td> <td>Fraport AG</td> </tr> <tr> <td>Aixtron AG</td> <td>Fuchs Petrolub AG</td> </tr> <tr> <td>Alstria Office</td> <td>Gagfah</td> </tr> <tr> <td>Altana AG</td> <td>Generali Deutschland Holding AG (vormals AMB)</td> </tr> <tr> <td>Amadeus Fire AG</td> <td>Gerresheimer AG</td> </tr> <tr> <td>Axel Springer AG</td> <td>Grammer AG</td> </tr> <tr> <td>Balda AG</td> <td>Hannover Rück</td> </tr> <tr> <td>Bauer AG</td> <td>HeidelbergCement AG</td> </tr> <tr> <td>Bilfinger Berger AG</td> <td>Heidelberger Druckmaschinen AG</td> </tr> <tr> <td>Continental AG</td> <td>Hornbach Holding AG</td> </tr> <tr> <td>CropEnergies AG</td> <td>HSBC Trinkaus & Burkhardt</td> </tr> <tr> <td>D.Logistics AG</td> <td>HSH Nordbank AG</td> </tr> <tr> <td>DAB Bank AG</td> <td>Hypo Real Estate Holding AG</td> </tr> <tr> <td>DekaBank</td> <td>KfW Bankengruppe</td> </tr> <tr> <td>Demag Cranes</td> <td>Landesbank Baden-Württemberg</td> </tr> <tr> <td>Deutsche Beteiligungs AG</td> <td>Landesbank Hessen-Thüringen</td> </tr> <tr> <td>Deutsche Lufthansa AG</td> <td>Lanxess AG</td> </tr> <tr> <td>Deutsche Postbank AG</td> <td>Lloyd Fonds AG</td> </tr> <tr> <td>Dürr AG</td> <td>MTU Aero Engines Holding AG</td> </tr> <tr> <td>Epcos AG</td> <td>MVV Energie AG</td> </tr> <tr> <td>Epigenomics AG</td> <td>Nordex AG</td> </tr> <tr> <td>Fielmann AG</td> <td>Praktiker Bau- und Heimwerkermärkte</td> </tr> <tr> <td>Progress-Werk Oberkirch AG</td> <td>Südzucker AG</td> </tr> <tr> <td>Qjagen GmbH</td> <td>TA Triumph-Adler AG</td> </tr> <tr> <td>QSC AG</td> <td>TAKKT AG</td> </tr> <tr> <td>Sal. Oppenheim</td> <td>TUI AG</td> </tr> <tr> <td>Salzgitter AG</td> <td>WireCard AG</td> </tr> <tr> <td>SGL Carbon AG</td> <td></td> </tr> </tbody> </table>	Aareal Bank AG	Fraport AG	Aixtron AG	Fuchs Petrolub AG	Alstria Office	Gagfah	Altana AG	Generali Deutschland Holding AG (vormals AMB)	Amadeus Fire AG	Gerresheimer AG	Axel Springer AG	Grammer AG	Balda AG	Hannover Rück	Bauer AG	HeidelbergCement AG	Bilfinger Berger AG	Heidelberger Druckmaschinen AG	Continental AG	Hornbach Holding AG	CropEnergies AG	HSBC Trinkaus & Burkhardt	D.Logistics AG	HSH Nordbank AG	DAB Bank AG	Hypo Real Estate Holding AG	DekaBank	KfW Bankengruppe	Demag Cranes	Landesbank Baden-Württemberg	Deutsche Beteiligungs AG	Landesbank Hessen-Thüringen	Deutsche Lufthansa AG	Lanxess AG	Deutsche Postbank AG	Lloyd Fonds AG	Dürr AG	MTU Aero Engines Holding AG	Epcos AG	MVV Energie AG	Epigenomics AG	Nordex AG	Fielmann AG	Praktiker Bau- und Heimwerkermärkte	Progress-Werk Oberkirch AG	Südzucker AG	Qjagen GmbH	TA Triumph-Adler AG	QSC AG	TAKKT AG	Sal. Oppenheim	TUI AG	Salzgitter AG	WireCard AG	SGL Carbon AG	
Aareal Bank AG	Fraport AG																																																								
Aixtron AG	Fuchs Petrolub AG																																																								
Alstria Office	Gagfah																																																								
Altana AG	Generali Deutschland Holding AG (vormals AMB)																																																								
Amadeus Fire AG	Gerresheimer AG																																																								
Axel Springer AG	Grammer AG																																																								
Balda AG	Hannover Rück																																																								
Bauer AG	HeidelbergCement AG																																																								
Bilfinger Berger AG	Heidelberger Druckmaschinen AG																																																								
Continental AG	Hornbach Holding AG																																																								
CropEnergies AG	HSBC Trinkaus & Burkhardt																																																								
D.Logistics AG	HSH Nordbank AG																																																								
DAB Bank AG	Hypo Real Estate Holding AG																																																								
DekaBank	KfW Bankengruppe																																																								
Demag Cranes	Landesbank Baden-Württemberg																																																								
Deutsche Beteiligungs AG	Landesbank Hessen-Thüringen																																																								
Deutsche Lufthansa AG	Lanxess AG																																																								
Deutsche Postbank AG	Lloyd Fonds AG																																																								
Dürr AG	MTU Aero Engines Holding AG																																																								
Epcos AG	MVV Energie AG																																																								
Epigenomics AG	Nordex AG																																																								
Fielmann AG	Praktiker Bau- und Heimwerkermärkte																																																								
Progress-Werk Oberkirch AG	Südzucker AG																																																								
Qjagen GmbH	TA Triumph-Adler AG																																																								
QSC AG	TAKKT AG																																																								
Sal. Oppenheim	TUI AG																																																								
Salzgitter AG	WireCard AG																																																								
SGL Carbon AG																																																									

Country	Organisation	
GREECE £17,239	Bank of Greece	
HONG KONG £123,432		
£50,000 +	Hong Kong Exchanges & Clearing Ltd.	
£25,000 +	Hong Kong Securities and Futures Commission	
Less than £25,000	Hong Kong Monetary Authority	
INDIA £251,384	Contributions made through Stock Exchanges	
£100,000 +	National Stock Exchange of India Limited	Bombay Stock Exchange Limited
INTERNATIONAL £61,648	Bank for International Settlements	
IRELAND £6,205	Central Bank & Financial Services Authority of Ireland	
ITALY £628,246	Organismo Italiano de Contabilita (national contribuiton)	
JAPAN £1,850,029	Levy-like system operated by the Financial Accounting Standards Foundation	
KAZAKHSTAN £6,268	National Bank of Kazakhstan	
MALAYSIA £6,301	Bank Negara Malaysia	
NETHERLANDS £339,126		
£100,000 +	Ministry of Finance (national contribution)	
Less than £25,000	De Nederlandsche Bank	
NEW ZEALAND £91,977	Accounting Standards Review Board on behalf of New Zealand stakeholders	
NORWAY £45,000	Norsk RegnskapsStiftelse	
PORTUGAL £16,504	Banco de Portugal	

Country	Organisation	
REPUBLIC OF KOREA £193,336	Contributions organised through Korea Accounting Standards Board	
£25,000 +	Samsung Electronics	
Less than £25,000	Deloitte Anjin	Samjong Accounting Corporation
	Ernst & Young Han Young	Samsung C&T Corporation
	Financial Supervisory Service	Samsung Fire & Marine Insurance Co.
	GS Caltex	Samsung Securities
	Hyundai Motor Company	Shinhan Financial Group
	Industrial Bank of Korea	SK Telecom Co. Ltd
	Kookmin Bank	S-Oil Corporation
	Korea Electric Power	STX Corporation
	KT Corporation	STX Engine
	KT&G	STX Enpaco
	LG Display Co., Ltd.	STX Offshore and Shipbuilding
	LG Electronics	STX Pan Ocean
	POSCO	Tong Yang Securities Inc.
	Samil PricewaterhouseCoopers	Woori Financial Group
SINGAPORE £59,307		
£50,000	Ministry of Finance (national contribuiton)	
Less than £25,000	Monetary Authority of Singapore	
SOUTH AFRICA £45,112	Financing organised by the South African Institute of Chartered Accountants	
SPAIN £430,585		
£100,000 +	Bolsas y Mercados Españoles (national contribuiton)	
Less than £25,000	Banco de España	

Country	Organisation	
SWITZERLAND		
£188,067		
£50,000 +	Swiss Bankers Association	SwissHoldings
Less than £25,000	Panalpina Weltransport (Holding) AG	Swiss National Bank
UNITED KINGDOM		
£855,000 Levy system organised by Financial Reporting Council		
UNITED STATES OF AMERICA		
£1,897,808		
£100,000 +	Bank of America	IBM
	Citigroup	J P Morgan Chase
	Goldman Sachs Group Inc	Morgan Stanley
£50,000 +	Capital Group Companies	Moodys
	CFA Institute	Oracle
	Cisco	Pfizer Inc
	ExxonMobil	TIAA-CREF
	General Electric Company	Verizon
£25,000 +	Microsoft Corp	
	Board of Governors of the US Federal Reserve System	General Motors
	Coca-Cola Company (The)	PepsiCo
Less than £25,000	ConocoPhillips	Procter & Gamble
	DuPont	State Street Corporation
	Merck & Co Inc	United Technologies

International Accounting Firms		
£5,437,453		
(US\$2 million each)	Deloitte	KPMG
	Ernst & Young	PricewaterhouseCoopers
£50,000 +	Mazars (US\$100,000)	Grant Thornton (US\$150,000)
	BDO (Brussels Worldwide Services bvba (US\$150,000)	

Trustees	
£88,898	3 Trustees waived their fees, which have been accounted as contributions

Expected financing for 2011

Country/type of contributor	Organised by	Arrangements and latest status	Anticipated amount in local currency*	Anticipated sterling amount at 31 December 2010 exchange rate
EUROPE				
EUROPEAN UNION				
European Union	European Commission	Direct payment from EU budget on behalf of the European Union on an annual basis through 2013	€4,250,000	3,658,180
EU member states	National contributions to supplement EU-wide contribution	Systems organised by Bolsa y Mercados Españoles, the French Ministry of Finance, German Accounting Standards Committee, Netherlands Ministry of Finance, Organismo Italiano de Contabilita and UK Financial Reporting Council	€380,000 €750,000 €500,000 €36,000 £900,000	2,334,006
National contributions may rise depending upon continued discussions.				
NON-EU				
Switzerland	Swiss Business Associations	Contributions collected by Swiss business associations	US\$98,000 CHF175,000	183,626
Norway	Funding through Norsk Regnskapsstiftelse (Norwegian standard-setter)	Direct contribution on behalf of Norway	£45,000	45,000

The amounts shown in the column 'Anticipated amount in local currency' are rounded to the nearest thousand.

* Subject to change due to ongoing efforts and based upon best estimates.

Country/type of contributor	Organised by	Arrangements and latest status	Anticipated amount in local currency*	Anticipated sterling amount at 31 December 2010 exchange rate
AMERICAS				
United States	Individual companies and organisations	Contribution by the Financial Accounting Foundation and voluntary system; further discussions with US ongoing	US\$3,430,000	2,209,525
Canada	Canadian Institute of Chartered Accountants (the body that houses the Canadian standard-setter)	Direct contribution on behalf of Canada	CAN\$800,000 US\$15,000	526,552
Brazil	Comité de Pronunciamentos Contábeis and BNDES	Direct contributions on behalf of Brazil	US\$305,000 £200,000	396,784
ASIA/OCEANIA				
Japan	Financial Accounting Standards Foundation	Levy-like system for Japanese companies	US\$2,800,000	1,803,694
China, excluding Hong Kong SAR	China Accounting Standards Committee, Ministry of Finance	Contributions arranged by the Ministry of Finance	US\$1,315,000	847,092
Australia	Financial Reporting Council (Australian financial reporting regulatory body)	Annual payment on behalf of private and public stakeholders in the Australian accounting standard-setting process	AUS\$1,000,000	655,261
Korea	Korea Accounting Standards Board	Contributions arranged by the Korea Accounting Standards Board	US\$700,000	450,925
India	Major stock exchanges	Direct contributions on behalf of India	US\$400,000	257,671
Hong Kong SAR, China	Hong Kong securities regulator and monetary authority and stock exchange	Direct contributions on behalf of Hong Kong	US\$195,000	125,614
New Zealand	Accounting Standards Review Board	Direct contribution on behalf of New Zealand	NZ\$200,000	100,088

The amounts shown in the column 'Anticipated amount in local currency' are rounded to the nearest thousand.

* Subject to change due to ongoing efforts and based upon best estimates.

Country/type of contributor	Organised by	Arrangements and latest status	Anticipated amount in local currency*	Anticipated sterling amount at 31 December 2010 exchange rate
-----------------------------	--------------	--------------------------------	---------------------------------------	---

ASIA/OCEANIA continued

Singapore	Monetary Authority of Singapore and Ministry of Finance	Direct contribution on behalf of Singapore	US\$15,000 £50,000	59,663
Malaysia	Malaysian Accounting Standards Board	Direct contribution on behalf of Malaysia	US\$65,000	41,871

Funding efforts are proceeding in other countries in the Asia/Oceania region.

AFRICA

South Africa	Financial Reporting Council	Contribution raised through levies	US\$70,000	45,092
Nigeria	Nigerian Accounting Standards Board	Direct contribution on behalf of Nigeria	US\$100,000	64,418

CENTRAL BANKS AND INTERNATIONAL ORGANISATIONS

Central banks and international organisations	Various bodies	Contributions on behalf of central banks	US\$379,000 £29,000 €5,000	277,124
---	----------------	--	----------------------------------	---------

INTERNATIONAL ACCOUNTING FIRMS

Deloitte, Ernst & Young, KPMG and Pricewaterhouse Coopers	Direct payments	Voluntary contributions	US\$2,250,000 each	5,797,587
BDO and Grant Thornton	Direct payments	Voluntary contributions	US\$150,000 each	193,253
Mazars	Direct payments	Voluntary contributions	US\$100,000	64,418

OTHER SOURCES OF INCOME

The IFRS Foundation also receives additional funding to finance its standard-setting and XBRL activities through its publications, educational and related activities.

The amounts shown in the column 'Anticipated amount in local currency*' are rounded to the nearest thousand.

* Subject to change due to ongoing efforts and based upon best estimates.

Report of the independent auditors

We have audited the financial statements of the International Financial Reporting Standards Foundation for the year ended 31 December 2010, which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Foundation's Trustees, as a body, in accordance with our engagement letter to you and for no other purpose. Our audit work has been undertaken so that we might state to the Foundation's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Foundation and the Foundation's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The Trustees are responsible for the preparation of the financial statements in accordance with applicable law, the Foundation's constitution and International Financial Reporting Standards. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Foundation's constitution and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Foundation's affairs as at 31 December 2010 and of its comprehensive income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards.



BDO LLP
Chartered Accountants, London
31 March 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income

YEAR ENDED 31 DECEMBER	Notes	2010 £'000	2009 £'000
INCOME			
Standard-setting and related activities			
Contributions	3	16,640	16,584
Interest income		271	377
Other income		58	34
		16,969	16,995
Publications and related activities			
Revenue	4(a)	5,804	5,654
		22,773	22,649
EXPENSES			
Standard-setting and related activities			
Salaries, wages and benefits	5	(15,089)	(14,000)
Trustees' fees	6	(639)	(506)
Cost of meetings, associated travel and accommodation	7	(2,629)	(2,441)
Accommodation	8(a)	(1,319)	(1,285)
Other costs	9	(1,221)	(1,464)
		(20,897)	(19,696)
Publications and related activities			
Direct cost of publications and related activities	4(b)	(3,246)	(3,260)
		(24,143)	(22,956)
LOSS BEFORE FAIR VALUE CHANGES AND EXCHANGE LOSSES			
		(1,370)	(307)
Changes in fair value of financial instruments	10(d)	(4)	2,966
Exchange losses		(637)	(2,072)
		(2,011)	587
(LOSS) PROFIT BEFORE TAX			
Income tax (expense) credit	11	(13)	60
COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	12	(2,024)	647

The notes on pages 68 to 78 form part of these financial statements.

Statement of financial position

AS AT 31 DECEMBER	Notes	2010 £'000	2009 £'000
ASSETS			
Current assets			
Cash and cash equivalents	10(a)	2,360	3,123
Accrued interest receivable on bonds		162	168
Contributions receivable	3	1,150	1,068
Trade and other receivables	10(c)	934	910
Prepaid expenses		585	567
Inventories	13	293	138
Bonds	10(b)	1,199	1,528
		6,683	7,502
Non-current assets			
Bonds	10(b)	4,784	6,055
Leasehold improvements, furniture and equipment	8(b)	539	593
		5,323	6,648
TOTAL ASSETS		12,006	14,150
LIABILITIES			
Current liabilities			
Trade and other payables		948	665
Accrued expenses		1,260	1,320
Contributions received in advance	3	-	49
Rent incentive		82	82
Publications revenue received in advance		651	809
Forward currency contracts at fair value	10(d)	241	355
		3,182	3,280
Non-current liabilities			
Forward currency contracts at fair value	10(d)	154	93
Reinstatement provision	8(c)	413	413
Rent incentive		550	633
		1,117	1,139
TOTAL LIABILITIES		4,299	4,419
NET ASSETS	12	7,707	9,731

The notes on pages 68 to 78 form part of these financial statements.

The financial statements on pages 65 to 78 were approved by the Trustees of the IFRS Foundation on 31 March 2011 and authorised for issue on 31 March 2011.

Tsuguoki Fujinuma
Acting Co-Chair and Vice-Chair
of the IFRS Foundation Trustees

Robert Glauber
Acting Co-Chair and Vice-Chair
of the IFRS Foundation Trustees

Statement of cash flows

YEAR ENDED 31 DECEMBER	Notes	2010		2009	
		£'000	£'000	£'000	£'000
OPERATING ACTIVITIES					
Cash received					
Contributions		16,509		15,673	
Interest		317		384	
Publications and related activities		5,524		5,293	
Income taxes received (paid)		46		(45)	
Other receipts		53		36	
Cash paid					
Salaries, wages and benefits		(15,111)		(14,001)	
Publications direct costs		(3,412)		(3,239)	
Trustees' fees		(494)		(519)	
Foreign exchange settlements		(639)		(2,075)	
Other expense		(4,860)		(4,802)	
NET CASH FROM OPERATING ACTIVITIES			(2,067)		(3,295)
INVESTING ACTIVITIES					
Purchase of bonds		-		(1,380)	
Matured bonds receipts		1,504		1,335	
Purchase of leasehold improvements, furniture and equipment		(202)		(188)	
NET CASH INCREASES (DECREASES) FROM INVESTING ACTIVITIES			1,302		(233)
Effects of exchange rate changes on cash and cash equivalents			2		4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			(763)		(3,524)
Cash and cash equivalents at beginning of period			3,123		6,647
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10(a)		2,360		3,123

The notes on pages 68 to 78 form part of these financial statements.

Notes to the financial statements

1. Legal form, objectives and restructuring

Incorporated in the State of Delaware, USA, on 6 February 2001, the International Financial Reporting Standards Foundation (IFRS Foundation) is a not-for-profit charitable organisation with its primary operations based in London. During the year, the organisation changed its name from the International Accounting Standards Committee Foundation.

The objectives of the IFRS Foundation are:

- (a) to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles. These standards should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world's capital markets and other users of financial information make economic decisions.
- (b) to promote the use and rigorous application of those standards.
- (c) in fulfilling the objectives associated with (a) and (b) to take account of, as appropriate, the needs of a range of sizes and types of entities in diverse economic settings.
- (d) to promote and facilitate adoption of International Financial Reporting Standards (IFRSs), being the standards and interpretations issued by the International Accounting Standards Board (IASB), through the convergence of national accounting standards and IFRSs.

The governance of the IFRS Foundation rests primarily with its Trustees, who provide oversight of the IASB and its related bodies, the IFRS Interpretations Committee and the IFRS Advisory Council.

As a result of a constitutional change agreed in January 2009, a Monitoring Board comprising public capital market authorities provides a formal link between the Trustees and public authorities.

In addition to their general oversight functions, the Trustees appoint the members of the IASB and related bodies, and are responsible for the financial and legal arrangements of the organisation. The IASB has the responsibility for setting accounting standards in accordance with its mandate and the due process set out in the IFRS Foundation's *Constitution* and the IASB's *Due Process Handbook*.

2. Accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, on the historical cost basis, as modified by the revaluation of financial assets and liabilities, including derivative financial instruments, at fair value through profit or loss. The policies have been consistently applied to all years presented, unless otherwise stated.

For the purposes of organising the financial information the IFRS Foundation has categorised income and expenses into two categories. Standard-setting and related activities includes all activities associated with standard-setting and support functions required

to achieve the organisation's objectives. Publications and related activities include information related to the sales of print and electronic IFRS materials, educational activities, and the development and maintenance of an IFRS Extensible Business Reporting Language (XBRL) taxonomy.

(b) Contributions

Contributions are recognised as revenue in the year designated by the contributor. Provided they can be reliably measured, donated services that would normally have otherwise been purchased are recognised in the financial statements based on their estimated value. Where donated services would not be purchased or cannot be measured with sufficient reliability, and are not recognised in the financial statements but disclosure of the nature and scale of the services received would help the user gain a better understanding of activities, disclosures are in the accompanying information.

(c) Publications and related revenue

Subscriptions to the IFRS Foundation's comprehensive package and eIFRS products are recognised as revenue on a time-apportioned basis over the period covered by the subscriptions. Royalties are recognised as revenue on an accrual basis. Publications direct cost of sales comprises printing, salaries, promotion, computer and various related overhead costs.

(d) Inventories

Inventories of current publications are valued at the lower of net realisable value and the cost of printing the publications, on a first-in, first-out basis. Inventories that have been superseded by new editions are written off.

(e) Depreciation

Leasehold improvements and furniture and equipment are initially measured at cost, and depreciated on a straight-line basis (in the case of leasehold improvements over the period of the lease). All other assets are depreciated over five years, except computer equipment, which is depreciated over three years.

(f) Foreign currency transactions

The IFRS Foundation's presentational and functional currency is sterling. Transactions denominated in currencies other than sterling are recorded at the exchange rate at the date of the transaction. Differences in exchange rates are recognised in the Statement of Comprehensive Income. Monetary assets and liabilities are translated into sterling at the exchange rate at the end of the reporting period.

(g) Operating leases – office accommodation

Lease payments for office accommodation are recognised as an expense on a straight-line basis over the non-cancellable term of the lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

(h) Financial assets

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the IFRS Foundation is committed to purchase or sell the asset.

Investments are recognised initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the IFRS Foundation has transferred substantially all risks and rewards of ownership.

The IFRS Foundation classifies financial assets as subsequently measured at either amortised cost or fair value based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. All financial assets, except for bonds and derivatives, are carried at amortised cost as the objective is to hold these assets in order to collect contractual cash flows and those cash flows are solely principal and interest. Investments in bonds are classified as subsequently measured at fair value through profit or loss, and the corresponding gains or losses are included within profit (loss) before tax. Bond holdings are discussed more fully in note 10.

(i) Derivative financial assets and liabilities

The IFRS Foundation uses contributions, primarily in US dollars and euro, to fund a portion of sterling obligations arising from its activities. In accordance with its financial risk management policy, the IFRS Foundation does not hold or issue derivative financial instruments for trading purposes; the forward foreign currency hedges are entered into to provide certainty regarding funding to protect against currency fluctuation on

future cash flows that are designated in US dollars and euro. Derivative financial instruments are recognised and subsequently measured at fair value. The corresponding gains or losses are included within profit (loss) before tax.

(j) Provisions and contingencies

Provisions are recognised when the following three conditions are met – the IFRS Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount of the provision represents the best estimate of the expenditure required to settle the obligation at the end of the reporting period. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

(k) Critical accounting estimates and judgements

The IFRS Foundation makes estimates and assumptions regarding the future. In the future, actual experience may differ from those estimates and assumptions. The Trustees consider there are none that are material to the preparation of the financial statements.

(l) New standards and interpretations issued

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period on 1 January 2010, except for that explained below. The IFRS Foundation has concluded that there are no other relevant standards or interpretations in issue not yet adopted.

- *Standard adopted early*

IFRS 9 *Financial Instruments* was adopted in 2009. It was issued in November 2009 and is required to be applied after 1 January 2013. The presentation of the IFRS Foundation's financial statements has not significantly changed as a result of the early adoption of the new standard as it did not change the measurement of any assets.

(m) Reclassification of items in the financial statements

In order to conform to the current year's presentation in the financial statements, the following comparative amounts were reclassified. The changes in presentation are to improve the information provided.

- Per diem expenses for IASB members are included in Salaries, Wages and Benefits in note 5. The prior year amount of £391,000 was included in Cost of Meetings, Associated Travel and Accommodations. This change was made because per diem expense payments for IASB members were eliminated during the year and are now paid as an element of IASB members' remuneration as disclosed in note 5.
- Marketing and promotion expenses are included in Other Costs in note 9. The prior year amount of £3,000 has been reclassified from the line item Other to External relations.

3. Contributions

Since 2006, the Trustees have sought to establish national financing regimes, proportionate to a country's relative GDP, that establish a levy on companies or provide an element of publicly supported financing. Currently, the majority of the Foundation's finances is based on such regimes, and this approach has been particularly successful in Asia-Oceania and Europe. However, voluntary systems

remain in place in some jurisdictions; some countries contribute less than their fair share or not at all. The Trustees are actively working to achieve further contributions.

Through the national and other financing arrangements, the IFRS Foundation received funds of £16,640,000 in contributions (2009: £16,584,000).

There were no contributions received before 31 December 2010 (2009: £49,000) that were specifically designated by the contributors for use by the IFRS Foundation in subsequent years. Contributions received or confirmed after 31 December 2010, amounting to a total of £1,150,000 (2009: £1,068,000), specifically designated by the contributors for use by the IFRS Foundation in 2010, were recognised as revenues at the end of 2010 and included as contributions receivable.

Using the IFRS Foundation's website, the Trustees are informing interested parties of their progress on establishing broad-based funding regimes throughout the world.

4. Publications and related activities

(a) Publications and related revenue

	2010 £'000	2009 £'000
Sales of subscriptions and publications	3,641	3,751
Royalties and permission fees	1,862	1,640
Other related activities	301	263
TOTAL	5,804	5,654

(b) Publications and related costs

	2010 £'000	2009 £'000
Staff/employee related costs	1,569	1,527
Costs of goods sold	514	475
Depreciation	28	26
Other costs	1,135	1,232
TOTAL	3,246	3,260

5. Salaries, wages and benefits

The IFRS Foundation had an average of 119 employees (including IASB members and interns) during 2010 (2009: 114).

	2010		2009	
	£'000	£'000	£'000	£'000
Staff costs, including IASB members' salaries and other costs	14,360		13,245	
Contributions to defined contribution pension plans	693		652	
Other costs	36		103	
		15,089		14,000
Staff costs included in publications direct expenses (see note 4)				
Salaries and other costs	1,463		1,437	
Contributions to defined contribution pension plans	91		84	
Other costs	15		6	
		1,569		1,527
TOTAL		16,658		15,527

The Trustees' Human Capital Committee is responsible for reviewing, benchmarking and making recommendations on salary and benefit levels. These recommendations are reviewed and approved annually by the Trustees as a whole. As a number of the IASB members work outside the United Kingdom and therefore carry different employment tax burdens, the Trustees agree upon an annual remuneration budget for each of the IASB members inclusive of all employer contributions for tax and

benefits. In 2010, the total cost for 14.8 full-time equivalents (2009: 14.0 full-time equivalents) IASB members amounted to £6,759,000 (2009: £6,269,000). In July 2010, effective for October 2010, the Trustees approved the following remuneration budgets: £553,350 (includes per diem allowance) per year for the IASB Chair (2009: £493,990, excludes per diem allowance) and £457,950 (includes per diem allowance) per year for full-time members (2009: £401,370, excludes per diem allowance).

6. Trustees' fees

The Trustees are remunerated by annual and meeting fees and are reimbursed for the expenses of their travel on IFRS Foundation business; there were 21 Trustees in 2010 (2009: 22). In 2010 the fee for the Chair of the Trustees was £137,500 (2009: £75,000). In 2010, the Chair waived fees of £37,500 (2009: £75,000) and it was included as a contribution. The annual fee for the other Trustees was £12,500 (2009: £12,500). Trustees received an attendance fee of £1,000 (2009: £1,000) for each formal meeting.

7. Cost of meetings, associated travel and accommodation

MEETING TYPE	2010 £'000	2009 £'000
IASB	407	544
Trustees	536	359
IFRS Interpretations Committee and IFRS Advisory Council	401	314
Financial Crisis Advisory Group	13	218
Other advisory meetings	544	446
Travel for other consultation and liaison	728	560
TOTAL	2,629	2,441

8. Accommodation and other assets

(a) Accommodation expenses

	2010 £'000	2009 £'000
Rent	696	700
Service charges	205	205
Rates, insurance and energy	439	438
Depreciation	185	150
Other	33	29
	1,558	1,522
Less amounts included in publications costs	(239)	(237)
TOTAL	1,319	1,285

(b) Leasehold improvements, furniture and equipment

2010	Leasehold improvements £'000	Furniture, equipment £'000	2010 TOTAL £'000
COST			
At 1 January 2010	1,028	1,073	2,101
Additions	-	132	132
Disposals/retirements	-	(62)	(62)
At 31 December 2010	1,028	1,143	2,171
ACCUMULATED DEPRECIATION			
At 1 January 2010	742	766	1,508
Charge for the year	35	151	186
Disposals/retirements	-	(62)	(62)
At 31 December 2010	777	855	1,632
NET CARRYING AMOUNT AT 31 DECEMBER 2010	251	288	539
2009			
	Leasehold improvements £'000	Furniture, equipment £'000	2009 TOTAL £'000
COST			
At 1 January 2009	1,028	815	1,843
Additions	-	258	258
At 31 December 2009	1,028	1,073	2,101
ACCUMULATED DEPRECIATION			
At 1 January 2009	708	651	1,359
Charge for the year	34	115	149
At 31 December 2009	742	766	1,508
NET CARRYING AMOUNT AT 31 DECEMBER 2009	286	307	593

At the reporting date the IFRS Foundation had no capital commitments (2009: £nil).

(c) Reinstatement provision

The IFRS Foundation has made a provision for reinstatement to cover the cost of reinstating the building when the lease expires in September 2018. The estimated amount and timing of any outflow are subject to options to extend the lease.

The corresponding property asset is amortised over the period of the lease.

	2010 £'000	2009 £'000
Balance at 1 January	413	413
Provision made in year	-	-
Balance at 31 December	413	413

(d) Lease commitments

Lease commitments relate to operating leases for office space with lease terms expiring in September 2018 and with options to extend for a further 10 years. All operating lease contracts contain market review clauses. Payments on the leases, excluding service charges and property rates, are as follows:

PAYMENTS	2010 £'000	2009 £'000
Within one year	778	778
In two to five years	3,113	3,113
More than five years	2,138	2,916
TOTAL	6,029	6,807

Since 2001 the IFRS Foundation has rented office space at 610 Fifth Avenue, New York, NY, USA. The only obligation incurred in this regard relates to payment of ongoing rent and a provision of 90 days' notice of termination.

9. Other costs

	2010 £'000	2009 £'000
Communication & Technology	445	499
Audit, legal and taxation fees	131	138
External relations	209	255
Recruitment	193	346
Others	243	226
TOTAL	1,221	1,464

10. Financial instruments

The IFRS Foundation receives contributions in a number of currencies but its expenditures are largely sterling-based. This exposes the organisation to financial risks. The Foundation also faces risks associated with its use of financial instruments. This note describes the organisation's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the organisation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

Principal financial instruments

The principal financial instruments used by the IFRS Foundation, from which financial instrument risk arises, are as follows:

- Bonds
- Derivative instruments – forward currency contracts
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables.

(a) Cash and cash equivalents

Liquidity risk associated with cash and bond holdings:

The IFRS Foundation manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities. The IFRS Foundation has no bank borrowings.

Cash holdings: Management seeks to keep an amount in cash equal to or exceeding the upcoming quarter's expenditure. Cash is held either on current or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. Part of the cash at bank is held in euro and US dollar accounts. Cash at bank to pay for general

operations in London is held by Barclays Bank PLC, London.

A US dollar account, used to pay most US dollar expenses, is held by Barclays Bank PLC in New York. Other deposits and balances required from time to time to cover hedging obligations and for investment purposes are held in accounts with Barclays Bank (Suisse) S A in Geneva. All decisions regarding the Geneva accounts are managed by the Trustees of the IFRS Foundation.

Interest income on cash deposits amounted to £13,000 (2009: £56,000). Due to the relatively short durations and levels of cash deposits and returns, interest rate risk is not considered significant.

	Effective interest rates			
	2010 £'000	2009 £'000	2010 %	2009 %
CASH AND BANK DEPOSITS DUE AFTER 15 DAYS IN GENEVA				
Bank sterling deposits due within 45 days	-	2,145	-	0,45
CASH AND BANK DEPOSITS DUE ON DEMAND				
Sterling	1,797	358	0,05	0,05
Euro	84	28	-	-
US dollar	479	592	-	-
TOTAL	2,360	3,123		

(b) Bonds

Bond holdings: The Trustees have invested surplus funds of the IFRS Foundation in sterling-denominated, fixed rate notes of the UK government and international organisations with an AAA rating. Funds are divided into relatively equal sums with maturities in each of the next five years.

The IFRS Foundation manages and receives information on its investments in bonds on a fair value basis. Information is provided on that basis to the Trustees and key management personnel. Bonds are carried at fair value through profit or loss, based on quoted prices in active markets (described as level 1 by IFRS 7). The maturity of the bonds is as follows:

	Nominal value	Nominal value	Fair value	Fair value
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Less than one year	1,191	1,504	1,199	1,528
Total current	1,191	1,504	1,199	1,528
More than one year and less than two years	3,259	1,189	3,385	1,237
More than two years and less than three years	704	3,286	725	3,446
More than three and less than four years	658	706	674	706
More than four and less than five years	-	672	-	666
Total non-current	4,621	5,853	4,784	6,055
Total	5,812	7,357	5,983	7,583

Bonds provide a yield in the range of 0.7% to 1.9% per year.

(c) Trade and other receivables

Credit risk: In addition to its financing programme, the IFRS Foundation supplements its funding through publications and related activities. For publications and subscriptions sales the IFRS Foundation does not offer credit. For licensing and royalty arrangements some credit risk arises. However, the organisation works largely with major publishers and accounting bodies, with whom it has long-standing relationships, and therefore the IFRS Foundation does not credit check these customers before it enters into business with them.

The IFRS Foundation has no significant exposure to large or key customers: its largest customer does not exceed 3 per cent of the IFRS Foundation's revenues. The maximum exposure to credit risk is considered to be the trade receivable balance at the year-end; other financial assets in the financial statements, such as contributions receivable, are generally realised in full.

	2010	2009
	£'000	£'000
Not yet due	895	804
Past due but not impaired	39	106
TOTAL	934	910

Where past due accounts are still unpaid six months or more after invoice date and the IFRS Foundation considers the amount impaired it provides for the amount as a bad debt provision in the financial statements. At 31 December 2010 the amount provided for was £13,000 (2009: £20,000).

(d) Currency risk

The IFRS Foundation's expenses arise largely in sterling, whereas the organisation has received funding and future financing commitments in US dollars and euro.

The Trustees have implemented a strategy to mitigate the foreign exchange fluctuations and timing risks connected with the various funding regimes. The IFRS Foundation

generally forward sells approximately 90 per cent of its net US dollar contributions and 50 per cent of its net euro contributions to fix a sterling equivalent. Foreign currency is sold forward on a two-year rolling basis.

Details of these forward contracts are set out in the table below.

Forward contracts US dollar

	Buy £'000	2010 Sell \$'000	Weighted average rate	Buy £'000	2009 Sell \$'000	Weighted average rate
2010	-	-	-	7,166	11,791	1.645
2011	7,300	11,790	1.615	4,009	6,550	1.634
2012	7,009	11,150	1.591	-	-	-
TOTAL	14,309	22,940	1.603	11,175	18,341	1.641

Forward contracts euro

	Buy £'000	2010 Sell €'000	Weighted average rate	Buy £'000	2009 Sell €'000	Weighted average rate
2010	-	-	-	1,800	2,250	1.250
TOTAL	-	-	-	1,800	2,250	1.250

The ranges of rates for the US dollar are 1.5819 – 1.6348 (2009: 1.4741 – 1.8170).

The following changes to fair value are reported in the Statement of Comprehensive Income.

INCOME (CHARGE) IN STATEMENT OF COMPREHENSIVE INCOME	2010 £'000	2009 £'000
Forward foreign exchange contracts	52	3,047
Bonds	(56)	(81)
CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS	(4)	2,966

Below are the fair values of these contracts, based on quoted prices in active markets (described as level 1 by IFRS 7), as reported in the Statement of Financial Position.

DERIVATIVES	Fair value 2010 £'000	Fair value 2009 £'000
Forward contracts expiring end of each calendar quarter of 2010	-	(355)
Forward contracts expiring end of each calendar quarter of 2011	(241)	(93)
Forward contracts expiring end of each calendar quarter of 2012	(154)	-
TOTAL	(395)	(448)

(e) Foreign currency sensitivity

The following table shows the sensitivity of the reported results to a potential 10 per cent fluctuation in year-end exchange rates.

	Forward Sales £'000	£ Weakens 10% £'000	£ Strengthens 10% £'000
US dollar	22,940		
Profit and loss effect (before tax)		(1,634)	1,337

From time to time the IFRS Foundation holds US dollar funds in anticipation of US dollar liabilities. Over the year the US dollar exchange rate reached a high of 1.64 to sterling, whilst the low point was 1.43 to sterling. The following table shows the sensitivity of the reported results to a potential 10 per cent fluctuation in year-end exchange rates.

	Cash holding '000	£ Weakens 10% £'000	£ Strengthens 10% £'000
US dollar	737		
Profit and loss effect (before tax)		53	(43)
Euro	100		
Profit and loss effect (before tax)		9	(8)
TOTAL		62	(51)

11. Taxation

For US tax purposes, the IFRS Foundation is classified as a not-for-profit, tax-exempt organisation.

In 2006 the IFRS Foundation reached an agreement with the UK authorities regarding the status of taxation on its publications and related revenues. For 2010 the taxation expense is calculated on this basis and is estimated to be £13,000 (2009: a credit of £60,000). On the basis of activity for 2010 and from previous years, at the end of 2010 the IFRS Foundation is carrying forward a loss for UK tax purposes of £1,742,000 (2009: £957,000).

Consistently with IAS 12 *Income Taxes*, the IFRS Foundation does not recognise this loss as a deferred tax asset, because of the uncertainty of being able to utilise these losses in the future.

12. Movement in net assets

	2010 £'000	2009 £'000
Net assets at the beginning of the reporting period	9,731	9,084
Comprehensive income in the year net of tax	(2,024)	647
NET ASSETS AT THE END OF THE REPORTING PERIOD	7,707	9,731

13. Inventories

Inventory of books amount to £293,000 (2009: £138,000).

14. Approval of financial statements

These financial statements were approved by the Trustees of the IFRS Foundation on 31 March 2011 and authorised for issue on 31 March 2011, and at that date there were no significant events after the reporting period.