Annual Report 2004

International Accounting Standards Committee Foundation

International
Accounting Standards
Board®

Table of Contents

Report of the Chairman of the Trustees

"By the end of 2004, the IASB had completed five entirely new standards and revised 17 existing standards inherited from its predecessor organisation in order to address concerns previously raised by securities regulators. As a result, an acceptable international accounting platform now exists."

For everyone involved in the work of the International Accounting Standards Board (IASB) and in the implementation of the IASB's International Financial Reporting Standards (IFRSs), 2004 was a year of enormous activity and preparation. Countries adopting the standards, including all the Member States of the European Union, had to revise existing regulations. Companies and auditors needed to convert accounts from existing national standards and practice to conform with IFRSs. For many, this process entailed substantial changes in existing systems and, in some cases, required an understanding of the implications of an entirely new financial reporting model.

For our organisation, the growing use of IFRSs in nearly 100 countries in 2005 meant that the IASB needed to provide a workable, high quality, and broadly applicable set of accounting standards. By the end of 2004, the IASB had completed five entirely new standards and revised 17 existing standards inherited from its predecessor organisation in order to address concerns previously raised by securities regulators. As a result, an acceptable international accounting platform now exists.

Reinforcing independence, fine tuning operations

Throughout 2004, the Trustees of the IASC Foundation intensified its Constitution Review, examining the organisation's operational and oversight arrangements. This review has afforded the Trustees with several opportunities to assess progress and to hear the concerns of those affected by accounting standard-setting. During the year, the Trustees provided two formal periods for public comment and staged a series of public hearings in Asia, Europe, Latin America, and the United States. Over 100 organisations participated in the review, and the Trustees are now finalising their approach.

In the light of the work of the first few years and the increasing prospects for convergence with the United States and more recently Japan, the Trustees have concluded that the basic structure of the organisation is sound. Indeed, it had never been the Trustees' intention to revisit the entire debate five years ago about the key elements of the IASB and our Constitution. The central idea that emerged from that debate, and will remain, is to foster the independence of judgement of a highly professional, decision-making Board, appropriately protected from particular national or special interest pleading. The requirement of the IASB to work 'in the sunshine' with extensive 'due process' and review procedures helps to assure responsiveness and transparency. At the same time, the Trustees are chosen to reflect a broad spectrum of experience and interests. The Trustees are responsible for appointing members of the Board and for reviewing its procedures and its responsiveness, both matters that help to assure the accountability of the Board.

Proposals before the Trustees about constitutional change address two major concerns that have been emphasised by many interested parties during the Constitutional Review. These proposals would, first, ensure greater consultation with affected parties in the IASB's development of standards at an early stage of its deliberations. Second, the proposals respond to the demand for more active Trustee oversight of the IASB's work.

Specifically, the agreed new constitutional requirements required the need for the IASB to consult representative groups more fully from the outset of projects, particularly in complex and difficult areas. My colleagues and I have observed that while constitutional requirements and Board practice are already replete with 'due process' requirements, there is a perception that comment and consultation have come late in the day, when Board ideas are already shaped. Too often there has been a sense on all sides that the process of consultation has involved a lot of 'hearing', but very little real 'listening'. The deep-seated concerns raised regarding IAS 39 exemplified such sentiment.

Accordingly, the Trustees have taken the view that it would not be useful to set out in the Constitution a still more extensive, and potentially sterile, 'due process' checklist. Rather, the new language that is proposed more clearly recognises that the Trustees have a responsibility for assuring that the IASB in fact consults in a meaningful way, taking account of the practical implications for business of its standards.

The IASB is itself implementing a number of added steps, recommended by the European Commission and others, regarding its consultation procedures. One reflection of the organisation's new emphasis on early consultation is the creation of three new working groups, which will hold regular meetings with the Board to consider several of the most difficult conceptual and practical problems in accounting (financial instruments, insurance contracts and the reporting of financial performance).

The current proposals for the Constitution take another important step by making quite explicit a requirement that the Trustees, as a broadly experienced oversight body, actively review the agenda of the IASB. It is my hope that full presentation and discussion of the agenda with the Trustees in a public meeting will be constructive and useful, without doubt testing the IASB's thinking, and enhancing accountability without impairing its essential independence and final judgement on the agenda.

The Trustees have discussed a range of suggestions for more fundamental changes in the constitutional framework, most particularly those calling for heavier European representation on the IASB and other committees. In reaching a judgement on these questions, the Trustees have emphasised that maintaining a truly international perspective is essential to achieving the objective of convergence towards a set of standards applicable worldwide.

"At an April 2005 meeting, SEC Chairman William Donaldson and EU Internal Market Commissioner Charlie McCreevy provided further impetus to the IASB and the FASB's joint efforts on convergence. At this meeting, the SEC Chairman discussed a 'roadmap' that establishes a goal of eliminating the reconciliation requirement as early as possible between now and 2009 at the latest, provided sufficient progress is made on the convergence project and application and interpretation of IFRSs are consistent."

Maintaining a sound financial foundation

In addition to appointing the members of the IASB and overseeing the IASB's consultative procedures, the Trustees are responsible for fundraising and supervising the finances of the IASC Foundation. Over the first four years, the Trustees have raised enough funds either through contributions or sales of publications to provide the necessary resources to attract IASB members and technical staff and to enable the IASB to fulfil its increasingly demanding consultation requirements.

To help protect the independence of the standard-setting process, the Trustees have sought to build up a reserve fund of approximately one year's budget. In 2004, we made further progress towards that financial goal. The IASC Foundation completed the year with a net increase of assets of £362,591, increasing the surplus fund of cash and bonds to £11.4 million.

In 2004, the organisation benefited from the continued success of its contributions programme. As discussed in previous annual reports, the IASC Foundation depends partly on contributions from public and private sources. In 2004, 184 organisations and companies provided £9.3 million ($17 million up from $15.8 million).

The IASC Foundation also was able to offset the effects of the depreciating US dollar, the currency in which most contributions are received, through its hedging policy. While less favourable than the effective exchange rate of $1.42/£1 in 2003, the IASC Foundation's effective rate of £1.58/£1 was significantly better than the spot rate during 2004. Similarly, the Trustees have hedged the pledged commitments for 2005. These hedges expire in 2005 along with existing funding commitments, presenting a sizeable financial challenge for 2006 and beyond if current exchange rates persist or sterling appreciates further.

The Trustees recognise that the increasing demands on the organisation warrant additional resources. Travel and meeting costs associated with ad hoc groups working towards the resolution of issues related to IAS 39, the main financial instruments standard, increased in 2004. The organisation, in an effort to improve the transparency of its operations, installed the technology to provide Internet-based broadcasts of IASB meetings and now provides this service at a substantial cost. On the publications side, translation costs associated with the preparation of the standards in all official EU languages increased rapidly. Consequently, the IASC Foundation's expenditure rose to £14.9 million in 2004 from £12.8 million in 2003. An increase of less than 3 per cent to £15.3 million is budgeted for 2005.

The Trustees are now addressing the question of funding beyond 2005. We have had some positive preliminary indications that a number of companies and organisations are prepared to continue to support the IASC Foundation beyond their initial funding commitments, which expire this year. At the same time, there is strong sentiment that a more broadly based and better-assured funding mechanism should be developed. In response, the Trustees are investigating other funding mechanisms, such as listing fees or country-specific funding requirements spread by an agreed formula over a broad number of businesses. The Trustees have already held several discussions with the appropriate authorities, and we expect to reach some form of resolution on the funding approach for future years in the coming months. An interim arrangement for the years immediately ahead is a near-term priority.

The challenges ahead

The countries of the European Union, and Australia, Russia, South Africa and others adopting IFRSs in 2005, have provided bold leadership in choosing an international approach to accounting standards. This has provided significant momentum to the IASB's efforts. Yet much work remains if we are to achieve our aim of truly international convergence.

In that light, the initiatives taken by the IASB with the United States and Japan assume great importance. Together the capital markets of both countries combine for more than half of the world's equity capitalisation, and these markets are important sources of capital for many firms in other countries. The Trustees have been particularly heartened by the serious commitment on both sides of the Atlantic to seek convergence between US GAAP and IFRSs, drawing on the best thinking and approaches of the IASB and the US Financial Accounting Standards Board. The Trustees and the IASB see wide agreement on common standards with the United States as a realistic prospect for the relatively near term. If achieved, the US Securities and Exchange Commission should be in a position to remove reconciliation requirements for listing and capital raising in the United States by companies using IFRSs.

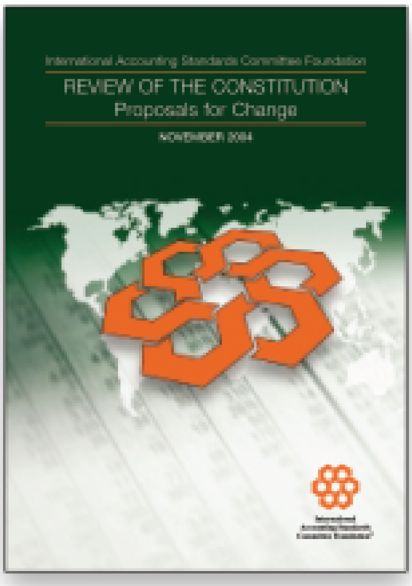
At an April 2005 meeting, SEC Chairman William Donaldson and EU Internal Market Commissioner Charlie McCreevy provided further impetus to the IASB and the FASB's joint efforts on convergence. At this meeting, the SEC Chairman discussed a 'roadmap' that establishes a goal of eliminating the reconciliation requirement as early as possible between now and 2009 at the latest, provided sufficient progress is made on the convergence project and application and interpretation of IFRSs are consistent.

The work of the IASB has not been without controversy. The Trustees have responded to many of the concerns through constitutional proposals described above. These proposals essentially enhance existing procedures. But the concerns about procedures, in my mind, reflect the difficulty in resolving the challenging issues of accounting substance, growing in substantial part out of the complexities of modern business and finance. In particular, opposition to parts of IAS 39 and the IASB's other work relates more broadly to questions surrounding the application and extent of fair value accounting. Those questions will reappear as the IASB tackles the difficult issues of insurance, financial instruments, performance reporting and pensions. It is not up to the Trustees to dictate or resolve particular accounting approaches. What the Trustees can and must do is to ensure that the IASB is giving adequate consideration to all perspectives. It is our expectation that the participants in various working groups that have been established will contribute significantly to that effort.

The adoption of the improved IFRSs throughout the world is an indication of the progress that the restructured IASC Foundation has made during its first four years. The emphasis in the coming months must focus on monitoring concerns about the consistent implementation of IFRSs, while accelerating the pace of convergence with the United States and Japan and assuring that the concerns of many Europeans are appropriately voiced and understood. While working through the difficulties, we need to maintain the focus on the real prize: a single set of respected and workable accounting principles used by the world's major capital markets. The rewards from a successful effort are too great to risk defeat; the IASB is too close to success to risk slackening the effort now.

Paul A Volcker

Chairman of the Trustees



AFRICA

Institute of Chartered Accountants of Nigeria
South African Institute of Chartered Accountants

ASIA / OCEANIA

Accounting Standards Board, New Zealand
Australian Accounting Standards Board
Australian Institute of Company Directors
China Accounting Standards Committee
Council on Corporate Disclosure and Governance
CPA Australia
Financial Reporting Council, Australia
Financial Reporting Standards Board, New Zealand
Financial Services Agency, Japan
Group of 100
Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)
Hong Kong Institute of Certified Public Accountants
Hong Kong Society of Accountants
Institute of Chartered Accountants in Australia
Institute of Chartered Accountants of India
Japanese Bankers Association
Japanese Institute of Certified Public Accountants
Korea Accounting Standards Board
Life Insurance Association of Japan
Malaysian Accounting Standards Board
Ministry of Economy, Trade and Industry, Japan
National Institute of Accountants, Australia
Nippon Keidanren
Securities and Futures Commission, Hong Kong

EUROPE

Accounting Standards Board, UK
Agenzia Nazionale Stampa Associata - Società Cooperative (ANSA)
Aktienforum
Association Belge des Sociétés Cotées - Belgische Vereniging van Beursgenoteerde Vennootschappen (ABSC-BVBV)
Association of British Insurers
Association of Chartered Certified Accountants
Association Française des Entreprises Privées (AFEP)
Association pour la participation des entreprises françaises à l'harmonisation comptable internationale (ACTEO)
Associazione fra le Societa' Italiane per Azione (ASSONIME)
AstraZeneca plc
Athex Listed Companies Association (SEISET)
Austrian Insurance Association
Banque de France
BNP Paribas
Bundesverband der Deutschen Industrie
Bundesverband Deutscher Banken
Chartered Institute of Management Accountants
Comité Européen des Assurances
Committee of European Banking Supervisors
Compagnie Nationale des Commissaires aux Comptes
Confederation of British Industry (CBI)
Conseil National de la Comptabilité
Deutsche Telekom
Deutscher Standardisierungsrat
Deutsches Industrie — und Handelskammertag
Deutsches Rechnungslegungs Standards Committee e.V.
Deutscher Standardisierungsrat
European Central Bank
European Commission
European Financial Reporting Advisory Group
European Round Table of Industrialists
F. Hoffman — La Roche Ltd
Fédération Bancaire Européenne
Fédération Bancaire Française
Fédération des Experts — Comptables Européens
Financial Reporting Council, UK
Foreningen af Statsautoriserede Revisor
German Insurance Association
Hermes Pensions Management Ltd
HSBC
Industrie-Holding, The Federation of Swiss Direct Investors
Institut der Wirtschaftsprüfer
Institute of Chartered Accountants in England and Wales
Institute of Chartered Accountants of Scotland
Jochen Pape
L'Union des Industries de la Communauté Européenne
London Investment Banking Association
London Society of Chartered Accountants
Mazars
Middlenext
Mouvement des Entreprises de France (MEDEF)
Pieter van Wijck
Quoted Companies Alliance
Raad voor de Jaarverslaggeving
RSM International
Russian Financial Reporting Council
Siemens AG
Société Française des Analystes Financiers
The Committee of European Securities Regulators
Netherlands Council for Annual Reporting
The UK Society of Investment Professionals
Turkish Accounting Standards Board
Universities Superannuation Scheme Limited
Vereniging Effecten Uitgevende Ondernemingen (VEUO)
Willem van der Loos

NORTH AMERICA

Accounting Standards Board, Canada
American Council of Life Insurers
American Institute of Certified Public Accountants
Board of Governors of the Federal Reserve System, US
Capital Guardian Trust Company
Colegio de Contadores Públicos Costa Rica
Comisión Nacional Bancaria y de Valores, Mexico
Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C. (CINIF)
Council of Institutional Investors
Glass Lewis & Co
Instituto Mexicano de Contadores Públicos
Merrill Lynch
Microsoft
National Association of Insurance Commissioners
National Association of Mutual Insurance Companies
Norman Strauss
Ohio Retirement System
Property Casualty Insurers Association of America
Reinsurance Association of America
Secretaría de Hacienda y Crédito Público, Mexico
US Securities and Exchange Commission

SOUTH AMERICA

Asociación Interamericana de Contabilidad
Colegiode Contadores de Chile
Colombian Securities Authority
Comisión Nacional de Valores, Argentina
Conselho Federal de Contabilidade do Brazil
Federación Argentina de Consejos Profesionales en Ciencias Economicas
Federación de Colegios Contadores Públicos del Perú
Federación de Contadores Públicos de Venezuela
Instituto dos Auditores Independientes do Brasil
Instituto Nacional de Contadores Públicos de Colombia

INTERNATIONAL

Basel Committee on Banking Supervision
CFA Institute
Deloitte
Ernst & Young
Financial Executives International
Grant Thornton
International Actuarial Association
International Association of Accounting Education and Research
International Association of Insurance Supervisors
International Banking Associations Accounting Committee
International Corporate Governance Network
International Federation of Accountants
International Organization of Securities Commissions
International Swaps and Derivatives Association
KPMG
PricewaterhouseCoopers
The World Bank

"The Board's main thrust is now on achieving the convergence of its standards with those of other standard-setters, and particularly those of the FASB. We have been told repeatedly by multinational companies that this must be our most important objective. The Board agrees with that sentiment and is working with the FASB to devise ways in which the convergence programme can be speeded up to eliminate as rapidly as possible the requirement for companies using international standards and listed in the US to reconcile their financial statements with US standards."

Report of the Chairman of the IASB

Introduction

1 Throughout 2004 the Board concentrated on three major objectives:

- To provide a stable platform of acceptable standards for those companies changing to International Financial Reporting Standards (IFRSs) in 2005
- To continue, and accelerate, the convergence programme with the Financial Accounting Standards Board (FASB) of the United States and other standard-setters
- To encourage other jurisdictions to join those who either allow or require IFRSs to be used by domestic companies.

2 As discussed below, the stable platform was largely achieved by March 2004 although we were continuing to consider requests to make small amendments to the standards on financial instruments to deal with issues that began to emerge as companies encountered particular problems of implementation. The Board's main thrust is now on achieving the convergence of its standards with those of other standard-setters, and particularly those of the FASB. We have been told repeatedly by multinational companies that this must be our most important objective. The Board agrees with that sentiment and is working with the FASB to devise ways in which the convergence programme can be speeded up to eliminate as rapidly as possible the requirement for companies using international standards and listed in the US to reconcile their financial statements with US standards.

3 The removal of the reconciliation requirement and the convergence of the standards used in the world's main capital markets will send a powerful signal to those jurisdictions that do not permit or require the use of international standards to join those countries—99 at the latest estimate—that use IFRSs in some way. With our colleagues at the FASB the Board is working on a strategic plan to devote most of its resources related to active projects to the drive for convergence. (This will coincide with increased resources allocated to interpretative activities, for which demand will grow as IFRSs are implemented throughout the world.) Our convergence effort begins with identifying, first, the standards that differ and, second, within those standards the differences in principle that require reconciliation. The intention is that the boards will select the more robust principle, and whichever board has the weaker standard would change. This is by no means a one-way activity. In the past year we have seen the FASB issue a standard on share-based payment that is very similar to that issued by the IASB in March, and two standards—on idle capacity and spoilage costs in the cost of inventory, and on exchanges of assets—that converge with international requirements. Two further standards, on voluntary changes in accounting policies and earnings per share, are expected in 2005.

4 The report below highlights the work completed in 2004 and the work already in hand on short-term and long-term convergence projects.

The stable platform

5 From the moment the Board began operations in 2001, its programme was dominated by the practical implications of the European Commission's proposal that from 1 January 2005 all listed companies in the European Union should adopt the existing body of 34 International Accounting Standards (IASs). This proposal was quickly followed by similar statements, first from the Australian government and then by other countries. As time passed it emerged that from

1 January 2005 more than ninety countries would either require or permit the use of IFRSs (including IASs).

6 It was clear that companies would require time to prepare for the switch from national to international standards and accordingly the Board decided that only those standards issued by 31 March 2004 should apply in 2005. Any standards issued after that date would be required to be applied only in 2006 or later. In this way the Board would provide companies with a stable platform for the changeover, followed by an extended 'period of calm'.

Standards issued in 2004

7 The promise of imminent widespread adoption of international standards prompted the Board to examine as a matter of urgency the standards that it had inherited from its predecessor, the International Accounting Standards Committee (IASC). The Board wished to ensure that countries adopting international standards had an accounting regime that would win the confidence of market participants.

8 The International Organization of Securities Commissions (IOSCO) had criticised fourteen of the existing standards. The accounting profession, national standard-setters and other interested parties shared many of IOSCO's reservations.

9 The Board soon came to the view that its prime objective of establishing a single set of high quality acceptable and enforceable global standards would be impossible to achieve without revising the standards criticised by IOSCO. The Board therefore set in hand an Improvements project to deal with the criticisms. To avoid the prospect of companies having to change their accounting twice, first on applying international standards in 2005 and then as the standards were amended shortly afterwards, the Board decided to speed up this project. In all, the Improvements project involved more or less extensive changes to fifteen standards, including the two standards on financial instruments—IASs 32 and 39, and the withdrawal of one other. Alongside these improved standards the Board issued its first entirely new standard—IFRS 1 *First-time Adoption of International Financial Reporting Standards*—to help those making the transition from national to international standards. That huge task was completed in December 2003 with the sole exception of the question of macro hedging and related issues, which was dealt with in a supplementary amendment issued in March 2004.

10 In drawing up its initial work programme the Board, having consulted its constituents, decided that, as well as improving the existing standards, it should give priority to four topics on which it believed that new standards were urgently needed—the first two because no guidance existed, the second two for the purposes of convergence.

11 The first two of these new standards were IFRS 2 *Share-based Payment*, which was concerned with the growing problem of accounting for share options, and IFRS 4 *Insurance Contracts*, which dealt with problems specific to the insurance industry. As explained below, the Board has a long-term project on insurance that is expected to lead eventually to a comprehensive settlement on insurance accounting. In the meantime, IFRS 4 'grandfathered' existing industry practices to save companies from having to change accounting policies in 2005 and again four years later when the new standard is expected to be completed.

12 The other two standards were a product of the drive for convergence with US standards. IFRS 3 *Business Combinations* banned poolings and introduced the impairment method of assessing the value of goodwill. It replaced an existing standard and was accompanied by improved versions of two existing standards on goodwill and impairment. IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* replaced the existing standard on discontinued operations (see paragraph 41 below).

13 These four standards were issued in the first quarter of 2004, bringing to completion the stable platform of standards for 2005, a platform that included seventeen IASs revised in the Improvements and Business Combinations projects, and five IFRSs, and of course those IASs that had not yet been modified.

14 Although the Board had hoped that the body of standards issued by 31 March would form the complete package for 2005, it became necessary to add a very short amendment to the financial instruments standards to deal with a transitional effect that, if it had not been dealt with, would have caused a permanent difference with US standards. Because of concerns expressed by banking regulators the Board also published an exposure draft proposing to restrict the use of the fair value option allowed in IAS 39 and later in the year published two short exposure drafts dealing with particular issues that had arisen on the same standard.

15 The Board also produced in 2004 two other documents that, although not mandatory until 2006, were expected to be widely adopted from 2005. In the mind of many intended to be covered by these new standards, the guidance was necessary to provide certainty and continuity in the transition to IFRSs. The first was a new standard on the extractive industries (mining, and oil and gas). The standard, IFRS 6 *Exploration for and Evaluation of Mineral Resources*, was, like IFRS 4, concerned with pressing industry-specific problems, and pending the outcome of the Board's long-term project on the extractive industries, 'grandfathered' existing industry practices to save companies from having to change accounting policies in 2005 and a few years later when a new standard for that particular industry was produced by the Board.

16 The second was a group of limited amendments to IAS 19 *Employee Benefits*. The amendments had been published as an exposure draft—*Actuarial Gains and Losses, Group Plans and Disclosures*—in April. Against the background that an overhaul of pensions accounting would take many years, the amendments were intended to enable companies to continue with what many regarded as a more transparent approach to pension accounting. The exposure draft attracted support by those most affected by the proposals. However, others were concerned that the proposals prejudged important issues relating to performance

Exposure Drafts released in 2004

"With the completion of the stable platform in March 2004 the Board was able to move into a new phase. Freed of the pressure of the 2005 deadline the Board has been able to turn to other priorities with renewed vigour. Undoubtedly the strongest theme has been the demand for convergence of accounting standards, and in particular for convergence between the Board's standards and those of the US FASB."

reporting. When the Board came to consider the responses it clarified that its decisions on these amendments did not pre-empt the debate yet to come. The amendments were as follows:

Actuarial gains and losses—entities were given an option to recognise actuarial gains and losses in full in the period in which they occur outside profit or loss in a statement of recognised income and expense.

Group plans—requirements were added for the measurement, recognition and disclosure of defined benefit plans for a group in the separate or individual financial statements of the entities within the group.

Multi-employer plans—clarification that a contractual agreement between a defined benefit multi-employer plan and its participants on the funding of the deficit in the plan or the distribution of a surplus in the plan gives rise to a liability or an asset that the entity shall recognise. This is the case even if the participants in the multi-employer plan are accounting for their participation using defined contribution accounting because they do not have sufficient information to apply defined benefit accounting in accordance with IAS 19.

Disclosures—requirements for additional disclosures relating to changes in the plan assets and plan liabilities, the major classes of plan assets, sensitivity information on medical cost trend rates, and trends over time within the plan.

17 The Board and the FASB also agreed at the joint meeting in April 2004 to start a joint comprehensive review of the accounting for post-employment benefits when staff resources allow.

Financial instruments

18 As is well known, the two standards inherited by the Board on which it has devoted most time in building the stable platform have been those on financial instruments—IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement.* Against the background of the European Union's debates on whether to endorse those standards for use within the EU, the Board has focused on easing the implementation of those standards and on improving the disclosures about financial instruments. The work on IASs 32 and 39 did not introduce new fair value requirements, and the improvements to those standards did not seek to resolve the question of the appropriateness of fair value accounting for financial institutions.

Making application easier

19 With an eye on those objectives, the Board published four exposure drafts in July 2004. Two, *Transition and Initial Recognition of Financial Assets and Financial Liabilities* and *Cash Flow Hedge Accounting of Forecast Intragroup Transactions,* proposed amendments to IAS 39 to ease its implementation by providing additional and immediate guidance on issues identified by the business community. The third, *Financial Guarantee Contracts and Credit Insurance,* dealt with an issue identified during phase I of the Insurance project and was intended to ensure that a guarantor's balance sheet includes all guarantees issued. Lastly, ED 7 *Financial Instruments: Disclosures* contained proposals to replace IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and the disclosure requirements in IAS 32. In doing so, it would remove disclosure requirements that are regarded as too onerous and it would simplify others. The comment periods for these exposure drafts ended in October.

20 The Board issued the first of the amendments arising from these exposure drafts, on *Transition and Initial Recognition of Financial Assets and Financial Liabilities,* in December. At the same time it began its redeliberation of ED 7 and intends to finalise an IFRS by the middle of 2005.

21 At the turn of the year the Board was considering the comments received on the other two proposed amendments to IAS 39. The Board intends to finalise these remaining amendments as soon as possible, and before the end of 2005. In order not to disturb the 'stable platform', these amendments—although not mandatory until 2006 or 2007—will permit entities the option to adopt them earlier so as to avoid two changes in as many years, an option that we believe will be popular.

The fair value option

22 Earlier in 2004, the Board published an exposure draft of another proposed amendment to IAS 39—*The Fair Value Option*. The proposal, to restrict the use of the 'fair value option', was made in direct response to regulators' concerns that the fair value option in IAS 39 might be used inappropriately. The comment period on this proposal ended in July, and in September the Board had a preliminary discussion of the 115 comment letters received. It noted that apart from regulators the majority of respondents did not agree with the proposal. Most favoured retaining the unrestricted fair value option in IAS 39. However, the Board noted that this would not address the concerns of many banking and insurance supervisors, which were the reason for publishing the exposure draft. Given the sharp division of views the Board is continuing to consider whether there is a solution that would be acceptable to all parties—the Board, regulators and other constituents.

23 In December the Board considered a possible approach that had been developed by some in the banking industry. This approach would permit use of the fair value option only for a financial asset or financial liability that is part of a group of financial assets and financial liabilities that are managed together on a fair value basis in accordance with a documented risk management strategy, and only part of this group is required or permitted to be measured at fair value. The Board was concerned about whether this approach could be made operational and whether it could be applied outside the banking sector, eg to insurers, commercial entities, investment trusts and venture capital entities.

24 As the year closed the Board was considering an alternative approach developed by IASB staff with the help of a few Board members. This approach sought to identify, as principles rather than detailed rules, those situations in which using the fair value option would be a preferable accounting policy. The Board held public meetings in the first quarter of 2005, to which it invited constituents with differing views. The aim was to understand fully the concerns of all constituents and establish whether the proposed new approach or a variant of it would be broadly supported among all classes of the Board's constituents.

Puttable instruments

25 The Board has tentatively agreed to consider in the medium term an issue raised by constituents about whether financial instruments that are puttable at fair value should be classified as equity (rather than as liabilities). The terms of such instruments allow the holder to return (or 'put') them back to the issuer for a cash sum calculated as a pro rata share of the fair value of the issuer. In November, the International Financial Reporting Interpretations Committee (IFRIC) tackled a related question, namely the classification as liabilities or equity of instruments that are puttable at other than fair value, in response to the concerns raised by co-operative banks about the application of IAS 32 to their share capital. This resulted in the publication of IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments.*

Beyond the stable platform—the convergence programme

26 With the completion of the stable platform in March 2004 the Board was able to move into a new phase. Freed of the pressure of the 2005 deadline the Board has been able to turn to other priorities with renewed vigour. Undoubtedly the strongest theme has been the demand for convergence of accounting standards, and in particular for convergence between the Board's standards and those of the US FASB.

Convergence

Introduction

27 All of the Board's main projects incorporate the strategy of global convergence and many are being developed in conjunction with national standard-setters, for example:

- the joint projects with the FASB on business combinations (as described above) and revenue recognition (see paragraphs 53 and 54 below)
- a joint project on performance reporting with the UK Accounting Standards Board, the Accounting Standards Board of Japan and the FASB
- the following research projects
  - extractive activities (Australia, Canada, Norway, South Africa)
  - leases (the UK)
  - management commentary (Canada, Germany, New Zealand and the UK)
  - intangible assets (Australia)
  - hyperinflation (Argentina and Mexico)
  - measurement (Canada)
  - joint ventures (Australia, Hong Kong, Malaysia and New Zealand).

28 In response to constituents' views, the Board has been keen to find ways to accelerate the convergence programme. At its two joint meetings with the FASB in 2004, the Board agreed to a streamlining of our procedures. In future our projects would be conducted jointly—indeed, the ultimate aim would be to issue identical standards. Each project would be run by a single team consisting of members of staff of both boards. Topics of major concern to both boards that until now had been undertaken by one board would be taken onto the agenda of the other board after a discussion paper had been published by the initiator of the project.

29 At the end of the year our two staffs were working on a programme to accelerate convergence and I hope that it will soon be possible to announce the results of this initiative.

30 Towards the end of the year the Board concluded a convergence agreement with the Accounting Standards Board of Japan, and later an IASB team visited Japan to discuss the differences between our two sets of standards. Given the Board's stated objective of accepting the best quality standard from those existing worldwide the intention is that where a Japanese standard is superior to the international standard the Board should adopt the Japanese model and attempt to persuade standard-setters throughout the world to follow suit. On the other hand, where it is believed that the international standard is superior we would expect the Japanese standard-setter to amend the Japanese standard.

31 In a similar way, the Board hopes to send a team to China during 2005 to explore differences between the international standards and those of the People's Republic.

Active joint projects

Business Combinations phase II

32 Phase II of the Business Combinations project comprises the following four parts:

- issues relating to applying the purchase method of accounting.
- issues related to business combinations involving two or more mutual entities and business combinations in which separate entities are brought together by contract alone (including dual listed corporations).
- the accounting for business combinations in which separate entities or businesses are brought together to form a joint venture, including possible applications of 'fresh start' accounting.
- the accounting for business combinations involving entities under common control.

33 In April 2002 the Board moved to its active agenda the first part of the project, which addresses the guidance for applying the purchase method. This is a joint project with the FASB, and aims to achieve convergence on the accounting for business combinations.

34 The FASB and the Canadian Accounting Standards Board also were jointly considering business combinations involving two or more mutual entities and the FASB project on business combinations included within its scope those combinations that are made by contract alone. During 2004 the Board considered whether its decisions in the project on purchase method procedures should also apply to those business combinations. The Board concluded that there are no unique circumstances for such combinations that would justify a different accounting treatment for them.

35 Subsequently the Board and the FASB decided that it would greatly improve financial reporting if they had similar cohesive standards for accounting for business combinations. They therefore agreed to develop jointly a common exposure draft. This will incorporate the decisions reached in their joint project as well as the guidance in their existing standards on business combinations (developed in their separate phase I projects that led to IFRS 3 *Business Combinations* and SFAS 141 *Business Combinations*). The exposure drafts will differ only if convergence is not possible because of the few remaining different decisions reached in phase I and the joint project and on 'inherited' differences originating in other standards. However, both boards are keen to eliminate divergences and by the end of the year they had substantially completed their deliberations, and drafting of the proposals had begun.

36 The Board expects that its exposure draft will retain the fundamental provisions in IFRS 3 that require a single method of accounting for all business combinations and the identification of an acquirer for every business combination. The draft will also retain the guidance for identifying and recognising intangible assets separately from goodwill. The new features are likely to be the following requirements:

- The acquirer should measure and recognise the business it acquires—the acquiree—at its fair value at the acquisition date.
- The consideration transferred in exchange for the acquiree should be measured at fair value as of the acquisition date as the sum of: (i) the assets transferred by the acquirer, liabilities incurred by the acquirer, and equity interests issued by the acquirer; and (ii) any non-controlling equity investment in the acquiree that the acquirer owned before the acquisition date in a business combination achieved in stages.
- The acquirer should treat as expense the costs incurred in connection with the business combination.
- The acquirer should measure and recognise the acquisition date fair value of the assets acquired and liabilities assumed as part of the business combination, with limited exceptions.
- The acquirer should measure and recognise goodwill as the excess of the fair value of the acquiree, as a whole, over the net amount of the recognised identifiable assets acquired and liabilities assumed. If less than 100 per cent of the equity interests in the acquiree are owned at the acquisition date, goodwill attributable to the non-controlling interest would be recognised.
- In a business combination in which the acquisition-date fair value of the acquirer's interest in the acquiree exceeds the fair value of the consideration transferred for that interest, the acquirer would account for that excess by first reducing goodwill until it is reduced to zero, and then by recognising a gain.

37 The boards expect to publish their jointly developed exposure drafts in the second quarter of 2005.

38 Several of the other joint projects with the FASB are at an early stage and are described under Future Work (paragraphs 49-56 below).

Short-term convergence with US standards

39 Like Business Combinations, most of the Board's joint projects with the FASB are large, long-term projects that involve fundamental and difficult conceptual and technical issues: reporting comprehensive income, revenue and related liabilities, and the conceptual framework itself.

40 Alongside those big issues the boards are running a joint short-term convergence project, with the aim of reducing differences between IFRSs and US standards on topics that are not covered by the major projects. Developments on this project during the year were as follows.

IFRS 5 **Non-current Assets Held for Sale and Discontinued Operations**

41 The Board issued IFRS 5 in April 2004, achieving substantial convergence with US requirements. The only point on which convergence was not achieved was the definition of discontinued operations. IFRS 5 requires a discontinued operation to be a major line of business or geographical area of operations, whereas under US standards much smaller units could be classified as discontinued. The Board is monitoring questions relating to the US definition that are being considered by the FASB's interpretative body (the Emerging Issues Task Force) and will work with the FASB to arrive at a converged definition.

IAS 37 **Provisions, Contingent Liabilities and Contingent Assets**

42 The Board completed its consideration of proposed amendments to IAS 37 (and complementary amendments to the requirements in IAS 19 *Employee Benefits* relating to termination benefits), which will achieve substantial convergence with the recognition requirements of SFAS 146 *Accounting for Costs Associated with Exit or Disposal Activities*. In addition the amendments to IAS 37 will include changes required by phase II of the Business Combinations project. These amendments primarily relate to the definitions of contingent liabilities and affect the analysis of some transactions previously regarded as giving rise to contingent liabilities. They also enhance convergence with the principles underpinning some recent FASB pronouncements on liability, eg FIN 45 *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* and an exposure draft on conditional asset retirement obligations (a draft Interpretation of SFAS 143 *Accounting for Asset Retirement Obligations*). Because of the relationship with the Business Combinations project, the proposed amendments to IAS 37 will be published at the same time as the exposure draft on business combinations (paragraph 36 above).

IAS 20 **Accounting for Government Grants and Disclosure of Government Assistance**

43 The Board tentatively decided to improve IAS 20 by adopting the accounting model for government grants in IAS 41 *Agriculture*, which at present applies only to grants related to biological assets. In addition, because the IAS 41 model deals only with when a grant should be recognised as income, the Board decided that it would provide additional guidance on questions such as when a government grant should be recognised as an asset. As far as possible, the Board intends any new guidance to be consistent with the principles in IAS 41. These amendments will bring the recognition requirements of IAS 20 more closely into line with those of SFAS 116 *Accounting for Contributions Received and Contributions Made,* even though government grants to business entities are excluded from the scope of the US standard.

IAS 14 **Segment Reporting**

44 As part of the convergence initiative, IASB staff prepared a comparison of IAS 14 with the US standard, SFAS 131 *Disclosures about Segments of an Enterprise and Related Information,* and discussed the relative merits of the standards with analysts. The staff's findings were reported to the Board at the end of the year and at its next meeting, in January 2005, the Board considered the findings and agreed to develop an exposure draft for a new standard on segment reporting that would converge with SFAS 131.

IAS 12 **Income Taxes**

45 The Board continued its exploration of the differences between IAS 12 and SFAS 109 *Accounting for Income Taxes,* and the FASB started its consideration of the Board's tentative decisions. The two boards expect to publish concurrent exposure drafts in 2005, proposing amendments to those standards aimed at achieving convergence.

FASB amendments

46 Convergence is of course a two-way street and in December 2003 the FASB published exposure drafts of proposals for convergence with IFRSs in the following areas:

- voluntary changes in accounting policies
- earnings per share
- asset exchanges and
- the treatment of idle capacity and spoilage costs in the cost of inventory.

47 By the end of 2004 the FASB had issued the ensuing standards on asset exchanges and the cost of inventory, and standards on the other two matters were expected soon.

48 In addition, in December the FASB issued SFAS 123 (revised 2004) *Share-Based Payment.* The Standard specifies requirements to account for share-based payment transactions, including transactions in which share options are granted to employees, that are substantially similar to the requirements of IFRS 2 *Share-based Payment.*

Future work

49 In the next phase of the short-term project with the FASB, the boards plan to work together on the following topics: research and development, interim reporting, impairment and borrowing costs (both after the measurement research project), joint ventures, property, plant and equipment and investment properties.

Performance reporting

50 Until recently, the Board and the FASB had conducted separate projects on this topic, which is also known as 'reporting comprehensive income'. The goal is to establish standards for the presentation of information in the financial statements that would improve the usefulness of that information in assessing the financial performance of a business entity. However, the two boards' projects differed in important respects and the boards suspended them in late 2003 while they decided on the most effective way forward. In April 2004 they agreed that a project on this topic should be conducted jointly and that the work should be carried out in phases. The first phase of the project aims to deal with short-term convergence issues such as the set of required financial statements and the number of years of comparatives to be presented. The second phase of the project will address issues related to recycling, disaggregation and the use of totals and subtotals in the required financial statements. The boards expect that a document on the first phase will be published in late 2005 for public comment.

51 In December 2004, a new joint international working group was set up to help the boards in this joint project. The working group consists of senior professionals with extensive experience in and responsibility for the preparation, analysis, audit and regulation of financial statements.

52 The first meeting of this group was arranged for January 2005, to exchange views on both segments of the project, including the short-term convergence issues and the longer-term issues related to performance, recycling and disaggregation. The meeting enabled the staff to update their project plan, to review the order of priorities and to sequence the issues that will be discussed at future board meetings.

Revenue recognition

53 Revenue recognition remains one of the most contentious topics in accounting, and affects all entities. The approaches to it in standards and conceptual frameworks (both the IASB's and other standard-setters') are inconsistent, and guidance on some crucial issues is non-existent. That is why the Board is progressing a project on this topic jointly with the FASB. The Board's objective is to develop a comprehensive set of principles for revenue recognition that will lead to a revision of the IASB *Framework* and IAS 18 *Revenue*. The first step is to develop and publish for public comment a discussion paper setting out the two boards' preliminary views on general principles for revenue recognition.

54 The Board is exploring an approach that focuses on changes in assets and liabilities. In that light, the Board has tentatively agreed on concepts for identifying whether assets and liabilities stem from contractual rights and obligations, and the nature of those assets and liabilities. Other issues the Board is discussing include the definition of revenue, how to measure a contractual obligation to a customer, and the reliability threshold for estimates affecting revenue recognition.

Conceptual framework

55 In late 2004, the Board and the FASB agreed to add to their respective agendas a joint conceptual framework project. The goal of the project is convergence by updating and completing the two boards' existing frameworks and developing a single, common framework. The boards' intention is to use this common framework when developing new and revised accounting standards.

Measurement

56 The staff of the Canadian Accounting Standards Board (AcSB) have substantially completed a research paper on measurement objectives in financial accounting as input to the IASB's project to amend its *Framework* in respect of measurement. The draft research paper focuses on measurement of assets and liabilities on initial recognition. During 2004, staff of the AcSB spoke to a draft of the paper at a meeting of the IASB with its liaison national standard-setters. The paper is expected to be published within the next few months.

"As for the longer term, the Board believes that now its improvements to IAS 39 are largely complete, it has an opportunity for a fresh look at the accounting for financial instruments with a view to examining and questioning the fundamentals of IAS 39 (within the constraints of the Framework). The Board, with input from a small committee of the Trustees, has therefore set up a working group to assist in improving, simplifying and ultimately replacing IAS 39 and to examine broader questions regarding the application and extent of fair value accounting."

Improvements in the longer term

Financial instruments

57 As for the longer term, the Board believes that now its improvements to IAS 39 are largely complete, it has an opportunity for a fresh look at the accounting for financial instruments with a view to examining and questioning the fundamentals of IAS 39 (within the constraints of the *Framework*). The Board, with input from a small committee of the Trustees, has therefore set up a working group to assist in improving, simplifying and ultimately replacing IAS 39 and to examine broader questions regarding the application and extent of fair value accounting. Although an overhaul of IAS 39 may take several years to complete, the Board is willing to revise it in the short term in the light of any immediate solutions arising from the working group's discussions. The group met for the first time in September, when it had a preliminary discussion of which issues it should address and their relative priority. The group met again in March when it discussed hedge accounting on a portfolio basis and how to determine fair value.

Insurance contracts

58 As I discussed in my report last year, the Board completed phase I of our project on insurance contracts by issuing IFRS 4 *Insurance Contracts.* IFRS 4 introduced the first specific requirements in international standards for disclosures about insurance contracts and eased some burdens for insurers adopting IFRSs for the first time in 2005. The Board is acutely aware that there is an urgent need for a more comprehensive standard on insurance contracts and it has now reactivated work on the second phase of this project.

59 In restarting the project, the Board is taking a fresh look at financial reporting by insurers. Past work by the Board and by its predecessor is a useful resource, but the Board does not feel bound by it. The only restrictions on a fresh look are the IASB's *Framework* and the general principles established in the IASB's existing standards. Similarly, the Board can learn from national or industry practice, but will not be constrained by it.

60 In restarting phase II, our first step was to set up a working group to help us analyse accounting issues relating to insurance contracts. The group brings together a wide range of interests and includes senior financial executives who are involved in financial reporting. The group has met four times so far and is making a useful contribution. I have been very impressed by the quality of the discussion at meetings of the group, and by the amount of time that its members have devoted to the project.

61 The initial output for phase II will be a discussion paper, incorporating the Board's preliminary views on issues that determine the direction of the project. It will not be a comprehensive discussion of all matters that might be included in a standard. The discussion paper cannot be expected before the end of 2005, and quite possibly later. Developing an exposure draft would take at least 18 months from when the Board publishes the discussion paper and a final standard would take at least another twelve months. Although some parties may be disappointed that progress cannot be faster, developing a high quality, converged solution will take time.

62 The FASB's agenda does not currently include a project on insurance contracts, but the FASB has expressed an interest in participating in a 'modified joint project'. In other words, the discussion paper would be developed primarily through the deliberations of the IASB, with input from the Insurance Working Group. Following analysis of comments received, the boards would undertake a joint project with the objective of issuing identical or substantially similar final standards.

Other issues

IFRIC

63 The IFRIC's workload for 2004 was very heavy, culminating in the publication of no less than seven publications—four Interpretations (IFRICs 2-5), an amendment to an existing Interpretation (ie to SIC-12) and two new proposed Interpretations (D10 and D11). In addition the IFRIC agreed the principles of three proposed Interpretations on service concessions arrangements—contracts that grant private companies the rights to operate public services. Typically such arrangements require the operators to construct infrastructure, such as roads, waste disposal facilities, prisons or schools. At present the operators adopt a variety of methods of accounting for such infrastructure and the IFRIC was asked to provide guidance on the requirements of IFRSs. The three draft Interpretations were expected to be published in the first quarter of 2005. Further topics have flowed on to the IFRIC agenda in early 2005, a year that is expected to be very busy for the IFRIC.

Accounting Standards for Small and Medium-sized Entities

64 In 2003, the Board began to consider the question of developing accounting standards suitable for small and medium-sized entities (SMEs) in an attempt to produce a set of standards for those entities that could be used throughout the world. In June 2004, the Board published a discussion paper identifying the issues, setting out its preliminary and tentative views on the approach, and raising questions about them.

65 The main issues raised in the discussion paper were:

- Should the IASB develop special financial reporting standards for SMEs?
- What should be the objectives of a set of financial reporting standards for SMEs?
- For which entities would IASB Standards for SMEs be intended?
- If IASB Standards for SMEs do not address a particular accounting recognition or measurement issue confronting an entity, how should that entity resolve the issue?
- May an entity using IASB Standards for SMEs elect to follow a treatment permitted in an IFRS that differs from the treatment in the related IASB Standard for SMEs?
- How should the Board approach the development of IASB Standards for SMEs? To what extent should the foundation of SME standards be the concepts and principles and related mandatory guidance in IFRSs?

- If IASB Standards for SMEs are built on the concepts and principles and related mandatory guidance in full IFRSs, what should be the basis for modifying those concepts and principles for SMEs?
- In what format should IASB Standards for SMEs be published?

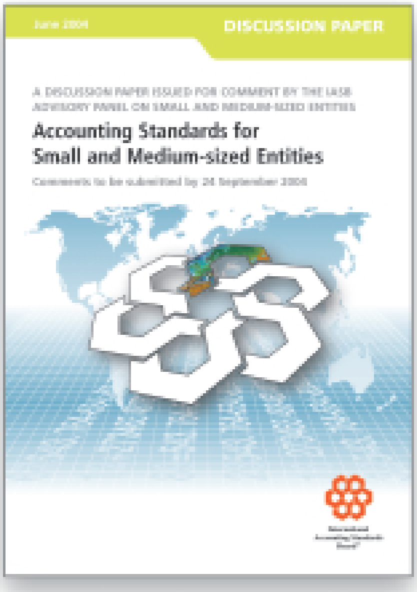
66 At the same time the Board considered drafts of SME versions of thirteen IASs as examples of SME standards based on the approach set out in the discussion paper. No decisions were reached on these, but they were useful in illustrating how the approach to the project could be implemented.

67 The Board received 120 letters of comment on the discussion paper, and considered an analysis of the responses. These showed a clear demand for IASB SME Standards and a preference, in many countries, to adopt global SME standards rather than locally or regionally developed standards.

68 At its meeting in December the Board agreed to remain committed to the project and to develop an exposure draft of SME Standards as the next step, based on the following approach:

- IASB Standards for SMEs should focus on financial reporting by those non-publicly accountable entities that have external users of their financial statements (ie users other than primarily owner-managers). Jurisdictions could, of course, choose to permit or require them for all SMEs, including very small ones.
- The IASB should not develop detailed guidelines on which entities should or should not be eligible to use the IASB Standards for SMEs. That is a matter to be decided by national jurisdictions. However, the Board would indicate those entities for which the Standards for SMEs were not appropriate and any such entities using the SME Standards would not be able to assert that their financial statements were prepared in accordance with IFRSs.
- The Board should consider recognition and measurement simplifications for SMEs, as well as disclosure and presentation simplifications—based on users' needs and cost/benefit considerations as provided for in the IASB *Framework*. There should be no preconceived objections to such changes. However, any modifications to recognition and measurement principles should be consistent with the *Framework* and—as provided in the *Framework*—may be justified on the basis of users' needs and cost/benefit considerations.
- If a recognition or measurement issue is addressed in an IFRS, but not in SME Standards, the entity should be required to apply that IFRS to the issue.
- An entity following IASB Standards for SMEs should follow those standards in their entirety and should not have a choice of reverting to IFRSs on a standard-by-standard or principle-by-principle basis.
- If an entity follows IASB Standards for SMEs, the basis of presentation note and the auditor's report should make that clear so that the user understands that full IFRSs are not being followed.
- When published in printed form, IASB SME standards should be organised topically, such as in balance sheet and income statement order, rather than having an equivalent SME standard for each IAS and IFRS number. However, the topical standards would be cross-referenced to the equivalent IAS or IFRS.
- The numbers on the Advisory Group should be increased. Users of SME financial statements should be added to the group, as well as representatives of preparers and credit analysts.

69 The Board also asked the staff to develop a project plan that includes round-table meetings with preparers and users of SME financial statements.



Efforts to develop Accounting Standards for SMEs accelerated in 2004

The Bound Volume 2004 -
Hard copy and CD-Rom

Spreading the word

70 Given the limits on our resources, it is not possible to visit and discuss issues arising on IFRSs with all those countries interested in adopting our standards. Instead, the Board now attempts to meet standard-setters from around the world on at least two occasions each year. The Board holds an annual meeting for the world standard-setters at which particular issues are discussed and the problems standard-setters are having in adopting international standards are communicated to the Board. Additionally, various Board members visit particular regions to discuss with standard-setters from all over the region their particular issues and problems. In 2005 the Board will be visiting China, and Japan in conjunction with the convergence project, as mentioned above, but also meeting standard-setters from those two countries and those of Korea. Other areas being targeted are Central and South America, South East Asia, the Indian subcontinent and Eastern Europe. Countries that already adopt international standards are not forgotten and our liaison Board members visit not only their own countries but also those close by, thereby ensuring that Australasia and countries throughout Western Europe and across Africa will be visited during the course of a year. Feedback from those meetings enables the Board to assess the particular difficulties in accepting the Board's standards.

71 We frequently hear from national standard-setters about the need to adapt rather than simply adopt international standards. Our reaction has been that if a standard has to be adapted then presumably it is defective, ie there is some way in which the standard does not cater for a specific economic event. If, however, the event is similar to those elsewhere, then the local standard-setter will be questioned why the international standard is viewed as defective. In this way it is hoped that differences between standards, sometimes slight, can be eliminated either by the international standard being changed or by the local or national standard-setter being persuaded to follow the international line.

Standards Advisory Council

72 The Standards Advisory Council met three times during 2004 and discussed all aspects of the Board's agenda and agenda proposals. The Council has again been invaluable in helping the Board to shape its agenda priorities and in giving advice not only on various technical matters but also on strategy. I am most grateful to Peter Wilmot of South Africa in his continuing role as vice-chairman of the Council and for chairing meetings. His role has enabled me to avoid any conflict of interest on my part arising from my position as chairman of both the Board and the Council.

73 At its meeting in July the Council agreed on a draft Charter setting out terms of reference and operating procedures intended to reinvigorate the Council. One of the proposals was that in future, the Council should have its own chairman, with a range of functions and available to represent the Council at meetings of the Trustees. The Trustees incorporated the draft Charter into the consultation paper they published in November inviting public comment on their conclusions on the review of the IASC Foundation constitution.

Summing up

74 In my report last year I said that completing the 2005 portfolio by 31 March had to be the Board's immediate priority for this past year. Despite the magnitude of the task, it was successfully accomplished.

75 Since March the strategic priority has been to make progress on convergence, principally with US standards. In my own travels around the world, and in the experience of my Board colleagues, the urgency of this task is a recurring theme of our constituents.

76 It has of course been disappointing that the European Union has carved out of our main financial instruments standard, as it is endorsed for mandatory application in the EU, some requirements that the Board had thought it necessary to include. Over the year, I and my colleagues have had many meetings with EU commissioners and officials and with banking regulators and industry representatives in an attempt to find an acceptable way of meeting the concerns they have expressed. At January 2005, those discussions were continuing

Changes in membership

77 As foreshadowed in my report last year, Harry Schmid stepped down from the Board on 31 March, a year before his term expired. His great experience, as a preparer of financial statements for over 40 years and as a standard-setter with IASC, enabled him to make an authoritative contribution to the Board's work, and I am most grateful to him for delaying his departure until the Board had completed its 'stable platform'.

78 In Harry's place, in May we welcomed Jan Engström to the Board. Jan had worked in senior financial and operating positions with the Volvo group both in his native Sweden and in Brazil. Since joining us he has shown us how he is able to use his business and financial experience to strengthen the Board's efforts to consult the business community in Europe and in Latin America.

79 Also in May 2004 the Trustees announced that they had reappointed for a second term four members of the Board—the Vice-Chairman, Tom Jones, and Mary Barth, Tony Cope and Patricia O'Malley.

80 There were no changes in the membership of the Standards Advisory Council, whose members' appointments were all due to end at the close of the year. At the request of the Trustees, all members agreed to continue to serve until the Trustees are able, in 2005, to implement their proposed constitutional changes, which will affect the composition of the Council.

81 Four members of the IFRIC had their terms renewed: Jeannot Blanchet (Managing Director, Equity Research, Morgan Stanley Europe); Domingo Mario Marchese (Partner, Marchese, Grandi, Mesón & Asociados, Argentina); Mary Tokar (Partner, KPMG International Financial Reporting Group); and Ian Wright (Partner, PricewaterhouseCoopers).

82 Two members of the IFRIC resigned a year before their terms were due to end: Clement Kwok (Managing Director and Chief Executive Officer, Hong Kong and Shanghai Hotels Limited) and Wayne Lonergan (Lonergan Edwards & Associates Limited). Two new members were appointed in their place—Michael Bradbury (Professor of Accounting, Unitec, New Zealand) and Jean-Louis Lebrun (Partner and Chairman of the Supervisory Board, Mazars, France).

83 In addition, Junichi Akiyama (Professor of Accounting, Tama University, Japan) made it known that, for personal reasons, he wishes to step down as a member of the IFRIC in 2005.

Staffing

84 In November Kevin Stevenson told me that he wished to resign as Director of Technical Activities in the first half of 2005 in order to return to his native Australia. He became the IASB's first Director of Technical Activities in February 2002. In that role, he helped to ensure the successful completion of the Board's initial work programme, which has provided a platform of high quality accounting standards ready for use in countries adopting IFRSs in 2005. He also served as the first non-voting Chairman of the IFRIC.

85 As I said at the time, the IASB is extremely sorry that Kevin is leaving, but we recognise that he wants to return to Australia to spend more time with his family. Kevin was instrumental both in ensuring that the IASB completed its initial work programme to provide the 'stable

platform' of standards for 2005 and in achieving real progress on the convergence of international and national accounting standards. He also helped to ensure that the IFRIC played its full role in the development of international practice. He was a tireless worker for the IASB and we know that he will continue to make a strong contribution on behalf of the IASB upon his return to Australia. I want to thank Kevin for his massive contribution to the launch of the IASB on the international scene.

86 As befits an international organisation, the IASB attracts staff from all over the world, some on temporary assignments to London, others for a longer time before moving on to new challenges, usually in their native land. There is therefore a steady turnover of people working at Cannon Street.

87 There were several departures of technical staff. Annette Kimmitt, senior project manager, resigned to return to practice in Australia, and two project managers also left us—Colin Fleming to join one of the large accounting firms and Sue Lloyd to return to the world of investment banking. Our senior practice fellow, Kevin Singleton, left to take up an appointment with a leading bank. Three practice fellows, having completed their secondment, returned to practice—Kathie Bugg to her native US; Claus Nielsen (from Denmark) in London; and Yuichi Torikai to his native Japan.

88 We welcomed several new colleagues during the year. The new members of the technical staff were:

- Joan Brown (UK)
- Kil-woo Lee (Korea)
- Adrian Murray (Australia)
- Noreen Whelan (Ireland)

Patrina Buchanan (Ireland) joined as Manager—Educational projects. Olafur Eliasson (from Iceland) was appointed Assistant IT Manager, Larissa Nixon (from New Zealand) joined the Publications staff as a database manager, and Isabella Nordio (from Italy) was appointed a translation assistant.

89 Towards the end of the year we appointed Gavin Francis and Jenny Lee (both from the UK) to join the technical staff early in 2005.

90 It is encouraging to find that, at a time when worldwide demand for accountants is growing, we are able to attract high quality professional staff from so many parts of the world. This continuing infusion of new backgrounds and experience enriches our work and the life of the organisation. Apart from their exceptional skills and expertise, our staff bring a strong commitment to the ideals that underlie the IASB's mission. The efforts of the Board and the technical staff would, of course, count for little without the support of the administrative and operational staff who are a vital part of the process of getting the Board's message across. My fellow Board members and I admire and respect our staff colleagues' technical and professional excellence, and enjoy their cheerful enthusiasm and stamina. For me, working with so many talented people remains a stimulating, sometimes challenging, experience, and I am grateful to all of our staff, including those who have now moved on to other fields.

Giving credit

91 An organisation such as this depends on the contributions and efforts of many people and of many organisations. I cannot mention them all by name, but there are various groups of people to whom I wish to express special thanks. First, the Hon Paul Volcker, the chairman of the Trustees, and his colleagues: their enthusiasm and support is vital in upholding the Board's integrity and independence, and I am pleased to note that those are qualities whose importance has been fully recognised in the Trustees' proposals for changes to the constitution. I am also grateful to Tom Seidenstein, the IASC Foundation's Director of Operations, and Kurt Ramin, its Commercial Director, for their energy and determination in a year that has provided some tough challenges for them, and to Michael Butcher, the Editorial Director, and Liz Hickey, the Director of Education, for ensuring that our publications programme stayed on course, and that the education initiative began to bear fruit.

92 The powerhouse of the organisation is, of course, the Board. I should again like to pay tribute to the work of my fellow Board members. Most of us have now been together for nearly four years, not a long period in the measured development of accounting standards, but long enough for us to appreciate our different strengths while still taking pleasure in learning from each other's experience. Despite passing the milestone of 31 March 2004 the Board still bears a workload that is very demanding, particularly for our two part-time members, and for those who have long distances to travel to attend Board meetings. In addition, many of us spend much time away from home in representing the Board at conferences and seminars, and in meetings with constituents around the world. It is therefore all the more remarkable that, as those who observe our proceedings will know, our debates continue to be conducted with great good humour.

93 Another group to whom a special debt of gratitude is due are the members of the IFRIC. As I have already mentioned, the IFRIC has now begun to make a strong contribution to standard-setting, with five Interpretations and six drafts published during the year. Equally important as this response to the rising demand for help in understanding the intentions of the standards has been the IFRIC's willingness to be robust in the face of requests for statements of the obvious.

94 The IFRIC is chaired in a non-voting capacity by the Director of Technical Activities, Kevin Stevenson. He and the Director of Research, Wayne Upton, are in charge of the technical staff, and it is on their shoulders that the heavy burden of organising the Board's work has rested. As I have already mentioned, Kevin will be laying down this burden in the first half of 2005. In the drive and commitment of these two technical directors, the Board has been most fortunate in these early years, and we are most grateful to them and to all our excellent technical staff for their immense contribution.

95 I want to thank the editorial and publications staff for coping with the high level of publications in the year, and for arranging for our documents to be translated and published expeditiously and our administrative and support staff for again taking good care of the rest of us, and for managing an astonishing volume of papers and letters. Lastly, I want to thank Ailie Burlinson, my secretary of some seventeen years, who decided during the year that, despite her valiant efforts to conceal this and much hidden overtime, serving the Chairman now needs more secretarial support than can be given by a part-timer. With great reluctance, therefore, I agreed that Ailie should move across to help the Education Department. In her place, Janet Smy took over as my secretary, ably supported by Jill Robinson. I am grateful, as ever, to all three for their invaluable work in keeping me (up to a point) under control.

David Tweedie

Chairman of the IASB

IASB Documents current at 1 January 2005

Preface to International Financial Reporting Standards

Framework for the Preparation and Presentation of Financial Statements

International Financial Reporting Standards

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 6	Exploration for and Evaluation of Mineral Resources
IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 26	Accounting and Reporting by Retirement Benefit Plans
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments: Disclosure and Presentation
IAS 33	Earnings per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture

Interpretations of IFRSs

Preface to IFRIC

IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 3	Emission Rights
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
SIC-7	Introduction of the Euro
SIC-10	Government Assistance—No Specific Relation to Operating Activities
SIC-12	Consolidation—Special Purpose Entities
SIC-13	Jointly Controlled Entities—Non-Monetary Contributions by Venturers
SIC-15	Operating Leases—Incentives
SIC-21	Income Taxes—Recovery of Revalued Non-Depreciable Assets
SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders
SIC-27	Evaluating the Substance of Transactions in the Legal Form of a Lease
SIC-29	Disclosure—Service Concession Arrangements
SIC-31	Revenue—Barter Transactions Involving Advertising Services
SIC-32	Intangible Assets—Web Site Costs

Report of the Independent Auditors

To the Trustees of the International Accounting Standards Committee Foundation

We have audited the financial statements of the International Accounting Standards Committee Foundation (IASCF) for the year ended 31 December 2004 on pages 16 to 19. These financial statements have been prepared under the accounting policies set out on page 18.

Respective responsibilities of Trustees and Auditors

The Trustees are responsible for preparing the financial statements in accordance with applicable law, IASCF's Constitution and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with International Financial Reporting Standards. We also report to you if, in our opinion, the Report of the Chairman of the Trustees is not consistent with the financial statements, if IASCF has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with IASCF is not disclosed.

We read the Report of the Chairman of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of our engagement letter to you dated 24 January 2005 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our engagement letter to you dated 24 January 2005 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to IASCF's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the IASCF's affairs as at 31 December 2004 and of its increase in net assets for the year then ended and have been properly prepared in accordance with International Financial Reporting Standards.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors

18 March 2005

Year ended 31 December	Notes	2004 £'000	2003 £'000
OPERATING REVENUES			
Contributions	3	9,318	9,680
Other income		46	22
		9,364	9,702
Publications and related revenue	4	4,154	2,957
Less direct cost of sales		(2,924)	(1,398)
		1,230	1,559
Total operating revenues		**10,594**	**11,261**
OPERATING EXPENSES			
Salaries, wages and benefits	5	8,195	7,897
Accommodation	6	1,028	952
Board meetings		808	854
Committees		390	347
Travel for consultations		314	271
External relations		115	120
Audit, legal & taxation		124	167
Communications		197	154
Other costs		146	125
Total operating expenses		**11,317**	**10,887**
TRUSTEES' COSTS	7		
Fees		386	338
Meeting expenses		263	155
		649	493
Total expenses		**11,966**	**11,380**
OPERATING EXPENSES IN EXCESS OF REVENUES		**(1,372)**	**(119)**
Interest income		460	348
Change in fair value of financial instruments		(150)	203
Profit on exchange		1,437	1,068
Portfolio management fee		(12)	(10)
INCREASE IN NET ASSETS		**363**	**1,490**
Net assets at beginning of year		11,567	10,077
NET ASSETS AT END OF YEAR		**11,930**	**11,567**

The notes on pages 18 to 19 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December	Notes	2004 £'000	2003 £'000
ASSETS			
Non-current assets			
Leasehold property, leasehold improvements, furniture and equipment	9	566	670
Financial assets	10	4,358	4,897
Derivative financial assets	10	-	119
		4,924	5,686
Current assets			
Derivative financial assets	10	979	1,030
Accrued interest receivable on bonds		28	26
Financial assets	10	1,035	975
Cash at bank and in hand	10	7,041	5,123
Contributions receivable	3	303	488
Taxation recoverable	8	26	26
Stocks and work in progress	11	188	20
Other receivables		423	188
Prepaid expenses		173	120
		10,196	7,996
TOTAL ASSETS		**15,120**	**13,682**
LIABILITIES			
Non-current liabilities			
Rent premium received on assignment of lease	6	73	-
Current liabilities			
Contributions received in advance	3	72	106
Rent premium received on assignment of lease	6	92	-
Publications revenue received in advance		668	572
Accrued expenses and sundry creditors		2,285	1,437
		3,117	2,115
TOTAL LIABILITIES		**3,190**	**2,115**
NET ASSETS		**11,930**	**11,567**

The notes on pages 18 to 19 form part of these financial statements

CASH FLOW STATEMENT

Year ended 31 December	Notes	2004 £'000	2003 £'000
OPERATING ACTIVITIES			
Contributions		9,469	9,724
Cash receipts from customers		4,051	3,053
Other receipts		35	21
Cash paid to suppliers and employees:			
Operating expenses		(10,802)	(10,435)
Publications direct expenses		(2,557)	(1,325)
Trustees' costs		(609)	(529)
Net cash from operating activities		**(413)**	**509**
INVESTING ACTIVITIES			
Purchase of bonds		(529)	(2,404)
Matured bonds receipts		963	1,407
Interest received		517	435
Purchase of furniture and equipment		(45)	(47)
Leasehold property and leasehold improvements		-	(6)
Portfolio management fee		(12)	(10)
Profit (Loss) on exchange		1,426	1,116
Net cash from investing activities		**2,320**	**491**
Effects of exchange rate changes on cash and cash equivalents		11	(48)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,918**	**952**
Cash and cash equivalents at beginning of period		5,123	4,171
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**10**	**7,041**	**5,123**

The notes on pages 18 to 19 form part of these financial statements.

For the year ended 31 December 2004

1. LEGAL FORM, OBJECTIVES AND RESTRUCTURING

The International Accounting Standards Committee Foundation (IASCF) is a not-for-profit corporation, which was incorporated in the state of Delaware, USA on 6 February 2001 to continue the work of its predecessor body, the International Accounting Standards Committee.

The objectives of the IASCF are:

(a) to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions;

(b) to promote the use and rigorous application of those standards; and

(c) to bring about convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards to high quality solutions.

The IASCF has two main bodies, the Trustees and the International Accounting Standards Board (the Board), as well as the International Financial Reporting Interpretations Committee (IFRIC) and the Standards Advisory Council. The Trustees appoint the Board members and related bodies, exercise oversight over the IASB and other committees and raise the funds needed, whereas the Board has sole responsibility for setting accounting standards in accordance with its mandate set out in the IASCF Constitution.

Beginning with commitments for financial year 2001, the Trustees raised funds to cover costs associated with the reorganisation of the IASCF and ongoing operations. Additionally, the Trustees sought to provide confidence that the IASCF would have sufficient funds to operate in future years. The large majority of funds were pledged on a multi-year basis to secure financing through to the end of 2005. As part of a broad constitutional and operational review, the Trustees are currently investigating options for securing funding commitments beyond 2005.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. The accounting policies used are consistent with those applied in prior years.

(b) Contributions

Contributions are recognised as revenue in the year designated by the contributor.

(c) Publications and related revenue

Subscriptions and licence fees are recognised as revenue on a straight-line basis over the period covered by the subscriptions and fees. Royalties are recognised as revenue on an accrual basis.

Publications direct cost of sales comprises only printing costs and other direct costs including publications department salaries, promotion, and certain computer costs. The direct costs do not include other costs of publishing standards, including costs of Trustees or Board meetings, associated costs of the IASCF's management team related to the publications programme, the costs of the editorial function involved preparing published materials, various overheads including administration, computer and financial costs, cost of capital, or the costs relating to publications of the work of the Advisory and Steering Committees, IFRIC , Board members and technical staff.

(d) Work-in-progress

Stocks and Work-in-progress are stated at the lower of cost and net realisable value. Work-in-progress consists primarily of subcontract costs.

(e) Depreciation

Leasehold property and leasehold improvements are depreciated on a straight-line basis over the period of the lease.

Furniture and equipment are depreciated on a straight-line basis over the estimated useful life of the asset. The annual rate applied is 20 per cent of cost for all assets except computer equipment, which is depreciated at 33 $^1/_3$ per cent of cost.

(f) Foreign currency transactions

Transactions denominated in currencies other than sterling are recorded at the exchange rate at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate at the year-end.

(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.

(h) Financial assets

Financial assets (investments in bonds available for sale) are recognised at fair value. The corresponding gains or losses are included in the Statement of Activities.

(i) Derivative financial assets

Derivative financial instruments (collars in 2003, and forward contracts in 2004 and 2005) are used to hedge the exposure to foreign exchange risks from dollar contributions used to finance sterling obligations arising from activities. In accordance with its risk management policy, the IASC Foundation does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised at fair value. The corresponding gains or losses are included in the Statement of Activities.

3. CONTRIBUTIONS

When the IASCF was incorporated in 2001, the IASCF Trustees asked contributors to make five-year pledges. Many of the contributors agreed to five-year pledges, while others made pledges of three years or agreed to review payments annually or make only a 2001 payment. The Trustees have received written pledges of the following amounts for 2005. The pledges were made primarily in US dollars.

Year	2004 $'000	2003 $'000
2004	-	14,415
2005	14,910	14,390

The US dollars have been translated at the financial year-end rate of US $1.9058 to £1 (2003: US$1.7842). For convenience purposes, the sterling equivalents follow:

Year	2004 £'000	2003 £'000
2004	-	8,079
2005	7,823	8,065

Two contributions received in 2004 amounting to £72,000, specifically designated by the contributor for use by the IASCF in 2005, were recognised as a liability at the end of 2004. Contributions amounting to £303,000 received in January and February 2005, specifically designated by the contributor for 2004, were recognised as revenue in 2004.

4. PUBLICATIONS AND RELATED REVENUE

	2004 £'000	2003 £'000
Sales of subscriptions and publications	3,367	2,236
Royalties and permission fees	669	631
Other related activities	118	90
	4,154	2,957

5. EMPLOYEES

The IASCF had an average of 64 employees (including Board members and interns) during 2004 (2003: 60).

	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Staff costs, including IASB members salaries and other costs	7,886		7,639	
Contributions to defined contribution pension plans	268		237	
Recruitment and relocation costs	41	8,195	21	7,897
Direct staff costs included in publications direct expenses				
Salaries and other costs	894		421	
Contributions to defined contribution pension plans	58		27	
Recruitment and relocation costs	3	955	24	472
		9,150		8,369

6. ACCOMMODATION

The IASCF entered into an operating lease in 2001 for office accommodation on the First Floor at 30 Cannon Street, London and in December 2004 acquired an assignment of an operating lease for part of the Ground Floor of 30 Cannon Street. Both leases expire in September 2008. In 2006 future rents for both floors at 30 Cannon Street will be adjusted to the then current market rates, if higher than those currently required by the leases.

On assigning the lease for part of the Ground Floor at 30 Cannon Street the outgoing tenant paid the IASCF £172,000 covering a nine-month rent-free period and, for the remaining term of the lease thereafter, a £9 per square foot differential between the rent payable under the lease and the lower current market rent agreed with the IASCF. The £172,000 will be recognised as a reduction in accommodation expense over the remaining term of the lease. At the balance sheet date the balance outstanding in this regard was £165,000, of which £73,000 is a non-current liability and £92,000 is a current liability.

The IASCF entered into an operating lease in 2002 for office accommodation at 73 Watling Street, London, which expired in December 2004.

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

Payments on the leases, excluding service charges and property rates (currently approximately 53 per cent of the lease payments) are due as follows:

Due Date	Payments 2004 £'000	Payments 2003 £'000
2004	-	595
2005	695	544
2006	665	544
2007	665	544
2008	333	204
	2,358	2,431

7. TRUSTEES' COSTS

The Trustees are remunerated with annual and meeting fees and are reimbursed for the expenses of their travel on IASCF business.

8. UNITED KINGDOM CORPORATION TAX

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

The IASCF is currently in discussion with the UK authorities with regard to its UK tax status. At the present time, it is not possible to predict the outcome of these discussions and as such, no provision for tax charges has been made in respect of 2002, 2003 and 2004.

As these discussions relate to the status of the IASCF since it succeeded IASC, the tax charge made in 2001 with respect to the activities from the date of succession was reversed in 2002.

9. LEASEHOLD PROPERTY, LEASEHOLD IMPROVEMENTS, FURNITURE AND EQUIPMENT

	Leasehold Property £'000	Leasehold Improvements £'000	Furniture, Equipment £'000	2004 total £'000	2003 total £'000
Cost					
At 1 January 2004	57	674	518	1,249	1,202
Additions	10	43	69	122	49
Disposals	(4)	(75)	(40)	(119)	(2)
At 31 December 2004	**63**	**642**	**547**	**1,252**	**1,249**
Depreciation					
At 1 January 2003	21	252	306	579	354
Charge for the year	9	116	99	224	227
Disposals	(4)	(75)	(38)	(117)	(2)
At 31 December 2004	**26**	**293**	**367**	**686**	**579**
Net carrying amount					
At 31 December 2004	**37**	**349**	**180**	**566**	
At 31 December 2003	36	422	212	670	

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Investments	Carrying Amount 2004 £'000	Carrying Amount 2003 £'000	Fair Value 2004 £'000	Fair Value 2003 £'000
Sterling-denominated fixed rate bonds	5,393	5,872	5,393	5,872

£4,358,000 of these bonds are non-current assets and the remaining £1,035,000 are current assets.

The bonds mature within a period of 0 to 4 years. The nominal interest of the bonds is within a range of 4.5% to 8.5% (2003: 4.5% to 8.5%) and the effective interest rate is within a range of 4.43% to 4.78% (2003: 4.1% to 4.89%).

Derivatives	Notional £'000	Maturity Date	Fair Value 2004 £'000	Fair Value 2003 £'000
GBP/USD Forward contracts	-	2004	-	1,030
GBP/USD Forward contracts	8,444	2005	979	119

The fair values of investments and derivatives are based on quoted market prices

Cash at bank and in hand comprises the following:	2004 £'000	2003 £'000	Effective interest rate 2004 %	Effective interest rate 2003 %
Bank sterling deposits due after 7 days, within one to two months in London	-	3,250	-	3.64
Bank sterling deposits due after 7 days, within one month in Geneva	4,549	-	4.63	-
Bank sterling deposit due within 7 days in London	1,700	500	4.59	3.11
Cash and bank deposits due on demand				
Sterling in London	500	292	3.35	2.10
Sterling in London	33	87	1.25	0.50
Euro in London	214	60	-	-
United States dollars in London	1	160	0.0	0.10
United States dollars in New York	44	770	-	-
Sterling and US dollars in Geneva	-	4	-	-
	7,041	**5,123**		

Cash at bank to pay for general operations in London is held by Barclays Bank PLC, London. One United States 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 other financial assets and liabilities are non-interest bearing and due on demand.

11. STOCKS AND WORK-IN-PROGRESS

At the year end the IASCF was nearing the completion of a contract with the European Commission for the translation of the International Financial Reporting Standards into the nine languages of the new European Union States. Work-in-progress includes £151,000 of translation and review costs incurred with regard to this contract. Stocks of books amount to £37,000 (2003 : £20,000).

12. COPYRIGHT LITIGATION

The IASCF is responsible to pay the costs of the other party in respect of a judgement against it with regard to copyright in a translation. The costs have not yet been submitted by or agreed with the other party. A best estimate of the amount required to settle this obligation has been accrued as a provision included under direct costs of sales for Publications and related revenue. In view of the fact that discussions have not been finalised, disclosure of the amount of this provision is considered to be prejudicial. The costs are expected to be determined during the 2005 calendar year.

13. FINANCIAL RISK MANAGEMENT STRATEGY

The expenditures in the IASCF's operating budget are largely in UK sterling, whereas the IASCF Trustees received voluntary, multi-year pledges in US dollars to cover the cost of operating the IASB and other overhead costs through to the end of the year 2005. Therefore, the Trustees have implemented a strategy to mitigate the risks associated with foreign exchange and the voluntary nature of the private contributions.

To address the exchange rate risk, the Trustees entered into a series of forward contracts for 2004, and 2005 and adopted a collar strategy for 2003 that would provide a fixed sterling equivalent from the US dollar contributions of a specific percentage of the budget of the IASCF's operating activities. Ninety per cent of the projected budget was covered through a series of zero-cost collars expiring quarterly in 2003. For 2004 and 2005, 90 per cent of the projected budgets are covered through forward contracts, each expiring at the end of a quarter. Details regarding the transactions are found in note 10.

To protect against the risks associated with voluntary contributions in future years, the Trustees have invested the IASCF's surplus funds in 10 sterling-denominated notes of the UK government and international organisations with an AAA rating. Funds are divided in relatively equal sums with maturities in each of the next four years in order to provide a steady cash flow upon their maturity to replace donor commitments if they are not fulfilled.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Trustees of the IASCF on 18 March 2005.

As at 31 December 2004

As at 31 December 2004

Sir David Tweedie, Chairman Term expires 30/6/2006
Before joining the IASB, he served as the first full-time Chairman of the UK ASB, 1990-2000.

Thomas E Jones, Vice-Chairman Term expires 30/6/2009
Formerly Principal Financial Officer of Citicorp and last Chairman of the IASC Board. He spent most of his professional career in Belgium, France, Italy and the United States.

Mary E Barth Term expires 30/6/2009
Professor of Accounting at the Graduate School of Business at Stanford University, she is one of the IASB's two part-time members.

Hans-Georg Bruns Term expires 30/6/2006
Liaison to German Standard-Setter. Formerly Chief Accounting Officer for DaimlerChrysler. He was head of a working group of the German ASB.

Anthony T Cope Term expires 30/6/2007
Before joining the IASB, he served as a member of the US FASB. He previously worked as a financial analyst in the United States for 30 years, ultimately becoming Director of Fixed Income Research, Wellington Management Co, in Boston.

Jan Engström Term expires 30/6/2009
Served in various senior positions, both in his native Sweden and in Latin America, in over 30 years with the Volvo Group. A member of the Volvo Group Management Board 1993-2003, he was the Group's Chief Financial Officer 1993-8 and Chief Executive Officer of Volvo Bus Corporation 1998-2003.

Robert P Garnett Term expires 30/6/2005*
Formerly Executive Vice President of Finance for Anglo American plc, a South African company listed on the London Stock Exchange, he has worked as a preparer and analyst of financial statements throughout his career.

Gilbert Gélard Term expires 30/6/2005*
Liaison to French Standard-Setter. Formerly a partner at KPMG, he has extensive experience with French industry, including as a Deputy CFO with Groupe Hachette 1973-1982 and Deputy Group Comptroller with Elf Aquitaine 1982-1987.

James J Leisenring Term expires 30/6/2005*
Liaison to US Standard-Setter. Formerly Vice Chairman and, most recently, Director of International Activities of the US FASB. He has worked on issues related to accounting standard-setting over the last three decades.

Warren J McGregor Term expires 30/6/2006
Liaison to Australian/New Zealand Standard-Setters. He worked on standard-setting for over 20 years at the Australian Accounting Research Foundation, where he ultimately became the Chief Executive Officer.

Patricia L O'Malley Term expires 30/6/2007
Liaison to Canadian Standard-Setter. Before joining the IASB, she served as Chair of the ASB of Canada, and was previously Technical Partner at KPMG Canada.

John T Smith Term expires 30/6/2007
Was appointed to the IASB in September 2002. As a part-time member, he remains a partner in the national office of Deloitte & Touche (D&T) in the United States.

Geoffrey Whittington Term expires 30/6/2006
Liaison to UK Standard-Setter. Before joining the IASB, he was a member of the UK ASB. He was the PricewaterhouseCoopers Professor of Financial Accounting at Cambridge University and formerly served as a member of the UK Monopolies and Mergers Commission.

Tatsumi Yamada Term expires 30/6/2006
Liaison to Japanese Standard-Setter. He was previously a partner at ChuoAoyama Audit Corporation (a member firm of PricewaterhouseCoopers) in Tokyo.

* *now reappointed for a term expiring on 30 June 2010*

INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC)

As at 31 December 2004

Name and Affiliation	Term Expires
Junichi Akiyama Professor, Tama University *Japan*	30 June 2006
Philip D Ameen Vice President and Comptroller General Electric Company *United States*	30 June 2005
Jeannot Blanchet Managing Director, Equity Research, Morgan Stanley Europe *France*	30 June 2007
Michael E Bradbury Professor of Accounting, Unitec *New Zealand*	30 June 2005
Claudio de Conto General Manager Administration and Control, Pirelli & C. S.p.A *Italy*	30 June 2005
Jean-Louis Lebrun Partner and Chairman of the Supervisory Board, Mazars, France *France*	30 June 2005
Domingo Mario Marchese Partner, Marchese, Grandi, Mesón & Asociados *Argentina*	30 June 2007
Mary Tokar KPMG International Financial Reporting Group, United Kingdom, Partner, KPMG LLP *United States*	30 June 2007
Leo G van der Tas Partner, Ernst & Young *The Netherlands*	30 June 2006
Patricia Doran Walters Senior Vice President, CFA Institute *United States*	30 June 2006
Ken Wild Global Leader - IAS, Deloitte Touche Tohmatsu *United Kingdom*	30 June 2006
Ian Wright Partner, PricewaterhouseCoopers *United Kingdom*	30 June 2007

NON-VOTING CHAIRMAN

Kevin Stevenson
Director of Technical Activities,
International Accounting Standards Board

OFFICIAL OBSERVERS

European Commission
The International Organization of Securities Commissions

As at 31 December 2004

AFRICA

NDUNG'U GATHINJI Chief Executive Officer, Eastern Central and Southern African Federation of Accountants (ECSAFA), Kenya; Chairman, African Stock Exchanges Association

PETER WILMOT (SAC Vice Chairman) Retired Chairman, Accounting Practices Board, South Africa; retired Chairman, Deloitte, South Africa

ASIA, EXCLUDING JAPAN

FANG AI LIAN Council Member, Council on Corporate Disclosure and Governance; Chairman and Managing Partner, Ernst & Young, Singapore

RAJA ARSHAD-UDA Chairman, Asia 7 Leadership Team; former Executive Chairman, PricewaterhouseCoopers, Malaysia; PwC Global IFRS Board; former Chairman, Malaysian Accounting Standards Board

MARVIN CHEUNG Chairman, Listing Committees of the Main and Growth Enterprise Boards, HKSE; retired Chairman and Chief Executive Officer, KPMG, China and Hong Kong

RIFAAT AHMED ABDEL KARIM Secretary-General, Islamic Financial Services Board, Malaysia

YEZDI MALEGAM Chairman, National Advisory Committee on Accounting Standards (Government of India); Chairman, Accounting Standards Committee (Securities & Exchange Board of India); Member, Board of Directors, Bank of India

REYAZ MIHULAR Regional Executive Officer, KPMG International, Middle East & South Asia Region

FENG SHUPING Vice-Chairperson, The Budget Affairs Commission of the Standing Committee of the National People's Congress of the People's Republic of China

CHUNGWOO SUH Vice Chairperson, Korea Accounting Standards Board, Korea

AUSTRALIA AND NEW ZEALAND

IAN BALL Chief Executive, International Federation of Accountants, New Zealand

PETER DAY Executive General Manager of Finance, Amcor Limited, Australia

CANADA AND UNITED STATES

MICHAEL A CONWAY Retired National Managing Partner and Senior Professional Practice Partner, KPMG LLP, United States

COLLEEN CUNNINGHAM President and CEO, Financial Executives International, United States

GERALD EDWARDS, JR Associate Director and Chief Accountant - Supervision, Federal Reserve Board, United States

TREVOR HARRIS Managing Director, Institutional Securities Group, Morgan Stanley, United States

PATRICIA McCONNELL Chairman, Corporate Disclosure Policy Council, The CFA Institute, United States

PAUL McCROSSAN Retired Partner, Eckler Partners; Past-President, International Actuarial Association, Canada

DAVID SHEDLARZ Executive Vice President and Chief Financial Officer, Pfizer Inc, United States

KEITH SHERIN Senior Vice President and Chief Financial Officer, General Electric Company, United States

DAVID SIDWELL Chief Financial Officer, Morgan Stanley, United States

NORMAN STRAUSS Former National Director of Accounting, Ernst & Young LLP, United States; Ernst & Young Executive Professor in Residence at Baruch College, City University of New York, United States

CENTRAL AND EASTERN EUROPE

LARISSA GORBATOVA IFRS Director, Polus Gold Mining Company; Chairman, Financial Reporting Council, Russia

RITA ILISSON Chair, MBA Program in International Accounting, Auditing and Finance, International University Concordia Audentes; former Chairman, Estonian Accounting Standards Board

EUROPEAN UNION

DAVID DAMANT Chairman, Consultative Advisory Group, International Auditing and Assurance Standards Board, United Kingdom

PHILIPPE DANJOU Director, Corporate Accounting matters, Autorité des Marchés Financiers; Chairman of Audit Task Force - CESR; member, CESRFin

STIG ENEVOLDSEN Partner, Deloitte Denmark; Chairman, Technical Expert Group, EFRAG

DOUGLAS FLINT Group Finance Director, HSBC Holdings plc, United Kingdom

ALBERTO GIUSSANI Partner, PricewaterhouseCoopers SpA, Italy; member, OIC (Italian standard-setting body); Professor in Accounting, Catholic University of Milan

SIGVARD HEURLIN Retired Partner, Öhrlings PricewaterhouseCoopers, Sweden; member Redovisningsrådet (Swedish standard-setting body) and Akutgruppen (Swedish emerging issues task force)

BENOIT JASPAR Vice Director, Assicurazioni Generali, Italy

JEAN KELLER General Delegate of ACTEO; member of the Supervisory Board, EFRAG; member, Board of Directors, Lafarge, France

CARMELO DE LAS MORENAS Former Chief Financial Officer and Member, Board of Directors, REPSOL YPF Group, Spain

JOCHEN PAPE Partner and Technical Director International Financial Reporting, PricewaterhouseCoopers, Germany; Chairman, PwC Global IFRS Board

MAIJA TORKKO Senior Vice President, Corporate Controller, Nokia Corporation, Finland

WILLEM VAN DER LOOS Retired Vice President, Corporate Control, Philips International BV, Member, Dutch Accounting Standards Board, The Netherlands

JAPAN

EIKO TSUJIYAMA Professor of Accounting, Waseda University; member, Accounting Standards Board of Japan

YOSHIKI YAGI Chairman, Sub-Committee on Accounting, Nippon Keidanren; Board Director, Audit Committee, Hitachi Ltd

LATIN AMERICA

NELSON CARVALHO Professor, Universidade de São Paulo, Partner, NCV Consulting (M&A and Capital Markets), Brazil

HÉCTOR J ESTRUGA Professional Practice Director for South America, Ernst & Young, Argentina; Accounting and Auditing Consultant, Member of CENCYA

RAFAEL GOMEZ ENG
Northeast Regional Director, KPMG, Mexico

MIDDLE EAST

ADIR INBAR Chairman of the Professional Board, Institute of Certified Public Accountants in Israel; Partner, Deloitte Israel

INTERNATIONAL ORGANISATIONS

BASEL COMMITTEE ON BANKING SUPERVISION
ARNOLD SCHILDER Chairman, Basel Committee's Accounting Task Force; Executive Director, De Nederlandsche Bank, The Netherlands

IFAC PUBLIC SECTOR COMMITTEE
PHILIPPE ADHÉMAR, Chairman, IPSAS Board

INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS
FLORENCE LUSTMAN Secretary-General, Commission de Contrôle des Assurances, des Mutuelles et des Institutions de Prévoyance (CCAMIP), France

INTERNATIONAL MONETARY FUND
ARNE PETERSEN Chief, Financial Infrastructure Division, Monetary and Financial Systems Department

IOSCO
JOHN CARCHRAE, Chief Accountant, Ontario Securities Commission, Canada

RAFAEL SANCHEZ DE LA PEÑA, Director, Comision Nacional del Mercado de Valores, Spain

UNITED NATIONS
TATIANA KRYLOVA Head of Branch DITE, United Nations Conference on Trade and Development; UN Intergovernmental Working group on International Standards of Accounting and Reporting (ISAR)

THE WORLD BANK
FAYEZUL CHOUDHURY
Vice President and Controller

OFFICIAL OBSERVERS

EUROPEAN COMMISSION

FINANCIAL SERVICES AGENCY, GOVERNMENT OF JAPAN

US SECURITIES AND EXCHANGE COMMISSION

ACCOUNTING FIRMS ($1,000,000 per year)

Deloitte Touche Tohmatsu
Ernst & Young
KPMG
PricewaterhouseCoopers

UNDERWRITER COMPANIES[ii]

Allianz AG
Amvescap
Aventis
Banco Bradesco S/A
Banco Itaú S/A
Bank of America Corporation
BASF AG
Bayer AG
Bear, Stearns & Co., Inc.
BMW AG
BP plc
Citigroup Foundation
DaimlerChrysler AG
Deutsche Bank Stiftungsfonds
E.ON AG
Fortis SA/NV
The Goldman Sachs Group, Inc.
HSBC Holdings plc
ING Group N.V.
J.P. Morgan Chase & Co.
Lehman Brothers Inc.
L'Oréal
Merrill Lynch & Co., Inc.
Morgan Stanley & Co., Inc.
Nestlé SA
New York Stock Exchange, Inc.
Pfizer
Prudential Financial, Inc.
Royal Philips Electronics N.V.
RWE AG
Shell International Ltd.
Siemens AG
State Farm Insurance Companies
Swiss Reinsurance Company
Telecom Italia S.p.A.
TIAA-CREF
Total SA
UBS AG

SUPPORTERS

Abbott Laboratories
ABN Amro Bank N.V.
Aegon Group N.V.
Alcan Inc.
Altana AG
American International Group, Inc.
Anglo American plc
Assicurazioni Generali S.p.A.
AstraZeneca plc
AVIVA plc.
AXA
AZSA & Co.
Barloworld Limited
BDO International N.V.
BHP Finance Ltd.
The Boeing Company
Bombardier Inc.
BOVESPA
Canon Inc.
Chuo Aoyama Audit Corporation
Commerzbank AG
Companhia Brasileira de Distribução
Companhia Vale do Rio Doce
Deutsche Post AG
Deutsche Telekom AG
Dresdner Bank AG
DSM N.V.
E.I. Du Pont de Nemours and Company
Eli Lilly & Co.
Euronext N.V.
Exxon Mobil Corporation
FIAT S.p.A.
Fitch Ratings
Fujitsu Limited
General Electric Company
General Motors Corporation
Georgia-Pacific Corporation
GlaxoSmithKline
Grant Thornton
Henkel KGaA
Hitachi, Ltd.
Hong Kong Exchanges & Clearing Ltd.
HypoVereinsbank (HVB Group) AG
Investec plc
Ito-Yokado Co., Ltd.
ITOCHU Corporation
Johnson & Johnson[iii]
The Kansai Electric Power Co., Inc.
Komatsu Ltd.
Legal & General Group plc
Lockheed Martin
London Stock Exchange plc
Manulife Financial
Marubeni Corporation
Matsushita Electric Industrial Co., Ltd.
Mellon Financial Corporation
Merck & Co., Inc.
Mitsubishi Corporation
Mitsubishi Electric Corp.
Mitsubishi Heavy Industries, Ltd.
Mitsui & Co., Ltd.
Moody's Foundation
Munich Re
NASD Regulation
NASDAQ Stock Market, Inc.
NEC Corporation
Nippon Steel Corp.
Nippon Telegraph & Telephone Corporation
Nippon Unipac Holding
Nortel Networks Corporation
Old Mutual plc
Osaka Securities Exchange, Co., Ltd
PetroChina Company Ltd.
Petróleo Brasileiro S.A.
Pirelli S.p.A.
Power Corporation of Canada
Prudential plc
Rio Tinto plc
Royal Bank of Canada
SABMiller plc.
SAP AG
Shin Nihon & Co.
Shiseido Co., Ltd.
Standard & Poor's
State Street Corporation
Sumitomo Chemical Company, Limited
Sumitomo Corporation
TD Bank Financial Group
Telkom SA Limited
Tohmatsu & Co.
Tokyo Electric Power Company
Tokyo Stock Exchange, Inc.
Toshiba Corporation
Toyota Motor Corporation
TSX Group Inc.
Unibanco
Vodafone Group Services Limited

CENTRAL BANKS & GOVERNMENT ENTITIES

Banca d'Italia
Banco de España
Banco de México
Bank Negara Malaysia
Bank of Canada
Bank of England
Bank of Greece
Bank of Japan
Bank of Korea
Banque de France
Board of Governors of the Federal Reserve System
Central Bank & Financial Services Authority of Ireland
Central Bank of the Russian Federation
China Development Bank
Czech National Bank
De Nederlandsche Bank
Deutsche Bundesbank
European Central Bank
Hong Kong Monetary Authority
Monetary Authority of Singapore
National Bank of Hungary
National Bank of Poland
National Bank of Slovakia
Office of the Superintendent of Financial Institutions, Canada
Reserve Bank of Australia
Reserve Bank of India
Saudi Arabian Monetary Agency
South African Reserve Bank
Swiss National Bank

OTHER OFFICIAL ORGANISATIONS & ASSOCIATIONS

Bank for International Settlements
The CFA Institute
Council for Better Corporate Citizenship
Financial Executives International
Financial Reporting Council of Australia[iv]
The General Insurance Association of Japan
International Bank for Reconstruction and Development
International Monetary Fund
The Japanese Institute of Certified Public Accountants
Japan Securities Dealers Association
The Life Insurance Association of Japan
The Security Analysts Association of Japan
The Tokyo Bankers Association, Inc.
Trust Companies Association of Japan

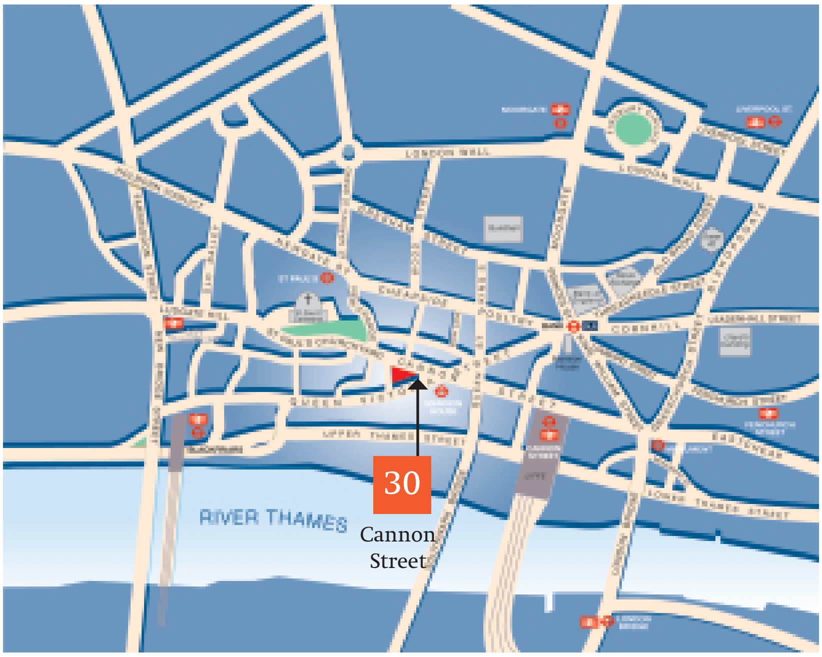
[i] Total of 184 financial supporters, including 38 Underwriters and 39 Japanese donors paying through the Japanese Council for Better Corporate Citizenship, of which two organisations are not listed because they prefer to remain unnamed.

[ii] Underwriter companies provided five-year pledges beginning in 2001 and ranging from $100,000 to $200,000 per year, in accordance with levels prescribed by a formula based on market capitalisation.

[iii] Its 2004 contribution arrived after the IASC Foundation's 2004 Financial Statements were closed.

[iv] The Australian Financial Reporting Council made its contribution on behalf of private and public sector stakeholders in the Australian accounting standard-setting process.

Location



The offices of the IASC Foundation and the International Accounting Standards Board are located on the first floor at 30 Cannon Street, London. The building occupies an island site between Cannon Street and Queen Victoria Street in the heart of the City of London.

How to find us

The nearest Underground stations are Mansion House (Circle and District lines) and St Paul's (Central line). The nearest railway stations are Blackfriars and Cannon Street.

IASCF AND IASB CONTACT NUMBERS

BOARD MEMBERS AND SENIOR STAFF AT 30 CANNON STREET

Telephone +44 (0)20 7246 6410

IASB Chairman Sir David Tweedie	dtweedie@iasb.org
Vice-Chairman Thomas E Jones	tjones@iasb.org

Board Members

Mary E Barth	mbarth@iasb.org
Hans-Georg Bruns	hbruns@iasb.org
Anthony T Cope	tcope@iasb.org
Jan Engström	jhengstrom@iasb.org
Robert P Garnett	rgarnett@iasb.org
Gilbert Gélard	ggelard@iasb.org
James J Leisenring	jleisenring@iasb.org
Warren J McGregor	wmcgregor@iasb.org
Patricia L O'Malley	tomalley@iasb.org
John T Smith	jsmith@iasb.org
Geoffrey Whittington	gwhittington@iasb.org
Tatsumi Yamada	tyamada@iasb.org

Senior IASB Technical Staff

Director of Technical Activities Elizabeth Hickey +44 (0)20 7246 6458	ehickey@iasb.org
Director of Research Wayne Upton +44 (0)20 7246 6449	wupton@iasb.org

IASCF Principal Officers

Director of Operations Thomas Seidenstein +44 (0)20 7246 6450	tseidenstein@iasb.org
Commercial Director Kurt Ramin +44 (0)20 7246 6440	kramin@iasb.org
Editorial Director Michael Butcher +44 (0)20 7246 6461	mbutcher@iasb.org

For further information about the IASB, copies of International Financial Reporting Standards, International Accounting Standards, Exposure Drafts and other publications, including details of IASB subscription services, please contact our Publications Department on Telephone: +44 (0)20 7332 2730 or email: publications@iasb.org

IASCF Publications Department, 30 Cannon Street, London EC4M 6XH, United Kingdom

International Accounting Standards Committee Foundation, 30 Cannon Street, London EC4M 6XH, United Kingdom. Telephone: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411 email: iasb@iasb.org Web: www.iasb.org

Designed and produced in the United Kingdom by Buckmans Telephone: +44 (0)20 7770 6040

International Accounting Standards Board®