

IASC Foundation

# Annual Report 2008



International  
Accounting Standards  
Committee Foundation®

# IASC Foundation

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## Goal

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The objective of the IASC Foundation is to develop a single set of high quality, understandable and enforceable accounting standards to help participants in the world's capital markets and other users make economic decisions.

## Global adoption

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Over 100 countries now require or permit the use of IFRSs.

## Highlights

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# Contents

	Page
1 Report of the Chairman of the IASC Foundation Trustees	2–9
2 Meeting the public accountability challenge: report on the Trustees' oversight activities in 2008	10–13
3 Securing a stable and independent basis of funding	14–18
4 Report of the Chairman of the IASB	19–47
5 Trustees of the IASC Foundation	48–50
6 Members of the International Accounting Standards Board	51–52
7 Members of the International Financial Reporting Interpretations Committee	53
8 Members of the Standards Advisory Council at the end of 2008	54–56
9 Senior staff	57
10 Report of the independent auditors	58
11 Statement of comprehensive income	59
12 Statement of financial position	60
13 Statement of cash flows	61
14 Notes to the financial statements	62–73
15 2008 Financial supporters	74–78
16 IASB documents current at 1 January 2009	79–80

2005

In Europe nearly 7,000 listed businesses in 25 countries simultaneously switch to IFRSs  
US SEC Chief Accountant publishes 'roadmap' describing steps towards the removal of the reconciliation requirement by 2009

2006

IASB and FASB agree Memorandum of Understanding for advancing convergence of IFRSs and US GAAP  
China adopts accounting standards substantially in line with IFRSs – ultimate goal of full convergence

2007

Brazil, Canada, Chile, India, Japan and Korea all establish time lines to adopt or converge with IFRSs  
US SEC removes reconciliation requirement for non-US companies reporting under IFRSs, and consults on IFRSs for domestic companies  
Over 100 countries now require or permit the use of IFRSs

2008

Israel, Malaysia and Mexico to adopt IFRSs  
US publishes 'roadmap' for IFRS adoption, update of IASB-FASB MoU released  
IASB pursues comprehensive response to the financial crisis

# Report of the Chairman of the IASC Foundation Trustees

The financial crisis gripping the world's capital markets is the most significant challenge facing economic policymakers and regulatory bodies since the 1930s.

One lesson is clear – the financial crisis is a global problem demanding a global response.



GERRIT ZALM  
CHAIRMAN OF THE IASC  
FOUNDATION TRUSTEES

The leaders of the world's major developed and emerging economies recognised this reality when they highlighted the need to co-ordinate regulatory initiatives when the Group of 20 (G20) met in Washington, DC, USA, on 15 November 2008 and in London, UK, on 2 April 2009.

The Trustees of the International Accounting Standards Committee (IASC) Foundation and the members of the International Accounting Standards Board (IASB) recognise the role a single set of accounting standards used worldwide could play in establishing a more effective regulatory infrastructure for the world's integrated capital markets. International Financial Reporting Standards (IFRSs), set by the IASB, are now used in more than 100 countries. Significant advances were made toward further adoption of IFRSs in major economies in 2008. By the end of 2008, most of the world's developed and emerging economies – including nearly all of the G20 members – had made commitments to IFRSs.

## Enhancing public accountability and global acceptance of IFRSs

At our meeting in New Delhi in January 2009, the Trustees completed the first part of their five-yearly review of the IASC Foundation constitution – this review was one of the Trustees' priorities in 2008. The first part of our Constitution Review addressed the issue of public accountability by creating a link to an independently established Monitoring Board of capital market authorities. At the same time, the international basis of the IASB was strengthened by increasing its size from 14 to 16 members by July 2012 and providing geographical guidelines.

A strategy review by the Trustees in 2007 highlighted the need to enhance the public accountability of the IASC Foundation if the IASB were to become the world's accounting standard-setter. Therefore, the Trustees gave the issue of public accountability fast-track priority for the Constitution Review in 2008. The relevance of this priority was confirmed



when a group of regulators (the European Commission, the US Securities and Exchange Commission, the Japan Financial Services Agency and the International Organization of Securities Commissions) issued in November 2007 a press release regarding the IASC Foundation's public accountability. In reaching our conclusions, we conducted a consultation process that included round-table discussions in London and a public comment period, where we received responses from more than 70 individuals and organisations.

Our constitutional changes are a significant enhancement of existing governance arrangements. Underpinning the organisation's structure is the internationally accepted principle that global accounting standards should be developed by an independent IASB. The IASB reaches conclusions following a transparent and open due process that seeks the views of all stakeholders. An independent and geographically diverse body of Trustees oversees the IASB. Under the constitutional changes, the Trustees themselves are now publicly accountable to a Monitoring Board of public authorities.

This basic approach to the architecture of governance is similar to that in place in many national jurisdictions for accounting standard-setters. Our consultation process revealed strong and consistent support among investors and others on the need to maintain, within agreed due process, the independence of the IASB's decision-making. At the same time, they understood the need to establish a formal linkage to public authorities, where none was previously defined, and strongly encouraged our efforts to enhance the organisation's public accountability.

Therefore the first part of the Constitution Review focused on the creation of a direct link to an independent body of public authorities – one that would seek to replicate, on an international basis, the link between accounting standard-setters and those public authorities that have generally overseen accounting standard-setters. The initial membership will comprise the relevant leaders from the European Commission, the US SEC, the Japan FSA and the IOSCO Emerging Markets and Technical Committees. The Basel Committee on Banking Supervision

'The first part of the Constitution Review focused on the creation of a direct link to public authorities.'

sits as an observer at Monitoring Board meetings. The Trustees met with the Monitoring Board for the first time on 1 April 2009.

The Monitoring Board's main responsibilities are to ensure that the Trustees discharge their duties as defined by the IASC Foundation's Constitution, as well as approving the appointment or reappointment of Trustees. It is envisaged that the Monitoring Board will meet the Trustees at least once a year, or more often if appropriate. The relationship and responsibilities of the participating organisations are described in the Memorandum of Understanding (MoU) developed by the members of the Monitoring Board in consultation with the Trustees.



The Monitoring Board arrangements are not a substitute for existing consultation requirements. Indeed, the Trustees are stepping up their efforts for greater dialogue with interested parties through the Standards Advisory Council (SAC), which was reconstituted in 2008 and met for the first time in its new form in February 2009. The Trustees and the IASB are also working to build stronger relationships with representatives of users, preparers, auditors, academics, and regulatory organisations.

Furthermore, consistently with the November 2008 recommendation of the G20 to examine the membership of standard-setting bodies, the Trustees also approved, in New Delhi on 15 January, a constitutional change that will expand the IASB to 16 members and provides guidelines regarding geographical diversity. In order to ensure a broad international basis, there will be:

- four members from the Asia/Oceania region;
- four members from Europe;
- four members from North America;
- one member from Africa;

- one member from South America; and
- two members appointed from any area, subject to maintaining overall geographical balance.

The Trustees have already strengthened the contingent from Asia-Oceania with the recent appointment of Prabhakar Kalavacherla of India (formerly a partner with KPMG). The focus in 2009 is to identify qualified candidates who will provide practical experience from the perspectives of users, preparers, and regulators.

In December 2008 the Trustees launched the second part of the Constitution Review by publishing a discussion document. The purpose of the discussion document is to seek comments on the full range of constitutional issues that were not addressed in the first part of the review. During the first part of the review, commentators raised the need to examine the possibility of introducing emergency due process procedures, the IASB's agenda-setting process, the effectiveness of the SAC, and the ongoing financing efforts. These will certainly be priority issues for the Trustees in 2009.

### **A responsible and active approach to the financial crisis**

My Trustee colleagues and the IASB have responded and will continue to respond in an urgent and responsible manner to help restore confidence in financial markets. The Trustees have supported the IASB's efforts, under Sir David Tweedie's leadership, to respond promptly to the recommendations of the Financial Stability Forum (FSF) and the G20, particularly on off balance sheet items and the development of educational guidance for the application of fair value in illiquid markets. The Trustees have monitored closely the IASB's response to the recommendations made at the G20 meeting in November 2008 for action by 31 March 2009, to the proposals coming out of the FSF, and to other suggestions that have been made. The Trustees believe that the IASB has dealt effectively and promptly with all of these issues.



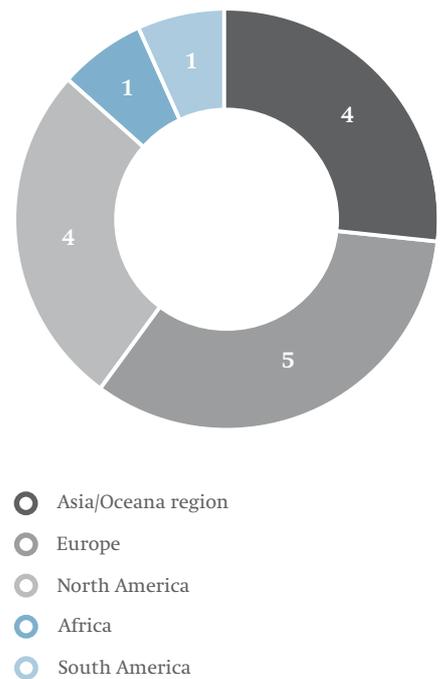
The Trustees encouraged the initiative of IASB and the US Financial Accounting Standards Board (FASB) to assemble the Financial Crisis Advisory Group (FCAG), chaired by Harvey Goldschmid, a former US SEC Commissioner, and Hans Hoogervorst, Vice Chairman of IOSCO's Technical Committee. The FCAG, comprising senior leaders from business and government, will make an important contribution to the IASB's consideration of issues arising from the financial crisis.

One of the clear lessons of the financial crisis is that we must press on with and even accelerate convergence efforts, where possible, and seek commitments towards the achievement of a single set of accounting standards, administered by a single standard-setter and used throughout the world. Indeed, the continuing existence of different accounting standards and multiple standard-setting bodies provides the opportunity for regulatory arbitrage. This was very much the case when, in the midst of a sudden downturn in the markets, EU leaders asked the IASB to

re-examine the prohibition contained in IAS 39 *Financial Instruments: Recognition and Measurement* against reclassifying some financial assets out of the held-to-maturity category. The change was necessary, they argued, in order to bring IFRSs more into line with US generally accepted accounting principles (GAAP), which allowed such transfers in limited circumstances.

At our meeting in October in Beijing, the Trustees faced a difficult decision, as might be anticipated when there are multiple standard-setters and sets of standards. Had the Trustees and subsequently the IASB not acted, the likely outcome would have been a change, resulting in no guidance in the rules as to when such transfers are permitted, no guidance of required disclosure, and the possibility for greater inconsistency in application between IFRSs and US GAAP.

### Composition of the IASB at 1 July 2009 \*



\* Expanding to 16 members by July 2012.

In these circumstances, the IASB crafted an amendment to IAS 39 which sought to create a level playing field between IFRSs and US GAAP. Additionally, the IASB required full disclosure of such transfers. The Trustees allowed the IASB to waive its due process to effect this amendment. The Trustees strongly believe, in light of the context, with the transparency of the disclosures, and because of the way the rule was crafted, that this exceptional waiver of the due process in these unprecedented times was warranted.

However, we are also united in our commitment to appropriate due process. As part of the second part of the Constitution Review, the Trustees are seeking input on how emergency due process procedures might be introduced.

The Monitoring Board and the Trustees are committed to protecting the independence of the IASB's decision-making process. The establishment of the Monitoring Board should help to strengthen the IASB's independence by providing more legitimacy through public accountability. The capital market authorities serving on the Monitoring Board have often been an effective shield against parochial interests in a national or international setting.

'The Trustees have also made it a priority to ensure that an adequate financing regime is in place to ensure that the IASC Foundation fulfils its public interest objectives.'

The existence of the Monitoring Board should also provide a forum to raise issues of great urgency with bodies fully committed to the need for an independent standard-setter.

### Building a well-resourced independent standard-setter

One of the major responsibilities for the Trustees remains securing the necessary resources to operate the organisation. The adoption of IFRSs throughout the world, combined with the pressures of the ongoing financial crisis, has placed increasing demands on the organisation. The Trustees have also made it a priority to ensure that an adequate financing regime is in place to ensure that the IASC Foundation fulfils its public interest objectives.

In 2008 we have had three primary financial objectives in the financial area:

- Prudently expanding staff resources to respond to a growing workload.
- Projecting the resource requirements over five years following the 2007 strategy review.
- Continuing to advance the long-term financing initiative, begun in 2006 and, to a great extent, in place for the 2008 financial year.

### 2008 financial results

For the first time in three years, in 2008 the IASC Foundation ran a profit before fair value changes and exchange gains were taken into account, totalling £528,311 in 2008, compared with a loss of £210,530 in 2007. Highlights from the 2008 financial year include:

- **Expanded capacity and enhanced consultation:** The IASC Foundation was able to achieve this result despite significantly increasing the resources devoted to staff and consultations, both a necessary by-product of the IASB's response to the financial crisis and commitment to pursuing the targets set out in its MoU with the US FASB.



- Salaries, wages, and benefits rose to £12.5 million (£11 million from non-publications related activities) from £11 million (£9.7 million from non-publications related activities), as the number of employees rose from 91 to 101.
- With the reach of IFRSs growing, the organisation has placed increased emphasis on the need for consultation internationally. Costs related to meetings of the Trustees, IASB, and other committees increased from £2.1 million in 2007 to £2.4 million in 2008.
- **Significant growth of revenues:**  
The IASC Foundation benefited from the introduction of new funding mechanisms throughout the world in 2008 and continued strong interest in IASC Foundation publications and educational conferences. Revenues grew from £16.9 million in 2007 to £19.8 million in 2008 – a 17 per cent increase.

‘The strong financial results in 2008, before fair value changes and exchange gains are taken into account, means that the IASC Foundation has improved its cash and investment position.’

The strong financial results in 2008, before fair value changes and exchange gains are taken into account, mean that the IASC Foundation has improved its cash and investment position. By the end of 2008, the IASC Foundation had £6.6 million in cash on deposit (£4.8 million in 2007) and bonds worth £7.7 million (£7.2 million in 2007) – a total of £13.5 million in liquid funds. The funds in bonds represent funds not immediately required for operations. They are invested in sterling-denominated, fixed rate notes of the UK government and international organisations with an AAA rating. Funds are divided into relatively equal sums with maturities in each of the next four years to provide steady cash flow if the financing system falters.

While the IASC Foundation is reporting an operating surplus for 2008, the financial statements show a loss from total comprehensive income of £1.7 million (compared with a loss of £212,172 in 2007). This loss is primarily the result of a fair value adjustment from forward exchange contracts, used to remove exchange rate risk associated with contributions. The great majority of IASC Foundation financing is set in either US dollars or euro, while the organisation’s expenditures are in sterling.

‘The Trustees have made significant progress on efforts to build a sustainable basis of funding for the IASC Foundation.’

To provide certainty regarding future revenue, the Trustees have purchased forward currency contracts on a two-year outward-looking basis. The great majority of the forwards for 2009 and 2010 were bought in early 2008, before the rapid depreciation of sterling. At year-end, the fair value loss of these forward contracts totalled £3.4 million. However, these losses will unwind in future years and will be netted against the increased value of US dollar and euro contributions, which are not recognised as income until received. Indeed, the projection of more than £17 million in contributions in 2009 (up from £12.8 million in 2008) is largely a reflection of the relative strength of the US dollar and euro versus sterling.

#### Looking at the next five years

In 2007 the Trustees launched a strategy review to develop action steps required to make IFRSs the pre-eminent set of accounting standards used worldwide. As a result of that study, the Trustees concluded that they required a firmer understanding of the resource requirements over the next five years to guide the ongoing funding efforts.

At the end of 2008, the Trustees had begun developing a five-year financial plan. This plan will be presented in draft form to the Trustees and the Monitoring Board at their meeting in London in April 2009.

#### Strengthening the basis of funding

As stated above, the Trustees have made significant progress on efforts to build a sustainable basis of funding for the IASC Foundation. The Trustees themselves have no authority to impose funding regimes on countries, but have worked closely with regulatory and other public authorities and key stakeholder groups to create national regimes. In 2008 funding systems to support standard-setting activities were implemented for the first time. Now, throughout the world, levy systems and national contributions through regulatory and standard-setting authorities or stock exchanges are becoming the norm. This is a positive

development, which is necessary to ensure the long-term independence of the standard-setting process. A summary of the current funding position appears later in the Annual Report.

The most immediate priority for funding will be moving those countries on a voluntary regime, such as the United States, or those areas yet to participate on an equitable basis. Second, the Trustees will need to consider ways to enable national funding regimes to adjust for approved increases in the IASC Foundation budget. Third, the Trustees will seek to raise funds to support the development of its IFRS XBRL taxonomy. The Trustees have committed the organisation to a leadership role in taxonomy development as way to ensure increased comparability and usability of financial information provided by IFRS reports. The Trustees will be raising these issues with the Monitoring Board.

‘The Trustees have committed the organisation to a leadership role in taxonomy development as way to ensure increased comparability and usability of financial information provided by IFRS reports.’



## Achieving a single set of standards used worldwide

The organisation is committed to playing a constructive role in restoring confidence to the world's markets. The crisis has demonstrated how interconnected the world's capital markets are. Continued differences in accounting standards offer the opportunity for regulatory arbitrage, impose unnecessary costs on companies required to comply with different accounting requirements, and reduce comparability for investors. The Trustees are pleased that momentum towards a single set of standards continued to gather pace in 2008 and our objective was endorsed by the G20 heads of state in October.

The publication of roadmaps setting out a pathway toward IFRS adoption in both Japan and the United States, the world's two largest economies that have yet to commit themselves fully to IFRSs, is also an important development. The agreement of both the Japan FSA and the US SEC is another positive signal of their commitment to IFRSs. Indeed, ultimate adoption of IFRSs by those two

countries remains an important element of our strategy to make IFRSs the global standard. In this light, the continued convergence work of the IASB with the Accounting Standards Board of Japan and the US FASB remains highly relevant.

My fellow Trustees and I understand the unprecedented circumstances facing policymakers today. Our organisation is committed to acting in an urgent and responsible manner to help restore confidence in financial markets. Broad international adoption of IFRSs, combined with the actions that we have taken in 2008 and to which we are committed in 2009, means that the IASC Foundation is taking steps to play its part in the response on financial reporting issues.

Gerrit Zalm, Chairman of the Trustees, IASC Foundation

'Our organisation is committed to acting in an urgent and responsible manner to help restore confidence in financial markets.'

# Meeting the public accountability challenge: report on the Trustees' oversight activities in 2008

At the conclusion of the organisation's first five-yearly Constitution Review completed in 2005, the Trustees recognised then, as they continue to recognise, the need to demonstrate the organisation's public accountability. The Trustees placed particular emphasis on their oversight of and engagement with the IASB. Accordingly, they created the Due Process Oversight Committee as a standing committee of the Trustees.

'The IASC Foundation and the IASB are committed to responding in an urgent manner to the ongoing financial crisis.'

The Due Process Oversight Committee is the Trustees' committee responsible for both overseeing the IASB's adherence to due process and working with the IASB to enhance that due process and its consultation activities and reporting back on an ongoing basis. To fulfil its responsibilities, the Committee develops proposals and measurement targets regarding oversight responsibilities for consideration by Trustees. The Committee monitors the achievements of these targets and suggests amendments to these targets when appropriate. The Committee also listens to and consults external stakeholders and takes that input into account in its work.

The Committee leads the Trustees' annual review of their assessment of effectiveness in oversight and priorities in the forthcoming year. This report represents that annual review.

In assessing the achievement of these targets, the Committee uses a framework for evaluating the Trustees' effectiveness in carrying out their constitutional responsibilities. This framework document was approved in November 2006 and has been used to monitor targets since then. The Trustees report annually on their oversight activities as part of this framework and their report is augmented by detailed information on the IASC Foundation website.

In considering how the Trustees demonstrate the organisation's accountability, the Committee pays particular attention to how the Trustees provide evidence of these activities.

## Responding to the financial crisis

The IASC Foundation and the IASB are committed to responding in an urgent manner to the ongoing financial crisis. Throughout 2008, policymakers and other interested parties highlighted the part that enhancements in accounting standards could play to ensure an effective response to the crisis. The IASC Foundation and the IASB acted on a number of fronts in response to this crisis – including in areas under the purview of the Due Process Oversight Committee and the Trustees at large.

Throughout the crisis, the Trustees have supported the IASB's efforts to respond in an urgent manner to the unprecedented economic situation. Consistently with the recommendations of the Financial Stability Forum, the IASB decided to forgo discussion papers for its projects on consolidation and derecognition to address off balance sheet items. The IASB also established an Expert Advisory Panel to address valuation techniques in illiquid markets. The Trustees have



supported these steps and will continue to monitor the IASB's actions in response to the financial crisis.

The Trustees also welcome the commitment of the IASB to work jointly with the US Financial Accounting Standards Board (FASB) to achieve, through convergence, a single globally accepted set of standards. We have seen that the continuing existence of differences – no matter how small or arcane – offers the possibility for regulatory arbitrage. This was highlighted by the issue of the reclassification of certain financial assets in IAS 39, referred to below. This case also highlights the need to reach a single set of high-quality accounting standards.

At their meeting in Beijing in October 2008, the Trustees took an unprecedented step by allowing the IASB to waive its due process. This came about because the financial crisis drew attention to the differences between IFRSs and US GAAP in a particular area which meant the playing field was perceived not to be sufficiently level. Subsequently, the IASB introduced an amendment permitting reclassification of some financial assets to move to a level playing field for IFRSs and US GAAP. The IASB recognised that differences between IFRSs and US GAAP existed, which, unless rectified

**'Whilst unprecedented situations require unprecedented actions, the Trustees remain committed to due process.'**

by the IASB, could have led to others introducing changes to the standards. The IASB's approach, unlike other proposals, provided clear disclosures for investors and avoided derailing momentum towards a single set of standards.

Whilst unprecedented situations require unprecedented actions, the Trustees remain committed to due process.

### **Reviewing the IASB's agenda**

Throughout the year, the Trustees reviewed and updated the IASB's commitment in terms of the Memorandum of Understanding (MoU) with the FASB. The MoU sets out the work programme that will be required in order to achieve IFRS adoption in many jurisdictions in 2011 and later.

For example, Canada, India, Japan, Korea, and Mexico are all expected to change to IFRSs in 2011-2012. Consequently, the IASB is anxious to minimise the changes to IFRSs as much as possible.

The Trustees recognise that the IASB has some ambitious targets under the MoU work plan. Therefore, greater technical resources have been committed to support the IASB's work in 2009 onwards.

### **Enhancing the role and composition of the Standards Advisory Council**

Since the mandate of the Standards Advisory Council (SAC) was due to conclude at the end of 2008, the IASC Foundation considered the SAC composition in the first part of the year. The aim of the review was to consider ways in which the effectiveness of the SAC could be improved.

The Trustees concluded that the mandate of the SAC is still sound. The Trustees, however, proposed changes to the membership of the SAC, to ensure it was composed primarily of representatives of organisations. This change is designed to provide a broader basis for the input to the SAC deliberations than could come from a Council composed purely

‘The SAC has an important part to play in the effectiveness of the whole organisation.’

of individuals. At the same time, there still remains scope for individual appointments. The Chairmanship is to be rotated every three years to provide regional diversity and to keep the leadership invigorated. Given the complexity of seeking global input and the need for regional feedback, two Vice-Chairmen have also been appointed from different regional backgrounds, thereby creating a combined leadership representing diverse regional interests and backgrounds.

It is also recommended that the SAC Chairman should consider arranging meetings in addition to the plenary sessions held in London. These meetings could extend beyond the SAC members and provide opportunity for multiple contributions.

The Trustees believe that this adaptation of the SAC will enable the IASB to receive views reflecting a wider range of interested parties and would give greater authority to views received and will ultimately enhance due process. The SAC has an important part to play in the effectiveness of the whole organisation.

### **Liaison with the IASB during 2008**

The first joint meeting of the IASB and Due Process Oversight Committee was

held in September 2007. It was decided that such joint meetings would be held twice a year.

The purpose of these meetings is to enhance the oversight review process by direct contact with the IASB. This enables due process issues and improvements to be discussed, and for matters of mutual concern and interest in the standard-setting due process to be aired. The Trustees believe that these meetings additionally provide a useful opportunity for the Trustees and the IASB to co-ordinate their outreach efforts and exchange information to ensure that the Trustees and the IASB are aware of each other’s activities. The Committee reports regularly on its work to the Trustees at public meetings.

### **Review of the IASB working groups**

The Due Process Oversight Committee initiated a review of the working groups in the third quarter of 2008. In undertaking the review of working group arrangements, the Trustees and the IASB recognised their importance.

The review was undertaken in two parts – a questionnaire survey of all working group members and detailed interviews with the working group chairmen and technical support staff.

The great majority of the working group members responded, which was helpful and insightful. While the concept of using working groups remains well supported, the findings identified a few areas for possible improvement of the process.

The results of the review will be jointly considered with the IASB so as to develop improvements, which will serve to enhance the IASB’s due process.

The Trustees greatly appreciate the efforts that the working group members make in assisting the IASB in developing new standards. The Trustees recognise that the working group members are volunteers with busy schedules and as a consequence they want to make the most effective use of their time.

### **Enhanced performance review of the IASB**

In 2008 the Trustees put into place an enhanced performance review procedure for the IASB. This was seen as an important step in the Trustees’ oversight function. The IASB members have always been subject to individual and peer appraisal. The results of the appraisal are discussed with each IASB member with a view to improve performance. However, in 2008/2009, a further element to



performance evaluation has been added. External third parties have been interviewed in order to give greater insight into the perceived effectiveness and performance of the IASB as a body.

The Trustees have been using an external agency with appropriate expertise, Spencer Stuart, to help conduct part of the appraisal process for the IASB.

The Trustees will continue to monitor the effectiveness of the IASB appraisal and review process so as to ensure that it remains relevant and beneficial to both the IASB members and the IASC Foundation.

## **An assessment of the role of feedback statements and effect analyses**

Feedback statements were used for the first time by the IASB in January 2008, with the publication of the revised version of IFRS 3 *Business Combinations* and the amended version of IAS 27: *Consolidated and Separate Financial Statements*.

A separate document entitled *Project summary, feedback and effect analysis* was prepared to support and aid regulators around the world, following requests for further clarification.

Following the success of the introduction of feedback statements and effect analyses, the IASB amended the Due Process Handbook to make provision for this additional due process step. The purpose of the feedback statement is to explain better to stakeholders and regulators how the IASB developed during due process its thinking, and why it took the decisions it did, including explaining the reasoning on the acceptance or rejection of representations made to it.

The purpose of effect analyses is to ensure that all stakeholders can see transparently the effect of proposals for standards. Stakeholders and commentators had called for both these additions to due process.

## **Looking ahead: priorities for 2009**

The Trustees have resolved that the following will be priorities for the Due Process Oversight Committee during 2009:

- maintaining the organisation's focus in achieving the G20 conclusions;
- reviewing the IASB's progress relative to the time frame set out in the MoU;

- liaison with the Monitoring Board, as appropriate, on issues of due process oversight;
- developing an emergency due process procedure framework, as may be recommended following the second part of the constitution review;
- finalising the review of IASB working groups following IASB feedback; and
- reviewing the effectiveness of the XBRL team and quality of its due process.

## **Conclusion**

The year 2008 has brought increased scrutiny of accounting standard-setters and the standards themselves. The Trustees have responded to input from stakeholders by making constitutional changes and enhancing their oversight activities. The objective is to produce global high quality international accounting standards through enhanced transparency, greater dialogue with stakeholders and enhanced public accountability for the benefit of investors and other market participants.

## Securing a stable and independent basis of funding

The financial crisis has highlighted the need for a well-resourced and stably financed international accounting standard-setter. The IASC Foundation and its standard-setting body, the IASB, require resources to engage interested parties in an effective manner throughout the world, while maintaining capacity to address urgent issues.

‘Financing should be accomplished in such a way that ensures the independence of the standard-setting process and the effective functioning of the IASC Foundation.’

At the same time, the financing should be accomplished in such a way that ensures the independence of the standard-setting process and the effective functioning of the IASC Foundation.

The process of establishing a broad-based, automatic, and sustainable funding regime has been an evolutionary one. The IASC Foundation itself has no authority to impose a funding system on a national or international basis. However, the Trustees have worked steadily to build national funding mechanisms based upon four principles:

- **Broad-based:** A sustainable long-term financing system must expand the base of support to include major participants in the world’s capital markets, including official institutions, in order to ensure diversification of sources.
- **Compelling:** A system must carry with it enough pressure to make free riding very difficult. This could be accomplished through a variety of means, including official support from the relevant regulatory authorities and formal approval by the collecting organisations.
- **Open-ended:** The financial commitments should be open-ended and not contingent on any particular action that would infringe on the independence of the IASC Foundation and the IASB. This should include sustained support from official international organisations, central banks and the major accounting firms.
- **Country-specific:** The funding burden should be shared by the major economies of the world on a proportionate basis, using GDP as the key determining factor of measurement. Each country should meet its designated target in a manner consistent with the principles above. Trustees should be assigned to specific countries to assist in the development of the funding scheme.



During the past two years, the IASC Foundation has benefited from a number of new fundraising schemes coming into effect, which have reduced significantly its dependency on individual company contributions organised on an ad hoc basis by Trustees and staff. Total contributions increased from £11.3 million in 2007 to £12.7 million in 2008. A complete and detailed breakdown of contributions by country appears later in the Annual Report (see pages 74 to 78). Levies and widely based national schemes that eliminate the need to approach individual companies form an increasing percentage of our income.

In 2009, the Trustees expect new funding regimes to begin in a number of countries, including Canada, France, Norway, and South Africa, among others. At the same time, sterling has depreciated significantly against the euro and the US dollar, which are the base currencies for many of the funding regimes. On this basis, the IASC Foundation is estimating that its financing efforts will exceed £17 million in 2009.

‘In 2009, the Trustees expect new funding regimes to begin in a number of countries, including Canada, France, Norway, and South Africa, among others.’

### Expected financing contribution for 2009

Country/type of contributor	System in place	Anticipated amount in local currency*	Anticipated sterling amount at 31 December 2008 exchange rate
<b>EUROPE</b>			
Germany	Voluntary system of more than 100 major private companies organised by the standard-setting authority with maximum contribution of €36,000	€1,320,000	£1,256,794
United Kingdom	Levy on all listed UK companies through the UK Financial Reporting Council	£750,000	£750,000
France	Levy-like system supported by the Ministry of Finance	A target of €1,000,000	£952,147
Italy	Levy on registered companies	€750,000	£714,087
Spain	Levy being established with support of the stock exchange and securities regulator	€500,000	£476,059
The Netherlands	Contribution through the Ministry of Finance, akin to a levy	€380,000	£361,805
Sweden	Funding through Föreningen för god sed på värdepappersmarknaden	€200,000	£190,423
Switzerland	Funding primarily collected through Swiss business associations (Swiss Banking Association and Swiss Holdings)	€250,000	£238,029
Norway	Funding through Norsk Regnskapsstiftelse	€45,000	£42,845
Luxembourg	Funding through the Bourse of Luxembourg	€50,000	£47,605

The European Commission has proposed a €4 million per year contribution for 2011 – 2013. Funding efforts are proceeding in EU Member States. Details of commitments will be posted when confirmed.

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



Country/type of contributor	System in place	Anticipated amount in local currency*	Anticipated sterling amount at 31 December 2008 exchange rate
<b>AFRICA</b>			
South Africa	Levy system established by South African government	US\$150,000	£102,613
<b>AMERICAS</b>			
United States	Voluntary system of 33 companies with range of contribution from US\$3,750-US\$200,000	US\$3,500,000	£2,394,000
Canada	Funding through the Canadian Institute of Chartered Accountants	C\$800,000	£447,087
Mexico	Voluntary system of contributions	US\$50,000	£34,202
Brazil	Voluntary system of contributions	US\$15,000	£10,261
<b>ASIA-OCEANIA</b>			
Japan	Voluntary system co-ordinated centrally, involving a range of Japanese market participants. Levy-like system to be in place in 2010	US\$2,800,000	£1,915,315
China, excluding Hong Kong SAR	Voluntary contributions of Chinese listed companies through the China Accounting Standards Committee	US\$900,000	£615,637
Australia	Annual payment on behalf of private and public sector stakeholders in the Australia accounting standard-setters' process	A\$1,000,000	£477,660
Korea	Voluntary contributions of Korean listed companies through the Korea Accounting Standards Board	A target of US\$500,000 with US\$300,000 committed in 2008	£205,212
India	Contribution through major two exchanges, supported by securities regulator	US\$400,000	£273,616

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

Country/type of contributor	System in place	Anticipated amount in local currency*	Anticipated sterling amount at 31 December 2008 exchange rate
Hong Kong SAR, China	Contribution through regulatory authorities and stock exchange	US\$195,000	£133,388
New Zealand	Annual payment through the Accounting Standards Review Board	NZ\$200,000	£79,554

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

#### CENTRAL BANKS AND INTERNATIONAL ORGANISATIONS

Central banks and international organisations	Voluntary payments	US\$530,000 (efforts ongoing)	£362,542
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#### INTERNATIONAL ACCOUNTING FIRMS

Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers	Voluntary payments	US\$2,000,000 each	£5,472,328
BDO and Grant Thornton	Voluntary payments	US\$150,000 each	£205,212
Mazars	Voluntary payment	US\$100,000	£68,404

#### OTHER SOURCES OF INCOME

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

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

# Report of the Chairman of the IASB

The financial crisis made 2008 a challenging year for all of those concerned with the effective functioning of capital markets. The IASB recognises the important role that it could play in helping restore confidence in capital markets.



SIR DAVID TWEEDIE  
CHAIRMAN OF THE IASB

Our goal is to develop a single set of high quality global standards. Those standards must ensure that investors and other users of financial information have transparent information about the entities in which they have, or are considering having, an economic interest. With transparency comes the confidence that they know what risks they are taking as investors. And with that confidence will come increased stability.

Our work in 2008 was largely focused on our response to the global financial crisis and our efforts to make improvements that also address differences between our standards and national standards, principally US generally accepted accounting principles (GAAP) in order to facilitate global adoption. The financial crisis demonstrates the need to eliminate differences to avoid possibilities of regulatory arbitrage.

## The global financial crisis

We began the year concerned about the global credit crisis, which at that time mainly involved the banking sector. That crisis has grown to become a global financial crisis with much wider implications.

One of the most important bodies shaping the global response to the crisis has been the Financial Stability Forum (FSF), in which the IASB is an active member. In April 2008 the FSF produced a report that included three recommendations affecting the IASB:

- ‘The IASB should improve the accounting and disclosure standards for off balance sheet vehicles on an accelerated basis and work with other standard-setters toward international convergence.’ (Recommendation III.4)
- ‘The IASB will strengthen its standards to achieve better disclosures about valuations, methodologies and the uncertainty associated with valuations.’ (Recommendation III.5)
- ‘The IASB will enhance its guidance on valuing financial instruments when markets are no longer active. To this end, it will set up an expert advisory panel in 2008.’ (Recommendation III.6).

On 15 November the G20 leaders held a summit in Washington DC to discuss the crisis. In their conclusions they endorsed the need for globally accepted financial reporting standards and identified six topics that the IASC Foundation (and the IASB as its standard-setting body) should consider in the light of the crisis. Four of these relate to the standards that we produce, and (as stated in the Declaration of the Summit on Financial Markets and the World Economy on 15 November) in many respects mirrored the earlier recommendations of the FSF:

- ‘The key global accounting standards bodies should work to enhance guidance for valuation for securities, also taking into account the valuation of complex, illiquid products, especially during times of stress.’
- ‘Accounting standard-setters should significantly advance their work to address weaknesses in accounting and disclosure standards for off balance sheet vehicles.’

‘We have been working with the FSF, standard-setters and other regulatory authorities to address those suggested financial reporting enhancements. We are continuing that work and are taking additional steps to respond to the conclusions reached by the G20.’

- ‘Regulators and accounting standard setters should enhance the required disclosure of complex financial instruments by firms to market participants.’
- ‘The key global accounting standard-setting bodies should work intensively toward the objective of creating a single high quality global standard.’

We have been working with the FSF, standard-setters and other regulatory authorities to address those suggested financial reporting enhancements. We are continuing that work and are taking additional steps to respond to the conclusions reached by the G20. The technical developments that we have undertaken are described in the standard-setting section of my report.



‘During 2008 we acted urgently to provide necessary guidance and improved existing standards.’

## Financial Crisis Advisory Group

We, with the US Financial Accounting Standards Board (FASB), set up a high level advisory group to consider financial reporting issues arising from the global financial crisis. The Financial Crisis Advisory Group (FCAG) is chaired by Harvey Goldschmid, a former Commissioner of the US Securities and Exchange Commission (SEC), and Hans Hoogervorst, Chairman of the Netherlands Authority for the Financial Markets and Vice-Chairman of the IOSCO Technical Committee. The FCAG has been invited to discuss, among other issues, the following:

- Areas where financial reporting helped identify issues of concern during the credit crisis.
- Areas where financial reporting standards could have provided more transparency to help either anticipate the crisis or to respond to the crisis more quickly.

- Whether priorities for the IASB and the FASB should be reconsidered in the light of the credit crisis.
- Potential areas that require future attention of the IASB and the FASB in order to avoid future market disruption.
- The implications of the credit crisis for the interaction between general purpose financial reporting requirements for capital markets and regulatory reporting, particularly for financial institutions.
- The relationship between fair value and off balance sheet accounting and the current crisis, both during and leading up to the crisis.
- The findings and relevance of conclusions of various studies under way, including the SEC’s study under the Emergency Economic Stabilization Act of 2008.
- The need for due process for accounting standard-setters and its implications for resolving emergency issues on a timely and inclusive basis.

- The independence of accounting standard-setters and governmental actions to the global financial crisis.

The group met on five occasions during 2009 and expects to publish a report of its conclusions in July 2009.

The advice of the FCAG will feed into the work of related projects and assist us in determining whether additional measures are necessary.

## Standard-setting response to the global financial crisis

During 2008 we acted urgently to provide necessary guidance and improved existing standards. We published one discussion paper, two reports, four exposure drafts and two amendments to our standards on matters related to the financial crisis. Those publications are listed in the table on the following page and discussed in the sections that follow.

Month (2008)	Publication
March	DP Reducing Complexity in Reporting Financial Instruments
October	An IASB Staff Summary – Using judgement to measure the fair value of financial instruments when markets are no longer active
	Report of the IASB Expert Advisory Panel – Measuring and disclosing the fair value of financial instruments in markets that are no longer active
	ED Improving Disclosures about Financial Instruments
	IFRS Reclassification of Financial Assets
November	IFRS Reclassification of Financial Assets – Effective Date and Transition
December	ED Consolidated Financial Statements
	ED Embedded Derivatives
	ED Investments in Debt Instruments

### Measuring fair value when markets become inactive

As part of our convergence work with the FASB, we instigated a fair value measurement project to establish a single source of guidance for all fair value measurements required or permitted by existing IFRSs. The project will neither introduce nor require any new fair value measurements. The project is also identifying ways to enhance disclosures about fair value to inform users of financial statements about the use of fair values and the inputs used to derive those fair values. We expect to publish an exposure draft (ED) in April 2009. Public round-table discussions are planned for after the comment period.



## IASB Expert Advisory Panel

As the credit crisis worsened, many parties expressed concerns about measuring the fair value of financial instruments when markets become illiquid – concerns that the FSF asked us to address.

In May we assembled a panel of experts to review best practices in the area of valuation techniques and formulate any necessary additional guidance on valuation methods for financial instruments and related disclosures when markets are no longer active. The panel comprised experts from preparers and users of financial statements, as well as regulators and auditors.

The panel met seven times, culminating in the publication on 31 October of the final report of the panel and a summary document prepared by IASB staff.

The summary document set out the context of the panel's report and highlighted important issues associated with measuring the fair value of financial instruments when markets become inactive. It took into consideration and is consistent with documents issued by the FASB and the SEC at around the same time.

The report of the panel identifies practices that experts use for measuring the fair value of financial instruments when markets become inactive and useful practices for fair value disclosures in such situations. The report provides helpful information and educational guidance about the processes used and judgements made when measuring and disclosing fair value.

In February 2009 we asked the members of the panel whether any new issues had arisen that could usefully be discussed by the panel, or whether any of the issues previously discussed by the panel should be revisited in the light of subsequent developments. Our staff are evaluating the small number of suggestions made by panel members.

The work of the panel was incorporated in the ED proposing improvements to IFRS 7 *Financial Instruments: Disclosures* published on 15 October and will be used in the development of the forthcoming standard on fair value measurement.

## Exposure draft *Improving Disclosures about Financial Instruments* – October 2008

The ED proposed amendments to disclosure requirements that are based on a three-level fair value hierarchy (similar to that used in the US standard SFAS 157 *Fair Value Measurements*). The proposed amendments would require disclosures about the level of the fair value hierarchy into which fair value measurements are categorised in their entirety, the fair value measurements resulting from the use of significant unobservable inputs to valuation techniques and the movements between different levels of the fair value hierarchy.

The ED also proposed amendments that would clarify the definition of *liquidity risk*, improve the quantitative disclosures about liquidity risk, and strengthen the relationship between qualitative and quantitative disclosures about liquidity risk.

The Board discussed the comments received at its meeting in January and decided to proceed with most of the proposals, which were issued as amendments to IFRS 7 in March 2009.

‘In December we published proposals to strengthen and improve the requirements for identifying which entities a company controls.’

## Off balance sheet activities

### Consolidation and improved accounting for off balance sheet items

In December we published proposals to strengthen and improve the requirements for identifying which entities a company controls.

The proposals form part of our comprehensive review of off balance sheet activities and address an area cited by the FSF and G20 leaders.

The use of special structures by reporting entities, particularly banks, to manage securitisations and other more complex financial arrangements was highlighted by the FSF and the G20 as a matter of concern. Some commentators have questioned whether financial statements convey the extent to which reporting entities are exposed to risks from those types of structures.

The proposals address those concerns by presenting a new, principle-based, definition of *control of an entity* that would apply to a wide range of situations and be more difficult to evade by structuring. The proposals also include enhanced disclosure requirements that would enable an investor to assess the extent to which a reporting entity has been involved in setting up special

structures and the risks to which these special structures expose the entity. The proposals would apply not only to the financial sector but to any entity that uses legal entities to manage its activities.

We held public round-table meetings in London in September to discuss early drafts of our proposals. We are planning to hold additional round tables in 2009 to discuss the proposals, in conjunction with the derecognition project.

### Derecognition

Our staff and Board have been developing proposals to amend IAS 39 *Financial Instruments: Recognition and Measurement* in relation to the derecognition (including securitisation) of financial assets and liabilities. We have been considering two models. Both models are based on control but one approach, which the Board decided was its preferred approach, has a greater emphasis on continuing involvement. However, although the main proposals in the forthcoming ED will reflect our preferred approach we will also present, in an appendix, the other model. This will ensure that potential respondents are provided with fully developed alternatives. We expect to publish the proposals at the end of the first quarter of 2009, consistently with the G20 target date of 31 March 2009.



‘The boards have agreed to fast track this urgent project, which could involve significant changes to IAS 39 and the relevant US standards.’

As I mentioned above, we expect to hold round tables during the derecognition ED comment period in conjunction with the consolidation project.

### **Simplifying the accounting for financial instruments**

The Board inherited IAS 39, our existing requirements for financial instruments, from our predecessor board. IAS 39 has been frequently criticised for its complexity. In March 2008, as a first step towards replacing the standard, the Board published a discussion paper (DP) *Reducing Complexity in Reporting Financial Instruments*.

The boards have agreed to fast track this urgent project, which could involve significant changes to IAS 39 and the relevant US standards. Given the urgency of the matter, the boards’ intention is to work to finish this project in a matter of months rather than years.

#### **Amendment to IAS 39 on reclassification of financial assets**

As a result of the crisis and following comments by European Union (EU) leaders and others that entities using IFRSs were at a disadvantage in comparison with their US counterparts, the Board issued an amendment to IAS 39 to permit reclassification of some financial assets in particular circumstances. Although the amendment brought US GAAP and IFRSs more into line, different scope, transition and impairment requirements mean that differences in treatment still exist. The incident revealed sharply the problems for investors if two different sets of accounting rules for identical situations exist.

To make this urgent change, following a decision by the Trustees, the Board issued the amendment without its normal due process in order to provide a more level playing field during a period of crisis. Although the Board strongly believes that investors are best served when it conducts an open and thorough due process, the alternative proposed would have been worse. Because of the

restrictions imposed by the EU regulation that permit only full endorsement or ‘carve outs’, the alternative would have allowed EU financial institutions to reclassify financial assets without any constraints on how the assets were measured at the time were reclassified, no constraints on how far back they could go in choosing when to reclassify and no accompanying disclosure requirements. The Board’s amendment to IAS 39 required transfers at fair value and disclosures enabling users of the financial statements to recreate the financial position and profit or loss as if no reclassification had been made.

The demand for rapid standard-setting responses is not unique to the IASB. The experience of standard-setters nationally and internationally demonstrates the need to have common standard-setting responses, even if on an accelerated basis. This may require us to establish emergency due process procedures – an issue now under examination by the Trustees.



‘As the financial crisis evolved it became necessary for us to make changes to our standards, as a matter of urgency.’

#### Other issues arising from the crisis

In the days following the reclassification amendment, the EU organised a meeting of European stakeholders to identify any other issues in IAS 39 and IFRS 7 that they considered should be addressed by the IASB. The major concerns raised in that meeting, and conveyed to us in a letter from the European Commission, were:

- the need for further guidance in the application of the fair value model in illiquid markets
- allowing reclassification of financial assets currently classified under the fair value option
- clarification of whether synthetic collateralised debt obligations (CDOs) include embedded derivatives
- adjustments to impairment rules applicable to available-for-sale financial assets.

We published the report of the IASB Expert Advisory Panel *Measuring and disclosing the fair value of financial instruments in markets that are no longer active* and the accompanying staff summary within days of receiving the letter from the Commission. We also set up with the FASB a series of joint public round tables to provide a wide range of stakeholders with the opportunity to give the boards views on these and other matters.

#### Joint round tables on the financial crisis

Three IASB/FASB public round-table meetings were held in London, Norwalk and Tokyo to identify any accounting issues that might require the urgent and immediate attention of the boards. The meetings took place in November and December.

A clear message we received was that we must work with the FASB on any proposals and that we must do so with full due process.



Participants at the joint round tables in December saw an urgent need for a broader examination by the IASB and the FASB of the role of fair value measurement for financial instruments, including the issues of improving the impairment requirements, classification issues, the fair value option, and transfers between the categories.

Round-table participants supported reconsideration of the fair value option alongside a broader reconsideration of the classification categories. At the same time, almost all the users of financial statements at the round tables said that permitting reclassification out of the fair value option now, without proper consideration of all the issues, would not improve financial reporting or enhance investors' confidence in financial markets – reclassifications out of the fair value option would permit losses to be hidden. Both boards found the views of those user participants compelling and believe that any change in the fair value option should be made only as part of a broader examination of accounting for financial instruments.

#### **Short-term changes to IFRSs**

As the financial crisis evolved it became necessary for us to make changes to our standards, as a matter of urgency.

#### **Impairment**

As a result of comments made at the joint round tables, the IASB and the FASB proposed similar new disclosure requirements relating to impairments. The proposals would require companies to disclose the profit or loss that would have been recorded if all financial assets (other than those categorised at fair value through profit or loss) had been measured using amortised cost (ie using an incurred cost model) or all had been measured using fair value. The boards published their EDs in late December and asked for comments by mid-January 2009. Both boards discussed the matter in January and in the light of comments received decided not to proceed with the proposed amendments at this time. Respondents gave a consistent message that an assessment of impairment should be part of a wider examination of IAS 39.

Both the IASB and the FASB, whose respective standards have different impairment requirements, have asked their staff to consider together how existing requirements relating to reversals of impairment losses might be changed. The boards will also address the whole question of impairment as part of an urgent broader project in 2009, and this will also be a topic for consideration by the FCAG.

#### **Ensuring consistent treatment of accounting for particular credit-linked investments under US GAAP and IFRSs**

Some stakeholders have called for the need to clarify any possible difference between IFRSs and US GAAP in the accounting treatment of credit-linked investments. The FASB is planning to issue mandatory implementation guidance on this matter to clarify the requirements of US GAAP. The accounting required by IFRSs is clear, and there is no diversity in practice. While some differences might exist because of the markedly different approaches of IFRSs and US GAAP, the accounting application resulting from the intended FASB guidance should be closer than before.

### Ensuring embedded derivatives are assessed and separated if financial assets are reclassified

In December we published an ED with a 30-day comment period that proposed clarifying that all embedded derivatives should be assessed and, if necessary, separately accounted for in financial statements.

Participants in the round tables asked the IASB to act in order to prevent any diversity in practice developing as a result of the amendments made to IAS 39 in October 2008 to permit the reclassification of some financial assets in particular situations.

Respondents expressed strong support for the proposals and we issued *Embedded Derivatives* (Amendments to IFRIC 9 and IAS 39) in March 2009.

‘The development of a single set of high quality, understandable and enforceable global accounting standards for use in the world’s capital markets has been the primary goal of the IASB since its inception in 2001. That aim has driven our work.’

### Advancing a single set of standards used worldwide

The development of a single set of high quality, understandable and enforceable global accounting standards for use in the world’s capital markets has been the primary goal of the IASB since its inception in 2001. That aim has driven our work. The global financial crisis has served only to emphasise that having similar requirements around the world is simply not good enough. The requirements must be the same; otherwise entities, or jurisdictions, will seek regulatory arbitrage by trading off the differences.

### SEC Roadmap

The most widely adopted accounting reporting requirements around the world are IFRSs and US GAAP.

On 14 November the SEC published for public comment a proposal, entitled *Roadmap for the Potential Use of Financial Statements Prepared in accordance with International Financial Reporting Standards by U.S. Issuers*. The publication of the roadmap followed a unanimous vote taken by the five SEC Commissioners in August. The proposed roadmap sets out milestones that, if achieved, would enable the SEC by 2011 to decide whether the United States should adopt IFRSs beginning in 2014. The roadmap also proposes to permit the early adoption of IFRSs from 2010 for some US entities. The comment period ends on 20 April 2009.



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# 54

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The number of standard-setters participating in the IASB's annual meeting of world standard-setters in 2008.

## IASB-FASB MoU

Underpinning our efforts to develop a single set of global standards is the Memorandum of Understanding (MoU) we have with the FASB.

The MoU identifies the projects that each of us is committed to complete, either on our own or together, in the short term. The purpose is to eliminate differences between our requirements.

Although we often characterise this as a convergence programme, a more appropriate description of the MoU is that it is an agreement that guides a collaborative effort by the IASB and the FASB to deliver the greatest possible improvements to financial reporting. We think that by combining our resources and having the boards challenge each other we will not only end up with common standards but will also create more robust and sustainable solutions.

In September we published an update of the MoU, outlining a plan and projected timetable for completing the remaining projects included in the MoU. Our objective is to have the major projects completed by 30 June 2011. The MoU has implications worldwide. The target is important because many jurisdictions, including Canada, India, Japan and Korea, have announced plans to adopt or converge with IFRSs in 2011. Mexico has announced plans to adopt IFRSs for all listed entities from 2012. Setting a deadline of 30 June 2011 ensures that the major changes to IFRSs will be in place in time for those jurisdictions and will avoid the need for them to make major changes shortly after they have adopted IFRSs.

The successful completion of each MoU project eliminates differences between IFRSs and US GAAP. Of course, the more similar IFRSs and US GAAP become the easier it will be for US entities to move to IFRSs if the SEC decides that such a step is appropriate. As I have already emphasised, having similar requirements is not good enough. A single set of global standards remains our primary goal.

## MoU projects

The projects on consolidation, derecognition, fair value measurement and replacing the existing financial instruments standards are all part of the MoU. I have already described our current activities on those projects in my discussion of our response to the global financial crisis.

In the next sections, I provide an overview of the MoU projects under three headings – conceptual framework, short-term projects and major projects.

### Conceptual framework

Our objective is to create a sound, comprehensive and internally consistent foundation for future standards. The project has several phases, of which four are active.

During the year, we published with the FASB an ED on the objective and qualitative characteristics of financial reporting, and a DP on the reporting entity.

Month	Publication
May	DP Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Reporting Entity
	ED An improved Conceptual Framework for Financial Reporting: Chapter 1: The Objective of Financial Reporting Chapter 2: Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information

We expect to finish the phase dealing with the objective and qualitative characteristics and to publish an ED on the reporting entity in the second half of 2009.

The other active phases deal with the definition and recognition of elements of financial statements and measurement of items in the financial statements. We expect to publish a DP on measurement near the end of 2009 and a DP defining the accounting elements (assets, liabilities, revenue and expenses) in 2010.

We have not yet decided on a timetable for the inactive phases on presentation and disclosure, the purpose and status of the framework, and applicability of the framework for not-for-profit entities and government business entities.

### Short-term projects

The 2006 MoU with the FASB identified a few focused areas that the boards thought could be eliminated through one or more short-term projects. The MoU set a target of 2008 for the boards to decide whether those differences should be addressed and, if so, for completing or substantially completing work in those areas.



‘By the beginning of 2008 the FASB and the IASB had already issued standards on several of the short-term convergence projects.’

By the beginning of 2008 the FASB and the IASB had already issued standards on several of the short-term convergence projects. The FASB brought US GAAP into line with IFRSs by issuing new or amended standards that introduced a fair value option (SFAS 159) and adopted the IFRS approach to accounting for research and development assets acquired in a business combination (SFAS 141(R)). The IASB issued new standards on segment reporting (IFRS 8 *Operating Segments*) in 2006 and borrowing costs (IAS 23 *Borrowing Costs* (revised)) in 2007.

The boards began a broad examination of impairment in 2006, but decided that the differences could not be addressed in a short-term project. Both boards are now considering impairment of financial assets as part of the financial instruments project, as a matter of urgency.

We deferred work on the government grants project pending progress on the revenue recognition, related parties and emissions trading schemes projects. The two remaining short-term projects to which we are committed are joint ventures and income tax.

#### **Joint ventures**

The objective of the project is to improve the accounting for, and the quality of the information being reported about, joint arrangements – which include joint ventures, joint assets and joint operations. We published an ED in September 2007 and expect to issue a standard in the second quarter of 2009.

#### **Income tax**

We have been working with the FASB on a joint project on income tax for several years. The aim of the project is to improve the accounting for income tax by eliminating exceptions from the basic model common to both IAS 12 *Income Taxes* and SFAS 109 *Accounting for Income Tax*. We expect to publish an ED of a replacement for IAS 12 in March 2009. The FASB has indicated that, as part of its review of its strategy for short-term convergence projects in the light of the possibility that some or all US public companies might be permitted or required to adopt IFRSs at some future date, it will seek input from US constituents by issuing an Invitation to Comment containing our ED. After that review, it will decide whether to undertake projects that would eliminate differences in the accounting for taxes.

‘In January 2008 we issued a revised IFRS that addressed the accounting for business combinations, along with an amended standard on consolidated and separate financial statements.’

## Major projects

Month	Publication	
January	IFRS	Business Combinations (revised)
	IFRS	Consolidated and Separate Financial Statements (amended)
February	DP	Financial Instruments with Characteristics of Equity
March	DP	Preliminary Views on Amendments to IAS 19 Employee Benefits
September	ED	Discontinued Operations
October	DP	Preliminary Views on Financial Statement Presentation
December	ED	Preliminary Views on Revenue Recognition on Contracts with Customers

### Business combinations

In January 2008 we issued a revised IFRS that addressed the accounting for business combinations, along with an amended standard on consolidated and separate financial statements.

This was the first major MoU project completed in conjunction with the FASB. The objective of the project was to develop a single high quality standard of accounting for business combinations that would ensure that the accounting for mergers and acquisitions activity is the same whether an entity is applying IFRSs or US GAAP.

This is also the first project for which we have published a Feedback Statement and Effect Analysis. The Feedback Statement provides a summary of the project objectives, how respondents reacted to the proposals and, in turn, the Board’s response to the comments it received. The Effect Analysis explains the likely effect of the new requirements on how business combination activities will be reported, the likely effect on costs to preparers and the likely effect on the costs and benefits of investors and other users. We also committed to conducting a post-implementation review of the project two years after the effective date. For business combinations that review will take place in 2013.



‘We will publish a Feedback Statement and Effect Analysis and undertake a post-implementation review for each major project.’

We will publish a Feedback Statement and Effect Analysis and undertake a post-implementation review for each major project.

#### **Financial statement presentation**

In mid-October we published with the FASB a joint DP containing proposals intended to provide a clearer presentation in financial statements and so make it easier for users of financial statements to follow the flow of information through the statements. During the 180-day comment period the project team will be field testing the proposals, which involves organisations that have volunteered to recast their financial statements into the new formats. The results of this exercise will help the two boards assess the feasibility of the proposals.

As part of this project, we had been considering the definition of discontinued operations and the related disclosure requirements. Rather than wait until the project is completed in 2011 the boards decided to accelerate this part of the work. We published an ED in September and expect to finalise the amendments in the second quarter of 2009.

#### **Revenue recognition**

In December we published with the FASB a joint DP containing proposals on when and how entities should recognise revenue arising from contracts with customers to provide goods and services. The proposals are intended to improve practice by clarifying the principles for revenue recognition and by ensuring that entities in different industries recognise revenue more consistently. The proposals should also significantly simplify the requirements in US GAAP.

#### **Financial instruments with characteristics of equity (liabilities and equity)**

In February we published a DP inviting comments on the FASB’s preliminary views document *Financial Instruments with Characteristics of Equity*. The comment period ended on 5 September and we discussed an analysis of the comments in October. At our subsequent joint meeting with the FASB in October we discussed which principles for identifying equity instruments should be used as a starting point for future deliberations. We shall continue those discussions throughout 2009.

#### **Leases**

The objective of the project is to develop by mid-2011 a new, improved accounting model for lessees. In March 2009 we published a DP with the FASB, presenting preliminary views on the main components of a lessee accounting model.

Responses to the DP will assist the boards in developing the model into a standard that can provide users of financial statements with useful and transparent information about leasing contracts, showing the liabilities arising from the contracts and the rights to use of the leased assets.

#### **Post-employment benefits (including pensions)**

We are in the early stages of re-deliberating the proposals we set out in our DP *Preliminary Views on Amendments to IAS 19 Employee Benefits*. That paper proposed the elimination of deferred recognition (the corridor method), discussed different ways to present changes in plan assets and defined benefit obligations, and explored new accounting for contribution-based promises. We intend to publish an ED in 2009.

## Other improvements

Although the global financial crisis and the MoU have shaped a large part of our agenda, we have other projects on our agenda that are important to members of the IFRS community. The Board attaches great importance to these projects and intends to devote sufficient resources to finish them in a timely fashion.

The following table lists the publications we produced during 2008 in relation to the other projects that will improve financial reporting.

Month	Publication
January	IFRS Vesting Conditions and Cancellations
February	IFRS Puttable Financial Instruments and Obligations Arising on Liquidation
May	IFRS Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
	IFRS Improvements to IFRSs
July	IFRS Eligible Hedged Items
August	ED Simplifying Earnings per Share
	ED Improvements to IFRSs
September	ED Additional Exemptions for First-time Adopters
November	IFRS First-time Adoption of International Financial Reporting Standards (revised)
December	ED Relationships with the State



‘We have a process to deal with non-urgent but necessary amendments to IFRSs. The Board discusses and decides on proposed improvements to IFRSs as they arise throughout the year.’

## Completed projects

### Vesting conditions and cancellations

In January we amended IFRS 2 *Share-based Payment* by clarifying the definition of vesting conditions and providing guidance on the accounting treatment of cancellations by parties other than the entity. We also clarified the treatment of all non-vesting conditions. The standard was previously silent on those matters, which had allowed practice to vary.

### Puttable financial instruments and obligations arising on liquidation

In February we amended IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements* to improve the accounting for puttable financial instruments and instruments that impose on the entity an obligation to deliver a pro rata share of the net assets of the entity only on liquidation. In the past many of these instruments, which have characteristics similar to ordinary shares, were classified as financial liabilities. The amendments ensure that, provided they have particular features and meet specific conditions, such instruments will be classified as equity.

### Cost of an investment in a subsidiary, jointly controlled entity or associate

In May we amended IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements*. The amendments provided an exception on transition to IFRSs that removed an impediment preventing entities from adopting IFRSs for the separate financial statements of parent entities. We also clarified the accounting requirements when a group reorganises its structure by establishing a new parent entity.

### Annual improvements

We have a process to deal with non-urgent but necessary amendments to IFRSs. The Board discusses and decides on proposed improvements to IFRSs as they arise throughout the year. We then publish a single ED. This streamlines the standard-setting process, with benefits for both interested parties and the Board.

For the 2006-2008 project cycle, we issued a standard, *Improvements to IFRSs*, in May. This finalised 34 of the 41 amendments proposed in the ED that was published in October 2007.

We finalised another of those proposals in November by issuing a restructured version of IFRS 1. We revised IFRS 1 to simplify the structure of the standard, which had become more complex and less clear as it was amended to accommodate first-time reporting requirements for new and amended standards.

The restructured IFRS 1 does not, however, include further changes we had published as an ED in September to address potential challenges for jurisdictions adopting IFRSs in the near future. The proposals are for relief for entities previously accounting for oil and gas assets using full cost accounting, and for some aspects of operations subject to rate regulation. We expect to complete those amendments in the second half of 2009.

In August we published an ED *Improvements to IFRSs* for the 2007-2009 project cycle. We expect to issue the amendments in April 2009.

The Board discussed the first new proposal for the 2008-2010 project cycle in September and will continue to consider additional issues until July 2009. We expect to publish an ED of the approved proposals in August 2009.

‘In December 2007 we activated work on the accounting for emissions trading schemes.’

#### Eligible hedged items

We amended IAS 39 to specify the risks that qualify for designation as a hedged risk when IAS 39 is applied. The amendment clarifies the requirements for the designation of a one-sided risk in a hedged item and the designation of inflation in particular situations. The amendment is expected to reduce diversity in practice that exists, or is likely to occur, in those two situations.

#### Ongoing projects

##### Insurance contracts

In May 2007 we published a DP *Preliminary Views on Insurance Contracts*, which drew over 160 responses. We began to review the responses in February. In October the FASB decided to join us on this project. We are working to publish an ED in the second half of 2009.

I am very grateful to the members of the Insurance Working Group, which met in April and November. They have been extremely helpful in developing the proposals.

#### Related party disclosures (relationships with the state)

In 2007 we proposed amendments to IAS 24 *Related Party Disclosures* to simplify the definition of a related party and clarify what related party disclosures are appropriate when the state has a controlling or significant investment in the reporting entity. After considering the comments we received we decided to publish a second ED *Relationships with the State*. The ED, published in December, proposed a revised exemption for entities controlled, jointly controlled or significantly influenced by a state as well as one further amendment to the definition of a related party. The amendments would reduce the disclosure requirements for some entities that are controlled or significantly influenced by a state in relation to transactions with other entities controlled or significantly influenced by that state – unless influence exists in such relationships. We expect to complete this project in the second half of 2009.

#### Emissions trading schemes

In December 2007 we activated work on the accounting for emissions trading schemes. We expect to address the accounting for all tradable emissions rights and obligations arising in emissions trading schemes. We also expect to address the accounting for activities that an entity undertakes in contemplation of receiving tradable rights in future periods, such as certified emissions reductions. The aim is to issue an IFRS in 2010.

#### Liabilities (revision to IAS 37)

This is a project to revise IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, our general standard on uncertain liabilities (sometimes known as provisions). We published an ED of proposed amendments in 2005. Our staff are refining the proposed amendments in the light of comments received on the ED. The main difficulties in this project relate to developing principles for identifying whether an entity has a liability when it is a party, or potential party, to a lawsuit and other similar non-contractual events and activities. We expect to issue a revised standard in the second half of 2009.



### Management commentary

We are developing guidance based on the *DP Management Commentary*, which we published in October 2005. The guidance will set out a framework for the preparation of management commentary and establish principles for its structure, content and presentation.

Although it will not be mandatory, we think such guidance will benefit those jurisdictions that do not have any requirements or guidance for the preparation of management commentary (or MD&A as it is called in some jurisdictions). We expect to publish an ED in the second quarter of 2009.

### Earnings per share

In August we published an ED *Simplifying Earnings per Share*, proposing amendments to IAS 33 *Earnings per Share*. The FASB also published an ED on this topic. The proposals would simplify the calculation of earnings per share and eliminate some differences between IFRSs and US GAAP. In April 2009 we shall be considering the comments received.

### Share-based payment: group cash-settled transactions

In December we published an ED of proposed amendments to both IFRS 2 *Share-based Payment* and IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*. We expect to finalise the amendment in the second quarter of 2009.

### Extractive industries

We have a project on extractive industries with the objective of developing an IFRS to supersede IFRS 6 *Exploration for and Evaluation of Mineral Resources*. A project team with representatives from the national standard-setters of Australia, Canada, Norway and South Africa has been developing a DP for publication in early 2009. The DP will be the initial due process document for our deliberations, if we decide to add this project to our active agenda.

National standard-setters make a valuable contribution when they undertake research for us. Not only does this research activity help us access the wealth of experience of the boards and staff of national standard-setters but it can save the time that the IASB needs to spend on a project by up to two years.

‘National standard-setters make a valuable contribution when they undertake research for us.’

### Other projects

We added a project on common control to our agenda in December 2007. We will begin work on it when staff now working on projects related to the financial crisis become available.

In December 2007 we decided not to add a project on intangible assets to our agenda. The Australian Accounting Standards Board (AASB) had performed the exploratory work for us. The AASB continued work on this project and in October published for public comment a DP *Initial Accounting for Internally Generated Intangible Assets*. We welcome such initiatives because we benefit from the thinking and research on projects in the formative stages.



‘The project to develop an IFRS expressly designed to meet the financial reporting needs of such entities is an important step towards meeting the needs of a very important part of the global economy.’

### New agenda items

In December we added a project on rate-regulated activities. The issue is whether rate-regulated entities could or should recognise a liability (or an asset) as a result of rate regulation by regulatory bodies or governments. For several countries adopting IFRSs in the next few years, this is a particular problem. The project has a limited scope designed to preserve good practice and eliminate unacceptable accounting rather than developing new requirements.

### IFRS for SMEs

In developing a single set of high quality, understandable and enforceable global accounting standards our Constitution requires us to take account of the special needs of small and medium-sized entities and emerging economies.

In every country in the world, including developed ones, over 98 per cent of private entities have fewer than 50 employees. The project to develop an IFRS expressly designed to meet the financial reporting needs of such entities is an important step towards meeting the needs of a very important part of the global economy.

We published an ED with our proposals in February 2007. In March 2008, we began redeliberating those proposals. We received 162 comment letters and 116 field test reports. The Working Group for the project met in April and submitted to the Board two comprehensive sets of recommendations for further simplifications of the original proposals (one on accounting recognition and measurement principles and the other on disclosures). By December we had redeliberated almost all of the issues. A few final issues were considered in January. We are on course to issue a standard in the middle of 2009.



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# 42

The number of languages into which IFRS material has been translated.

## The Board

We currently have an establishment of 14 Board members. With changes to our Constitution that number will increase to up to 16. We operated through all of 2008 with only 13 Board members. However, we completed 2008 with the comforting knowledge that Stephen Cooper would be changing from a part-time to a full-time member of the Board and that the vacancy had been filled. Prabhakar Kalavacherla, or 'PK' as he prefers to be called, joined the Board on 1 January 2009. An Indian citizen, trained accountant and a former KPMG partner, PK has worked in India, Europe, and the United States, most recently in the San Francisco office, where he specialised in technology and biotechnology.

## Meetings and outreach

The Board meets in London for a week each month, except August. Each meeting typically involves about 30 hours of public discussion. Last year I reported on the independent assessment by the One World Trust of our transparency and stakeholder engagement. Transparency and accountability have been cornerstones of the standard-setting process since we started in 2001.

Although the public Board meetings are the main focus of our decision-making activities they are by no means our only activity.

## Spreading the word

It is part of our mission to promote the use of the standards we develop, and it is a measure of success that so many countries are interested in adopting our standards or, having made that decision, are now implementing them. As that number has risen so too have the demands for direct contact with the Board and its staff.

It is a demand that is wholly understandable, but one that has stretched us at times. In 2008 we arranged conferences in Amsterdam, Beijing and Toronto. We supported co-branded conferences in Almaty, Berlin, London and Moscow and held sessions for IFRS teachers, trainers and researchers in Amsterdam, Paris and Toronto.

We also ensure that Board members and staff spend time in countries that are adopting international standards. Countries that have already adopted international standards are not forgotten and Board members visit not only their country of origin but also neighbouring ones, thereby ensuring that a large number of countries in six continents are visited during the course of a year.

We also meet many representative groups. Although the meetings are normally held in London these have members from a broad range of countries.

In responding to the increased demand for Board and staff time, Wayne Upton was appointed to the new role of Director of International Activities. Wayne was Director of Research until he took on this important responsibility.

We have also begun to use technology to spread the word. We have conducted several webcasts in which Board members and staff present project summaries via the web.

Participants are then able to ask the presenters questions by sending an email and the presenters share the questions with all the participants and answer them. We have held webcasts for the pensions, revenue recognition, financial statement presentation and consolidations projects, attracting more than 1,200 online participants to some sessions. Recently, a staff member conducted a plenary session for a New Zealand conference via video link from London. We will continue to examine other ways to maximise our participation in activities and communicate with the IFRS community.

‘We currently have an establishment of 14 Board members. With changes to our Constitution that number will increase to up to 16.’

#### **Working with national standard-setters**

The national standard-setters are our partners in seeking to remove differences in accounting, worldwide.

In 2008 we held two joint meetings with the FASB, each lasting two days. We met in London in April and at the FASB offices in Norwalk in October. At the October meeting we agreed to meet three times in 2009.

We have two-day meetings scheduled for London in April and July and Norwalk in October.

In August 2007 we announced an agreement we had reached with the Accounting Standards Board of Japan (ASBJ), designed to eliminate differences between Japanese GAAP and IFRSs, by 30 June 2011. We also have two joint meetings with the ASBJ each year.

The national standard-setters meet as a body at least twice each year and we participate in those meetings. Each year we host, in London, an annual meeting of world standard-setters. This provides the Board with the opportunity to hear about the issues that are of the greatest interest, or concern, to standard-setters. In addition, throughout the year Board members attend regular meetings of standard-setters.

#### **A note of thanks**

The workload of the Board has increased over the year. Shouldering this responsibility is possible only with the willing co-operation of my colleagues on the Board. I am grateful for the cheerful comradeship of the Board members.



## International Financial Reporting Interpretations Committee (IFRIC)

The role of the IFRIC is to consider requests received by the IASB for an interpretation of an IFRS.

The IFRIC is chaired by Bob Garnett, who is a Board member. Bob does not have a right to vote, but ensures that there is consistency and cohesion between the activities of the Board and those of the IFRIC. I am grateful to Bob for the superb job he does in chairing the meetings and working with the staff who support the IFRIC.

The IFRIC has 12 voting members. Three IFRIC members completed their terms in 2008. Phil Ameen (US), Claudio de Conto (Italy) and Mike Bradbury (New Zealand) retired from the IFRIC on 30 June. We are grateful to them for their commitment to a very important part of the development of IFRSs.

In March the Trustees appointed Peggy Smyth (US) and Scott Taub (US) to the IFRIC. Peggy is Vice President, Controller, at United Technologies Corporation and Scott is Managing Director of Financial Reporting Advisors, LLC. In June the Trustees appointed Luca Cencioni (Italy), Jean Paré (Canada) and Joanna Perry (New Zealand) to the IFRIC. Luca Cencioni is Senior Accounting Manager at Eni S.p.A, Jean is Vice President, Financial Reporting at Bombardier and Joanna is a Company Director and the Chair of the New Zealand Financial Reporting Standards Board.

Several regulators and Board members also attend the meetings as non-voting observers. They do, however, have the right to speak.

‘The role of the IFRIC is to consider requests received by the IASB for an interpretation of an IFRS.’

The staff supporting the IFRIC are led by Tricia O’Malley as Director of Implementation Activities. Tricia is a former Board member and she has done a tremendous job in ensuring that IFRIC members are presented with robust analysis of the matters that they are being asked to consider. Sadly for us Tricia is leaving the organisation in July 2009 to re-assume the role of Chair of the Canadian Accounting Standards Board, but in both of her roles within the organisation she has played an enormously important part in establishing IFRSs on the pathway to becoming the global standard.

‘During 2008 the IFRIC finalised four interpretations... the IFRIC also considered 15 issues that it decided should not be added to its agenda.’

## Interpretations

Month	Publication
January	Draft interpretation Distributions of Non-cash Assets to Owners
	Draft interpretation Customer Contributions
July	IFRIC Agreements for the Construction of Real Estate
	IFRIC Hedges of a Net Investment in a Foreign Operation
November	IFRIC Distributions of Non-cash Assets to Owners

During 2008 the IFRIC finalised four interpretations (although one was not issued until after it was approved by the Board in January 2009).

IFRIC 15 *Agreements for the Construction of Real Estate* provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction should be recognised.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* will eliminate the possibility of an entity applying hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent’s consolidated financial statements.

IFRIC 17 *Distributions of Non-cash Assets to Owners* clarifies that an entity should measure distributions of assets other than cash when it pays dividends to its owners at their fair value. Until the interpretation was issued the dividend payable was sometimes recognised at the carrying amount of the assets to be distributed and sometimes at their fair value.

IFRIC 18 *Transfers of Assets from Customers* addresses an issue that arose in the utilities industry. It is common for an entity to receive transfers of items of property, plant and equipment from its customers that must be used to connect customers to a network and provide customers with ongoing access to a supply of commodities such as electricity, gas or water. The Interpretation clarifies when such transfers should be recognised by the entity as an asset and how to account for the corresponding credit.

The Board considered IFRIC 18 in January 2009 and approved it for issue.

### Matters not added to the agenda

The IFRIC also considered 15 issues that it decided should not be added to its agenda.

## Standards Advisory Council

The Standards Advisory Council (SAC) is one of the Board’s primary consultative forums. The SAC’s foremost role is to provide broad strategic advice on the Board’s agenda priorities and insight into the possible benefits and costs of particular proposals. The composition of the SAC reflects this mandate, comprising leading practitioners from 23 countries and seven international organisations, including senior financial officers of corporations, investment analysts with knowledge of accounting issues, partners of audit firms with experience in auditing companies that apply IFRSs, executives of international financial and development organisations, and other senior representatives of public interest bodies.

The SAC met three times in 2008, under the able leadership of Nelson Carvalho. Nelson’s term concluded at the end of 2008. I am grateful to this inspiring leader for his unswerving dedication and unstinting support in his role as Chairman of the SAC.



‘We have continued to attract excellent staff from all around the world and from diverse backgrounds.’

# 44

The number of organisations represented on the reconstituted Standards Advisory Council.

As part of its constitutional review, the Trustees decided to strengthen the SAC even further by appointing representatives of organisations rather than individuals. This ensures that SAC members can convey the collective views of the organisations they represent, broadening the consultative base. As a result of this change many of the SAC members completed their terms at the end of 2008. SAC members are required to meet their own travel and accommodation costs. They also invest two full days attending each SAC meeting, plus preparation time. Some SAC members travel long distances to get to London, so their contribution of time is even greater. I value the contribution the retiring SAC members have made to international standards and hope that they continue to be involved in helping us achieve a global solution.

The Trustees have appointed Paul Cherry to chair the new SAC. In March 2009 Paul retired as the chairman of the Canadian Accounting Standards Board. In that role he spearheaded Canadian work on IFRS convergence and adoption, which will culminate in the use of IFRSs by public companies in Canada in 2011. I am looking forward to working with Paul, a long-time friend of international standard-setting, having been a member of the former IASC.

The Trustees have also appointed two Vice-Chairmen. Charles Macek is a non-executive Director of Telstra and Wesfarmers and former Chairman of the Australian Financial Reporting Council. Patrice Marteau is the Chairman of ACTEO and the Chairman of the Accounting Committee of Business Europe.

## Staff

### Technical

Our technical staff are the people responsible for researching, developing and writing the discussion papers, exposure drafts, standards and interpretations that the Board approves.

We have a large and growing team of nearly 50 professional staff members.

It is a team that demands strong leadership. We were therefore saddened that Liz Hickey, our Director of Technical Activities, decided to return to New Zealand in July for family reasons. Liz had done an excellent job in the five years she was with us, initially as Education Director and then as Director of Technical Activities. Her legacy is the strong technical team that we currently have in place.

With Liz’s departure we reorganised and strengthened the senior technical team. As noted previously, in recognition of the importance of helping new countries adopt international standards Wayne Upton moved from his role as Director of Research to become Director of International Activities. Three of our Senior Project Managers stepped up into Director roles. Alan Teixeira took on the responsibility of Director of Technical Activities, Peter Clark became the Director of Research and Gavin Francis took on the new role of Director of Capital Markets. In recognition of the increasing importance of implementation, Tricia O’Malley became Director of Implementation Activities. Paul Pacter continues as Director of Standards for SMEs.

25

Number of different nationalities of full-time staff.

In July we promoted Liz Figgie and Rachel Knubley to Senior Project Manager.

#### New staff

We have continued to attract excellent staff from all around the world and from diverse backgrounds. We welcomed six new Project Managers – Jon Baldurs (Iceland), Mark Bunting (South Africa), Martin Friedhoff (Germany), Ryan Richards (US), Aida Vatrenejak (Bosnia and Herzegovina) and Luci Wright (South Africa). We also welcomed three new Technical Associates – staff who are relatively early in their careers who provide support to the Project Managers – Manuel Kapsis (Australia), Sunhee Kim (Korea) and Barbara Ruane (US). Victoria Blackburn (UK) joined us as a Technical Administrator – Victoria moved into the communications team at the end of December. We also secured the services of Jeff Wilks (US) as an Adviser on the revenue recognition project.

‘In December we were in the final stages of a recruitment round, and by the end of January 2009 we had appointed six new technical staff (from Australia, Italy, New Zealand and the US).’

We are also fortunate to have four new Practice Fellows (from accounting firms) and a new Industry Fellow – Fabienne Colignon (France) from Mazars, Michael Kraehnke (US) from KPMG, Michael Mueller (Germany) from Deloitte, Shelley So (Hong Kong) from PricewaterhouseCoopers and Nikolaus Starbatty (Germany) from Siemens. We also benefited from two short-term secondments. Clare de Arostegui, from PricewaterhouseCoopers, assisted with the development of material for the consolidation round tables and David Quest, also from that firm, assisted with the illiquid markets expert panel.

#### Departures

It is also inevitable that many of our technical staff will seek opportunities outside the IASB. Two staff left us to embark on PhD studies. Amanda Quiring returned to the US to study at Duke University while Jenny Lee will undertake her studies in the UK. Michael Thomas, from South Africa, took up a position in Singapore.

Yung-Wook Kim, Leng Bing and Eiko Osawa completed their secondments from national standard-setters. Yung-Wook returned to Korea, Bing to China and Eiko to Japan. Kimberley Crook (New Zealand Financial Reporting Standards

Board), Ian Hague and Rebecca Villmann (both of the Canadian Accounting Standards Board) and Simon Peerless (UK Accounting Standards Board) all completed their secondments. Kimberley, Ian and Rebecca made particular sacrifices, travelling long distances to present to both the IASB and the FASB in their roles on the conceptual framework project. I am grateful to all of our secondees and their host organisations for the contributions they have made.

Two Practice Fellows completed their two-year secondments, with Candy Fong returning to Deloitte in Hong Kong and Colin Edwards returning to KPMG in the UK. Ewa Kwiatkowska, from Poland, completed her two-year assignment as a Technical Associate and accepted a role in Brussels.

#### Looking ahead

In December we were in the final stages of a recruitment round, and by the end of January 2009 we had appointed six new technical staff (from Australia, Italy, New Zealand and the US). We were also in the final stages of securing an additional six secondees from national standard-setters (four from the Accounting Standards Board of Japan, one from the Korea Accounting Standards Board and one from the Chinese Ministry of Finance).



It is our able staff who have had to bear much of the burden of the increased workload stemming from our response to the global financial crisis. They have done so professionally and without hesitation.

#### **Operations**

Tom Seidenstein (our Chief Operating Officer) leads the operational side of the organisation. Tom has been with us since the establishment of the IASB and we continue to benefit from his astute and efficient guidance.

During 2008 we have paid particular attention to ensuring that we build a strong, robust and stable organisation. The rapid growth in the adoption of international standards has been matched by growth in the size and complexity of the IASB. Recognising this, we are fortunate to have secured the services of Miranda Corti (UK) as Director – Finance and Human Resources. Miranda has extensive experience in senior management positions, particularly in the finance sector.

The operations side includes several discrete teams – editorial, publications, education, translation, XBRL and communications – for which I have made additional comments.

‘The rapid growth in the adoption of international standards has been matched by growth in the size and complexity of the IASB.’

#### **Editorial**

Our editorial team, ably led by the Editorial Director Michael Butcher, is responsible for preparing the technical documents for publication. Michael leads a small team that has had to cope with an increasing range of outputs over the last year.

#### **Publications**

Ken Creighton (Director – IFRS Content Services) leads the publications team. Ken and his team manage the delivery of eIFRS and the distribution of all of our publications, and they do a superb job for us. We sometimes license our publications, including translation. It is the publications team that looks after all of this. During the year David Bray and Trevor Sturge (both UK) left to take up other opportunities.

#### **Education**

The Education team is led by Mike Wells (Director – IFRS Education Initiative). They produce several publications, included the well received guides to IFRSs. During the year the team has been developing educational material for SMEs. Mike hosts many student visits to the IASB, which have grown in number over the last two years. He also organises the IFRS conferences we host.

During the year we welcomed Germán López Espinosa (Spain), who is on sabbatical leave from Universidad de Navarra. Gargi Ray (India) spent a short time with us on secondment from Infosys. We said farewell to Luciana Abrantes (Brazil), who left to resume her studies.

### Translations

Our translations team is responsible for overseeing the translation of IFRSs into a multitude of languages. We do not undertake translation ourselves; our role is to co-ordinate the translation process. Ioanna Tzivani, who has been the team leader for several years, took a break from this role for personal reasons. Leilani Macdonald picked up this additional responsibility.

During the year the team welcomed two new project managers, Clare McGuinness (UK) and Lorida Tieri (Italy).

### XBRL

XBRL (eXtensible Business Reporting Language) is an XML-based language developed specifically for the automation of business information requirements, such as the preparation, sharing and analysis of financial reports, statements and audit schedules. XBRL is widely adopted and implemented across the world by capital market participants for banking supervision, securities regulation, the filing and registration of company financial statements, statistical reporting and tax filing.

Since 2001, the IASC Foundation has provided a licence-free IFRS Taxonomy, which is a dictionary of data tags explaining what each tagged element is and how it should be treated under IFRSs. In July 2007 the Trustees made the decision to focus the activities of the XBRL team of the IASC Foundation, with the result that in March 2008 the IFRS Taxonomy 2008 was released at the same time as the Bound Volume of IFRSs. The XBRL team of the IASC Foundation is also involved in XBRL adoption and implementation initiatives around the world to promote understanding of XBRL and its potential to improve access for users to financial information, to increase the range of users (via translations) of financial information, and to ease IFRS conversion, understanding and implementation.

The XBRL team is led by Olivier Servais (Director – XBRL Activities). Olivier and his team have been busy developing pursuing the Trustee vision for the IFRS Taxonomy.

To help us be assured that our XBRL efforts meet the highest standards we are fortunate to have the assistance of the members of the XBRL Advisory Council and the XBRL Quality Review Team.

As XBRL has matured, we have also changed our resource focus. We have wound down our very successful intern programme and focused on strengthening the permanent team. Six XBRL Interns completed their assignments with us – Elizabetta Barone (Italy), Ioannis Deniozos (Greece), Alessandro d'Eri (Italy), Andrea Felkai (Hungary), Valeria Moruzzi (Italy) and Timo Philipp (Germany).

### Communications

The communications team is led by our Communications Director, Mark Byatt. It is a small team with a big job, and one they have performed admirably through what has been an extremely volatile political environment.

It can be challenging to identify how best to communicate what can be complex technical messages to a wide range of people. The communications team introduced the project webcasts mentioned earlier. They have also introduced project snapshots (project summaries aimed at busy executives) and developed new presentation templates for the many public talks given by Board members and staff. They have also developed new styles for our main publications, which were put into effect at the beginning of January 2009.



## Some final thanks

As this report shows, this is an organisation that depends on the contributions and efforts of many people and many other organisations. I have made special mention of several people in the report. Many others undoubtedly deserve thanks and I hope that they know how much I value their contributions.

I and my fellow Board members greatly appreciate the help and advice we receive from the many volunteers and well-wishers who give so generously of their time and expertise in the Board's working groups.

'I and my fellow Board members greatly appreciate the help and advice we receive from the many volunteers and well-wishers who give so generously of their time and expertise in the Board's working groups.'

Closer to home, there is a small group of people that I interact with on an almost daily basis. Janet Smy (my PA) and Ailie Burlinson, Fiona Dunne, Kathryn McArdle, Katherine Maybin, Jill Robinson, and Jennifer Wilson form the secretariat that provides me, the other Board members and the technical staff with the unflinching support that we need to be able to meet our goals. I am sure I test their patience.

To conclude, I want to record my special thanks to Gerrit Zalm, as Chairman of the Trustees, and to the other Trustees for their support, encouragement and advice. I am particularly thankful for their resolute determination to protect the integrity and independence of this organisation – a resolve that was tested in October 2008 when we suspended our due process, with the support of the Trustees, to protect the integrity of financial reporting by the banking sector in the EU. The establishment of the Monitoring Board, which is discussed in Gerrit Zalm's report, is an important step towards preventing a similar set of circumstances that we faced in October from developing again.

# Trustees of the IASC Foundation

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Former Deputy Prime Minister and Finance Minister, The Netherlands; Managing Board ABN AMRO  
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Term expires: December 2010
- B Philip A Laskawy, Vice Chairman**  
Chairman, Fannie Mae  
*United States*  
Term expires: December 2009
- C Marvin KT Cheung**  
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Term expires: December 2011
- I Alicja Kornasiewicz**  
Member of the Board, CA IB Corporate Finance GmbH, Vienna; CEO and Chairman, CA IB Group, Poland  
*Poland*  
Term expires: December 2010





**J Zhongli Liu**

President, Chinese Institute of Certified Public Accountants; former Minister, Ministry of Finance  
*People's Republic of China*  
Term expires: December 2011

**K Jeffrey Lucy, AM**

Chairman, Financial Reporting Council; former Chairman of the Australian Securities and Investments Commission  
*Australia*  
Term expires: December 2010

**L Pedro Malan**

Former Chairman of the Board of Unibanco; former Minister of Finance of Brazil; former President of the Brazilian Central Bank  
*Brazil*  
Term expires: December 2010

**M Sir Bryan Nicholson GBE**

Former Chairman, Financial Reporting Council  
*United Kingdom*  
Term expires: December 2011

**N T V Mohandas Pai**

Director and Member of the Board, Infosys Technologies Limited; Chairman, Infosys BPO Limited  
*India*  
Term expires: December 2011

**O David Sidwell**

Director, UBS  
Board Member, Federal National Mortgage Association  
*United States*  
Term expires: December 2009

**P Luigi Spaventa**

Former Chairman, Commissione nazionale per le società e la borsa (Consob); Professor Emeritus, University of Rome  
*Italy*  
Term expires: December 2009



Continued overleaf

**Q Paul Tellier**

Former President and CEO, Bombardier and CN; former Clerk of the Privy Council and Secretary of the Cabinet; Director Rio Tinto plc and Rio Tinto Ltd.; Director McCain Foods and Chairman, Global Container Terminals (GCT)  
*Canada*  
Term expires: December 2009

**R Jeff van Rooyen**

Chief Executive, Uranus Investment Holdings; former Vice Chairman, Executive Committee, International Organization of Securities Commissions (IOSCO); former CEO, South African Financial Services Board  
*South Africa*  
Term expires: December 2009

**S Antonio Vegezzi**

President of Capital Italia Fund, former President & Director Capital International; former Director of the Capital Group Companies  
*Switzerland*  
Term expires: December 2010

**Trustees retiring at December 2008**

**T Max Dietrich Kley**

Member of the Supervisory Board, BASF SE  
*Germany*

**David L Shedlarz**

Former Vice Chairman, Pfizer Inc  
*United States*

**U Junichi Ujiie**

Chairman, Nomura Holdings Inc  
*Japan*



# Members of the International Accounting Standards Board

## A Sir David Tweedie

Appointed: January 2001  
Term expires: 30 June 2011

## B Thomas E Jones

Appointed: January 2001  
Term expires: 30 June 2009

## C Professor Mary E Barth

Appointed: January 2001  
Term expires: 30 June 2009

## D Stephen Cooper

Appointed: July 2007  
Term expires: 30 June 2012

## E Philippe Danjou

Appointed: July 2006  
Term expires: 30 June 2011

## F Jan Engström

Appointed: May 2004  
Term expires: 30 June 2014

## G Robert P Garnett

Appointed: April 2001  
Term expires: 30 June 2010

## H Gilbert Gélard

Appointed: January 2001  
Term expires: 30 June 2010

## I Prabhakar Kalavacherla ('PK')

Appointed: January 2009  
Term expires: 30 June 2013



**J James J Leisenring**  
Appointed: January 2001  
Term expires: 30 June 2010

**K Warren J McGregor**  
Appointed: January 2001  
Term expires: 30 June 2011

**L John T Smith**  
Appointed: September 2002  
Term expires: 30 June 2012

**M Tatsumi Yamada**  
Appointed: January 2001  
Term expires: 30 June 2011

**N Wei-Guo Zhang**  
Appointed: July 2007  
Term expires: 30 June 2012



# Members of the International Financial Reporting Interpretations Committee

At 31 December 2008

Name and affiliation	Term expires	Name and affiliation	Term expires
<p><b>Luca Cencioni</b> Senior Accounting Manager Eni S.p.A <i>Italy</i></p>	30 June 2011	<p><b>Margaret M (Peggy) Smyth</b> Vice President, Controller, United Technologies Corp <i>United States</i></p>	30 June 2011
<p><b>Guido Fladt</b> Partner PricewaterhouseCoopers <i>Germany</i></p>	30 June 2010	<p><b>Scott Taub</b> Managing Director, Financial Reporting Advisors, LLC, United States, and former Acting Chief Accountant and Deputy Chief Accountant, US Securities and Exchange Commission <i>United States</i></p>	30 June 2011
<p><b>Bernd Hacker</b> Head of Standard Setter Liaison and Financial Instruments Accounting Policies Siemens <i>Germany</i></p>	30 June 2010	<p><b>Andrew Vials</b> Partner KPMG LLP <i>UK</i></p>	30 June 2010
<p><b>Sara York Kenny</b> Principal Accounting Advisor International Finance Corporation <i>United States</i></p>	30 June 2012	<p><b>Ken Wild</b> Partner Deloitte &amp; Touche <i>UK</i></p>	30 June 2009
<p><b>Jean-Louis Lebrun</b> Partner Mazars &amp; Guerard <i>France</i></p>	30 June 2008	<p><b>Non-voting Chairman</b> <b>Robert P Garnett</b> Member, International Accounting Standards Board</p>	
<p><b>Takatsugu Ochi</b> General Manager, Planning and Administration Department Sumitomo Corporation <i>Japan</i></p>	30 June 2012	<p><b>Official Observers</b> European Commission The International Organization of Securities Commissions</p>	
<p><b>Jean Paré</b> Vice President, Financial Reporting Bombardier <i>Canada</i></p>	30 June 2011		
<p><b>Joanna Perry</b> Company Director and Current Chair Financial Reporting Standards Board <i>New Zealand</i></p>	30 June 2011		
<p><b>Ruth Picker</b> Partner – Technical Consulting Group, Global IFRS Ernst &amp; Young <i>Australia</i></p>	30 June 2012		
<p><b>Darrel Scott</b> Head of Group Finance FirstRand Banking Group <i>South Africa</i></p>	30 June 2010		

# Members of the Standards Advisory Council at the end of 2008

At 31 December 2008. The SAC was reconstituted in January 2009. For a list of current SAC members please see the IASB website.

Country	Name and affiliation	Country	Name and affiliation
	<b>CHAIRMAN</b>		
Brazil	<a href="#">Nelson Carvalho</a> Professor, University of São Paulo, Brazil; Financial consultant and litigation expert; Member of various boards and heads of various Audit Committees	Korea	<a href="#">Suk Jun Lee</a> Vice President, Corporates Overseas Management Team, Samsung Electronics Co., Limited
	<b>AFRICA</b>	Japan	<a href="#">Dr Eiko Tsujiyama</a> Professor of Accounting, Waseda University, Faculty of Commerce & Business
Cameroon	<a href="#">Benoît Antoine Atangana Onana</a> Former President, Institute of Chartered Accountants of Cameroon; Senior Partner and General Manager, African Consulting Enterprise; Member of National Education Private Sector	China	<a href="#">Wang Jun</a> Vice Minister, Ministry of Finance, People's Republic of China; Secretary- General, China Accounting Standards Committee, People's Republic of China
South Africa	<a href="#">Christine Ramon</a> Executive Director and Chief Financial Officer, Sasol Limited	Japan	<a href="#">Yoshiki Yagi</a> Senior Advisor Emeritus, Hitachi Limited
	<b>ASIA-OCEANIA</b>		<b>EUROPE</b>
Australia	<a href="#">Judith Downes</a> Chief Financial Officer, Alumina Limited	Spain	<a href="#">José Antonio Alvarez</a> Chief Financial Officer, Grupo Santander, Ciudad Grupo Santander
India	<a href="#">Shailesh V Haribhakti</a> Managing Partner and CEO, Haribhakti & Co.	United Kingdom	<a href="#">Sarah Deans</a> Executive Director/Head of Accounting and Valuation Research, JP Morgan
Hong Kong	<a href="#">P M Kam</a> Group Financial Controller, Jardine Matheson Ltd	Italy	<a href="#">Alberto Giussani</a> Member of the Italian National Setter; Professor of Accountancy, University of Milan
Malaysia	<a href="#">Professor Rifaat Ahmed Abdel Karim</a> Secretary-General, Islamic Financial Services Board	Italy	<a href="#">Mauro Grande</a> European Union Institution Director, Financial Stability and Supervision, European Central Bank
Singapore	<a href="#">Yeoh Oon Jin</a> Partner, Head of Assurance, PricewaterhouseCoopers	Norway	<a href="#">Ingebret Hisdal</a> Managing Partner, Deloitte
Singapore	<a href="#">Anna Di Michele</a> Executive Director, P&S Consulting, UBS AG		



Country	Name and affiliation
United Kingdom	<a href="#">David Lindsell</a> Retired partner, Ernst & Young, United Kingdom; Member of Supervisory Board of European Financial Reporting Advisory Group (EFRAG) and Deputy Chair of UK Financial Reporting Review Panel
France	<a href="#">Patrice Marteau</a> Chairman, ACTEO; Senior Adviser, ABN AMRO Bank
Germany	<a href="#">Heinz-Joachim Neubürger</a> Chairman of the Executive Board, Accounting Standards Committee of Germany (GASC)
Germany	<a href="#">Jochen Pape</a> Retired Partner, PricewaterhouseCoopers, Germany; since 1 July 2007, Vice-President, German Accounting Standards Board
Russia	<a href="#">Vladimir Preobrazhenskiy</a> Chief Financial Officer, Siberian Coal Energy Company
European Union Institution	<a href="#">Richard Thorpe</a> Member, Financial Reporting Committee, Committee of European Securities Regulators (CESR-fin); Head of Capital Adequacy Policy and Accounting and Auditing Sector Leader, UK Financial Services Authority
Switzerland	<a href="#">Will Widdowson</a> Head Group Accounting Policy and Group SOX Officer, UBS AG

Country	Name and affiliation
<b>LATIN AMERICA</b>	
Argentina	<a href="#">Hector Estruga</a> Retired Partner and former Professional Practice Director for South America, Ernst & Young; Consultant to E&Y; Member, CENCYA (Special Audit and Accounting Standards Committee); Argentine Federation of Professional Council in Economic Sciences
Mexico	<a href="#">Hector J Vela Dib</a> Corporate Financing and Banking Relations Director for Spain, France, Middle East, Asia & Africa, CEMEX
<b>MIDDLE EAST</b>	
Israel	<a href="#">Adir Inbar</a> Professional Leader and Senior Audit Partner, Deloitte Touche Tohmatsu
<b>NORTH AMERICA</b>	
United States	<a href="#">Michael Paul Cangemi</a> President and CEO, Financial Executives International
United States	<a href="#">Trevor Harris</a> Senior Adviser, Morgan Stanley Professor, Columbia Business School
United States	<a href="#">Dane Mott</a> Executive Director/Head of US Accounting and Valuation Research, JP Morgan

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## Name and affiliation

### INTERNATIONAL ORGANISATIONS

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#### Basel Committee of Banking Supervisors

[Sylvie Matherat](#)

Director, Financial Stability Directorate, Bank of France;  
Chair of the Accounting Task Force, Basel Committee

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#### International Association of Insurance Supervisors

[Henning Göbel](#)

Chief Accountant, Bundesanstalt für  
Finanzdienstleistungsaufsicht (Federal Financial  
Supervisory Authority), Germany

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#### International Federation of Accountants

[Ian Ball](#)

Chief Executive Officer

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#### International Monetary Fund

[Kenneth Sullivan](#)

Senior Financial Sector Expert

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#### International Organization of Securities Commissions

[John Carchrae](#)

Chief Accountant, Ontario Securities Commission  
*Now at the World Bank, Vienna*

[Christoph Ernst](#)

Head of the Accounting and Auditing Law Division  
of the Federal Ministry of Justice, Germany

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## Name and affiliation

### United Nations Conference for Trade and Development

[Yoseph Asmelash](#)

Head, Accounting Unit, Division on Investment  
and Enterprise Development

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### World Bank

[Charles A McDonough](#)

Deputy Controller & Chief Accountant

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### OBSERVERS

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#### European Commission

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#### Financial Services Agency of Japan

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#### US Securities and Exchange Commission

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## Senior staff

### IASC Foundation

[Tom Seidenstein](#)  
Chief Operating Officer

[Michael Butcher](#)  
Editorial Director

[Mark Byatt](#)  
Director of Corporate Communications

[Miranda Corti](#)  
Director of Finance & Resources

[Ken Creighton](#)  
Director of IFRS Content Services

[Olivier Servais](#)  
Director of XBRL Activities

[Mike Wells](#)  
Director of IFRS Education Initiative

### IASB

[Peter Clark](#)  
Director of Research

[Gavin Francis](#)  
Director of Capital Markets

[Tricia O'Malley](#)  
Director of Implementation Activities

[Paul Pacter](#)  
Director of Standards for SMEs

[Alan Teixeira](#)  
Director of Technical Activities

[Wayne Upton](#)  
Director of International Activities

# Report of the independent auditors

We have audited the financial statements of the International Accounting Standards Committee Foundation (IASC Foundation) for the year ended 31 December 2008 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of Trustees and auditors

The Trustees are responsible for the preparation of the financial statements in accordance with applicable law, the IASC Foundation's Constitution and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with International Financial Reporting Standards.

Our report has been prepared pursuant to the requirements of our engagement letter to you dated 3 October 2008 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 3 October 2008 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the IASC Foundation'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 IASC Foundation's affairs as at 31 December 2008 and of its comprehensive income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards.



BDO Stoy Hayward LLP  
Chartered Accountants, London  
April 2009

## Statement of comprehensive income

YEAR ENDED 31 DECEMBER 2008	Notes	2008 £'000	2007 £'000
<b>INCOME</b>			
<b>Standard-setting and related activities</b>			
Contributions	3	12,747	11,277
Interest income		553	595
Other income		41	61
		<b>13,341</b>	<b>11,933</b>
<b>PUBLICATIONS AND RELATED ACTIVITIES</b>			
Revenue	4(a)	6,481	4,992
		<b>19,822</b>	<b>16,925</b>
<b>EXPENSES</b>			
<b>Standard-setting and related activities</b>			
Salaries, wages and benefits	5	(10,983)	(9,738)
Trustees' fees	6	(469)	(496)
Cost of meetings, associated travel and accommodation	7	(2,424)	(2,117)
Accommodation	8(a)	(1,302)	(1,320)
Fundraising expenses		(36)	(175)
Other costs	9	(944)	(667)
		<b>(16,158)</b>	<b>(14,513)</b>
<b>PUBLICATIONS AND RELATED ACTIVITIES</b>			
Direct cost of publications and related activities	4(b)	(3,136)	(2,623)
		<b>(19,294)</b>	<b>(17,136)</b>
<b>PROFIT (LOSS) BEFORE FAIR VALUE CHANGES AND EXCHANGE GAINS</b>		<b>528</b>	<b>(211)</b>
<b>Changes in fair value of financial instruments</b>			
Exchange gains	10(d)	(2,977)	(436)
		762	436
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>(1,687)</b>	<b>(211)</b>
<b>Taxation</b>			
	11	(60)	(1)
<b>COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX</b>		<b>(1,747)</b>	<b>(212)</b>

The notes on pages 62 to 73 form part of these financial statements.

## Statement of financial position

AT 31 DECEMBER 2008	Notes	2008 £'000	2007 £'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10(a)	6,647	4,752
Accrued interest receivable on bonds		139	91
Contributions receivable	3	334	1,053
Trade and other receivables	10(c)	640	539
Prepaid expenses		459	442
Inventories	13	77	78
Bonds	10(b)	1,375	3,148
		<b>9,671</b>	<b>10,103</b>
<b>Non-current assets</b>			
Bonds	10(b)	6,279	4,055
Leasehold improvements, furniture and equipment	8(b)	484	428
		<b>6,763</b>	<b>4,483</b>
<b>TOTAL ASSETS</b>		<b>16,434</b>	<b>14,586</b>
<b>LESS: LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		659	668
Accrued expenses and sundry payables		1,259	1,099
Contributions received in advance	3	176	264
Rent incentive		43	50
Publications revenue received in advance		876	989
Forward currency contracts at fair value	10 (d)	2,287	139
		<b>5,300</b>	<b>3,209</b>
<b>Non-current liabilities</b>			
Contributions received in advance	3	49	122
Forward currency contracts at fair value	10 (d)	1,208	78
Reinstatement provision	8(c)	413	202
Rent incentive		380	144
		<b>2,050</b>	<b>546</b>
<b>TOTAL LIABILITIES</b>		<b>7,350</b>	<b>3,755</b>
<b>NET ASSETS</b>		<b>9,084</b>	<b>10,831</b>

The financial statements on pages 59 to 73 were approved by the Trustees of the IASC Foundation on 1 April 2009 and authorised for issue on 1 April 2009.

Gerrit Zalm

Chairman of the Trustees

## Statement of cash flows

YEAR ENDED 31 DECEMBER 2008	Notes	2008		2007	
		£'000	£'000	£'000	£'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Contributions		13,305		10,550	
Interest		527		622	
Foreign exchange settlements		(375)		529	
Publications and related activities		6,339		5,074	
Other receipts		72		30	
<b>Cash paid</b>					
Salaries, wages and benefits		(10,832)		(9,921)	
Other expense		(4,468)		(4,055)	
Publications direct costs		(3,091)		(2,610)	
Trustees' fees		(476)		(461)	
<b>NET CASH FROM OPERATING ACTIVITIES</b>			<b>1,001</b>		<b>(242)</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of bonds		(3,321)		(1,185)	
Matured bonds receipts		3,148		1,145	
Interest received		(67)		(141)	
Purchase of furniture and equipment		(3)		(103)	
<b>NET CASH INCREASES FROM INVESTING ACTIVITIES</b>			<b>(243)</b>		<b>(284)</b>
Effects of exchange rate changes on cash and cash equivalents			1,137		(93)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			<b>1,895</b>		<b>(619)</b>
<b>Cash and cash equivalents at beginning of period</b>			<b>4,752</b>		<b>5,371</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>10(a)</b>		<b>6,647</b>		<b>4,752</b>

The notes on pages 62 to 73 form part of these financial statements.

# Notes to the financial statements

## 1. Legal form, objectives and restructuring

Incorporated in the State of Delaware, USA, on 6 February 2001, the International Accounting Standards Committee Foundation (IASC Foundation) is a not-for-profit charitable organisation with its primary operations based in London.

The objectives of the IASC Foundation 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;
- (c) in fulfilling the objectives associated with (a) and (b) to take account of, as appropriate, the special needs of small and medium-sized entities and emerging economies; and
- (d) to bring about convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards to high quality solutions.

The governance of the IASC Foundation rests primarily with the Trustees, who provide oversight of the International Accounting Standards Board (IASB) and its related bodies, the International

Financial Reporting Interpretations Committee (IFRIC) and the Standards Advisory Council. In addition to their general oversight functions, the Trustees appoint the members of the IASB and related bodies, and are responsible for the financial and legal arrangements of the organisation. The IASB, however, has the responsibility for setting accounting standards in accordance with its mandate and the due process set out in the IASC Foundation's Constitution and the IASB's Due Process Handbook.

In 2008 the Trustees advanced the first part of the IASC Foundation's five-yearly Constitution Review. The first part addressed the issue of public accountability of the Trustees, as well as the composition, geographical diversity and size of the IASB. In relation to the organisation's governance, the Trustees considered the creation of a direct link to public authorities – one that would seek to replicate, on an international basis, the link between accounting standard-setters and those public authorities that have generally overseen accounting standard-setters. In reaching conclusions about the proposals for the first part, the IASC Foundation worked closely with a group of public authorities – the International Organization of Securities Commissions (IOSCO), the European Commission, the Japan Financial Services Agency (FSA), and the US Securities and Exchange Commission (SEC). Those organisations issued in November 2007 a press release regarding the IASCF's public accountability, which was consistent with the conclusions on public accountability emerging from the Trustees' strategic review during 2007.

## 2. Accounting policies

### (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards.

For the purposes of organising the financial information the IASC Foundation has categorised income and expenses into two categories; standard-setting and related activities and publications and related activities. Standard-setting and related activities includes all activities associated with standard-setting and support functions required to achieve the organisation's objectives. Publications and related activities includes information related to the sales of print and electronic IFRS materials, educational activities, and XBRL.

### (b) Contributions

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

### (c) Publications and related revenue

Subscriptions to the IASC Foundation's comprehensive package and eIFRS products are recognised as revenue on a time-apportioned basis over the period covered by the subscriptions. Royalties are recognised as revenue on an accruals basis.

Publications direct cost of sales comprises printing costs and other direct costs including publications department salaries and promotion and computer costs. The direct costs do not include other costs of preparing standards, including costs of meetings of the Trustees or the IASB, associated costs of



the IASC Foundation's management team related to the publications programme, the costs of the editorial function involved in 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 IFRIC, the IASB members and technical staff. These costs are included within standard-setting and related activities.

**(d) Inventories**

Inventories of current publications are valued at the lower of net realisable value and the cost of printing the publications. Inventories that have been superseded by new editions are written off.

**(e) Depreciation**

Leasehold improvements and furniture and equipment are initially measured at cost, and depreciated on a straight-line basis (in the case of leasehold improvements over the period of the lease). For all other assets the annual rate applied is 20 per cent of cost, except computer equipment, which is depreciated at 33 1/3 per cent of cost.

**(f) Foreign currency transactions**

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

**(g) Operating leases – office accommodation**

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

**(h) Financial assets**

Investments in bonds are classified at fair value through profit or loss, and the corresponding gains or losses are included in the Statement of Comprehensive Income.

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the IASC Foundation is committed to purchase or sell the asset. Investments are recognised initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the IASC Foundation has transferred substantially all risks and rewards of ownership.

**(i) Derivative financial assets and liabilities**

The IASC Foundation uses contributions, primarily in US dollars and euro, to fund a portion of sterling obligations arising from activities. In accordance with its financial risk management policy, the

IASC Foundation does not hold or issue derivative financial instruments for trading purposes; the forward foreign currency hedges are entered into to provide certainty regarding funding to protect against currency fluctuation on future cash flows that are designated in US dollars and euro. Derivative financial instruments are recognised at fair value. The corresponding gains or losses are included in the Statement of Comprehensive Income.

**(j) Provisions and contingencies**

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

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

**(k) Critical accounting estimates and judgements**

The IASC Foundation makes estimates and assumptions regarding the future. In the future, actual experience may differ from those estimates and assumptions.

The Trustees consider there are none that are material to the preparation of the financial statements.

**(l) New standards and interpretations issued**

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period on 1 January 2008, except for that explained in (b) below.

*(a) Interpretations effective in 2008 but not relevant*

The following Interpretations of standards are mandatory for accounting periods beginning on or after 1 January 2008 but are not relevant to the operations of the IASC Foundation:

- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*
- IFRIC 12 *Service Concession Arrangements*
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*

The adoption of the above Interpretations does not have any impact on the financial statements of the IASC Foundation.

*(b) Standard adopted early*

- IAS 1 *Presentation of Financial Statements* (as revised in 2007) (effective from 1 January 2009).

In 2008 IAS 1 (revised 2007) was adopted early. The revised standard prohibits the presentation of items of income and expenses (ie ‘non-owner changes in equity’) in the statement of changes in equity, requiring them to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning of the comparative period in addition to statements of financial position at the end of the current period and comparative period.

The presentation of the IASC Foundation’s financial statements has been changed as a result of the adoption of the revised standard.

*(c) New standards, Interpretations and amendments to existing standards that are not yet effective and not relevant for the operations of the IASC Foundation.*

- IFRS 8 *Operating Segments* (1 January 2009)
- IFRIC 13 *Customer Loyalty Programmes* (1 July 2008)
- IFRIC 15 *Agreements for the Construction of Real Estate* (1 January 2009)
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (1 October 2008)

- IAS 23 *Borrowing Costs* (as revised in 2007) (1 January 2009)
- *Vesting Conditions and Cancellations* (Amendment to IFRS 2) (1 January 2009)
- *Puttable Financial Instruments and Obligations Arising on Liquidation* (Amendments to IAS 32 and IAS 1) (1 January 2009)
- *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to IFRS 1 and IAS 27) (1 January 2009)
- IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) (1 July 2009)
- IFRS 3 *Business Combinations* (as revised in 2008) (1 July 2009).

The amendments to the following standards as part of the IASB’s annual improvements project issued in May 2008 (1 January 2009):

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (and consequential amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*) (1 July 2009)
- IFRS 7 *Financial Instruments: Disclosures*
- IAS 1 *Presentation of Financial Statements*
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- IAS 10 *Events after the Reporting Period*
- IAS 19 *Employee Benefits*



- IAS 18 *Revenue*
- IAS 23 *Borrowing Costs*
- IAS 28 *Investments in Associates* (and consequential amendments to IAS 32 *Financial Instruments: Presentation* and IFRS 7 *Financial Instruments: Disclosures*)
- IAS 34 *Interim Financial Reporting*
- IAS 36 *Impairment of Assets*
- IAS 38 *Intangible Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*.

### 3. Contributions

The Trustees arrange the majority of the organisation's operations to be funded through a number of national financing regimes. These are established on the following basis:

- **Broad-based:** The funding system will expand the base of support to include major participants in the world's capital markets in order to ensure diversification of resources.
- **Compelling:** The system will carry sufficient pressure to make free riding difficult.
- **Open-ended:** The financing will not be contingent on any particular action that would infringe on the independence of the organisation.
- **Country-specific:** The funding burden should be shared by the major economies of the world on a proportionate basis, using Gross Domestic Product as the determining factor of measurement. Each country should meet its designated target in a manner consistent with the principles above.

A large number of national levies, payments and broad-based regimes were in place for the first time in 2008 and these led to an overall increase in contributions. In 2008 the IASC Foundation received funds of £12,747,000 in contributions (2007: £11,277,000).

Contributions received before 31 December 2008, amounting to £225,000 (2007: £386,000), which were specifically designated by the contributors for use by the IASC Foundation in subsequent years, were recognised as current and non-current liabilities, depending upon the designation of the contributor. Contributions received or confirmed after 31 December 2008, amounting to a total of £334,000 (2007: £1,053,000) specifically designated by the contributors for use by the IASC Foundation in 2008 were recognised as revenues at the end of 2008 and included as contributions receivable.

As at March 2009, the IASC Foundation has £17.1 million in multi-year commitments from country-specific regimes towards a target of £18 million. Many of these contributions are the continuation of existing contributions, mostly either in US dollars or euro. Some of the increase can therefore be explained by the appreciation of the US dollar and euro against sterling. Additionally, more countries are launching funding regimes in 2009. Using the IASC Foundation's website, the Trustees are informing interested parties of their progress on establishing broad-based funding regimes throughout the world.

To assist in their work on the longer-term financing regime, in 2006 the Trustees engaged a fundraising consulting firm to assist in the establishment of the new fundraising system in the United States. The total cost for the fundraising consultancy was £36,000 (2007: £175,000). The engagement ended in November 2008.

## 4. Publications and related activities

### (a) Publications and related revenue

	2008 £'000	2007 £'000
Sales of subscriptions and publications	4,411	3,808
Royalties and permission fees	1,120	1,013
Other related activities	950	171
<b>TOTAL</b>	<b>6,481</b>	<b>4,992</b>

### (b) Publications and related costs

	2008 £'000	2007 £'000
Staff/employee related costs	1,486	1,263
Costs of goods sold	433	377
Depreciation	37	40
Other costs	1,180	943
<b>TOTAL</b>	<b>3,136</b>	<b>2,623</b>

## 5. Salaries, wages and benefits

The IASC Foundation had an average of 101 employees (including IASB members and interns) during 2008 (2007: 91).

	2008		2007	
	£'000	£'000	£'000	£'000
Staff costs, including IASB members' salaries and other costs	10,252		9,126	
Contributions to defined contribution pension plans	533		456	
Recruitment and relocation costs	198		156	
		10,983		9,738
Staff costs included in publications direct expenses (see note 4)				
Salaries and other costs	1,366		1,171	
Contributions to defined contribution pension plans	92		73	
Recruitment and relocation costs	28		19	
		1,486		1,263
<b>TOTAL</b>		<b>12,469</b>		<b>11,001</b>

In order to account for the fact that a number of the IASB members work outside the United Kingdom, the Trustees agree upon an annual remuneration budget for each of the IASB members inclusive of all employer contributions for tax and benefits. In 2008, the total cost for the 13 IASB members' salaries, including all applicable employment taxes and benefits, recruitment expenses, and relocation costs of new IASB

members, amounted to £4,771,000 (2007: £4,735,000). In March 2008, effective for April 2008, the Trustees approved the following remuneration budgets: £476,900 per year for the IASB Chairman (2007: £461,142), £389,680 per year for full-time members (2007: £374,690) and £194,840 per year for part-time members (2007: £187,345).



## 6. Trustees' fees

The Trustees are remunerated by annual and meeting fees and are reimbursed for the expenses of their travel on IASC Foundation business. In 2008 the annual fee for the Chairman of the Trustees was £75,000 (2007: £25,000). The annual fee for the other Trustees was £12,500 (2007: £12,500). Trustees received an attendance fee of £1,000 (2007: £1,000) for each formal meeting of the Trustees and their committees.

## 7. Cost of meetings and associated travel and accommodation

MEETING TYPE	2008 £'000	2007 £'000
IASB	828	732
Trustees	294	250
International Financial Reporting Interpretations Committee and Standards Advisory Council	351	274
Other advisory meetings	445	495
Travel for other consultation and liaison	506	366
<b>TOTAL</b>	<b>2,424</b>	<b>2,117</b>

## 8. Accommodation and other assets

### (a) Accommodation expenses

	2008 £'000	2007 £'000
Rent	610	629
Service charges	164	179
Rates, insurance and energy	342	324
Depreciation	164	167
Other	22	21
<b>TOTAL</b>	<b>1,302</b>	<b>1,320</b>

**(b) Leasehold improvements, furniture and equipment**

<b>2008</b>	<b>Leasehold property £'000</b>	<b>Leasehold improvements £'000</b>	<b>Furniture, equipment £'000</b>	<b>2008 TOTAL £'000</b>
<b>COST</b>				
At 1 January 2008	-	838	771	1,609
Additions	-	190	67	257
Disposals/Retirements	-	-	(23)	(23)
<b>At 31 December 2008</b>	<b>-</b>	<b>1,028</b>	<b>815</b>	<b>1,843</b>
<b>DEPRECIATION</b>				
At 1 January 2008	-	598	583	1,181
Charge for the year	-	110	91	201
Disposals/Retirements	-	-	(23)	(23)
<b>At 31 December 2008</b>	<b>-</b>	<b>708</b>	<b>651</b>	<b>1,359</b>
<b>NET CARRYING AMOUNT AT 31 DECEMBER 2008</b>	<b>-</b>	<b>320</b>	<b>164</b>	<b>484</b>
<b>2007</b>				
	<b>Leasehold property £'000</b>	<b>Leasehold improvements £'000</b>	<b>Furniture, equipment £'000</b>	<b>2007 TOTAL £'000</b>
<b>COST</b>				
At 1 January 2007	65	662	654	1,381
Additions	-	176	141	317
Disposals	(65)	-	(24)	(89)
<b>At 31 December 2007</b>	<b>-</b>	<b>838</b>	<b>771</b>	<b>1,609</b>
<b>DEPRECIATION</b>				
At 1 January 2007	65	484	514	1,063
Charge for the year	-	114	93	207
Disposals	(65)	-	(24)	(89)
<b>At 31 December 2007</b>	<b>-</b>	<b>598</b>	<b>583</b>	<b>1,181</b>
<b>NET CARRYING AMOUNT AT 31 DECEMBER 2007</b>	<b>-</b>	<b>240</b>	<b>188</b>	<b>428</b>



### Capital commitments

At the reporting date the IASC Foundation had no capital commitments (2007: Enil).

#### (c) Reinstatement provision

The IASC Foundation has made the following provision for reinstatement; this provision covers the cost of reinstating the building when the lease expires in September 2018.

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

	2008 £'000	2007 £'000
Balance at 1 January 2008	202	-
Reclassification of provision previously reported in current liabilities	-	106
Provision made in year	211	96
<b>BALANCE AT 31 DECEMBER 2008</b>	<b>413</b>	<b>202</b>

#### (d) Lease commitments

Payments on the leases, excluding service charges and property rates are as follows:

	2008 £'000	2007 £'000
Within one year	400	498
In two to five years	3,113	2,734
More than five years	3,694	4,472
<b>TOTAL</b>	<b>7,207</b>	<b>7,704</b>

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

## 9. Other costs

	2008 £'000	2007 £'000
Communication	376	231
Audit, legal and taxation fees	118	95
External relations	229	182
Others	221	159
<b>TOTAL</b>	<b>944</b>	<b>667</b>

## 10. Financial instruments

Owing to its funding model, which is largely based on contributions in a number of currencies, the IASC Foundation is exposed to a number of financial risks. The IASC Foundation also faces risks associated with its use of financial instruments. This note describes the organisation's objectives, policies and processes for managing those risks and the methods used to measure them.

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

### Principal financial instruments

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

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

**(a) Cash and cash equivalents****Liquidity and credit risk associated with cash and bond holdings**

The IASC Foundation manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities. The IASC Foundation has no bank borrowings. Cash and cash equivalents are designated as loans and receivables.

**Cash holdings:** As a general rule, management seeks to keep an amount in cash equal to or exceeding the upcoming quarter's expenditure. Cash is held either on current or on short-term

deposits at floating rates of interest determined by the relevant bank's prevailing base rate. Part of the cash at bank is held in euro and US dollar accounts. Cash at bank to pay for general operations in London is held by Barclays Bank PLC, London. A US dollar account, used to pay most US dollar expenses, is held by Barclays Bank PLC in New York. Other deposits and balances required from time to time to cover hedging obligations and for investment purposes are held in accounts with Barclays Bank (Suisse) S.A in Geneva. All decisions regarding the Geneva accounts are managed by the Trustees of the IASC Foundation.

			Effective interest rates	
	2008 £'000	2007 £'000	2008 %	2007 %
<b>CASH AND BANK DEPOSITS DUE AFTER 15 DAYS IN GENEVA</b>				
Bank sterling deposits due after 15 days, and within 34 days	2,440	2,979	2.20	6.02
Bank dollar deposits due within 90 days	2,054	560	0.85	4.87
<b>CASH AND BANK DEPOSITS DUE ON DEMAND</b>				
Sterling in London	1,423	493	0.45	0.95
Euro in London	183	162	-	-
US dollar in London	1	5	-	-
US dollar in New York	545	550	-	-
Sterling and US dollar in Geneva	1	3	-	-
<b>TOTAL</b>	<b>6,647</b>	<b>4,752</b>		



## (b) Bonds

**Bond holdings:** The Trustees are conscious of the need to protect against the risks associated with uncertainty relating to funding contributions. The Trustees have invested surplus funds of the IASC Foundation in sterling-denominated, fixed rate notes of the UK government and international organisations with an AAA rating. Funds are divided into relatively equal sums with maturities in each of the next four years, to provide a steady cash flow upon their maturity to replace donor commitments if they are not fulfilled.

The IASC Foundation manages and receives information on its investments in bonds on a fair value basis. Information is provided on that basis to the Trustees and key management personnel. The Foundation's accounting policy, described in note 2(h), reflects this practice.

Bonds are carried at fair value. The maturity of the bonds, all of which are exposed to fair value interest rate risk, is as follows:

	Nominal value	Nominal value	Fair value	Fair value
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
In less than one year	1,343	3,154	1,375	3,148
<b>Total current</b>	<b>1,343</b>	<b>3,154</b>	<b>1,375</b>	<b>3,148</b>
In more than one year and less than two years	1,503	1,354	1,582	1,354
In more than two years and less than three years	2,489	1,502	2,624	1,516
In more than three and less than four years	2,011	1,185	2,073	1,185
<b>Total non-current</b>	<b>6,003</b>	<b>4,041</b>	<b>6,279</b>	<b>4,055</b>
<b>TOTAL</b>			<b>7,654</b>	<b>7,203</b>

Bonds provide a yield in the range of 4.25% to 5.75% per year

## (c) Trade and other receivables

### Credit risk

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

The IASC Foundation has no significant exposure to large or key customers: its largest customer does not exceed 3 per cent of the IASC Foundation's revenues. The maximum exposure to credit risk is the trade receivable balance at the year-end.

	2008	2007
	£'000	£'000
Not yet due	541	425
Overdue but not impaired	99	114
<b>TOTAL</b>	<b>640</b>	<b>539</b>

Where overdue accounts are still unpaid six months or more after invoice date and the IASC Foundation considers the amount impaired it provides for the amount as a bad debt provision in the financial statements. At 31 December 2008 the amount provided for was £25,000 (2007: £nil).

**(d) Currency risk**

The IASC Foundation's expenses arise largely in sterling, whereas the organisation has received funding and future commitments in US dollars and euro to cover the cost of operating the IASB and other overhead costs. The Trustees have implemented a strategy to mitigate the foreign exchange fluctuations and timing risks connected with the various funding regimes.

In anticipation of funding in foreign currency, the IASC Foundation forward sells approximately 90 per cent of its net US dollar contributions and 50 per cent of its net euro contributions to fix a sterling equivalent. Foreign currency is sold forward on a two year rolling basis.

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

**Future contracts US dollar**

	2008			2007		
	Buy £'000	Sell £'000	Weighted average rate	Buy £'000	Sell £'000	Weighted average rate
2008				5,850	11,791	2.016
2009	6,151	11,791	1.917	3,293	6,551	1.989
2010	3,613	6,551	1.813	-	-	-
<b>TOTAL</b>	<b>9,764</b>	<b>18,342</b>	<b>1.878</b>	<b>9,143</b>	<b>18,342</b>	<b>2.006</b>

**Future contracts euro**

	2008			2007		
	Buy £'000	Sell £'000	Weighted average rate	Buy £'000	Sell £'000	Weighted average rate
2008				-	-	-
2009	1,792	2,250	1.255	-	-	-
2010	1,800	2,250	1.250	-	-	-
<b>TOTAL</b>	<b>3,592</b>	<b>4,500</b>	<b>1.253</b>	<b>-</b>	<b>-</b>	<b>-</b>

The ranges of rates for the US dollar are 1.8060 – 1.9970 (2007: 1.997 – 2.023) and the euro 1.250 – 1.255 (2007: nil).

The table below follows the fair values of these contracts as reported in the Statement of Financial Position.

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

Charge in Statement of Comprehensive Income	2008 £'000	2007 £'000
Forward foreign exchange contracts	(3,277)	(512)
Bonds	300	76
<b>CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS</b>	<b>(2,977)</b>	<b>(436)</b>

	Fair value 2008 £'000	Fair value 2007 £'000
Derivatives	(2,287)	(139)
Forward contracts expiring at the end of each calendar quarter of 2009		
Forward contracts expiring at the end of each calendar quarter of 2010	(1,208)	(78)
<b>TOTAL</b>	<b>(3,495)</b>	<b>(217)</b>



### (e) Foreign currency sensitivity

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

	Forward Sales £'000	£ Weakens 10% £'000	£ Strengthens 10% £'000
US dollar	18,342		
Profit and loss effect (before tax)		(1,397)	1,143
Euro	4,500		
Profit and loss effect (before tax)		(533)	341
<b>TOTAL</b>		<b>(1,930)</b>	<b>1,484</b>

From time to time the IASC Foundation holds US dollar funds in anticipation of US dollar liabilities. Over the year the US dollar exchange rate reached a high of 2.04 to sterling, whilst the low point was 1.44 to sterling. The following table shows the sensitivity of the reported results to a potential 10 per cent fluctuation in year-end exchange rates.

	Cash holding £'000	£ Weakens 10% £'000	£ Strengthens 10% £'000
US dollar	3,801		
Profit and loss effect (before tax)		289	(236)
Euro	193		
Profit and loss effect (before tax)		20	(26)
<b>TOTAL</b>		<b>309</b>	<b>(262)</b>

## 11. Taxation

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

In 2006 the IASC Foundation reached an agreement with the UK authorities regarding the status of taxation on its publications and related revenues. In 2008 the taxation charge is calculated on this basis, and is estimated to be £60,000 (2007: £1,000). On the basis of activity from previous years, at the end of 2008 the IASC Foundation is carrying forward a loss for UK tax purposes of £201,000 (2007: £768,000). Consistently with IAS 12 *Income Taxes*, the IASC Foundation does not recognise this loss as a deferred tax asset, because of the uncertainty of being able to utilise this in the future.

## 12. Movement in net assets

	2008 £'000	2007 £'000
Net assets at the beginning of the reporting period	10,831	11,043
Comprehensive income in the year net of tax	(1,747)	(212)
<b>NET ASSETS AT THE END OF THE REPORTING PERIOD</b>	<b>9,084</b>	<b>10,831</b>

## 13. Inventories

Inventory of books amount to £77,000 (2007: £78,000).

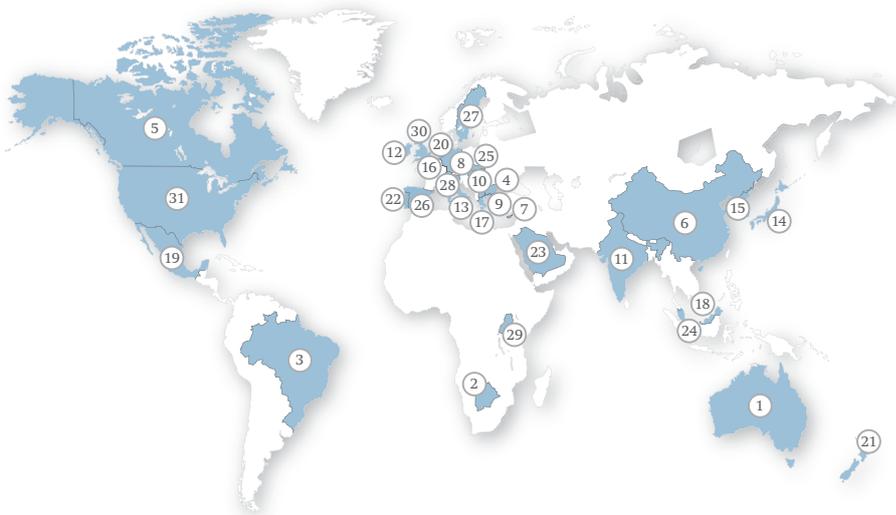
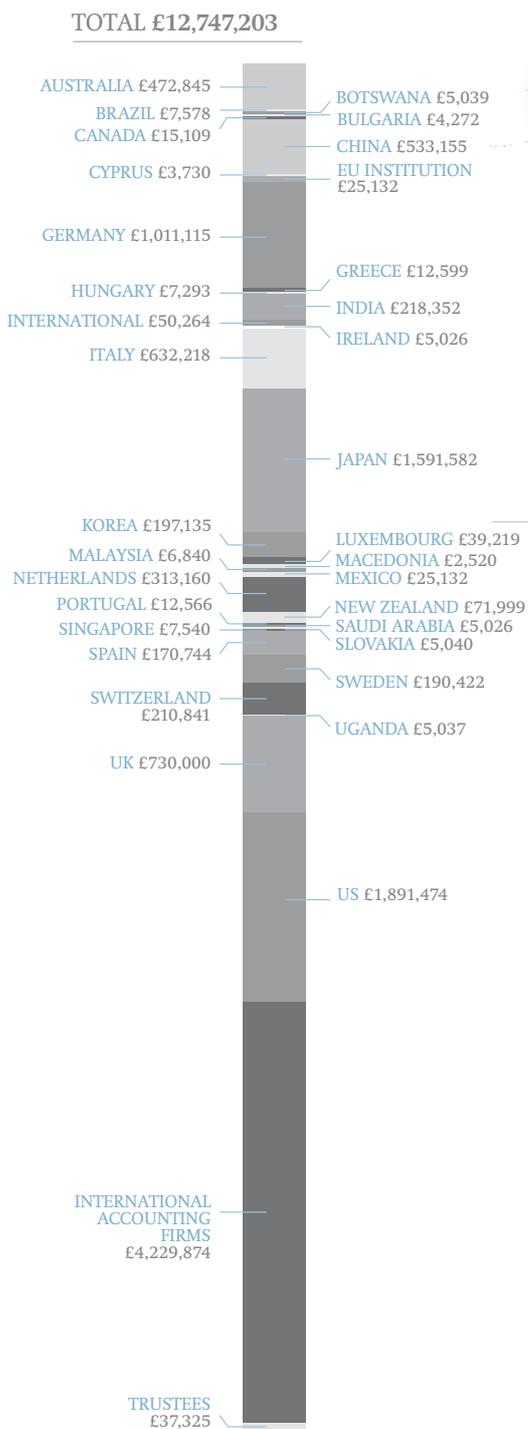
## 14. Approval of financial statements

These financial statements were approved by the Trustees of the IASC Foundation on 1 April 2009 and authorised for issue on 1 April 2009, and at that date there were no significant events after the reporting period.

# 2008 financial supporters

Chart showing country donation in £s

World map showing donations by country



**Key:**

- |             |                      |                 |
|-------------|----------------------|-----------------|
| 1 Australia | 12 Ireland           | 23 Saudi Arabia |
| 2 Botswana  | 13 Italy             | 24 Singapore    |
| 3 Brazil    | 14 Japan             | 25 Slovakia     |
| 4 Bulgaria  | 15 Republic of Korea | 26 Spain        |
| 5 Canada    | 16 Luxembourg        | 27 Sweden       |
| 6 China     | 17 Macedonia         | 28 Switzerland  |
| 7 Cyprus    | 18 Malaysia          | 29 Uganda       |
| 8 Germany   | 19 Mexico            | 30 UK           |
| 9 Greece    | 20 The Netherlands   | 31 US           |
| 10 Hungary  | 21 New Zealand       |                 |
| 11 India    | 22 Portugal          |                 |



## 2008 Financial Supporters (amounts translated into sterling on date received)

Country	Organisation	
Cumulative amount raised by country appears below country name		
<b>AUSTRALIA</b> £472,845	Financial Reporting Council and Australian Accounting Standards Board on behalf of Australian stakeholders	
Less than £25,000	Reserve Bank of Australia	
<b>BOTSWANA</b> £5,039	Bank of Botswana	
<b>BRAZIL</b> £7,578	Brazil Telecom	
<b>BULGARIA</b> £4,272	Bulgarian National Bank	
<b>CANADA</b> £15,109		
Less than £25,000	Bank of Canada	Office of the Superintendent for Financial Institutions Canada
<b>CHINA</b> £533,155	Through system created by the Ministry of Finance	
Less than £25,000	Aluminum Corp of China Ltd.	China Shipping Development
	Anhui Conch	China Telecommunications
	Bank of China	China Vanke
	Bank of Communications	China Unicom Corp Ltd.
	Beijing Capital Company	Dong Feng Motor Group
	Beijing North Star Co Ltd.	Guangzhou R&F Properties
	China Construction	Huaneng Power Int. Inc.
	China COSCO Holdings	Industrial and Commercial Bank of China
	China Int Marine Containers	Jingwei Text Mach Co
	China Life Insurance	PICC Property and Casualty Company
	China Merchants Bank	Ping AN Insurance
	China Mobile Ltd.	Tsing Tao Brewery
	China National Offshore Oil Ltd.	YanZhou Coal Mining Co.
	China Netcom (Group) Corp	ZTE Corporation
	China Shipping Containers	
£25,000 +	China Development Bank	Petrochina
	China Petroleum and Chemical Corp.	Hong Kong Securities and Futures Commission
£50,000 +	Ministry of Finance, PR China	Hong Kong Stock Exchange
	Hong Kong Monetary Authority	

Country	Organisation	
<b>CYPRUS</b> £3,730	Central Bank of Cyprus	
<b>EU INSTITUTION</b> £25,132	European Central Bank	
<b>GERMANY</b> £1,011,115	Voluntary levy through Deutsches Rechnungslegungs Standards Committee e.V, the German standard-setting organisation	
Less than £25,000	Aareal Bank AG	Heidelberger Druckmaschinen AG
	AIXTRON AG	HOCHTIEF AG
	alstria office	Hornbach Holding AG
	Altana AG	HSBC Trinkaus & Burkhardt
	Amadeus Fire AG	HSB Nordbank AG
	AMB Generali Holding AG	Hugo Boss AG
	Arques Industries AG	K+S AG
	Balda AG	KfW Bankengruppe
	Bauer AG	KWS Saat AG
	Beiersdorf AG	Landesbank Baden-Württemberg
	Bilfinger Berger AG	Landesbank Hessen-Thüringen
	Biotest AG	Leifheit AG
	Celesio AG	Lloyd Fonds AG
	CropEnergies AG	MLP AG
	Curanum AG	MTU Aero Engines Holding AG
	D.Logistics AG	Nemetschek AG
	DAB Bank AG	Pfeiffer Vacuum Technologies AG
	DekaBank	Pongs & Zahn AG
	Demag Cranes	Progress-Werk Oberkirch AG
	Deutsche Beteiligungs AG	Qiagen N.V.
	Dürr AG	QSC AG
	EM.Sport	Sal. Oppenheim
	Epcos AG	Salzgitter AG
	Epigenomics AG	SGL Carbon AG
	Evonik Industries AG (RAG AG)	Südzucker AG
	Fuchs Petrolub AG	TA Triumph-Adler AG
	GEA Group AG	TAKKT AG
	Gerresheimer	Talanx AG
	Grammer AG	VIVACON AG
	Graphit Kropfmühl AG	Wacker Chemie AG
	Hannover Rückversicherung AG	WireCard AG
	HeidelbergCement AG	

Country	Organisation	
<b>GERMANY</b> continued		
£25,000 +	adidas AG	Henkel KGaA
	Allianz SE	Hypo Real Estate Holding AG
	BASF AG	Infineon Technologies AG
	Bayer AG	Linde AG
	BMW AG	MAN AG
	Commerzbank AG	Merck KGaG
	Daimler AG	METRO AG
	Deutsche Bank AG	Münchener Rück AG
	Deutsche Börse AG	Robert Bosch GmbH
	Deutsche Post AG	RWE AG
	Deutsche Postbank AG	SAP AG
	Deutsche Lufthansa AG	Siemens AG
	Deutsche Telekom AG	ThyssenKrupp AG
	E.ON AG	TUI AG
	Fresenius Medical Care AG & Co KGaA	Volkswagen AG
<b>GREECE</b> £12,599	Bank of Greece	
<b>HUNGARY</b> £7,293	National Bank of Hungary	
<b>INDIA</b> £218,352	<i>Contributions made through Stock Exchanges</i>	
Less than £25,000	*HDFC Bank Ltd.	
£100,000 +	Bombay Stock Exchange National Stock Exchange of India	
<b>INTERNATIONAL</b> £50,264	Bank for International Settlements	
<b>IRELAND</b> £5,026	Central Bank of Ireland	
<b>ITALY</b> £632,218	<i>Contribution made through Organismo Italiano de Contabilita</i>	
<b>JAPAN</b> £1,591,582	<i>Private company support through Council for Better Corporate Citizenship</i>	
£0 – £50,000	Air Water Inc.	Benesse Corporation
	All Nippon Airways Co., Ltd.	Bridgestone Corporation
	Alps Electric Co., Ltd.	Calbee Foods Co., Ltd.
	Asahi Glass Co., Ltd.	Canon Electronics Inc.
	Asahi Kasei Corporation	Canon Finetech Inc.
	Astellas Pharma Inc.	Canon Inc.
	Bdo Sanyu & Co.	Central Japan Railway Company

Country	Organisation	
<b>JAPAN</b> continued		
	Chugai Pharmaceutical Co., Ltd.	Inpex Holdings Inc.
	Citizen Holdings Co., Ltd.	Investment Trusts Association, Japan (The)
	Cosmos Initia Co., Ltd.	Isuzu Motors Limited
	Dai-Dan Co., Ltd.	Itochu Corporation
	Daiichi Sankyo Company, Limited	Itochu Enex Co., Ltd.
	Daiwa House Industry Co., Ltd.	Itochu Techno-Solutions Corporation
	Dentsu Inc.	Ito-Yokado Co., Ltd.
	Dic Corporation	J.Frontretailing Co., Ltd.
	Ernst & Young Shinnihon Llc	Japan Airlines Corporation
	Familymart Co., Ltd.	Japan Petroleum Exploration Co., Ltd.
	Fanuc Ltd.	Japan Securities Investment Advisers Association
	Fuji Electric Holdings Co., Ltd.	Japan Steel Works, Ltd (The)
	Fuji Film Corporation	Japan Tobacco Inc.
	Fuji Television Network, Inc.	Jasdaq Securities Exchange, Inc.
	Fuji Xerox Co., Ltd.	Jgc Corporation
	Fujikura Ltd.	Js Group Corporation
	Fujitsu Limited	Jupiter Telecommunications Co., Ltd.
	Grant Thornton Taiyo Asg	Kadokawa Group Holdings, Inc.
	Hamamatsu Photonics K.K.	Kajima Corporation
	Hanwa Co., Ltd.	Kanto Auto Works, Ltd.
	Hirose Electric Co., Ltd.	Kao Corporation
	Hitachi Cable, Ltd.	Kataoka & Co., Ltd.
	Hitachi Capital Corporation	Kansai Electric Power Co., Inc (The)
	Hitachi Chemical Co., Ltd.	Kawasaki Kisen Kaisha, Ltd.
	Hitachi High-Technologies Corporation	Kddi Corporation
	Hitachi Kokusai Electric Inc.	Kikkoman Corporation
	Hitachi Metals, Ltd.	Kissei Pharmaceutical Co., Ltd.
	Hitachi Software Engineering Co., Ltd.	Kobayashi Pharmaceutical Co., Ltd.
	Hitachi Transport System, Ltd.	Komatsu Ltd.
	Idemitsu Kosan Co., Ltd.	Konami Corporation
	Ihi Corporation	Kowa Company, Ltd.

\*Contribution for 2007 but received in 2008.



Country	Organisation	
JAPAN continued	Kyb Corporation	Nippon Oil Corporation
	Kyocera Corporation	Nippon Paint Co., Ltd.
	Kyoto Audit Corporation	Nippon Paper Group, Inc.
	Lion Corporation	Nippon Paper Industries Co., Ltd.
	Maeda Corporation	Nippon Shokubai Co., Ltd.
	Marubeni Corporation	Nippon Steel Corporation
	Matsushita Electric Industrial Co., Ltd.	Nippon Telegraph And Telephone Corporation
	Matsushita Electric Works, Ltd.	Nisshin Oillio Group, Ltd. (The)
	Mazda Motor Corporation	Nisshin Seifun Group Inc.
	Mediceo Paltac Holdings Co., Ltd.	Nisshinbo Industries, Inc.
	Meidensha Corporation	Nissin Food Products Co., Ltd.
	Meiji Seika Kaisha, Ltd.	Nittetsu Mining Co., Ltd.
	Meitec Corporation	Nitto Denko Corporation
	Mitsubishi Chemical Corporation	Nomura Research Institute, Ltd.
	Mitsubishi Corporation	Nsk Ltd.
	Mitsubishi Electric Corporation	Obayashi Corporation
	Mitsubishi Heavy Industries, Ltd.	Oji Paper Co., Ltd.
	Mitsui & Co., Ltd.	Omc Card, Inc.
	Mitsui Chemicals, Inc.	Osaka Securities Exchange Co., Ltd.
	Mitsui Fudosan Co., Ltd.	Pioneer Corporation
	Mitsui O.S.K. Lines, Ltd.	Renesas Technology Corp.
	Mori Building Co., Ltd.	Rengo Co., Ltd.
	Morinaga & Co., Ltd.	Ricoh Company, Ltd.
	Nagase & Company, Ltd.	Rinnai Corporation
	Nankai Electric Railway Co., Ltd.	Sangetsu Co., Ltd.
	Nec Corporation	Sanyo Chemical Industries, Ltd.
	Ngk Insulators, Ltd.	Sanyo Shokai Ltd.
	Nhk Spring Co., Ltd.	Secom Co., Ltd
	Nichirei Corporation	Security Analysts Association Of Japan (The)
	Nikken Sekkei Ltd.	Seiko Epson Corporation
	Nippon Corporation	Seiko Holdings Corporation
	Nippon Flour Mills Co., Ltd.	Shiseido Co., Ltd.
	Nippon Kayaku Co., Ltd.	Showa Denko K.K.
Nippon Metal Industry Co., Ltd.	Showa Shell Sekiyu K.K.	

Country	Organisation		
JAPAN continued	Sekisui House, Ltd.	Terumo Corporation	
	Sg Holdings Co., Ltd.	Toda Corporation	
	Sharp Corporation	Tokai Carbon Co., Ltd.	
	Shimizu Corporation	Tokai Rubber Industries, Ltd.	
	Shinmaywa Industries, Ltd.	Tokuyama Corporation	
	Sony Corporation	Tokyo Broadcasting System	
	Square Enix Co., Ltd.	Toppaan Printing Co., Ltd.	
	Sumisho Computer Systems Corporation	Toray Industries, Inc.	
	Sumitomo Chemical Co., Ltd.	Toshiba Corporation	
	Sumitomo Corporation	Toyo Ink Mfg. Co., Ltd.	
	Sumitomo Electric Industries, Ltd.	Toyota Motor Corporation	
	Sumitomo Forestry Co., Ltd.	Toyota Tsusho Corporation	
	Sumitomo Metal Mining Co., Ltd.	Ube Industries, Ltd.	
	Taisei Corporation	Ushio Inc.	
	Taisho Pharmaceutical Co., Ltd.	Wacoal Holdings Corp.	
	Taiyo Nippon Sanso Corporation	Yamaha Motor Co., Ltd.	
	Takeda Pharmaceutical Company Limited	Yazaki Corporation	
	Tdk Corporation	Zeon Corporation	
	Teijin Limited		
	£25,000 +	Bank of Japan	
	£50,000 +	Deloitte Touche Tohmatsu	KPMG AZSA & Co.
		General Insurance Association of Japan	Life Insurance Association Of Japan (The)
		Japan Securities Dealers Association	Pricewaterhouse Coopers Aarata
		Japanese Bankers Association	Tokyo Stock Exchange Group, Inc.
		Japanese Institute of Certified Public Accountants (The)	Trust Companies Association of Japan (The)
	KOREA	Contribution organised through Korea Accounting Standards Board	
£197,135			
Less than £25,000	*Bank of Korea	Industrial Bank of Korea	
	Deloitte Anjin	Kookmin Bank	
	Ernst & Young Han Young	Korea Electric Power	
	Financial Supervisory Service	KT Corporation	
	GS Galtex	KT&G	
	Hyundai Motor Company	LG Electronics	

\*Contribution for 2007 but received in 2008.

Country	Organisation	
<b>KOREA continued</b>		
Less than £25,000	LG Phillips LCD	SK Telecom Co., Ltd.
	POSCO	S-Oil Corporation
	Samil PricewaterhouseCoopers	Tong Yang Securities Inc.
	Samsung Securities	Woori Financial Group
	Shinhan Financial Group	Samjong Accounting Corp.
£25,000 +	Samsung Electronics	
<b>LUXEMBOURG</b> £39,219	Bourse de Luxembourg	
<b>MACEDONIA</b> £2,520	National Bank of Macedonia	
<b>MALAYSIA</b> £6,840	Bank Negara Malaysia	
<b>MEXICO</b> £25,132	Cemex	
<b>NETHERLANDS</b> £313,160		
Less than £25,000	De Nederlandsche Bank	
£100,000 +	The Ministry of Finance (national contribution)	
<b>NEW ZEALAND</b> £71,999	Accounting Standards Review Board on behalf of New Zealand stakeholders	
<b>PORTUGAL</b> £12,566	Bank of Portugal	
<b>SAUDI ARABIA</b> £5,026	Saudi Arabian Monetary Agency	
<b>SINGAPORE</b> £7,540	Monetary Authority of Singapore	
<b>SLOVAKIA</b> £5,040	National Bank of Slovakia	
<b>SPAIN</b> £170,744		
Less than £25,000	Banco de Espana	
£50,000 +	Grupo Santander	Telefonica S/A
<b>SWEDEN</b> £190,422	Sjalvregleringen i Sverige Sergice AB	
<b>SWITZERLAND</b> £210,841		
Less than £25,000	AGEN (organised by SWX Swiss Exchange)	Swiss National Bank
	PSP Property (organised by SWX Swiss Exchange)	
£25,000 +	Swiss Reinsurance Company	
£50,000 +	Swiss Bankers Association	Swiss Holdings
<b>UGANDA</b> £5,037	Bank of Uganda	

<b>UK</b> £730,000			
Levy system organised by Financial Reporting Council			
<b>US</b> £1,891,474			
Less than £25,000	Boeing	Merck	
	DuPont	State Street	
	Eli Lilly	United Technologies	
	Financial Executives International	Washington Post	
	£25,000 +	Coca Cola	GM
£25,000 +	ConcoPhillips Company	Pepsico	
	Board of Governors of the Federal Reserve System	Proctor & Gamble	
	Fitch	Standard & Poors	
	£50,000 +	AIG	Microsoft
	Capital Research and Management Company	Moody's Foundation	
£50,000 +	CFA Institute	Oracle	
	Cisco	Pfizer Inc.	
	ExxonMobil	State Farm	
	General Electric	Verizon	
	IBM		
	£100,000 +	Bank of America	JP Morgan Chase
	Citigroup	Lehman Brothers	
	Goldman Sachs	Morgan Stanley	

#### International Accounting Firms

£4,229,874		
£50,000 +	BDO (\$150,000)	Mazars (\$100,000)
	Grant Thornton International (\$150,000)	
£100,000 + (US\$2 million each)	Deloitte and Touche	KPMG
	Ernst & Young	PricewaterhouseCoopers

#### Trustees

£37,325	Two Trustees waived their fees, which have been accounted as contributions.
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# IASB documents current at 1 January 2009

Preface to International Financial Reporting Standards

Framework for the Preparation and Presentation  
of Financial Statements

International Financial Reporting Standards	
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
IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 11	Construction Contracts
IAS 12	Income Taxes
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 <sup>†</sup>
IAS 28	Investments in Associates

International Financial Reporting Standards	
Standards	
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments: 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 standards	
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IFRIC 7	Applying the Restatement Approach under IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes

## International Financial Reporting Standards

### Interpretations of standards

IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-cash Assets to Owners <sup>§</sup>
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 Involving the Legal Form of a Lease
SIC-29	Service Concession Arrangements: Disclosures
SIC-31	Revenue – Barter Transactions Involving Advertising Services
SIC-32	Intangible Assets – Web Site Costs

\* being superseded by revised version issued in 2008

† being superseded by amended version issued in 2008

§ effective date 1 July 2009



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For further information about the IASC Foundation and the IASB and for 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](mailto:publications@iasb.org)

**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](mailto:iasb@iasb.org) | Web: [www.iasb.org](http://www.iasb.org)

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