

2021

IFRS® FOUNDATION

ANNUAL REPORT



CONTENTS



ABOUT US

3 About us



REPORTS

4 Report from the Chair of the IFRS Foundation Trustees
6 Report from the Chair of the International Accounting Standards Board
8 Report from the Chair of the IFRS Foundation Monitoring Board



OVERVIEW

10 Our objectives and how we create value
11 Our people
12 International Accounting Standards Board
13 How we work—due process
14 Our stakeholders and how we engage with them



2021– 2022

16 2021 review
22 2022 priorities



GOVERNANCE

24 Our structure
25 Trustees of the IFRS Foundation
27 Trustee committees
29 Key organisational risks



FINANCIALS

30 Introduction to the financial statements	40 Statement of comprehensive income
33 Report of the Trustees' Audit, Finance and Risk Committee	40 Statement of changes in retained surplus
34 Independent auditor's report to the Trustees of the IFRS Foundation Opinion	41 Statement of financial position
	42 Statement of cash flows
	43 Notes to the financial statements



APPENDICES

58 Funding providers
61 IFRS Advisory Council
63 IFRS Interpretations Committee

ABOUT US

The IFRS Foundation is a not-for-profit organisation established to develop—in the public interest—high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards for general purpose financial reporting, and to promote and facilitate their adoption.

The Standards—IFRS® Accounting Standards and future IFRS® Sustainability Disclosure Standards—are set by the Foundation’s standard-setting bodies, the International Accounting Standards Board (IASB) and the newly formed International Sustainability Standards Board (ISSB).

The IFRS Foundation Trustees oversee the two boards; they, in turn, are accountable to a Monitoring Board of public authorities.

OUR MISSION STATEMENT

Our mission is to develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world. Our work serves the public interest by fostering trust, growth and long-term financial stability in the global economy.



TRANSPARENCY



EFFICIENCY



ACCOUNTABILITY

ABOUT THIS REPORT

This report covers the financial year ended 31 December 2021 and was authorised for issue in March 2022.

We have sought to keep this report concise, with links to further information on our website. If you have questions or feedback on the report, please email communications@ifrs.org.



REPORT FROM THE CHAIR OF THE IFRS FOUNDATION TRUSTEES
ERKKI LIIKANEN

A TRANSFORMATIVE YEAR

INVESTORS ARE PROLIFIC USERS OF FINANCIAL STATEMENTS BASED ON IFRS ACCOUNTING STANDARDS. AND TODAY SEEK TO DRAW ON BROADER INFORMATION FOR ASSESSING ENTERPRISE VALUE THAN THEY DID WHEN THE IFRS FOUNDATION BEGAN ITS WORK 20 YEARS AGO.

Twenty years ago, the IFRS Foundation (then known as the IASC Foundation) set out on an ambitious journey to create a global language for financial reporting, now known as IFRS Accounting Standards. It was a demand-led initiative responding to investors' needs to compare the financial performance of companies around the world on a like-for-like basis. This further gained momentum following the Asian financial crisis and other market failures.

Today, IFRS Accounting Standards are required for use by more than 140 jurisdictions. The Accounting Standards are the world's closest thing to a truly global language for financial reporting. Moreover, the IFRS Foundation and the International Accounting Standards Board (IASB) as its standard-setting board are held in high regard as an integral part of the fabric of the global financial system. On the occasion of our 20th anniversary, I recognise the many

people who have been part of our work, past and present, within and outside our organisation. It has been a remarkable achievement.

IASB LEADERSHIP CHANGE

During 2021, we said goodbye to Hans Hoogervorst after he had completed his second five-year term as Chair of the IASB. Hans provided strong and effective leadership—helping navigate, among other things, the IASB's response to the global financial crisis and the introduction of major enhancements to IFRS Accounting Standards, including new financial instruments and lease accounting requirements, as well as enhanced revenue reporting requirements. We are pleased to welcome Andreas Barckow as Hans's successor. Andreas has already made impact on the organisation and we look forward to seeing the IASB further develop under his leadership.

A NEW BOARD

Of course, nothing stays still. Investors are prolific users of financial statements based on IFRS Accounting Standards and today seek to draw on broader information for assessing enterprise value than they did when the IFRS Foundation began its work 20 years ago. This need for a broad range of information is particularly true when it comes to sustainability-related information. Echoing developments from 20 years ago, the IFRS Foundation Trustees have once again responded to significant demand—including this time, from the G20, 750 respondents to our consultations and others—by creating the International Sustainability Standards Board (ISSB) at the November 2021 COP26 Climate Conference. The ISSB’s goal is to develop standards that provide a comprehensive global baseline of sustainability disclosures for the financial markets. The ISSB will sit alongside the IASB within the governance structure of the IFRS Foundation, ensuring IFRS Accounting Standards and IFRS Sustainability Disclosure Standards are complementary and compatible.

At the same time, we also announced the exciting news that the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) will be joining the ‘IFRS family’ (see page 17), and published prototype requirements for climate and general disclosures, developed by a Technical Readiness Working Group of leading organisations

with expertise in sustainability and integrated reporting standard-setting focused on meeting investors’ needs. The ISSB will have a global footprint, with key functions in Frankfurt and Montreal and further resources in London and San Francisco. Discussions regarding the ISSB’s Asian presence are taking place.

The announcement at COP26 received wide support from around the world and across all stakeholder groups. I would like to thank the thousands of people and organisations who have contributed to or provided feedback on this work. I also pay tribute to my fellow Trustees and staff of the IFRS Foundation that have worked tirelessly and at pace to meet a highly ambitious timeline. These achievements belie the relatively small size of the IFRS Foundation team. They all deserve a great deal of credit.

THE YEAR AHEAD

For 2022, our challenge is to move diligently once again, at pace, establishing the new board, its leadership, membership and staff—while working in close cooperation with jurisdictions around the world. We were delighted to welcome Emmanuel Faber as Chair of the ISSB, and look forward to seeing the ISSB develop under his leadership. The important work of the IASB will of course continue, guided by the IASB’s new work plan for 2022–2026 informed by its Third Agenda Consultation.

COVID-19

Finally, let me say a few words about covid-19. The challenging backdrop of a global pandemic has presented many difficulties for all organisations and their staff. Our first thought must always be with those directly affected by the virus. In keeping with our values, we continued to put our people’s well-being first—both staff and our stakeholders. The direction of the pandemic is uncertain and we will seek to use lessons learned, such as the use of technology for global collaboration and more flexible working practices.

THANK YOU

Two of my fellow Trustees finished their terms of service at the end of December, and at the beginning of 2022 we welcomed Jorge Familiar and Keiko Tashiro. On behalf of the Trustees, I thank Guillermo Babatz and Kazuyuki Masu for their valuable contributions and look forward to working with our new colleagues. I also thank our financial contributors; stakeholders around the world who have placed their trust in and contributed to our work; our colleagues; and the many people around the world that have played roles in our success.

THE ROUTE TO FORMING THE INTERNATIONAL SUSTAINABILITY STANDARDS BOARD

SEPTEMBER
2020

Consulted publicly on demand for sustainability information and possible role for the Foundation

MARCH
2021

Announced strategic priorities for possible new board and created working groups

APRIL
2021

Consulted publicly on proposed changes to the *Constitution*

JUNE
2021

Called for nominations for the ISSB Chair and Vice-Chair(s)

NOVEMBER
2021

Announced formation of the ISSB, consolidation with CDSB and VRF and publication of prototypes

DECEMBER
2021

Announced appointment of Emmanuel Faber as inaugural ISSB Chair



REPORT FROM THE CHAIR OF THE INTERNATIONAL ACCOUNTING STANDARDS BOARD
ANDREAS BARCKOW

SETTING COURSE FOR THE IASB'S NEXT AGENDA

" WE HAVE ASKED A LOT FROM YOU, OUR STAKEHOLDERS, OVER THE PAST 18 MONTHS OR SO AND ARE GRATEFUL FOR THE AMOUNT OF TIME YOU HAVE SPENT PROVIDING YOUR VIEWS TO US—IT IS TRULY APPRECIATED.

Last year, my predecessor, Hans Hoogervorst, wrote in his final report that 2020 had been a challenging year, both for the IASB and for our stakeholders. In retrospect, 2021 didn't turn out to be significantly different: the pandemic continued to dominate our lives. I would like to express my gratitude to everyone in our organisation for having worked hard and enabling us to deliver our work in this challenging environment.

In 2021 the IASB launched several significant consultations. However, we have probably reached the peak of that part of our due process for a while and a period with fewer public consultations will follow.

We have asked a lot from you, our stakeholders, over the past 18 months or so and are grateful for the amount of time you have spent providing your views to us—it is truly appreciated. We

will now duly consider and reflect on your feedback as we continue our technical deliberations.

FIRST IMPRESSIONS

I assumed my new role as IASB Chair in July. I have known the IASB for a long time, having observed its meetings in person over a period of almost 15 years and having served on several of its advisory committees. This experience has certainly helped me get started, even though it was not until late August that I was finally able to see and meet my colleagues in person, due to covid-19 restrictions.

We were fortunate to meet in person from September, and this has certainly had a positive impact on the engagement and enthusiasm of IASB members and staff alike. We look forward to restarting in-person meetings. Virtual meetings are efficient, no doubt; they are cost- and time-effective, and they do not require

people flying from A to B. Yet, they lack what I regard as a very important ingredient to our work: personal exchanges, face-to-face, both in the meeting room and in the hallway.

I am also hoping to be able to finally make some of my formal introductions around the globe in 2022 that had to be postponed in 2021 because of the pandemic. I would like to meet as many of our stakeholders around the world as is feasible and allowable given our existing work programme.

AGENDA CONSULTATION THEMES

I've already touched on the consultations we launched in 2021, seeking stakeholder input on: Business Combinations under Common Control; Management Commentary; a new approach towards disclosure requirements; and the first phase of the Post-implementation Review of IFRS 9 *Financial Instruments*, to name but a few.

One of our consultations in 2021 was not devoted to a technical project, but instead was aimed at helping us develop our work plan 2022 to 2026. Our *Constitution* requires us to launch an agenda consultation every five years, consulting on where and how to use our resources. We asked for views regarding the overall balance of our activities, the criteria used to prioritise one topic over another, and, finally, the potential topical areas themselves.

We received detailed feedback from around the globe. Most respondents agreed with keeping the balance of our activities approximately at the same

level as today. They also agreed with the criteria suggested for choosing some topics and rejecting others. And, perhaps most surprisingly, there was a huge degree of consensus on which topics we should be turning our attention to—intangibles were high up the list, with climate-related risks, cryptocurrencies and the statement of cash flows being close followers. We expect to present the outcome of this project and our five-yearly work plan around mid-2022, so stay tuned.

OWN PRIORITIES

Deciding on the new work plan does not mean that we will start work on new projects immediately; nor do we stop our current work merely because of the arrival of a new Chair. The IASB has an active agenda with important projects that I am fully committed to take over the finish line, including the Goodwill and Impairment, Primary Financial Statements and Rate-Regulated Activities projects. We are in the process of carefully considering the feedback from our consultations on these projects before making firm decisions. Given that the majority of our current projects will not be finished by the end of 2022, we need to be realistic about how many new projects we can launch and when. And we need to be mindful of our stakeholders' capacity to engage in consultations and implement changes.

However, I am equally committed to work with my Board to bring about transparency in some areas of financial reporting where it is clearly lacking today. While I acknowledge that our suite of standards is comprehensive, it is

nonetheless incomplete in some areas. I have already mentioned the area of intangibles, which are widely recognised as key value drivers, but are largely hidden from the financial statements and the notes.

CONNECTIVITY WITH ISSB

Another area concerns longer-term risks and opportunities. In November, our Trustees announced the creation of a parallel board to the IASB that would be tasked with setting sustainability disclosure requirements. I welcome this development, which focuses on the strategic side of reporting, including risks and opportunities that are connected to the business strategy. It is therefore a logical extension to the Foundation's remit.

No doubt the two boards may sometimes focus on similar issues or one board's work is at least tangential to that of the other, so working closely together is a must: we want to do our utmost to make our Standards compatible and complementary—to facilitate seamless reporting by companies to provide investors with a comprehensive, decision-useful set of information. The need for connectivity between the two boards has been a key argument for housing both boards in the same organisation. And I am very much looking forward to working with ISSB Chair, Emmanuel Faber, and his team to take corporate reporting to the next level.

BIOGRAPHY

Andreas Barckow became Chair of the IASB on 1 July 2021. Before he joined the IFRS Foundation, he served as President of the Accounting Standards Committee of Germany (Deutsches Rechnungslegungs Standards Committee e.V.) from 2015 to 2021.

He is an acknowledged expert in IFRS Accounting Standards, having previously served as the lead technical

partner for financial reporting matters in the German member firm of Deloitte. He also served as a member of the IASB's Accounting Standards Advisory Forum and was a representative on the IFRS Advisory Council.

Andreas holds a doctorate in Business Administration from the University of Paderborn and is an Honorary Professor at WHU—Otto Beisheim School of Management.



REPORT FROM THE CHAIR OF THE IFRS FOUNDATION MONITORING BOARD
JEAN-PAUL SERVAIS

A COMPREHENSIVE APPROACH FOR CORPORATE REPORTING IN THE PUBLIC INTEREST

2021 has been a landmark year for the IFRS Foundation with the establishment of the International Sustainability Standards Board (ISSB), whose remit is to develop standards that encompass a comprehensive global baseline of high-quality sustainability disclosures for the benefit of investors and the capital markets. As highlighted at COP26 in Glasgow in November 2021, the establishment of the ISSB is a response to the increased interest by investors, regulators and companies advocating for greater consistency and comparability in sustainability disclosures globally.

With the ISSB sitting alongside the IASB under the umbrella of the IFRS Foundation, the boards will jointly play a critical role in promoting comprehensive, high-quality, globally accepted corporate

reporting standards. Having both boards under the oversight of the IFRS Foundation Trustees will facilitate close coordination and connectivity between financial reporting and sustainability disclosures.

EXTENSIVE FEEDBACK

The creation of the ISSB followed an extensive consultation in 2020 and 2021, spanning strategic, technical and organisational topics. The breadth and depth of the feedback from a wide array of stakeholders demonstrated the desire for a global baseline of sustainability disclosure standards and underscored strong support for the IFRS Foundation to play a central role in delivering such standards. The feedback also highlighted the critical importance of the IFRS Foundation governance, its public interest role, and its accountability to public authorities.

These developments resulted in changes to the IFRS Foundation *Constitution* that will not only extend the IFRS Foundation's standard-setting activities to global sustainability disclosure standards but will also bring a new impetus to the IFRS Foundation, with the consolidation of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) with the IFRS Foundation.

In accordance with its mission, the Monitoring Board engaged extensively with the Trustees on this journey and has actively monitored progress that led to the formation of the ISSB and the appointment of Emmanuel Faber as the first ISSB Chair. The Monitoring Board's mandate will be extended to encompass the monitoring of the Trustees' oversight of the ISSB and it will continue to monitor

the effectiveness of the implementation of the constitutional changes, including the consolidation with CDSB and VRF, the multi-location approach and the appointment of the inaugural ISSB board. Critically, the Monitoring Board will ensure that IFRS Sustainability Disclosure Standards are equally responsive to the public interest and subject to the same robust governance, rigorous due process and oversight as are IFRS Accounting Standards.

IASB LEADERSHIP CHANGE

In 2021, we had the pleasure of welcoming Andreas Barckow as IASB Chair succeeding Hans Hoogervorst. Andreas joined at a critical juncture as the IASB was publicly consulting on its future agenda to set its priorities and work plan for 2022 to 2026. This work plan has also been a key focus area for the Monitoring Board and central to our engagement with the Trustees. We look forward to the outcome of this exercise.

Despite the challenges posed by the pandemic, we acknowledge the extensive standard-setting by the IASB with the work conducted on the Business Combinations Under Common Control, Goodwill and Impairment, Primary Financial Statements, the Disclosure Initiative, Management Commentary, and Review of the *IFRS for SMEs*® Standard projects. Consistent application of high-quality corporate reporting standards remains essential for the effective, fair and transparent operation of capital markets and we welcome the efforts made by Andreas, Hans and the IASB to closely engage with stakeholders globally. Stakeholders' feedback on several IASB proposals reiterated the need for close coordination between the IASB and the ISSB and we appreciate that the Trustees, together with the IASB and ISSB leadership, are already considering these matters.

I would also like to acknowledge our deep appreciation for Hans's leadership of the IASB in the last decade with significant

achievements made during his terms and the completion of a suite of major IFRS Accounting Standards.

STRONG WORKING RELATIONSHIPS

We look forward to continuing our excellent working relationship with Erkki Liikanen, the other Trustees and the IFRS Foundation's management and staff as well as with Andreas, with Emmanuel and with the IASB and ISSB leadership as they progress on their agendas to meet our common objective of achieving globally accepted, high-quality corporate reporting standards.

In the light of these important developments, 2021 has been a year of unprecedented activity within the IFRS Foundation ecosystem. I would like to conclude by expressing my deepest gratitude to my Monitoring Board colleagues and our teams for their ongoing support and material contributions throughout the year.

IFRS FOUNDATION MONITORING BOARD

AS AT 31 DECEMBER 2021

Public authority	Member	Position
Chair		
International Organization of Securities Commissions (IOSCO)	Jean-Paul Servais	Chair of the Belgian Financial Services and Markets Authority and representative of the IOSCO Board (Vice-Chair)
Members		
Brazil Securities and Exchange Commission (Comissão de Valores Mobiliários)	Marcelo Barbosa	Chair
European Commission	Valdis Dombrovskis	Vice President for the Euro and Social Dialogue, also in charge of the Financial Stability, Financial Services and Capital Markets Union
IOSCO Growth and Emerging Markets Committee	Yusuf Kaya	Board Member of the Capital Markets Board of Turkey
Japan Financial Services Agency	Takashi Nagaoka	Deputy Commissioner for International Affairs
People's Republic of China Ministry of Finance	Zhu Zhongming	Vice Minister
South Korea Financial Services Commission	Myung Soon Lee	Standing Commissioner
United States Securities and Exchange Commission	Gary Gensler	Chair
Observers		
Basel Committee on Banking Supervision	Katherine Tilghman Hill	Accounting Experts Group (Chair). Representative of the Basel Committee on Banking Supervision
IOSCO European Regional Committee	Gabriel Bernardino	Comissão do Mercado de Valores Mobiliários, Portugal (Chair). Representative of the IOSCO European Regional Committee

More information about the Monitoring Board can be found at https://www.iosco.org/about/?subsection=monitoring_board

OUR OBJECTIVES AND HOW WE CREATE VALUE

The IFRS Foundation’s objectives, set out in the *Constitution*¹, are:

- to develop—in the public interest—high-quality, understandable, enforceable and globally accepted standards for general purpose financial reporting based on clearly articulated principles through the IASB and the ISSB;
- to promote the use and rigorous application of those standards;
- to take account of the needs of varied sizes and types of entities in diverse economic settings; and
- to promote and facilitate adoption of those standards.



¹A revised version of the *Constitution* was published in November 2021 after public consultation to accommodate the creation of the ISSB.

OUR PEOPLE

Our staff come from all over the world and drive the implementation of our strategy, contributing to the organisation’s mission with their expertise, skills and experience. At the end of December 2021, the Foundation had 160 employees from 35 different countries helping us to meet our objectives. Our staff retention rate is high and the age distribution is balanced.

In 2022, through the consolidation of CDSB and VRF with the Foundation and the appointments of ISSB members, the Foundation will become a considerably larger organisation, with staff in multiple locations internationally.



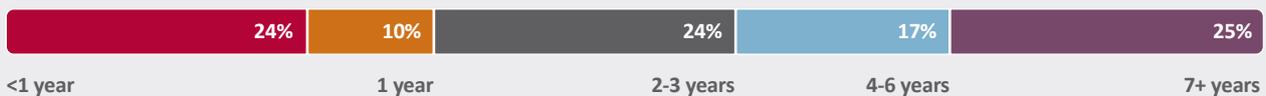
GENDER SPLIT



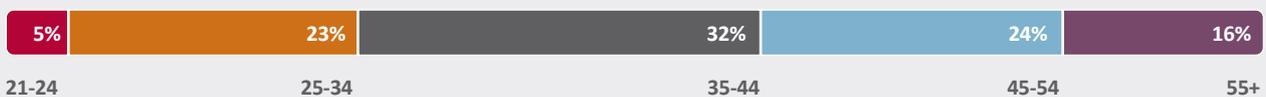
STAFF BY FUNCTION



STAFF BY LENGTH OF SERVICE



STAFF BY AGE



INTERNATIONAL ACCOUNTING STANDARDS BOARD

AS AT 31 DECEMBER 2021



Andreas Barckow¹
Chair

From: Germany
Region: At large
First term ends 30 June 2026



Sue Lloyd²
Vice-Chair

From: New Zealand
Region: Asia-Oceania
Second term ends 31 December 2023



Nick Anderson

From: United Kingdom
Region: Europe
First term ends 31 August 2022



Tadeu Cendon

From: Brazil
Region: Americas
First term ends 30 June 2024



Zach Gast

From: United States
Region: Americas
First term ends 31 July 2025



Jianqiao Lu

From: China
Region: Asia-Oceania
First term ends 31 August 2022



Bruce Mackenzie

From: South Africa
Region: Africa
First term ends 30 September 2025



Bertrand Perrin¹

From: France
Region: Europe
First term ends 30 June 2026



Tom Scott

From: Canada
Region: Americas
First term ends 31 March 2022



Rika Suzuki

From: Japan
Region: Asia-Oceania
First term ends 30 June 2024



Ann Tarca

From: Australia
Region: Asia-Oceania
First term ends 30 June 2022



Mary Tokar

From: United States
Region: Americas
Second term ends 30 June 2022

Hans Hoogervorst and Martin Edelmann completed their second terms and Françoise Flores retired on 30 June 2021.

The required composition and geographical balance of the IASB is set out in the *Constitution*.

More information about the IASB, including member biographies, can be found at www.ifrs.org/groups/international-accounting-standards-board.

HOW WE WORK – DUE PROCESS

The IFRS Foundation has a highly regarded, inclusive and transparent due process for developing IFRS Standards. The IFRS Foundation's due process is outlined in its *Constitution* and in further detail in the *Due Process Handbook*.

The due process enables stakeholders all over the world to contribute to and scrutinise the standard-setting, helping us ensure the best thinking worldwide informs the development of the requirements.

The due process is essential both for developing high-quality IFRS Standards and for ensuring that stakeholders can be confident that all relevant views have been considered when the Standards are developed. The process builds trust, legitimacy and global acceptance of the Standards.

Three underlying principles make our due process robust: transparency, full and fair consultation, and accountability.

The Trustees, who are responsible for the governance of the IFRS Foundation, are also responsible for ensuring that the IASB, the IFRS Interpretations Committee and the ISSB follow the due process. The Trustees carry out this responsibility via their Due Process Oversight Committee.



OUR STAKEHOLDERS AND HOW WE ENGAGE WITH THEM

Effective stakeholder engagement is a prerequisite for the Foundation achieving its objectives. We therefore manage a range of key stakeholder relationships to ensure we receive valuable input and guidance, tailoring that engagement to our stakeholders' needs.

To help us consult widely on our work, we interact with a network of advisory committees and bodies, representing a range of stakeholders, including academics, accounting and investment professionals, preparers, policy-makers, regulators and other standard-setters.

CONSULTATIVE GROUPS FOR THE IASB

The IASB meets publicly with its advisory bodies, standing consultative groups and transition resource groups. Papers and meeting webcasts from these groups are available on our website. The following are examples of these bodies.

Accounting Standards Advisory Forum (ASAF)

ASAF was established to formalise and streamline our collective engagement with the global community of national standard-setters and regional bodies to ensure a broad range of national and regional input on major technical issues.

www.ifrs.org/groups/accounting-standards-advisory-forum

Capital Markets Advisory Committee (CMAC)

CMAC was created to provide the IASB with regular views from investors, internationally. Investors are important stakeholders because they use financial reports prepared using IFRS Accounting Standards. They provide important information and feedback for standard-setting.

www.ifrs.org/groups/capital-markets-advisory-committee

Global Preparers Forum (GPF)

GPF was set up to provide the IASB with regular views from companies that use IFRS Accounting Standards in preparing their financial statements. These preparers provide valuable comments on our consultations and feedback on the practical application of the Standards.

www.ifrs.org/groups/global-preparers-forum

CONSULTATIVE GROUPS FOR THE ISSB

Like the IASB, the ISSB will also draw upon external expertise through several advisory and consultative groups. These groups are currently being created and include:

Sustainability Consultative Committee

Its remit is to provide advice to the ISSB on priority sustainability matters and related technical protocols. Members will include the International Monetary Fund, the Organisation for Economic Co-operation and Development, the United Nations, the World Bank and additional expert members drawn from public, private and non-governmental organisations.

Sustainability Standards Advisory Forum

Its purpose is to provide a mechanism for formal engagement between the ISSB and jurisdictional representatives. The Forum will provide technical advice to the ISSB, specifically advising on the development of IFRS Sustainability Disclosure Standards that meet the information needs of the capital markets and that facilitate interoperability with jurisdictional requirements to meet wider stakeholder information needs.

Anticipated advisory groups

The Foundation will also use CDSB and VRF advisory groups to inform the ISSB's work as well as to provide advice on aligning the reporting required by the IASB and the ISSB.



PART A IFRS
PART B IFRS
PART C IFRS

2021 REVIEW

The Foundation made good progress delivering our strategy and priorities for 2021. These are some of our achievements for the year:

STAKEHOLDER ENGAGEMENT

Aim—ensure the organisation engages with many jurisdictions and types of stakeholders

Achievements:

- enhanced widespread stakeholder engagement on strategic priorities, particularly on sustainability-related disclosures
- conducted outreach on a range of consultation documents published by the Trustees and the IASB
- organised a virtual World Standard-setters Conference in September with nearly 140 participants from 70 countries and more than 30 presenters
- organised a virtual IFRS Foundation Conference in June with over 270 delegates and nearly 50 presenters from over 40 countries

GOVERNANCE AND STRATEGY

Aim—the Trustees oversee the IASB, the IFRS Interpretations Committee and the ISSB, including their due process and outreach, regularly reviewing the strategic direction and making senior appointments

Achievements:

- consulted on and made changes to the Foundation's *Constitution* to enable the creation of the ISSB within the Foundation's governance structure
- continued the sustainability disclosure project, resulting in the announcement about the creation of the ISSB at COP26, and an agreement on consolidation with CDSB and VRF
- maintained regular engagement with the Monitoring Board
- supported successful handover from Hans Hoogervorst to Andreas Barckow as Chair of the IASB
- appointed Emmanuel Faber as inaugural Chair of the ISSB, as well as appointing new members to the Trustees, the IASB, the Interpretations Committee and the Advisory Council

GROWTH, DEVELOPMENT AND WELL-BEING OF OUR PEOPLE

Aim—ensure the well-being and development of the Foundation's boards and staff

Achievements:

- continued efforts to develop staff through coaching, training and other career progression support
- continued to focus on supporting staff throughout the period of remote working due to covid-19 and the transition to returning to the office, including providing training on hybrid working and giving priority to their physical and mental well-being
- supported staff through significant levels of change, including change in leadership of the IASB and the creation of the ISSB, through regular and open communication

CASE STUDY

Towards the creation of the ISSB

On 3 November 2021, the IFRS Foundation officially announced the formation of a new International Sustainability Standards Board (ISSB) at the COP26 Climate Conference in Glasgow. The announcement was the result of six months of technical and strategic considerations on the establishment of the new board within the IFRS Foundation's structure. This work followed the Trustees' 2019–2020 strategic review and consultation, in which the Trustees confirmed an urgent demand for a single set of global sustainability disclosure standards. That consultation also confirmed that the Foundation is uniquely positioned to develop these standards.

With support from organisations and experts who confirmed the urgent need for the Foundation's leadership, the ISSB will develop sustainability disclosure standards that deliver a comprehensive global baseline of high-quality sustainability disclosures to meet investors' information needs. The ISSB will work alongside the IASB within the Foundation.

'FINANCE MINISTERS AND CENTRAL BANK GOVERNORS FROM 40 JURISDICTIONS FROM 6 CONTINENTS JOINED THE UK IN PUBLICLY WELCOMING THE ANNOUNCEMENT OF THE ESTABLISHMENT OF THE ISSB AND ITS WORK PROGRAMME TO DEVELOP A SET OF INTERNATIONALLY CONSISTENT, HIGH-QUALITY AND RELIABLE BASELINE STANDARDS FOR DISCLOSURE OF SUSTAINABILITY-RELATED INFORMATION ON ENTERPRISE VALUE CREATION.'

(UK government, November 2021)

Preparatory work for the new board: The Technical Readiness Working Group

The Trustees created the Technical Readiness Working Group (TRWG) in March 2021 to integrate and build on the work of sustainability initiatives and organisations focused on meeting investors' information needs, and to provide technical recommendations for the ISSB's consideration. The TRWG was also a response to the call from the International Organization of Securities Commissions (IOSCO) for the coordination of work to drive international consistency in companies' sustainability disclosures that inform investors' assessment of enterprise value and investment decision-making. TRWG participants included: the IASB, CDSB, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), the VRF and the World Economic Forum (WEF) and its Measuring Stakeholder Capitalism Initiative. IOSCO and the International Public Sector Accounting Standards Board (IPSASB) participated as observers.

The TRWG prepared eight deliverables for the ISSB's consideration, including two prototype standards, *Climate-related Disclosures* and *General Requirements for Disclosure of Sustainability-related Financial Information* published in November 2021. These prototypes serve as recommendations to the new board.

Consolidation of CDSB and the VRF into the IFRS Foundation

At COP26 the Trustees also announced a commitment to consolidate two leading organisations in sustainability disclosures into the Foundation—the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (which houses the Integrated Reporting Framework and the SASB Standards). The transfer of CDSB's people and intellectual property to the IFRS Foundation happened on 1 February 2022. The merger with the VRF is due to complete by end of June 2022.

'IOSCO'S AIM IS TO ENDORSE THE [ISSB'S CLIMATE DISCLOSURE] STANDARD BEFORE THE END OF 2022 IF IT IS SATISFIED THAT THE STANDARD SETS A PRACTICAL AND EFFECTIVE GLOBAL BASELINE FOR CLIMATE DISCLOSURES TO FINANCIAL MARKETS ACROSS THE GLOBE.'

(IOSCO Report on Sustainability-related Issuer Disclosures, June 2021)



CASE STUDY *(continued)*

Towards the creation of the ISSB

PROFILE: CLIMATE DISCLOSURE STANDARDS BOARD

CDSB was an international consortium of business and environmental non-governmental organisations committed to advancing and aligning the global mainstream corporate reporting model to equate natural and social capital with financial capital.

CDSB offered companies a voluntary framework for reporting information on their environmental and social risks and opportunities, with the same rigour as they report financial information. The CDSB Framework formed a base for the TCFD recommendations and set out an approach for reporting environmental and climate change information in mainstream reports, such as annual reports or integrated reports. CDSB's Framework and technical guidance on climate, water, biodiversity and social disclosures, as well as wider resources, will remain relevant and applicable for companies until the ISSB publishes its corresponding IFRS Sustainability Disclosure Standards.

PROFILE: VALUE REPORTING FOUNDATION

The VRF is a global not-for-profit organisation that offers comprehensive resources designed to help businesses and investors develop a shared understanding of enterprise value—how it is created, preserved and eroded.

The VRF includes:

- the Integrated Thinking Principles, which guide board and management planning and decision-making;
- the Integrated Reporting Framework, which provides principles-based, multi-capital guidance for comprehensive corporate reporting; and
- SASB Standards, which are industry-specific standards that guide disclosure to investors, providing comparable information on the sustainability factors most relevant to enterprise value.

The VRF is advised, supported and guided by stakeholders internationally through its networks and advisory groups to ensure their work is responsive to market needs.

'THE FSB WELCOMES THE CONTINUED PROGRESS THE IFRS FOUNDATION IS MAKING ON ITS INITIATIVE TO DEVELOP A GLOBAL SUSTAINABILITY REPORTING STANDARD, BEGINNING WITH CLIMATE.'

(Financial Stability Board, October 2021)

'WE ALSO WELCOME THE WORK PROGRAMME OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS FOUNDATION TO DEVELOP A BASELINE GLOBAL REPORTING STANDARD UNDER ROBUST GOVERNANCE AND PUBLIC OVERSIGHT, BUILDING UPON THE FSB'S TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES FRAMEWORK AND THE WORK OF SUSTAINABILITY STANDARD-SETTERS.'

(G20 Leaders' Communique, October 2021)

CASE STUDY

Future of work

In late 2020, we established a committee to develop recommendations to the executive leadership about working practices, once the UK government had lifted covid-19 restrictions. Comprising people from across the organisation, the committee shared observations; surveyed staff; examined external research and developments at other

organisations; and debated proposed changes to pre-covid working practices. We are currently running a hybrid-working trial that combines in-office and remote working. When the trial ends, we will further assess and refine our policies to ensure we adopt the most effective and balanced working practices.



2021 REVIEW *(continued)*

EFFICIENT AND EFFECTIVE OPERATIONS

Aim—ensure the Foundation is operationally sound and effective

Achievements:

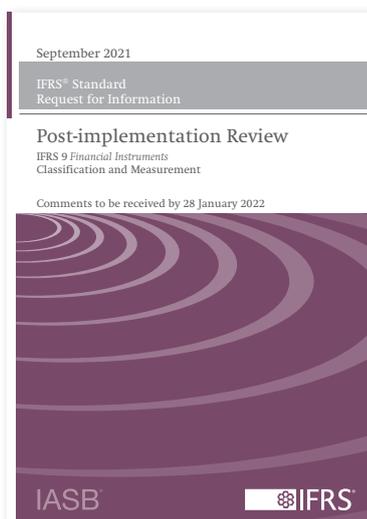
- implemented new processes and upgraded infrastructure to ensure the Foundation is a safe place of work for staff returning to the office as covid-19 restrictions allowed
- made progress in all areas of the Business Process and Technology programme to improve how we work digitally and engage with stakeholders using modern systems and processes by implementing a new customer relationship management system and an enhanced website platform
- introduced the IFRS Standards Navigator, which improved how our web users access and use our issued Standards
- maintained and enhanced internal technology systems to support hybrid working

IFRS ACCOUNTING STANDARDS

Aim—research issues and, if appropriate, develop new and amend existing financial reporting requirements

Achievements:

- published a Request for Information on the IASB's Third Agenda Consultation to gather views on the IASB's priorities for 2022 to 2026
- published consultation documents, conducted outreach and analysed feedback on:
 - Exposure Draft *Regulatory Assets and Regulatory Liabilities*
 - Exposure Draft *Disclosure Requirements in IFRS Standards—A Pilot Approach*
 - Exposure Draft *Management Commentary*
 - Exposure Draft *Subsidiaries without Public Accountability: Disclosures*
- advanced other research and standard-setting projects



CASE STUDY

Post-implementation Review of IFRS 9 *Financial Instruments—Classification and Measurement*

The Foundation's due process requires the IASB to conduct a post-implementation review (PIR) of any new Accounting Standard or major amendment no sooner than two to three years after they come into effect. The objective of such reviews is to assess whether the Standard works as intended.

IFRS 9 *Financial Instruments* was issued in 2014, combining the classification and measurement, impairment and hedge accounting phases of its project to replace and improve IAS 39 *Financial Instruments: Recognition and Measurement*. It became effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 9 specifies how a company is required to classify and measure financial assets and financial liabilities as well as how to classify some contracts to buy or sell non-financial items. The PIR focuses on these requirements, and one area of particular interest concerns financial instruments with sustainability-linked features. The IASB will review the remaining requirements in IFRS 9 at a later stage.

The IASB published a Request for Information in September 2021, open for comment until January 2022. Feedback to the consultation will inform the IASB's decisions on possible next steps.

2021 REVIEW *(continued)*

CONSISTENT APPLICATION

Aim—help stakeholders obtain a common understanding of financial reporting requirements

Achievements:

- issued several final narrow-scope amendments and exposure drafts proposing narrow-scope amendments, including:
 - *Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)*
 - *Covid-19-Related Rent Concessions beyond 30 June 2021*
 - *Exposure Draft Supplier Finance Arrangements*
- responded to submissions to the Interpretations Committee, including by publishing agenda decisions
- published educational materials to support companies in applying going concern requirements

DIGITAL FINANCIAL REPORTING

Aim—facilitate the digital consumption of financial information

Achievements:

- developed IFRS Accounting Taxonomy updates reflecting requirements in IFRS Accounting Standards issued during the year and improvements to the technology underpinning the Taxonomy
- explored digital implications for some IASB presentation and disclosure proposals
- supported regulators using or adopting the IFRS Accounting Taxonomy
- deepened engagement with partners in the digital reporting community to facilitate digital consumption of financial information on a global basis
- conducted early exploratory work and provided input on the digital reporting strategy for the ISSB



CASE STUDY:

Third Agenda Consultation

While the IASB is committed to completing the projects on its current agenda, it also has to consider its future work programme. Every five years the IASB seeks stakeholder views to help shape its future work plan—such periodic consultations are required by the Foundation’s *Constitution*.

In March 2021, the IASB published a Request for Information, asking for public comment on whether it has the right balance between standard-setting, research and other activities in its work and seeking views on priority issues for 2022 to 2026.

This consultation closed in September 2021 and initial feedback analysis showed stakeholders largely think the strategic direction and balance of activities are right.

High priority projects suggested by stakeholders for the next five years include work on climate-related risks (including pollutant pricing mechanisms); cryptocurrencies and related transactions; going concern; intangible assets; and the statement of cash flows. Taking its own capacity as well as the capacity of stakeholders into account, during the first half of 2022 the IASB will consider this feedback and determine the future work plan.

2021 REVIEW *(continued)*

UNDERSTANDABILITY AND ACCESSIBILITY

Aim—improve the understandability and accessibility of our financial reporting requirements

Achievements:

- worked to reduce unnecessary complexity for, and cost to, preparers in applying our Standards, while improving the quality of information provided to investors
- drafted clear Standards with support from dedicated editorial and translation teams, and external reviewers
- made the Standards and related materials more accessible, for example, by publishing IFRS Accounting Standards with annotations and cross-references to other materials, publishing semi-annual compilations of agenda decisions and continuing to build content on the IFRS Standards Navigator, the modernised platform for digital access to IFRS Accounting Standards launched in 2021

IFRS FOR SMEs ACCOUNTING STANDARD

Aim—provide financial reporting requirements tailored for companies that do not have public accountability (SMEs)

Achievements:

- analysed feedback to the Request for Information *Comprehensive Review of the IFRS for SMEs Accounting Standard* published in 2020
- developed possible changes to the *IFRS for SMEs Accounting Standard* to reflect new requirements in IFRS Accounting Standards

SUSTAINABILITY-RELATED TECHNICAL PREPARATORY ACTIVITIES

- participated in the Technical Readiness Working Group (TRWG), created to do preparatory work for the ISSB
- contributed to and supported the development of the two prototypes and other deliverables by the TRWG (see page 17)



CASE STUDY:

Amendments to the IFRS Foundation *Constitution*

In November 2021, the Trustees published a revised *Constitution*. The revisions allowed the Trustees to create the International Sustainability Standards Board (see page 17).

In 2020, as part of their five-yearly review of the strategy of the Foundation, the Trustees published a Consultation Paper to assess the demand for global sustainability-related disclosure standards and to consult on how the Foundation should

respond to that demand. In the light of the feedback to that consultation paper, the Trustees published an exposure draft in April 2021 seeking stakeholder feedback on proposed amendments to the *Constitution*.

The revised *Constitution* provides the framework for the formation of the International Sustainability Standards Board within the governance structure of the IFRS Foundation.

2022 PRIORITIES

TRUSTEES AND FOUNDATION

- appoint inaugural ISSB and new IASB members
- complete consolidation of CDSB and VRF, including developing an operating model, building on the resources and expertise from all organisations
- implement multi-location model for the ISSB
- focus on the well-being and development of staff, and support of stakeholders during the organisational transition
- continue the roll-out of projects in our Business Process and Technology Programme, including a new finance system and a new technical feedback database
- incorporate lessons from virtual stakeholder engagement practices during the pandemic to deepen and broaden stakeholder engagement post-pandemic
- monitor the response to our one-year hybrid-working trial to ensure the organisation adopts best working practices
- in the year ahead, the Foundation will consider its own reporting on sustainability and how it is measuring, analysing and reporting on its performance

IASB

- publish a feedback statement and finalise the IASB's priorities for 2022 to 2026 in response to the Third Agenda Consultation
- advance our technical accounting projects, including Primary Financial Statements and Goodwill and Impairment
- continue supporting consistent application of IFRS Accounting Standards
- continue considering ways to increase the understandability and accessibility of IFRS Accounting Standards
- continue developing the IFRS Accounting Taxonomy and supporting regulators that adopt it

ISSB

- establish operations and decision-making processes
- publish exposure drafts of proposed climate disclosure and general disclosure requirements standards for public consultation
- consult on a proposed taxonomy corresponding with the proposed climate and general disclosure requirements standards
- conduct comprehensive analysis of public feedback, to progress towards issuing the climate and general disclosure requirements standards
- consult publicly on future priorities for the ISSB
- establish and engage with ISSB advisory groups and other stakeholders
- work in close cooperation with the IASB to ensure alignment and compatibility between IFRS Accounting Standards and IFRS Sustainability Disclosure Standards

- publish an exposure draft proposing amendments to the *IFRS for SMEs* Accounting Standard, informed by feedback to the comprehensive review
- assess whether our IFRS Accounting Standards work as intended by completing the Post-implementation Review of IFRS Standards for group accounting (IFRS 10, IFRS 11 and IFRS 12) and the Post-implementation Review of IFRS 9 (classification and measurement requirements), and beginning the Post-implementation Review of IFRS 15
- work in close cooperation with the ISSB to ensure alignment and compatibility between IFRS Accounting Standards and IFRS Sustainability Disclosure Standards



IASB Chair Andreas Barckow and ISSB Chair Emmanuel Faber will work in close cooperation to ensure alignment and compatibility between IFRS Accounting Standards and IFRS Sustainability Disclosure Standards

OUR STRUCTURE

The IFRS Foundation’s governance structure is designed to keep standard-setting independent of special interests and to maintain a high level of accountability to stakeholders.



IFRS Foundation Monitoring Board

The Monitoring Board is a group of capital market authorities responsible for setting out the form and content of financial reporting in their jurisdictions. It reinforces the public oversight of the Foundation and the Trustees. The Monitoring Board is responsible for approving all Trustee appointments. See page 9.

Chair: Jean-Paul Servais

IFRS Foundation Trustees

The 22 Trustees from varied national and professional backgrounds are responsible for the governance and strategic direction of the organisation, for maintaining the Foundation’s *Constitution* and the *Due Process Handbook*, for appointing members to the IASB, ISSB, IFRS Interpretations Committee and various advisory bodies, and for ensuring appropriate financing arrangements are in place. See page 25.

Chair: Erkki Liikanen

International Accounting Standards Board (IASB)

The IASB is the independent accounting standard-setting body of the Foundation. Its members are appointed from varied national and professional backgrounds, including academia, accountancy, investment, preparation of financial statements, regulation and standard-setting. The IASB issues IFRS Accounting Standards, the *IFRS for SMEs Accounting Standard* and the IFRS Taxonomy. See page 12.

Chair: Andreas Barckow

IFRS Interpretations Committee

The Interpretations Committee comprises 14 external members and a non-voting chair that works with the IASB by responding to questions about applying IFRS Accounting Standards. The Interpretations Committee proposes that the IASB makes narrow-scope amendments to the Standards, develops IFRIC® Interpretations of the Standards and publishes agenda decisions. See page 63.

Chair: Sue Lloyd¹

International Sustainability Standards Board (ISSB)

Following its establishment announced on 3 November 2021, the ISSB is the independent sustainability disclosure standard-setting body of the Foundation. Its members will be appointed from varied national and professional backgrounds, including investment, accounting, sustainability, reporting companies, academia, and market or financial regulation. The ISSB will issue IFRS Sustainability Disclosure Standards. See page 17.

Chair: Emmanuel Faber

IFRS Advisory Council

The Advisory Council is the formal strategic advisory body to the Trustees and the two boards, consisting of representatives from a wide range of groups affected by and interested in the Foundation’s work. See page 61.

Chair: Bill Coen

TRUSTEES OF THE IFRS FOUNDATION

AS AT 31 DECEMBER 2021



Erkki Liikanen (Europe)

Chair

Former Governor of the Bank of Finland

Second term ends 31 December 2024

Attendance 2021: 10 out of 10



Teresa Ko (Asia-Oceania)

Vice-Chair

Chair of Freshfields Bruckhaus Deringer China

Second term ends 31 December 2023

Attendance 2021: 10 out of 10



Larry Leva (Americas)

Vice-Chair

Former Global Vice Chairman—Quality, Risk and Regulatory for KPMG International

Second term ends 31 December 2023

Attendance 2021: 9 out of 10

Guillermo Babatz (Americas)

Managing Partner at Atik Capital, S.C.
Second term ended 31 December 2021
Attendance 2021: 8 out of 10

Else Bos (Europe)

Member of the governing Board, Executive Director and Chair for Prudential Supervision at the Dutch Central Bank
Second term ends 31 December 2022
Attendance 2021: 8 out of 10

Colette Bowe (Europe)

Member of the Bank of England's Financial Policy Committee and former Chair of the UK Banking Standards Board
Second term ends 31 December 2023
Attendance 2021: 6 out of 10

Alexsandro Broedel (Americas)

Group Chief Financial Officer at Itaú Unibanco
First term ends 31 December 2022
Attendance 2021: 8 out of 10

Suresh P. Kana (Africa)

Former Chair of the Financial Reporting Standards Council of South Africa
Second term ends 31 December 2024
Attendance 2021: 10 out of 10

Masamichi Kono (At large)¹

Former Deputy Secretary General of the Organisation for Economic Cooperation and Development (OECD)
First term ends 31 December 2023
Attendance 2021: 6 out of 6

Su-Keun Kwak (Asia-Oceania)

Professor of Accounting at Seoul National University
Second term ends 31 December 2022
Attendance 2021: 10 out of 10

Michel Madelain (at large)

Former Vice-Chairman and President of Moody's Investors Service
Second term ends 31 December 2023
Attendance 2021: 10 out of 10

Kazuyuki Masu (Asia-Oceania)²

Executive Vice President, CFO and a member of the Board of Mitsubishi Corporation
First term ended 31 December 2021
Attendance 2021: 10 out of 10

Ross McInnes (Europe)

Chairman of the Board of Safran
Second term ends 31 December 2023
Attendance 2021: 10 out of 10

Joanna Perry (Asia-Oceania)

Non-executive director for a number of listed, public sector and private organisations in New Zealand and former Chair of the IFRS Advisory Council
First term ends 31 December 2022
Attendance 2021: 9 out of 10

Robert Pozen (Americas)

Senior lecturer at MIT Sloan School of Management
First term ends 31 December 2023
Attendance 2021: 10 out of 10

Vinod Rai (Asia-Oceania)

Former Comptroller and Auditor General of India
Second term ends 31 December 2023
Attendance 2021: 10 out of 10

Lucrezia Reichlin (Europe)

Professor of Economics at the London Business School
Second term ends 31 December 2023
Attendance 2021: 8 out of 10

Kenneth Robinson (Americas)

Board member of Paylocity, Abercrombie & Fitch and Morgan Stanley US Banks
First term ends 31 December 2023
Attendance 2021: 9 out of 10

¹Appointed on 1 July 2021

²Stepped down at the end of first term

TRUSTEES OF THE IFRS FOUNDATION

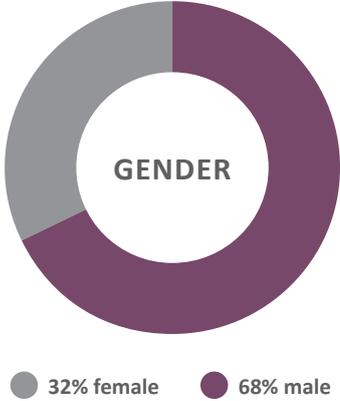
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Erhard Schipporeit (Europe)
 Independent management consultant and supervisory board member of various German companies
 First term ends 31 December 2023
 Attendance 2021: 10 out of 10

Sarah J. Al Suhaimi (at large)
 Chair of the Board of Directors of Tadawul (the Saudi Stock Exchange), member of the Board of Directors of the Saudi Cultural Development Fund and the Board of Directors of Saudia airline.
 Second term ends 31 December 2024
 Attendance 2021: 7 out of 10

Maria Theofilaktidis (Americas)
 Executive Vice-President, Global Finance at the Bank of Nova Scotia
 First term ends 31 December 2022
 Attendance 2021: 10 out of 10

Guangyao Zhu (Asia-Oceania)
 Former Vice Finance Minister of the People’s Republic of China
 Second term ends 31 December 2022
 Attendance 2021: 7 out of 10



NEW TRUSTEES SERVING FROM 1 JANUARY 2022

Jorge Familiar has more than 20 years of experience in leadership roles in the financial sector. He is currently Vice-President and Treasurer for the World Bank as well as World Bank Group Pension Finance Administrator. Earlier in his career, he was CEO of Mexico’s Instituto Fonacot, a government-owned financial institution, and Vice-Chair of Securities and Derivatives Markets Supervision at the Comisión Nacional Bancaria y de Valores, a government agency in Mexico.

Keiko Tashiro is Deputy President at Daiwa Securities, a position she has held since 2019. She has worked at the Daiwa group of companies since 1986, including as a member of its Board from 2014. She also serves as the group’s Head of Overseas Operations and Head of Sustainable Development Goals. She is a member of the Financial System Council at the Japanese Financial Services Agency and a Trustee at the Japan Association of Corporate Executives, among other organisations.



TRUSTEE COMMITTEES

AS AT 31 DECEMBER 2021

The Trustees meet several times a year and operate through several committees. The following committees met in 2021:

AUDIT, FINANCE AND RISK COMMITTEE

Chair: Larry Leva

Members: Colette Bowe, Alessandro Broedel, Kazuyuki Masu, Maria Theofilaktidis, Guangyao Zhu

Meetings in 2021: Nine

(The Chair of the Committee also met with the external auditors on several occasions during the year.)

Activities and decisions

- reviewed the Foundation's annual budget, accounts and related forecasts
- advised the Trustees on whether the financial statements are fair, balanced and reasonable
- reviewed and approved the external auditor's audit plan and reviewed their audit findings as part of the Committee's recommendation to approve the annual financial statements
- regularly reviewed the Foundation's risk reports and monitored the integrity, adequacy and effectiveness of its risk management and internal controls
- received a report from the auditors on the UK Financial Reporting Council's review of their audit quality as part of the Committee's appointment of the external auditors
- discussed strategies to increase the resilience of the medium- to long-term funding base for the Foundation

BUSINESS PROCESS AND TECHNOLOGY COMMITTEE

Chair: Suresh Kana

Members: Su-Keun Kwak, Vinod Rai, Lucrezia Reichlin, Ken Robinson, Erhard Schipporeit

Meetings in 2021: Three

Activities and decisions

- received regular updates on the Business Process and Technology Programme
- assured the programme delivery, progress, risk management, budget position and benefits realisation
- assured the implementation of a systems modernisation programme, including the new web, CRM and finance systems
- discussed the Foundation's digital experience, content and commercial strategies, providing guidance and insight to the programme team
- considered potential technology requirements of the ISSB
- discussed the Foundation's digital reporting strategy, and considered how the IASB's Agenda Consultation and the ISSB provided an opportunity to develop a synergistic strategy for digital reporting

DUE PROCESS OVERSIGHT COMMITTEE

Chair: Teresa Ko

Members: Guillermo Babatz, Alessandro Broedel, Larry Leva, Michel Madelain, Ross McInnes, Joanna Perry, Robert Pozen, Vinod Rai

Meetings in 2021: Three

Activities and decisions

- received regular updates on IASB and the IFRS Interpretations Committee activities
- considered and approved a request for a shortened comment period for an exposure draft proposing a narrow-scope amendment to IFRS 17 *Insurance Contracts*
- received a presentation on the IASB's progress in respect of its Third Agenda Consultation before publication of the related request for information
- considered the staff's annual reviews of the IFRS Foundation's consultative groups; due process for the educational materials published by the Foundation to support the consistent application of IFRS Standards; and various reporting matters
- considered and approved a request to amend the charter of the IFRS Taxonomy Consultative Group
- considered the provisions relating to the due process for the ISSB in the IFRS Foundation *Constitution* and other work relating to the due process for the ISSB, including the work of the Technical Readiness Working Group

TRUSTEE COMMITTEES *(continued)*

ETHICS COMMITTEE

Chair: Else Bos

Members: Larry Leva, Vinod Rai, Maria Theofilaktidis

Meetings in 2021: Eight

Activities and decisions

- discussed and approved Terms of Reference, as a newly formed committee
- discussed the boundaries of its remit and ongoing engagement with the Human Capital Committee and the Audit, Finance and Risk Committee
- discussed its role in providing advice to the Trustees
- agreed its current priorities
- met on an ad-hoc basis to review and provide confidential advice to the Trustees on ethical questions, as they arose

EXECUTIVE COMMITTEE

Chair: Erkki Liikanen

Members: Else Bos, Colette Bowe, Suresh Kana, Teresa Ko, Larry Leva, Michel Madelain, Lucrezia Reichlin (as Chair of the Trustees' Steering Committee on Sustainability Reporting)

Meetings in 2021: More than 20

Activities and decisions

The Executive Committee and Trustees' Steering Committee on Sustainability Reporting operated collectively to provide oversight and strategic direction for the project to establish the International Sustainability Standards Board.

HUMAN CAPITAL COMMITTEE

Chair: Colette Bowe

Members: Sarah Al Suhaimi, Guillermo Babatz, Joanna Perry, Robert Pozen, Ken Robinson

Meetings in 2021: Four

Activities and decisions

- reviewed measures taken to ensure effective leadership and well-being of staff during the covid-19 pandemic
- discussed and made decisions on annual review of remuneration
- reviewed work of staff committee on reshaping the future way of working, providing input on proposals (see page 18)
- discussed and provided advice on people, culture and change management implications arising from the establishment of the ISSB

NOMINATING COMMITTEE

Chair: Michel Madelain

Members: Else Bos, Colette Bowe, Aleksandro Broedel, Suresh Kana, Teresa Ko, Ken Robinson

Meetings in 2021: 10

Activities and decisions

- recommended the appointment and reappointment of some Trustees, IASB and IFRS Interpretations Committee members and the chair of the IFRS Advisory Council
- recommended the appointment of Emmanuel Faber as inaugural Chair of the ISSB
- initiated the appointment process for the inaugural Vice-Chairs of the ISSB and members of the ISSB
- recommended the appointment and reappointment of some organisations and representatives to the IFRS Advisory Council

KEY ORGANISATIONAL RISKS

The IFRS Foundation’s Executive Risk Committee has overall responsibility to identify, evaluate and manage the risks faced by the Foundation. It reports to the Trustees’ Audit, Finance and Risk Committee. The overall responsibility for monitoring risks lies with the Trustees.

The Executive Risk Committee reviews the key risks for the Foundation and the appropriate accompanying mitigation actions regularly throughout the year.

Over the course of 2021, the covid-19 pandemic continued to have a pervasive effect on the operations of the Foundation and its principal risks described below.

In 2021, the Committee also carefully managed the risks arising from the work to explore the possible creation of the ISSB. Now that the Trustees have created the ISSB, ISSB-specific risks will be included among the risks to the entire organisation.

BRAND

The risk that the Foundation fails to protect its reputation as a professional and competent global standard-setter.

POLICY-LEVEL SUPPORT

The risk that reduced support for international cooperation affects the Foundation or influences support for adoption of IFRS Standards in some jurisdictions.

TALENT

The risk that the Foundation is unable to attract and retain high-calibre people at all levels.

PRODUCT

The risk that the Foundation fails to develop high-quality IFRS Standards or an IFRS Taxonomy that meets stakeholders’ needs.

The risk for the Foundation that inconsistent application of IFRS Standards and the IFRS Taxonomy undermines the benefits of global financial reporting.

TECHNOLOGICAL INFRASTRUCTURE

The risk that the Foundation's IT infrastructure and stored data are compromised as a result of cyber hacks, phishing campaigns, system failure and/or human error.



INTRODUCTION TO THE FINANCIAL STATEMENTS

SUMMARY OF FINANCIAL RESULTS 2021

The IFRS Foundation is reporting a loss before tax of £354,000 for 2021 (2020: profit of £2.91 million). Income decreased by £1.3 million year on year, while operating expenses increased by £1.5 million. Fair value losses contributed to a reduction in income before taxes of £381,000.

Total income from all activities at £28.8 million (2020: £30.1 million) was an overall decrease of 4.4% year on year and comprised:

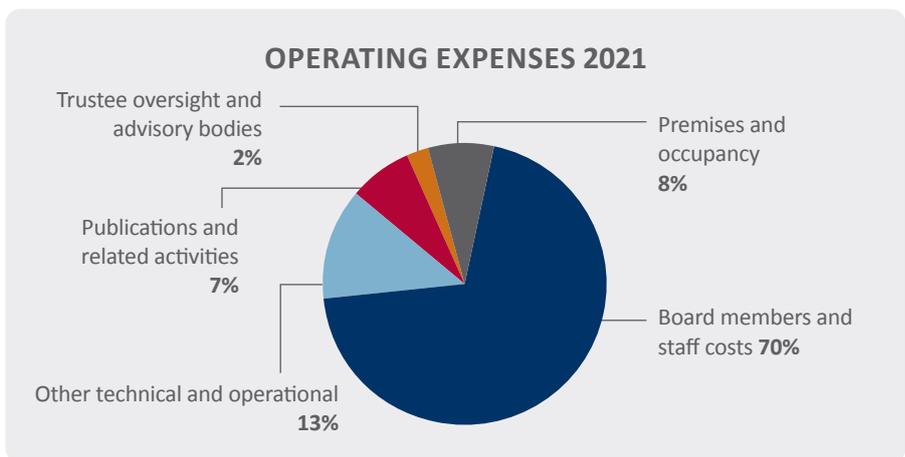
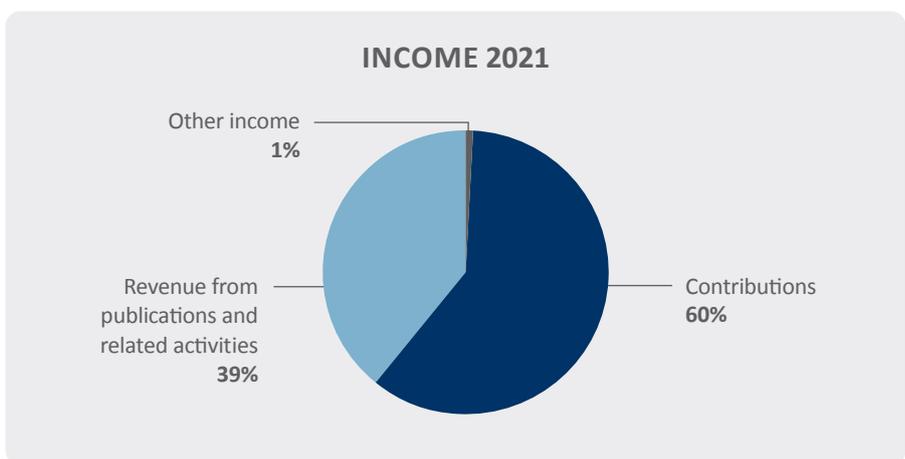
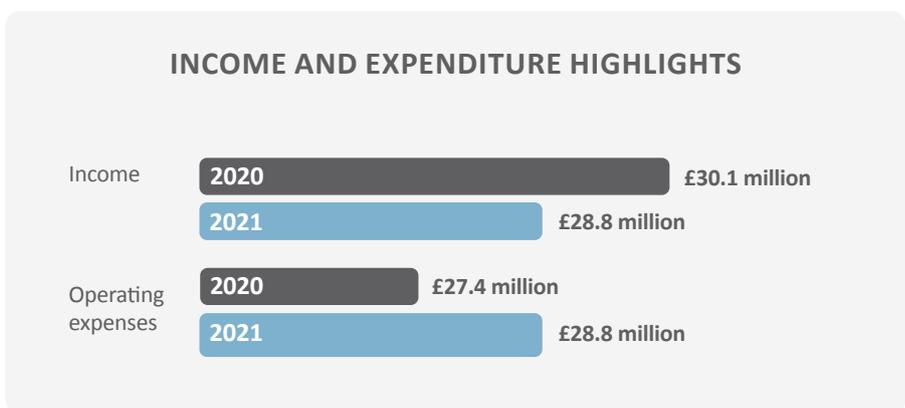
- contributions: £17.3 million (2020: £18.1 million ▼ 4.2%);
- publications and related activities: £11.1 million (2020: £11.7 million ▼ 5.3%); and
- other income: £370,000 (2020: £315,000 ▲ 17.5%).

Total operating expenses increased from £27.4 million to £28.8 million year on year. The overall increase of 5.4% was due mainly to an increase in staff costs and costs related to the Business Process and Technology Programme:

- IASB members and staff costs: £20.2 million (2020: £19.7 million ▲ 2.6%);
- other technical and operational activities: £3.7 million (2020: £2.4 million ▲ 53.4%);
- publications and related activities: £2.1 million (2020: £2.4 million ▼ 11.9%);
- trustee oversight and advisory bodies: £702,000 (2020: £848,000 ▼ 17.1%); and
- premises and occupancy expenses: £2.2 million (2020: £2.1 million ▲ 5.6%).

Finance income decreased from £667,000 to £527,000 and finance costs increased from £528,000 to £846,000 year on year, mainly because of fair value adjustments.

In 2020 the Foundation reviewed previously unrecognised tax losses and determined that it was probable that



taxable profits will be available against which the tax losses can be utilised. As a consequence, a deferred tax asset of £569,000 was recognised, of which £452,000 has been realised in 2021 (Note 5).

After accounting for tax charges, the Foundation is reporting a comprehensive

loss of £806,000 for 2021 (2020: comprehensive income £3.5 million).

Net assets decreased from £41.5 million to £40.7 million in 2021. 89% of reserve funds are held in cash or highly rated liquid investments.

INCOME

The Foundation's income comes from voluntary contributions, and revenues from the sale of publications and related activities.

Voluntary contributions were comparable with the prior year albeit there was an overall reduction in amounts received. This was mainly because a small number of funding providers who contributed last year did not contribute in 2021, and because European grant funding decreased by 6%.

Revenues from publications and related activities includes publications and subscriptions services, licencing of intellectual property, and revenue generated from conferences and speaker events.

Revenues from licencing of intellectual property decreased year on year, but the principal reason for this is fluctuations in foreign currency rates, rather than reduced fee amounts. Consistent with the prior year, contractual licencing arrangements with international accounting firms contributes 74% of licencing revenue.

Revenue from the sale of publications and subscriptions saw a marginal decrease. This was mainly due to reduced sales of the combined Digital and Print subscription product, and is reflective of the shift in trend to digital-only products.

The switch to virtual conferences from live conferences for the second year running continued to affect conference fee and speaker engagement revenue. The revenue from virtual conferences is around 30% lower than that for conferences held live before the pandemic.

OPERATING EXPENSES

Staff costs for technical and operational activities continue to be the most significant cost for the Foundation and, at £20.2 million (2020: £19.7 million), are 70% of the Foundation's cost base. Total headcount increased from 156 to 160

during the year, which was lower than expected because several staff vacancies were not filled. As discussed in Note 1, the Human Capital Committee reviews, benchmarks and recommends salary and benefits levels.

Other technical and operating costs increased overall by £1.3 million, which is mostly due to:

- inflation rises for office costs such as for energy, insurance and rates;
- increased legal, consultancy and professional fees. These fees were mainly for human resource and related activities for immigration and payroll matters, as well as additional fees of around £254,000 relating to the establishment of the new International Sustainability Standards Board (ISSB) and proposed consolidation of two organisations that focus on sustainability reporting;
- additional expenditure for communication and technology, which includes new subscription and licence fees to support technology implemented under the Business Process and Technology programme; and
- the Business Process and Technology Programme, as discussed in Note 1(c). The total budget for the programme is £5.3 million and at the end of 2021 approximately 72% of the budget had been spent. To date, around £2.0 million has been capitalised as intangible assets and around £2.0 million has been recognised as an expense in the year it was incurred (either 2019, 2020 or 2021). The remaining budget of £1.3 million will be used for the completion of projects to June 2022.

Publications and related activities expenses decreased by £283,000 year on year, which was largely due to movements in stock provisions and reduced shipping costs for publications.

INVESTMENTS

The Foundation invests the majority of its surplus funds in fixed-interest, highly liquid investments, all of which are high credit quality. The fair value of investments decreased from £21.9 million to £21.2 million year on year. This decrease was mainly because of the fall in government bond prices due to rising inflation.

RESERVES POLICY

The objective of the Foundation's reserve policy is to hold an appropriate level of accessible funds while ensuring the Foundation is making timely and strategic use of its funds. The Foundation holds reserves to provide cover for unexpected changes in income and expenditure, allowing the Foundation to continue activities in the event of any unforeseen costs or shortfall in income (particularly from the voluntary elements of its funding). The reserve fund may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. The reserve fund may also be used for opportunities that further the mission of the organisation. Reserves funds are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

The Trustees will continue to monitor and maintain the reserves within an acceptable range for a not-for-profit organisation.

BREXIT

The United Kingdom left the European Union on 31 January 2020, with an implementation period that ended on 31 December 2020. As an international organisation working in the public interest with broad support, the Foundation did not experience a high level of disruption to its operations in 2021 as a result of the United Kingdom's departure from the European Union.

INTRODUCTION TO THE FINANCIAL STATEMENTS *(continued)*

2022 OUTLOOK

The Foundation appreciates the continued support by funding providers listed on pages 58 to 60. The Foundation is committed to ensuring its operating expenditure is managed prudently and effectively and it will actively pursue further initiatives to enhance the organisation's operational stability.

In November 2021, the Trustees of the IFRS Foundation published a revised *Constitution* to enable the creation of the ISSB within the IFRS Foundation's governance structure. The key steps in 2022 for establishing the global presence of the ISSB include:

- concluding the merger of the Climate Disclosure Standards Board (CDSB) and the IFRS Foundation (1 February 2022);
- concluding the merger of the Value Reporting Foundation (VRF) and the IFRS Foundation (30 June 2022);
- establishing new offices in multiple locations, including Europe, the Americas and Asia to support the ISSB and its engagement with regional stakeholders; and
- appointing ISSB members and its technical support teams.

The 2022 budget planning process has considered the establishment of the new multi-location ISSB, as well as the ongoing activities of the IASB based in London.

One of the criteria set out by the Trustees when determining whether to create the ISSB was the capacity to obtain financial support and to achieve the level of separate funding required. The Foundation has secured seed capital funding for the ISSB and is developing the longer-term funding model, which will contain a mix of

public and private contributions, grants and sponsorships, and self-generated income. Negotiations for ISSB funding are ongoing.

The additional costs budgeted for the ISSB include those for board members, staff, office operations, and stakeholder engagement. Costs in 2022 are expected to increase by around 5% compared to prior year, principally due to inflationary factors and the tightening labour market. To attract and retain the high-quality staff needed by the Foundation, one of the most notable cost increases for the Foundation will arise from salaries. In addition, while the Foundation will seek to use lessons learned during the pandemic, such as the use of technology for collaboration, the budget has assumed an increase in travel costs for in-person meetings that will recommence in 2022. The 2022 budget proposal was presented to and approved by the Trustees.

GOING CONCERN

The Foundation has reviewed its financial performance and the general reserves position for 2021. The Foundation has sustained a loss for the financial year which is due to an increase in consultancy fees, including those related to the establishment of the ISSB, as well as expenditure for the Business Process and Technology Programme.

The Foundation's planning process, including financial and cash flow projections for the 18 months after the reporting period, has taken into consideration the current and forecasted economic climate and its potential impact on the Foundation's various sources of income and planned expenditure, which include those

associated with the establishment of the ISSB and its multi-location model.

The impact of covid-19 has been an evolving situation since early 2020. Management has considered the consequences of covid-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the organisation's ability to continue as a going concern.

Having regard to all relevant circumstances and the substantial reserve funds held by the Foundation, the Trustees consider it appropriate to prepare the financial statements on a going concern basis.

TRUSTEE APPROVAL

These financial statements cover the year ended 31 December 2021. They have been prepared in compliance with the IFRS Accounting Standards that were effective on 1 January 2021 or were applied early.

The financial statements were approved and authorised for issue by the Trustees of the Foundation on 31 March 2022. At that date, aside from the disclosure in Note 11, there had been no events since 31 December 2021 that required an adjustment to the financial statements.



Erkki Liikanen

Chair of the IFRS Foundation Trustees

REPORT OF THE TRUSTEES' AUDIT, FINANCE AND RISK COMMITTEE

AS AT 31 DECEMBER 2021

In 2021, the Audit, Finance and Risk Committee:

- advised the Trustees on whether the financial statements are fair, balanced and reasonable;
- met separately with the external auditors without the presence of Foundation management;
- reviewed the Foundation's annual budget, accounts, three-year plan and related forecasts;
- reviewed the Foundation's fundraising and financing efforts, and discussed strategies to increase the resilience of the medium- to long-term funding base for the Foundation;
- advised the Trustees on the appointment of the Foundation's external auditors, and received a report from the auditors on the UK Financial Reporting Council's review of their audit quality;
- ensured an appropriate framework for reporting and accountability; and
- reviewed the Foundation's risk reports and monitored the integrity, adequacy and effectiveness of the Foundation's system of risk management and internal controls.

The Committee met nine times during 2021. Other members of senior management and representatives of the external auditors of the IFRS Foundation attend the meetings by invitation. The Chair of the Committee also met with the external auditors on several occasions during the year. All of the meetings in 2021 were held virtually and included a number of special meetings to consider implications to the Foundation of the then proposed establishment of the ISSB.



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE IFRS FOUNDATION OPINION

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of IFRS Foundation ('Foundation') for the year ended 31 December 2021, which comprise the statement of comprehensive income, statement of changes in retained surplus, statement of financial position, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

In our opinion the Foundation's statements:

- give a true and fair view of the financial position of the Foundation as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the IASB.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the Foundation's financial statements'

section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the Foundation's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

Our evaluation of the Trustees' assessment of the IFRS Foundation's ability to continue to adopt the going concern basis of accounting included, but was not restricted to:

- obtaining and reviewing management's assessment of going concern and challenging the assumptions used in the cash flow forecasts approved by the Board;
- confirmation of the cash balance as at 31 December 2021 to third party confirmations and assessment of cash position subsequent to the year-end to verify the opening position in the cash flow forecasts and to assess the accuracy of the forecasting process;
- assessing the accuracy of forecasting by comparing the accuracy of management's forecast of the current period to current year performance;
- testing the inputs into management's forecasts and projections and related sensitivity analysis for the 15 month period from date of approval of financial statements;
- challenging the reasonableness of key assumptions used in preparing the cashflow forecasts and projections;
- reviewing and considering management's break-even and reverse stress test scenario analysis, including sensitivity analysis looking at the impact of varying drops in income levels;
- consideration of post balance sheet events and checking if any of these events have an impact on cashflow forecasts and projections; and
- reviewing the appropriateness of policies and disclosures in the financial statements.

In our evaluation of the Trustees' conclusions, we considered the inherent risks associated with the Foundation's business model including effects

Key audit matter

Subscriptions income

The Foundation obtains income from subscriptions, we established that there was a greater risk that new joiners could either be fictitious or have their information including start date manipulated. We therefore identified the occurrence of subscription income relating to new subscribers in the year as a significant risk, which was one of the most significant assessed risks of material misstatement due to fraud or error.

Relevant disclosures in the Annual Report and Accounts 2021

- The Foundation’s accounting policy on revenue subscriptions is shown in note 7 (Publications and related activities) to the financial statements and related disclosures are included within this note.

How the matter was addressed in the audit

In responding to the key audit matter, we performed the following audit procedures:

- We obtained a download of active subscribers in 2021. We compared this with the 2020 listing and sorted the data in order to determine new subscribers in the year;
- We performed substantive testing on a sample of new subscribers to ensure that the start date of the subscription agreed to supporting documentation; and
- As part of our substantive testing on new subscribers we agreed the sample to bank remittance to address the potential for fictitious new subscribers.

Our results

Our work did not identify any material misstatements concerning new subscribers in the year or management override of subscriptions income. We are satisfied that the accounting policies are appropriate, consistently applied from previous years and in line with the IFRS.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor’s report.

Materiality was determined as follows:

Materiality measure

Foundation

Materiality for financial statements as a whole

We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.

Materiality threshold

£0.6m which is 2% of income.

Significant judgements made by auditor in determining the materiality

In determining materiality, we made the following significant judgement, that income is considered the most appropriate benchmark because the Foundation is not a profit-oriented entity.

Materiality for the current year is consistent with the level that we determined for the year ended 31 December 2020.

Performance materiality used to drive the extent of our testing

We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality threshold

£0.45m which is 75% of financial statement materiality.

Significant judgements made by auditor in determining the performance materiality

In determining performance materiality, we factored into our assessment that there have been limited adjustments and findings in previous audits.

Materiality measure

Foundation

Specific materiality

We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Specific materiality

We determined a lower level of specific materiality for the following areas:

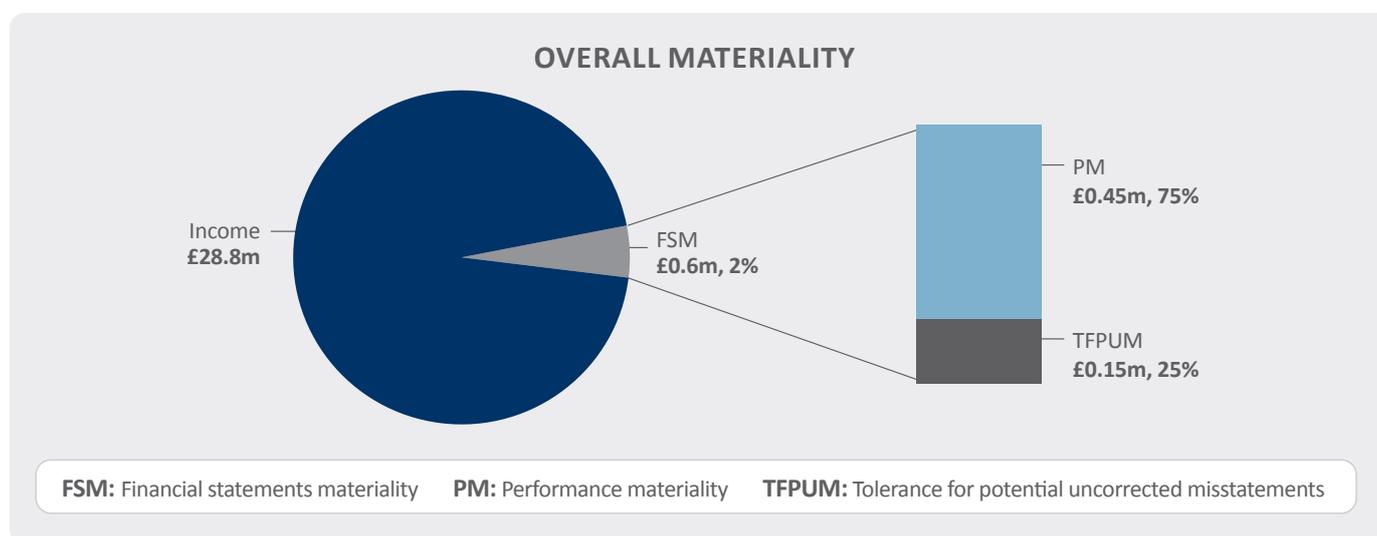
- Related party transactions, including Trustees' remuneration and related disclosures

Communication of misstatements to the Audit, Finance and Risk committee

We determine a threshold for reporting unadjusted differences to the Audit, Finance and Risk committee.

Threshold for communication

£30k and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.



AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of the Foundation's business and in particular matters related to:

- performing an evaluation of the design effectiveness of controls over key financial statement risks as identified as part of our risk assessment process;
- gaining an understanding of the financial reporting and accounts production process; and
- undertaking substantive testing on significant classes of transactions, account balances and disclosures, the extent of which was informed by an overall assessment of the control environment.

Following further investigation with management, we have refined our approach and assessment of where we believe the risk of fraud in revenue recognition may occur.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Foundation's financial statements,

our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Foundation's financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the Foundation's financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Foundation financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management, the finance team and the Board of Trustees about the Foundation's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks applicable to the Foundation and sector in which it operates. We determined that the following laws and regulations were most significant: financial reporting legislation; and tax legislation.
- We enquired of management and the Board of Trustees whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud.

- We understood how the Foundation is complying with those legal and regulatory frameworks by making inquiries to the management, those responsible for legal and compliance procedures and the Trustees. We corroborated our inquiries through our review of Foundation's Board minutes and papers provided to the Audit, Finance and Risk Committee.
- We assessed the susceptibility of the Foundation's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
 - Team communications in respect of potential non-compliance with laws and regulations and fraud which included the evaluation of the risk of management override of controls, principally in relation to subscriptions revenue;
 - Enquiring of management, the finance team and the Board about the risks of fraud at the Foundation and the controls implemented to address those risks. Assessing the design and implementation of controls relevant to the audit that management has in place to prevent and detect fraud, including updating our understanding of the internal controls over journal entries, including those related to the posting of non-standard entries used to record non-recurring, unusual transactions or other non-routine adjustments;
 - Making specific inquiries of each member of the finance team to ascertain whether they had been subject to undue pressure or had been asked to make any unusual postings or modifications to reports used in financial reporting;

- Identifying and testing journal entries selected based on risk profiling;
 - Running specific keyword searches (including to related parties and of those previously connected to related entities) over the journal entry population to identify descriptions that could indicate fraudulent activity or management override of controls. In addition, journal entries by user were evaluated to identify types of entries posted that were not in line with expectations of their role. Unusual entries noted from these searches were agreed to supporting documentation to verify the validity of the posting;
 - Planning specific procedures responding to the risk of fraudulent recognition of revenue;
 - Assessing the disclosures within the annual report including principal risks;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Appropriately testing related party transactions; and
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In assessing the potential risks of material misstatement, we obtained an understanding of the Foundation's operations, including the nature of income sources and of its objectives and strategies in order to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations.
 - Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity.

USE OF OUR REPORT

This report is made solely to the Foundation's Trustees as a body, in accordance with our letter of engagement dated 08 January 2021. Our audit work has been undertaken so that we might state to the Foundation's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Foundation and the Foundation's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

31 March 2022

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Income			
Contributions	6	17,325	18,093
Revenue from publications and related activities	7	11,091	11,713
Other income	6	370	315
		28,786	30,121
Operating expenses			
Technical and operational activities			
• IASB members and staff costs	1	(20,173)	(19,669)
• Other technical and operating costs	1	(3,672)	(2,394)
• IFRS Advisory Council, IFRS Interpretations Committee and other advisory bodies	1	(42)	(77)
Publications and related activities expenses	7	(2,087)	(2,370)
Trustee oversight	2	(660)	(771)
Premises, occupancy and related expenses	3	(2,187)	(2,072)
		(28,821)	(27,353)
Net operating (loss) / income		(35)	2,768
Finance income	10	527	667
Finance costs	10	(846)	(528)
		(319)	139
(Loss) / income before tax		(354)	2,907
Income tax (charge) / credit	5	(452)	569
Comprehensive (loss) / income for the year		(806)	3,476

STATEMENT OF CHANGES IN RETAINED SURPLUS

YEAR ENDED 31 DECEMBER 2021

Retained surplus at beginning of year	41,540	38,064
Comprehensive (loss) / income for the year	(806)	3,476
Retained surplus at end of year	40,734	41,540

The notes on pages 43 to 57 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Assets			
Current assets			
Cash and cash equivalents		15,275	15,299
Contributions receivable	6	3,517	3,367
Trade and other receivables	7	802	929
Prepaid expenses		1,085	1,075
Inventories	7	167	45
Bonds at fair value, including accrued interest	9	5,932	5,819
Forward currency contracts at fair value	8	34	293
		<u>26,812</u>	<u>26,827</u>
Non-current assets			
Bonds at fair value, including accrued interest	9	15,239	16,038
Forward currency contracts at fair value	8	-	2
Leasehold improvements, furniture and equipment	3	2,263	2,395
Right-of-use assets	4	4,105	4,844
Intangible assets	1	1,714	1,454
Deferred tax asset	5	117	569
		<u>23,438</u>	<u>25,302</u>
Total assets		<u>50,250</u>	<u>52,129</u>
Liabilities			
Current liabilities			
Trade and other payables		637	586
Payroll taxes payable		681	627
Accrued expenses		1,223	1,385
Contributions received in advance	6	615	753
Lease liability	4	933	927
Forward currency contracts at fair value	8	-	67
Publications revenue received in advance	7	1,193	1,164
		<u>5,282</u>	<u>5,509</u>
Non-current liabilities			
Lease liability	4	3,683	4,620
Reinstatement provision	3	551	460
		<u>4,234</u>	<u>5,080</u>
Total liabilities		<u>9,516</u>	<u>10,589</u>
Net assets / retained surplus		<u>40,734</u>	<u>41,540</u>

Erkki Liikanen

Erkki Liikanen

Chair of the IFRS Foundation Trustees

The notes on pages 43 to 57 form part of these financial statements.

STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Operating activities			
Cash received			
Contributions		17,143	17,815
Publications and related activities		11,090	11,649
Funding for Asia-Oceania office	6	280	358
Interest		507	535
Foreign exchange settlements		269	-
Other receipts		6	14
Cash paid			
Salaries, wages and benefits		(20,329)	(19,608)
Publications and related activities expenses		(2,060)	(2,169)
Trustees' fees		(654)	(662)
Foreign exchange settlements		-	(210)
Other operating expenses		(4,248)	(3,174)
Net cash from operating activities		2,004	4,548
Investing activities			
Matured bonds receipts		5,507	3,959
New bond purchases		(5,512)	(981)
Purchase of leasehold improvements, furniture and equipment		(348)	(32)
Capitalisation of intangible assets		(528)	(1,064)
Net cash (used in) / from investing activities		(881)	1,882
Financing activities			
Payments of principal on lease liabilities		(931)	(895)
Payments of interest on lease liabilities		(142)	(175)
Net cash used in financing activities		(1,073)	(1,070)
Effects of exchange rate changes on cash and cash equivalents		(74)	(83)
Net (decrease) / increase in cash and cash equivalents		(24)	5,277
Cash and cash equivalents at the beginning of the year		15,299	10,022
Cash and cash equivalents at the end of the year		15,275	15,299

The notes on pages 43 to 57 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

SIGNIFICANT ACCOUNTING POLICIES

General information and basis of preparation

The Foundation is a not-for-profit corporation under the General Corporation Law of the State of Delaware, USA and operates in England and Wales as an overseas company (Company number: FC023235) with its principal office at Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD.

The Foundation was incorporated on 6 February 2001. The objectives and governance arrangements of the Foundation and its independent standard-setting body, the International Accounting Standards Board (IASB), are set out in the IFRS Foundation's *Constitution*. In November 2021 the Trustees published a revised *Constitution* to enable the creation of the International Sustainability Standards Board (ISSB) within the Foundation's governance structure.

The financial statements are presented in sterling, which is the organisation's functional currency.

The financial statements were approved and authorised for issue by the Trustees of the Foundation on 31 March 2022. As disclosed in Note 11, there have been no events since 31 December 2021 that required an adjustment to the financial statements.

GOING CONCERN

The Trustees are responsible for overseeing the Foundation's financial reporting process and for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The ability of the Foundation to continue to operate as a going concern is dependent on the ability of the Foundation to generate sufficient cashflows from its contributions and publications and related activities to meet its liabilities. The Foundation produces annual budgets and forecasts which take into account the Foundation's activities, operations and known cash requirements.

The Foundation's planning process, including financial and cash flow projections for the 18 months after the reporting period, has taken into consideration the potential impact of establishing the ISSB and the new multi-location model. Management has considered the consequences of covid-19 and other events and conditions, and has determined that they do not create a material uncertainty that casts significant doubt upon the organisation's ability to continue as a going concern. Having regard to all relevant circumstances and the funds held by the Foundation, the Trustees consider it appropriate to prepare the financial statements on a going concern basis.

CURRENT PERIOD AND FUTURE CHANGES TO THE ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRS Accounting Standards.

In August 2020, the International Accounting Standards Board issued *Interest Rate Benchmark Reform – Phase 2*. The Foundation is not exposed to hedging relationships or directly affected by interest rate benchmark reform. No contractual cashflows of a financial assets or financial liability measured at amortised costs changed as a result of interest rate benchmark reform.

There have been no changes in significant accounting policies since the 2020 financial statements.

The Foundation has concluded that there are no IFRS Accounting Standards or IFRIC Interpretations in issue that are not yet applied that will have a material effect on the financial statements.

INTANGIBLE ASSETS

The Foundation's most important intangible asset is the intellectual property embodied in the IFRS Accounting Standards. The Foundation does not recognise this asset because the cost of the asset cannot be measured reliably. Expenditure related to the development of IFRS Accounting Standards is recognised as an expense in the year in which it is incurred. Other intangible assets include software development expenditure and the purchase of computer software licenses (see Note 1(c)).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

AS AT 31 DECEMBER 2021

JUDGEMENTS AND ESTIMATES

When preparing the financial statements, management makes judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The key judgements made by management in applying the accounting policies of the organisation that have the most material effect on these financial statements are:

- the capitalisation of intangible assets (software development) – to distinguish the research and development phases of a new customised software project and to determine whether

the recognition requirements for the capitalisation of development costs meet the criteria of IAS 38 and SIC 32. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

There are no other significant judgements or estimates that require separate disclosures.

All other accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

EXPLANATORY INFORMATION

The explanatory notes have been organised into sections that provide a cohesive presentation of the financial reporting implications of the Foundation's core activity (the development of IFRS Accounting Standards), how it funds that activity and how it manages its financial risk. Each section presents the financial information and any significant accounting policies that are relevant to understanding the activities of the Foundation.

1 Technical and operational activities

a) IASB members and staff costs

The main costs associated with developing IFRS Accounting Standards are the salaries of the IASB members and staff. The average number of employees in 2021, including remunerated secondees, was 154 (2020: 152). Total headcount declined from 156 to 149 for part of the year, but overall increased from 156 to 160 by the end of the year. There were no ISSB members or ISSB staff during 2021.

	2021	2020
	£'000	£'000
IASB member salaries and related costs	7,363	7,399
Staff salaries and related costs	13,991	13,438
	<u>21,354</u>	<u>20,837</u>

IASB members and staff costs are analysed as follows:

Technical and operational activities	20,173	19,669
Publications and related activities (see Note 7)	855	895
Business Process and Technology Programme (see Note 1(b) and Note 1(c))	326	273
	<u>21,354</u>	<u>20,837</u>

The Trustees' Human Capital Committee reviews, benchmarks and recommends salary and benefit levels, which are reviewed and approved annually by the Trustees as a whole. The Foundation pays monthly contributions, at rates between 8% and 10% of gross salary, into a defined contribution group personal pension scheme on behalf of staff.

a) IASB members and staff costs (continued)

The IASB had 13 members until 30 June 2021; thereafter it had 12 members (2020: 13 members). The full Board composition is 14 members and any gaps are temporary.

IASB members' remuneration is based on an annual allowance and members can choose how this balance is received in salary, pension contributions, and other benefits.

IASB members' gross salaries covering all compensation and benefits for 2021 were:

	2021 £'000	2021 £'000	2021 £'000	2020 £'000
	Salary, pension contributions and other benefits	Employer taxes	Total annual allowance	Total
IASB Member				
Hans Hoogervorst (Chair)	544	74	618	682
Andreas Barckow (Chair)	485	33	518	-
Sue Lloyd (Vice-Chair)	524	68	592	589
Nick Anderson	477	65	542	538
Tadeu Cendon	477	65	542	538
Zach Gast (term started August 2020)	528	14	542	230
Jianqiao Lu	477	65	542	538
Bruce Mackenzie (term started October 2020)	482	65	547	135
Bertrand Perrin	230	44	274	-
Tom Scott	477	65	542	538
Gary Kabureck (term ended June 2020)	-	-	-	294
Chungwoo Suh (term ended June 2020)	-	-	-	272
Darrel Scott (term ended September 2020)	-	-	-	443
Rika Suzuki	477	65	542	538
Ann Tarca	488	54	542	538
Mary Tokar	477	65	542	538
Françoise Flores (part time, retired June 2021)	137	39	176	296
Martin Edelmann (term ended June 2021)	311	7	318	538

- Hans Hoogervorst's term as Chair ended in June 2021, but he remained employed by the Foundation until December 2021.
- Andreas Barckow was employed by the Foundation from April 2021, and was appointed Chair in July 2021. In addition to the annual allowance he received a one-off payment for relocation expenses of £5,000.
- Bertrand Perrin's term started in September 2021, and in addition to the annual allowance he received a one-off payment for relocation expenses of £5,000.
- Bruce Mackenzie and Zach Gast started their term in 2020 and in addition to the annual allowance each received a one-off payment for relocation expenses of £5,000.
- Gary Kabureck, Darrel Scott and Chungwoo Suh ended their terms in 2020 and in addition to their allowance received a one off payment for accrued holiday.
- In addition to the Trustees, IASB Chair and Vice-Chair, the key management personnel include the Executive Director and the Executive Technical Director. In 2021, each of the Executive Directors received a gross salary of £320,000 and a pension contribution of £32,000 (2020: Gross salary of £315,000 and a pension contribution of £31,500).

b) Other technical and operating costs

	2021	2020
	£'000	£'000
Fees payable to the external auditor - audit services	44	39
Fees payable to the external auditor - assurance services	9	9
Fees payable to the external auditor/associates - corporate financial services	21	-
Legal and taxation advice	71	69
Communication and technology	960	556
Business Process and Technology Programme—staff costs (see Note 1(a) and Note 1(c))	326	273
Business Process and Technology Programme—research and project management costs (see Note 1(c))	821	549
External relations	35	22
Human resource and recruitment activities	567	303
Technical research library	171	148
Meeting video conferencing	142	140
Travel and meetings	21	78
Other office-related costs	230	167
Covid-19-related expenditure to support remote working	-	41
ISSB-related activities	254	-
	<u>3,672</u>	<u>2,394</u>

c) Business Process and Technology Programme—Intangible assets

The Business Process and Technology Programme includes expenditure for the development of new IT infrastructure and the purchase of computer software licences. Expenditure on research activities and project management costs are recognised as expenses in the period which they are incurred. Expenditure that is directly attributable to the development of new software is recognised as intangible assets provided that the development costs can be measured reliably, adequate technical, financial and other resources to complete the development are available, and the software development will generate probable future economic benefits. Development costs not meeting these criteria for capitalisation are recognised as an expense as they are incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Development expenditure is not amortised until such time as the asset is available for use. Otherwise, amortisation is charged on a straight-line basis, over the estimated life of the asset which is typically five years or less. The asset lives are reviewed on an annual basis considering the degree of evolution of the asset and what plans, if any, are being made for its replacement. Intangible assets are reviewed annually for impairment. During the year both the Customer Relationship Management system (CRM) and Modern Web Platform became available for use.

c) Business Process and Technology Programme—Intangible assets (continued)

	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000
	CRM system	Modern web platform	Finance system	Other	Total
Cost					
1 January	259	955	82	165	1,461
Additions	75	247	82	125	529
Disposals	-	-	-	-	-
31 December	334	1,202	164	290	1,990
Accumulated amortisation					
1 January	-	-	-	7	7
Charge for the year	49	180	-	40	269
Disposals	-	-	-	-	-
31 December	49	180	-	47	276
Carrying amount	285	1,022	164	243	1,714
	2020 £'000	2020 £'000	2020 £'000	2020 £'000	2020 £'000
	CRM system	Modern web platform	Finance system	Other	Total
Cost					
1 January	-	658	-	31	689
Additions	259	589	82	134	1,064
Disposals	-	(292)	-	-	(292)
31 December	259	955	82	165	1,461
Accumulated amortisation					
1 January	-	-	-	-	-
Charge for the year	-	292	-	7	299
Disposals	-	(292)	-	-	(292)
31 December	-	-	-	7	7
Carrying amount	259	955	82	158	1,454

d) The IFRS Advisory Council, IFRS Interpretations Committee and other advisory bodies

The annual remuneration for the Chair of the IFRS Advisory Council was £42,000 in 2021 (2020: £37,000). Additionally, the Foundation reimburses the Chair's travel and accommodation costs. Other members of the IFRS Advisory Council are not paid remuneration and meet their own costs for attending meetings. Members of the IFRS Interpretations Committee and members of the Capital Markets Advisory Committee are not remunerated, but they are reimbursed for their travel and accommodation costs for attending meetings. Members of the IASB's other advisory bodies meet their own costs for attending meetings and are not remunerated by the Foundation. As a result of the continued covid-19-related travel restrictions, most meetings were held virtually. No travel and meeting costs were incurred in 2021.

The remuneration, travel and meeting costs for these committees and advisory bodies were:

	2021 £'000	2020 £'000
IFRS Advisory Council remuneration costs	42	37
IFRS Advisory Council travel and meeting costs	-	8
IFRS Interpretations Committee travel and meeting costs	-	29
Capital Markets Advisory Committee travel and meeting costs	-	3
	<u>42</u>	<u>77</u>

2 Trustee oversight

The Foundation's management and governance is overseen by the Trustees of the Foundation. There were 21 Trustees until 30 June 2021; thereafter 22 Trustees (2020: 22). The Trustees met 10 times during the year. The Chair of the Trustees receives £200,000 per year and other Trustees receive an annual fee of £20,000. There are seven active Trustee committees; committee chairs receive an additional £7,000 per year. All trustees are reimbursed for their travel relating to Foundation business. As a result of the continued covid-19-related travel restrictions, all the Trustee meetings were held virtually. This is reflected in the reduced travel and meeting costs for this year and the prior year.

Costs associated with Trustee activities are:

	2021 £'000	2020 £'000
Remuneration costs	642	662
Travel and meeting costs	18	109
	<u>660</u>	<u>771</u>

3 Premises, occupancy and related expenses

a) The components of premises, occupancy and related expenses are as follows:

	2021 £'000	2020 £'000
Rates, insurance and energy	721	662
Service charges	368	349
Depreciation (see Notes 3 and 4)	1,310	1,258
Other costs	110	132
	<u>2,509</u>	<u>2,401</u>
Less amounts allocated to publications and related activities expenses (see Note 7)	<u>(322)</u>	<u>(329)</u>
	<u>2,187</u>	<u>2,072</u>

The estimated costs of reinstating the premises when the leases expire of £551,000 (2020: £460,000) are recognised as lease reinstatement obligations. All equivalent obligations that are included in leasehold improvements are recognised evenly over the remaining lease terms (see Note 4).

b) Leasehold improvements and furniture and equipment fixed assets

Leasehold improvements and furniture and equipment fixed assets are initially measured at cost, and then depreciated or amortised on a straight-line basis from the date on which the asset is available for use. Leasehold improvements are depreciated over the remaining periods of the related leases, or their useful lives, whichever is shorter (see Note 4). Furniture and equipment are depreciated over three or five years.

	2021 £'000	2021 £'000	2021 £'000
	Leasehold improvements	Furniture and equipment	Subtotal
Cost			
1 January	2,924	1,271	4,195
Additions	166	273	439
Disposals	-	-	-
31 December	3,090	1,544	4,634
Accumulated depreciation/amortisation			
1 January	861	939	1,800
Charge for the year	400	171	571
Disposals	-	-	-
31 December	1,261	1,110	2,371
Carrying amount	1,829	434	2,263

	2020 £'000	2020 £'000	2020 £'000
	Leasehold improvements	Furniture and equipment	Subtotal
Cost			
1 January	2,924	1,239	4,163
Additions	-	32	32
Disposals	-	-	-
31 December	2,924	1,271	4,195
Accumulated depreciation/amortisation			
1 January	552	728	1,280
Charge for the year	309	211	520
Disposals	-	-	-
31 December	861	939	1,800
Carrying amount	2,063	332	2,395

4 Leases

During 2021, the Foundation has leases for two office premises in London and Tokyo and some IT equipment. With the exception of short-term leases and leases of low-value, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability.

The 10-year London office premises lease commenced in January 2018. The lease includes a five-year break clause and incentives in the form of rent-free periods both initially and in year six. The Foundation has determined that it is reasonably certain not to terminate the lease at the end of year five and thus, the lease has a term of 10 years for financial reporting purposes.

The 10-year Tokyo office premises lease commenced in October 2012 and is set to end in September 2022. Negotiations for the new office premises lease will commence from April 2022.

Right-of-use assets are recognised at cost, and comprise the amount of the initial measurement of the lease liability less accumulated depreciation. There were no additions during the year.

	2021 £'000	2020 £'000
Right-of-use assets at 1 January	4,844	5,582
Depreciation charge for the year	(739)	(738)
Carrying amount of right-of-use assets at 31 December	4,105	4,844

Lease liabilities are recognised at the present value of lease payments not yet paid discounted using the Foundation's incremental borrowing rate at the date of first applying IFRS 16 in 2019 of 3%. Interest expense is included in finance costs (see Note 10).

Future undiscounted lease commitments under the premises leases are:

	2021 £'000	2020 £'000
Within one year	1,053	1,075
In two to five years	3,008	3,063
More than five years	1,003	2,005
	5,064	6,143
Effect of discounting	(448)	(596)
Lease liability at 31 December	4,616	5,547
Current	933	927
Non-current	3,683	4,620
	4,616	5,547

Total cash outflows related to leases during the year were £1.1 million (2020: £1.1 million); the change in the lease liability of £931,000 (2020: £895,000) represents cash outflows from the repayment of principal (see Statement of Cash Flows).

5 Taxation

The Foundation was incorporated in February 2001 and is registered in the US as a not-for-profit corporation known as a Section 501(c) (03) tax-exempt organisation. Corporations in the US are registered in the individual states; the Foundation is registered in the State of Delaware. The Foundation is required to register in any state where charitable funds have been raised. Currently, the Foundation is registered in 8 states including Delaware.

The Foundation registered in 2001 in the UK as an Overseas Company. Registration of an overseas company is required when there is some degree of physical presence in the UK such as a place of business or branch through which it carries on business. The Foundation, like most overseas companies, is required to send accounting and governance related documents to Companies House.

In the US, the Foundation is required to file information tax returns with the federal and state authorities. The federal tax return, known as Form 990, provides extensive financial, governance and compliance information. The state returns are brief in comparison, but all require that Form 990 is attached to the state filings. The actual business trading activities of the Foundation surrounding its publications and related activities (Publications) do not present any US tax filings requirements.

This is not the case for the UK. The Foundation reached an agreement with the UK authorities in April 2006 (HMRC agreement) regarding its corporate tax position in the UK. It was broadly agreed that Publications constitutes a 'business activity' while standard setting is a 'non-business activity'. Publications are therefore assessed for UK tax. It was also agreed that contributions received by the Foundation were not subject to UK tax. The UK tax treatment is broadly in line with UK charities which pay no tax on donations but are assessed for tax on their trading business.

a) Current tax charge

In the HMRC agreement, there are a number of specific elements to the calculation which were stipulated by HMRC and with which the Foundation complies. The major elements are as follows:

- all publications and related revenues are taxable as trading profits;
- direct cost of sales and direct operating expenses for publications are deductible from trading profits;
- a proportion of the general operating expenses of the Foundation including remuneration, accommodation and other expenses are deductible in calculating trading profits;
- a deduction is allowed for 'notional royalties' calculated at set proportions of UK publications revenues, i.e., 50% of revenues from electronic products and 20% of revenues from printed products. HMRC agreed to these 'intellectual property' deductions to account for the costs of creating the actual content of publications; and
- a working capital deduction was agreed to compensate for the costs of funding provided to publication activities.

In 2021 this calculation produced a net taxable profit of £2,192,000 (2020: £2,415,000). The Foundation has utilised its carried-forward tax losses and the current tax liability for the period is £nil (2020: £nil). At the end of 2021, the IFRS Foundation carried forward trade and non-trade losses for UK tax purposes of £1,466,000 (2020: £3,658,000).

The tax charge comprises:

	2021 £'000	2020 £'000
Current tax charge / (credit)	-	-
Deferred tax charge / (credit)	452	(569)
Total tax charge / (credit)	<u>452</u>	<u>(569)</u>

5 Taxation (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19%). The reason for the difference between the actual tax charge for the year and the standard corporation tax applied to profits for the year is:

	2021 £'000	2020 £'000
(Loss) / profit before tax	(354)	2,907
Applicable tax rate	19%	19%
Tax at the applicable tax rate	(67)	552
Effects of:		
• non-taxable business activities	516	(70)
• expenses not deductible for tax purposes	2	2
• previously unrecognised deferred tax assets	-	(1,050)
• deferred tax not recognised	-	(3)
• adjustment differences in prior years	1	-
Tax charge / (credit)	452	(569)

Income not subject to tax mainly represents voluntary contributions.

b) Deferred tax asset

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which to use the asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

During 2020, the Foundation utilised £2,415,000 of previously unrecognised tax losses, and recognised a deferred tax asset based on the remaining £3,498,288 of previously unrecognised tax losses.

At the end of 2021, the IFRS Foundation carried forward trade and non-trade losses for UK tax purposes of £1,466,000 (2020: £3,658,000), and it has recognised a deferred tax asset of £117,000 (2020: £569,000) related to remaining carried-forward losses net of temporary differences. Deferred tax has not been recognised on pre-April 2017 non-trade losses carried forward of £157,486 (2020: £159,712). This is because it is uncertain whether the Foundation will be able to utilise these losses to offset future taxable income.

Changes to UK corporation tax rates were announced on 3 March 2021, which confirmed an increase in the tax rate from 19% to 25% with effect from 1 April 2023. Deferred taxes that have been recognised at the balance sheet date are expected to reverse before 1 April 2023, and therefore continue to be measured at the tax rate of 19%.

	2021 £'000	2020 £'000
Deferred tax asset b/f	569	-
Deferred tax (charge) /credit for the year	(452)	569
Deferred tax asset c/f	117	569

Deferred taxes arising from temporary differences and unused tax losses are summarised as:

	Losses £'000	Temporary differences £'000	Total £'000
Deferred tax asset b/f	665	(96)	569
Deferred tax charge for the year	(417)	(34)	(451)
Deferred tax charge – adjustment differences in prior years	(1)	-	(1)
Deferred tax asset c/f	247	(130)	117

6 Contributions

Contributions to the Foundation are voluntary and are recognised as income in the year designated by the funding provider. Contributions that have been received but are designated for use after the reporting date, are deferred and recognised as contributions received in advance. As at year end £615,000 (2020: £753,000) of contributions received are deferred. Contributions received after the reporting date but designated for use in the reporting period are recognised as income and as contributions receivable. As at year end £3.5 million (2020: £3.4 million) is included within contributions receivable.

The Foundation receives annual contributions from the European Union and the Australian Financial Reporting Council (AFRC) that are supported by enforceable grants, subject to various conditions that the Foundation is expected to meet. The European Union grant of £3.8 million / €4.5 million (2020: £4.4 million / €4.8 million) is payable by instalments, and contributions receivable includes the final grant instalment expected for 2021 of £1.9million (2020: £2.2 million). The AFRC grant of £561,300 was received in full in 2021 (2020: £561,300).

All contributions received are for general use by the Foundation except for funding of the Asia-Oceania office.

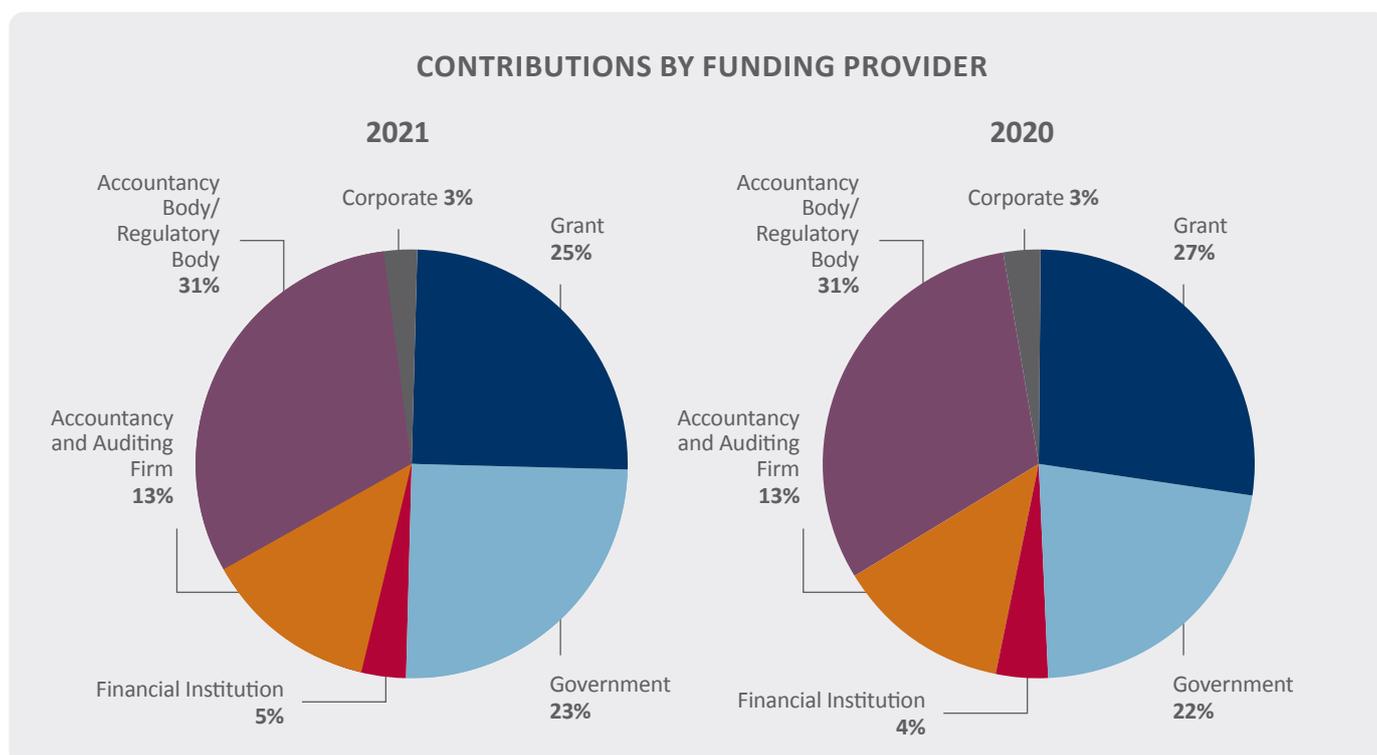
The Foundation receives separate funding from the Financial Accounting Standards Foundation of Japan towards the operations of the Asia-Oceania office located in Tokyo. The Foundation utilised £370,000 / ¥55,000,000 of funding in 2021 (2020: £358,000 / ¥50,000,000). All of this amount has been recognised in other income (2020 £315,000).

The Foundation receives contributions in a range of currencies:

	2021 £'000	2020 £'000
UK pounds	2,678	2,504
US dollars	4,774	4,884
Euro	6,266	6,884
Other	3,607	3,821
	17,325	18,093

For more information on how the Foundation manages its currency risk refer to Note 8.

A full list of funding providers can be found on pages 58 to 60.



7 Publications and related activities

The table presents the components of the net income generated by the IFRS Foundation's publications and related activities:

	2021 £'000	2020 £'000
Revenues from contracts with customers		
Publications	1,350	1,328
Subscription services	1,482	1,549
Licensing	8,164	8,752
Conferences and speaking engagements	95	84
	<u>11,091</u>	<u>11,713</u>
Expenses		
Staff salaries and related costs	855	895
Cost of goods sold	333	544
Depreciation	159	163
Occupancy	163	166
Communication technology	198	204
Other costs	379	398
	<u>2,087</u>	<u>2,370</u>
Net income from publications and related activities	<u><u>9,004</u></u>	<u><u>9,343</u></u>

Revenues are generated from the sale of printed publications, subscription services, various licensing contracts and conference and speaking engagements. The Foundation recognises revenue when it satisfies its performance obligations to customers. Revenue is measured based on the consideration specified in the contracts.

- Revenue from printed publications is recognised when control of the publication is transferred to the customer, which occurs upon shipment. Publications are paid for in advance of shipment.
- Revenue from subscription services is recognised over the subscription period on a time-apportioned basis because the services provide ongoing access to updated versions of IFRS Accounting Standards and other related content. Subscriptions are generally paid for in advance.
- The Foundation enters into non-exclusive licensing contracts granting third parties rights to utilise IFRS Accounting Standards and related content to provide various products and services. Consideration for these contracts is in the form of fixed fees payable in advance or arrears, or variable fees that are based on customers' sales and payable quarterly in arrears. Around 80% of contracts are for fixed fee contracts. Revenues for fixed fee contracts are recognised on a time-apportioned basis over the term of the licence because the contracts provide ongoing access to updated versions of IFRS Accounting Standards and other related content. Revenues for variable fee contracts are recognised as the customers' sales occur.
- Revenues from conferences and speaking engagements are recognised when the conference or other event occurs.

Customers are entitled to refunds or returns in accordance with statutory requirements, but such occurrences based on experience are expected to be infrequent and immaterial.

Trade and other receivables include £232,000 (2020: £201,500) from licensing contracts. Publications revenue received in advance relates to subscription services and licensing contracts; the amount of £1,164,000 recognised at the beginning of the year has been recognised as revenue during the year, and the amount of £1,193,000 recognised at the end of the year is expected to be recognised as revenue in 2022. No further information is provided about remaining performance obligations at the end of the year that have an original duration of one year or less, as permitted by IFRS 15 *Revenue from Contracts with Customers*.

Inventories consist of the Foundation's publications, which are carried at the lower of the cost of printing, on a first-in, first-out basis or their net realisable value.

8 Risk management

The Trustees have overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Foundation's risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Foundation has a conservative approach to financial risk, and the principal purpose of its treasury management policy is to maintain liquidity and to safeguard the Foundation's reserves. The Audit, Finance and Risk Committee oversees how management monitors compliance with financial risk management policies and procedures and reviews the adequacy of the risk management framework in relation to those risks. Risk management policies and systems are reviewed regularly.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation. The Foundation has no borrowings.

The contractual maturity analysis for lease liabilities is presented in Note 4. All other non-derivative financial liabilities comprising trade and other payables are due within 6 months.

The Foundation holds reserves to provide cover for unexpected changes in income and expenditure, allowing the Foundation to continue activities in the event of any shortfall in revenue (particularly from the voluntary elements of its funding), as well as unforeseen costs.

Cash is held either as current or as short-term deposits at floating rates of interest. Part of the cash at bank is held in euro, yen and US dollar accounts to meet expenditure obligations. Surplus funds are invested in short-term investments, all of which are of high credit quality.

Credit risk

Credit risk is the risk of financial loss to the Foundation if a counterparty or customer to a financial instrument fails to meet its contractual obligations. The Foundation has financial assets measured at amortised cost comprising cash and cash equivalents, contributions receivable and publication-related receivables. The Foundation has assessed the credit risk of its financial assets measured at amortised cost and has determined that the loss allowance for expected credit losses of those assets is immaterial to the financial statements. The Foundation has a history of very low credit losses and this is not expected to change in the foreseeable future.

Cash and cash equivalents are all held in financial institutions with high credit ratings. Counterparty credit ratings are reviewed regularly.

At 31 December 2021 the Foundation has a contribution receivable of £1,894,000 (2020: £2,185,000) from a single funding provider, the European Union. This contribution receivable reflects the final grant instalment for 2021. The European Union has a high credit rating and stable outlook. The Foundation has determined this receivable to have low credit risk.

Exposure to credit risk arising from publications and related activities is managed by requiring advance payments for some products and services and with the contractual control of the use of the Foundation's intellectual property. The Foundation retains a right to terminate contracts and cancel all rights and licences, although such occurrences are expected to be infrequent and immaterial.

The carrying amount of the Foundation's financial assets represents the maximum credit exposure.

Market risk

Market risk is the risk that changes in market prices will affect the Foundation's income or the value of its holdings of financial instruments. The Foundation is exposed to risks from movements in interest rates and foreign currency exchange rates that affect its assets and forecasted transactions.

Interest rate risk

Fixed income interest rate risk is the risk that the fixed income bonds will lose value due to a change in interest rates. To mitigate this risk, the Foundation invests in fixed-interest, highly liquid investments, all of which are high credit quality, and are held to maturity.

In August 2020, the International Accounting Standards Board issued *Interest Rate Benchmark Reform – Phase 2*. The Foundation is not exposed to hedging relationships or directly affected by interest rate benchmark reform. No contractual cashflows of a financial assets or financial liability measured at amortised costs changed as a result of interest rate benchmark reform.

Foreign currency management

Foreign exchange risk arises because the Foundation receives contributions and other inflows in a variety of currencies—mainly US dollars, euro and yen. The Foundation's expenditures (for staff costs, office costs and other services) are incurred mainly in sterling. Because foreign exchange rates fluctuate, the Foundation is exposed to some variability of its future sterling cash flows available to meet future expenditure needs.

The Foundation has historically adopted a policy of using forward foreign exchange contracts to reduce foreign exchange risk, and to provide greater certainty of the value of the future cash flows in the currency in which they will ultimately be converted. During 2020 the Trustees undertook a review of the foreign currency exposure of the Foundation. Based on the conclusion that that the current levels of surplus reserves are sufficient to absorb foreign exchange risk, the decision was taken to discontinue incurring the cost of purchasing forward foreign exchange contracts. The current book of forward contracts will expire in 2022. The Trustees continue to monitor the position of foreign exchange risk to the IFRS Foundation and this is reviewed on at least an annual basis.

Foreign exchange derivatives are recognised at fair value and subsequently measured at fair value through profit or loss. The table presents the fair value and notional value of these financial instruments by currency:

Forward foreign exchange contracts by currency	2021			2020		
	Fair value '000	Notional value '000	Weighted average rate	Fair value '000	Notional value '000	Weighted average rate
Financial assets						
US dollars (Level 2)	-	-	-	£284	\$10,800	1.320
Euro (Level 2)	-	-	-	£5	€1,950	1.104
Yen (Level 2)	£34	¥47,000	46.635	£6	¥141,000	139.906
Financial liabilities						
US dollars (Level 2)	-	-	-	-	\$6,550	-
Euro (Level 2)	-	-	-	(£66)	€1,650	1.159
Yen (Level 2)	-	-	-	(£1)	¥47,000	141.170

The fair value of forward foreign exchange contracts is bank-provided and based on pricing models using observable exchange rates, described as Level 2 in IFRS 13 *Fair Value Measurement*. All current forward contracts expire in 2022.

9 Investments

Bonds are recognised at fair value and subsequently measured at fair value through profit or loss. Bond values are quoted on active markets, described as Level 1 in IFRS 13 *Fair Value Measurement*. Fair values and face values of current and non-current bonds are presented in this table:

	2021 Fair value £'000	2021 Face value £'000	2020 Fair value £'000	2020 Face value £'000
Current, including accrued interest	5,932	5,826	5,819	5,586
Non-current, including accrued interest	15,239	15,323	16,038	15,753
	21,171	21,149	21,857	21,339

The Foundation measures all other financial instruments at amortised cost. Those financial instruments include financial assets with a total carrying amount of £20 million (2020: £19.4 million) and financial liabilities with a total carrying amount of £636,000 (2020: £586,000). The carrying amount of these financial assets and liabilities is a reasonable approximation of their fair value. These financial instruments include cash and cash equivalents, contributions receivable, publication-related receivables and trade and other payables.

10 Finance income and finance costs

	2021 £'000	2020 £'000
Finance income		
Interest income	191	230
Fair value gains on forward foreign exchange contracts	67	210
Fair value gains on bonds	-	227
Exchange gains on forward foreign exchange contracts and cash holdings	269	-
	527	667
Finance costs		
Interest on lease liabilities	(142)	(178)
Fair value losses on forward foreign exchange contracts	(259)	(55)
Fair value losses on bonds	(381)	-
Exchange losses on forward foreign exchange contracts and cash holdings	(64)	(295)
	(846)	(528)

Fair value gains and losses from bonds do not include interest income.

11 Events after the reporting period

The transfer of the Climate Disclosure Standards Board's people and intellectual property happened on 1 February 2022.

On 2 March 2022 the Trustees signed Memoranda of Understanding with German public and private sector institutions to formalise the partnerships and funding arrangements required to establish the ISSB's presence in Frankfurt.

There have been no events since 31 December 2021 that required an adjustment to the financial statements.

FUNDING PROVIDERS *(continued)*

Jurisdiction	Organisation	
Hong Kong SAR		
	£54,210	
	£25,000 +	The Securities and Futures Commission of Hong Kong
	Less than £25,000	Hong Kong Monetary Authority
Indonesia		
	£68,000	
	£25,000 +	Financial Services Authority (OJK) Indonesia Stock Exchange
International		
	£17,591	Bank for International Settlements
Ireland		
	£14,584	Central Bank of Ireland
Israel		
	£17,000	Israel Securities Authority
Italy		
	£629,656	Organismo Italiano di Contabilità
Japan		
	£1,864,681	Financial Accounting Standards Foundation
	£370,000	Financial Accounting Standards Foundation—Restricted contribution for the Asia-Oceania office
Kazakhstan		
	£7,296	National Bank of Kazakhstan
Malaysia		
	£65,000	Malaysian Accounting Standards Board
Netherlands		
	£378,591	
	£250,000 +	Ministry of Finance
	Less than £25,000	De Nederlandsche Bank
New Zealand		
	£76,133	External Reporting Board
Norway		
	£83,381	Financial Supervisory Authority of Norway
People's Republic of China <i>Through system created by the Ministry of Finance</i>		
	£2,119,474	
	£500,000 +	China Ministry of Finance
	£100,000 +	Chinese Institute of Certified Public Accountants Shenzhen Stock Exchange
		Shanghai Stock Exchange
	£50,000 +	China Development Bank China Investment Corporation
	£25,000 +	China Communications Construction Company Ltd. China Petroleum & Chemical Corporation
		China National Offshore Oil Corporation PetroChina Company Limited
		China Pacific Insurance (Group) Co., Ltd.
	Less than £25,000	Agricultural Bank of China China Mobile Communication Co., Ltd.
		Bank of Communications Co., Ltd. China Telecom Corp., Ltd.
		Bank of China Huaneng Power International, Inc.
		China CITIC Bank Corporation Limited Industrial and Commercial Bank of China Limited
		China Construction Bank Corporation PICC Property and Casualty Company Limited
		China Merchants Bank

FUNDING PROVIDERS *(continued)*

Jurisdiction	Organisation	
Portugal		
	£18,831	Banco de Portugal
Republic of Korea	<i>Contributions organised through Korea Accounting Standards Board</i>	
	£464,370	
	£100,000 +	Korea Accounting Standards Board
	£25,000 +	Financial Supervisory Service
	Less than £25,000	Celltrion, Inc.
		Deloitte Anjin LLC
		Ernst & Young Han Young
		Hana Financial Group Inc.
		Hyosung Corporation
		Hyundai Motor Company
		Kakao Corp.
		KB Financial Group Inc.
		KPMG Samjong Accounting Corp.
		LG Chem Ltd.
		LG Corp.
		LG Household & Health Care Ltd.
		LG Uplus Corp.
		Samsung Electronics Co., Ltd.
		NongHyup Financial Group Inc.
		POSCO
		Samil PricewaterhouseCoopers
		Samsung C&T Corporation
		Samsung Card Co., Ltd.
		Samsung Fire & Marine Insurance Co., Ltd.
		Samsung Life Insurance Co., Ltd.
		Samsung SDI Co., Ltd.
		Samsung SDS Co., Ltd.
		Samsung Securities Co., Ltd.
		Shinhan Financial Group Co., Ltd.
		SK Hynix Inc.
		SK Telecom Co., Ltd.
Russia		
	£427,000	Ministry of Finance of the Russian Federation
Saudi Arabia		
	£145,324	Saudi Organization for Certified Public Accountants (SOCPA)
Singapore		
	£70,000	Ministry of Finance
South Africa		
	£7,350	Johannesburg Stock Exchange
Switzerland		
	£82,593	
	£50,000 +	SwissHoldings
	Less than £25,000	Achiko AG
		Orascom Development Holding AG Switzerland
Thailand		
	£81,251	Federation of Accounting Professions (TFAC)
United Kingdom		
	£1,546,000	
	£500,000 +	<i>Levy system organised by Financial Reporting Council</i>
		Department for Business, Energy & Industrial Strategy
United States of America		
	£376,130	
	£100,000 +	CFA Institute
	£50,000 +	AICPA
		Board of Governors of the US Federal Reserve System
		Bank of America Corporation
	£25,000 +	Oracle Corporation
	Less than £25,000	Morgan Stanley
		PepsiCo, Inc.
International accounting firms¹		
	£2,192,528	
	(US\$550,000 each)	Deloitte Touche Tohmatsu Limited
		Ernst & Young
		KPMG
		PricewaterhouseCoopers
	£100,000 +	BDO (Brussels Worldwide Services BVBA) (US\$300,000)
		Grant Thornton (US\$300,000)
		Mazars (US\$200,000)

IFRS ADVISORY COUNCIL

AS AT 31 DECEMBER 2021

Chair: Bill Coen, former Secretary General of the Basel Committee on Banking Supervision

Represented body	Represented by	Position
Accounting Standards Committee of Germany (ASCG)	Georg Lanfermann¹	President
AIA Group	Garth Jones	Group Chief Financial Officer
Banco Bilbao Vizcaya Argentaria	María Ángeles Pelaez Moron	Head of Global Financial Accounting
Basel Committee on Banking Supervision	Katherine Tilghman Hill²	Chair of the Basel Committee's Accounting and Auditing Expert Group
Bayer	Martin Schloemer	Senior Vice President, Head of Global Accounting
BDO	Ehud (Udi) Greenberg	Professional Practice Partner at BDO Israel and at BDO Global IFRS Advisory Group
BusinessEurope	Kristian Koltvedgaard	Head of VAT, accounting and auditing with the Confederation of Danish Industry
Capital Markets Board of Turkey	Sibel Ulusoy Tokgöz	Deputy Head of the Accounting Standards Department
CFA Institute	Giuseppe Balloccchi	Member of CFA Institute's Future of Finance Content Council and partner at Alpha Governance Partners
Chinese Ministry of Finance	Xianzhong Li	Director General of the Accounting Regulatory Department
Corporate Reporting Users' Forum	Greig Paterson	Managing Director of UK Insurance Research at Keefe, Bruyette & Woods
Council of Institutional Investors	James Andrus	Investment Manager of Sustainable Investments at the California Public Employees' Retirement System
Deloitte	Trevor Derwin	Partner at Deloitte Africa
Eumedion	Martijn Bos	Policy Advisor on Reporting and Audit
European Accounting Association	Thorsten Sellhorn	EAA President; Professor of Accounting and Director of the Institute for Accounting, Auditing and Analysis at Ludwig-Maximilian University Munich's School of Management
European Central Bank	David Grünberger	Heads the Prudential Regulation and Accounting Section
European Federation of Financial Analysts Societies (EFFAS)	Javier de Frutos	Chair of the Commission on Financial Reporting of the European Federation of Financial Analysts' Societies (EFFAS)
European Financial Reporting Advisory Group	Saskia Slomp	CEO
European Securities and Markets Authority (ESMA)	Isabelle Grauer-Gaynor	Head of Corporate Finance and Reporting Unit
External Reporting (XRB), New Zealand	Ken Warren	Chief Accounting Advisor for The New Zealand Treasury
Fédération Internationale des Experts-Comptables Francophones	Aziz Dieye	Representative and founder, Chair and CEO of Cabinet Aziz Dieye
Financial Executives International	Ron Edmonds	Controller and Vice President of Controllers and Tax for Dow
Grant Thornton	Daniel Civit	Partner and Head of the Accounting Practice Group
Individual (University of São Paulo—School of Accounting and Actuarial Science)	Eduardo Flores	Assistant Professor in the Accounting and Actuarial Science Department
Individual (Johannesburg Stock Exchange)	Tania Wimberley	Head of Financial Reporting Issuer Regulation Division
Insurance Europe (European Insurance and Reinsurance Federation)	Anna Vidal Tuneu	Vice-Chair of the Financial Reporting Working Group (FRWG); and Director of Group Accounting Policies and Regulation at CaixaBank Group

¹Replaced Andreas Barckow as representative for ASCG in March 2021.

²Interim representative pending appointment of permanent member by the Basel Committee on Banking Supervision.

IFRS ADVISORY COUNCIL *(continued)*

Represented body	Represented by	Position
International Actuarial Association	Andrew Chamberlain	Chair of the Actuarial Standards Committee
International Association for Accounting Education and Research (IAAER)	Leslie Hodder	Professor of Accounting at Indiana University's Kelley School of Business
International Association of Insurance Supervisors (IAIS)	Romain Paserot	Deputy Secretary General
International Co-operative Alliance	Isabelle Ferrand	Chief Financial Officer at the Confédération Nationale du Crédit Mutuel
International Corporate Governance Network	Ian Burger	Head of Responsible Investment
International Federation of Accountants	Russell Guthrie	Executive Director – External Affairs and Chief Financial Officer
International Monetary Fund	Ellen Gaston	Senior Financial Sector Expert in the Financial Supervision and Regulation Division of the Monetary and Capital Markets Department
International Organization of Securities Commissions (IOSCO)	Antonio Quesada	Member of the IOSCO Board; Chair of the IOSCO Inter-American Regional Committee; Vice President of Regulatory Policy at the Mexican National Banking and Securities Commission (CNBV)
International Organization of Securities Commissions (IOSCO)	Marie Seiller	Member of IOSCO Committee on Issuer Accounting, Audit and Disclosures; Chief Accountant at the French Autorité des Marchés Financiers (AMF)
Investment Association	Emma Millar	Director EMEA Accounting Policy Blackrock
Investment Company Institute	Alan Trotter	Chief Financial Officer: Europe, Middle East & Africa at Invesco
Japanese Institute of Certified Public Accountants (JICPA)	Aiko Sekine	Advisor
KPMG	Andrew Marshall	Head of the Accounting and Reporting
Lukoil	Sergey Epifanov	Head of the International Financial Reporting Department
Malaysian Accounting Standards Board (MASB)	Bee Leng Tan	Executive Director
Ortec Finance	Tessa Kuijl	Head of Financial Reporting: Issuer Regulation
PwC	Henry Daubeney	Global Head of IFRS and ESG Reporting
S&P Global Ratings	Osman Sattar	Director and Accounting Specialist of the EMEA Financial Institutions Group
The Securities Analysts Association of Japan (SAAJ)	George Iguchi	Chief Corporate Governance Officer and Executive Director at Nissay Asset Management
South Asian Federation of Accountants (SAFA)	M P Vijay Kumar	Chairman of Accounting Standards Board at the Institute of Chartered Accountants of India (ICAI)
World Bank	Barbara McGowan	Head of Accounting Policy
Xiamen University	Feng Liu	Chair Professor and Director at the Centre for Accounting Studies

OBSERVER ORGANISATIONS:

- European Commission
- Japan Financial Services Agency
- US Securities and Exchange Commission

Olivia Larmaraud (ACTEO & MEDEF), Carolyn Rogers (Basel Committee on Banking Supervision), James Luke (EY) and Aziz Dièye (Fédération Internationale des Experts-Comptables Francophones) stepped down during the course of 2021.

More information about the Advisory Council can be found at www.ifrs.org/groups/ifrs-advisory-council.

IFRS INTERPRETATIONS COMMITTEE

AS AT 31 DECEMBER 2021 **Non-voting Chair: Sue Lloyd, Vice-Chair, International Accounting Standards Board¹**

Name	Title	Organisation	Term ends
Renata Bandeira	Controllership and Tax Director, Brazil	Azul Airlines	30 June 2023
Andre Besson	Head of Financial Reporting Guidelines	Nestlé SA	30 June 2024
Lisa Bomba	Managing Director	Deutsche Bank	30 June 2022
Jens Freiberg	Public auditor and Head of Accounting Advisory and Technical Accounting Groups, Germany	BDO	30 June 2022
Karsten Ganssaue	Senior Partner, Accounting Consulting Services	PwC Global	30 June 2022
Karen Higgins	Audit and Assurance Partner	Deloitte	30 June 2024
Guy Jones	Partner, Professional Practice Group, Canada	EY	30 June 2021
Goro Kumagai	Senior Fellow, Markets Strategic Intelligence Department	Mizuho Financial Group	30 June 2021
M P Vijay Kumar	Chief Financial Officer	Sify Technologies	30 June 2024
Sophie Massol	Head of Group Accounting Policies, France	AXA	30 June 2023
Jon Nelson	Vice President and Corporate Controller, United States of America	Fiat Chrysler Automobiles	30 June 2023
Brian O'Donovan	Partner	KPMG	1 July 2022
Donné Sephton	Head of Advisory Services	FirstRand Limited group	30 June 2023
Yang Zheng	Vice President	New China Life Insurance Company	30 June 2022

OBSERVER ORGANISATIONS:

- Basel Committee on Banking Supervision
- European Commission
- International Organization of Securities Commissions

Jongsoo Han (Korea Accounting Standards Board) and Robert Uhl (Deloitte) completed their terms on 30 June 2021. Bertrand Perrin (Vivendi) stepped down early on 30 June 2021 to take up his new position as an IASB member.

More information about the IFRS Foundation Interpretations Committee, including member biographies, can be found at www.ifrs.org/groups/ifrs-interpretations-committee.

¹Bruce Mackenzie was appointed as new IFRIC Chair on 1 March 2022

Thank you

The Trustees of the IFRS Foundation thank all staff, volunteers and partners around the world for contributing to the delivery of the Foundation's mission during 2021, especially:

- our funding providers;
- those who have contributed with comments to our consultations;
- event partners, participants and hosts; and
- our customers.



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