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International Accounting Standards Committee Foundation

This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.

INFORMATION FOR OBSERVERS

IASCF Meeting, 17-18 March 2008, London

Agenda Paper 4

[Draft] Report of the Chairman of the IASB

This is a draft of David Tweedie's proposed Chairman's update for the annual report. It remains subject to revision.

Introduction

1 The high point of 2007 was undoubtedly the decision by the US Securities and Exchange Commission (SEC) in November to remove the requirement for foreign private issuers reporting under International Financial Reporting Standards (IFRSs) as issued by the IASB to reconcile their financial statements to US generally accepted accounting principles (GAAP).

2 The development of a single set of high quality, understandable and enforceable global accounting standards for use in the world's capital markets has been the primary goal of the IASB since its inception in 2001. The SEC's decision was an important step towards achieving that aim, and was an important objective of the IASB when we agreed on the Memorandum of Understanding (MoU) with the US Financial Accounting Standards Board (FASB).

3 Acceptance of IFRSs in 2007 was not limited to the United States. The SEC's decision follows those announced by other leading countries in 2007 to establish time lines for the acceptance of IFRSs in their domestic markets or accelerate convergence of national standards with IFRSs. Among those are Brazil, Canada, India and Korea,

all of which will adopt IFRSs by 2011. Following an agreement in August with the Accounting Standards Board of Japan, Japanese GAAP and IFRSs will have converged by 2011. At the beginning of 2007 China introduced a completely new set of accounting standards that are intended to produce the same results as IFRSs.

4 Our work is not done, and the IASB's leading priority is completing its joint work with the FASB set out in the MoU in February 2006. After completing those projects the IASB will have tackled some of the most challenging conceptual and presentational issues in financial reporting. The end result will be a set of IFRSs, based on clear principles, that provide transparency and usability to readers of financial statements.

The technical programme

5 While most of the major projects on the Board's work plan are being undertaken jointly with the FASB, the IASB is also undertaking some major work on its own—insurance contracts, the revision of our standard on liabilities, and the proposed standard for smaller entities.

6 In addition to the major projects, the MoU with the FASB includes a short-term programme designed to align major principles in selected standards without attempting to deal with the underlying detail in either IFRSs or US GAAP.

7 The Board's work plan also includes some maintenance work on existing standards.

Major joint projects

8 The Memorandum of Understanding committed the IASB and the FASB to improving their existing pronouncements where the accounting requirements are out of date and need improvement by considering and, in most cases, issuing eleven joint standards over the next few years. Underpinning our work on the joint standards is the need to improve our conceptual frameworks and bring them into convergence.

Convergence of the conceptual framework

9 During 2007 the boards continued their drive towards developing a common framework for use in developing financial reporting standards. Each board has long had its own conceptual framework—the IASB's was published by its predecessor body in 1989. The two frameworks are similar in many respects, but both boards now wish to remove the remaining areas of difference and to fill in some of the conceptual gaps that have become apparent over the years. The project is being conducted in

eight phases. Of those, four are active, namely: *Objective and Qualitative Characteristics*, *Elements and Recognition*, *Measurement* and *Reporting Entity*.

10 During 2007 the boards considered the comments received on the discussion paper *Preliminary Views on an Improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-useful Financial Reporting Information*. Collectively, the boards received nearly 180 comment letters. The boards expect to complete their redeliberations in early 2008 and then to publish an exposure draft for comment.

11 The boards have continued discussion about the definitions of an asset, a liability and equity, as well as concepts for recognition, derecognition and unit of account. The boards expect to publish a discussion paper on *Elements and Recognition* in 2009.

12 Early in 2007, as part of the measurement phase, the boards held round-table meetings in Hong Kong, London, and Norwalk to hear constituents' views on measurement issues. A staff summary of the meetings was posted on the Website. The boards are now discussing measurement concepts and principles and considering approaches to evaluating potential measurement bases.

13 During 2007 the boards continued their preliminary discussions on the reporting entity concept, including the basis for determining the composition of a group reporting entity. The boards expect to publish a discussion paper on the *Reporting Entity* in 2008.

The joint standards

(i) Business combinations

14 In January 2008 the Board completed the second phase of its business combinations project by publishing a revised IFRS 3 *Business Combinations* and an amended IAS 27 *Consolidated and Separate Financial Statements*. The project was undertaken jointly with the FASB and is the first major project to result in a common standard being issued by the boards.

15 This has been an important project for the Board. Over the past decade the average annual value of corporate acquisitions worldwide has been the equivalent of 8–10 per cent of the total market capitalisation of listed securities. Yet, the initial recognition of assets acquired and liabilities assumed in a business combination has been accounted for in different ways. Often, the cause is differences between IFRSs and US GAAP, but there has also been inconsistent application of IFRSs (and US GAAP).

16 With the new requirements, the accounting for a business combination generally will be the same whether an entity applies IFRSs or US GAAP. This is due largely to the fundamental changes the FASB has made to US GAAP bringing it into line with the original IFRS 3. The new requirements also improve areas of financial reporting that the IASB set aside when drafting the original IFRS 3.

17 To have the accounting for such a substantial level of business activity aligned globally for the first time is a notable achievement. The ability of the boards to work together in an area as contentious and significant as business combinations establishes a solid foundation for future efforts to establish global accounting standards.

18 The IASB used the business combinations project to introduce a new element of its due process. To improve the transparency of its deliberations, the IASB has published, for the first time, a *Project Summary and Feedback Statement*. This document explains how the comments received affected the thinking of the Board.

19 The IASB has also made a commitment to conduct, as a new initiative, a post-implementation review of the new standards. That review, which will begin two years after the implementation of the new requirements, will focus on important issues identified as contentious during the development of the standard and consideration of any unexpected costs or implementation problems encountered. The first standard coming under review will be IFRS 8 *Operating Segments* (issued in November 2006).

(ii) Consolidation

20 The subprime and liquidity crisis that began in 2007 and concerns about off balance sheet items heightened interest in the Board's existing projects on consolidation and derecognition.

21 The Board continued work on its project to publish a single IFRS on consolidation to replace IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation—Special Purpose Entities*. The Board's discussions related mainly to the application of a control model to structured entities, often referred to as special purpose entities or vehicles (including structured investment vehicles). The project also addresses disclosure, including information about both consolidated entities and non-consolidated entities (or so-called 'off balance sheet entities'). The Board is working towards the publication of an exposure draft on the project in the next few months.

(iii) Derecognition of assets and liabilities

22 Current concern about off balance sheet vehicles is matched by worries over 'sales' of assets and whether institutions have actually released themselves from the risks of ownership. The derecognition of assets and liabilities is a subject on which IFRSs and US GAAP have not converged, and where the existing guidance requires ongoing repairs and maintenance because of internal inconsistencies and complexity.

23 We plan to publish later this year a discussion paper recommending principles for derecognising financial instruments. The paper will largely focus on financial instruments because they are a good testing ground for complicated derecognition problems.

(iv) Fair value measurement guidance

24 The IASB added a project on fair value measurement to its agenda in September 2005. Through this project the IASB aims to replace the patchwork of fair value measurement guidance in IFRSs with a single source of guidance that would apply whenever a standard requires or permits an asset, liability or equity instrument to be measured at a current, market-based amount (generically called 'fair value' in existing IFRSs). This project aims only to develop a framework for *how* to measure current, market-based values. It will *not* introduce or require any new fair value measurements.

25 As a first step, the IASB published a discussion paper in November 2006. The discussion paper was based on the FASB's standard SFAS 157 *Fair Value Measurements* so that the Board could determine whether the methodology proposed by the FASB is suitable for use worldwide, whether any of the principles in SFAS 157 should be re-examined and whether further guidance is necessary, particularly in emerging economies or where markets are not as deep and liquid as that of the US.

26 The IASB received 136 comment letters on the discussion paper. One of the most prevalent responses to the discussion paper was that an exit (selling) price measurement basis, as required by SFAS 157, might not be appropriate for every item currently measured at fair value in IFRSs. Therefore, one of the first steps in considering the responses has been to review whether the Board or its predecessor intended each use of the term 'fair value' in existing standards to be an exit price or an entry (buying) price. When completed, the results of the review will help the Board decide whether to retain the term 'fair value' or to redefine it or replace it with a more specific term that is appropriate in the particular circumstances. The Board

expects to publish in 2009 an exposure draft of an IFRS on fair value measurement guidance and hopes to issue the ensuing standard in 2011.

(v) Financial instruments with characteristics of equity

27 The Board's project on financial instruments with characteristics of equity is a modified joint project on which the FASB has taken the lead for the research stage. The objective is to improve financial reporting for financial instruments that have both equity and non-equity characteristics.

28 In 2007 the FASB published a Preliminary Views document *Financial Instruments with Characteristics of Equity*. To obtain the views of the Board's constituents on the FASB's research, the Board published in February 2008 a discussion paper that contains an IASB Invitation to Comment on the FASB document.

(vi) Financial instruments—reducing complexity

29 One of the most controversial of the standards the Board inherited from its predecessor body is IAS 39 *Financial Instruments: Recognition and Measurement*, issued some two years before the Board came into existence. Much of the criticism has centred on the apparent complexity of the pronouncement. Over the past two years, the IASB has been discussing how requirements for reporting financial instruments can be improved and simplified. The Board expects to publish a discussion paper in 2008 that addresses measurement-related problems and hedge accounting. The paper will solicit views on how the Board should proceed to develop standards on financial instruments that are principle-based and less complex than today's requirements.

(vii) Financial statement presentation

30 This important project is considering the presentation and display of information in financial statements, including the classification and display of line items and the aggregation of line items into subtotals and totals. Several other projects, such as financial instruments and post-employment benefits, will involve discussions about presentation. Accordingly, the eventual outcome of this project will take account of views expressed on related subjects.

31 During 2007 the Board discussed the application of working principles and developed a 'working' format for the financial statements (the sections and categories for each financial statement). The boards expect to publish a discussion document in the second quarter of 2008.

(viii) Intangible assets

32 The MoU committed the boards to considering research work undertaken by staff of the Australian Accounting Standards Board (AASB) and deciding whether to add a project on intangible assets to their agendas. In December the Board decided not to add a project to its active agenda.

33 The Board acknowledged the importance of addressing the accounting issues relating to intangible assets, noting concerns about current requirements, which lead to inconsistent treatments for different types of intangible assets depending on how they arise. However, the Board noted that properly addressing the accounting for intangible assets would impose a large demand on the Board's limited resources. Instead, the Board expressed a desire that the research work begun as part of the development of the agenda proposal should continue until the Board could consider it again for addition to the active agenda. We have suggested to the AASB that its work should be continued under the aegis of the meetings of the national standard-setters. The intention would be to assess whether a discussion paper could be produced that would be acceptable to both the national standard-setters and the IASB, thereby increasing the likelihood that any resulting standard would be broadly welcomed.

(ix) Leases

34 The leases project was added to the Board's agenda in 2006 as a joint project with the FASB. During 2007 the advisory working group, comprising experts with a wide variety of different leasing expertise, and the boards have considered the different rights and obligations that arise in simple leasing transactions and analysed how these met the definitions of asset and liability in the *Framework*. More complex leases involving options to extend and options to terminate the lease were also considered. Board members and staff met industry representatives.

35 The boards have directed the staff to develop a model for accounting for all types of lease under which the lessee recognises an asset representing the right to use the leased item for the period of the lease, with a corresponding liability to pay rentals over the lease term. The boards expect that, once this model is more fully developed, they will set out possible ways forward in a discussion document for public comment.

(x) Post-employment benefits

36 During 2007 the Board discussed:

- the recognition and presentation of defined benefit plans and

- the definition and measurement of a new category of promise, called contribution-based promises.

The Board formed a preliminary view that all gains and losses in a defined benefit plan should be recognised immediately. In other words, the deferred recognition options in IAS 19 *Employee Benefits* should be removed. The Board has developed three possible approaches to the presentation of the gains and losses. It has also developed a new category of promises for benefits that can be expressed in terms of a known contribution and an asset-based or index-based return. The Board's preliminary view is that the liability for such promises should be measured at fair value, assuming the benefits do not change. The Board expects to publish a discussion paper in March 2008.

(xi) Revenue recognition

37 During 2007 the Board and the FASB continued to develop two models for revenue recognition as a basis for public discussion. In these models, revenue arises from recognising and measuring changes in the assets and liabilities that arise directly from binding arrangements with customers. The two models differ in their approach to measuring the assets and liabilities. In one model the assets and liabilities are measured at their current exit price, and in the other they are measured by reference to the amount of customer consideration specified in the contract.

38 The boards are working towards publishing a discussion paper in mid-2008. The paper will explain and illustrate what an asset and liability model would entail for revenue recognition. It will also compare and illustrate the effects of the two measurement approaches. Responses to the paper will then assist the boards in developing a single common standard on revenue recognition that can be applied to a wide range of industries.

Other major projects

Insurance contracts

39 The Board published a discussion paper *Preliminary Views on Insurance Contracts* in May 2007, for comment by 16 November 2007. The Board received over 150 responses. The Board began to review the responses in February 2008. In 2007 the FASB issued an invitation to comment, seeking comments on whether the FASB should add to its agenda a joint project on insurance contracts, to be conducted with the IASB. The FASB plans to make an agenda decision in the third quarter of 2008.

40 In working towards an exposure draft, the Board will benefit from the input of its Insurance Working Group. To broaden the user involvement, two additional users joined the working group in 2008.

Liabilities—amendments to IAS 37

41 During 2007 the Board discussed its proposed amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in response to views received during round-table meetings held at the end of 2006. It developed further guidance to help preparers of financial statements identify when a liability exists and apply the proposals for measuring liabilities. It plans to discuss views on other aspects of the proposals during 2008 and to issue a revised standard in 2009.

Small and medium-sized entities (IFRS for SMEs)

42 During 2007 the Board reached several milestones in the project to develop a simplified IFRS expressly designed to meet the financial reporting needs of smaller entities. We published an exposure draft in February 2007. The principles in the exposure draft are based on full IFRSs modified on the basis of the needs of users of SME financial statements and cost-benefit considerations.

43 Along with the exposure draft we published a complete set of illustrative financial statements and a disclosure checklist, as well as the usual basis for conclusions. We translated the exposure draft into five languages (a first for the IASB). We also published a staff summary of the exposure draft to help our constituents get an initial understanding of our proposals, and undertook a comprehensive outreach programme—including around 50 public round-table meetings and seminars after the exposure draft was published—to explain the proposals and get direct feedback. We completed a field test programme that involved 115 small companies (many with fewer than 50 employees) from 20 countries restating their most recent financial statements using the proposed IFRS for SMEs and reporting to us on their experience using the proposed standard.

44 We received 162 comment letters on the exposure draft—many from parts of the world and types of companies and accounting firms that do not normally provide comment letters to us.

45 The staff have begun analysing the comments on the exposure draft and the results of the field tests. The Board will consider the comments during 2008, with a goal of issuing the IFRS for SMEs by the end of the year. Meanwhile, the IASC Foundation

Education staff are developing a comprehensive training programme about the IFRS for SMEs that will be released in multiple languages and made available in electronic form without charge.

Short-term convergence projects

46 In addition to the eleven major projects mentioned earlier, the MoU also committed the IASB and the FASB to accelerating the programme for convergence of IFRSs and US GAAP by aligning major principles in selected standards. Each board is examining four of its standards—two others will be tackled jointly. Progress on the standards being re-examined by the Board is outlined below.

(i) Borrowing costs

47 In March 2007 the Board issued a revised IAS 23 *Borrowing Costs*. The revised standard eliminates the option of immediate recognition as an expense of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Instead, such borrowing costs are capitalised.

(ii) Government grants

48 The Board has deferred work on the revision of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* pending the completion of other project work, including that on the revision of IAS 37 described above.

(iii) Joint arrangements

49 The Board published an exposure draft, ED 9 *Joint Arrangements*, in September 2007. The project was initially undertaken to reduce differences between IFRSs and US GAAP. However, ED 9 heralds the first major revision of IAS 31 since its creation in 1990 and the Board decided that further improvements should be made to the accounting for joint assets, joint operations and joint ventures (collectively referred to as joint arrangements). The exposure draft proposes that a party to a joint arrangement should account for its interest in that joint arrangement on the basis of its rights and obligations that arise from the agreement between the parties to the joint arrangement. If the agreement gives a party rights to assets or obligations for financing or expenses, it should recognise those rights and obligations in accordance with applicable IFRSs. If a party has rights only to the outcome of an economic activity carried on by a group of assets and liabilities that is subject to joint control, it should recognise the interest in the economic activity using the equity method. Proportionate consolidation would no longer be permitted.

50 The comment period for the exposure draft ended in January 2008. The Board expects to redeliberate ED 9 in 2008 in the light of the comments received.

(iv) Segments

51 Following extensive discussions, which revealed that the US and Canadian standards were considered superior by both preparers and users of financial statements, the Board issued in 2006 IFRS 8 *Operating Segments*, which is largely based on the North American standards.

(v) Income taxes

52 The objective of this joint project is to achieve convergence of IAS 12 *Income Taxes* and the US standard SFAS 109 *Accounting for Income Taxes*. Both standards are based on the same underlying model, the temporary difference approach. However, different exceptions to that model in the standards mean that tax has been one of the largest and most common reconciling items for preparers of IFRS financial statements that are registered in the US. The boards' aim has been to achieve convergence through the elimination of exceptions to the temporary difference approach, resulting in higher quality, more principled standards for both boards.

53 In 2007 the IASB and the FASB made their final decisions on the proposed amendments to the standards and started drafting the exposure drafts. The boards expect to publish the exposure drafts in 2008.

(vi) Impairment

54 IFRSs and US GAAP have quite different impairment requirements. Owing to staff shortages, this project has not yet started but it will do so once resources become available.

Maintenance of existing standards

Annual improvements process

55 In 2007 the Board published the first exposure draft of minor, non-urgent amendments to standards under its annual improvements procedure. The deadline for comments was 11 January 2008. We expect the responses to help us in refining the scope and process for future improvements projects. After considering the responses the Board plans to issue the amendments in final form in the second quarter of 2008. In 2007 the Board also began considering the next cycle of proposed improvements.

IFRS 1 amendments

56 In some jurisdictions, the accounting for investments in subsidiaries in the separate financial statements of a parent using national accounting standards has not been in accordance with IAS 27 *Consolidated and Separate Financial Statements*. In those circumstances, it is difficult for entities on transition to IFRSs to restate the cost of such investments in compliance with IAS 27. In January 2007 the Board published an exposure draft of amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* proposing to allow a parent to use a deemed cost on transition to IFRSs.

57 After considering respondents' comments, the Board revised its proposals, and published a second exposure draft in December 2007. The exposure draft also addresses separate enquiries received about the measurement of cost in the separate financial statements of a newly formed parent entity.

IFRS 2 amendments

58 In February 2006 the Board published an exposure draft of proposals to amend IFRS 2 *Share-based Payment* to clarify the definition of vesting conditions and provide guidance on the accounting treatment of cancellations by parties other than the entity. In 2007 the Board considered the comments received and decided to issue the amendments in final form. These were published in January 2008.

59 In December 2007 the Board published an exposure draft of proposed amendments to IFRS 2 and IFRIC 11 *IFRS 2—Group and Treasury Share Transactions*. The exposure draft is open for comment until 17 March 2008. The proposed amendments respond to requests for guidance on how an entity that receives goods or services from its suppliers (including employees) should account for arrangements linking payment to the share price of the entity or its parent.

IAS 24 *Related Party Disclosures*

60 In February 2007 the IASB published an exposure draft of proposed amendments to IAS 24—*State-controlled Entities and the Definition of a Related Party*. The comment period ended in May 2007.

61 The exposure draft proposed an exemption from the disclosure requirements in IAS 24 for transactions between state-controlled entities. This is an important practical issue in some jurisdictions where many entities are under state control. The exposure

draft also proposed to streamline the definition of a related party. We expect to issue the amendments in the second quarter of 2008.

IAS 32—puttable financial instruments and obligations arising on liquidation

62 In response to requests from entities around the world in 2006 the Board published an exposure draft of proposed amendments to IAS 32 *Financial Instruments: Presentation* relating to the classification of some puttable instruments and some instruments with obligations arising on liquidation. Under the proposals, particular financial instruments that meet the definition of a financial liability would be classified as equity. During 2007 the Board deliberated issues raised by respondents and held two public round-table meetings. The Board issued the amendments *Puttable Financial Instruments and Obligations Arising on Liquidation* in February 2008.

IAS 33 *Earnings per Share*

63 The Board and the FASB have a short-term convergence project on the calculation of earnings per share (EPS). The objective is to converge on a simplified EPS calculation. In 2007, the Board concluded its initial deliberations, and the staff are preparing an exposure draft that we expect to publish in the second quarter of 2008.

IAS 39—exposures qualifying for hedge accounting

64 In September 2007 the Board published an exposure draft of proposed amendments to IAS 39 *Financial Instruments: Recognition and Measurement*.

65 The proposals respond to requests for guidance on what can be designated as hedged financial items for hedge accounting purposes. The aim of the proposals is to clarify the Board's original intention, not to change existing practice significantly. The comment deadline was 11 January 2008.

New projects added to agenda

66 In December 2007 the Board reactivated work on emissions trading schemes and in response to requests from external parties added two new projects to its agenda. These projects (described below) will be progressed as staff resources and available board time allow, without detracting from the convergence work under the MoU with the FASB.

Emissions trading schemes

67 A project to develop comprehensive guidance on the accounting for emissions trading schemes will be conducted jointly with the FASB and will address the diversity in practice that has arisen in the absence of authoritative guidance. The topic is of growing importance, with various schemes being implemented or discussed around the world.

Common control

68 Practice diverges on the accounting for business combinations between entities or businesses under common control. A new project will examine the definition of common control and the methods of accounting for business combinations between entities or businesses under common control in the acquirer's consolidated and separate financial statements. Similar issues arise with respect to the accounting for demergers, such as the spin-off of a subsidiary or business. Therefore, the project scope also includes demergers.

Management commentary

69 In December 2007 the Board agreed to progress the management commentary project with the aim of producing a guidance document based on the discussion paper *Management Commentary* published in October 2005. The guidance document will describe useful approaches to management commentary but will not be part of the suite of mandatory provisions of IFRSs.

IFRIC activities

70 In 2007 two Interpretations were issued—IFRIC 13 *Customer Loyalty Programmes* and IFRIC 14 *IAS 19 Employee Benefits—The Effect of a Minimum Funding Requirement on the Asset Ceiling*. Two draft Interpretations were published—D21 *Real Estate Sales* and D22 *Hedging of a Net Investment in a Foreign Operation*. The comment periods on both draft interpretations ended in October and comments are being considered by the IFRIC.

71 At the end of 2007 three other projects were on the IFRIC's agenda. One, IAS 39—*Derecognition of Financial Assets*, has been on the agenda for some time. The other two issues were added to the agenda during the year and draft Interpretations were published in January 2008—D23 *Distributions of Non-cash Assets to Owners* and D24 *Customer Contributions*.

72 During 2007 15 issues were removed from, or not added to, the IFRIC's agenda because they were referred to the IASB or were resolved by a completed Board

project. Eleven of those issues are being addressed in the annual improvements project. In addition to items referred to the Board, a further 12 issues were considered but not added to the IFRIC's agenda.

73 At the end of 2007 two issues had been submitted that had not been discussed by the IFRIC. They were considered at the January 2008 IFRIC meeting.

One World Trust report

74 We welcomed the independent assessment by the One World Trust of our transparency and stakeholder engagement. Transparency and accountability have been cornerstones of the standard-setting process since we started in 2001.

Spreading the word

75 It is part of the Board's mission to promote the use of the standards it has developed, and it is a measure of success that so many countries are interested in adopting our standards or, having made that decision, are now implementing them. As that number rises, so does the demand for direct contact with the Board and its staff. This is a wholly understandable demand to which the Board is keen to respond as helpfully as we can. However, given the limits on our resources, we have to develop effective new ways of communicating with interested parties. For example, the Board hosts an annual meeting with standard-setters from around the world at which particular issues are discussed and the problems standard-setters are having in adopting international standards are communicated to the Board. Additionally, various Board members visit particular regions to discuss with standard-setters from all over the region their particular issues and problems. In 2007 Board members and staff spent time in China and Japan in conjunction with the convergence project, and in a meeting with standard-setters from those two countries and Korea. Other areas targeted were Central and South America, and South and South East Asia. Countries that already adopt international standards are not forgotten and Board members visit not only their country of origin but also neighbouring ones, thereby ensuring that a large number of countries in six continents are visited during the course of a year.

76 Communication is, of course, a two-way process. People wish to know what the Board has to say; equally, the Board is keen to hear and discuss the views of those implementing IFRSs. During the year we continued a series of roadshows around the world to explain the Board's work programme, to hear the views of preparers and users and to encourage them to participate in our processes. In 2007 the roadshows

were held in [Australia, Austria, Hong Kong, and India]. In addition we arranged through the Foundation two conferences—in May in Switzerland and in August in Singapore. Those events focused on the main projects on the IASB's active agenda, and included presentations by leading users and preparers and those regulating global accounting standards. The conferences were attended by over 600 people from over 60 countries. Furthermore, in response to comments from those attending past conferences five sessions for smaller groups with a special interest in a particular aspect of financial reporting were held in Zurich and Singapore immediately before the conferences. During 2007, leading IFRS conferences were arranged in association with the IASC Foundation in Beijing (Chinese language), Berlin (German language), London (English language) and Moscow (Russian language).

Standards Advisory Council

77 The Standards Advisory Council, under the able leadership of Nelson Carvalho, met three times in 2007. The Council's foremost role is to provide broad strategic advice on the Board's agenda priorities and insight into the possible benefits and costs of particular proposals. The composition of the Council reflects this mandate, comprising leading practitioners from 23 countries and seven international organisations, including senior financial officers of corporations, investment analysts with knowledge of accounting issues, partners of audit firms with experience in auditing companies that apply IFRSs, executives of international financial and development organisations, and other senior representatives of public interest bodies.

Changes in membership

78 Three Board members retired in June. Hans-Georg Bruns decided to step down for personal reasons, principally his desire to spend more time with his family. The second terms of appointment of Anthony Cope and Tricia O'Malley expired. As I reported last year, Wei-Guo Zhang, the Chief Accountant and Director General of the Department of International Affairs of the China Securities Regulatory Commission, was appointed to fill one of the resulting vacancies. Another of the vacancies was filled by the reappointment of John Smith, a part-time member of the Board since 2002, as a full-time member for five years. In his place, Stephen Cooper, Managing Director and Head of the Global Valuation Group of UBS Investment Bank, was appointed as a part-time member in August 2007 for the five years ending on 30 June 2012. At the end of 2007 one Board seat remained unfilled.

79 In June four members of the IFRIC retired—Jeannot Blanchet (Managing Director, Morgan Stanley, France), Domingo Marchese (Partner, Marchese Grandi Meson & Asoc, Argentina), Mary Tokar (Seconded Partner, KPMG IFRG Limited) and Ian Wright Global IFRDS Leader, PricewaterhouseCoopers, UK). In their place the Trustees appointed Guido Fladt (Partner, PricewaterhouseCoopers, Germany; and Member, Global PwC Corporate Reporting Task Force), Bernd Hacker (Head of Standard Setter Liaison and Financial Instruments Accounting Policies, Siemens, Germany), Darrel Scott (Head of Group Finance, FirstRand Banking Group, South Africa) and Andrew Vials (Partner in charge of the UK firm's Department of Professional Practice, Accounting and Reporting, KPMG).

Staffing

80 As befits an international organisation, the IASB attracts staff from all over the world, some on temporary assignments to London, others for a longer time before moving on to new challenges, usually in their native land. There is therefore a steady turnover of people working at Cannon Street, and the numbers are growing as the organisation expands to resource its increasing workload.

Departures

81 There were several departures of technical staff. Allan Cook, the first IFRIC Co-ordinator, retired after a highly distinguished career including almost 25 years' involvement in international standard-setting. Allan will be sorely missed not only by all of us at the IASB but also by many colleagues elsewhere around the world.

82 Three project managers moved back into the business world: Sarah Broad and Jeff Singleton took posts in the UK and Caron Hughes returned to her former employer with a posting to Hong Kong. Two visiting fellows left on completing their secondments: Jon Nelson returned to PricewaterhouseCoopers in his native US and Lara Pope returned to practice with Ernst & Young. Another visiting fellow, Michael Stewart, returned to PricewaterhouseCoopers (UK) on completing a short-term secondment. Academic fellow Richard Barker concluded his part-time attachment to the IASB and returned to full-time academic activities in the University of Cambridge. Luis Medina, technical associate, left to take up a business post in Switzerland.

83 There were also some departures among the operational and support staff. Vivien Caines (UK) (editorial assistant) left for family reasons, Dionne Ower (UK) (accounts assistant) left to take up a new finance position at a pharmaceutical firm, and Andy Cutler (UK) (IT application specialist) left to join an insurance company. Josef Macdonald (New Zealand), the inaugural XBRL practice fellow, completed his secondment and rejoined Ernst & Young Global.

Arrivals

84 We welcomed a large number of new colleagues during the year, some of whom (marked * below) are on secondment. Many were recruited to strengthen the technical staff, as follows:

- Dora Cheung (Hong Kong, PRC)*
- Liz Figgie (US)
- Michelle Fisher (UK)*
- Sandra Hack (Germany)
- Mariela Isern (Spain)
- Jane Jordan (UK)
- Yung Wook Kim (Korea)*
- Christian Kusi-Yeboah (Ghana)
- Amy Schmidt (US)
- Hans van der Veen (Netherlands)
- Henri Venter (South Africa)
- Carol Wong (Hong Kong, PRC).

I was delighted that Tricia O'Malley, having retired as a Board member, agreed to stay on in a staff capacity as IFRIC Co-ordinator. This means that the organisation will continue to benefit from her immense experience and knowledge of standard-setting.

85 There were also changes among the operational staff. A senior appointment in April was that of Olivier Servais (Belgium) as Team Leader of the IASC Foundation's XBRL activities. In October he was joined by two XBRL project managers—Holger Obst (Germany) and Maciej Piechocki (Poland). In April Wole Akanbi (UK) arrived as an IT application specialist to support our online publications services. In June Sonja Horn (Germany) joined as Communications Adviser. In July Tracey Clarey (UK) joined the organisation's finance team as an accounts assistant. In September Luciana Abrantes (Brazil) joined as a temporary associate in the organisation's education initiative. In October Jennifer Wilson (UK) joined as a project

administrator. In November Matt Brady (UK) joined as Web Manager/Editor to assume responsibility for the organisation's Website, Intranet and other online activities. Two editorial assistants were appointed: Nicola Collins (UK) in February and Jacqueline Jeacock (UK) in November. In December Tamara Oyre (South Africa) joined as Assistant Corporate Secretary, reporting to the Director of Operations.

86 The continuing infusion of new backgrounds and experience brought by staff who are drawn from so many parts of the world enriches our work and the life of the organisation. Once again I am happy to pay tribute to the contributions made by all our staff. Apart from their exceptional skills and expertise, our technical staff bring a strong commitment to the ideals that underlie the IASB's mission. The efforts of the Board and the technical staff would, of course, count for little without the support of the administrative and operational staff who are a vital part of the process of getting the Board's message across. My fellow Board members and I admire and respect our staff colleagues' technical and professional excellence, and enjoy their cheerful enthusiasm and stamina. For us, working with so many talented people from so many strands of experience remains a stimulating and challenging experience, and I am grateful to all of our staff, including those who have now moved on to other fields.

Acknowledgements

87 As this report shows, this is an organisation that depends on the contributions and efforts of many people and many other organisations. I cannot mention them all but I should like first of all to record my special thanks to Phil Laskawy as Chairman of the Trustees until December 2007, and to the other Trustees for their support, encouragement and advice, and in particular their resolute determination to protect the integrity and independence of this organisation.

88 Shouldering the heavy workload faced by the Board is possible only with the willing co-operation of my colleagues on the Board and our dedicated and highly skilled staff. I am grateful for the cheerful comradeship of the Board members. We are also very fortunate to have such able technical support from our staff, so well led by the Director of Technical Activities, Liz Hickey, and the Director of Research, Wayne Upton, backed by the senior project managers, Peter Clark, Gavin Francis, Anne McGeachin, Henry Rees and Alan Teixeira.

89 Thanks must also go to the members of the IFRIC and the Standards Advisory Council and their two Chairmen, respectively Board member Bob Garnett and Nelson Carvalho. The Board also greatly appreciates the help and advice we receive from the many volunteers and well-wishers who give so generously of their time and expertise in the Board's working groups.

90 Our finished products are carefully translated into more reasonable English by our Editorial Director, Michael Butcher, and his team, and our Director of Communications, Mark Byatt, has made an impressive start in getting our messages across to stakeholders and opinion-formers alike. The whole organisation continues to benefit from the astute and efficient guidance of the Director of Operations, Tom Seidenstein.

91 Lastly, my thanks go to our long-suffering secretariat—Ailie Burlinson, Fiona Dunne, Kathryn McArdle, Katherine Maybin, Jill Robinson, Janet Smy and Jennifer Wilson—for their patience and dedicated support.