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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 with Monitoring Board 1 April 2009

Agenda Paper MB 2C

Securing a stable and independent basis of funding

The financial crisis has highlighted the need for a well-resourced and stable financed international accounting standard-setter. The IASC Foundation and its standard-setting body, the IASB, require resources to engage interested parties in an effective manner throughout the world, while maintaining capacity to address urgent issues arising. At the same time, the financing should be accomplished in such a way that ensures the independence of the standard-setting process and the effective functioning of the IASC Foundation.

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

- **Broad-based:** A sustainable long-term financing system must expand the base of support to include major participants in the world's capital markets, including official institutions, in order to ensure diversification of sources.
- **Compelling:** A system must carry with it enough pressure to make free riding very difficult. This could be accomplished through a variety of means, including official support from the relevant regulatory authorities and formal approval by the collecting organisations.
- **Open-ended:** The financial commitments should be open-ended and not contingent on any particular action that would infringe on the independence of the IASC Foundation and the IASB. This should include sustained support from official international organisations, central banks and the major accounting firms.

- **Country-specific:** The funding burden should be shared by the major economies of the world on a proportionate basis, using GDP as the key determining factor of measurement. Each country should meet its designated target in a manner consistent with the principles above. Trustees should be assigned to specific countries to assist in the development of the funding scheme.

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

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

A breakdown of expected contributions for 2009 and beyond follows:

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

of Luxembourg

The European Commission has proposed a €5 million per year contribution for 2011 - 2013. Funding efforts are proceeding in other EU Member States. Details of commitments will be posted when confirmed.

Africa

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|---------------------|---|--------------|--|
| South Africa | Levy system established by South African government | US\$ 150,000 | |
|---------------------|---|--------------|--|

Americas

| | | | |
|----------------------|--|----------------|-----------|
| United States | Voluntary system of 33 companies with range of contribution from \$3,750-\$200,000 | US\$ 3,500,000 | 2,394,000 |
| Canada | Funding through the Canadian Institute of Chartered Accountants | C\$ 800,000 | 447,087 |
| Mexico | Voluntary system of contributions | US\$ 50,000 | 34,202 |
| Brazil | Voluntary system of contributions | US\$ 15,000 | 10,261 |

Asia-Oceania

| | | | |
|---------------------------------------|---|--|-----------|
| Japan | Voluntary system co-ordinated centrally, involving a range of Japanese market participants. Levy-like system to be in place in 2010 | US\$ 2,800,000 | 1,915,315 |
| China, excluding Hong Kong SAR | Voluntary contributions of Chinese listed companies through the China Accounting Standards Committee | US\$ 900,000 | 615,637 |
| Australia | Annual payment on behalf of private and public sector stakeholders in the Australia accounting standard-setters process | A\$ 1,000,000 | 477,660 |
| Korea | Voluntary contributions of Korean listed companies through the Korea Accounting Standards Board | A target of US\$ 500,000 with US\$ 300,000 committed in 2008 | 205,212 |
| India | Contribution through major two exchanges, supported by securities regulator | US\$ 400,000 | 273,616 |
| Hong Kong SAR, China | Contribution through regulatory authorities and stock exchange | US\$ 195,000 | 133,388 |
| New Zealand | Annual payment through the Accounting Standards Review Board | NZ\$ 200,000 | 79,554 |

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

Central Banks and International Organisations

| | | | |
|--|--------------------|--------------------------------|---------|
| Central banks and international organisations | Voluntary payments | US\$ 530,000 (efforts ongoing) | 362,542 |
|--|--------------------|--------------------------------|---------|

International Accounting Firms

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

Other sources of income

The IASC Foundation also receives additional funding through its publications, educational, and related activities.

