30 Cannon Street, London EC4M 6XH, England
Phone: +44 (0)20 7246 6410, Fax: +44 (0)20 7246 6411
Email: iasb@iasb.org Website: http://www.iasb.org

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 2D

DRAFT REPORT OF THE IASB CHAIRMAN—2008 ANNUAL REPORT

The financial crisis made 2008 a challenging year for all of those concerned with the effective functioning of capital markets. The IASB recognises the important role that it could play in helping restore confidence in capital markets. Our goal is to develop a single set of high quality global standards. Those standards must ensure that investors and other users of financial information have transparent information about the entities, in which they have, or are considering having, an economic interest. With transparency comes the confidence that they know what risks they are taking as investors. And with that confidence will come increased stability.

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

The global financial crisis

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

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

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 'The IASB will enhance its guidance on valuing financial instruments when markets are no longer active.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

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

> 'The key global accounting standards bodies should work to enhance guidance for valuation for securities, also taking into account the valuation of complex, illiquid products, especially during times of stress.'
>
> 'Accounting standard-setters should significantly advance their work to address weaknesses in accounting and disclosure standards for off-balance sheet vehicles.'
>
> 'Regulators and accounting standard setters should enhance the required disclosure of complex financial instruments by firms to market participants.'
>
> 'The key global accounting standard-setting bodies should work intensively toward the objective of creating a single high quality global standard.'

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

Financial Crisis Advisory Group

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

- Areas where financial reporting helped identify issues of concern during the credit crisis.
- Areas where financial reporting standards could have provided more transparency to help either anticipate the crisis or respond to the crisis more quickly.
- Whether priorities for the IASB and the FASB should be reconsidered in the light of the credit crisis.
- Potential areas that require future attention of the IASB and the FASB in order to avoid future market disruption.
- The implications of the credit crisis for the interaction between general purpose financial reporting requirements for capital markets and regulatory reporting, particularly for financial institutions.
- The relationship between fair value and off balance sheet accounting and the current crisis, both during and leading up to the crisis.
- The findings and relevance of conclusions of various studies underway, including the SEC's study under the Emergency Economic Stabilization Act of 2008.
- The need for due process for accounting standard-setters and its implications for resolving emergency issues on a timely and inclusive basis.
- The independence of accounting standard-setters and governmental actions to the global financial crisis.

The group's first meeting was held in London on 20 January 2009. It has since met in New York on 13 February and 5 March. Further meetings are scheduled for April and May 2009.

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

Standard-setting response to the global financial crisis

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

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

	ED	*Embedded Derivatives*
	ED	*Investments in Debt Instruments*

Measuring fair value when markets become inactive

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

IASB Expert Advisory Panel

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

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

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

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

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

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

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

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

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

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

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

Off balance sheet activities

Consolidation and improved accounting for off balance sheet items

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

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

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

The proposals address those concerns by presenting a new, principle-based, definition of *control of an entity* that would apply to a wide range of situations and be more difficult to evade by structuring. The proposals also include enhanced disclosure requirements that would enable an investor to assess the extent to which a reporting entity has been involved in setting up special structures and the risks to which these special structures expose the entity. The proposals would apply not only to the financial sector but to any entity that uses legal entities to manage its activities.

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

Derecognition

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

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

Simplifying the accounting for financial instruments

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

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

Amendment to IAS 39 on reclassification of financial assets

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

To make this urgent change, following a decision by the Trustees, the Board issued the amendment without its normal due process in order to provide a more level playing field during a period of crisis. Although the Board strongly believes that investors are best served when it conducts an open and thorough due process, the alternative proposed would have been worse. Because of the restrictions imposed by the EU regulation that permit only full endorsement or 'carve outs', the alternative would have allowed EU financial institutions to reclassify financial assets without any constraints on how the assets were measured at the time were reclassified, no constraints on how far back they could go in choosing when to reclassify and no accompanying disclosure requirements. The Board's amendment to IAS 39 required transfers at fair value and disclosures enabling users of the financial statements to recreate the financial position and profit or loss as if no reclassification had been made.

The demand for rapid standard-setting responses is not unique to the IASB. More recently the FASB has been subjected to pressure to amend fair value and impairment requirements. This experience demonstrates the need for the two boards to act jointly and sometimes expeditiously. This may require us to establish emergency due process procedures—an issue now under examination by the Trustees.

Other issues arising from the crisis

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

- the need for further guidance in the application of the fair value model in illiquid markets
- allowing reclassification of financial assets presently classified under the fair value option
- clarification of whether synthetic collateralised debt obligations (CDOs) include embedded derivatives

- adjustments to impairment rules applicable to available-for-sale financial assets.

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

Joint round tables on the financial crisis

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

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

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

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

Short-term changes to IFRSs

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

Impairment

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

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

Ensuring consistent treatment of accounting for particular credit-linked investments between US GAAP and IFRSs

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

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

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

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

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

Advancing a single set of standards used worldwide

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

SEC Roadmap

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

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

IASB-FASB Memorandum of Understanding

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

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

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

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

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

MoU projects

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

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

Conceptual framework

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

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

During the year, we published with the FASB an exposure draft on the objective and qualitative characteristics of financial reporting, and a discussion paper on the reporting entity. We expect to finish the phase dealing with the objective and qualitative characteristics and to publish an exposure draft on the reporting entity in the second half of 2009.

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

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

Short-term projects

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

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

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

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

Joint ventures

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

Income tax

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

Major projects

Month	Publications	
January	IFRS	*Business Combinations* (revised)
	IFRS	*Consolidated and Separate Financial Statements* (amended)
February	DP	*Financial Instruments with Characteristics of Equity*

March	DP	*Preliminary Views on Amendments to IAS 19 Employee Benefits*
September	ED	*Discontinued Operations*
October	DP	*Preliminary Views on Financial Statement Presentation*
December	DP	*Preliminary Views on Revenue Recognition on Contracts with Customers*

Business combinations

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

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

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

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

Financial statement presentation

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

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

Revenue recognition

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

Financial instruments with characteristics of equity (liabilities and equity)

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

Leases

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

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

Post-employment benefits (including pensions)

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

Other improvements

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

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

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

Projects completed

Vesting conditions and cancellations

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

Puttable financial instruments and obligations arising on liquidation

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

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

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

Annual improvements

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

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

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

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

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

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

Eligible hedged items

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

Ongoing projects

Insurance contracts

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

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

Related party disclosures (relationships with the state)

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

Emissions trading schemes

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

Liabilities (revision to IAS 37)

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

Management commentary

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

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

Earnings per share

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

Share-based payment: group cash-settled transactions

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

Extractive industries

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

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

Other projects

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

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

New agenda items

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

IFRSs for Non-publicly Accountable Entities (formerly IFRS for SMEs)

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

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

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

When we initiated the project we used the term ‘small and medium-sized entities’ (SMEs) to denote the entities to which the new standard would apply. In May we changed that term to ‘private entities’. However, some concern was expressed about ‘private entities’, and in the light of that concern, in January 2009 we changed to the term ‘non-publicly accountable entities’. The change to the title does not change the content of the standard or the scope of entities to which it applies.

The Board

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

Meetings and outreach

The Board meets in London for a week each month, except August. Each meeting typically involves about 30 hours of public discussion. Last year I reported on the independent assessment by the One World Trust of our transparency and stakeholder engagement.

Transparency and accountability have been cornerstones of the standard-setting process since we started in 2001.

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

Spreading the word

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

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

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

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

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

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

Working with national standard-setters

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

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

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

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

A note of thanks

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

International Financial Reporting Interpretations Committee (IFRIC)

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

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

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

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

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

The staff supporting the IFRIC are led by Tricia O'Malley as Director of Implementation Activities. Tricia is a former Board member and she has done a tremendous job in ensuring that IFRIC members are presented with robust analysis of the matters they are being asked to consider.

Interpretations

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

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

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

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

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

IFRIC 18 *Transfers of Assets from Customers* addresses an issue that arose in the utilities industry. It is common for an entity to receive transfers of items of property, plant and equipment from its customers that must be used to connect customers to a network and provide customers with ongoing access to a supply of commodities such as electricity, gas or water. The Interpretation clarifies when such transfers should be recognised by the entity as an asset and how to account for the corresponding credit. The Board considered IFRIC 18 in January 2009 and approved it for issue.

Matters not taken added to the agenda

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

Standards Advisory Council

The Standards Advisory Council is one of the Board's primary consultative forums. 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.

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

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

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

The Trustees have also appointed two vice-chairmen. Charles Macek is a non-executive director of Telstra and Wesfarmers and former chairman of the Australian Financial Reporting Council. Patrice Marteau is the chairman of ACTEO and the chairman of the Accounting Committee of Business Europe.

Staff

Technical

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

We have a large and growing team of nearly 50 professional staff members. It is a team that demands strong leadership. We were therefore saddened that Liz Hickey, our Director of Technical Activities, decided to return to New Zealand in July for family reasons. Liz had done a tremendous job in the five years she was with us, initially as Education Director and then as Director of Technical Activities. Her legacy is the strong technical team that we currently have in place.

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

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

New staff

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

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

Departures

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

Yung-Wook Kim, Leng Bing and Eiko Osawa completed their secondments from national standard-setters. Yung-Wook returned to Korea, Bing to China and Eiko to Japan. Kimberley Crook (New Zealand Financial Reporting Standards Board), Ian Hague and Rebecca Villmann (both of the Canadian Accounting Standards Board) and Simon Peerless (UK Accounting Standards Board) all completed their secondments. Kimberley, Ian and Rebecca made particular sacrifices, travelling long distances to present to both the IASB and the FASB in their roles on the conceptual framework project. I am grateful to all of our secondees and their host organisations for the contributions they have made.

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

Looking ahead

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

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

Operations

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

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

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

Editorial

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

Publications

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

Education

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

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

Translation

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

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

XBRL

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

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

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

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

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

Communications

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

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

Some final thanks

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

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

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

To conclude, I want to record my special thanks to Gerrit Zalm, as Chairman of the Trustees, and to the other Trustees for their support, encouragement and advice. I am particularly thankful for their resolute determination to protect the integrity and independence of this organisation—a resolve that was tested in October 2008 when we suspended our due process, with the support of the Trustees, to protect the integrity of financial reporting by the banking sector in the EU. The establishment of the Monitoring Board, which is discussed in Gerrit

Zalm's report is an important step towards preventing a similar set of circumstances that we faced in October from developing again.