

INTERNATIONAL
ACCOUNTING STANDARDS COMMITTEE
FOUNDATION



International
Accounting Standards
Board®



CREATING A GLOBAL STANDARD SETTER

1995

IASB Board agrees on a work programme to complete a core set of standards as the basis for consideration of endorsement by the International Organization of Securities Commissions (IOSCO).

1997

IASB Board forms a Strategy Working Party to consider IASB's future strategy and structure following the completion of the core standards work programme.

1998

IASB completes the core standards project.

1999

Strategy Working Party publishes its final report, *Recommendations on Shaping IASB for the Future*. The report calls for a 14-member independent standard-setting body, composed of men and women chosen on the basis of their accounting expertise, relevant experience, and ability to work in harmony towards the common objective.

2000

IOSCO recommends to its members that they accept financial statements complying with International Accounting Standards (IASs), with 'supplemental treatments' as necessary, for cross-border listings.

2000

MARCH
IASB Board approves new IASB Constitution.

2000

MAY
IASB Nominating Committee appoints 19 Trustees of the restructured IASB, chaired by Paul A. Volcker, former Chairman of the US Federal Reserve Board.

2000

JUNE
IASB Trustees hold first meeting.

Sir David Tweedie becomes Chairman-designate of the new full-time standard-setting board.

2000

OCTOBER
IASB Trustees launch financing programme, seeking underwriting commitments to provide more than £11 million a year for the first five years of operations.

2000

DECEMBER
IASB Trustees name the new standard-setting board, the International Accounting Standards Board (IASB).

2001

JANUARY

The Trustees announce the appointment of the remaining 13 Board members and put the revised Constitution into effect to enable the IASB to begin work in April.

2001

FEBRUARY

The Trustees establish the new legal entity, the International Accounting Standards Committee Foundation, as a not-for-profit corporation, registered in the State of Delaware, USA. The IASB's operations are to remain in London.

2001

MARCH

The Trustees approve a proposal to change the name of the standards to International Financial Reporting Standards (IFRSs).

2001

APRIL

The IASB meets for its first technical session.

2001

MAY

The IASB holds its first joint meeting with chairs of national standard-setters.

2001

JUNE

The operational headquarters of the new IASB Foundation and IASB opens at 30 Cannon Street in the City of London.

The 49-member Standards Advisory Council is announced.

2001

JULY

The IASB approves its first work programme, consisting of nine active projects. The chief aim is the convergence of differing standards on high quality solutions.

2001

NOVEMBER

The IASB releases its first Exposure Draft, a proposed *Preface to International Financial Reporting Standards*.

The Trustees also release a proposal for public comment to change the SIC's name to the International Financial Reporting Interpretations Committee (IFRIC) and to expand the Committee's mandate.

2001

DECEMBER

The reconstituted Standing Interpretations Committee (SIC) is announced.

In its first year, the IASB Foundation receives financial support from 188 supporters, central banks, international organisations, and associations, totalling £12.8 million.



Paul A. Volcker
Chairman of the Trustees

REPORT OF THE CHAIRMAN OF THE TRUSTEES

For some years, the forces of globalization have made the need for effective, consistent, and broadly accepted accounting standards increasingly apparent. Today, that conceptual need has been reinforced by evident practical problems of interpretation, enforcement, and understanding of existing national standards.

Hardly a day passes without problems of financial reporting appearing prominently in the international press. Clearly, the accounting profession and standard setters face difficult challenges. At the same time, the sense of confusion and uncertainty provides an opportunity for real reform and progress.

It is within this environment that the new International Accounting Standards Committee (IASC) Foundation and its main operating organ, the International Accounting Standards Board (IASB), were born in 2001, succeeding the former IASC. The new organization was launched with widespread support among regulatory authorities, international institutions, and business leaders throughout the world.

We Trustees believe that the reconstituted organization, on this strong foundation, can prove responsive to the evident challenges and to the changing business environment, helping to develop the basis for more timely, accurate, and widely accepted financial reporting for the 21st century. The role of the standard setter is both clear and important. A single set of high quality accounting standards that can command respect around the world will discipline auditing approaches, simplify listing in national markets, and encourage effective enforcement by national and international authorities.

The rationale for the effort is simple. If markets are to function properly and capital is to be allocated efficiently, investors require transparency and must have confidence that financial information accurately reflects economic performance. Investors should be able to make comparisons among companies

in order to make rational investment decisions. In a rapidly globalizing world, the importance of accounting for comparable economic transactions in a comparable manner across various jurisdictions becomes compelling. The formation of the IASB results from the growing consensus on the logic of a global approach.

The goal of the IASB is ambitious, but after the first full year of operations, there is a realistic basis for optimism. Companies, as well as public regulators, understand the need for convergence of national and international standards and support the effort. The key players, including national standard setters and securities regulators, are at the table. The Trustees are satisfied that Sir David Tweedie, the IASB Chairman, is fully-equipped to lead a strong 14-member board, bringing together highly qualified professionals independent of national and political ties.

RESTRUCTURING THE IASC

Formed at the initiative of regulators and business leaders throughout the world, an IASC Strategy Working Party proposed a revised IASC Constitution. A 19-member committee of Trustees provides the oversight for the new organization. The Trustees are also responsible for financing the effort and appointing the members of the Board (IASB) and associated councils and committees. The Board, which is solely responsible for setting the standards, is composed of men and women chosen on the basis of their accounting expertise, relevant experience, and ability to work in harmony toward the common objective. The integrity of the process and an appropriate international perspective are protected by emphasis on independence from political and outside pressures and from purely national considerations.

Much of 2001 was spent bringing the vision of the Strategy Working Party into practice. In January 2001, the 19-member Trustees announced the selection of the new IASB, which was to be based in London. To facilitate consultation with interested parties throughout

the developed and emerging economies, the Trustees appointed the 49-member Standards Advisory Council, including business leaders, official organizations, and academics that will meet with the Board about three times a year and must be consulted on major Board decisions. To ensure uniform implementation and enforcement of accounting standards, an interpretations committee of experienced auditors and practitioners was appointed in December. With these pieces in place, it should be possible to capture economic transactions in financial reports accurately and to gain the respect and authority essential to the common application of international standards worldwide.

SECURING THE FINANCES

The Strategy Working Party envisaged the new IASB would be supported mainly by private contributions of auditing firms and business enterprises internationally. In implementing that approach, the Trustees needed to ensure adequate financial commitments to cover the annual operating budget of about £11.5 million (US \$16.5 million). The budget was largely determined by the need to pay salaries that would attract qualified Board and staff members and by the rather heavy travel costs of an organization that must regularly consult constituents around the globe. At the same time, the structure put forward by the IASC Constitution safeguards the independence of the standard setting process, ensures that all meetings of the IASB are in public, and enables all interested parties to participate in the standard-setting process without prejudice.

In order to obtain rapid assurance that the new organization could proceed expeditiously and confidence about its financial stability, the IASC Foundation established an "underwriter" class of supporter of major international financial and business firms. Underwriter companies provided five-year pledges ranging from \$100,000 to \$200,000 per year. The Trustees will seek to reduce the annual pledges as new sources of funding from companies and commercial activities become available. The Trustees are seeking to broaden the funding sources and reduce proportionately the commitment of underwriters.

I am delighted to report that the funding program to date has been a solid success. In addition to the underwriting group, the "Big Five" accounting firms have pledged nearly a third of the estimated budget. Over 30 central

and development banks around the world have provided tangible, as well as moral, support. Official international financial institutions have joined the financing effort. A large number of the world's leading multinationals are on board. Finally, demonstrating the depth of support in many regions, leading business groups in Europe, Japan, and the United States have formally endorsed the effort and provided financial assistance.

In total, 188 corporations, associations, and other institutions provided financial support, totalling £12.8 million (US \$18.3 million) in 2001.

BECOMING A GLOBAL STANDARD

The Trustees and the IASB have taken significant steps in the organization's first year to encourage the application and enforcement of its standards throughout the world. Only by international consistency will the world's economies realize the full benefits of accurate and transparent financial reporting.

The Trustees and the IASB made particular efforts to maintain contact with national standard setters and securities regulators in six continents, recognizing that international consistency is dependent upon national regulators accepting IASB standards for listing and other purposes. Aided by the selection of seven official liaison Board members with offices at national standard setters, the IASB is working closely with national standard setters to harmonize work programs and reach the same conclusions. The International Organization of Securities Commissions (IOSCO), the European Commission, the U.S. Securities and Exchange Commission (SEC), and the Japan Financial Services Agency (FSA) are included as official observers in IASB bodies. The Trustees have met as a group in Brussels and Washington, D.C., and have held discussions with E.U. and U.S. regulators and policymakers. In 2002, the Trustees and the IASB will meet in Hong Kong, and the IASB will convene in Tokyo in order to engage Asian policymakers and standard setters. As part of their ordinary activities, the Trustees and the IASB have made presentations to, conferred with, and testified before government officials in their regions.

As this activity suggests, there is a substantial foundation of cooperation upon which to build. Moreover, nearly 50 countries either accept international standards without modification as national law or use a slightly

modified version of international standards. In 2001, an important indication of the potential is that the European Commission has proposed legislation to require that all publicly listed companies in the European Union must prepare financial accounts for consolidated statements according to International Financial Reporting Standards (IFRSs, formerly known as International Accounting Standards) from 2005. This will bring 6,000 companies under the IASB's rubric, and as the European Union grows, so will the reach of the IASB.

THE WAY FORWARD

The IASB has begun its work program, and is now addressing many of the emerging issues facing accounting today. The process will, inevitably, take time. The controversial issues of the day – including fair value accounting, share-based payment, intangible assets, and pension accounting – do not permit of easy answers. In these and other areas, there are unsettled questions and lively debate. But during the course of 2002, a number of important decisions can be expected.

One thing is for certain: not all these IASB decisions will be universally popular. Although we Trustees are precluded from opining on technical accounting issues, we will ensure that appropriate consultation occurs and that the IASB, with a fair mind and access to the best thinking, carefully reviews all complexities of the topics on its work program. The decisions of the IASB cannot be imposed on individual countries. Rather, after it has conducted a careful consultative process, the aim must be to reach an outcome that will command broad respect around the world as the legitimate product of an independent standard setting process.

There is much work to do. We welcome the support that we have received. The opportunity is significant.



Paul A. Volcker
Chairman of the Trustees



Sir David Tweedie
Chairman of the IASB

IASB CHAIRMAN'S REPORT

Support for a new international standard-setter

The events of the past year have made 2001 a watershed in the history of global standard-setting. It was the year in which the building blocks for the internationalisation of accounting were laid down.

2 The International Accounting Standards Board (IASB) has been blessed, since its inception, by the support of governments, regulators and standard-setters worldwide. For this support our predecessor body, the International Accounting Standards Committee (IASC), must take a great deal of credit. First, in 1987 IASC began a study of the comparability of financial statements that was the basis for an improvements project. When completed in 1993 the project had led to ten revised standards, which eliminated many of the options previously existing in international accounting standards and improved disclosure requirements. These steps made international accounting more competitive—whose national standard would be deemed by a neutral international committee to best reflect the essence of a particular transaction? Several national standards were changed after the views of the international body became evident.

3 Secondly, in 1995 IASC made an agreement with the International Organization of Securities Commissions (IOSCO) that, speaking broadly, if IASC were to produce a comprehensive core set of standards of appropriate quality then IOSCO would recommend endorsement of international accounting standards for cross-border capital-raising and listing purposes in all global markets. With such a recommendation, companies using those standards would generally be able to use financial reports based on them on stock exchanges worldwide without reconciliation to local standards. (As it transpired, IOSCO did not entirely approve IASC's core standards when they were completed at the end of 1998 but it gave great encouragement for further work to be undertaken on those standards with a view to their further improvement.)

4 Thirdly, much of the impetus for these developments was due to the vision and efforts of the far-sighted and internationally minded chairmen of IASC, particularly in the 1990s. Building on the excellent preparatory work of their predecessors they seized the opportunity of the agreement with IOSCO and steered IASC into a position where it could be developed as an internationally accepted standard-setter. Special praise must go to IASC's last four chairmen—the late Eiichi Shiratori (Japan), Michael Sharpe (Australia), Stig Enevoldsen (Denmark) and Tom Jones (USA)—and the two secretaries-general during the period—David Cairns, who was heavily involved in the improvements project, and Sir Bryan Carsberg, who led the drive on the core standards and later the restructuring proposals emanating from IASC's Strategy Working Party.

5 The Strategy Working Party, whose conclusions became part of the new IASC Constitution, was keen to draw on the work of the main national standard-setters (several of whom formed the group known as the G4+1—Australia/New Zealand, Canada, the UK and the USA, plus IASC). Those national standard-setters, together with those of some of the world's largest economies—France, Germany and Japan—were to have direct liaison relationships with the new IASB. The intention was that the IASB and these standard-setters would form a partnership, aided by the IASB's seven liaison members, who would each attend meetings of their national standard-setter. Views from the national standard-setter would be passed to and debated at the IASB; similarly, views from the IASB would be passed to the national standard-setters. It is intended that the Board will meet three times a year with the chairmen of the standard-setters with which it has a liaison relationship. By this means, the risk of the IASB becoming an ivory tower standard-setter cut off from the issues of concern around the world, is remote.

6 The Board is grateful to its partner standard-setters for their offers of assistance and resources and intends to make full use of

these offers. As mentioned below, many of the subjects that will eventually appear on the Board's agenda are at present being researched by national standard-setters. Other subjects appearing on the agenda will be undertaken in partnership with one of the national standard-setters; under this arrangement the board papers will be debated by both boards at the same time.

7 The formation of the Standards Advisory Council (SAC) has made it possible for other standard-setters to become involved in the IASB's work and the members of the Board are also very grateful for the support they have received from colleagues in other standard-setting bodies throughout the world.

8 Lastly, support for IASB came from two important sources. First, in the United States the Securities and Exchange Commission (SEC) voiced support for the proposed IASB as a global standard-setter and this view was echoed by the Financial Accounting Standards Board (FASB). The world's financial community has reason to be grateful to the far-sighted international views expressed by Arthur Levitt and Lynn Turner, then respectively chairman and chief accountant of the SEC, and the statesmanlike approach taken by Edmund Jenkins as chairman of the FASB, who also advocated that the G4+1 should cease to operate once the IASB came into existence.

9 Similar support came from the European Commission, which, following the decisions taken by the European Council's meeting in Lisbon, proposed in June 2000 that the consolidated accounts of all listed companies in the European Union should be required to be prepared in accordance with the IASB's standards by 2005. A fully integrated European capital and financial services market requires common accounting standards, and it says much for the international vision of the Commission and its officials, notably John Mogg, David Wright and Karel Van Hulle, that the EU did not attempt to produce a separate set of standards but instead wished to involve European countries in the development of high quality global standards.

GLOBAL STANDARDS

10 The Board's aim is simple. Our mandate is to produce a single set of high quality, understandable and enforceable global accounting standards. The Board's job is to

encourage convergence on these global standards. The IASB is not a dictator, it is a facilitator. It cannot insist that national standard-setters or countries adopt its standards; it hopes, however, that even where a national standard-setter believes it has a better answer it will accept that it will not win every argument. On the other hand, the IASB should be prepared for the national standard-setter, when accepting the international standard, to monitor the new standard's operation and if, after a few years, the national standard-setter still believes that the international standard is not as good as the solution it had proposed, for the issue to come back on the international agenda.

11 It should also be emphasised that convergence on high quality standards does not simply mean copying US generally accepted accounting principles (GAAP). It can be said that the United States almost certainly has the best set of accounting standards in the world. However, not all of the individual US standards are the best worldwide. Where the United States is a leader in the field the Board would have no hesitation in adopting its standard but where it is not the Board will look elsewhere or develop its own standard. To converge internationally requires change on both sides and we are gratified that this point is well accepted by the FASB.

12 Similarly, the Board is not going to be diverted by the siren call that an international standard must not be more demanding than its equivalent in the United States—invariably it is claimed that otherwise those applying a higher quality international standard would be at a competitive disadvantage. It has to be said that the existing high quality US standards have hardly held back US companies over the last decade, but if the Board were to heed the siren call then by definition the Board's standards could at best be of equal quality to, or of lower quality than, those of the United States. That is not the Board's mandate. Indeed, if the Board were to accept the argument, then by definition US standards would overall be of higher quality than those of the IASB—in which case the world would be better off simply adopting US GAAP rather than trying to develop international standards.

13 A similar point is sometimes made in the United States itself. On matters where, for example, there has been a heated debate in the United States the IASB has sometimes been

asked by US commentators not to raise the issue once more but to accept the outcome of the debate in the United States. On reflection, those proposing that view would, I am sure, agree that such a decision would be unacceptable to the rest of the world. Debates have to be held internationally if a set of international standards is to be acceptable.

THE INITIAL WORK PROGRAMME

14 Much has been achieved in the short time since the decision was taken to implement the recommendations of the Strategy Review. The founder members of the IASB were nominated by the Trustees of the IASC Foundation in January. At that time, however, the Board had neither appropriate premises from which to operate, nor the staff to undertake the vital research required to produce the high-quality global standards demanded by the world's financial community. The Trustees had done an excellent job in guaranteeing the necessary finance and my first task, in conjunction with Tom Seidenstein, the Foundation's director of operations, and Kurt Ramin, the Foundation's commercial director, was to find appropriate premises. With the help of the Corporation of London, the Foundation acquired the lease of offices in 30 Cannon Street and the Board moved into its new premises in June.

15 Staff recruitment went on apace, and highly skilled, experienced staff began to arrive from all over the world in August and September. At the time of writing, the IASB has 17 technical staff, coming from 10 countries. Many of the staff have previously worked for national standard-setters, so, as with the Board members, a great deal of experience in dealing with technical problems is now available at the Board's headquarters.

16 Although the Board did not officially begin operating until April it had an informal meeting in February to enable members to meet each other, to settle meeting dates for the rest of the year, and to decide which issues should be discussed at the first formal meetings.

17 The IASC Constitution requires the Board, before setting its agenda, to discuss possible topics with the SAC. The membership of the SAC was not announced until 25 June, and it met for the first time in July. By then the Board, having devoted its first three meetings to educational sessions ranging over possible agenda items, was in a position to make proposals to the SAC.

18 As a result of its consultation with the SAC the Board announced its initial agenda of nine technical projects at the end of July.

19 The projects chosen amounted to the first step towards the goal of global standards. Four projects provided leadership for convergence, which, of course, is the Board's primary purpose, two others were designed to make existing standards easier to apply and three more aimed to improve the basic standards that the IASB inherited from its predecessor.

CONVERGENCE PROJECTS

Business combinations (phase I)

20 Accounting for business combinations diverges substantially across jurisdictions. Some suggest that this diversity gives certain entities a competitive advantage over others for deal-making. Whilst most national jurisdictions and IASC have tightly restricted the scope of business combinations to be accounted for by means of the pooling/merger approach, the United States was, until recently, the outlier. The abolition of pooling accounting in Canada and the United States in mid-year, however, gave an opportunity to examine whether—given the very few combinations that are accounted for using the pooling method elsewhere in the world—it would be advantageous for international standards to come into line with those in North America and Australasia by banning pooling accounting. A related problem was, of course, goodwill accounting: the FASB adopted a pure impairment approach to goodwill, taking further the approach pioneered by the UK Accounting Standards Board and largely adopted by IASC.

21 In July the Board consulted the SAC, which observed that there is widespread support for convergence on this subject. The Board decided to add to its agenda a convergence project on business combinations.

22 The project will have two phases. In broad terms, phase I seeks to achieve the convergence of existing standards on the definition of a business combination; the appropriate method or methods of accounting for a business combination; the accounting for goodwill (and negative goodwill) and intangible assets acquired in a business combination; the treatment of liabilities for terminating or reducing the activities of an acquiree; and the initial measurement of the identifiable net assets acquired in a business combination. The Board

will also consider, as part of phase I, disclosures, transitional provisions, and certain other issues identified in the improvements project.

23 Without prejudice to the outcome of its deliberations the Board's tentative view is that international standards should follow the US lead by banning pooling accounting and using an impairment approach for goodwill. As to the impairment test itself, however, the Board is exploring criteria for more detailed disclosures about the estimates used in testing goodwill for impairment than have been adopted in the United States. In addition, the Board has examined the practice of making provisions on acquisition in the acquired company for future reorganisations or losses. In accordance with the Framework the Board's provisional conclusion is that where no obligation exists at the time of acquisition no provision can be made.

24 The Board plans to publish an Exposure Draft on phase I of the project in the first half of 2002.

Insurance contracts

25 Insurance is increasingly a global business, yet insurance accounting varies widely. Some jurisdictions give little or no guidance on accounting for insurance contracts, while others have requirements that are looking increasingly archaic. This project aims to produce an agreed global standard on insurance contracts. In November the Board started discussing a Draft Statement of Principles (DSOP) prepared by the

IASB's Insurance Steering Committee. We have posted sections of the DSOP on the IASB's Website as the Steering Committee finalised them. However, we are not inviting formal comments on the DSOP, as it would be unfair to expect commentators to devote the time and effort needed for a considered response to a document that the Board has not yet debated in full.

Performance reporting

26 The Board is seeking to develop a single statement of financial performance that will replace the existing income statement. The need for a robust performance reporting format is especially important in view of recent and expected future changes in recognition and measurement in the financial statements. The new statement will play an important role in the assessment of corporate performance, not least in the interpretation of volatility in reported data.

27 The Board is developing a set of conceptual principles that will guide its thinking on the project. These principles are designed around investors' information needs. They will be used to help determine the categorisation of components of reported performance, as well as the order in which these components are presented. A related issue, which the Board will also address, is whether and how management should report and highlight performance subtotals within the overall financial performance for the year.



28 The primary focus of the project will be the performance statement, although the project remit also includes the closely related statements of cash flow and changes in equity.

29 The IASB is conducting this project in partnership with the UK Accounting Standards Board. The two boards are working simultaneously on the project and will issue pronouncements jointly. The project team is also working with the Canadian and US standard-setters, which have added performance reporting projects to their agendas.

Share-based payment

30 Share-based payment, whereby an entity acquires goods or services with payment made in shares or share options, is becoming more prevalent around the world. Share schemes are now a common feature of employee remuneration, not just for directors and senior executives, but for many other employees as well. Some companies issue shares or share options to pay suppliers, such as suppliers of professional services. Very few countries have accounting standards on accounting for share-based payment, and many believe that such standards as do exist are inadequate or outdated. There is no existing international standard on how to account for these transactions and many commentators, in responding to proposals published by national standard-setters, have emphasised the need to deal with this topic at an international level.

31 There are three crucial questions in accounting for share-based payment:

- Should these transactions be recognised in the financial statements, resulting in the recognition of an expense in the income statement when the goods or services are consumed?
- How should these transactions be measured, ie what measurement basis should be applied?
- At which date should these transactions be measured?

In addition, there are many other issues to be considered, particularly concerning the measurement of transactions involving the issue of share options to employees.

32 In July 2000, IASC and the national standard-setters represented in the G4+1

published a Discussion Paper on accounting for share-based payment. The Board has taken that Paper as the first step in its own due process in considering this topic. However, the Board was concerned that some constituents might not have responded to the Discussion Paper, perhaps not appreciating the growing international importance of this topic at that time. To ensure that it had received comments on the Discussion Paper from all constituents who wished their views to be considered, the Board reopened the comment period in September and invited additional comments by 15 December.

33 The additional comments received will be considered, along with those comments received during the original comment period, in the development of an Exposure Draft of an International Financial Reporting Standard (IFRS). The Board hopes to issue the Exposure Draft for public comment by the end of 2002.

EASIER APPLICATION OF INTERNATIONAL STANDARDS

34 Another set of projects seeks to make it easier to apply the IASB's standards.

First-time application of International Financial Reporting Standards

35 In the coming years, entities in many jurisdictions will adopt International Financial Reporting Standards (IFRSs) for the first time. The problems faced by an entity that adopts an entire accounting regime for the first time are somewhat different from those faced by an entity that adopts an individual change in an existing body of accounting standards. Public accounting firms and industries in Europe have expressed concerns about the complexity of this task and the existing guidance on first-time application. The Board is reviewing existing guidance with the aim of developing an approach that is both workable and conceptually sound. This project is being carried out in partnership with the French standard-setter (the Conseil National de la Comptabilité).

Activities of financial institutions: disclosures and presentation

36 This project was on the agenda of the Board's predecessor and much support for it exists within the Basel Committee on Banking Supervision and among banks throughout the world. The Board decided to broaden the

project to deal with all entities that carry out financial activities rather than simply banks. The project will update existing requirements related to disclosing information and presenting financial statements that reflect the specific characteristics of the business activities of banks and other institutions whose business is to take deposits, grant credits or provide other financing or investment services.

IMPROVING EXISTING STANDARDS

37 The third batch of projects is intended to improve existing international standards.

Preface to International Financial Reporting Standards

38 The Preface to Statements of International Accounting Standards was last revised in 1982. The Board is proposing to revise the Preface to reflect both the changes in the IASC Constitution and the Board's decisions about the format and style of future IFRSs. An Exposure Draft of a new Preface was published in November, inviting comments by 15 February 2002. The Board will of course consider the comments received and hopes to issue the final document before the middle of the year.

Improvements to existing standards

39 The existing corpus of International Accounting Standards (IASs) has been criticised by many for allowing alternative accounting treatments, for ambiguities of wording and for failing to take account of particular issues. These comments have come from individual commentators, public accounting firms, companies applying IASs, national standard-setters and IOSCO in its report on the core set of international standards. IASs are not unique in having the deficiencies outlined above—most national standard-setters would recognise similar criticisms of their own standards. Nevertheless, the Board believes that the existing international standards could be made more acceptable to regulators, standard-setters, preparers and auditors worldwide if the criticisms levelled at them were addressed at the start of the Board's operations. The improvements project has therefore become a central part of the Board's initial work. Apart from the Board's keenness to introduce the improvements without delay, the timetable is also being driven by the need to make the changes in time for listed companies in the European Union to begin their advance



The Board

*From left to right, Back row: James Leisenring, Geoffrey Whittington, Robert Herz, Tatsumi Yamada, Gilbert Gélard, Hans-Georg Bruns, Anthony Cope, Harry Schmid, Robert Garnett, Warren McGregor
Front row: Tricia O'Malley, David Tweedie, Tom Jones, Mary Barth*

preparations for the expected mandatory application of IASs and IFRSs from 2005.

40 The improvements project falls into two parts, which are proceeding in parallel. The first covers twelve standards, and the proposed changes will range from limited amendments to extensive rewriting that will result in a virtually new text.

41 The second part of the improvements project is concerned with the two standards on financial instruments—IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement.

42 IAS 39 has been criticised for being a complex standard with internal inconsistencies and a lack of clear application guidance. Since its appearance, more than 200 questions and answers have been published on how to apply it. This is quite unsatisfactory. Accordingly, the Board decided to consider amendments to improve IAS 39 and to take the opportunity to review IAS 32 at the same time. The objective is to address practice issues identified by audit firms, standard-setters, regulators and others and to reduce some of the complexity by clarifying and adding guidance and eliminating internal inconsistencies.

43 The Board is not reconsidering the fundamental approach to the accounting for financial instruments—that is a huge task that must await one or more future projects that respond to the fundamental issues raised in the comments on the draft standard prepared by the Financial Instruments Joint Working Group of IASC and nine other standard-setters (the JWG) and published in 2000. One of the JWG's main proposals was that virtually all financial instruments should be carried on the balance sheet at fair value. This raises fundamental concepts that cannot be confined to a consideration of financial assets and liabilities. Furthermore, it raises questions about appropriate measurement techniques for determining fair value when there is an absence of quoted prices or recent relevant proxy transactions. The Board accepts that IAS 39, with its mixed measurement approach, represents no more than a necessary step along the path to reform. Nevertheless, the Board believes that, even within the limitations it faces, it can identify and introduce some important improvements that will make it easier for entities to apply IAS 39 and produce information that will be more helpful to users of the accounts, and find ways of moving towards resolving the underlying problems that IAS 39 has. The main thrust of these changes will be

- to clarify the distinction between debt and equity and the accounting for derivatives based on an entity's own shares
- to promote greater consistency and clarity in reporting by facilitating greater use of fair values, and underpinning this change by providing much fuller guidance.
- to provide guidance to ensure that impairment losses present in a group of loans or other financial assets are recognised in a timely manner
- to introduce the tough principle of 'no continuing involvement' to test whether assets and liabilities can be derecognised.

POSSIBLE FUTURE PROJECTS

44 The IASB has identified 16 topics (set out in the Appendix) as potential agenda items. They are at present each being studied by one or more of the national standard-setters. For some topics, the work involves analysing comments received on earlier discussion documents. For others, the work involves the initial definition of the problem, the issues, and possible solutions. The Board expects to consider adding these projects to its agenda in the future.

45 Some projects involve revisiting the Board's Framework for the Preparation and Presentation of Financial Statements, for example, the appropriate basis of measurement of assets and liabilities, the definition of elements of financial statements, reliability and revenue recognition. Others will involve convergence issues where differences exist among national standards, such as the derecognition of assets or liabilities and special purpose entities, employee benefits, impairment of assets, intangible assets, income taxes and revaluations of certain assets (for those countries that at present allow revaluation of fixed assets). Other topics are likely to be rather more industry-specific, such as accounting by extractive industries or accounting for leases.

46 A further question for consideration would be expanding the financial reporting requirements of international standards into the area of management discussion and analysis (US) or the operating and financial review (UK).

47 The Board will not lack subjects for its consideration in the next few years.

Small and medium-sized entities

48 It has become clear to the Board that its standards have been written primarily for listed companies and that many other companies and entities throughout the world in countries where IASs have been adopted find the present standards difficult to implement. The Board is considering whether to commission a project to assess the need for special guidance to clarify financial reporting requirements in the context of financial reports used in emerging economies or by non-listed enterprises. It is possible that such a project would reduce disclosure requirements but would maintain measurement and recognition criteria.

CONCLUSION

49 At the end of a very hectic year may I thank first the Hon Paul Volcker, the chairman of the Trustees, and his colleagues for their enthusiastic support and help in getting the Board up and running. Of course I also have to thank them for the splendid choices they have made in selecting the Board and the SAC. Nine months' experience of working with the indefatigable Tom Jones, the vice-chairman, and my other Board colleagues has confirmed the Trustees' judgement in selecting a highly talented and independent-minded group of

people. The members of the Board have quickly become friends and while our debates can be fierce and heated, our friendship continues outside of the Board meetings. Observers who thought that one country would dominate the Board's proceedings and inevitably get its way, or that the chairman would push through his own views, were badly mistaken—sadly, despite my efforts, in the latter case!

50 The SAC has been invaluable in helping the Board to shape its initial agenda and in giving advice not only on various technical matters but also on strategy, such as whether the Board should produce standards for small and medium-sized enterprises. I am most grateful to Peter Wilmot of South Africa for agreeing to take over as vice-chairman of the Council and chairing the technical parts of the meeting, thereby avoiding any conflict of interest on my part arising from my position as chairman of both the Board and the Council.

51 I should also like to pay tribute to the loyalty and sheer professionalism of the members of the former Standing Interpretations Committee (SIC). They not only managed, under the skilled leadership of Paul Cherry of Canada (now chairman of the Canadian Accounting Standards Board), to get through an enormous amount of work in the Committee's last few months but stayed on in office until the replacement committee was appointed towards the end of the year. Furthermore the SIC members gave excellent advice on the new methods of operation of the Committee and the expansion of its role. We owe a debt of gratitude to them. We also welcome our new colleagues on the International Financial Reporting Interpretations Committee and, whilst at the time of writing the new committee has not yet met, we very much look forward to working with it in 2002.

52 Thanks are due to the Board's staff, too. When I first arrived at the offices of IASC in January, I was made most welcome by the staff, which then consisted of seven technical professionals and twelve publications and support staff. I was of course greatly helped in the early months by the retiring secretary-general, Sir Bryan Carsberg, and while I have paid tribute to his role in the former IASC, I should like, in addition, to thank him as a friend for the advice and assistance he gave me during my early months in the IASC offices and for his continued assistance over the past year.

53 Given the many changes that were clearly envisaged by the changes of the constitution I am very grateful to the staff of the former IASC for their support and loyalty and their acceptance of the changes that took place as the organisation more than doubled in size (from twenty to more than fifty) and new working methods were introduced to take account of the formation of a full-time Board. The secretaries—Kathryn McArdle, Katherine Maybin, Fiona Davitt and Samantha Williams—went out of their way to ease me into the role, while the technical staff—Peter Clark (senior project manager), Martin Faarborg (who has since returned to his firm in Denmark at the end of his secondment), Colin Fleming, Magnus Orrell, Frank Palmer and Rieko Yanou, under the expert leadership of Jim Saloman—worked hard at completing the remaining IASC projects and preparing for the new improvements project that began in July.

54 Jim deserves special praise and we are certainly going to miss him when his secondment ends and he returns to PricewaterhouseCoopers, Canada. He led the IASC staff through the turmoil of the change and was a great support and source of advice throughout the year. We are very fortunate in attracting two senior professionals to run the technical side of the operation: Kevin Stevenson, formerly technical partner of PricewaterhouseCoopers in Australia and formerly director general of the Australian Accounting Research Foundation, joins us in February 2002 as director of technical activities, much (I suspect) to the relief of Wayne Upton, formerly of the FASB, who joined us in July as director of research. Wayne has, in essence, been running, with Jim Saloman's help, both jobs. I am sure that after the Herculean efforts he has put in over the last six months he will be glad to share the load.

55 From August and September staff began to arrive from all over the world—

Richard Barker	UK
Marie-Christine Batt	France
Kimberley Crook	New Zealand
Kristin Hazzis	USA
Annette Kimmitt	Australia
Christine Lee	USA
Anne McGeachin	UK
Jim Paul	Australia
Galina Ryltsova	Russia
Sandra Thompson	UK



Patrick Rochet, Director General of AFEP, & David Tweedie

This coming year is going to see the initial fruits of their labours. We expect the proposals on the improvement projects, including the revision to IASs 32 and 39, to be published in 2002 and the changes completed by the early part of 2003. Other projects we hope to complete are the Preface (in 2002) and the first-time application of IFRSs (by early 2003). Documents on both business combinations and share-based payment are also scheduled to be produced.

56 Much of the credit for getting the Board up and running must go to the Foundation's director of operations, the immensely talented Tom Seidenstein from the USA, who spent much of the year working with lawyers in ironing out leases, setting up fund-raising facilities and establishing the Delaware company—the legal form chosen by the Trustees. Michael Butcher has joined the IASB as editorial director and will share the administrative load.

57 Kurt Ramin, who was IASC's commercial director and is now serving the Foundation in the same capacity, not only gave invaluable advice on the publications side—eagerly supported by his team—but also vital assistance in securing the new offices.

58 Finally, I am pleased to say that my former secretaries, Allie Burlinson and Jill Robinson, have, to my great delight, come to join me at the IASB. As everyone knows, a superb secretary is without price. I am fortunate in having two of them who not only are highly efficient but make the working environment great fun.

December 2001

SUBSEQUENT EVENTS

The IASB has reviewed carefully any publicly available information about the failure of Enron and other entities to see whether there are lessons to be learned generally for accounting standards. At this point none of us knows enough about the specifics of the transactions, the information available to the auditors, and the judgements involved to form a solid professional conclusion. As we learn more, it is possible we may find that US accounting standards should be improved. If so, we plan to learn from this case and, with the help of the FASB, to make sure that the IASB's standards do not have similar problems. We have, of course, seen allegations about non-compliance with existing standards that seem to have been critical to the eventual restatement of the financial statements and we have investigated suggestions made by various parties for improvements in accounting standards.

To the extent that there has been merit in those suggestions, we have concluded that they are either already largely dealt with in existing IASs or the IASB's current projects. In a limited number of cases we have specifically responded to them. For example, we propose to expand the standards relating to accounting policies to require disclosure of the principal judgments exercised in applying an accounting policy. In addition, we have asked IFRIC to review SIC 12 Consolidation – Special Purpose Entities, which already requires consolidation of controlled special purpose entities, to see whether there are any perceived deficiencies with it in practice. In the area of related party transactions we have decided to require disclosure of outstanding balances with key management personnel.

There is a series of very important IASB projects already in progress, some in partnership with national standard-setters, which contain initiatives that are aimed at improving transparency in financial reporting in the broad areas identified with the Enron debate and with other reported failures. These include:

1 Business combinations (IAS 22) and consolidation (IAS 27):

We are seeking to clarify how the control basis for consolidation works and to remove opportunities for entities to avoid consolidating controlled entities.

2 Financial instruments (IAS 32 and IAS 39):

(a) We are clarifying the distinction between debt and equity for the myriad of

transactions involving derivatives based on an entity's own equity and in certain other situations.

- (b) We are introducing the tough principle of 'no continuing involvement' as a means of testing whether derecognition of financial assets and liabilities can take place.
- (c) We are improving disclosures about:

- the extent to which valuations used in reporting are based upon estimates that are not supported by observable market prices;
- the sensitivity of estimated fair values to changes in assumptions; and
- the consequences for the income statement of changes in estimates of fair value.

- (d) We are facilitating greater use of fair values for financial assets and liabilities to achieve greater meaning and consistency in reporting.
- (e) We are providing greater guidance on how to determine fair values, with particular emphasis on the use of objective quoted prices and prices determined by reference to recent market transactions.

3 Performance reporting

We are developing a framework for displaying information in a manner that will better enable users to understand the implications of financial statement items when assessing performance.

4 Share-based payment

We are working towards a comprehensive standard to deal consistently with all transactions in which an entity uses its equity to pay for goods or services. This includes the vexed area of share-based compensation.

Sir David Tweedie
Chairman of the IASB

POTENTIAL AGENDA ITEMS

(A) CONCEPTUAL FRAMEWORK PROJECTS

Definitions of elements of financial statements

The project would explore similarities and differences between the definitions of the elements (assets, liabilities, equity, revenues, expenses, gains and losses) in the existing conceptual frameworks of the IASB and national standard-setters to determine whether there are differences that are impediments to convergence.

Liabilities and revenue recognition

This heading includes three potential projects that are grouped here because of the significant relationship between the issues in each. The first project would explore the distinction between liabilities and equity. The second would explore liability recognition, including the need for more robust guidance on whether an item meets the definition of a liability and, if so, under what circumstances it should be recognised in the financial statements. The third project would seek to establish workable general principles as a basis for determining when revenue should be recognised in the financial statements.

Measurement

This project would seek to resolve issues related to selection of the appropriate measurements of items recognised in the financial statements. The likely outcome would be an amendment or expansion of the discussion of measurement in the Framework for the Preparation and Presentation of Financial Statements.

(B) CONVERGENCE PROJECTS

Business combinations, Phase II

The objective of the project would be to develop a single standard to secure the convergence of the approaches in various existing standards on the accounting procedures for business combinations. It would encompass issues such as purchase price allocation, liability and asset recognition at the date of combination, contingent consideration, planned restructurings, transactions involving entities under common control, formations of joint ventures, minority interests, and 'new basis' issues. The project would result in the amendment of IAS 22 or the issue of an IFRS with guidance to supplement IAS 22. Another group of issues involve questions broadly described as business combination or consolidation 'procedures' and would be considered in either this project or a separate stage of a consolidations project.

Consolidation policy

The objectives of the project would be to reconfirm the basis upon which an entity should consolidate its investments and to provide more rigorous guidance around the concept of 'control'. Most standard-setters (including the IASB) have identified control as the appropriate basis for consolidation; however, there appear to be differences in the way 'control' is interpreted in deciding whether consolidation is required. The end-product would probably amend or supplement IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries.

Derecognition issues, other than those addressed in IAS 39

Derecognition refers to the removal of an asset or liability (or a portion of them) from an entity's balance sheet. Derecognition questions can arise on all types of assets and liabilities and often arise in connection with off balance sheet financing schemes. Derecognition questions also arise when considering certain special purpose entities and whether they should be included in a set of consolidated financial statements.

Employee benefits

The project would examine the accounting literature of various jurisdictions to identify differences in accounting for employee benefits (including retirement benefits).

Impairment of assets

The project would examine a limited number of issues addressed in existing standards on impairment in various jurisdictions to arrive at a common resolution. Issues might include the use of impairment triggers, the definition of impairment; and reversals of impairment losses. A final product on this project would be likely to amend IAS 36 Impairment of Assets.

Intangible assets

The project would seek to develop a consistent approach to recognition and measurement of intangible assets, including purchased and internally generated intangible assets not related to a business combination. Although many support the approach taken in IAS 38 Intangible Assets, many are also concerned that the guidance in IAS 38 is not adequately robust. The project would result in an amendment to or replacement of IAS 38.

Revaluations of certain assets

This project would seek the convergence of the various approaches in different jurisdictions to accounting for revaluations of assets. It would aim to ensure that whenever and wherever revaluations are permitted they are

measured and reported consistently and in a comparable manner.

Taxes on income

The project would examine the accounting literature of various jurisdictions and identify the differences in accounting for income taxes.

(C) INDUSTRY-SPECIFIC PROJECTS

Extractive industries

The extractive industries (mining and oil and gas production) are an important economic sector in many economies and few jurisdictions have standards on the subject. This project would seek to develop an internationally acceptable approach to resolving accounting issues in the extractive industries.

(D) LEADERSHIP PROJECTS

Financial instruments - a comprehensive project

Under IAS 39, some financial assets and liabilities are measured at cost, while others are measured at fair value. The IAS 39 'mixed-attribute' measurement model leads to a range of difficulties and complexities, and this project could consider moving towards a fair value model for the measurement of virtually all financial instruments, as proposed by the Joint Working Group. The result would be an IFRS to replace all or most of IAS 39 and, perhaps, amend IAS 32 Financial Instruments: Disclosure and Presentation.

Leases

Leasing is a global business, and differences in accounting standards are an impediment to comparability. The project would seek to improve the accounting for leases by developing an approach that is more consistent with the Framework's definitions of assets and liabilities. It would result in an amendment or replacement of IAS 17 Leases.

(E) EXPANSION OF THE SCOPE OF IFRSs

Management's discussion and analysis

This project would explore whether the IASB should provide guidance on the presentation of information outside the financial statements and in the form of management's explanation of the entity's financial condition, changes in financial condition, results of operations, and causes of changes in material line items.

Small and medium-sized entities and entities in emerging economies

The project would assess whether special guidance should be issued to clarify financial reporting requirements in the context of financial reports used in emerging economies or for certain types of entity.

REPORT OF THE INDEPENDENT AUDITORS

To the Trustees of the International Accounting Standards Committee Foundation

We have audited the financial statements of the International Accounting Standards Committee Foundation (IASCF) for the year ended 31 December 2001 on pages 13 to 16 which have been prepared under the accounting policies set out on page 15.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The Trustees are responsible for preparing the financial statements in accordance with the IASCF's Constitution and International Accounting Standards.

Our responsibility is to audit the financial statements in accordance with United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with International Accounting Standards. We also report to you if, in our opinion, the Report of the Chairman of the Trustees and the IASB Chairman's Report are not consistent with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the

financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the IASCF's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the IASCF's affairs as at 31 December 2001 and of its increase in net assets in the year then ended.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors
London.*

STATEMENT OF ACTIVITIES

Years ended 31 December

	Notes	2001 £'000	2000 £'000
OPERATING REVENUES			
Contributions	3	12,830	929
Other income		54	23
		<u>12,884</u>	<u>952</u>
Subscription and publications sales	4	1,966	1,704
Less direct cost of sales		(675)	(593)
		<u>1,291</u>	<u>1,111</u>
Total operating revenues		14,175	2,063
OPERATING EXPENSES			
Salaries, wages and benefits	5	5,267	1,236
Accommodation	6	856	185
Board meetings		595	311
Committees		331	425
Recruitment and relocation costs		296	126
External relations		269	145
Legal and taxation advice		164	7
Fundraising		145	175
Office services		106	45
Communications		70	49
Losses on exchange		62	-
Other costs		254	30
Total operating expenses		8,415	2,734
TRUSTEES' COSTS			
Fees	7	318	220
Meeting expenses	7	90	145
		<u>408</u>	<u>365</u>
Total expenses		8,823	3,099
OPERATING REVENUES IN EXCESS OF (LESS THAN) EXPENSES		5,352	(1,036)
Interest income		206	173
Less United Kingdom Corporation Tax	8	(41)	(35)
		<u>165</u>	<u>138</u>
INCREASE (DECREASE) IN NET ASSETS		5,517	(898)
Net assets at beginning of year		1,063	1,961
NET ASSETS AT END OF YEAR		6,580	1,063

The notes on pages 15 and 16 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

at 31 December 2001

	Notes	2001 £'000	2000 £'000
ASSETS			
Non-current assets			
Leasehold property, leasehold improvements, furniture & equipment	9	945	124
Current assets			
Cash at bank and in hand	10	6,486	2,624
Contributions receivable	12	614	-
Accounts receivable		185	79
Prepaid expenses		170	73
		<u>7,455</u>	<u>2,776</u>
TOTAL ASSETS		8,400	2,900
LIABILITIES			
Non-current liabilities			
Publications revenue received more than one year in advance and other non-current liabilities		-	49
Current liabilities			
Contributions received in advance	12	-	217
Publications revenue received in advance		400	367
Trade payables		481	277
Accrued expenses and sundry creditors		898	892
Current tax liabilities	8	41	35
		<u>1,820</u>	<u>1,788</u>
TOTAL LIABILITIES		1,820	1,837
NET ASSETS		6,580	1,063

CASH FLOW STATEMENT

Years ended 31 December

	Notes	2001 £'000	2000 £'000
OPERATING ACTIVITIES			
Contributions	12	11,717	1,078
Cash receipts from customers		1,941	1,687
Other receipts		145	137
Cash paid to suppliers and employees:			
Operating expenses		(7,971)	(2,926)
Publications direct expenses		(680)	(615)
Trustees' costs	7	(490)	(59)
Net cash from operating activities		4,662	(698)
INVESTING ACTIVITIES			
Interest received		200	173
Taxes on interest income paid		(35)	(29)
Purchase of furniture and equipment		(324)	(38)
Leasehold property and leasehold improvements		(641)	-
Net cash from investing activities		(800)	106
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,862	(592)
Cash and cash equivalents at beginning of period		2,624	3,216
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	6,486	2,624

The notes on pages 15 and 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

1. LEGAL FORM, OBJECTIVES AND RESTRUCTURING

The International Accounting Standards Committee Foundation (IASCF) is a not-for-profit corporation, which was incorporated in the state of Delaware, USA on 6 February 2001 to continue the work of its predecessor body, the International Accounting Standards Committee.

The objectives of the IASCF are:

- to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions;
- to promote the use and rigorous application of those standards; and
- to bring about convergence of national accounting standards and International Accounting Standards to high quality solutions.

The IASCF has two main bodies, the Trustees and the International Accounting Standards Board (the Board), as well as a Standing Interpretations Committee and Standards Advisory Council. The Trustees appoint the Board members and related bodies, exercise oversight and raise the funds needed, whereas the Board has sole responsibility for setting accounting standards.

The 2001 financial statements reflect the fact that members of the IASB did not begin full-time work for the restructured organisation until 6 April 2001, while members of the predecessor Board were volunteers and were not remunerated. The organisation continued to hire additional staff throughout the year. At the same time, the Trustees raised funds on the basis of a complete calendar year of operation to cover costs associated with the reorganisation and establishing the new headquarters and to provide confidence that the IASCF would have sufficient funds to operate in future years.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with International Accounting Standards. The classification and presentation of certain items has been changed in 2001, to reflect changes in the scale of operations as a result of the restructuring.

(b) Revenue

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

(c) Depreciation

Leasehold property and leasehold improvements are depreciated on a straight-line basis over the period of the lease.

Furniture and equipment are depreciated on a straight-line basis over the estimated useful life of the asset. The annual rate applied is 20 per cent of cost for all assets except computer equipment, which is depreciated at 33 ⅓ per cent of cost.

(d) Foreign currency transactions

Transactions denominated in currencies other than sterling are recorded at the exchange rate at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate at the year-end.

(e) Subscriptions and publications sales

Subscriptions and licence fees are recognised as revenue on a straight-line basis over the period covered by the subscriptions and fees. Royalties are recognised as revenue on an accrual basis.

Publications direct cost of sales comprises printing costs and other direct costs including publications department salaries, promotion,

and computer costs. Other costs of preparing standards, including costs of Board meetings, Steering Committees, SIC, Board members and technical staff, have not been attributed to publications.

(f) Operating leases - office accommodation

Lease payments for office accommodation are recognised as an expense on a straight-line basis over the non-cancellable term of the lease.

3. CONTRIBUTIONS

The IASCF Trustees asked contributors to make five-year pledges. Many of the contributors agreed to five-year pledges, while others made pledges for three years or agreed to make only a 2001 payment. The Trustees have received written pledges of the following amounts for future years.

Year	Total Pledges	Year	Total Pledges
2002	£10,852,000	2004	£10,647,000
2003	£10,852,000	2005	£10,647,000

The pledges were made primarily in US dollars, which have been translated at the financial year-end rate of US \$1.4554 to £1.

4. SUBSCRIPTIONS AND PUBLICATIONS SALES

	2001 £'000	2000 £'000
Sales of subscriptions & publications	1,390	1,256
Royalties & permission fees	576	448
	1,966	1,704

5. EMPLOYEES

IASC/IASCF had an average of 36 employees (including Board members and interns) during 2001 (2000: 21). At the year-end, the IASCF had 48 employees.

	2001 £'000	2000 £'000
Staff costs, including Board members	5,267	1,236
Staff costs included in publications direct expenses	260	174
Staff costs included in agriculture project expenses	7	60
Total staff costs	5,534	1,470
Staff costs include employer's contributions to defined contribution pension plans	76	19

6. ACCOMMODATION

In 2001 the IASCF entered into an operating lease for office accommodation at 30 Cannon Street, London, that expires in September 2008. In 2006 future rents will be adjusted to then current market rates, if higher.

IASC entered into operating leases in 1991 for office accommodation at 167 Fleet Street, London and, in 1997, at 166 Fleet Street, London. Both leases are held by the Institute of Chartered Accountants in England and Wales on behalf of the IASCF and expire in June 2002 and September 2002 respectively. The office at 166 Fleet Street is still being used by the IASCF. The office at 167 Fleet Street was sublet to a third party in 1999.

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

Payments on the leases, excluding service charges and property rates (currently approximately 50 per cent of the lease payments) are due as follows:

Due Date	Payments		Sublease Receipts	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
2001	-	155	-	72
2002	637	93	34	34
2003	544	-	-	-
2004	544	-	-	-
2005	544	-	-	-
2006	544	-	-	-
2007	544	-	-	-
2008	408	-	-	-
	3,765	248	34	106

7. TRUSTEES' COSTS

The Trustees took office immediately following approval of the new Constitution by the IASC members on 24 May 2000 and held their first meeting in June 2000.

The Trustees are remunerated with annual and meeting fees and are reimbursed for the expenses of their travel on IASCF business.

8. UNITED KINGDOM CORPORATION TAX

Interest income is subject to United Kingdom Corporation Tax at a rate of 20 per cent. It is not expected that any tax charges will arise in respect of the other activities of the IASCF.

9. LEASEHOLD PROPERTY, LEASEHOLD IMPROVEMENTS, FURNITURE AND EQUIPMENT

	Leasehold Property £'000	Leasehold Improvements £'000	Furniture, Equipment £'000	2001 total £'000	2000 total £'000
Cost					
At 1 Jan 2001	48	261	223	532	495
Additions	54	599	325	978	37
Disposals	-	-	(6)	(6)	-
At 31 Dec 2001	102	860	542	1,504	532
Depreciation					
At 1 Jan 2001	40	206	162	408	340
Charge for the year	9	79	69	157	68
Disposals	-	-	(6)	(6)	-
At 31 Dec 2001	49	285	225	559	408
Net carrying amount					
At 31 Dec 2001	53	575	317	945	
At 31 Dec 2000	8	55	61	124	

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial instruments comprise cash at bank and in hand, accounts receivable, trade payables and accrued expenses and sundry creditors. Cash at bank and in hand comprises the following:

			Effective interest rate	
	2001 £'000	2000 £'000	2001 %	2000 %
Bank sterling deposits due after 7 days, within one month	5,600	2,150	3.62	5.56
Bank sterling deposits due within 7 days	-	150	-	3.75
Cash and bank deposits due on demand:				
Sterling in London	254	98	0.80	2.70
US dollars in London	399	226	0.10	2.50
US dollars in New York	233	-	0.00	-
	6,486	2,624		

All cash at bank is held by Barclays Bank PLC, London, except for one United States dollar account held by Barclays Bank PLC in New York.

All other financial assets and liabilities are non-interest bearing and due on demand.

The fair value of financial instruments at 31 December did not differ significantly from their carrying amounts.

11. RISK MANAGEMENT STRATEGY

During the year 2001 contributions were mainly received in US dollars, which were promptly converted into UK Sterling to minimise the exchange rate risk.

At the October 2001 Trustees meeting, the IASC Foundation determined that it should invest its surplus funds in a combination of UK government gilts and high quality bonds of international organisations and undertake forward transactions for 2002 and a collar hedging strategy for 2003 to eliminate exchange rate risk going forward. This policy was put into effect early in February 2002.

12. FUNDING CONTRIBUTIONS 2001 IN ADVANCE

Two contributions received late in 2000, for the specific use of the restructured IASC in 2001, were recognised as a liability at the end of 2000. Contributions received in January 2002, specifically designated by the contributor for 2001, were recognised as revenue in 2001.

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Trustees of the IASCF on 5 March 2002.

TRUSTEES

NAME AND AFFILIATION	TERM EXPIRES	NAME AND AFFILIATION	TERM EXPIRES
PAUL A. VOLCKER, Chairman Former Chairman, U.S. Federal Reserve Board United States of America	31/12/2002	PHILIP A. LASKAWY Former Chairman, Ernst & Young International United States of America	31/12/2003
ROY ANDERSEN Deputy Chairman and Group Chief Executive, The Liberty Group Limited South Africa	31/12/2003	CHARLES YEH KWONG LEE Chairman, Hong Kong Exchanges and Clearing Ltd Hong Kong	31/12/2002
JOHN H. BIGGS Chairman, President and Chief Executive Officer, TIAA-CREF United States of America	31/12/2004	SIR SYDNEY LIPWORTH Former Chairman, U.K. Financial Reporting Council United Kingdom	31/12/2002
ANDREW CROCKETT General Manager, Bank for International Settlements; Chairman, Financial Stability Forum International Organisation	31/12/2004	DIDIER PINEAU-VALENCIENNE Honorary Chairman, Schneider Electric France	31/12/2003
ROBERTO TEIXEIRA DA COSTA First Chairman, Brazilian Securities and Exchange Commission-CVM Brazil	31/12/2004	JENS RØDER Senior Partner, PricewaterhouseCoopers Denmark	31/12/2004
GUIDO A. FERRARINI Professor of Law, University of Genoa Italy	31/12/2004	DAVID S. RUDER Professor of Law, Northwestern University; Former Chairman, U.S. Securities and Exchange Commission United States of America	31/12/2002
L. YVES FORTIER Chairman, Ogilvy Renault, Barristers and Solicitors; Former Ambassador of Canada to the United Nations Canada	31/12/2003	KENNETH H. SPENCER Former Chairman, Australian Accounting Standards Board Australia	31/12/2004
TOSHIKATSU FUKUMA Former Chief Financial Officer, Mitsui & Co., Ltd Japan	31/12/2002	WILLIAM C. STEERE, JR. Chairman of the Board Emeritus, Pfizer Inc United States of America	31/12/2002
CORNELIUS HERKSTRÖTER Former President, Royal Dutch Petroleum, and Chairman of the Committee Of Managing Directors of the Royal Dutch/Shell Group The Netherlands	31/12/2003	KOJI TAJIKA Former Chairman, Deloitte Touche Tohmatsu Japan	31/12/2004
HILMAR KOPPER Chairman of the Supervisory Board, Deutsche Bank AG Germany	31/12/2002		

INTERNATIONAL ACCOUNTING STANDARDS BOARD

SIR DAVID TWEEDIE, Chairman*Term Expires 30/6/2006*

Before joining the IASB, he served as the first full-time Chairman of the UK ASB, 1990-2000.

THOMAS E. JONES, Vice-Chairman*Term Expires 30/6/2004*

Formerly Principal Financial Officer of Citicorp and last Chairman of the IASB Board. He spent most of his professional career in Belgium, France, Italy and the USA.

MARY E. BARTH*Term Expires 30/6/2004*

Professor of Accounting at the Graduate School of Business at Stanford University, she is one of the IASB's two part-time members.

HANS-GEORG BRUNS*Term Expires 30/6/2006*

Liaison to German Standard-Setter. Formerly Chief Accounting Officer for DaimlerChrysler. He was head of a working group of the German ASB.

ANTHONY T. COPE*Term Expires 30/6/2004*

Before joining the IASB, he served as a member of the US FASB. He previously worked as a financial analyst in the USA for 30 years, ultimately becoming Director of Fixed Income Research, Wellington Management Co, in Boston.

ROBERT P. GARNETT*Term Expires 30/6/2005*

Formerly Executive Vice President of Finance for Anglo American plc, a South African company listed on the London Stock Exchange, he has worked as a preparer and analyst of financial statements throughout his career.

GILBERT GÉLARD*Term Expires 30/6/2005*

Liaison to French Standard-Setter. Formerly a partner at KPMG, he has extensive experience with French industry, including as a Deputy CFO with Groupe Hachette 1973-1982 and Deputy Group Comptroller with Elf Aquitaine 1982-1987.

ROBERT H. HERZ*Term Expires 30/6/2005*

A partner at PricewaterhouseCoopers, he is responsible for technical and professional matters in the USA and the Americas and is now one of the IASB's two part-time members.

JAMES J. LEISENRING*Term Expires 30/6/2005*

Liaison to US Standard-Setter. Formerly Vice Chairman and, most recently, Director of International Activities of the US FASB. He has worked on issues related to accounting standard-setting over the last three decades.

WARREN MCGREGOR*Term Expires 30/6/2006*

Liaison to Australian/New Zealand Standard-Setters. He worked on standard-setting for over 20 years at the Australian Accounting Research Foundation, where he ultimately became the Chief Executive Officer.

PATRICIA L. O'MALLEY*Term Expires 30/6/2004*

Liaison to Canadian Standard-Setter. Before joining the IASB, she served as Chair of the ASB of Canada, and was previously Technical Partner at KPMG Canada.

HARRY K. SCHMID*Term Expires 30/6/2005*

Formerly Senior Vice President of Nestlé, responsible for corporate reporting. He has over 40 years' experience as a preparer of financial statements in Switzerland and Latin America.

GEOFFREY WHITTINGTON*Term Expires 30/6/2006*

Liaison to UK Standard-Setter. He was the PricewaterhouseCoopers Professor of Financial Accounting at Cambridge University and formerly served as a member of the UK Monopolies and Mergers Commission. Before joining the IASB, he was a member of the UK ASB.

TATSUMI YAMADA*Term Expires 30/6/2006*

Liaison to Japanese Standard-Setter. He was previously a partner at ChuoAoyama Audit Corporation (a member firm of PricewaterhouseCoopers) in Tokyo.

INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC) *terms began 6 December 2001***JUNICHI AKIYAMA***Term Expires 30/6/2003*

Professor, Tama University

Japan**WAYNE LONERGAN***Term Expires 30/6/2005*

Managing Director, Lonergan Edwards & Associates Limited

Australia**PATRICIA WALTERS***Term Expires 30/6/2003*

Senior Vice President, Association for Investment Management and Research

United States**PHIL AMEEN***Term Expires 30/6/2005*

Vice President and Comptroller, General Electric Company

United States**DOMINGO M. MARCHESE***Term Expires 30/6/2005*

Partner, Marchese, Grandi, Mesón & Asoc.

Argentina**IAN WRIGHT***Term Expires 30/6/2004*

Partner, PricewaterhouseCoopers

United Kingdom**CHRISTIAN CHIARASINI***Term Expires 30/6/2004*

Partner, Andersen

France**JOHN T. SMITH***Term Expires 30/6/2003*

Partner, Deloitte & Touche

United States**NON-VOTING CHAIRMAN****KEVIN STEVENSON**

Director of Technical Activities, International Accounting Standards Board

CLAUDIO DE CONTO*Term Expires 30/6/2005*

General Manager Administration and Control, Pirelli S.p.A

Italy**MARY TOKAR***Term Expires 30/6/2004*

Partner, IAS Advisory Services, KPMG International

United States**OFFICIAL OBSERVERS**

European Commission

The International Organization of Securities Commissions

CLEMENT K. M. KWOK*Term Expires 30/6/2005*

Managing Director and Chief Executive Officer, Hong Kong and Shanghai Hotels Limited

Hong Kong, China**LEO VAN DER TAS***Term Expires 30/6/2003*

Partner, Ernst & Young

The Netherlands

STANDING INTERPRETATIONS COMMITTEE (SIC) IN 2001

JUNICHI AKIYAMA**Japan**

Professor, Tama University

HARRY K. SCHMID**Switzerland**

Former Senior Vice President, Nestlé

LEO VAN DER TAS**The Netherlands**

Partner, Ernst & Young

YVES BERNHEIM**France**

Partner, Mazars & Guerard

WIENAND SCHRUFF**Germany**

Partner, KPMG

PATRICIA WALTERS**United States**

Senior Vice President, Association for Investment Management and Research

MARY KEEGAN**United Kingdom**

Chairman, UK Accounting Standards Board

JOHN T. SMITH**United States**

Partner, Deloitte & Touche

PAUL CHERRY, Chairman**Canada**

Chair, Canadian Accounting Standards Board

DOMINGO M MARCHESE**Argentina**

Partner, Marchese, Grandi, Mesón & Asoc

KEVIN STEVENSON**Australia**

Partner, Stevenson McGregor

OFFICIAL OBSERVERS

European Commission

The International Organization of Securities Commissions

STANDARDS ADVISORY COUNCIL

Terms of three years from June 2001

AFRICA

NDUNG'U GATHINJI, Chief Executive Officer, Eastern Central and Southern African Federation of Accountants (ECSAFA), Kenya

PETER WILMOT, Chairman, Accounting Practices Board, South Africa; retired Chairman of Deloitte & Touche, South Africa

ASIA, excluding Japan

RAJA ARSHAD-UDA, Chairman, Malaysian Accounting Standards Board, Malaysia; Executive Chairman, PricewaterhouseCoopers, Malaysia

MARVIN CHEUNG, Chairman and Chief Executive Officer, KPMG, China and Hong Kong

FENG SHUPING, Secretary General, China Accounting Standards Committee

KIM IL-SUP, Chairman, Korean Accounting Standards Board

YEZDI MALEGAM, Managing Partner, S.B. Billimoria & Co., India

REYAZ MIHULAR, Chairman, Sri Lankan Accounting Standards Committee; Partner, KPMG Ford Rhodes Thornton & Co., Sri Lanka

AUSTRALIA/NEW ZEALAND

IAN BALL, Professor of Accounting and Public Policy, Victoria University of Wellington, New Zealand; Member, Accounting Standards Review Board

PETER DAY, Executive General Manager of Finance, AMCOR, Australia

CENTRAL AND EASTERN EUROPE

LARISSA GORBATOVA, IAS Project Coordinator, Centre for Capital Markets Development; Chairman, Financial Reporting Council, Russia

RITA ILISSON, Technical Director of Accounting, Deloitte & Touche, Estonia; former Chairman, Estonian Accounting Standards Board

EUROPEAN UNION

JEANNOT BLANCHET, Managing Partner, Global Professional Standards Group, Andersen, France

DAVID DAMANT, Sword Management Ltd., United Kingdom

PHILIPPE DANJOU, Chief Accountant, Commission des Opérations de Bourse, France

STIG ENEVOLDSEN, Partner and National Technical Director, Deloitte & Touche, Denmark; Chairman of Deloitte & Touche's International Accounting Standards Policy Committee

DOUGLAS FLINT, Group Finance Director, HSBC Holdings plc, United Kingdom

ALBERTO GIUSSANI, Partner, PricewaterhouseCoopers Spa, Italy

SIGVARD HEURLIN, Partner, Öhrlings PricewaterhouseCoopers, Sweden

BENOIT JASPAR, Project Supervisor, Generali, Belgium

JEAN KELLER, General Delegate of ACTEO; Member of the Supervisory Board of EFRAG (European Financial Reporting Accounting Group); Member of the Board of Directors of Lafarge, France

CARMELO DE LAS MORENAS, Chief Financial Officer, REPSOL YPF Group, Spain

JOCHEN PAPE, Partner and Technical Director International Financial Reporting, PricewaterhouseCoopers, Germany; Chairman of PwC Global IAS Board

MAIJA TORKKO, Senior Vice President, Corporate Controller, Nokia Corporation, Finland

WILLEM VAN DER LOOS, Retired Vice President, Corporate Control, Philips BV, The Netherlands

JAPAN

EIKO TSUJIYAMA, Professor of Accounting, Musashi University; Member, Accounting Standards Board, Japan

YOSHIKI YAGI, Executive Vice President, Hitachi, Ltd., Japan

LATIN AMERICA

NELSON CARVALHO, Professor, Universidade de São Paulo, Brazil; Partner, NCV Consulting (M&A and Capital Markets), and Chairman, Central and South Americas Area, International Association of Financial Executives Institutes – IAFEI

HECTOR ESTRUGA, Audit Managing Practice Director for Latin America, Andersen, Argentina

RAFAEL GOMEZ ENG, Northeast Regional Director, KPMG, Mexico

MIDDLE EAST

ADIR INBAR, Chairman of the Professional Board, Institute of Certified Public Accountants in Israel; Partner, Deloitte & Touche, Israel

RIFAAT AHMED ABDEL KARIM, Secretary-General, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain

UNITED STATES AND CANADA

MICHAEL CONWAY, Partner, KPMG LLP, United States

GERALD EDWARDS, Jr., Associate Director and Chief Accountant - Supervision, Federal Reserve Board, United States

TREVOR HARRIS, Managing Director, Equity Research, Morgan Stanley, United States

PHILIP LIVINGSTON, President and Chief Executive Officer, Financial Executives International, United States

PATRICIA McCONNELL, Senior Managing Director, Bear, Stearns & Co. Inc., United States

PAUL McCROSSAN, Retired Partner, Eckler Partners; Past-President, International Actuarial Association, Canada

GABRIELLE NAPOLITANO, Managing Director, Global Investment Research, The Goldman Sachs Group, Inc., United States

DAVID SHEDLARZ, Executive Vice President and Chief Financial Officer, Pfizer Inc., United States

KEITH SHERIN, Senior Vice President-Finance & Chief Financial Officer, General Electric Company, United States

DAVID SIDWELL, Chief Financial Officer, Investment Bank, JP Morgan Chase & Co., United States

NORMAN STRAUSS, Former National Director of Accounting, Ernst & Young, United States; Ernst & Young Executive Professor in Residence at Baruch College, NYC, United States

INTERNATIONAL ORGANISATIONS

THE WORLD BANK
FAYEZUL CHOUDHURY, Vice President and Controller

INTERNATIONAL MONETARY FUND
ARNE PETERSEN, Chief, Financial Institutions and Markets Division, Monetary and Exchange Affairs Department

IFAC PUBLIC SECTOR COMMITTEE
IAN MACKINTOSH, Chairman, IFAC Public Sector Committee

IOSCO
RAFAEL SANCHEZ DE LA PEÑA, Chief of the Policy Division, Comision Nacional del Mercado de Valores, Spain

JOHN CARCHRAE, Chief Accountant, Ontario Securities Commission

BASEL COMMITTEE
ON BANKING SUPERVISION
ARNOLD SCHILDER, Executive Director, De Nederlandsche Bank, The Netherlands

OFFICIAL OBSERVERS
EUROPEAN COMMISSION

FINANCIAL SERVICES AGENCY,
GOVERNMENT OF JAPAN

U.S. SECURITIES AND EXCHANGE
COMMISSION

IASCF SUPPORTERS AND UNDERWRITERS

ACCOUNTING FIRMS (\$1,000,000 pa)

Andersen
Deloitte Touche Tohmatsu
Ernst & Young
KPMG
PricewaterhouseCoopers

UNDERWRITER COMPANIES*

Allianz AG
Amvescap
Aventis
Banco Bradesco S/A
Banco Itau S/A
Bank of America Corporation
BASF AG
Bayer AG
Bear, Stearns & Co. Inc.
BMW AG
BP p.l.c.
Citigroup Inc.
DaimlerChrysler AG
Deutsche Bank AG
E.ON AG
Fortis SA/NV
The Goldman Sachs Group, Inc.
HSBC Holdings plc
ING Group NV
J.P. Morgan Chase & Co.
Lehman Brothers Inc.
Merrill Lynch & Co., Inc.
Nestlé SA
L'Oréal
Pfizer, Inc.
Prudential Financial, Inc.
Royal Dutch/Shell Group
Royal Philips Electronics NV
RWE AG
Siemens AG
State Farm Insurance Companies
Telecom Italia S.p.A.
TIAA-CREF
Total Fina Elf S.A.
UBS AG

SUPPORTERS

Abbott Laboratories
ABN Amro Bank N.V.
Aegon Group N.V.
Alcatel
American International Group, Inc.
Anglo American plc
Asahi & Co.
Assicurazioni Generali S.p.A.
AstraZeneca plc
AXA
The Bank of Nova Scotia
Barloworld Limited
Billiton plc
The Boeing Company
Bombardier Inc
Bristol-Myers Squibb Company
British Telecommunications plc
Canon
Cemex
Century Ota Showa & Co.
CGNU plc
Chuo Aoyama Audit Corporation
Commerzbank AG
Companhia Brasileira de Distribuição
Companhia Vale do Rio Doce
Deutsche Telekom AG
Dresdner Bank AG

E.I. Du Pont de Nemours and Company
Euronext NV
Exxon Mobil Corporation
FIAT S.p.A.
Fujitsu Ltd
General Electric Company
GlaxoSmithKline plc
Hitachi, Ltd
Honda Motor Co., Ltd
Hong Kong Exchanges and Clearing Ltd
HypoVereinsbank (HVB Group) AG
IBM Corporation
Investec plc
ITOCHU Corporation
Ito-Yokado Co., Ltd
Johnson & Johnson
Kansai Electric Power Co., Inc.
Komatsu Ltd
Legal & General Group plc
London Stock Exchange plc
Marubeni Corporation
Matsushita Electric Industrial Co., Ltd
Mellon Financial Corporation
Merck & Co., Inc.
Mitsubishi Chemical Corporation
Mitsubishi Corporation
Mitsubishi Electric Corp.
Mitsubishi Estate Co., Ltd
Mitsubishi Heavy Industries, Ltd
Mitsui & Co.
Mitsui Fudosan Co.
Montedison Spa
Morgan Stanley Dean Witter & Co.
Munich Re
NASD Regulation
NEC Corporation
New York Stock Exchange, Inc.
Nippon Paper Industries Co., Ltd
Nippon Steel Corporation
Nippon Telegraph & Telephone Corp. Group
Nissan Motor Co., Ltd
Nortel Networks Corporation
ORIX Corporation
Osaka Securities Exchange Co., Ltd
Petróleo Brasileiro S.A.
Pharmacia Corporation
Pirelli S.p.A.
Power Corporation of Canada
Prudential plc
Royal Ahold NV
Royal Bank of Canada
Ruhrgas AG
Schering AG
Shiseido Co., Ltd
South African Breweries plc
State Street Corporation
Sumitomo Chemical Co., Ltd
Sumitomo Corporation
Sumitomo Electric Industries, Ltd
Swiss Reinsurance Company
Takeda Chemical Industries, Ltd
TD Bank Financial Group
ThyssenKrupp AG
Tohmatsu & Co.
Tokyo Electric Power Company
Tokyo Gas Co., Ltd
Tokyo Stock Exchange
Toray Industries, Inc.
The Toronto Stock Exchange Inc.
Toshiba Corporation
Toyota Motor Corporation
Unibanco

Unilever NV
Vodafone Group Plc
Volkswagen AG

CENTRAL BANKS & GOVERNMENT ENTITIES

Banca d'Italia
Banco de España
Banco de Mexico
Bank Negara Malaysia
Bank of Canada
Bank of England
Bank of Greece
Bank of Japan
The Bank of Korea
Central Bank of the Russian Federation
Corporation of London
Czech National Bank
Deutsche Bundesbank
European Central Bank
Hong Kong Monetary Authority
Monetary Authority of Singapore
National Bank of Hungary
National Bank of Poland
National Bank of Slovakia
De Nederlandsche Bank
Oesterreichische Nationalbank
Office of the Superintendent of Financial Institutions Canada
Reserve Bank of Australia
Reserve Bank of India
Saudi Arabian Monetary Agency
South African Reserve Bank
Swiss National Bank
US Federal Reserve System

INTERNATIONAL ORGANISATIONS

Bank for International Settlements
Inter-American Development Bank
International Bank for Reconstruction and Development
International Monetary Fund

ASSOCIATIONS

France

ACTEO (*Association pour la participation des entreprises françaises à l'harmonisation comptable internationale*)

Japan

Japan Securities Dealers Association
Japanese Institute of Certified Public Accountants
Keidanren
Life Insurance Association of Japan
Marine & Fire Insurance Association of Japan
Security Analysts Association of Japan
Tokyo Bankers Association
Trust Companies Association of Japan

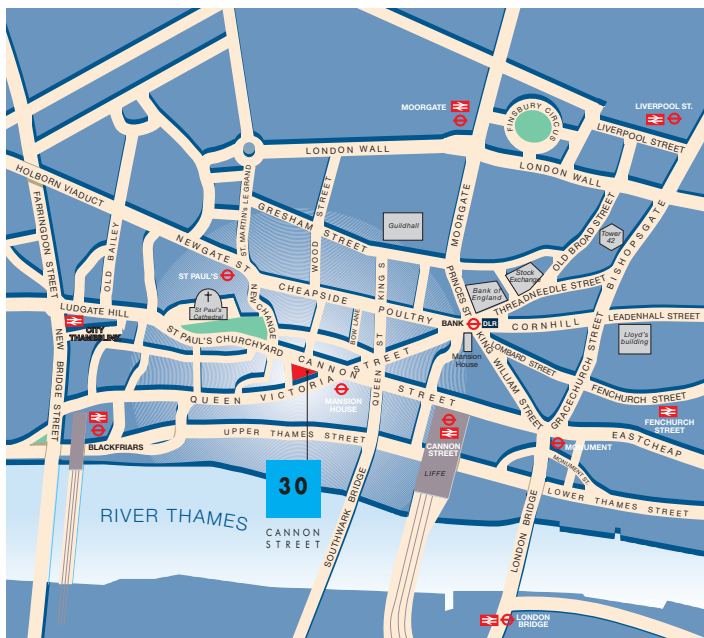
USA

AIMR (*Association for Investment Management and Research*)
The Business Roundtable
Financial Executives International

* Underwriter companies provided five-year pledges ranging from \$100,000 to \$200,000 per year.

Note: This list excludes two organisations, contributing in aggregate \$60,000 (0.3% of the total), which preferred to remain unnamed.

LOCATION



The offices of the IASC Foundation and the International Accounting Standards Board are located on the first floor at 30 Cannon Street, London. The building occupies an island site between Cannon Street and Queen Victoria Street in the heart of the City of London.

How to find us

The nearest Underground stations are Mansion House (Circle and District lines) and St Paul's (Central line). The nearest railway stations are Blackfriars and Cannon Street.

IASCF AND IASB CONTACT NUMBERS

**BOARD MEMBERS AND SENIOR STAFF
AT 30 CANNON STREET**

Telephone +44 (020) 7246 6410

IASB Chairman

Sir David Tweedie dtweedie@iasb.org.uk

Vice-Chairman

Tom Jones tjones@iasb.org.uk

BOARD MEMBERS

Mary Barth	mbarth@iasb.org.uk
Hans-Georg Bruns	hbruns@iasb.org.uk
Anthony Cope	tcope@iasb.org.uk
Robert Garnett	rgarnett@iasb.org.uk
Gilbert Gélard	ggelard@iasb.org.uk
Robert Herz	rherz@iasb.org.uk
James Leisenring	jleisenring@iasb.org.uk
Warren McGregor	wmcgregor@iasb.org.uk
Tricia O'Malley	tomalley@iasb.org.uk
Harry Schmid	hschmid@iasb.org.uk
Geoffrey Whittington	gwhittington@iasb.org.uk
Tatsumi Yamada	tyamada@iasb.org.uk

SENIOR TECHNICAL STAFF**Director of Technical Activities**

Kevin Stevenson

020 7246 6460

kstevenson@iasb.org.uk

Director of Research

Wayne Upton

020 7246 6449

wupton@iasb.org.uk

Editorial Director

Michael Butcher

020 7246 6461

mbutcher@iasb.org.uk

IASC FOUNDATION OFFICERS**Director of Operations**

Thomas Seidenstein

020 7246 6450

tseidenstein@iasb.org.uk

Commercial Director

Kurt Ramin

020 7246 6440

kramin@iasb.org.uk



For further information about the IASB, copies of International Financial Reporting Standards, International Accounting Standards, Exposure Drafts and other publications, including details of IASB subscription services, please contact our Publications Department on **Tel: +44 (020) 7427 5927** or **email: publications@iasb.org.uk**
IASB Publications Department, 7th Floor, 166 Fleet Street, London EC4A 2DY, United Kingdom

International Accounting Standards Committee Foundation, 30 Cannon Street, London EC4M 6XH, United Kingdom
Telephone: +44 (020) 7246 6410 Fax: +44 (020) 7246 6411 email: iasb@iasb.org.uk Web: www.iasb.org.uk



**International
Accounting Standards
Board®**

Copyright© International Accounting Standards Committee Foundation 2002
The IASB logo/"Hexagon Device", "IAS", "IASB", "IASCF", "IASC", "IFRIC", "IFRS",
"International Accounting Standards" and "International Financial Reporting Standards" are
Trade Marks of the International Accounting Standards Committee Foundation and should
not be used without the approval of the IASCF.

Designed and produced in the United Kingdom by Buckmans +44 (020) 7420 8020