



# Three-tier structure

---



\* Accounting Standards Advisory Forum (representatives of international standard-setting community).

# Mission Statement

---

## Financial reporting standards for the world economy

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

- IFRS brings **transparency** by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.
- IFRS strengthens **accountability** by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. Our standards provide information that is needed to hold management to account. As a source of globally comparable information, IFRS is also of vital importance to regulators around the world.
- IFRS contributes to economic **efficiency** by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs.

We are a **not-for-profit, public interest** organisation with oversight by a Monitoring Board of public authorities. Our governance and due process are designed to keep our standard-setting independent from special interests while ensuring accountability to our stakeholders around the world.

# Contents

<b>1. IFRS Foundation</b>	<b>3</b>
Report of the Chair of the Monitoring Board	4
Members of the Monitoring Board	6
Report of the Chair of the IFRS Foundation Trustees	7
In Memoriam—Harvey Goldschmid	12
Trustees of the IFRS Foundation	13
Report of the Due Process Oversight Committee	16
Report of the Chair of the Nominating Committee	18
<b>2. Standard-setting activities</b>	<b>19</b>
Report of the Chair of the IASB	20
Members of the IASB	24
Making IFRS accessible across the world	26
Technical activities and development of IFRS	27
Senior staff of the IASB and IFRS Foundation	31
Engaging with Investors:	
<i>The Investors in Financial Reporting programme</i>	32
Report of the IFRS Interpretations Committee	34
Members of the IFRS Interpretations Committee	35
Report of the Chair of the IFRS Advisory Council	36
Representatives on the Advisory Council	38
<b>3. Financials</b>	<b>41</b>
Management Commentary	42
2014 Financial Supporters	44
The IFRS Foundation and its financial statements	49
Report of the independent auditor	50
Statement of comprehensive income	51
Statement of changes in equity	51
Statement of financial position	52
Statement of cash flows	53
Notes to the financial statements	54



# Report of the Chair of the Monitoring Board



MASAMICHI KONO  
CHAIR  
IFRS FOUNDATION  
MONITORING BOARD

The Monitoring Board was created in 2009 to provide a formal link between the IFRS Foundation and the capital market authorities responsible for determining the form and content of financial reporting standards used in their jurisdictions.<sup>1</sup> The mission of the Monitoring Board is to provide official oversight of the governance and due process applied to the IFRS Foundation's standard-setting activities through regular monitoring and timely interactions with the Trustees of the IFRS Foundation ('the Trustees').

In February 2012, the Monitoring Board completed and issued a report containing recommendations to improve the governance of the IFRS Foundation, entitled the 'Final Report on the Review of the IFRS Foundation's Governance' ('Governance Review'). The purpose of the Governance Review was to assess whether the IFRS Foundation's governance arrangements promoted the primary mission of the International Accounting Standards Board (IASB) in developing high quality, understandable, enforceable and globally accepted accounting standards, and provided for both the accountability and independence of the IASB. The recommendations contained proposals for taking a number of practical steps to enhance the governance framework of the IFRS Foundation, thereby strengthening the accountability of the IASB whilst preserving its independence. Recommendations were laid out for improving the composition and the respective roles and responsibilities of the Monitoring Board, the Trustees and the IASB.

Since 2012, the Monitoring Board has been engaged in implementing the recommendations of this Governance Review. Measures to expand the membership of the Monitoring Board, primarily to include major emerging market authorities, have been implemented or are under way, as well as measures to enhance the transparency of the Monitoring Board's activities in monitoring the governance of the IFRS Foundation and ensuring due process.

One important issue raised in the Governance Review was the importance of securing stable and sufficient funding for the IFRS Foundation. While the Trustees retain primary responsibility for the funding of the IFRS Foundation, the Monitoring Board has been overseeing their performance and encouraging efforts made in jurisdictions to make sufficient funding contributions.

During 2014, the Monitoring Board and the Trustees continued to consult with each other on this issue. Despite the growing importance of their capital markets, a number of jurisdictions using IFRS have yet to establish durable funding arrangements in support of the IFRS Foundation, while other jurisdictions have fallen short of expectations on the basis of the size of their economy and the importance of their capital markets. The Monitoring Board has called upon the relevant authorities to look into this matter, encouraging jurisdictions benefiting from IFRS to make their utmost efforts to contribute on a proportionate basis towards the operating costs of the IFRS Foundation, while leaving the actual mechanisms for them to decide.

<sup>1</sup> The Monitoring Board consists of representatives of the Board of the International Organization of Securities Commissions (IOSCO), the IOSCO Growth and Emerging Markets Committee, the European Commission, the Financial Services Agency of Japan (JFSA), the Securities and Exchange Commission (SEC) of the United States, the Comissão de Valores Mobiliários (CVM) of Brazil, and the Financial Services Commission (FSC) of the Republic of Korea. The Basel Committee on Banking Supervision is an observer.

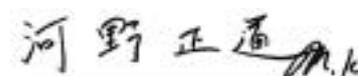
Another key issue raised in the Governance Review was the importance of ensuring due process and transparency in the interactions between the IFRS Foundation's Trustees and the Monitoring Board. This is particularly important in enhancing the accountability of the standard-setter while preserving its independence in an appropriate manner. For example, the Monitoring Board will also ensure transparency and due process if it decides to refer issues to the IASB for consideration (sometimes called 'agenda referral').

Pursuant to the IFRS Foundation *Constitution*, the Monitoring Board has a formal role in approving the appointment of the Trustees and, in the course of performing this role, will pay close attention to issues such as the need to ensure an appropriate composition of the Trustees, and that of the IASB.

The agreed set of membership criteria for the Monitoring Board includes a commitment to move towards the application of IFRS and promoting global acceptance of a single set of high quality international accounting standards as the final goal.<sup>2</sup> For the existing members, this entails a periodic assessment of the continued eligibility of each member. This assessment is crucial in ensuring the legitimacy and accountability of the Monitoring Board as the oversight body of the IFRS Foundation.

Most recently, the Monitoring Board reappointed this Chair for another term of two years in February 2015. It is an honour, but even more, a great challenge requiring continuous hard effort. The broad and increasing use of IFRS around the world, and the commensurate greater interest of global stakeholders in the development and consistent application of IFRS would entail an even stronger need to ensure high standards of governance and due process in the standard-setting activities of the IFRS Foundation. Fair and consistent implementation of the Standards is becoming a focus of attention. The Monitoring Board will carefully monitor any needs for further enhancements to the governance and transparency of the IFRS Foundation and will take steps as appropriate. It is a journey towards a higher common goal and, in the course of this journey, we need the full support of all of the global stakeholders in accounting.

In order to work towards the longer-term goal of achieving a single set of high quality international accounting standards in the interest of stakeholders worldwide, establishing a globally accountable and independent governance framework at the IFRS Foundation is crucial. The Monitoring Board will continue to do its best to ensure that the governance framework of the IFRS Foundation meets the highest standards required of a global standard-setter.



Masamichi Kono  
Chair  
IFRS Foundation Monitoring Board

<sup>2</sup> The following is an excerpt from the Monitoring Board's membership criteria: 'The jurisdiction has made a clear commitment to moving towards application of IFRS and promoting global acceptance of a single set of high quality international accounting standards as the final goal. This commitment is evidenced by the jurisdiction mandating or permitting application of IFRS to consolidated financial statements of companies raising capital in its relevant market with the effect of actually exhibiting prominence of IFRS application, or having made a decision on a transition to such a status to take place in a reasonable period of time.'

# Members of the Monitoring Board

---

As at 31 December 2014

## Monitoring Board members

### Masamichi Kono (Chair)

Vice Minister for International Affairs of the Financial Services Agency, Japan

---

### Kiyoshi Hosomizo

Commissioner of the Financial Services Agency, Japan

---

### Mary Jo White

Chairman of the Securities and Exchange Commission, United States

---

### Jonathan Hill

Commissioner for Financial Stability, Financial Services and Capital Markets Union, European Commission

---

### Greg Medcraft

Representative of the IOSCO Board (Chairman), Chairman of the Australian Securities and Investments Commission, Australia

---

### Bert Chanetsa

Representative of the IOSCO Growth and Emerging Markets Committee (Vice-Chair), Deputy Executive Officer Capital Markets, Financial Services Board, South Africa

---

### Leonardo Porciúncula Gomes Pereira

Chairman of the Brazilian Securities Commission, Brazil

---

### Je-Yoon Shin

Chairman of the Financial Services Commission, Republic of Korea

---

## Observer

### René van Wyk

Representative of the Basel Committee on Banking Supervision

---

# Report of the Chair of the IFRS Foundation Trustees



MICHEL PRADA  
CHAIR  
IFRS FOUNDATION TRUSTEES

The theme of this year's annual report is 'Financial reporting standards for the world economy'. These words reflect the reality of financial markets in the 21st century—closely coupled and tightly integrated. A world economy, if you like. Our new mission statement, set out on page 1 of this report, describes how International Financial Reporting Standards (IFRS) serve the public interest by bringing transparency, accountability and efficiency to this world economy. I am pleased to report that during 2014, we continued to make good progress towards this ambition.

## IFRS as global standards

First, we continue to see jurisdictions around the world making good progress in their transition to IFRS as the single set

of global accounting standards. In little more than a decade, IFRS has become the international standard for cross-border listings, and the domestic standard for financial reporting by listed companies for most countries. Most of those jurisdictions have adopted IFRS in full and without modification. Where deviations have occurred, they are normally introduced as transitional measures on the path to full adoption of IFRS.

In Europe and elsewhere, IFRS is a decade-old news story that is simply business as usual. The European Commission's recent consultation on Europe's experience of IFRS yielded highly encouraging responses, with independent analysis showing that of the respondents giving a clear answer, 93 per cent had a positive attitude towards IFRS.<sup>1</sup> These findings are generally consistent with similar studies undertaken in Canada and Korea.

In the remaining jurisdictions that have yet to adopt IFRS, of particular note is the progress made in Japan and India. The governments of both countries have recognised the economic benefits that flow from IFRS adoption. In Japan, IFRS is an important part of the government's growth strategy. According to recent reports, by the end of this year more than 100 major Japanese companies will have announced or completed their transition from Japanese or US GAAP to full IFRS, representing a four-fold increase in the last two years.

In 2014, the new Indian government used its inaugural budget to express an urgent need to converge Indian accounting standards with IFRS.<sup>2</sup> India's new accounting standards will come into effect in 2017 and are much closer to full IFRS. We are also seeing positive steps in other jurisdictions, including Saudi Arabia, Indonesia and Thailand.

## A global accounting standard-setter

Second, as well as seeing encouraging progress in IFRS adoption around the world, we have also made good progress in further enhancing the resources and capabilities of the IFRS Foundation as the global accounting standard-setter. Two constitution reviews, two strategy reviews and a governance review have produced a very high calibre international organisation, with world-class levels of consultation and stakeholder participation. The organisation goes to great lengths to ensure that the composition of the IFRS Foundation staff reflects the significant diversity of the more than 100 countries that now require the use of our Standards. At the last count, the 150 staff came from 29 different countries, with particularly strong representation from Asia. Included in this number are seven visiting fellows from academia or regulatory organisations, and five practice fellows from the accounting profession. Also encouraging is the gender balance, with 60 per cent of staff being female.

<sup>1</sup> Nobes (2015), 'Is the EU really committed to IFRS?', January 2015 [www.pwc.com](http://www.pwc.com)

<sup>2</sup> Livemint (2014), 'Budget 2014: Indian Accounting Standards now must for firms', July 2014, [www.livemint.com](http://www.livemint.com)

During 2014 we have further deepened our co-operation with other international and regional organisations. The development of IFRS has long been a collaborative endeavour—with research and development, as well as consultation happening across the spectrum of stakeholders that benefit from high quality, global accounting standards. The joint statement of protocols with the International Organization of Securities Commissions (IOSCO) has worked very well and the two organisations are working together in a highly collaborative manner. In the coming year we will look to assess this co-operation and further extend it.

We have also replicated this model of co-operation at a regional level, with a similar agreement with the European Securities and Markets Authority (ESMA). Securities regulators and accounting standard-setters are natural allies, because we both have investor protection at heart. We also formalised our co-operation with the International Integrated Reporting Council (IIRC) and the International Valuation Standards Council (IVSC).

Continuing with the theme of collaboration, one of the most important initiatives in recent years has been the creation of the Accounting Standards Advisory Forum (ASAF) as a way to deepen the involvement of representatives of the global standard-setting community in the work of the International Accounting Standards Board (IASB). The current arrangements seem to be working well, and feedback from ASAF members will feed into a review of the ASAF that will take place in 2015.

As well as priding ourselves on being a highly inclusive organisation, we go to great lengths to ensure that the IFRS Foundation is run on an operationally efficient basis and that our finances are on a sound footing. During 2014, we made good progress in most parts of the world to strengthen the durability of our financing arrangements and to broaden the base of our contributors. Most visitors to our offices in London are surprised at the relatively small size of the organisation when compared to our global remit. During 2014, we asked Baker Tilly to conduct an independent external assessment of our operational efficiency. As well as proposing a few minor areas for improvement, their general conclusion was that the organisation is run on an operationally efficient basis.

## 2015 and beyond

Any well-managed organisation needs to have clarity in its purpose and strategy. The wording of our revised mission statement provides a clearer articulation of this purpose, while clarity in our strategy comes in three areas.

First, during 2015 we will conduct a review of the structure and effectiveness of the IFRS Foundation, to seek public input on various aspects of our strategy. For example, the Trustees will seek feedback on the optimum size of the IASB, following the successful introduction of the ASAF as well as the emergence of very effective regional groupings of accounting standard-setters.

Second, the IASB will conduct its second, three-yearly consultation on its future agenda. The separation of the IASB's work stream into research and active

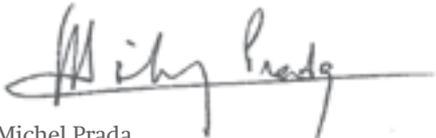
standard-setting appears to have gone well. Feedback from this consultation will allow the IASB to fine-tune its existing work and to better understand priorities from around the world in the future development of IFRS.

Third, the IFRS Foundation and the IASB will provide greater clarity on how these strategic objectives translate into achievements and planned actions for 2015 and beyond. The table opposite (Figure 1) highlights our key priorities, achievements and planned actions for the next two years.

This message is tinged with sadness with the loss of Harvey Goldschmid, former Vice-Chair of the Trustees and Chair of the Due Process Oversight Committee, who passed away in February 2015. Harvey will be sorely missed by all who had the good fortune to know him.

Harvey was immensely proud of the achievements of the IFRS Foundation and shared our vision of a world economy in which markets would use the same accounting language. We will remain faithful to this vision and will do our best efforts to deliver.

Finally, on behalf of my fellow Trustees, I would like to express our gratitude to the staff of the IFRS Foundation for their contribution and deep commitment over the past year.



Michel Prada  
Chair of the IFRS Foundation Trustees

Figure 1—Strategic priorities 2015 and beyond

	Objective	Achievements and actions completed	Further actions planned for 2015–2017
1. Develop a single set of high quality, globally enforceable accounting standards	<b>Ensure that IFRS is a complete and comprehensive set of Standards</b>	<p>Completed IFRS 9 <i>Financial Instruments</i> and IFRS 15 <i>Revenue from Contracts with Customers</i>.</p> <p>Created research capability to address gaps in literature.</p> <p>Embedded digital reporting within ‘business as usual’ technical work.</p>	<p>Finalise new <i>Lease Accounting</i> and <i>Insurance Contracts</i> Standards; complete other remaining projects.</p> <p>Review research plan.</p> <p>Update and develop the IFRS Taxonomy.</p> <p>Complete the IASB’s triannual Agenda Consultation.</p>
	<b>Full and fair consultation</b>	<p>Formed the Accounting Standards Advisory Forum (ASAF).</p> <p>Established the <i>Investors in Financial Reporting</i> programme.</p> <p>Strengthened collaborative research work with other standard-setters.</p> <p>Formalised relationships with other relevant international and regional organisations (ESMA, IFAC etc.).</p>	<p>Undertake an operational review of the ASAF.</p> <p>Identify opportunities for enhanced co-operation with the broader standard-setting community.</p> <p>Enhance the IFRS Foundation website to encourage broader understanding of, and participation in our work.</p>
	<b>Transparency of due process</b>	<p>All IASB papers published without redaction on the website; subject to annual review by the Trustees.</p> <p>Summaries of investor meetings published on website.</p>	<p>Introduce enhancements to mid-project updates and provide other forms of enhanced transparency.</p>
	<b>Ensure that IFRS is relevant within the wider corporate reporting developments</b>	<p>Disclosure initiative established.</p> <p>Taxonomy development integrated into the standard-setting process.</p> <p>Involved in the corporate reporting supply chain (e.g. IIRC, IVSC, etc.).</p>	<p>Undertake IASB Agenda Consultation and Review of Structure and Effectiveness to ensure that IFRS is developed within the broader context of wider developments in corporate reporting and in technology.</p>

continued...

...continued

	<b>Objective</b>	<b>Achievements and actions completed</b>	<b>Further actions planned for 2015–2017</b>
<b>2. Pursue goal of global adoption of IFRS</b>	<b>Encourage continued support for IFRS as global standards</b>	<p>Developed education materials to enhance capacity and to support IFRS adoption.</p> <p>Updated the jurisdictional profiles to reflect further progress in adoption of IFRS.</p>	<p>Continue ongoing dialogue with world leaders and other international, regional and national organisations.</p> <p>Revise the mission statement to explain the broader context of IFRS and its importance to the world economy.</p>
	<b>Work with existing jurisdictions and support timely endorsement of new Standards</b>	Jurisdictional profiles indicate that most IFRS jurisdictions are already complying closely with existing Standards.	Continue to develop and enhance relationships to ensure endorsement in full and without modification.
	<b>Continue co-operation with jurisdictions yet to adopt IFRS</b>	<p>Developed educational products and services to support IFRS adoption.</p> <p>Supported ongoing transitional arrangements by remaining major jurisdictions.</p>	<p>Further assist remaining jurisdictions in their transitions to IFRS.</p> <p>Greater use of Asia-Oceania office as a hub to support regional adoption.</p>
	<b>Protect the IFRS brand through enhanced contractual arrangements</b>	Introduced Licence to Use and Waiver Agreements with a number of jurisdictions.	Revise and update policies and complete contractual arrangements with all major economies.
<b>3. Support consistent application and implementation of IFRS</b>	<b>Ensure a timely and responsive interpretation process</b>	Provided IFRS Interpretations Committee with a broader range of 'tools'.	Continue this more proactive approach, raising awareness of these new, or more widely used, alternatives.
	<b>Provide implementation support to IFRS adopters</b>	<p>Enhanced co-operation with IOSCO already in place; arrangement replicated with ESMA.</p> <p>Formed Transition Resource Groups (TRG) for IFRS 9 and IFRS 15.</p> <p>Post-implementation Reviews are now a standard feature for major projects.</p>	The 2015 Review of Structure and Effectiveness to seek feedback on possible further steps to encourage consistency in the application and implementation of IFRS globally.

continued...

...continued

	Objective	Achievements and actions completed	Further actions planned for 2015–2017
4. Ensure continued independence, stability and accountability of the IFRS Foundation	<b>Maintain and further develop governance to ensure continued independence and accountability</b>	Completed the implementation of the 2012 Trustees' Strategy Review and the Monitoring Board's Governance Review.	The 2015 Review of Structure and Effectiveness to seek feedback on suggested governance improvements.
	<b>Ensure continued sustainable funding through contributions and self-generated income</b>	<p><b>Contributions:</b> Israel, Saudi Arabia and Taiwan have initiated funding programmes; China, Malaysia and Russia have increased support.</p> <p><b>Self-generated income:</b> Introduced a significant upgrade to eIFRS and a new policy on supporting conferences run on a commercial basis.</p>	<p>Ensure that all jurisdictions and organisations that benefit from IFRS also provide appropriate financial support to cover costs. Introduce arrangements in non-paying countries that do not meet their allocated share of the funding burden.</p> <p>Undertake a systematic review of all products and services as well as intellectual property contracts.</p>
	<b>Seek ways to improve operational efficiency</b>	During 2014, Baker Tilly conducted an independent, external review of the IFRS Foundation's operational expenditure efficiency; identified small areas for improvement, but the overall conclusion was that the organisation is run on an operationally efficient basis.	Continue to maintain tight control of costs and seek ways to further enhance operational efficiency.
	<b>Ensure compliance and best practices</b>	Responding to challenges in the timely reporting of information, the IFRS Foundation significantly upgraded its monitoring and oversight of compliance functions during 2014.	<p>Risk Group to continue to monitor significant risks and to fulfil compliance responsibilities.</p> <p>Ensure continued staff compliance with all relevant jurisdictional requirements.</p>

# In Memoriam

---



## Professor Harvey J Goldschmid (1940–2015)

The Trustees of the IFRS Foundation wish to express their gratitude to Professor Harvey J Goldschmid, who passed away unexpectedly in New York on 12 February 2015.

Professor Goldschmid was a tireless advocate of investor protection and transparency in the financial markets. He will be remembered by his colleagues and friends at the IFRS Foundation and the International Accounting Standards Board for his work to advance the use of International Financial Reporting Standards (IFRS) as the single set of high quality, global accounting standards.

Professor Goldschmid served as a Trustee of the IFRS Foundation since 2010, and became Vice-Chairman of the Trustees at the beginning of the year. We are indebted to him for the wisdom and clarity of thought that he provided and for his warm and gracious friendship.

We offer sympathy to his wife and family, and to his many friends and colleagues, and we celebrate the life and achievements of a remarkable man.

# Trustees of the IFRS Foundation



**1 Michel Prada, Chair of the Trustees (Europe)**  
Former Chairman of the Autorité des Marchés Financiers (AMF), former Chairman of the Technical Committee for the International Organization of Securities Commissions (IOSCO) (France)  
*Second term expires: December 2017*

**2 Ronald Arculli, Vice-Chair (Asia-Oceania)**  
Former Chairman of Hong Kong Exchanges and Clearing Limited; Former Chairman of the World Federation Of Exchanges (Hong Kong)  
*Second term expires: December 2017*

**3 Harvey Goldschmid, Vice-Chair (North America)**  
Dwight Professor of Law, Columbia University, former Commissioner of the US Securities and Exchange Commission (United States)  
*Harvey Goldschmid passed away unexpectedly in February 2015, having served as a Trustee since January 2010.*



## Africa

**4 Wiseman Nkuhlu**  
Former Economic Adviser to former South African President Thabo Mbeki; former President of the South African Institute of Chartered Accountants; former Chairman of the South African Council of Higher Education (South Africa)  
*First term expires: December 2015*

## Asia-Oceania



**5 Chandrashekhar Bhasker Bhаве (C.B. Bhаве)**  
Former Chairman of the Securities and Exchange Board of India (SEBI) (India)  
*Second term expires: December 2017*

**6 Duck Koo Chung**  
Minister of Commerce, Industry and Energy for the Republic of Korea (Republic of Korea)  
*Second term expires: December 2016*

**7 Dr Abdulrahman Al-Humaid**  
Chairman of the Committee for Adopting International Accounting Standards of the Saudi Organization of Certified Public Accountants (SOCPA); former Chairman of the Saudi Accounting Standards Committee (Saudi Arabia)  
*First term expires: December 2015*

**8 Joji Okada**  
Chief Financial Officer, Senior Executive Managing Officer and Representative Director of Mitsui & Company Limited (Japan)  
*First term expires: December 2015*

**9 Lynn Wood**  
Chairman of Good Beginnings Australia; former Chairman of the Australian Financial Reporting Council; former member of the New Zealand External Reporting Board; former member of the Australian Foreign Investment Review Board (Australia)  
*First term expires: December 2016*



**10 Jin Liqun**  
Chairman of China International Capital Corporation Limited; member of the foreign policy advisory committee of the Chinese Foreign Ministry; Honorary Chairman of the International Forum of Sovereign Wealth Funds (China)  
*First term expires: December 2016*

**11 Dr Takafumi Sato**  
President of Japan Exchange Regulation; former Commissioner of the Financial Services Agency (Japan)  
*First term expires: December 2017*



12



13



14

## Europe

**12 Sir Callum McCarthy**  
Former Chairman of the United Kingdom Financial Services Authority (FSA); Non-executive director of Industrial and Commercial Bank of China and Intercontinental Exchange (UK)  
*Second term expires: December 2017*

**13 Marco Onado**  
Senior Professor of Financial Institutions, Bocconi University, Milan; Chairman, Pioneer Global Asset Management (Italy)  
*Second term expires: December 2017*

**14 Dick Sluimers**  
Chief Executive Officer, APG Group; former Chair and Chief Executive Officer, ABP; former Director General of the National Budget, Dutch Finance Ministry (Netherlands)  
*Second term expires: December 2016*



15



16



17

**15 Antonio Zoido**  
Chairman of the Board and Chief Executive Officer, Bolsas y Mercados Españoles (BME) (Spain)  
*Second term expires: December 2016*

## North America

**16 Sheila Fraser**  
Former Auditor General of Canada; former Member of the International Public Sector Accounting Standards Board (IPSASB); former Chair of the Canadian Public Sector Accounting Board (Canada)  
*First term expires: December 2015*

**17 Heidi Miller**  
Former President of International Operations and Strategy, JPMorgan Chase & Company; former Chief Executive Officer of the Treasury and Securities Services Unit, JPMorgan (United States)  
*First term expires: December 2015*



18



19

**18 James (Jim) Quigley**  
CEO Emeritus, former Senior Partner, Deloitte U.S.; former CEO of Deloitte, Touche & Tohmatsu Limited (DTTL) (United States)  
*Second term expires: December 2017*

## South America

**19 Maria Helena Santana**  
Former Chair and President, Comissao de Valores Mobiliarios (CVM); former Executive Officer, Brazilian Stock Exchange (BOVESPA); former Chair of IOSCO's executive Committee and member of the International Integrated Reporting Council (Brazil)  
*First term expires: December 2016*



20



21

## Members retired at the end of 2014

**20 Tsuguoki (Aki) Fujinuma**  
Immediate Past Chairman and President, Japanese Institute of Certified Public Accountants (Japan)

**21 Robert Glauber**  
Retired Chairman and CEO, NASD (the private sector regulator of the US securities market); former Under Secretary of the Treasury for Finance (United States)

**22 Clemens Börsig**  
Former Chairman of the Supervisory Board, former Member of the Management Board of Deutsche Bank AG (Germany)



22



23

**23 Scott Evans**  
Former Executive Vice President, Asset Management and Chief Executive Officer, TIAA-CREF Investment Management LLC (United States)

## Trustee Committees

Committee	Chair
Audit and Finance Committee	Joji Okada
Due Process Oversight Committee	Harvey Goldschmid
Education and Content Services Committee	Marco Onado
Executive Committee	Michel Prada
Human Capital Committee	Ronald Arculli
Nominating Committee	Sheila Fraser

# Report of the Due Process Oversight Committee



MICHEL PRADA  
CHAIR  
IFRS FOUNDATION TRUSTEES

I write this report on behalf of Professor Harvey Goldschmid who was appointed Chair of this Committee from 1 January 2015 before he passed away unexpectedly in February 2015. As Chair of the Trustees, I have taken over his responsibilities as Acting Chair of this committee until such time as a replacement is appointed.

The Trustees' Due Process Oversight Committee (DPOC) is responsible for overseeing the due process, reviewing the International Accounting Standards Board's (IASB) compliance with due process, and ensuring the Trustees' fulfilment of their oversight function in accordance with the IFRS Foundation Constitution.

## Report on the progress of the 2014 priorities

- 1. Work in close co-operation with the IASB to ensure that projects due for completion in 2014 have been developed in accordance with the IASB's due process requirements. The DPOC will conduct a complete review of the due process followed for each major new Standard.**

Throughout 2014, the DPOC received regular reports on the due process status of each major project and focused its attention on gaining assurance that the projects on the IASB's work plan are following the due process steps as outlined in the *Due Process Handbook*. The DPOC has reviewed all the projects on the work plan, notably major projects such as Financial Instruments, Leases, Revenue Recognition, Insurance Contracts, the *Conceptual Framework*, the Disclosure Initiative and Rate-regulated Activities. In all cases, the DPOC has been satisfied that all the due process requirements have been met, but will continue to review projects that have yet to be completed.

During 2014, the DPOC carried out three complete lifecycle reviews of projects as they neared completion: the first on the interim IFRS 14 *Regulatory Deferral Accounts*, which deals with rate regulated activities; and the other two on the phases of IFRS 9 *Financial Instruments*, which deal with impairment and classification and measurement. In all three cases, the DPOC confirmed that it was satisfied that the IASB had completed all the due process steps necessary to move to balloting on the final Standards.

The DPOC also reviewed the due process being followed for the IASB's Post-implementation Review of IFRS 3 *Business Combinations*.

- 2. The DPOC will consider the IASB's proposals for a general revision to the IFRS Taxonomy due process and monitor the effectiveness of the new consultative arrangements, with the formation of the IFRS Taxonomy Consultative Group.**

During 2014, the DPOC has monitored the progress of the IASB's proposed changes to the due process for the IFRS Taxonomy. The purpose of these proposed changes is to further align the development of the IFRS Taxonomy with the IASB's standard-setting processes, including but not limited to, the IASB reviewing and approving the content of the IFRS Taxonomy. Implementation of the proposed new due process was delayed to allow, during the second half of 2014, a number of trial runs of both an update related to a new Standard and an update for common practice. These trials are designed to help IASB members become familiar with the proposed new process.

The DPOC considered, and was content with, the IASB's proposals for the establishment of the IFRS Taxonomy Consultative Group, including reviewing the proposed composition of the group to ensure a satisfactory balance of professional and geographical perspectives.

**3. The DPOC will consider the work of the Effects Analysis Consultative Group, which is preparing a report setting out recommendations to the IASB as to how it should undertake effects analysis and fieldwork.**

The Effects Analysis Consultative Group was formed in 2013, with the purpose of identifying best practice in the assessment of the likely effects of a new Standard and, in doing so, to seek to enhance the confidence in, and efficiency of, the IASB's processes.

Throughout 2014, the DPOC monitored closely the work of the Effects Analysis Consultative Group, which published its report in November 2014. The report identifies a series of recommendations related to general purpose financial reports, fieldwork and the reporting of likely effects. The recommendations build upon the IASB's already extensive methodology for undertaking effects analysis.

**4. The DPOC will continue to monitor the work of the IFRS Foundation's Education Initiative, identifying the material that is being produced and the level of review that is undertaken.**

The development of educational material is important, but is a risk area for the IASB, because support material prepared after a Standard can be seen as interpretative and can change IFRS requirements. The DPOC is keen to ensure that the IASB continues to take a cautious approach and not to issue material that can be confused with a Standard or perceived as being mandatory or interpretative in nature.

During the year, the DPOC was updated on the educational products being developed in 2014 and was satisfied with the level of planned review for each product.

**5. The DPOC will continue to review the IASB's reporting of the feedback from outreach and fieldwork activities, in line with the principle that any feedback should be reported as transparently as possible while respecting requests for confidentiality.**

During the year, the DPOC paid close attention to the staff's continuing efforts to improve the reporting of feedback in line with this principle, particularly because it related to:

- (a) the reporting of feedback from outreach with investors and other users of financial statements, particularly with respect to those persons and/or organisations who wished to remain anonymous; and
- (b) the reporting of the results of fieldwork undertaken on specific projects.

The DPOC also discussed with the IASB how, on major projects, it may improve its public disclosure of the rationale used to reach tentative decisions and conclusions, with special attention to issues that received substantial debate in the exposure process.

## Priorities for 2015

In the coming year, the DPOC have a number of priorities as follows:

The DPOC will continue to work in close co-operation with the IASB to ensure that projects due for completion in 2015 have been developed in accordance with the IASB's due process requirements.

The DPOC will conduct a complete review of the due process followed for each major new Standard.

The DPOC will encourage the IASB to complete the trial runs in relation to the proposed changes to the IFRS Taxonomy due process without delay and, subject to the outcome, to implement the proposed changes as soon as possible.

The DPOC will monitor the IASB's implementation of the recommendations of the report of the Effects Analysis Consultative Group, which will further embed effects analyses within the IASB's due process.

The DPOC will continue to review the technical staff's annual review of the effectiveness of consultative groups to assess whether each group is continuing to serve the function for which it was established and whether, if that is the case, the membership should stay the same.

The DPOC will continue to review the IASB's reporting of the feedback from outreach and fieldwork activities, including that provided by the IASB's main advisory bodies and consultative groups. In 2015, the DPOC will have a particular focus on the transparency of how that input and advice has been considered by the IASB and its public disclosure of the rationale used to reach tentative decisions and conclusions.

# Report of the Chair of the Nominating Committee



SHEILA FRASER  
CHAIR  
IFRS NOMINATING COMMITTEE

It was a great honour to be asked to take on the role of Chair of the Nominating Committee ('the Committee'). The Committee has the complex but essential role of managing the appointment process for vacancies that are governed by the IFRS Foundation ('the Foundation') Constitution. These include the Trustee group, IASB Members, the Advisory Council and the IFRS Interpretations Committee.

As Chair of the Committee, my objective is to ensure that while following our rigorous process, we manage to identify well qualified people to carry out our important work. The individuals that make up the IFRS Foundation are a truly valuable asset and I believe the organisation's successes to date are due to the people who have been appointed. Each role carries with it a range of specific criteria. Successful individuals need to have the best possible skills, they need to be responsible and knowledgeable, to have legitimacy in their own field and to be able to operate within a global context.

## Goals

The Committee's main goal is to fulfil vacancies in a way that enables the groups to continue to work towards the mission of the IFRS Foundation. This can only be achieved by appointing individuals who meet all the relevant criteria and are capable of speedily operating at full capacity. As the IFRS Foundation is an international, not-for-profit organisation that acts in the public interest, it is also important for the Committee to ensure that the recruitment process is fair, transparent and accessible to all. So we undertake a wide-reaching global search that enables us to identify qualified individuals or organisations to suit each vacancy. When seeking to fill a role we consider the professional balance—those who can bring the appropriate depth of skill and contribute to a cohesive team, and a balance in geography, industry and gender.

## Process

The Committee seeks applications from a diverse group of interested parties. A 'call for nominations' is placed as a news story on the website and social media channels of the IFRS Foundation. In addition, I write to up to 300 individual stakeholders, including the Monitoring Board<sup>1</sup>, to request applications and nominations. Finally, we advertise globally via *The Economist*.

The Committee develops a list of candidates based on the criteria outlined in the Constitution. Trustee and Board Member candidates are then interviewed by members of the Committee before a final recommendation is submitted to the full Trustee group. For Trustee and IASB candidates, the Committee also conducts extensive due diligence background checks before an offer is made. Trustee appointments are subject to approval by the Monitoring Board, which follows its own process.

## Achievements in 2014

During 2014, we received a total of 154 applications from 24 different jurisdictions. The Committee appointed or reappointed 11 Trustees, 22 representatives on the Advisory Council and 5 members of the IFRS Interpretations Committee.

In closing, I would like to thank the large number of people around the world that have provided nominations or applied in their own right. Finally, my sincere thanks must also go to Bob Glauber, who I succeeded in the role of Chair. The considerable achievements of the Committee during 2014 are down to his real passion and energy for making the best appointments possible. These are big shoes to fill, but I am very much looking forward to the challenges ahead.

*Sheila Fraser*

Sheila Fraser  
Chair  
IFRS Nominating Committee

<sup>1</sup> The report of the Chair of the Monitoring Board can be found on page 4.

## 2. Standard-setting activities

Report of the Chair of the IASB	20
Members of the IASB	24
Making IFRS accessible across the world	26
Technical activities and development of IFRS	27
Senior staff of the IASB and IFRS Foundation	31
Engaging with Investors:	
<i>The Investors in Financial Reporting programme</i>	32
Report of the IFRS Interpretations Committee	34
Members of the IFRS Interpretations Committee	35
Report of the Chair of the IFRS Advisory Council	36
Representatives on the Advisory Council	38



# Report of the Chair of the IASB

---



HANS HOOGERVORST  
CHAIR  
IASB

## A year of significant achievement

2014 has been a year of significant achievement. A year in which we published final Standards on *Revenue from contracts with customers* and *Financial Instruments*. A year in which we made substantial progress on all our major projects. A year in which our Research programme was firmly established. And a year in which we successfully established our Investors in Financial Reporting programme.

These achievements also demonstrate our considerable progress in establishing International Financial Reporting Standards (IFRS) as the global standard for financial reporting.

A personal project in the past year has been to develop a mission statement for this complex organisation that succinctly captures our purpose. You will find the final version of this statement at the very fore of this Annual Report, but there were many iterations driven by the valuable feedback from staff, Trustees, International Accounting Standards Board (IASB) members and the IFRS Advisory Council. The three main aims of bringing transparency, efficiency and accountability to financial markets around the world has always been the bedrock of our work at the IASB—this statement simply reiterates publicly, and in an accessible way, how we serve the public interest.

## The global standard for financial reporting

In July 2014, we published *IFRS as global standards: a pocket guide*. Written by former IASB member Paul Pacter, the 196-page guide provides for the first time a summary of the use of IFRS in each of the 130 countries and other jurisdictions around the world that had been surveyed up to that date. These jurisdictions represent over 96 per cent of the world's Gross Domestic Product.

This guide shows our remarkable progress in the short period of time since the IASB was created. While we are not yet at the point at which IFRS adoption is universal, the guide describes how more than 100 countries now mandate the use of IFRS for most public companies while most other countries permit the use of IFRS for such companies, thereby improving capital allocation and thus driving economic efficiency.

## Finalising the convergence programme

As I detailed in my report last year, we have achieved much since 2002 through our convergence programme with the Financial Accounting Standards Board (FASB) of the United States. There is no question that the programme has substantially improved the quality of financial reporting around the world.

In May 2014 we issued, jointly with the FASB, our new revenue recognition Standard, IFRS 15 *Revenue from Contracts with Customers*. This was a considerable achievement and represented the culmination of a comprehensive and thorough due process, including extensive consultation with interested parties throughout the life cycle of the Revenue project. Revenue is a vital metric for users of financial statements and is used to assess a company's financial performance and prospects. However, the previous requirements of both IFRS and US GAAP were different and often resulted in different accounting for transactions that were economically similar. The Boards' new requirements for the recognition of revenue provide substantial enhancements to the quality and consistency of how revenue is reported while also improving comparability in the financial statements of companies reporting using IFRS and US GAAP.

In order to aid transition to the new revenue recognition Standard, the Boards have established a joint transition resource group (TRG). The TRG informs the IASB and the FASB about potential implementation issues that could arise when companies and organisations implement the new Standard. The TRG's discussions have confirmed that stakeholders can generally understand and apply the relevant parts of the new Standard. However, some of the questions have highlighted a wider range of views and, therefore, potentially greater challenges for some stakeholders in applying the Standard consistently. Accordingly, the IASB plans to propose some targeted clarifications to the Standard.

Another very significant highlight of the year was the publication, in July 2014, of our new financial instruments Standard, IFRS 9 *Financial Instruments*. IFRS 9 provides the final element of our response to the financial crisis. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new Standard also addresses the issue of "own credit"—the counter-intuitive effect of a company being able to report a fair value gain or loss following changes in the quality of its credit worthiness. The new Standard will come into effect on 1 January 2018 with early application permitted.

During the financial crisis, the delayed recognition of credit losses on loans (and other financial instruments) was identified as a weakness in existing accounting standards. As part of IFRS 9, the IASB has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Despite several years of intense efforts, the IASB and the FASB have not been able to agree a common approach to this impairment model. However, feedback from numerous stakeholders, including the Financial Stability Board, persuaded us to finalise the Standard. We are now committed to supporting the consistent implementation of our impairment model and, to this end, have established an impairment transition resource group.

I am pleased to report that we have also made significant progress on the Leases project. The objective of the Leases project is to improve the quality and comparability of financial reporting by providing greater transparency about an entity's leverage and the assets it uses in its operations. The IASB and the FASB have reached agreement on almost all aspects of this project—and, in particular, the requirement for lessees to recognise assets and liabilities for virtually all leases. Our research shows that the current omission of such assets and liabilities can materially depress the leverage reported by some companies.

This new accounting requirement will, for such companies, result in financial reporting that reflects economic reality much more faithfully. The Boards have reached different conclusions on the recognition and presentation of lease expenses in the income statement. But it is the balance sheet representation of leases that really matters in this project and no one should lose sight of this important point. We intend to publish the final Standard on Leases by the end of the year.

The final project from the convergence era is our work to introduce a new accounting Standard for insurance contracts. This is now not a joint project following the FASB's decision that it would no longer pursue joint deliberations. The IASB published a revised Exposure Draft (ED) *Insurance Contracts* in June 2013. Feedback on the ED suggested broad support for the principle of current value measurement of insurance contracts. However, there were also significant areas of disagreement, in particular about performance reporting, and concerns about excessive complexity. The IASB has now largely concluded its deliberations relating to non-participating contracts but continues to consider the accounting model for contracts with participating features. We are maintaining extensive dialogue with all interested parties and continue to consult our advisory bodies. Our intention is to complete deliberations in the next few months and proceed to publication of the final Standard thereafter. This will bring much-needed transparency to the plethora of accounting practices currently used throughout the industry.

## Progressing our new work programme

During 2014, we have also made excellent progress on our *Conceptual Framework* project and our Disclosure Initiative. We have also firmly established our Research programme.

As I reported last year, we published a Discussion Paper setting out a review of the *Conceptual Framework* in July 2013. The *Conceptual Framework* sets out the basic underlying concepts for the preparation and presentation of financial statements and forms the basis for specific recognition and measurement requirements in IFRS. It therefore serves as a major point of reference in the development of new IFRS.

We received more than 200 comment letters in response to our Discussion Paper and have been carefully considering these responses. We shall be publishing an Exposure Draft of a revised *Conceptual Framework* shortly. That Exposure Draft will include our proposals for much-needed guidance on measurement and on the use of other comprehensive income and for improvements to the definitions of assets and liabilities, as well as proposals to clarify the roles of stewardship and prudence in financial reporting.

During 2014 we have also made significant progress in taking forward our Disclosure Initiative. The Disclosure Initiative is a portfolio of projects whose aim is to improve the effectiveness of disclosures in financial reporting. The Principles of Disclosure project is the cornerstone of the initiative and we plan to publish a Discussion Paper on this subject later in 2015. We have also issued amendments that encourage companies to apply professional judgement to the content and presentation of their disclosures. We have also proposed amendments to improve information about an entity's financing activities and liquidity. We have conducted outreach on the concept of materiality and will be developing guidance on the application of materiality in due course. Finally, we are undertaking a research project to review disclosure in existing Standards to identify and assess conflicts, duplication and overlaps. Taken together, I am confident that the Disclosure Initiative will evoke real behavioural change among preparers and will go a considerable way to 'breaking the boilerplate' of financial disclosures.

As I mentioned last year, we have introduced a new research phase to our work programme with the intention of publishing Discussion Papers prior to a decision on whether or not to bring a project on to the IASB's active agenda. This model also accommodates a more multilateral approach by permitting other accounting standard-setters to participate in the research phase prior to the agenda decision being made. Our Research programme is now firmly established. We have a total of 16 research projects on our agenda and during 2014 published two Discussion Papers: *Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging* and *Reporting the Financial Effects of Rate Regulation*. I am confident that this new approach will significantly enhance the effectiveness of our standard-setting process.

---

## Engaging with investors

As part of our strategy to develop a single set of high quality, understandable, enforceable and globally accepted accounting standards, it is important that we have an effective engagement strategy with all our stakeholders—and especially the primary users of financial statements: investors and analysts.

In December, we successfully launched the *Investors in Financial Reporting* programme. Created with the support of some of the world's leading asset managers and owners, the programme is designed to foster greater investor participation in the development of IFRS. *The Investors in Financial Reporting* programme has been developed to further extend investor participation by specifically encouraging greater involvement from the buy-side community. We shall be building on this successful launch during 2015 and look forward to much deeper and effective engagement with investors.

In closing, I would like to thank our staff as well as the many people around the world who generously invest their time in the development of IFRS as global accounting standards.



Hans Hoogervorst  
Chair  
IASB

# Members of the IASB





**1 Hans Hoogervorst, Chair**  
Former Chairman, Netherlands Authority for the Financial Market (AFM) (The Netherlands)  
*First term expires: 30 June 2016*

**2 Ian Mackintosh, Vice-Chair**  
Former Chairman, UK Accounting Standards Board (Australasia)  
*First term expires: 30 June 2016*







## Africa

**3 Darrel Scott**  
Former Chief Financial Officer, FirstRand Banking Group (South Africa)  
*Second term expires: 30 June 2018*





## Asia-Oceania

**4 Takatsugu (Tak) Ochi**  
Former Assistant General Manager, Sumitomo Corporation; former advisor, Nippon Keidanren and Accounting Standards Board of Japan (Japan)  
*First term expires: 30 June 2016*

**5 Chungwoo Suh**  
Former Chairman, Korea Accounting Standards Board; Professor of Accounting at Kookmin University, Seoul (Republic of Korea)  
*First term expires: 30 June 2017*

**6 Wei-Guo Zhang**  
Former Chief Accountant and Director General, Department of International Affairs; China Securities Regulatory Commission (People's Republic of China)  
*Second term expires: 30 June 2017*

**7 Suzanne Lloyd**  
Former Senior Director of Technical Activities, IASB; former accounting specialist, Goldman Sachs (New Zealand)  
*First term expires: 31 December 2018*



8



9



10

## Europe

**8 Stephen Cooper**  
Former Managing Director, Head of Valuation and Accounting Research, UBS (United Kingdom)  
*Second term expires: 31 July 2017*

**9 Philippe Danjou**  
Former Director of the Accounting Division, Autorité des Marchés Financiers (France)  
*Second term expires: 30 June 2016*

**10 Martin Edelmann**  
Former Head of Group Reporting, Deutsche Bank (Germany)  
*First term expires: 30 June 2017*



11



12



13

## North America

**11 Patrick Finnegan**  
Former Director, Financial Reporting Policy Group, CFA Institute for Financial Marketing Integrity (United States)  
*Second term expires: 30 June 2019*

**12 Gary Kabureck**  
Former Chief Accounting Officer and Corporate Vice-President, Xerox Corporation (United States)  
*First term expires: 30 June 2017*

**13 Mary Tokar**  
Former global leader of International Financial Reporting Group, KPMG (United States)  
*First term expires: 30 June 2017*



14

## South America

**14 Amaro Luiz de Oliveira Gomes**  
Former Head of Financial System Regulation Department, Central Bank of Brazil (Brazil)  
*Second term expires: 30 June 2019*



15



16

## IASB members retired during 2014

**15 Jan Engström**  
Former CFO, Volvo Group and Chief Executive Officer, Volvo Bus Corporation (Sweden)

**16 Patricia McConnell**  
Former Senior Managing Director, Equity Research, Accounting and Tax Policy Analyst, Bear Stearns & Co (United States)

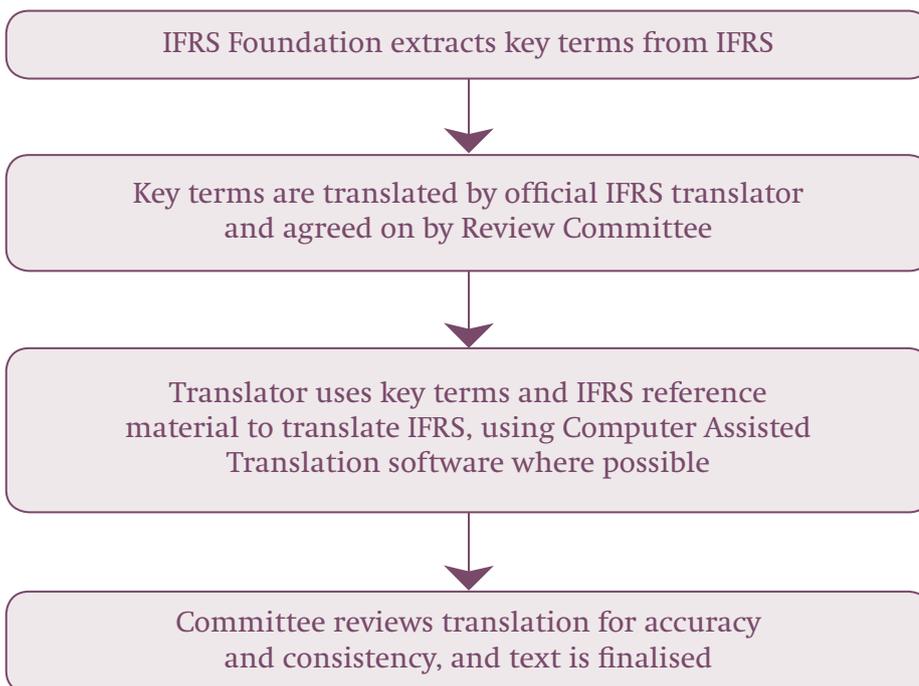
# Making IFRS accessible across the world

The IFRS Foundation aims to create globally accepted financial reporting standards and part of this process is ensuring that we make our standards accessible in as many languages as possible.

The IFRS Foundation has a set process<sup>1</sup> for translation. The process is based on two key steps:

1. Professional translation.
2. Review by a committee of accounting experts who are native speakers with proven knowledge and expertise in IFRS.

The set process for translation of IFRS is as follows:



Up-to-date translations of IFRS and the *IFRS for SMEs* are available in the following 31 languages:

Albanian  
 Arabic  
 Armenian  
 Bosnian  
 Bulgarian  
 Chinese, Simplified  
 Chinese, Traditional  
 Croatian  
 Czech  
 Estonian  
 Finnish  
 French  
 Georgian  
 German  
 Hebrew  
 Italian  
 Japanese  
 Kazakh  
 Khmer  
 Korean  
 Lithuanian  
 Macedonian  
 Mongolian  
 Polish  
 Portuguese  
 Romanian  
 Russian  
 Serbian  
 Spanish  
 Turkish  
 Ukrainian

## Case Study—Spanish Translation

For languages such as Spanish, which is the second most widely spoken in the world, it is essential that as many Spanish-speaking countries as possible that use IFRS have a voice on the Review Committee. We currently have members from Argentina, Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Panama, Peru, Spain and Venezuela. This diverse representation enables the Foundation to produce an official translation that can be used in any country where Spanish is spoken.

We support only one translation per language. This is because multiple translations of IFRS into the same language would compromise comparability between jurisdictions speaking that language.

<sup>1</sup> We support the creation of consistent, high-quality translations in line with our Translation, Adoption and Copyright Policy.

# Technical activities and development of IFRS

Project	Status
<b>Standards projects</b>	
Insurance Contracts	The project objective is to improve financial reporting by providing a consistent basis for the accounting for insurance contracts and to make it easier for users of financial statements to understand how insurance contracts affect an entity's financial position, financial performance and cash flows. The International Accounting Standards Board (IASB) has issued two Exposure Drafts setting out proposals.
Leases	The project objective is to improve how leases are reflected in the financial statements, particularly by providing greater transparency about leverage, and the assets an entity uses in its operations. The IASB has already issued two Exposure Drafts, jointly with the Financial Accounting Standards Board (FASB) of the United States, and expects to finalise the new requirements in 2015.
<b>Conceptual Framework</b>	
Conceptual Framework	The project goal is to provide the IASB with a more complete and updated set of concepts to use when it develops or revises Standards. The IASB has issued a Discussion Paper and plans to issue an Exposure Draft in 2015.
<b>Disclosure Initiative</b>	
Principles of Disclosure	The objective of the Principles of Disclosure project is to improve existing guidance in IFRS that helps entities determine the basic structure and content of a complete set of financial statements. The research is focused on reviewing the general requirements in IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The project includes a Standard-by-Standard review of disclosure requirements.
Materiality	This project is reviewing how materiality is applied in practice in preparing International Financial Reporting Standards (IFRS) financial statements and the IASB is proposing to publish a Practice Statement on the topic.
Statement of Cash Flows (Proposed amendments to IAS 7)	The IASB is proposing, in response to requests from investors, to introduce requirements for entities to provide a reconciliation of their financing activities and information about some restrictions on cash and cash equivalents.
<b>Research</b>	
Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Macro Hedging	The IASB is assessing whether it can develop an approach to reporting dynamic risk management activities.
Business Combinations Under Common Control (BCUCC)	This is a high priority project to improve the accounting for a BCUCC. IFRS does not currently have requirements for these events, which are common in emerging economies and in preparing for initial public offerings.

continued...

...continued

Project	Status
Discount Rates	This research project is reviewing discount rate requirements in IFRS to identify differences in requirements and assessing whether it should address any of these differences.
Pollutant pricing mechanisms (formerly Emissions Trading Schemes)	The project goal is to develop requirements for reporting an entity's interest in pollutant pricing mechanisms, for which there are currently no specific requirements.
Equity Method of Accounting	The project is assessing how to address practice problems that have emerged with the application of the equity method.
Extractive activities, Intangible assets, Research and Development expenditure	The objective of the research project is to analyse the financial reporting issues applicable to extractive activities and to consider the accounting for intangible assets and research and development activities that have parallels with extractive activities.
Financial Instruments with Characteristics of Equity	This project is investigating potential improvements to how financial instruments are classified as liabilities or equity. The project is also assessing the presentation and disclosure requirements for financial instruments that have equity features, irrespective of whether they are ultimately classified as liabilities or equity.
Foreign Currency Translation	The IASB has been considering a request by the Korea Accounting Standards Board (KASB) to review IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> and assess whether IAS 21 should be modified or replaced. In 2014 the IASB decided not to develop a project for the short-term issue and to lower the priority on the broader project.
Income taxes	The IASB is considering whether the application concerns of the current Standard that addresses income taxes can be solved by 'narrow-scope' amendments or whether, instead, a fundamental change in principle is needed.
Inflation	The IASB is considering requests to examine the consequences of high (as opposed to hyper) inflation on financial reporting.
Performance Reporting	The IASB added this project in July 2014. It is currently establishing the scope of the project.
Post-employment benefits	The IASB is undertaking a broad review of pension plans that range from pure defined contribution to pure defined benefit. There is a growing range of hybrid plan designs that incorporate features of both defined contribution and defined benefit plans. Such plans were not envisaged when IAS 19 <i>Employee Benefits</i> was developed and are becoming problematic for IAS 19.
Provisions, Contingent Liabilities and Contingent Assets	The IASB is assessing whether to amend aspects of the Standard that addresses provisions, contingent liabilities and contingent assets in the light of likely changes to the <i>Conceptual Framework</i> .

continued...

...continued

Project	Status
Rate-regulated Activities	The project is considering whether (or how) IFRS should be amended to report the effects of rate regulation.
Share-based payments	IFRS 2 <i>Share-Based Payments</i> is a Standard that is broadly converged with US GAAP. The objective of the project is to identify the most common areas of complexity and—whenever possible—their main causes. With this objective in mind, the project will identify and explore the main application issues that arise when entities apply IFRS 2. The IASB does not have any plans to fundamentally change this Standard.
<b>IFRS for SMEs</b>	
<i>IFRS for SMEs</i>	The IASB has been undertaking its inaugural review of the <i>IFRS for SMEs</i> requirements. It has issued an Exposure Draft and expects to finalise the review in 2015.

### Implementation – narrow scope improvements

The IFRS Interpretations Committee plans to clarify the classification and measurement of share-based payment transactions that relate to how a vesting or a non-vesting condition should be reflected in the measurement of cash-settled share-based payments and the accounting for a modification of a cash-settled share-based payment that results in reclassification from cash-settled to equity-settled.

The IASB is proposing to clarify when a non-current liability that is due for review should be classified as current or non-current

The IASB is proposing to clarify what the unit of account is and the fair value measurement for financial assets that are quoted investments in subsidiaries, joint ventures and associates.

There is a proposal to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

Each year the IASB publishes a package of Annual Improvements.

The IASB and the FASB have established a Transition Resource Group for IFRS 15 *Revenue from Contracts with Customers*. It is likely that the IASB and the FASB will propose some minor clarifications to the Standard to assist with its application.

There is a project to clarify whether a trustee's unilateral power to augment benefits or to wind up a defined benefit plan affects the employer's unconditional right to a refund of a surplus; and the calculation of current service cost and net interest when an entity measures the net defined benefit liability (asset) in the event of a plan amendment, curtailment or settlement.

The IASB is reviewing the requirements related to transactions between an entity and its associate or joint venture. Specifically, the IASB is reviewing the accounting for a 'downstream' transaction between an entity and its associate or joint venture when the gain from the transaction exceeds the carrying amount of the entity's interest in the associate or the joint venture; how an entity accounts for a contribution to its associate or joint venture when the entity receives assets in addition to receiving an equity interest; and whether the cost of an associate or a joint venture should be before or after eliminated gains for the purposes of calculating any difference between cost and the investor's share of net assets on acquisition.

<b>Project</b>	<b>Status</b>	
<b>Implementation—Post-implementation Reviews (PIR)</b>		
<p>In 2014 the IASB initiated a review of IFRS 3 <i>Business Combinations</i>. The review includes both IFRS 3 (2004) and IFRS 3 (2008) as well as the related amendments made to other Standards at the time. The IASB expects to publish a Feedback Statement on its findings from the PIR in 2015.</p>		
<b>New Standards</b>		
IFRS 9 <i>Financial Instruments</i>	July 2014	1 January 2018
IFRS 14 <i>Regulatory Deferral Accounts</i>	January 2014	1 January 2016
IFRS 15 <i>Revenue from Contracts with Customers</i>	May 2014	1 January 2017
<b>Major amendments</b>		
<i>Agriculture: Bearer Plants</i> (Amendments to IAS 16 and IAS 41)	June 2014	1 January 2016
<i>Equity Method in Separate Financial Statements</i> (Amendments to IAS 27)	August 2014	1 January 2016
<i>Disclosure Initiative</i> (Amendments to IAS 1)	December 2014	1 January 2016
<b>Implementation - narrow scope improvements</b>		
<i>Accounting for Acquisitions of Interests in Joint Operations</i> (Amendments to IFRS 11)	May 2014	1 January 2016
<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments to IAS 16 and IAS 38)	May 2014	1 January 2016
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to IFRS 10 and IAS 28)	September 2014	1 January 2016
<i>Annual Improvements 2012–2014</i>	September 2014	1 January 2016
<i>Investment Entities: Applying the Consolidated Exception</i> (Amendments to IFRS 10, IFRS 12 and IAS 28)	December 2014	1 January 2016

# Senior staff of the IASB and IFRS Foundation



1



2

## Executive Directors

- 1 **Yael Almog**  
Executive Director
- 2 **Hugh Shields**  
Executive Technical Director



3



4



5



6



7



8



9

## IASB Senior Staff

- 3 **Alan Teixeira**  
Senior Technical Director
- 4 **Peter Clark**  
Technical Director
- 5 **Kumar Dasgupta**  
Technical Director
- 6 **Henry Rees**  
Technical Director
- 7 **Michael Stewart**  
Director of Implementation Activities
- 8 **Wayne Upton**  
Director of International Activities,  
Chairman of the IFRS  
Interpretations Committee
- 9 **Mike Wells**  
Director of IFRS Education Initiative



10



11



12

## IFRS Foundation Senior Staff

- 10 **Mark Byatt**  
Director of Communications  
and External Affairs
- 11 **Miranda Corti**  
Director of Operations
- 12 **David Loweth**  
Director for Trustee Activities

# Engaging with Investors: *The Investors in Financial Reporting* programme

Financial information is the lifeblood of capital markets. Every day, investors around the world make investment decisions worth billions of dollars based on information contained within financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

The International Accounting Standards Board (IASB) has for many years encouraged investors to participate in the development of Standards, of which they are the main beneficiaries. The *Investors in Financial Reporting* programme, launched in 2014, represents a significant step-change in the level of engagement between accounting standard-setters and members of the buy-side investment community.

“Improved engagement between standard-setters and the users of accounts is very much in the best interests of our investors, which is why Fidelity Worldwide Investment is keen to support this new initiative.”

Henk-Jan Rikkerink, Head of Equity Research and  
Marty Dropkin, Head of Credit Research,  
Fidelity Worldwide Investment

## A Statement of Shared Beliefs

Central to the *Investors in Financial Reporting* programme is a mutually agreed Statement of Shared Beliefs with which:

- the IASB and the investment community highlight the importance of high quality, transparent reporting for building trust in the capital markets and for making investment decisions;
- the IASB publicly reaffirms its commitment to continue to seek and consider investor views in the development of new accounting Standards; and
- leading representatives from the global investment community make visible their commitment that as responsible investors they will contribute to the development of high quality financial reporting standards. That commitment involves working with the IASB to ensure that the investor perspective is articulated clearly and is considered in the standard-setting process.

The Statement of Shared Beliefs acknowledges that while the IASB and the participating organisations share a commitment to work together to improve financial reporting, both may have different views on some of the topics that are discussed.

What the IASB requests from participants	What the IASB has to offer participants
<ul style="list-style-type: none"> <li>• An ongoing dialogue between senior management of the organisation and IASB members</li> <li>• Executive-level support for participation in the development of high-quality accounting standards</li> <li>• Access to analysts and portfolio managers to streamline engagement with the IASB</li> </ul>	<ul style="list-style-type: none"> <li>• An improved channel to provide input to the standard-setting process</li> <li>• Investor-tailored education sessions, materials and articles on both current Standards and proposed changes</li> <li>• Access to IASB members and staff to provide updates to analysts and portfolio managers</li> </ul>

### Participants in the launch of the *Investors in Financial Reporting* programme:

Allianz Global Investors	Nomura Asset Management
Henderson Global Investors	BlackRock
APG Asset Management	PGGM Investments
Hermes Investment Management	Fidelity Worldwide Investment
AustralianSuper	UniSuper

### Why focus on the buy-side community?

In the past involvement with the buy-side community has been largely indirect, e.g. via investor representative organisations or with individuals who personally believe that interaction with us is important. Individual buy side organisations do not typically participate in our public comment letter process.

The *Investors in Financial Reporting* programme has been developed in response to this. It aims to increase our dialogue with the buy side community—to ensure that IFRS continues to meet the information needs of investors globally; increase transparency surrounding who we are speaking to; and encourage others to join in the debate.

“

We believe involving those who invest in companies, as well as those who manage them, is a step forward in developing more practical accounting standards. By working together we can develop standards that deliver both transparent corporate reports and sensible business outcomes.”

Graham Kitchen, Head of Equities,  
Henderson Global Investors

### Engaging with Investors: Ongoing investor outreach

Over time the IASB's dedicated investor engagement team has developed relationships within the investment community, and has facilitated consultation between IASB members, IFRS Foundation staff, investors and analysts. This interaction enables the IASB to better understand where financial reporting is working well, and where there are opportunities for improvement.

The *Investors in Financial Reporting* programme complements, and does not replace, these existing investor outreach activities. The IASB will continue its ongoing dialogue with individual investors and analysts (both on the buy-side and sell-side) as well as with investor representative organisations, as part of its overall investor outreach programme.

# Report of the IFRS Interpretations Committee



WAYNE UPTON  
CHAIR  
IFRS INTERPRETATIONS  
COMMITTEE

The IFRS Interpretations Committee is the interpretative body of the IFRS Foundation. Its mandate is to review widespread accounting issues that have arisen within the context of current International Financial Reporting Standards (IFRS). The work of the Interpretations Committee is aimed at reaching consensus on the appropriate accounting treatment and providing authoritative guidance on those issues.

The Interpretations Committee met six times in 2014 and discussed 31 new issues relating to the application of IFRS. It also continued to work on issues carried over from 2013.

Of the new issues, 17 were matters for which the Interpretations Committee concluded that there was sufficient guidance in the relevant Standard and that it was not necessary to develop an Interpretation or amendment to the Standard. These decisions were explained in Agenda Decisions.

For the remaining 14 new issues, the Interpretations Committee either decided not to take the matter any further for other reasons, such as a lack of evidence of diversity in practice, or recommended that the IASB should amend the applicable Standards.

The Interpretations Committee did not issue any draft or final Interpretations in 2014, although its work in progress at the end of 2014 includes two draft Interpretations; one proposes guidance on accounting for tax uncertainties, while the other proposes guidance on accounting for foreign currency transactions (purchases and sales) in which there is a prepayment paid or received. These are expected to be published for comment in the second quarter of 2015.

When the Interpretations Committee issues a decision explaining why it has decided not to add a matter to its agenda, it provides the reason for reaching this conclusion. This explanation allows entities facing such issues to understand how the Interpretations Committee would apply the principles in IFRS in that particular circumstance. Over the last year, the Interpretations Committee has been modifying how it drafts these agenda decisions with the aim of making them more helpful to those applying IFRS. These decisions and accompanying explanations are exposed for public comment before they are finalised.

The Interpretations Committee has also put additional effort during 2014 into the way it collects evidence of diversity in practice. The Interpretations Committee solicits input from accounting standard-setters around the world, from securities regulators and also from accounting firms. This provides the Interpretations Committee with both a jurisdictional perspective and a global perspective on each issue. The Interpretations Committee is grateful to the standard-setters, securities regulators and accounting firms that have shared their experience on the issues discussed this year.

During 2014 we said farewell to five members of the Interpretations Committee who had served for many years: Luca Cencioni, Jean Paré, Joanna Perry, Laurence Rivat and Scott Taub. We are very grateful for their services to the Interpretations Committee.

Further details of the work of the Interpretations Committee during 2014 can be found on page 29 of this report.

Wayne Upton  
Chair  
IFRS Interpretations Committee

# Members of the IFRS Interpretations Committee

At 31 December 2014

Name and Affiliation	Term Expires
Andrew Watchman Global Head of IFRS Grant Thornton International Limited <i>United Kingdom</i>	30 June 2016
Bonnie Van Etten NAFTA Chief Accounting Officer Chrysler Group LLC <i>United States</i>	30 June 2017
Bruce Mackenzie Managing Partner W Consulting International <i>South Africa</i>	30 June 2017
Carl Douglas Corporate Controller CCR Group <i>Brazil</i>	30 June 2017
Charlotte Pissaridou Head of Accounting Policy for Europe, the Middle East, Africa and Asia Goldman Sachs <i>United Kingdom</i>	30 June 2017
Feilong Li Executive Director, EVP & CFO China Oilfield Services Limited <i>China</i>	30 June 2016
John O'Grady Asia Pacific Assurance Professional Practice Director Ernst & Young <i>Australia</i>	30 June 2015
Kazuo Yuasa Corporate Executive Officer, VP, Vice Head of Corporate Finance Fujitsu Limited <i>Japan</i>	30 June 2015
Robert Uhl Partner Deloitte & Touche LLP <i>United States</i>	30 June 2015
Dr Martin Schloemer Head of Accounting Principles and Policies Bayer AG <i>Germany</i>	30 June 2016

Name and Affiliation	Term Expires
Mikael Hagström Senior Vice President, Head of Corporate Financial Reporting AB Volvo <i>Sweden</i>	30 June 2017
Reinhard Dotzlaw FCPA, FCA National Managing Partner, Audit Professional Standards KPMG <i>Canada</i>	30 June 2016
Sandra Peters Head, Financial Reporting Policy CFA Institute <i>United States</i>	30 June 2015
Tony de Bell Partner, PwC Global Accounting Services PwC <i>United Kingdom</i>	30 June 2016

## Interpretations Committee members retired during 2014

Luca Cencioni  
Senior Accounting Manager  
Eni Adfin SpA

Jean Paré  
Vice President  
Bombardier Inc

Joanna Perry  
Non-Executive Director

Scott A Taub  
Managing Director  
Financial Reporting Advisors, LLC

Laurence Rivat  
Partner  
Deloitte et Associés

## Non-voting Chairman

Wayne Upton  
Chairman, IFRS Interpretations Committee

# Report of the Chair of the IFRS Advisory Council

---



JOANNA PERRY  
CHAIR  
IFRS ADVISORY COUNCIL

---

2014 was a year of change for the members of the IFRS Advisory Council ('the Council'). I took over as Chair at the beginning of the year from Paul Cherry and was joined by 18 other new members; our two Vice-Chairs Charles Macek and Christoph Hütten retired at the end of the year along with 12 other members.

2014 was also a year of continuing progress for the Council as it continued with its remit of supporting the IFRS Foundation's mission by being forward-looking and strategic.

The Council discussed and provided advice on a range of strategic matters to both the IFRS Trustees and the International Accounting Standards Board ('the IASB'). Topics discussed follow.

## International Public Sector Accounting Standards Board (IPSASB)

The Council discussed and provided advice to the Trustees about a proposal that the IFRS Foundation and the Monitoring Board should extend the scope of their activities to include governance and oversight of the International Public Sector Accounting Standards Board. The broad consensus of the advice was that it would not be feasible, at least in the short term, to extend the scope of their activities.

## Status of, and options regarding, the Leases project

The Council discussed and provided advice to the IASB early in the year about the options available regarding the progress of the Leases project. The Council reiterated its support for the project, emphasising the importance of both completing the project and achieving a high quality solution.

## New trends in corporate reporting

At each meeting members discussed and provided advice on new trends in corporate reporting, particularly Integrated Reporting, the Corporate Reporting Dialogue and Digital Reporting, and how such trends could be incorporated within the work being undertaken by the IASB. The Council was generally of the view that the IASB must stay involved in discussions at the forefront of such trends, as they are very important for ensuring the future relevance of the IASB's work.

## Investor outreach

The Council was kept abreast of IASB initiatives concerning investor outreach; members made a number of suggestions and offered to support staff in undertaking engagement with investors.

## Use of judgement

Advisory Council members had a long and robust discussion about the use of judgement in financial statements. Overall, the Council expressed strong support for principle-based accounting, recognising, however, that principles will need an appropriate amount of supporting guidance. It was also noted that it is reasonable to expect financial reporting stakeholders to exercise judgement.

## Role of the Council with respect to communication and advocacy

Members considered their role with respect to communication and advocacy. In particular, they considered the secondary objective set out in the Council's Terms of Reference of supporting the IASB in the promotion and adoption of IFRS around the world. Because of the independence and objectivity that is required of members, as well as the remit or purpose of some members' respective organisations, the Council recommended that the Trustees should consider amending the Terms of Reference to reflect a revised secondary objective. The Trustees subsequently adopted this recommendation and the Terms of Reference of the Advisory Council were amended so that a secondary objective of the Council is to take steps to encourage broad participation in the development of IFRS as high quality, globally accepted standards.

## Research activities

The Council considered and provided feedback to the IASB on its proposed approach to consideration of research activities, which ensures that problems are properly defined up front. The members supported flexible use of research outputs and advised the IASB to be wary of creating confusion about the status of such outputs. Including possible solutions in documents was advised in order to promote stakeholder engagement.

## Disclosure Initiative and materiality

The Council received updates on the IASB initiative concerning disclosures and provided positive support for the initiative. It also discussed the linked initiative on materiality and again provided positive support for considering the concept of materiality as a means to improve the effectiveness of disclosures in financial reporting.

## Risks and opportunities facing the IFRS Foundation

Members considered what they perceived to be both the biggest risks and the opportunities facing the IFRS Foundation and provided feedback to the Foundation. The discussion on the opportunities continues into 2015.

The agenda committee continues to do great work in identifying relevant and timely agenda items in support of the Council's forward thinking, thereby providing strategic focus to assist in the achievement of the IFRS Foundation's mission.

I take this opportunity to thank all members within the Council for their passionate contribution during 2014 and in particular those who completed their terms at the end of 2014 for their support to the cause of the IFRS Foundation over the last few years. I would also like to thank the IFRS Foundation staff who provide support to the operations of the Council and to me as the Chair. And finally I would like to thank both the Trustees and the IASB members themselves. I think the relationship and interaction between the Council and both the Trustees and the IASB are working well, with the Council providing valuable strategic advice that is respected by each of those bodies.



Joanna Perry  
Chair  
IFRS Advisory Council

# Members of the Advisory Council

As at 31 December 2014

Represented body	Represented by	Occupation
Chair, IFRS Advisory Council	Joanna Perry	Non-Executive Director
Vice-Chair, IFRS Advisory Council	Charles Macek*	Non-Executive Director, Wesfarmers and Centro Retail Australia Former Chairman, Australian Financial Reporting Council (AFRC)
Vice-Chair, IFRS Advisory Council	Christoph Hütten*	SVP and Chief Accounting Officer, SAP AG
Basel Committee on Banking Supervision	René van Wyk	Head of Bank Supervision and Registrar of Banks, South African Reserve Bank
BDO Stoy Hayward	Dr Jens Freiberg	Head of International Financial Reporting, BDO AG Wirtschaftsprüfungsgesellschaft
Caisse de dépôt et placement du Québec	Maarika Paul	Executive Vice-President and Chief Financial Officer
CFA Institute	Vincent Papa	Director, Financial Reporting Policy
Comision Nacional Bancaria y de Valores, Mexico	Linda Díaz	General Director of Market Supervision
Corporate Reporting Users' Forum	Dr Lothar Weniger	ALIAG, Usingen, Owner
Council of Institutional Investors	Anne Simpson	Director of Global Governance
Deloitte & Touche	Stephen Taylor	Audit Partner
Emirates NBD	Surya Subramanian	Group Chief Financial Officer
Ernst & Young	Danita Ostling	Partner
European Accounting Association	Prof. Begoña Giner*	Past President, EAA
European Central Bank	Panagiotis Strouzas*	Head of Financial Services Policy Division
European Financial Reporting Advisory Group	Françoise Flores*	Chairman of EFRAG
European Securities and Markets Authority	Laurent Degabriel*	Head of Investment and Reporting Division
Fédération Internationale des Experts-Comptables Francophones	Daniel McMahon	President and CEO of the Ordre des comptables professionnels agréés du Québec, Canada
Federation of Indian Chambers of Commerce	Rajagopal Sankaraiah	Executive - Director Finance, Jubilant Life Science Limited
Ferrovial S.A.	Ernesto López Mozo	Chief Financial Officer
Financial Executives International	Rudolf Bless	Deputy CFO and Chief Accounting Officer
Grant Thornton	Jake Green	Director of Financial Reporting
Group of European national standard-setters	Rotating annually among the standard-setters of France, Germany, Italy and UK.	
	Piero di Salvo	Secretary General, Organismo Italiano della Contabilità (OIC) (Italy)
	Roger Marshall	Chairman, UK Accounting Standards Board (UK)
	Jérôme Haas†	President, Autorité des Normes Comptables (France)
	Liesel Knorr	President, DRSC e.V. (Germany)

\* Retired at the end of 2014.

† Jérôme Haas passed away during 2014. The Advisory Council would like to express its sincere gratitude for Mr Haas' representation of the Autorité des Normes Comptables.

Represented body	Represented by	Occupation
Hong Kong Institute of Certified Public Accountants	Roger Best*	Former Partner, Deloitte Hong Kong
HUB Global Insurance Group	Lynda Sullivan	EVP and Group Chief Accounting Officer, Manulife Financial
Institute of International Finance Insurance Europe	Gavin Francis	Deputy Group Chief Accounting Officer, HSBC
International Actuarial Association	Olav Jones	Deputy Director General
International Association for Accounting Education and Research	Micheline Dionne	Senior Vice-President and Chief Actuary, RGA
International Association of Insurance Supervisors	Michael Bradbury*	Standards Advisory Council Consult Committee
International Association of Insurance Supervisors	Markus Grund	Chief Accountant, Federal Financial Supervisory Authority, Germany
International Corporate Governance Network	Anne Molyneux	Director, CS International and ICGN member
International Federation of Accountants	Stephenie Fox	Technical Director - IPSASB
International Monetary Fund	Ghiath Shabsigh	Assistant Director, Monetary and Capital Markets Department
International Organization of Securities Commissions - rotating seat	Thomas Blöink*	Head of Accounting Law and Auditing Law, Federal Ministry of Justice of Germany
	Patrick Parent*	Executive Director Corporate Accounting and Audit, Autorité des Marchés Financiers
International Organization of Securities Commissions - permanent seat	Wang Haoyu	Officer, Accounting Regulatory Department of the Chinese Securities Regulatory Commission (CSRC)
Investment Company Institute	Gregory Smith	Director of Fund Accounting and Compliance
Investment Management Association	Peter Chambers	Warburt Pincus LLC, Executive Chairman
Korean Accounting Standards Board	Steve Lim	Advisor, KASB and Professor of Accounting, University of Seoul
KPMG	Egbert Eeftink	Audit Partner
Ministry of Finance, People's Republic of China	Yang Min	Director General of Accounting Regulatory Dept, MoF China
National Accounting Institute	Shizhong Huang	Vice President and Professor, Xiamen National Accounting Institute
National Organisation for Financial Accounting and Reporting Standards	Igor Kozyrev	Chairman of the Management Board of NOFA, Deputy Chief Accountant, Deputy Vice-President, Head of external reporting department, LUKOIL
Nippon Keidanren (Japan)	Fumio Muraoka*	Director Chairman of the Audit Committee, Toshiba Corporation
PricewaterhouseCoopers	John Hitchins*	Global Chief Accountant
Securities Analysts Association of Japan	Goro Kumagai	Senior Fellow of the Strategic Research Department
World Bank	Zinga Venner*	Manager of Financial Reporting and Analysis Unit

List of joiners in/for 2015		
International Organization of Securities Commissions	Areewan Aimdilokwong	Specialist, Accounting Supervision Department, Securities & Exchange Commission of Thailand
Brazilian Development Bank (BNDES)	Vania Borgerth	Advisor to the CEO, BNDES - Brazilian Development Bank
Federation of Accounting Professions, Thailand	Prasan Chuaphanich	President
Association for the participation of French companies in international accounting harmonisation (ACTEO) and Mouvement des Entreprises de France	Pascale Déprez	Group Policy Director, Saint Gobain Group
Financial Reporting Standards Council of South Africa	Garth Coppin	Member
European Financial Reporting Advisory Group	Roger Marshall	Acting President of EFRAG
European Securities and Markets Authority	Roxana Damianov	Team Leader, Corporate Reporting Team
The International Association for Accounting Education and Research	Holger Daske	Professor and Chair of Accounting and Capital Markets at University of Mannheim
PricewaterhouseCoopers	Paul Fitzsimon	Partner, Global Head of Reporting and Chief Accountant
Nippon Keidanren (Japan)	Hidetake Ishihara	General Manager, Accounting & Finance Division, Nippon Steel & Sumitomo Metal Corporation
European Accounting Association	Prof. Ann Jorissen	President
European Central Bank	Jurgen Kirchhof	Principal Finance Expert, Financial Reporting & Policy Division
European Round Table of Industrialists and European Issuers	Robert Koethner	Chief Accounting Officer, VP and Head of Accounting and Financial Reporting, Daimler AG
International Organization of Securities Commissions	Ton Meershoek	Technical Expert in Financial Reporting, Netherlands Authority for the Financial Markets
World Bank	Pam O'Connell	Director and Chief Accountant
Capital Markets Board of Turkey	Uğur Yaylaönü	Head of Accounting Standards Department

Observer organisations:

European Commission

Japan Financial Services Agency

US Securities and Exchange Commission

### 3. Financials

Management Commentary	42
2014 Financial Supporters	44
The IFRS Foundation and its financial statements	49
Report of the independent auditor	50
Statement of comprehensive income	51
Statement of changes in equity	51
Statement of financial position	52
Statement of cash flows	53
Notes to the financial statements	54



# Management Commentary

## Financial Highlights

The principal objective of the IFRS Foundation is to develop a single set of high quality, understandable, enforceable, and globally accepted financial reporting standards based upon clearly articulated principles. The IFRS Foundation's standard-setting body, the International Accounting Standards Board (IASB), is responsible for developing and promoting the use and rigorous application of these Standards. The IASB currently consists of up to 16 members who are drawn from a variety of backgrounds, including users, preparers, standard setters and auditors. They are selected on the basis of their professional competence and practical experience. The IASB is supported in the standard-setting process by the technical staff of the IFRS Foundation. The operational staff are responsible for the oversight, administration, support and management of finances to carry out the objectives of the organisation.

## 2014 Financial Results

The Foundation's financial statements are prepared in accordance with IFRS. Financial highlights of the accompanying financial statements are as follows:

- The IFRS Foundation is reporting £3.7 million of comprehensive income for 2014.
- Total income from all activities increased by 3.9 per cent to £28.4 million from £27.4 million in 2013.
- Total operating expenses decreased by 2.8 per cent to £24.5 million from £25.2 million in 2013.
- As of 31 December 2014 the IFRS Foundation's net assets were £16.9 million, an increase of 28.1 per cent from 2013.

## Contributions

The IFRS Foundation is a not-for-profit organisation whose primary source of income comes from voluntary contributions from jurisdictions that have put in place national financing regimes. Funding mechanisms differ from jurisdiction to jurisdiction; however most jurisdictions have either established a levy on companies or provide an element of publicly supported financing to the IFRS Foundation. The continuing efforts of the Trustees are to secure funding that is: on a long-term basis (at least three to five years); publicly sponsored; flexible to permit the use of differing mechanisms and to adjust to budgetary needs; and shared among jurisdictions on the basis of an agreed formula (which would be consistent with the principle of proportionality). The Trustees recognise that individual jurisdictions will have different methodologies for providing the necessary financing.

In 2014 contributions were £22.6 million, an increase of 5.7 per cent from 2013. A list of contributors is presented in the following section of the report. Efforts have been made in 2014 to increase the number of contributing jurisdictions. It can take time to establish effective communication channels with new jurisdictions, but significant progress has been made and several new jurisdictions have indicated that they plan to start making contributions in 2015.

## Publications and related activities

Revenue from publications and related activities amounted to 19.3 per cent of the Foundation's total income.

This income consists of the sale proceeds from publications, subscriptions to eIFRS (electronic and app-based products), commercial licences, copyright waivers for jurisdictions adopting IFRS and conference income. In 2014 total publications revenue decreased by 2.1 per cent to £5.5 million (2013: £5.6 million). The cost of publications and related expenses also decreased by 9.0 per cent to £3.1 million (2013: £3.4 million). The result was an increase in net income of £186,000 or 8.4 per cent.

The sales of publications and subscriptions remained basically unchanged, as set out in Note 6 of the financial statements. The issuance of new Standards in 2015 and beyond is expected to help sustain future sales. In addition, in October the Foundation completed a major programme of reforms that completely redesigned its suite of online IFRS resources, known as eIFRS. Licensing and waiver fees decreased by £161,000 or 7.5 per cent, which was primarily due to lower than expected returns on some commercial contracts. Additional commercial contracts are in negotiation for 2015. The Foundation continues to explore ways to increase self-generating income whilst fulfilling its public interest objectives.

## Expenses

Total operating expenses were £24.5 million, a decrease of 2.8 per cent (2013: £25.2 million). The Foundation has maintained control over the size of the staff and the organisation as a whole, keeping operating expenses under 2013 levels. The main costs associated with developing IFRS are the salaries for technical and support staff; these costs remained basically unchanged, as set out in Note 1 of the financial statements. IFRS have achieved wide international acceptance and adoption; the G20 and other significant bodies support the IFRS Foundation's mission. As a consequence, there is continuing stakeholder outreach, technical complexity and staff engagement. However, less associated international travel and meeting costs were required and so these expenses decreased by £245,000 or 23.3 per cent during 2014.

While the IASB has a published work programme, the issuing of final Standards will be affected by the quantity and diversity of comments and specific feedback received on Exposure Drafts and Discussion Papers. It is also possible that specific interest groups or jurisdictions may raise additional issues that require further time to investigate and resolve. The timing of final Standards is therefore not completely within the control of the IASB; this affects the costs of producing IFRS.

## Reserves

As of 31 December 2014 the Foundation's reserves were £16.9 million (2013: £13.2 million). This level of reserves is 69.1 per cent of 2014 operating expenses (2013: 52.4%), an increase of 16.6 per cent from 2013. The Foundation's goal is to continue to maintain and build future operating reserves of cash and working capital. The operating reserve is an unrestricted fund balance set aside to stabilise the Foundation's finances by providing a 'cushion' against unexpected events or losses of income. The Trustees have included within the Foundation's 2015 Three-Year Plan a proposal to increase reserves to a level equivalent to one year's operating expenditure. This is expected to take several years.

## 2015 Outlook

In 2015 the Foundation will continue to manage its operating expenditure prudently and effectively and will actively pursue further initiatives to enhance the organisation's income. The 2015 Three-Year Plan does not envisage significant increases in the operating requirements of the organisation.

# 2014 Financial Supporters

(amounts translated into sterling on date received)

Country	Organisation	
<b>Cumulative amount raised by country appears below the country name</b>		
<b>Australia</b>		
	£535,743	Financial Reporting Council
<b>Brazil</b>		
	£316,813	
	£100,000+	Comitê de Pronunciamentos Contábeis
	£50,000+	The Brazilian Development Bank (BNDES)
	£25,000+	Central Bank of Brazil
<b>Bulgaria</b>		
	£5,129	Bulgarian National Bank
<b>Canada</b>		
	£469,377	
	£100,000+	Chartered Professional Accountants of Canada
	Less than £25,000	Office of the Superintendent of Financial Institutions Canada
<b>China</b>		
	<i>Through system created by the Ministry of Finance</i>	
	£1,728,648	
	£50,000+	China Investment Corporation
		China Ministry of Finance
		Chinese Institute of Certified Public Accountants
		Shanghai Stock Exchange
		Shenzhen Stock Exchange
	£25,000+	China CITIC Bank Corporation Limited
		China Everbright Bank
		China Minsheng Banking Corporation Limited
		China National Offshore Oil Corporation
		China Petroleum & Chemical Corporation
		China Communications Construction Company Limited
		China Development Bank
	Less than £25,000	Agricultural Bank of China
		Air China Limited
		Bank of China Limited
		Bank of Communications Co. Ltd
		China Construction Bank Limited
		China COSCO Holdings Company Limited
		China International Marine Containers (Group) Ltd
		China Life Assurance Company Limited
		China Merchants Bank Co. Limited
		China Pacific Insurance (Group) Co. Ltd
		China Railway Construction Corporation Limited
		China Shenhua Energy Company Limited
		New China Life Insurance Company Ltd
		PetroChina Company Limited
		Ping An Insurance (Group) Company of China, Ltd
		China Unicom Corporation Limited
		China Vanke Co Ltd
		Dongfeng Motor Corporation
		Huaneng Power International Inc
		Industrial and Commercial Bank of China
		PICC Property and Casualty Company Limited
		Yanzhou Coal Mining Company Ltd
		ZTE Corporation

*continued...*

...continued

Country	Organisation	
		China Mobile Limited
		China Shipping Container Lines Co. Ltd
		China Shipping Development Co. Ltd
		China Telecom Corporation Limited
<b>EU</b>		
	<b>£3,077,672</b>	European Commission
<b>France</b>		
	<b>£792,016</b>	French Ministry of Finance (ANC)
<b>Germany</b>	<i>Voluntary levy through Deutsches Rechnungslegungs Standards Committee e.V. the German standard-setting organisation</i>	
	<b>£802,401</b>	
	£25,000+	Adidas AG
		Allianz SE
		BASF SE
		Bayer AG
		Beiersdorf AG
		BMW AG
		Commerzbank AG
		Continental AG
		Daimler AG
		Deutsche Bank AG
		Deutsche Post AG
	Less than £25,000	Aareal Bank AG
		AIXTRON AG
		alstria office REIT-AG
		Altana AG
		Bauer AG
		Bilfinger Berger SE
		comdirect bank AG
		CropEnergies AG
		DekaBank
		Deutsche Beteiligungs AG
		Deutsche Börse AG
		Deutz AG
		Drägerwerk AG & Co, KGaA
		Dürr AG
		Evonik Industries AG
		Fielmann AG
		Fraport AG
		Gagfah Group
		Generali Deutschland Holding AG
		Gerresheimer AG
		Deutsche Telekom AG
		Fresenius Medical Care AG
		Fresenius SE
		Linde AG
		Merck KGaG
		Münchener Rückversicherungs AG
		RWE AG
		SAP AG
		Siemens AG
		Volkswagen AG
		Infineon Technologies AG
		KfW Bankengruppe
		KWS Saat
		Landesbank Hessen-Thüringen Girozentrale
		Lanxess AG
		METRO AG
		MTU Aero Engines AG
		MVV Energie AG
		Norma Group SE
		OSRAM GmbH
		Progress-Werk Oberkirch AG
		PUMA SE
		Qiagen GmbH
		QSC AG
		Rheinmetall AG
		Robert Bosch GmbH
		Sartorius AG
		SGL Carbon SE
		SMA Solar Technology AG
		Südzucker AG

continued...

...continued

Country	Organisation
	GFK SE
	Telefonica Deutschland Holding AG
	Grammer AG
	ThyssenKrupp AG
	Hannover Rückversicherungs AG
	TUI AG
	Heidelberger Druckmaschinen AG
	Villeroy & Boch AG
	Hornbach Holding AG
	Wacker Chemie AG
	HSBC Trinkaus & Burkhardt AG
	WireCard AG
	Indus Holding AG
<b>Hong Kong</b>	
<b>£119,411</b>	
£50,000+	Hong Kong Exchanges & Clearing Ltd
£25,000+	Hong Kong Securities and Futures Commission
Less than £25,000	Hong Kong Monetary Authority
<b>International</b>	
<b>£30,395</b>	Bank for International Settlements
<b>Ireland</b>	
<b>£6,034</b>	Central Bank & Financial Services Authority of Ireland
<b>Israel</b>	
<b>£17,075</b>	Israel Securities Authority
<b>Italy</b>	
<b>£594,012</b>	Organismo Italiano di Contabilita
<b>Japan</b>	
<b>£1,709,436</b>	Financial Accounting Standards Foundation
<b>£257,000</b>	Financial Accounting Standards Foundation – Restricted contribution for the Asia-Oceania office
<b>Kazakhstan</b>	
<b>£5,967</b>	National Bank of Kazakhstan
<b>Malaysia</b>	
<b>£76,503</b>	Malaysian Accounting Standards Board
<b>Netherlands</b>	
<b>£327,958</b>	
£100,000+	Ministry of Finance
Less than £25,000	De Nederlandsche Bank
<b>New Zealand</b>	
<b>£96,958</b>	External Reporting Board
<b>Nigeria</b>	
<b>£66,015</b>	Financial Reporting Council of Nigeria
<b>Norway</b>	
<b>£99,309</b>	Financial Supervisory Authority of Norway

continued...

...continued

Country	Organisation	
<b>Portugal</b>		
	<b>£14,803</b>	Banco de Portugal
<b>Republic of Korea</b>	<i>Contributions organised through Korea Accounting Standards Board</i>	
	<b>£437,774</b>	
	£25,000+	Financial Supervisory Service
		Samsung Electronics Company, Ltd.
	Less than £25,000	Deloitte Anjin LLC
		Lotte Shopping Co. Ltd
		Doosan Heavy Industries & construction
		NHN
		Ernst & Young Han Young
		POSCO
		GS Caltex Corporation
		Samil PricewaterhouseCoopers
		Hana Financial Group Inc.
		Samjong Accounting Corp.
		Hyundai Mobis Co. Ltd
		Samsung C&T Corporation
		Hyundai Motor Company
		Samsung Engineering Co. Ltd
		Industrial Bank of Korea
		Samsung Fire & Marine Insurance Co. Ltd
		KB Financial Group Inc.
		Samsung Heavy Industries Co. Ltd
		KB Kookmin Bank
		Samsung Life Insurance Co. Ltd
		KCC Corporation
		Samsung SDI CO. Ltd
		KIA Motors Corp.
		Samsung Securities Co. Ltd
		Korea Development Bank
		Shinhan Bank
		Korea District Heating Corporation
		Shinhan Financial Group Co. Ltd
		Korea Electric Power Corporation
		SK Hynix Inc
		Korea GAS Corporation
		SK Telecom
		Korea Institute of Certified Public Accountants
		S-Oil Corporation
		Korea National Oil Corporation
		STX corporation
		KT
		Woori Bank
		LG Display
		Woori Financial Group
<b>Russia</b>		
	<b>£505,781</b>	Ministry of Finance of the Russian Federation
<b>Saudi Arabia</b>		
	<b>£150,000</b>	Saudi Organization for Certified Public Accountants
<b>Singapore</b>		
	<b>£70,000</b>	Ministry of Finance
<b>South Africa</b>		
	<b>£120,364</b>	
	£100,000+	Financial Reporting Standards Council
	Less than £25,000	Johannesburg Stock Exchange
<b>Spain</b>		
	<b>£328,893</b>	Bolsas y Mercados Españoles

continued...

...continued

Country	Organisation	
<b>Switzerland</b>		
	<b>£91,795</b>	
	£50,000+	SwissHoldings
	Less than £25,000	Swiss National Bank
<b>Taiwan</b>		
	<b>£60,000</b>	
	Less than £25,000	Accounting Research and Development Foundation
		Gretai Securities Market
		Taiwan Futures Exchange and Accounting Research and Development Foundation
		Taiwan Stock Exchange
<b>United Kingdom</b>	<i>Levy system organised by Financial Reporting Council</i>	
	<b>£862,717</b>	
<b>United States of America</b>		
	<b>£2,605,965</b>	
	£1,839,231	Financial Accounting Foundation
	£100,000+	Bank of America
		Citigroup
		Morgan Stanley
	£50,000+	CFA Institute
		J P Morgan Chase
		Microsoft Corp
		TIAA-CREF
	£25,000+	Board of Governors of the US Federal Reserve System
		Oracle
	Less than £25,000	DuPont
		Financial Executives International
		General Motors
		PepsiCo
<b>International Accounting Firms</b>		
	<b>£6,424,163</b>	
	(US\$2.5 million each)	Deloitte Touche Tohmatsu Limited
		KPMG
		Ernst & Young
		PricewaterhouseCoopers
	£50,000 +	BDO (Brussels Worldwide Services bvba) (US\$250,000)
		Crowe Horwath International (US\$75,000)
		Grant Thornton (US\$250,000)
		Mazars (US\$135,000)

# The IFRS Foundation and its financial statements

---

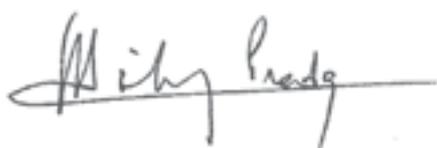
The International Financial Reporting Standards Foundation (the 'Foundation') is an independent, not-for-profit, public interest organisation incorporated in the State of Delaware, USA, on 6 February 2001. Its primary operations are based in London. Its mission is to develop International Financial Reporting Standards (IFRS) that bring transparency, accountability and efficiency to financial markets around the world. The Foundation's work serves the public interest by fostering trust, growth and long-term financial stability in the global economy.

IFRS are developed and issued by the International Accounting Standards Board (IASB), the standard-setting arm of the Foundation, working with related bodies that include the IFRS Interpretations Committee and the IFRS Advisory Council.

The governance and key management responsibilities of the Foundation rest primarily with its Trustees, who provide oversight. A Monitoring Board, consisting of capital market authorities with responsibilities for financial reporting, provides a formal public accountability link between the Trustees and public authorities. The Foundation's governance and due process are designed to keep the Foundation's standard-setting independent from special interests while ensuring accountability to its stakeholders around the world.

These financial statements cover the year ended 31 December 2014. They have been prepared in compliance with IFRS, including interpretations that were effective or applied early on 1 January 2014.

The financial statements were approved and authorised for issue by the Trustees of the Foundation on 16 April 2015. At that date there had been no events since 31 December 2014 that required disclosure in, or an adjustment to the financial statements.



Michel Prada  
Chair of the Trustees

# Independent auditor's report to the Trustees of the International Financial Reporting Standards Foundation

We have audited the accompanying financial statements on pages 51 to 61 of the International Financial Reporting Standards Foundation, which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Foundation's Trustees, as a body, in accordance with Section 13 of the Foundation's Constitution. Our audit work has been undertaken so that we might state to the Foundation's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Foundation and the Foundation's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Trustees' responsibility for the financial statements

The Foundation's Trustees are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to audit and express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
United Kingdom

Date: 16 April 2015

# Statement of comprehensive income

Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Income</b>			
Contributions	5	22,591	21,372
Revenue from publications and related activities	6	5,502	5,621
Other income	5	347	374
		<u>28,440</u>	<u>27,367</u>
<b>Operating expenses</b>			
Technical and operational activities			
- IASB member and staff costs	1	(16,767)	(16,735)
- Other technical and operating costs	1	(1,794)	(2,100)
- IFRS Advisory Council, IFRS Interpretations Committee and other Advisory bodies	1	(410)	(475)
Publications and related activities expenses	6	(3,094)	(3,399)
Trustee oversight	2	(1,001)	(1,106)
Premises, occupancy and related expenses	3	(1,453)	(1,400)
		<u>(24,519)</u>	<u>(25,215)</u>
<b>Net operating income</b>		<b>3,921</b>	<b>2,152</b>
Finance income	9	656	390
Finance costs	9	(860)	(162)
<b>Income before tax</b>		<b>3,717</b>	<b>2,380</b>
Income tax expense	4	—	—
<b>Comprehensive income for the year</b>		<u><b>3,717</b></u>	<u><b>2,380</b></u>

# Statement of changes in equity

Year ended 31 December 2014

Retained income at beginning of year	13,219	10,839
Comprehensive income for the year	<u>3,717</u>	<u>2,380</u>
<b>Retained income at end of year</b>	<u><b>16,936</b></u>	<u><b>13,219</b></u>

The notes on pages 54 to 61 form part of these financial statements.

# Statement of financial position

As at 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		8,074	7,048
Contributions receivable	5	1,949	1,339
Trade and other receivables		955	688
Prepaid expenses		624	603
Inventories		110	137
Bonds at fair value, including accrued interest	8	64	672
Forward currency contracts at fair value	7	370	157
		<u>12,146</u>	<u>10,644</u>
<b>Non-current assets</b>			
Bonds at fair value, including accrued interest	8	8,602	5,685
Forward currency contracts at fair value	7	90	373
Leasehold improvements, furniture and equipment	3	597	709
		<u>9,289</u>	<u>6,767</u>
<b>Total assets</b>		<u>21,435</u>	<u>17,411</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		359	338
Payroll taxes payable		552	581
Accrued expenses		892	1,124
Contributions received in advance	5	254	350
Rent incentive	3	82	82
Publications revenue received in advance	6	965	780
Forward currency contracts at fair value	7	123	66
		<u>3,227</u>	<u>3,321</u>
<b>Non-current liabilities</b>			
Forward currency contracts at fair value	7	489	–
Lease reinstatement obligation	3	556	562
Rent incentive	3	227	309
		<u>1,272</u>	<u>871</u>
<b>Total liabilities</b>		<u>4,499</u>	<u>4,192</u>
<b>Net assets</b>		<u>16,936</u>	<u>13,219</u>

The notes on pages 54 to 61 form part of these financial statements.

# Statement of cash flows

Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Operating activities</b>			
<b>Cash received</b>			
Contributions		21,980	19,497
Publications and related activities		5,570	5,604
Funding for Asia-Oceania office	5	257	315
Interest		215	129
Foreign exchange settlements		184	142
Other receipts		16	25
<b>Cash paid</b>			
Salaries, wages and benefits		(17,097)	(16,162)
Publications and related activities expenses		(3,011)	(3,444)
Trustees' fees		(685)	(612)
Other operating expenses		(4,051)	(4,975)
<b>Net cash from operating activities</b>		<b>3,378</b>	<b>519</b>
<b>Investing activities</b>			
Matured bonds receipts		612	700
New bond purchases		(2,885)	(2,385)
Purchase of leasehold improvements, furniture and equipment		(50)	(66)
<b>Net cash from investing activities</b>		<b>(2,323)</b>	<b>(1,751)</b>
Effects of exchange rate changes on cash and cash equivalents		(29)	(99)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>1,026</b>	<b>(1,331)</b>
Cash and cash equivalents at the beginning of the year		7,048	8,379
<b>Cash and cash equivalents at the end of the year</b>		<b>8,074</b>	<b>7,048</b>

The notes on pages 54 to 61 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 2014

## Accounting policies

The functional and presentation currency is sterling.

The Foundation's most important intangible asset is the intellectual property embodied in IFRS. The Foundation does not recognise this asset because the value and future economic benefits cannot be reliably measured. Accordingly, costs related to the development of IFRS are recognised as an expense when they are incurred.

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

### *Current period and future changes to the accounting policies (including early application)*

All accounting policies have been applied consistently to all years presented. The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective or applied early at 1 January 2014.

IFRS 15 *Revenue from Contracts with Customers* was issued in 2014 and is required to be applied from 1 January 2017. Because the Standard was issued during the 2014 financial year the Foundation has elected not to apply it to the current period. IFRS 15 will affect how the Foundation accounts for its publications and related revenue; however, from an initial assessment the Standard is not likely to have a material effect on the financial statements of the Foundation.

In 2009 the Foundation elected to apply IFRS 9 *Financial Instruments (2009)* earlier than the effective date. The Foundation has not elected to early apply subsequent amendments to IFRS 9 published in 2010 and 2014 which have an effective date of 1 January 2018. Because of the nature of its holdings in financial instruments and the limited credit offered by the Foundation, these amendments are not likely to have a material effect on the financial statements of the Foundation.

The Foundation has made important changes to the way it has organised and presented its explanatory notes to the financial statements. The changes were motivated by feedback about financial report presentation that has come from the technical work of the IASB in its major project on disclosure—the *Disclosure Initiative*.

## Explanatory information

The explanatory notes have been organised into sections that provide a more cohesive story of the financial reporting implications of the Foundation's core activity—the development of International Financial Reporting Standards—how it funds that activity and how it manages the contributions from the several currencies of its funding providers.

Each section presents the financial information and any material accounting policies that are relevant to understanding the activities of the Foundation. A consequence of this change is that some less important information has been removed or simplified to ensure that the more important information is clearer to users of the financial statements. See figure 2.

Figure 2

<b>Activities</b>	<b>Funding</b>	<b>Management of funds</b>
Technical and operational activities	Contributions	Foreign currency management
Trustee oversight	Publications and related activities	Investments
Premises, occupancy and related operating expenses		Finance income and finance costs
Taxation		

## Activities

### 1 Technical and operational activities

#### *IASB member and staff costs*

The main costs associated with developing Standards are the salaries of the full-time IASB members and the staff. The Foundation had an average of 136 employees including IASB members and interns during 2014 (2013: 136).

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
IASB member salaries and related costs	7,601	8,031
Technical and operational staff salaries and related costs	<u>9,166</u>	<u>8,704</u>
	<b><u>16,767</u></b>	<b><u>16,735</u></b>

The Trustees' Human Capital Committee reviews, bench-marks and recommends salary and benefit levels, which are reviewed and approved annually by the Trustees as a whole. IASB gross salaries covering all compensation and benefits for 2014 were as follows: £554,000 for the IASB Chair (2013: £548,600); £488,500 for the IASB Vice-Chair (2013: £483,600), and an average of £455,700 for other full-time IASB members (2013: £451,400). In 2014 the Trustees did not replace two IASB members who completed their terms in June, reducing the number of IASB members from 16 to 14. In addition to the Trustees, IASB Chair and IASB Vice-Chair, the key management personnel include the Executive Director at an annual gross salary of £255,000 (2013: £220,000). The Foundation pays monthly contributions, at rates between 8% and 10% of gross salary, into a defined contribution group personal pension scheme for substantially all staff except IASB members.

#### *Other technical and operating costs*

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Audit, legal and taxation advice	65	116
Communication and technology	285	264
External relations	61	49
Human resource and recruitment activities	200	206
Meeting video conferencing	139	202
Travel and meetings	808	1,053
Other office related costs	<u>236</u>	<u>210</u>
	<b><u>1,794</u></b>	<b><u>2,100</u></b>

#### *IFRS Advisory Council, IFRS Interpretations Committee and other advisory bodies*

In 2014 and 2013, the Foundation paid remuneration to the Chair of the IFRS Advisory Council (£75,000) and two Vice-chairs (£25,000 each). Additionally, the Foundation reimbursed their travel and accommodation costs. Other members of the IFRS Advisory Council are not paid remuneration and meet all of their costs of attending meetings, such as travel and accommodation.

Members of the IFRS Interpretations Committee are not remunerated by the Foundation for their work on this body. However, they are reimbursed for their travel costs for attending the meetings.

Members of the IASB's other advisory bodies meet their own costs of attending meetings. No members of these bodies are remunerated by the Foundation.

The remuneration, travel and meeting costs for these committees and advisory bodies are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
IFRS Advisory Council – remuneration costs	106	125
IFRS Advisory Council – travel and meeting costs	116	118
IFRS Interpretations Committee – travel and meeting costs	188	232
	<u><b>410</b></u>	<u><b>475</b></u>

## 2 Trustee oversight

The Foundation's management and governance is overseen by 22 Trustees (2013: 22). The Trustees meet four times a year. The Chair of the Trustees receives £200,000 per annum. Other Trustees receive an annual fee of £20,000 and are reimbursed for their travel on Foundation business. There are six Trustee committees; committee chairs receive an additional £7,000.

Costs associated with Trustee activities are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration costs	642	652
Travel and meeting costs	359	454
	<u><b>1,001</b></u>	<u><b>1,106</b></u>

## 3 Premises, occupancy and related expenses

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Rent	774	786
Rates, insurance and energy	472	446
Service charges	273	205
Depreciation	208	241
	<u>1,727</u>	<u>1,678</u>
Less amounts included in publications costs	<u>(274)</u>	<u>(278)</u>
	<u><b>1,453</b></u>	<u><b>1,400</b></u>

The Foundation operates from two premises, both of which are leased. The main activities are undertaken at 30 Cannon Street in London, UK. The Foundation also has an Asia-Oceania office located in the Otemachi Financial City South Tower in Tokyo, Japan. The Foundation has commitments for operating leases for the London premises until September 2018, with options to extend for a further 10 years, and for the Tokyo premises until September 2022.

The Foundation received a rent incentive at the commencement of the lease for its London premises, which was recognised as a liability. The aggregate benefit of the incentives is recognised as a reduction of the rental expense evenly over the lease term.

The estimated costs of reinstating the premises when the leases expire are recognised as lease reinstatement obligations and are included in leasehold improvements and expensed evenly over the remaining lease term. The estimated amount of the reinstatement obligation assumes that the London occupancy would end in 2018; however, the option to extend the lease for a further 10 years could affect the timing of any outflow.

All operating lease contracts contain market review clauses. Obligations due on the leases, excluding service charges and property rates, are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	835	839
In two to five years	2,365	3,161
More than five years	149	217
	<u><b>3,349</b></u>	<u><b>4,217</b></u>

#### *Leasehold improvements, furniture and equipment*

Leasehold improvements, furniture and equipment are initially measured at cost, and then depreciated on a straight-line basis. Leasehold improvements are depreciated over the remaining period of the lease. Furniture and equipment are depreciated over 3 and 5 years. There have been no significant movements in 2014 other than depreciation.

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Leasehold improvements</b>		
Cost	1,361	1,372
Accumulated depreciation	<u>(1,020)</u>	<u>(943)</u>
Carrying amount	<u>341</u>	<u>429</u>
<b>Furniture and equipment</b>		
Cost	1,095	997
Accumulated depreciation	<u>(839)</u>	<u>(717)</u>
Carrying amount	<u>256</u>	<u>280</u>
<b>Total carrying amount</b>	<u><b>597</b></u>	<u><b>709</b></u>

## 4 Taxation

For US tax purposes, the Foundation is classified as a not-for-profit, tax-exempt organisation. In 2006 the Foundation reached an agreement with the UK authorities regarding the status of taxation on its publications and related revenues. For 2014 the taxation expense is calculated on that basis, and is estimated to be £nil (2013: £nil).

At the end of 2014 the Foundation is carrying forward a loss for UK tax purposes of £5,053,000 (2013: £4,496,000). The Foundation does not recognise this loss as a deferred tax asset, because of the uncertainty of being able to utilise these losses to offset future taxable income.

## Funding

### 5 Contributions

Contributions to the Foundation are voluntary and mainly publicly sponsored. Contributions are recognised as income in the year designated by the contributor. Contributions that have been received but are designated for use after the reporting date are deferred and recognised as liabilities. Contributions received after the reporting date, but designated for use in the reporting period are recognised as income and as contributions receivable. All contributions received are for general use by the Foundation except for funding of the Asia-Oceania office as noted below

The Foundation received separate funding of £257,000 / JPY 50,000,000 (2013: £315,000 / JPY 50,000,000) towards the operations of the Asia-Oceania office located in Tokyo. £330,000 (2013: £352,000) has been recognised in other income to offset the related operating expenses.

The Foundation receives contributions in a wide range of currencies, as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
UK Pounds	1,889	1,855
US Dollars	13,559	11,642
Euro	6,007	6,542
Other	1,136	1,333
	<u><b>22,591</b></u>	<u><b>21,372</b></u>

For more information on how the Foundation manages its currency risk refer to note 7. A full list of contributors can be found on pages 44 to 48 of the Annual Report.

## 6 Publications and related activities

Revenues are generated from the sales of publications and subscriptions, and, from licensing and waiver fees. Publications revenue is recognised when a sale is completed. Subscriptions to the Foundation's comprehensive package and eIFRS products are recognised as revenue on a time-apportioned basis over the period covered by the subscriptions. Licensing and waiver fees flow from contracts that grant rights to third parties to use the Standards for various purposes including products and services; revenue is recognised over the term of the contract on an accrual basis. The Foundation generally does not offer credit on publication or subscription sales. Inventories comprise IFRS publications, which are carried at the lower of the cost of printing, on a first-in-first-out basis, or their net realisable value.

The following table presents the components of the net revenue generated by the Foundation's publications and related activities.

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>		
Sales of publications and subscriptions	3,243	3,238
Licensing and waiver fees	1,976	2,137
Other revenue – primarily conferences	283	246
	<u>5,502</u>	<u>5,621</u>
<b>Expenses</b>		
Staff salaries and related costs	1,726	1,954
Cost of goods sold	419	451
Depreciation	16	32
Other costs, including occupancy expenses	933	962
	<u>3,094</u>	<u>3,399</u>
<b>Net income from publications and related activities</b>	<u><u>2,408</u></u>	<u><u>2,222</u></u>

## Management of funds

### 7 Foreign currency management

To manage risks associated with fluctuations in voluntary contribution levels, the Trustees of the Foundation have set a target of having sufficient funds to be able to meet twelve months of its operating costs. The Foundation's expenses arise largely in sterling, whereas the organisation receives funding and future financing commitments, under various publicly sponsored funding regimes, primarily in US dollars and euros (refer to Note 5). Some expenses are incurred and paid in US dollars and euros after which the net contributions in those currencies are exchanged for sterling. This exposes the organisation to currency risk. This note explains the financial reporting consequences of how the Foundation manages the transfer of funds and the investment of its surplus funds.

The Trustees have implemented a strategy to mitigate the foreign exchange fluctuation risks connected with these expected future net contributions. The Foundation generally forward sells approximately 90 per cent of its expected net US dollar contributions and 70 per cent of its expected net euro contributions to fix a sterling equivalent. Foreign currency is sold forward on a two year rolling basis.

The forward foreign exchange contracts used by the Foundation to mitigate foreign exchange risk are recognised at fair value and subsequently measured at fair value through profit or loss. The following table presents the fair value and notional value of these contracts by currency:

Forward foreign exchange contracts by currency:	2014			2013		
	Fair Value '000	Notional Value '000	Weighted Average Rate	Fair Value '000	Notional Value '000	Weighted Average Rate
<b>Financial Assets</b>						
USD (Level 2)	–	–	–	£453	\$24,800	1.598
EUR (Level 2)	£460	€9,500	1.195	£77	€5,000	1.187
<b>Financial Liabilities</b>						
USD (Level 2)	£(612)	\$26,000	1.618	–	–	–
EUR (Level 2)	–	–	–	£(66)	€3,300	1.196

The fair value of forward foreign exchange contracts is bank-provided and based on price models using observable exchange rates, described as Level 2 in IFRS 13 *Fair Value Measurement*. All non-current forward contracts expire in 2016. The effect of these forward contracts is that the Foundation is exposed to the currency risk associated with the expected remaining 10 per cent of projected net US dollar contributions and 30 per cent of projected net euro contributions that are not covered by the forward contracts.

A potential 10 per cent increase in average exchange rates for sterling would have produced estimated losses on the remaining actual net US dollar contributions received during the year of £443,000 and on the remaining actual net euro contributions received during the year of £245,000. To the extent that projected contributions in either currency change, the Foundation actively manages the amount of each currency forward sold.

#### *Liquidity and interest rate risk*

The Foundation manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities. The Foundation has no borrowings.

The Foundation has a target of keeping an amount in cash equal to or exceeding the upcoming quarter's expenditure. Cash is held either on current or on short-term deposits at floating rates of interest. Part of the cash at bank is held in euro, Japanese yen and US dollar accounts to meet expenditure obligations. Surplus funds are invested in sterling-denominated, fixed rate bonds of governments, governmental agencies, or international organisations, with AAA ratings at the time of purchase. These funds are reserves for continuing operations.

The Foundation manages and receives information from its advisors on its investments in bonds on a fair value basis that includes value changes attributable to interest rate risk. Financial results are provided on that basis to the Trustees and key management personnel. Bonds can be converted into cash if necessary.

## 8 Investments

Bonds are recognised at fair value and subsequently measured at fair value through profit or loss. The values of these Bonds are quoted on active markets, described as Level 1 in IFRS 13. Fair values and notional values of current and non-current bonds are presented in the following table.

	<b>2014</b> <b>Fair</b> <b>Value</b> <b>£'000</b>	<b>2014</b> <b>Notional</b> <b>Value</b> <b>£'000</b>	<b>2013</b> <b>Fair</b> <b>Value</b> <b>£'000</b>	<b>2013</b> <b>Notional</b> <b>Value</b> <b>£'000</b>
Current including accrued interest	64	–	672	613
Non-current including accrued interest	8,602	8,520	5,685	5,720
	<u><b>8,666</b></u>	<u><b>8,520</b></u>	<u><b>6,357</b></u>	<u><b>6,333</b></u>

The Foundation measures all other financial instruments at amortised cost. The carrying amount of these instruments is a reasonable approximation of their fair value. These financial instruments include cash and cash equivalents, contributions receivable, publication related receivables, and trade and other payables.

## 9 Finance income and finance costs

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
<b>Finance income:</b>		
Interest income	124	103
Fair value gains on forward foreign exchange contracts	226	145
Fair value gains on bonds	122	–
Exchange gains on cash holdings	184	142
	<u><b>656</b></u>	<u><b>390</b></u>
<b>Finance costs:</b>		
Fair value losses on forward foreign exchange contracts	(842)	(77)
Fair value losses on bonds	(18)	(85)
	<u><b>(860)</b></u>	<u><b>(162)</b></u>
	<u><b>(204)</b></u>	<u><b>228</b></u>



MEMBERS OF THE IASB AND STAFF OF THE IFRS FOUNDATION WHO SERVED DURING 1ST JANUARY 2014 – 31ST DECEMBER 2014





International Financial Reporting Standards®

IFRS Foundation®

IFRS®

IAS®

IFRIC®

SIC®

IASB®

Contact the IFRS Foundation for details of countries where its Trade Marks are in use and/or have been registered.

International Accounting Standards Board® (IASB®)  
The IASB is the independent standard-setting body of the IFRS Foundation®

**IFRS Foundation**

30 Cannon Street | London EC4M 6XH | United Kingdom  
Telephone: +44 (0)20 7246 6410 | Fax: +44 (0)20 7246 6411  
Email: [info@ifrs.org](mailto:info@ifrs.org) | Web: [www.ifrs.org](http://www.ifrs.org)

**Asia-Oceania office**

IFRS Foundation liaison office  
5 Floor | Ohtemachi Financial-City South Tower 9-7 | Ohtemachi 1-Chome  
Chiyoda-Ku | Tokyo | Japan  
Email: [mtakemura@ifrs.org](mailto:mtakemura@ifrs.org)

For further information about the IFRS Foundation, 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 telephone: +44 (0)20 7332 2730 or email: [publications@ifrs.org](mailto:publications@ifrs.org)

**Copyright © 2015 IFRS Foundation®**

**All rights reserved.** Reproduction and use rights are strictly limited. No part of this publication may be translated, reprinted, reproduced or used in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or in any information storage and retrieval system, without prior permission in writing from the IFRS Foundation.

The IFRS Foundation logo/the IASB logo/the IFRS for SMEs logo/‘Hexagon Device’, ‘IFRS Foundation’, ‘IFRS Taxonomy’, ‘eIFRS’, ‘IASB’, ‘IFRS for SMEs’, ‘IAS’, ‘IASs’, ‘IFRIC’, ‘IFRS’, ‘IFRSs’, ‘SIC’, ‘International Accounting Standards’ and ‘International Financial Reporting Standards’ are Trade Marks of the IFRS Foundation.

The IFRS Foundation is a not-for-profit corporation under the General Corporation Law of the State of Delaware, USA and operates in England and Wales as an overseas company (Company number: FC023235) with its principal office as above.