International Federation of Accountants

2008 Annual Report

Transitioning to a Global Financial System
OUR MISSION

To serve the public interest, IFAC will continue to strengthen the accountancy profession worldwide and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession’s expertise is most relevant.
INTERNATIONAL FEDERATION OF ACCOUNTANTS

2008 ANNUAL REPORT

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The global financial system is facing its greatest challenges in over a generation. The leadership of the International Federation of Accountants along with its members, associates, and regional accountancy bodies and groupings collaborated closely in 2008 to determine how it could address issues arising from the financial crisis and to offer its expertise in strengthening the faltering system. Numerous initiatives were launched to assist the profession in delivering and promoting quality and to address emerging global issues, like the changing regulatory climate and the growing needs of small- and medium-sized enterprises.

Global Standards: At the Heart of Quality

In 2008, IFAC’s independent standard-setting boards produced a significant number of pronouncements, consulted extensively with relevant stakeholders, and engaged in numerous outreach activities in developing and promoting convergence to international standards. The boards also expanded their focus to monitor and respond to public interest needs and marketplace developments, most notably the financial crisis.

One initiative that was significantly advanced in 2008 was the International Auditing and Assurance Standards Board’s (IAASB) Clarity Project. This project involved reviewing and redrafting all of the Board’s 36 International Standards on Auditing (ISAs) and International Standard on Quality Control (ISQC) 1 in a new clarified style to make the standards easier to understand, translate, and implement. By December, the Board had released 29 clarified ISAs and ISQC 1, following the approval by the Public Interest Oversight Board (PIOB) of due process. The remaining clarified standards had been approved by the IAASB at its December meeting, but were awaiting final PIOB approval.

Responding to market uncertainties over fair value accounting, the IAASB issued a practice alert, Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment. This alert highlights areas within ISAs that are particularly relevant in the audit of fair value estimates.

Ethics was another primary area of focus. The International Ethics Standards Board for Accountants (IESBA) approved a set of revisions to the IFAC Code of Ethics for Professional Accountants designed to strengthen its independence provisions. The IESBA also worked to finalize changes for clarifying the Code so that its specific requirements will be better understood worldwide.

The International Accounting Education Standards Board (IAESB) also amended its International Education Standards (IESs) and related education pronouncements to ensure their clarity and relevance. The amended documents, Framework for International Education Pronouncements, the Introduction to International Education Standards, and IESs 1–8, now more clearly delineate the roles of the IAESB, its standard-setting process, and the oversight of its work by the PIOB. To help IFAC member bodies and other education stakeholders develop effective continuing professional development (CPD) programs, the Education Board also released an information paper,
**Approaches to Continuing Professional Development (CPD) Measurement.**

IFAC continued to make great strides in 2008 in its work to improve the financial reporting systems of governments. The International Public Sector Accounting Standards Board (IPSASB) released several new International Public Sector Accounting Standards (IPSASs), exposure drafts (EDs), and papers to address issues, such as social benefit disclosures, cash basis accounting, and financial reporting of service concession audits. The IPSASB also launched work on developing a conceptual framework for public sector accounting with the consultation paper, *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.*

**Sustainability and Support**

During 2008, IFAC and its member bodies remained focused on the sustainability and relevance of the profession. One of our most effective vehicles for the international development of the profession has been the Member Body Compliance Program, which is now in Part 3, the Action Plan phase. These plans delineate the initiatives each IFAC member and associate will undertake to adopt and implement international standards, as well as promote quality assurance. During 2008, over 100 IFAC members and associates received Policy Recommendations and other support from IFAC staff in the preparation of their Action Plans. By the end of 2008, 20 finalized Action Plans were published by IFAC members.

Fostering the sustainability of our profession means we must remain vigilant to the needs of the three main sectors of our profession: the transnational audit firms, small and medium practices and the professional accountants who work within organizations in both the public and private sectors.

**IFAC 2008 Board Members**

![IFAC 2008 Board Members]


*Front Row (left to right): Göran Tidström, Bernadette McGrory-Farrell, Sylvie Voghel, Robert Bunting (Deputy President), Fermín del Valle (President), Ian Ball (Chief Executive Officer), Joycelyn Morton, Olivia Faulkner Kirtley, Luiz Carlos Vaini. Not pictured: Yugui Chen, Roberto D’Imperio, Ingrid Doerga, William Nahum.*
Transnational Audit Firms

In relation to transnational audit firms, the Forum of Firms reached a significant milestone in 2008. Nineteen international networks of accounting firms became full members, demonstrating their commitment to audit quality. These international networks, whose member firms perform transnational audits, implemented globally coordinated quality assurance programs, committed to the use of ISAs, and met various other quality and ethics requirements.

Small and Medium Practices (SMPs)

In 2008, IFAC also made considerable headway in developing resources and support for SMPs and in ensuring that their voices are heard. The committee initiated processes for translating the Guide to Using International Standards on Auditing in the Audit of Small- and Medium-Sized Entities into at least eight languages. The committee also collaborated with member bodies to develop new practical support for small and medium practices. It developed the Guide to Quality Control for Small- and Medium-Sized Practices in partnership with CGA-Canada. It also awarded a contract to CPA Australia to develop a Guide to Practice Management for Use by Small- and Medium-Sized Practices.

Finally, the SMP Committee organized a forum for SMPs to ensure that the committee is in touch with the needs of SMPs globally and to consider various solutions to meet those needs. The 2008 SMP Forum was held in Nigeria in October, attracting participants from 22 countries in the region.

Professional Accountants in Business

To meet the needs of professional accountants in business (PAIBs), IFAC focused on developing guidance and facilitating communications. In 2008, the PAIB Committee issued guidance on using cash flow analysis for evaluating investments and released EDs addressing costing information and the evaluation of governance structures. The committee also articulated the scope and purpose of its International Good Practice Guidance in the Preface to IFAC’s International Good Practice Guidance.

Also published were the papers Developments in Performance Measurement Structures in Public Sector Entities and The Crucial Roles of Professional Accountants in Business in Mid-Sized Enterprises.

Collaboration and Alignment

Collaboration, communication, and strategic alignment were all critical to IFAC achieving its objectives in 2008. We worked actively this year to enhance our relationships with our member bodies, with international organizations of regulators, and with key national regulators. Ongoing discussions between IFAC and the European Commission, as well as with leaders in Canada, China, India, Japan, Russia, Latin America, Africa and the Middle East, Eastern Europe, Central Asia, and the United States focused on achieving international convergence. We also continued to be proactive in our communications with regulators worldwide, including the PIOB, and enhanced our dialogue with the Monitoring Group to determine how we can best work together to serve the public interest.

Through the Developing Nations Committee (DNC), IFAC promoted discussion about the needs of professional accountancy organizations in developing nations, produced tools to help meet those needs, and encouraged mentoring by more developed bodies, as well as by regional organizations or acknowledged accountancy groupings. In addition, we have encouraged governments and donor agencies to invest in the accountancy profession by providing assistance wherever possible.

IFAC, also through the DNC, joined the World Bank and the Inter-American Development Bank as a key organizer and sponsor of a second Latin America and
Caribbean Region Conference entitled *Accounting and Accountability for Regional Economic Growth* (or Contabilidad y Responsabilidad para el Crecimiento Económico Regional, “CReCER” in Spanish). CReCER 2008 was held in San Salvador, El Salvador in June 2008, attracting over 400 attendees, including policymakers, regulators, academics, accountants, auditors, and international organizations, including donor agencies. This second conference focused on maintaining the momentum established in the region to converge with international standards and best practices in the areas of financial reporting, auditing, governance, and regulation.

In addition, IFAC coordinated the organization of the first BRIC Forum, which was held in New York in May 2008, and which focused on four important emerging economies—Brazil, Russia, India and China—and their progress in achieving convergence with international standards. IFAC invited a delegation of representatives from each country comprising the profession, oversight bodies, and securities regulators, as well as representatives from the Ministry of Finance.

Collaboration is also a fundamental component of IFAC’s new *Policy for Translating and Reproducing Standards Issued by the International Federation of Accountants*. This policy will encourage the production of high-quality translations of IFAC standards, with the goal of establishing one quality translation per language.

**Serving as a Global Voice for the Accounting Profession**

In 2008, we were presented with a number of opportunities for communicating key messages about the value of the global profession and its contributions to economic stability and development. First, IFAC released a policy paper titled *IFAC’s Support for a Single Set of Auditing Standards: Implications for Audits of Small- and Medium-Sized Entities*. The paper sets out IFAC’s view that ISAs are designed to be applicable to audits of financial statements of entities of all sizes, and highlights the ways in which the IAASB considers the needs and perspectives of small- and medium-sized entities in the development of these standards. IFAC later released a paper explaining the international standard-setting process, titled *International Standard Setting in the Public Interest*.

**Looking to the Future**

The accountancy profession is standing strong and looking ahead. I firmly believe that the future of our profession depends on all of us being flexible and open to innovation. We must focus on demonstrating our commitment to the values of integrity, transparency, and expertise, and we must take further advantage of opportunities for global collaboration and alignment.

I am grateful for the support of Deputy President Robert Bunting, Chief Executive Officer Ian Ball, his staff, and the many volunteers on our boards and committees who unselfishly give their time to developing and strengthening this profession and IFAC in particular.

As the financial crisis continues, we need to consider how our roles are affected and think about what we can offer to strengthen confidence in the global financial markets. We must constantly prepare ourselves for the new challenges that may arise, as well as new opportunities for the profession to serve the public interest.
In 2008, governments, regulators, standard setters, and business leaders were presented with their biggest challenge in decades: how to restore the global financial system and world credit markets. Over the past year, the International Federation of Accountants (IFAC) identified and accelerated key initiatives, and laid the groundwork for future ones, that could help to meet this challenge. These initiatives included the development of guidance for auditors, small- and medium-sized enterprises and practices, professional accountants in business, and governmental entities in areas such as the audit of fair values, implementation of International Standards on Auditing, financial reporting in the public sector, and corporate governance.

The financial and economic crisis highlighted some fundamental lessons: that the world’s financial markets are inextricably interconnected and that global solutions are vital to putting the world economy back on track. In addition, the crisis generated renewed recognition of the role of the accountancy profession, and of professional accountants in public practice, business, and government in creating financial transparency and enabling the accountability of entities around the world. In 2008, IFAC, together with its independent standard-setting boards, focused on supporting the world’s accountants in fulfilling this critical role. Our core work—developing standards and guidance to support quality performance by the world’s accountants—became even more relevant in the current global financial and economic crisis.

The Service Delivery Section (see page 20) of this report comprehensively describes the many services IFAC produced in 2008, including those that respond to the current crisis. Because it is only through what we deliver that we can achieve our mission, this report is a critical element of our demonstrating accountability. For the same reason, we have our independent auditors provide assurance that this service delivery information is reliable. Some of the specific initiatives in the Service Delivery Section are highlighted in the President’s Message (see page 2).

Adoption and Implementation

As a result of the crisis, some of the messages that IFAC has been communicating for decades are resonating with greater force. Chief among them is the need for convergence to global standards—a position IFAC has espoused since its founding over 30 years ago. After the events leading to a decline in confidence in auditing early this century, governments around the world moved with great speed to institute audit oversight arrangements to ensure that the quality of auditing and the confidence in financial reporting would be re-established quickly. What is required now is a similar level of commitment and speed of action in ensuring that each country moves to common, globally accepted, high-quality standards of accounting (including public sector accounting), auditing, and ethics.

This crisis should be a wake-up call in terms of convergence to common standards. A single set of high-quality global standards for accounting, auditing, and ethics is necessary to support the global financial system and to create a level playing field. The dysfunctional effects of multiple, competing standards has never been so starkly displayed as at present. Global standards benefit investors and public and private entities of all sizes. Regulators worldwide recognize this. Governments, together with the profession, should move urgently to adopt these standards. But they must also move urgently to implement them. Without both adoption and implementation, we cannot have confidence in the financial information on which the world’s economies work. It is for this reason that IFAC has also made implementation one of its primary areas of focus for 2008.
and beyond. In fact, we remain uniquely positioned to provide leadership on implementation issues by encouraging and facilitating collaboration among companies of all sizes, accounting practitioners, member bodies, regulators, and other stakeholders.

The Standard-Setting Process

IFAC operates within a system of shared responsibility for standard setting that draws on the strengths of the profession and that of the regulators. Three of the independent standard-setting boards, which operate under our aegis—the International Auditing and Assurance Standards Board (IAASB), the International Accounting Education Standards Board (IAESB), and the International Ethics Standards Board for Accountants (IESBA)—are subject to the oversight of the Public Interest Oversight Board (PIOB). That oversight is key to ensuring that the standards are both high quality and responsive to the global public interest. This in turn contributes to the standards having the authority necessary for them to be adopted in jurisdictions around the world. You will note that on page 13, the chair of the PIOB, Professor Stavros Thomadakis, has commented on IFAC’s standard-setting initiatives and the role our organizations should continue to play with respect to implementation of global standards.

For standards to be adopted and implemented globally, governments, regulators, and individuals need confidence in those standards. IFAC’s policy paper, *International Standard Setting in the Public Interest*, released in December 2008, explains how responsibility is shared between public and private sector organizations to produce high-quality standards that are in the public interest. The paper identified the underlying principles of legitimacy, independence, accountability, transparency, and performance that are key to a successful standard-setting process and described how the structures and processes of IFAC’s independent standard-setting boards are consistent with these principles.

Governmental Accountability

It is my firm belief that governments should be held to the same rigorous standards of financial accountability as private sector entities. The unprecedented scale of governmental intervention in the financial and corporate sectors over the past year makes it essential that transparency and accountability of government entities are enhanced through consistent, high-quality financial reporting. In today’s economic climate, it is imperative that governments publish fully transparent reports based on independently set standards, such as the International Public Sector Accounting Standards (IPSASs), developed by IFAC’s International Public Sector Accounting Standards Board (IPSASB).

Governments engage in many of the same transactions as private sector entities; it is critical that like transactions are reported in a consistent manner across sectors. For this reason, in 2008, the IPSASB devoted considerable resources to working towards convergence of IPSASs and International Financial Reporting Standards (IFRSs). In addition, the IPSASB initiated the process of establishing a conceptual framework for financial reporting in the public sector that will facilitate the development of and convergence to IPSASs in different countries. These two goals—promoting the convergence of financial reporting standards both across sectors and around the globe—will remain priorities in 2009. So, too, will IFAC’s advocacy for reform of public sector financial management systems.
Building Capacity

IFAC recognizes that not all nations are at a level where they can immediately adopt and then implement global standards. Through the member body development program, IFAC, including its Developing Nations Committee, is working with the World Bank, the International Monetary Fund, and other multilateral development agencies, as well as regional accountancy groupings, to develop the profession’s capacity in all sectors of the world economy. In 2008, IFAC expanded its guidance for professional accountants working in business and in the public sector to assist them in strengthening governance in their organizations, whether large or small. We also enhanced the relevance of our International Education Standards, which are especially helpful to those seeking to develop and sustain a high-quality accountancy profession. And we continued to encourage mentoring relationships between more advanced and less developed member bodies to enable the actions needed to strengthen the profession.

Financial Crisis and the Profession

The financial and economic crisis has given added importance to the convergence objectives which IFAC has pursued for many years. Swift and determined action is required by governments, regulators, and the profession around the world to achieve a position where global standards of accounting, ethics, and education are universally adopted and effectively implemented. Failure to do so would reflect a failure to learn one of the fundamental lessons from this crisis.

My thanks to IFAC President Fermín del Valle, Deputy President Robert Bunting, and to the IFAC staff for their contributions to what we have achieved in 2008, including the fast-tracking of those projects that, together with the initiatives of regulators and governments worldwide, can help us all to transition to a stable global financial system.
Objective and Scope of Activities
The objective of the International Accounting Education Standards Board (IAESB) Consultative Advisory Group (CAG) is to provide input to and assist the IAESB through consultation with the CAG member organizations and their representatives at the CAG meetings in order to obtain—

- Advice on the IAESB’s agenda and work plan, including project priorities;
- Technical advice on projects; and
- Advice on other matters of relevance to the activities of the IAESB.

Membership
The membership of the CAG as at December 31, 2008 appears on page 11.

The CAG is comprised of representatives from 13 organizations, including three regulators, five accounting associations, and five regional organizations located in North America, Europe, Africa, Asia, and the Oceanic region. Each of these member organizations was approved by the Public Interest Oversight Board (PIOB) for another three-year term starting in 2008 with the Accounting and Finance Association of Australia and New Zealand starting its three-year term in 2009.

Meetings
The CAG met twice during 2008 (February 8 and September 15-16) for a total of 2.5 days meeting time.

Key Highlights For 2008
Advice on the IAESB’s Agenda and Work Plan
The CAG supported all of the IAESB task force project proposals and advised the IAESB Chair on the appropriateness and timeliness of project activities relating to the revision of the Framework for International Education Pronouncements and the Drafting Conventions project. In addition, the CAG commented on projects related to areas of continuing professional development and professional skills.

The CAG also advised the IAESB Chair on the appropriateness and priority of projects and activities included in the 2010–2012 Strategy and Work Plan. CAG comments have led the IAESB to deliberate the priority of its project to redraft and revise the International Education Standards (IESs) so as to ensure the appropriate sequencing of guidance projects in order to follow the release of the redrafted and revised IESs.

Technical Advice on Projects
The CAG provided technical advice to the IAESB task force chairs at both the proposal and development stages of projects in the current work plan. This advice has led to—

- Improvements in the description of the measurement techniques used in the information paper, Approaches to Continuing Professional Development (CPD) Measurement;
- Revisions to the analysis of survey results used in developing a revised Framework for International Education Pronouncements;
- Improvements in clarity of terminology used in the revised Framework for International Education Pronouncements;
- Amendments to the Drafting Conventions project in relation to the structure of the IESs; and
- Refinements to the scope of the project on professional skills to ensure the inclusion of a framework of skills that would be more relevant to accountants in business.

Advice on Other Matters of Relevance
The CAG provided advice on the need for interpretation guidance for IES 8, Competence Requirements for Audit Professionals, and made suggestions for improving IFAC’s due process activities in the area of standard setting. This advice has been forwarded to the IAESB for discussion and follow-up.

Communications
In the period covered by this report, the chair and CAG representatives undertook the following communications activities:

- Institute of Chartered Accountants of Nepal (ICAN) Round Table, Kathmandu, May 8, 2008;
- Confederation of Asian and Pacific Accountants (CAPA)—South Asian Federation of Accountants (SAFA) Joint Executive Board meeting, Kathmandu, May 9, 2008;
• American Accounting Association, 2008 Annual Conference, “International Accounting Education Standards—the IFRS of the Academic World,” Anaheim, August 4, 2008;
• American Accounting Association, 2008 Annual Conference, “Assessment—A Discussion of Best Practices,” Anaheim, August 6, 2008; and
• European Federation of Accountants and Auditors for SMEs, Education Expert Group, Brussels, November 20, 2008.

Conclusions
I thank the staff of the IAESB for their contribution. Their professionalism and dedication is highly commendable. I would also like to thank the members of the IAESB and in particular the chairs of the IAESB task forces for the efficient way in which the various drafts are presented to the CAG. This is an area of activity which is added to the already considerable burden involved in membership of the IAESB. I will continue to give particular attention to liaising with the chairman of the IAESB. I look forward to developing our cooperation further as the 2007-2009 Strategic and Operational Plan comes to an end this year, and the IAESB begins preparations for implementing its new work plan.

Report of Richard Fleck
Chairman of the International Ethics Standards Board for Accountants Consultative Advisory Group

Scope of Activities
The Consultative Advisory Group (CAG) of the International Ethics Standards Board for Accountants (IESBA) provides technical advice on projects of the IESBA and advice on its agenda and priorities.

Membership
The membership of the CAG as at December 31, 2008 appears on page 12. In accordance with the Terms of Reference, the membership of the CAG was due for renewal in 2008. All members of the CAG offered themselves for re-appointment and the Public Interest Oversight Board (PIOB) confirmed their membership. In addition, the CAG proposed that my role as chair be renewed for a further three years and this also was confirmed by the PIOB.

In 2008, the membership of the CAG was increased and we were pleased to welcome BUSINESSEUROPE, the North American Financial Executives’ Institutes, and the World Federation of Exchanges as members. In 2009, we shall continue to work to expand the membership of the CAG.

Technical Advice on IESBA Projects
In 2008, the IESBA focused on finalizing its fundamental review and redrafting of the IFAC Code of Ethics for Professional Accountants. To provide timely input on these projects, the CAG held an additional meeting in 2008 and met three times. I am pleased to report that the IESBA has always carefully considered the input received from CAG members.

Conclusion
I would like to thank all the members of the CAG for their contribution during the year. I would also like to thank the members of the IESBA and, in particular, its chair and the chairs of the IESBA task forces for the efficient way in which the various drafts are presented to the CAG.

Report of David Damant
Chairman of the International Auditing and Assurance Standards Board Consultative Advisory Group


The membership of the CAG appears in that report and is also posted on page 11.
CONSULTATIVE ADVISORY GROUP MEMBERS

INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD CAG

Asian Financial Executives’ Institutes
Basel Committee on Banking Supervision
BUSINESSEUROPE
CFA Institute
Chairman of the Standards Advisory Council of the International Accounting Standards Board
Dean of the Graduate School of Financial Management, Moscow
Eastern Central and Southern African Federation of Accountants
European Commission
European Federation of Accountants and Auditors for SMEs
European Financial Executives’ Institutes
Fédération des Experts Comptables Européens
Information Systems Audit and Control Association
Institute of Internal Auditors
Institute of International Finance

Instituto Brasilierno de Governança Corporativa
International Accounting Standards Board
International Actuarial Association
International Association of Insurance Supervisors
International Bar Association
International Corporate Governance Network
International Organization of Securities Commissions
International Organization of Supreme Audit Institutions
Islamic Financial Services Board
Japan Securities Dealers Association
North American Financial Executives’ Institutes
Sri Lanka Accounting and Auditing Standards Monitoring Board
United Nations Conference on Trade & Development
World Bank
World Federation of Exchanges

INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD CAG

American Accounting Association
The Association to Advance Collegiate Schools of Business
Confederation of Asian and Pacific Accountants
European Accounting Association
European Federation of Accountants and Auditors for SMEs
Fédération des Experts Comptables Européens
Independent Regulatory Board for Auditors (South Africa)

International Accounting Standards Committee Foundation
National Association of State Boards of Accountancy
Professional Oversight Board (UK)
Public Company Accounting Oversight Board (US)
South Asian Federation of Accountants
United States Agency for International Development
INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS CAG

Auditing Practices Board (UK)
Basel Committee on Banking Supervision
BUSINESSEUROPE
CFA Institute
Eastern Central and Southern African Federation of Accountants
European Federation of Accountants and Auditors for SMEs
European Federation of Financial Executives’ Institutes
Fédération des Experts Comptables Européens

Institute of Internal Auditors
International Auditing and Assurance Standards Board
Consultative Advisory Group
International Corporate Governance Network
International Organization of Securities Commissions
International Organization of Supreme Audit Institutions
North American Financial Executives’ Institutes
Public Company Accounting Oversight Board (US)
World Bank
In exercising its mandate for oversight of public interest activities, the Public Interest Oversight Board (PIOB) remains keenly aware of the importance of IFAC’s thinking and actions in shaping the environment within which these activities take place. As in past years, IFAC has continued its commitment to the public interest, both in what has been achieved already and in priorities established for the future. In this supportive environment, the boards that we oversee have also achieved several key public interest milestones this year.

The most significant of these is completion of the IAASB Clarity Project. Since the beginning, the objective of this project has been to improve global audit quality through the creation of clear, easy to apply, and effective standards of audit practice suitable for worldwide adoption and application. This has now been brought to successful completion with all the safeguards of due process and in line with public interest requirements. In the same way, the IESBA has made major progress this year toward completing its redraft of the IFAC Code of Ethics for Professional Accountants, including revised independence requirements, another critical step that will strengthen behavioral norms for professional accountants around the world. In both cases, it is clear that significant and well-coordinated efforts will be necessary to ensure that both these initiatives are followed by successful adoption and implementation.

While public attention has focused largely on the IAASB and the IESBA, we have continued to oversee the work of the IAESB and the Compliance Advisory Panel. This year, the IAESB has given high priority to its framework review project so that future work can be developed and deliberated in the context of up-to-date concepts and objectives. It is significant from a public interest perspective that the IAESB undertook extensive pre-consultations before publishing its recent exposure draft. We have also noted substantial progress on Part 3 of the IFAC Compliance Program, including publication of the first member body Action Plans. In view of the critical role of member bodies in local adoption and implementation, improving compliance remains a significant public interest goal for the PIOB.

Finally, the IFAC Nominating Committee has completed the challenging task of identifying new chairs for the IAASB and the IAESB. In nominating Arnold Schilder and Mark Allison for these roles, the committee has demonstrated a clear understanding of the evolving public interest environment in which these groups function.

At this time of unprecedented global crisis when public confidence in institutions and safeguards has eroded, it is important that IFAC continues to demonstrate its commitment to the public interest while seeking relevant ways to contribute to broader global solutions.

IFAC’s sponsorship of international standard setting and compliance remains a core contribution, which is to be supplemented with other activities to promote adoption and implementation of standards, as well as to address the needs of special constituencies within the profession, such as SMPs and developing nation bodies, who rely on IFAC for assistance.

As we head into our fifth year, my colleagues and I wish to thank Fermín del Valle for his commitment and significant contribution to the realization of the IFAC Reforms. We also wish to congratulate Robert Bunting on his appointment as President, and look forward to continued constructive and fruitful dialogue with him in the pursuit of our public interest goals.

**MESSAGE FROM STAVROS B. THOMADAKIS**

PIOB Chair

It is important that IFAC continues to demonstrate its commitment to the public interest.
### BOARD MEmBERS — November 2007 to November 2008

**INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD**
- Henry Saville, Chair, Ireland
- Mark Spofforth, Deputy Chair, United Kingdom
- Yoseph Asmelash, Switzerland
- Timothy Bell, United States
- Jean-Francois Belorgey, France
- Paule Bouchard, Canada
- Marcelo Canetti, Argentina
- Nishan Fernando, Sri Lanka
- Kristrún Ingolfsdóttir, Iceland
- Saleem Kharwa, South Africa
- Ann Kilbride, United Kingdom
- Hans Christian Krogh, Denmark
- Kim Langfield-Smith, Australia
- Sylvia Meljem, Mexico
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- Japheth Katto, Uganda
- Olivia Faulkner Kirtley, United States
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- Bernadette McGorry-Farrell, Ireland
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- William Nahum, France
- Norbert Pfitzer, Germany
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- Göran Tidström, Nordic Federation
- Luiz Carlos Vaini, Brazil
- Kamlesh Vinkamsey, India
- Sylvie Voghel, Canada

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- Josef Ferlings, Germany
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- Jon Grant, United Kingdom
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- Ian McPhee, Australia
- Marcel Pheiffier, Netherlands
- David Swanney, United Kingdom
- Jianhua Tang, China
- Gérard Trémolière, France
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- Ken Dakdik, United States
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- Kariem Hoosain, South Africa
- Lady Barbara Thomas Judge, United Kingdom
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- Michael Niehues, Germany
- Carmen Rodriguez, Spain
- Yossi Izkovich, Israel
- Hong Lou, China
- Richard Neville, Canada
- Tom Henry Olsen, Norway
- Anne Owuor, Kenya
- Stefano Pozzoli, Italy
- Frans van Schaik, Netherlands
- Greg Schollum, New Zealand
- Tadashi Sekikawa, Japan
- Larry White, United States

**INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD**
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- Marie-Pierre Cordier, France
- Omer Duman, Turkey
- Sheila Fraser, Canada
- Hong Lou, China
- Richard Neville, Canada
- Tom Henry Olsen, Norway
- Anne Owuor, Kenya
- Stefano Pozzoli, Italy
- Frans van Schaik, Netherlands
- Greg Schollum, New Zealand
- Tadashi Sekikawa, Japan
- Larry White, United States
Committee Members — November 2007 To November 2008

Developing Nations Committee

Ignatius Sehoole, Chair, South Africa
Abdeljelil Bouraoui, Deputy Chair, Tunisia
Ahmad Almeghames, Saudi Arabia
Juan Carlos Cincotta, Argentina
Ferenc Eperjesi, Hungary
Paul F.M. Hurks, Netherlands
Ved Kumar Jain, India
Vladimir Kralicek, Czech Republic
Dmitriy Larionov, Kazakhstan
Irene Lombe Ng’andwe, Zambia
Edward Olowo-Okere, United States
Julio Cesar Porteiro, Uruguay
Azza Raslan, Saudi Arabia
Gary Scopes, United States
Lebohang Thotanyana, Lesotho
Deborah Williams, United Kingdom
Shabbar Zaidi, Pakistan

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Stephen Lugalia, Kenya
Huong Lang Trinh Mai, Vietnam
Eileen Morrissey, United States
Mohammad Nara, Pakistan
Catherine Okpareke, Nigeria
Alfred Ramosedi, South Africa
Gim Teik Soh, Singapore
Roger Tabor, United Kingdom

Small and Medium Practices Committee

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Harold Monk, United States
Ibironke Mojisola Osiyemi, Nigeria
Joakim Rehn, Nordic Federation
Ricardo Rodil, Brazil
Lucio Torres Rodriguez, Spain
Bernard Scicluna, Malta
Masum Turker, Turkey
Ye Xin, China

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Members
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John Archambault,
Grant Thornton International Limited
Peter Chidgey,
BDO International
Rod Devlin,
KPMG International
Robert Dohrer,
RSM International Limited
Paul Ginman,
Baker Tilly International Limited
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Stephen Todd,
Ernst & Young Global Limited
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Peter Wyman,
PricewaterhouseCoopers International

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Deloitte Touche Tohmatsu
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Grant Thornton International Limited
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BDO International
Sylvia Smith,
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PKF International Limited
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Warren Allen, New Zealand
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Manuel Sanchez y Madrid, Deputy Chair, Mexico
Guy Almeida Andrade, Brazil
Ndung’u Gathinji, Kenya
Gen Ikegami, Japan
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Manuel Sanchez y Madrid, Deputy Chair, Mexico
James Dickson, Australia
Blavna Doshi, India
Caroline Kigen, Kenya
Tom Myhre, Norway

Fifteen
# IFAC Member Organizations

**As at December 31, 2008**

## Members

*(Refer to Page 19 for Associates)*

### ALBANIA
- Institute of Authorized Chartered Auditors of Albania*

### ARGENTINA
- Federación Argentina de Consejos Profesionales de Ciencias Económicas

### AUSTRALIA
- CPA Australia
- The Institute of Chartered Accountants in Australia
- National Institute of Accountants in Australia

### AUSTRIA
- Institut Österreichischer Wirtschaftsprüfer
- Kammer der Wirtschaftstreuhänder

### AZERBAIJAN REPUBLIC
- The Chamber of Auditors of Azerbaijan Republic*

### BAHAMAS
- The Bahamas Institute of Chartered Accountants

### BAHRAIN
- Bahrain Accountants Association

### BANGLADESH
- The Institute of Chartered Accountants of Bangladesh
- The Institute of Cost and Management Accountants of Bangladesh

### BARBADOS
- The Institute of Chartered Accountants of Barbados

### BELGIUM
- Institut des Experts-comptables et des Conseils fiscaux
- Institut des Réviseurs d’Entreprises

### BOLIVIA
- Colegio de Auditores de Bolivia

### BOTSWANA
- Botswana Institute of Accountants

### BRAZIL
- Conselho Federal de Contabilidade
- Instituto dos Auditores Independentes do Brasil

### BULGARIA
- Institute of Certified Public Accountants of Bulgaria

### CAMEROON
- The Institute of Chartered Accountants of Cameroon

### CANADA
- The Canadian Institute of Chartered Accountants
- Certified General Accountants’ Association of Canada
- CMA Canada

### CHILE
- Colegio de Contadores de Chile

### CHINA
- The Chinese Institute of Certified Public Accountants

### CHINESE TAIWAN
- Federation of CPA Associations of Chinese Taiwan

### COLOMBIA
- Instituto Nacional de Contadores Públicos de Colombia

### COSTA RICA
- Colegio de Contadores Públicos de Costa Rica

### CROATIA
- Croatian Association of Accountants and Financial Experts

### CYPRUS
- The Institute of Certified Public Accountants of Cyprus

### CZECH REPUBLIC
- Chamber of Auditors of the Czech Republic
- Union of Accountants of the Czech Republic

### DENMARK
- Foreningen af Statsautoriserede Revisorer
- Foreningen Registrerede Revisorer

### DOMINICAN REPUBLIC
- Instituto de Contadores Públicos Autorizados de la República Dominicana

### EGYPT
- The Egyptian Society of Accountants & Auditors

### ESTONIA
- Audiitorkogu

### FIJI
- Fiji Institute of Accountants

### FINLAND
- HTM-tilintarkastajat ry — GRM-revisorer rf
- KHT-yhdistys—Foreningen CGR ry

### FRANCE
- Compagnie Nationale des Commissaires aux Comptes
- Conseil Supérieur de l’Ordre des Experts-Comptables

### GEORGIA
- Georgian Federation of Professional Accountants and Auditors

### GERMANY
- Institut der Wirtschaftsprüfer in Deutschland e.V.
- Wirtschaftsprüferkammer

### GHANA
- The Institute of Chartered Accountants (Ghana)

### GREECE
- Institute of Certified Public Accountants of Greece

### GUATEMALA
- Instituto Guatemalteco de Contadores Públicos y Auditores

*Members admitted by the IFAC Council in November 2008.*
Countries in which IFAC members, associates, and affiliates are located appear in blue.

**GUYANA**  
- The Institute of Chartered Accountants of Guyana

**HAITI**  
- Ordre des Comptables Professionels Agréés d’Haïti

**HONDURAS**  
- Colegio de Peritos Mercantiles y Contadores Públicos

**HONG KONG**  
(Special Administrative Region of the People's Republic of China)  
- Hong Kong Institute of Certified Public Accountants

**HUNGARY**  
- Chamber of Hungarian Auditors

**ICELAND**  
- Félag löggiltra endurskoðenda

**INDIA**  
- The Institute of Chartered Accountants of India  
- The Institute of Cost and Works Accountants of India

**INDONESIA**  
- Indonesian Institute of Accountants

**IRAN**  
- The Iranian Institute of Certified Accountants

**IRAQ**  
- Iraqi Union of Accountants & Auditors

**IRELAND**  
- The Institute of Certified Public Accountants in Ireland  
- The Institute of Chartered Accountants in Ireland

**ISRAEL**  
- Institute of Certified Public Accountants in Israel

**ITALY**  
- Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili

**IVORY COAST**  
- Ordre des Experts Comptables et Comptables Agréés de Côte d’Ivoire

**JAMAICA**  
- The Institute of Chartered Accountants of Jamaica

**JAPAN**  
- The Japanese Institute of Certified Public Accountants

**JORDAN**  
- Arab Society of Certified Accountants  
- Jordanian Association of Certified Public Accountants

**KAZAKHSTAN**  
- Chamber of Auditors of the Republic of Kazakhstan

**KENYA**  
- Institute of Certified Public Accountants of Kenya

**KOREA**  
- Korean Institute of Certified Public Accountants

**KWUWAIT**  
- Kuwait Association of Accountants and Auditors

**LEBANON**  
- Lebanese Association of Certified Public Accountants

**LESOTHO**  
- Lesotho Institute of Accountants

**LIBERIA**  
- The Liberian Institute of Certified Public Accountants

**LITHUANIA**  
- Lithuanian Chamber of Auditors*

**LUXEMBOURG**  
- Institut des Réviseurs d’Entreprises

**MADAGASCAR**  
- Ordre des Experts Comptables et Financiers de Madagascar

*Members admitted by the IFAC Council in November 2008.
<table>
<thead>
<tr>
<th>Country</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malawi</td>
<td>The Society of Accountants in Malawi</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Malaysian Institute of Accountants</td>
</tr>
<tr>
<td></td>
<td>The Malaysian Institute of Certified Public Accountants</td>
</tr>
<tr>
<td>Malta</td>
<td>The Malta Institute of Accountants</td>
</tr>
<tr>
<td>Mexico</td>
<td>Instituto Mexicano de Contadores Públicos, A.C.</td>
</tr>
<tr>
<td>Moldova (Republic of)</td>
<td>Association of Professional Accountants and Auditors of the Republic of Moldova</td>
</tr>
<tr>
<td>Morocco</td>
<td>Ordre des Experts Comptables du Royaume du Maroc</td>
</tr>
<tr>
<td>Namibia</td>
<td>Institute of Chartered Accountants of Namibia</td>
</tr>
<tr>
<td>Nepal</td>
<td>The Institute of Chartered Accountants of Nepal*</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Koninklijk Nederlands Instituut van Registeraccountants</td>
</tr>
<tr>
<td>New Zealand</td>
<td>New Zealand Institute of Chartered Accountants</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Colegio de Contadores Públicos de Nicaragua</td>
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<tr>
<td>Nigeria</td>
<td>The Institute of Chartered Accountants of Nigeria</td>
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<tr>
<td>Norway</td>
<td>Den norske Revisorforening</td>
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<tr>
<td>Pakistan</td>
<td>The Institute of Chartered Accountants of Pakistan</td>
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<tr>
<td></td>
<td>Institute of Cost and Management Accountants of Pakistan</td>
</tr>
<tr>
<td>Panama</td>
<td>Colegio de Contadores Públicos Autorizados de Panamá</td>
</tr>
<tr>
<td>Paraguay</td>
<td>Colegio de Contadores de Paraguay</td>
</tr>
<tr>
<td>Peru</td>
<td>Junta de Decanos de Colegios de Contadores Públicos del Perú</td>
</tr>
<tr>
<td>Philippines</td>
<td>Philippine Institute of Certified Public Accountants</td>
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<tr>
<td>Poland</td>
<td>Accountants Association in Poland</td>
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<tr>
<td></td>
<td>National Chamber of Statutory Auditors</td>
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<tr>
<td>Portugal</td>
<td>Ordem dos Revisores Oficiais de Contas</td>
</tr>
<tr>
<td>Romania</td>
<td>The Chamber of Financial Auditors of Romania*</td>
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<tr>
<td></td>
<td>Corpul Expertilor Contabili si Contabililor Autorizati din Romania</td>
</tr>
<tr>
<td>Russia</td>
<td>The Institute of Professional Accountants of Russia</td>
</tr>
<tr>
<td></td>
<td>Russian Collegium of Auditors*</td>
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<tr>
<td>Saudi Arabia</td>
<td>Saudi Organization for Certified Public Accountants</td>
</tr>
<tr>
<td>Serbia (Republic of)</td>
<td>Serbian Association of Accountants and Auditors</td>
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<tr>
<td>Sierra Leone</td>
<td>The Institute of Chartered Accountants of Sierra Leone</td>
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<tr>
<td>Singapore</td>
<td>Institute of Certified Public Accountants of Singapore</td>
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<tr>
<td>Slovakia</td>
<td>Slovenska Komora Auditorov</td>
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<tr>
<td>Slovenia</td>
<td>The Slovenian Institute of Auditors</td>
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<td>South Africa</td>
<td>The South African Institute of Chartered Accountants</td>
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<td></td>
<td>The South African Institute of Professional Accountants</td>
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<tr>
<td>Spain</td>
<td>Instituto de Censores Jurados de Cuentas de España</td>
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<tr>
<td>Sri Lanka</td>
<td>The Institute of Chartered Accountants of Sri Lanka</td>
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<tr>
<td>Swaziland</td>
<td>Swaziland Institute of Accountants</td>
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<tr>
<td>Sweden</td>
<td>FAR SRS</td>
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<td>Switzerland</td>
<td>Treuhand-Kammer</td>
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<tr>
<td>Tanzania</td>
<td>National Board of Accountants and Auditors</td>
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<tr>
<td>Thailand</td>
<td>Federation of Accounting Professions</td>
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<tr>
<td>Trinidad and Tobago</td>
<td>The Institute of Chartered Accountants of Trinidad and Tobago</td>
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<tr>
<td>Tunisia</td>
<td>Ordre des Experts Comptables de Tunisie</td>
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<tr>
<td>Turkey</td>
<td>Expert Accountants’ Association of Turkey</td>
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<tr>
<td></td>
<td>Union of Chambers of Certified Public Accountants of Turkey</td>
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<tr>
<td>Uganda</td>
<td>Institute of Certified Public Accountants of Uganda</td>
</tr>
<tr>
<td>Ukraine</td>
<td>Ukrainian Federation of Professional Accountants and Auditors*</td>
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<td>United Kingdom</td>
<td>The Association of Chartered Certified Accountants</td>
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<td></td>
<td>The Chartered Institute of Management Accountants</td>
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<td></td>
<td>The Chartered Institute of Public Finance and Accountancy</td>
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<td></td>
<td>The Institute of Chartered Accountants in England and Wales</td>
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<td></td>
<td>The Institute of Chartered Accountants of Scotland</td>
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<tr>
<td>United States</td>
<td>American Institute of Certified Public Accountants</td>
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<tr>
<td></td>
<td>National Association of State Boards of Accountancy</td>
</tr>
<tr>
<td>Uruguay</td>
<td>Colegio de Contadores, Economistas y Administradores del Uruguay</td>
</tr>
</tbody>
</table>

*Members admitted by the IFAC Council in November 2008.
Regional Accountancy Organizations and Acknowledged Accountancy Groupings

Regional Accountancy Organizations are independent bodies which have a mission and strategic objectives aligned to those of IFAC.

IFAC recognizes four Regional Organizations that contribute to the development of the international accountancy profession by supporting IFAC initiatives, promoting international convergence, and providing leadership in addressing regional accounting and auditing issues.

- Confederation of Asian and Pacific Accountants
- Eastern Central and Southern African Federation of Accountants
- Fédération des Experts Comptables Européens
- Interamerican Accounting Association

There are six Acknowledged Accountancy Groupings that support the objectives and pronouncements of IFAC and support the advancement of the accountancy profession in their region.

- Association of Accountancy Bodies in West Africa
- Eurasian Council of Certified Accountants and Auditors
- Fédération des Experts-Comptables Méditerranéens
- Fédération Internationale des Experts Comptables Francophones
- Institute of Chartered Accountants of the Caribbean
- South Asian Federation of Accountants

‡ Associates admitted by the IFAC Council in November 2008.
This section of the Annual Report describes the actual services delivered during 2008 against the planned services. The planned services were specified in the 2008 Operational Plan. Services are categorized into five areas:

- Standards and Guidance
- Promoting Quality
- International Collaboration Activities
- Representation of the Accountancy Profession in the Public Interest
- Information Services

The service delivery information is presented on the following basis (the criteria):

- All substantial activities occurring during 2008 that directly affect parties external to IFAC are included under the appropriate service area.
- Unless indicated otherwise, all activities specified in the Delivered Services column relate to 2008.
- The activities identified as Additional Services are in addition to planned services specified in the 2008 Operational Plan.
- Activities are appropriately described from a quantitative and, where appropriate, qualitative perspective.

The auditors’ assurance report on the service delivery information is set out on page 46. Comments that indicate the status of a service not delivered in 2008 or that contain a qualitative description of an activity are outside the scope of the assurance engagement and are indicated with an asterisk (*).

Section 1 Standards and Guidance

Description

The standards developed cover the areas of auditing and assurance, educational and ethical requirements for professional accountants, and public sector financial reporting. Guidance is developed in these areas as well as others, such as the development of the profession, the provision of services by small- and medium-sized practices, and the role of professional accountants operating in business. The level of authority associated with guidance is intended to be less than that associated with standards.

1. Auditing and Assurance Pronouncements

1.1 Auditing and assurance pronouncements approved by the International Auditing and Assurance Standards Board (IAASB) and submitted to the Public Interest Oversight Board (PIOB): 1

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Standard on Quality Control 1 (Redrafted), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Engagements</td>
<td>Approved by IAASB in September, Approved by PIOB in December</td>
</tr>
<tr>
<td>International Standard on Auditing (ISA) 200 (Revised and Redrafted), Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing</td>
<td>Approved by IAASB in June, Approved by PIOB in September</td>
</tr>
<tr>
<td>ISA 210 (Redrafted), Agreeing the Terms of Audit Engagements</td>
<td>Approved by IAASB in December, Submitted in December for PIOB approval in February 2009*</td>
</tr>
<tr>
<td>ISA 220 (Redrafted), Quality Control for an Audit of Financial Statements</td>
<td>Approved by IAASB in September, Approved by PIOB in December</td>
</tr>
</tbody>
</table>

1. The PIOB’s approval of individual pronouncements is based on its assessment of whether due process requirements have been satisfied.
Planned Services

– ISA 250 (Redrafted), Consideration of Laws and Regulations in an Audit of Financial Statements

– ISA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management

– ISA 320 (Revised and Redrafted), Materiality in Planning and Performing an Audit

– ISA 402 (Revised and Redrafted), Audit Considerations Relating to an Entity Using a Service Organization

– ISA 450 (Revised and Redrafted), Evaluation of Misstatements Identified during the Audit

– ISA 500 (Redrafted), Audit Evidence

– ISA 501 (Redrafted), Audit Evidence—Specific Considerations for Selected Items

– ISA 505 (Revised and Redrafted), External Confirmations

– ISA 510 (Redrafted), Initial Audit Engagements—Opening Balances

– ISA 520 (Redrafted), Analytical Procedures

– ISA 530 (Redrafted), Audit Sampling

– ISA 550 (Revised and Redrafted), Related Parties

– ISA 570 (Redrafted), Going Concern

– ISA 610 (Redrafted), Using the Work of Internal Auditors

– ISA 620 (Revised and Redrafted), Using the Work of an Auditor’s Expert

– ISA 700 (Redrafted), Forming an Opinion and Reporting on Financial Statements

– ISA 705 (Revised and Redrafted), Modifications to the Opinion in the Independent Auditor’s Report

– ISA 706 (Revised and Redrafted), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report

– ISA 710 (Redrafted), Comparative Information—Corresponding Figures and Comparative Financial Statements

– ISA 800 (Revised and Redrafted), Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks

Delivered Services

Approved by IAASB in March
Approved by PIOB in July

Approved by IAASB in December
Submitted in December for PIOB approval in February 2009*

Approved by IAASB in June
Approved by PIOB in September

Approved by IAASB in December
Submitted in December for PIOB approval in February 2009*

Approved by IAASB in June
Approved by PIOB in September

Approved by IAASB in September
Approved by PIOB in December

Approved by IAASB in September
Approved by PIOB in December

Approved by IAASB in March
Approved by PIOB in July

Approved by IAASB in September
Approved by PIOB in December

Approved by IAASB in June
Approved by PIOB in September

Approved by IAASB in June
Approved by PIOB in December

Approved by IAASB in September
Approved by PIOB in December

Approved by IAASB in September
Approved by PIOB in December
Planned Services

- ISA 805 (Revised and Redrafted), Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
  - Approved by IAASB in September
  - Approved by PIOB in December

- ISA 810 (Revised and Redrafted), Engagements to Report on Summary Financial Statements
  - Approved by IAASB in September
  - Approved by PIOB in December

- International Standard on Assurance Engagements (ISAE) 3402, Assurance Reports on Controls at a Third-Party Service Organization
  - Project completion anticipated in 2009

- Glossary of Terms
  - Approved by IAASB in December

- IAASB Strategy and Work Program, 2009–2011
  - Approved by IAASB in June
  - Approved by PIOB in July

Delivered Services

1.2 In addition, the IAASB commissioned the staff of the Professional Standards Board (New Zealand), Auditing and Assurance Standards Board (Canada), and Independent Regulatory Board for Auditors (South Africa) to develop a consultation paper to obtain views on significant matters that will require consideration in the revision of International Standard on Review Engagements (ISRE) 2400, Engagements to Review Financial Statements. The Consultation Paper, Matters to Consider in a Revision of International Standard on Review Engagements (ISRE) 2400, “Engagements to Review Financial Statements” was issued in September.

IAASB staff also issued a Staff Audit Practice Alert—Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment in October and held four international roundtables on Assurance on Emissions Information (Sydney, May; Melbourne, May; Toronto, September; and Brussels, December).

2. Education Pronouncements

2.1 Information paper approved by the International Accounting Education Standards Board (IAESB):^2

Planned Service

- Information Paper, Approaches to Continuing Professional Development (CPD) Measurement
  - Approved in February

Delivered Service

2.2 In addition, the IAESB released amended versions of its International Education Standards (IESs) and related education pronouncements in May. The amended documents comprise the Framework for International Education Pronouncements, the Introduction to International Education Standards, and International Education Standards 1-8, all of which were published between 2003 and 2006. The amendments were of an editorial nature, intended to reflect properly the current terms of reference of the IAESB and titles of its publications.

2. Information papers are not subject to approval by the PIOB.
3. Ethics Pronouncements

3.1 Ethics pronouncements approved by the International Ethics Standards Board for Accountants (IESBA) and submitted to the PIOB:3

**Planned Services**

- Revised Section 290, Independence—Audit and Review Engagements and revised Section 291, Independence—Other Assurance Engagements of the IFAC Code of Ethics for Professional Accountants (“Independence I”)

- Revised Section 290, Independence—Audit and Review Engagements and revised Section 291, Independence—Other Assurance Engagements of the IFAC Code of Ethics for Professional Accountants (“Independence II”)

**Delivered Services**

- Approved by IESBA in January
- Approved by PIOB in March
- Approved by IESBA in April, except for some independence requirements that were re-exposed for comment (see 3.3 below)

3.2 Exposure drafts of proposed ethics pronouncements approved by the IESBA to be issued for comment:4

**Planned Services**

- Proposed redrafted IFAC Code of Ethics for Professional Accountants. The exposure draft proposed changes to enhance the clarity of the Code by making clear the specific requirements that are contained in the Code and refining the application of the Code’s conceptual framework

**Delivered Services**

- Approved in June

3.3 In addition, the IESBA re-exposed for comment proposals to strengthen two areas of the independence requirements. The proposals related to the provision of internal audit services to a public interest audit client and the safeguards that are required when the fees from a public interest audit client exceed a prescribed percent of the total fees of the firm. Revised Section 290, Independence—Audit and Review Engagements and revised Section 291, Independence—Other Assurance Engagements of the IFAC Code of Ethics for Professional Accountants (“Independence II Re-Exposure”) were approved by the IESBA in December and submitted for PIOB approval in February 2009.*

The IESBA also issued its Strategic and Operational Plan, 2009–2011 in April.

4. Public Sector Financial Reporting Pronouncements

4.1 Public sector financial reporting pronouncements approved by the International Public Sector Accounting Standards Board (IPSASB):

**Planned Services**

- International Public Sector Accounting Standard (IPSAS) 4 (Revised), The Effects of Changes in Foreign Exchange Rates

- IPSAS 5 (Revised), Borrowing Costs

**Delivered Services**

- Approved in March

- Exposure draft of proposed IPSAS approved in August (see 4.3 below)

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3. The PIOB’s approval of individual pronouncements is based on its assessment of whether due process requirements have been satisfied.

4. Exposure drafts are not subject to approval by the PIOB.
<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>– IPSAS 15 (Revised), <em>Financial Instruments: Disclosure and Presentation</em></td>
<td>The project to revise IPSAS 15 has been superseded by a new project to converge the IPSAS relating to financial instruments with the related standards of the International Accounting Standards Board early in 2009.*</td>
</tr>
<tr>
<td>– IPSAS on <em>Social Benefits</em></td>
<td>Responses to the exposure draft (approved in 2007 and issued in 2008) did not support the development of a standard. The subject may be addressed when the Long-Term Fiscal Sustainability Reporting project has progressed.</td>
</tr>
</tbody>
</table>

4.2 Exposure draft of proposed IPSAS and consultation paper approved by the IPSASB:

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Proposed Cash Basis IPSAS (Revised), <em>Financial Reporting under the Cash Basis of Accounting</em></td>
<td>The project initiation has been delayed. Approval of the exposure draft is anticipated in 2009.*</td>
</tr>
<tr>
<td>– Consultation Paper, <em>Accounting and Financial Reporting for Service Concession Arrangements</em></td>
<td>Approved in February</td>
</tr>
</tbody>
</table>

4.3 In addition, the IPSASB approved an exposure draft of proposed IPSAS 5, *Borrowing Costs* in August and a Consultation Paper, *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* in September. It also approved *Process for Reviewing and Modifying IASB Documents* (Rules of the Road) in October.

5. *Board Pronouncements*

5.1 Pronouncements approved by the Board:*

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Revisions to Membership Criteria and/or Statement of Membership Obligations</td>
<td>No revisions were required during 2008.*</td>
</tr>
</tbody>
</table>

5.2 The Board approved the report, *Financial Reporting Supply Chain: Current Perspectives and Directions* in February. In addition, the results of the *Global Study on Developments in the Financial Reporting Supply Chain* were presented at the November Council meeting.

The Board also approved the *Policy for Translating and Reproducing Standards Issued by the International Federation of Accountants* in November.

*The term “Board” refers to the governing Board of IFAC.*
6. Developing Nations Guidance

6.1 Guidance approved by the Developing Nations Committee (DNC):

**Planned Services**

- Mentoring Guidelines for IFAC Member Bodies

**Delivered Services**

- Released in January
- Released in June

7. Professional Accountants in Business Guidance

7.1 Guidance approved by the Professional Accountants in Business (PAIB) Committee:

**Planned Services**

- Preface to International Good Practice Guidance (IGPG)
- IGPG, *Project Appraisal Using Discounted Cash Flow*
- Information Paper, *The Crucial Role of Professional Accountants in Business in Mid-Sized Enterprises*
- Information Paper, *Sustainability/Environmental Management Accounting*

**Delivered Services**

- Approved in March
- Approved in March
- Approved in March
- Project completion anticipated in 2009*

7.2 Exposure drafts of proposed guidance approved by the PAIB Committee:

**Planned Services**

- Proposed IGPG, *Evaluating and Improving Governance in Organizations*
- Proposed IGPG, *Costing to Drive Organizational Performance*
- Proposed IGPG, *Internal Control from a Risk Management Perspective*

**Delivered Services**

- Approved in March
- Approved in March
- The project has been placed on hold*

7.3 In addition, the PAIB Committee conducted a *Survey of Performance Measurement Structures in Public Sector Entities* in October.

8. Small and Medium Practices Guidance

Section 2 Promoting Quality

Description
IFAC promotes the provision of high-quality services by all members of the profession through implementation of a member body compliance program, initiatives aimed at improving audit quality, and issuance of good practice guidance.

1. Member Body Compliance Program

1.1 Quality assurance activities of the Member Body Compliance Program:

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Continued implementation of Part 3 of the Member Body Compliance Program involving the development of Action Plans by member bodies and associates based on IFAC Policy Recommendations</td>
<td>At December 31, 20 Part 3 Action Plans were published on the IFAC website, 46 were under review, and 57 were under development. Thirty-five member bodies were at the Policy Recommendation stage.</td>
</tr>
<tr>
<td>– Assessment of new member body and associate applications</td>
<td>Assessments of member body applications gave rise to the IFAC Council approving the following associates as member bodies in November:</td>
</tr>
<tr>
<td>–</td>
<td>– Institute of Authorized Chartered Auditors of Albania</td>
</tr>
<tr>
<td>–</td>
<td>– Chamber of Auditors of Azerbaijan Republic</td>
</tr>
<tr>
<td>–</td>
<td>– Lithuanian Chamber of Auditors</td>
</tr>
<tr>
<td>–</td>
<td>– Institute of Chartered Accountants of Nepal</td>
</tr>
<tr>
<td>–</td>
<td>– Chamber of Financial Auditors of Romania</td>
</tr>
<tr>
<td>–</td>
<td>– Russian Collegium of Auditors</td>
</tr>
<tr>
<td>–</td>
<td>– Ukrainian Federation of Professional Accountants and Auditors</td>
</tr>
<tr>
<td>–</td>
<td>Assessments of associate applications gave rise to the IFAC Council admitting the following associates in November:</td>
</tr>
<tr>
<td>–</td>
<td>– Kampuchea Institute of Certified Public Accountants and Auditors</td>
</tr>
<tr>
<td>–</td>
<td>– Ukrainian Association of Certified Accountants and Auditors</td>
</tr>
<tr>
<td>–</td>
<td>– Institute of Financial Accountants, United Kingdom</td>
</tr>
</tbody>
</table>

1.2 In addition, the Board approved the following Acknowledged Accountancy Groupings in June based on assessments conducted by the IFAC staff and reviewed by the Compliance Advisory Panel:

<table>
<thead>
<tr>
<th>Acknowledged Accountancy Groupings</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Fédération International des Experts-Comptables Francophones (FIDEF)</td>
</tr>
<tr>
<td>– Fédération des Experts Comptables Méditerranéens (FCM)</td>
</tr>
</tbody>
</table>

2. Small and Medium Practices

2.1 Quality assurance activities of the Small and Medium Practices (SMP) Committee:

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Guide to Quality Control for Use by Small- and Medium-Sized Practices</td>
<td>Completion has been deferred to 2009 so as to be coterminous with the PIOB’s approval of ISQC 1 (Redrafted).*</td>
</tr>
</tbody>
</table>
3. Transnational Auditing

3.1 Quality assurance activities of the Transnational Auditors Committee (TAC):

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Collaboration with the Member Body Compliance Program to assist with the development of member body Part 3 Action Plans</td>
<td>The TAC considered issues relating to member body development at its January and June meetings and referred them for consideration by the Regulatory Working Group (RWG) in September and December.</td>
</tr>
<tr>
<td>– Reporting by provisional members against Forum of Firm membership obligations</td>
<td>Seventeen provisional members became full members in January and one firm joined as a full member in June.</td>
</tr>
</tbody>
</table>

3.2 In addition, the Forum of Firms held a symposium on *The Audit of Financial Institutions* in October.

Section 3 International Collaboration Activities

Description

IFAC recognizes that in many areas related to the accountancy profession, it may need to act in a collaboration or facilitation role, or to share the lead with other organizations. IFAC undertakes collaboration activities in an effort to encourage convergence to high-quality international standards, to develop the broader profession in all economies, and to enhance and assure the quality, accuracy, and reliability of information. These activities cover a wide spectrum of topics and are complementary to IFAC standards and guidance services.

1. Member Body Compliance Program and Development

1.1 Collaboration activities of the Member Body Compliance Program:

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Coordination of work and sharing of information with the World Bank to ensure that its <em>Reports on the Observance of Standards and Codes</em> (ROSCs) reflect common country messages and recommendations</td>
<td>Comments were provided on the initiation or development of World Bank ROSCs for the following countries: Benin, Congo DR, Egypt, Ethiopia, Kyrgyzstan, Laos, Madagascar, Malawi, Mali, and Thailand.</td>
</tr>
<tr>
<td>– Bi-annual meetings with the World Bank</td>
<td>IFAC and World Bank staff met in respect of the following World Bank activities:</td>
</tr>
<tr>
<td>– Sharing of information generated by the Member Body Compliance Program with various multilateral and bilateral development organizations</td>
<td>– World Bank Centre for Financial Reform (Vienna, Austria, November)</td>
</tr>
<tr>
<td></td>
<td>– Latin America and Caribbean ROSC, and related activities (Washington D.C., United States, December)</td>
</tr>
<tr>
<td></td>
<td>Ongoing informal dialogue and sharing of information related to the development of the accountancy profession</td>
</tr>
</tbody>
</table>

1.2 In addition, the Board approved a *Regional Organizations—Policy Statement* and an *Acknowledged Accountancy Groupings—Policy Statement* in February 2008. These policy statements set out the criteria for recognizing such organizations or groupings.
1.3 **Collaboration activities of the Developing Nations Committee (DNC):**

<table>
<thead>
<tr>
<th><strong>Planned Services</strong></th>
<th><strong>Delivered Services</strong></th>
</tr>
</thead>
</table>

1.4 In addition, IFAC is a member, coordinator and facilitator of the Africa Focus Group (AFG). The AFG met in Cotonou, Benin in February and in Lusaka, Zambia in July. In addition to IFAC, the membership of the AFG includes the Association of Accountancy Bodies in West Africa, the Eastern Central and Southern African Federation of Accountants and the Fédération Internationale des Experts-Comptables Francophones. The principal focus is the establishment of a Pan-African Federation of Accountants.

The DNC has also initiated formal outreach activities with aspiring IFAC members to exchange information about IFAC membership requirements and provide advice on development issues. The DNC carried out its first two facilitation activities in October with the Colegio Hondureño de Profesionales Universitarios en Contaduría Pública and the Instituto Salvadoreño de Contadores Públicos.

2. **Standard Setting**

2.1 **Collaboration activities with national and international standard setters:**

<table>
<thead>
<tr>
<th><strong>Planned Services</strong></th>
<th><strong>Delivered Services</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual meeting of National Auditing Standard Setters</td>
<td>The International Auditing and Assurance Standards Board (IAASB) hosted its annual National Auditing Standard Setters meeting in Paris, France in March.</td>
</tr>
<tr>
<td>Participation at semi-annual European National Auditing Standard Setters meeting</td>
<td>IAASB representatives participated in two European National Auditing Standard Setters meetings hosted by the Fédération des Experts Comptables Européens in Brussels, Belgium in April and October.</td>
</tr>
<tr>
<td>Academic research project on auditors’ report communications commissioned by the American Institute of Certified Public Accountants, the American Accounting Association, and the IAASB</td>
<td>Contracts with four research teams were finalized and signed in January and February.</td>
</tr>
<tr>
<td>Meeting of National Ethics Standard Setters</td>
<td>No meeting took place in 2008. It was postponed to 2009 to be consistent with the work program of the International Ethics Standards Board for Accountants (IESBA).*</td>
</tr>
<tr>
<td>Meeting of standard setters focused on public sector financial reporting issues</td>
<td>International Public Sector Accounting Standards Board (IPSASB) representatives participated in:</td>
</tr>
<tr>
<td></td>
<td>– National Standard Setters meetings in Melbourne, Australia in March and in Paris, France in September</td>
</tr>
<tr>
<td></td>
<td>– A World Standard Setters meeting in London, United Kingdom in September</td>
</tr>
</tbody>
</table>
Planned Services

2.2 Facilitation of Consultative Advisory Groups:

- Meetings of the IAASB Consultative Advisory Group (CAG)
- Meetings of the International Accounting Education Standards Board (IAESB) CAG
- Meetings of the IESBA CAG

3. Other Collaborative Activities

3.1 Collaboration with other organizations:

- Liaison with the International Organization of Supreme Audit Institutions (INTOSAI)

Delivered Services

In addition, IPSASB representatives liaised or met with the following national and international standard setters or organizations:

- Accounting Standards Board Committee on Accounting for Public Benefit Entities, London, United Kingdom, January
- Financial Reporting Advisory Board, London, United Kingdom, March and April
- American Institute of Certified Public Accountants, Washington D.C., United States, January
- Australian Accounting Standards Board, Melbourne, Australia, April, May, June, July, August, September, October, November, and December
- Financial Reporting Standards Board, Wellington and Auckland, New Zealand, July
- Israeli Government Accounting Standards Board, Tel Aviv, Israel, September
- International Accounting Standards Board, Ongoing

The IAASB CAG met in Basel, Switzerland in March and in Toronto, Canada in September.

The IAESB CAG met in San Diego, United States in February and in London, United Kingdom in September.

The IESBA CAG met in Basel, Switzerland in March; Toronto, Canada in September; and London, United Kingdom in November.

The Chief Executive Officer met with the Chair of the INTOSAI Professional Standards Committee in Copenhagen, Denmark in June.

IAASB staff participated in one meeting of the INTOSAI Professional Standards Committee and two meetings of the INTOSAI Financial Audit Guidelines Subcommittee. The main focus of these meetings was the development of Financial Audit Guidelines, consisting of a Practice Note for application to the public sector and an approved ISA.
### Planned Services

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
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</thead>
<tbody>
<tr>
<td>INTOSAI has nominated a public member to the IAASB, and INTOSAI representatives observed all the IAASB meetings and participated in four IAASB task forces.</td>
<td>INTOSAI participated as a member of the IAASB CAG.</td>
</tr>
<tr>
<td>INTOSAI participated as a member of the IAASB CAG.</td>
<td>Projects of the IAASB and Professional Accountants in Business (PAIB) Committee of interest to the IIA were discussed during a meeting in January and telephone conferences in October and November.</td>
</tr>
<tr>
<td>– Liaison with the Institute of Internal Auditors (IIA)</td>
<td>The IIA participated as a member of the IAASB CAG.</td>
</tr>
<tr>
<td>– Liaison with the United Nations Conference on Trade and Development (UNCTAD)</td>
<td>UNCTAD has representatives on the IAESB (public member) and the DNC (observer), who act as liaison between the two organizations.</td>
</tr>
<tr>
<td>– Liaison with the International Accounting Standards Committee Foundation / XBRL</td>
<td>IPSASB representatives participated in a quarterly review meeting in London, United Kingdom in January.</td>
</tr>
<tr>
<td>– Liaison with the XBRL Assurance Working Group</td>
<td>There were no liaison activities during 2008.*</td>
</tr>
<tr>
<td>– Liaison with the Sustainability Assurance Expert Panel</td>
<td>No meeting took place in 2008. However, members of the panel were actively involved in the roundtables on <strong>Assurance on Emissions Information</strong> (see Auditing and Assurance Pronouncements).*</td>
</tr>
</tbody>
</table>

3.2 In addition, the IPSASB liaised with the International Monetary Fund (IMF). IPSASB and IMF representatives met in Washington D.C., United States in March. The Chief Executive Officer presented to the IMF Fiscal Affairs Division in Washington D.C., United States in May. IMF representatives observed all IPSASB meetings and participated in two subcommittees of the IPSASB.

3.3 Collaboration activities with member bodies:

The IAESB jointly hosted an *Accounting Education Seminar* with the Instituto de Censores Jurados de Cuentas de España at the University of Alcalá in Madrid, Spain in September. This was not a planned service.

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6. eXtensible Business Reporting Language
3.4 Collaboration activities of the Professional Accountants in Business (PAIB) Committee:

**Planned Services**
- Issuance of the *Articles of Merit* publication, recognizing articles of distinction published in member body journals
- Joint seminar with Chartered Institute of Management Accountants (CIMA) and the South African Institute of Chartered Accountants (SAICA)

**Delivered Services**
- The PAIB Committee issued the *Articles of Merit Award 2008* in December.
- The joint seminar was held in Johannesburg, South Africa in April.

3.5 Collaboration activities of the Small and Medium Practices (SMP) Committee:

**Planned Services**
- Annual SMP Forum

**Delivered Services**
- The SMP Committee held its annual SMP Forum in Abuja, Nigeria in October.

### Section 4  Representation of the Accountancy Profession in the Public Interest

**Description**

IFAC represents the public interest when commenting on material published by other international and regional organizations that directly relates to the accountancy profession, accounting or auditing matters; developing and maintaining relationships with other international and regional organizations as appropriate; participating in global, regional, and national forums; and developing reports that address the role of IFAC and the accountancy profession.

1. Regulatory and Public Policy Activities

1.1 Participation in regulatory and public policy activities:

**Planned Services**
- Participation by IFAC representatives, including the Officers, Chairs of the Public Interest Activity Committees and senior staff, at the four Public Interest Oversight Board (PIOB) meetings
- Participation by the Officers in conferences, seminars, roundtable discussions, and meetings on public interest issues

**Delivered Services**
- IFAC representatives participated in the March, July, September, and December meetings of the PIOB.
- The PIOB considered and approved the due process applied to 25 standards as indicated under the Standards and Guidance services delivered.
- The Officers participated in the following conferences, seminars, roundtable discussions, and meetings:
  - Global Public Policy Symposium IV, New York, United States, January
  - 2008 Management Summit for Partners in Accounting Firms, Las Vegas, United States, January
  - St. Andres University, Buenos Aires, Argentina, March
  - International Organization of Securities Commissions' Emerging Markets Committee Session, Paris, France, May
  - Meeting of the Global Public Policy Committee, Washington D.C., United States, May

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7. The term “Officers” refers to the President, Deputy President and Chief Executive Officer.
- Planned Services

Delivered Services

- Kreston International Association Conference (association of independent audit firms), Las Vegas, United States, June
- Deloitte Regulatory Contact Partners Meeting, New York, United States, July
- 12th World Congress of Accounting Historians, Istanbul, Turkey, July
- Meeting with representatives of the Global Public Policy Committee, New York, United States, July
- National Association of State Boards of Accountancy, *Convergence of International Regulation of the Accounting Profession*, Boston, United States, October
- Mazars Global Partners Meeting, Madrid, Spain, December

- Participation by the Officers in conferences, seminars, roundtable discussions, and meetings of member bodies and regional organizations

The Officers participated in the following conferences, seminars, roundtable discussions, and meetings of member bodies and regional organizations:

- Regional Chief Executives’ Meeting, Prague, Czech Republic, April
- IFAC BRIC Forum, New York, United States, May
- IFAC President’s Roundtable with Presidents and Chief Executives of Middle East and North African Member Bodies, Tunis, Tunisia, May
- Forum for Strengthening the Accountancy Profession, Tunis, Tunisia, May
- Meeting with Conseil Supérieur de l’Ordre des Experts-Comptables and Compagnie Nationale des Commissaires aux Comptes, Paris, France, May
- Institute of Chartered Accountants of the Caribbean Conference, Port of Spain, Trinidad and Tobago, June
- 2008 Conference on *Accounting and Accountability for Regional Economic Growth* in Latin America and the Caribbean (CReCER Conference), San Salvador, El Salvador, June
- Chamber of Auditors of the Czech Republic Conference, *New Challenges for the Auditing Profession*, June (video message)
- Kyrgyzstan International Conference, *Role of Accounting and Auditing Professional Bodies in the Kyrgyz Republic*, Bishkek, Kyrgyz Republic, July
- Meeting with The Institute of Certified Public Accountants in Ireland and The Institute of Chartered Accountants in Ireland, Dublin, Ireland, July
Planned Services

- BRIC meeting held during the Brazilian Congress of Accounting, Gramado, Brazil, August
- New Zealand Institute of Chartered Accountants Centenary Conference, Looking Forward: Thought Leadership through Business, Auckland, New Zealand, August
- 17th Congress of the Romanian Accountancy Profession, Bucharest, Romania, September
- Argentina Congress, Córdoba City, Argentina, September
- Malaysian Institute of Accountants Conference, Accountants in a Borderless Society, Kuala Lumpur, Malaysia, September
- Meeting with representatives from the Confederation of Asia Pacific Accountants and Asian Federation of Accountants, Kuala Lumpur, Malaysia, September
- Institute of Chartered Accountants of Nigeria Conference, Abuja, Nigeria, October
- CGA Canada Centenary and Board Meeting, Montreal, Canada, October
- Meeting with the Japanese Institute of Certified Public Accountants, Tokyo, Japan, October
- American Institute of Certified Public Accountants’ Council Meeting, October (video conference)

Delivered Services

- Attendance by the Chief Executive Officer at the three International Accounting Standards Board Standards Advisory Council (SAC) meetings
- Meetings of the IFAC Regulatory Liaison Group (IRLG) and the Monitoring Group (MG) of regulators. These groups meet twice a year.
- The Chief Executive Officer attended the SAC meetings held in February and June in London, United Kingdom
- The IRLG met with the MG in Madrid, Spain in July

1.2 Regulatory and other relationships:

Planned Services

- Develop and maintain relationships with key regulatory organizations, development agencies, and financial institutions

Delivered Services

During 2008, IFAC continued its relationships with the following international and regional organizations:

- African Development Bank
- Asian Development Bank
- European Commission
- Financial Stability Forum
- Inter-American Development Bank
- International Accounting Standards Board
- International Accounting Standards Committee (IASC) Foundation
- International Forum of Independent Audit Regulators
- International Monetary Fund
- International Organization of Securities Commissions
- International Organization of Supreme Audit Institutions
2. Public Policy Positions and External Submissions

2.1 Development of public policy positions and information papers:

**Planned Services**
- Policy position on industry concentration of professional accounting firms
- Policy position on General Agreement on Trade Services
- Information paper on IFAC’s approach to operating in the public interest

**Delivered Services**
- This subject will be incorporated into a future project.*
- This project was cancelled in lieu of the policy issues noted below.*

2.2 In addition, the Board approved a Policy Position, *IFAC’s Support for a Single Set of Auditing Standards: Implications for Audits of Small- and Medium-Sized Entities*, in September.

2.3 Submissions to external organizations:

**Planned Services**
- Provide timely and high-quality submissions to external parties who seek input into issues that affect the international accountancy profession

**Delivered Services**
- IFAC made submissions to the following organizations during 2008:
  - The Institute of Internal Auditors (IIA) on *Proposed International Standards for the Professional Practice of Internal Auditing* in March
  - 25th session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting of UNCTAD on *Practical Challenges and Related Considerations in Implementing International Standards on Auditing* in August
  - The IASC Foundation on the *Review of the Constitution: Public Accountability and the Composition of the IASB—Proposals for Change* in September
3. Promotion of IFAC's Public Interest Activities

3.1 Member Body Compliance and Development:

**Planned Services**

– Meetings with member bodies and speaking engagements

**Delivered Services**

– At its meeting in Mumbai, India in January, the Compliance Advisory Panel (CAP) received a presentation from and had discussions with the leadership of the Institute of Chartered Accountants of India (ICAI). The CAP and Compliance staff also participated in a workshop with approximately 35 Chief Executive Officers from private sector entities in India and with prominent members of the ICAI.

– At its meeting in Kampala, Uganda in April, the CAP received presentations from and had discussions with the leadership of the Institute of Certified Public Accountants of Uganda and the National Board of Accountants and Auditors from Tanzania.

– In April in Dar es Salaam, Tanzania, Compliance staff presented on the membership obligations and the Member Body Compliance Program at a conference, *Auditors' Obligations*, organized by the National Board of Accountants and Auditors from Tanzania.

– In May in Kathmandu, Nepal, Compliance staff met with the Institute of Chartered Accountants of Nepal as part of the membership application due diligence process.

– In May in Bangkok, Thailand, Compliance staff provided IFAC’s perspective on International Financial Reporting Standards and small- and medium-sized entities (SMEs) at a conference of the Federation of Accounting Professions.

– At its meeting in Amsterdam, Netherlands in July, the CAP received a presentation from and had discussions with the leadership of Royal NIVRA.

– At its meeting in New York, United States in October, the CAP received a presentation and had discussions with representatives of the American Institute of Certified Public Accountants.

– In November in Paris, France, Compliance staff presented on the Part 3 Action Plan of the Member Body Compliance Program phase and key success factors in the process at a workshop during the French Congress of Accountants. The Congress was attended by several francophone professional institutes from Europe, Africa, and Asia and was organized by the Compagnie Nationale des Commissaires aux Comptes and Ordre des Experts Comptables.

– Providing technical and key note presenters for the World Bank's *Reports on the Observance of Standards and Codes* (ROSC) program

– Meetings with IFAC Regional Accountancy Organizations and Acknowledged Accountancy Groupings

– IFAC representatives participated in the World Bank ROSC dissemination workshops in Zagreb, Croatia in April and in Bangkok, Thailand in June.

– In May in Kathmandu, Nepal, Compliance staff presented to the Board of the Confederation of Asian and Pacific Accountants on the Part 3 Action Plan phase of the Member Body Compliance Program.
Planned Services

Delivered Services

– In June in Port of Spain, Trinidad and Tobago, Compliance staff presented on quality assurance at a conference of the Institute of Chartered Accountants of the Caribbean and participated in a regional Chief Executives’ and President’s meeting of IFAC members from the Caribbean.

– In November in Jaipur, India, the CAP Chair and Compliance staff presented to the Board of the Confederation of Asian and Pacific Accountants on the status of the Member Body Compliance Program and matters relating to SMEs and small- and medium-sized practices (SMPs).

3.2 International Auditing and Assurance Standards Board (IAASB):

Planned Services

– Meetings with regulators (including the European Commission and the International Organization of Securities Commissions)

– Participation in meetings of the Public Company Accounting Oversight Board (PCAOB) Standing Advisory Group (SAG)

– Participation at various other international, regional, and national forums

Delivered Services

IAASB representatives met with representatives of the following organizations:

– Canadian Public Accountability Board, Toronto, Canada, March

– EU Parliament, Brussels, Belgium, September (formal presentation)

– European Commission, Brussels, Belgium, October (and telephone conference in December)

IAASB representatives participated in PCAOB SAG meetings held in Washington D.C., United States in February and October

IAASB representatives participated in events of the following organizations:

– Global Public Policy Committee meeting, New York, United States, January

– Technical Advisory Group of Global Reporting Initiative, Amsterdam, The Netherlands, January, July, and November

– Financial Stability Institute, Seminar for Banking Supervisors, Basel, Switzerland, February and Gaborone, Botswana, May

– Institute of Chartered Accountants in Australia, Audit Conference, Brisbane and Sydney, Australia, April

– International Forum of Independent Audit Regulators, dinner presentation, Oslo, Norway, April

– European Court of Auditors, Brussels, Belgium, April

– International Valuation Standards Committee, New York, United States, May

– 3rd European Forum of Accountants and Auditors, Kiev, Ukraine, May

– Malaysian Institute of Accountants Conference, Accountants in a Borderless Society, Kuala Lumpur, Malaysia, September

– Eastern Central and Southern African Federation of Accountants’ Standard-Setters Workshop, Dar es Salaam, Tanzania, September

– Lehigh University Annual Accounting Conference, Pennsylvania, United States, September

– Technical Working Group of the Climate Disclosure Standards Board, September and November
### Planned Services vs Delivered Services

**Planned Services**

- Hold a public consultative forum to discuss development of benchmarking methodology and review of International Education Standards
- Meetings with regulators, development agencies, and regional groups
- Participation in various academic conferences (including conferences of the American Accounting Association and European Accounting Association)
- Participation at various other international, regional, and national forums (including meetings with Regional Accountancy Organizations)

**Delivered Services**

- Feedback on the revised *Framework for International Education Standards* was received at the following events:
  - Plenary session at the 14th Annual Mid-Year Conference of the American Accounting Association, San Diego, United States, February
  - Workshop at the 25th session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting of UNCTAD, Geneva, Switzerland, November
- No meetings took place in 2008.*
- IAESB representatives participated in events of the following organizations:
  - British Accounting Association—Special Interest Group, Annual Conference, Seville, Spain, May
  - Canadian Academic Accounting Association, 2008 Annual Conference, Winnipeg, Canada, May
  - Accounting Programs Leadership Group, 2008 Annual Seminar, *International Accounting Education Standards: On the Horizon*, Charleston, United States, February
  - European Federation of Accountants and Auditors for Small and Medium Enterprises, Annual General Meeting, Copenhagen, Denmark, May

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*No meetings took place in 2008.*
<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.4</strong> International Ethics Standards Board for Accountants (IESBA):</td>
<td><strong>3.5</strong> International Public Sector Accounting Standards Board (IPSASB):</td>
</tr>
<tr>
<td>- Meetings with regulators, development agencies, and regional groups</td>
<td>- Participation at various international, regional, and national forums</td>
</tr>
<tr>
<td></td>
<td>IESBA representatives participated in an event of the following organization:</td>
</tr>
<tr>
<td></td>
<td>- International Organization of Securities Commissions Standing Committee I, Berlin, Germany, June</td>
</tr>
<tr>
<td></td>
<td>IESBA representatives participated in events of the following organizations:</td>
</tr>
<tr>
<td></td>
<td>- IFAC BRIC Forum, New York, United States, May</td>
</tr>
<tr>
<td></td>
<td>- Institute of Chartered Accountants of Scotland meeting, Edinburgh, Scotland, May</td>
</tr>
<tr>
<td></td>
<td>- Forum of Firms meeting, New York, United States, October</td>
</tr>
<tr>
<td></td>
<td>- Fédération des Experts Comptables Européens Symposium, Brussels, Belgium, December</td>
</tr>
<tr>
<td></td>
<td>IPSASB representatives participated in the following events:</td>
</tr>
<tr>
<td></td>
<td>- Fédération des Experts Comptables Européens, 2008 Conseil Superieur de l’Ordre des Experts Comptables, Brussels, Belgium, January</td>
</tr>
<tr>
<td></td>
<td>- Meeting with the Conseil Superieur de l’Ordre des Experts Comptables, Paris, France, January</td>
</tr>
<tr>
<td></td>
<td>- Meeting with KPMG Global Leader Public Sector Services, Toronto, Canada, January</td>
</tr>
<tr>
<td></td>
<td>- Meeting with the Ministry of Finance, Tokyo, Japan, February</td>
</tr>
<tr>
<td></td>
<td>- Meeting with Officers of the Board of Audit, Tokyo, Japan, February</td>
</tr>
<tr>
<td></td>
<td>- East and Southern Africa Association of Auditors General, <em>Introduction to IPSASB</em>, Durban, South Africa, February</td>
</tr>
</tbody>
</table>
Planned Services

- Ernst & Young Public Sector Forum, Melbourne, Australia, February
- Deloitte & Touche, IPSASB Update, Zürich, Switzerland, February
- Organization for Economic Co-operation and Development, Annual Accrual Accounting and Budgeting Symposium, Paris, France, March
- Meetings with World Bank Regional Managers, Washington D.C., United States, March
- Swiss State Banks Governance Seminar, Geneva, Switzerland, March
- World Health Organization Seminar on IPSAS, Geneva, Switzerland, March and April
- KPMG, IPSASB Update, Washington D.C., United States, April

Delivered Services

- Public Sector Master Class for Government Auditors, IPSASB Update, The Hague, The Netherlands, April
- Accounting Standards Advisory Board for Independent Administrative Agencies, IPSASB & Accounting for Impairment in IPSAS, Tokyo, Japan, April
- Institute of Administration & Association of Chartered Certified Accountants, Seminar for Public Service Accountants on National and International Perspectives, Dublin, Ireland, May
- Chartered Accountants of Latin Countries, International Meeting of Public Accounting, Lisbon, Portugal, May
- Czech Supreme Audit Office, Presentation and Measurement of National Government’s Assets with Special Attention to IPSAS, Prague, Czech Republic, May
- Free University, Postgraduate Public Controlling, Introduction to IPSAS, Amsterdam, The Netherlands, May
- International Consortium on Governmental Financial Management, Citizen Centric Reporting, Miami, United States, May
- Institute of Certified Public Accountants of Kenya Conference, Public Sector Accounting Standards, Mombasa, Kenya, May
- Forum for Strengthening the Accountancy Profession, Tunis, Tunisia, May
- World Accounting Summit, Dubai, United Arab Emirates, May
- Royal NIVRA, IPSAS Workshop for Government Auditors, The Hague, The Netherlands, May
- The European Local and Regional Government Finance Conference, Rome, Italy, May
- Presentation on IPSAS for Ministers and Parliament, Aruba, Curacao, May
- IPSAS Course to Auditors, hosted by the European Commission, Brussels, Belgium, May
Planned Services

- Accounting School of Chuo University, *IPSAS and Financial Reporting for Public Sector in Foreign Countries*, Tokyo, Japan, June
- Swiss Institute of Certified Accountants and Tax Consultants, Chamber Seminar, *IPSASB Overview*, Zürich, Switzerland, June
- Internal Revenue Service, *IPSASB Overview*, Apeldoorn, The Netherlands, June
- The Japanese Institute of Certified Public Accountants Annual Conference, *IPSASB Update*, Nagoya, Japan, June
- Konferensi Sektor Publik, *Accrual Accounting/IPAS in Public Sector Reform*, Jakarta, Indonesia, July
- AusAID Rehabilitation Assistance Facility Iraq (RAFI), Governance and Management Development Program, *Role of IPSAS/IPASB*, Melbourne, Australia, July
- Meetings with the Minister of Finance, Auditor General, and Secretary to the Treasury, Wellington, New Zealand, July
- Association of Government Accountants, International Roundtable, Atlanta, United States, July
- Meeting with the Deputy Minister of Finance of the Republic of Tajikistan, Dushanbe, Tajikistan, August
- Joint Seminar hosted by the University of Sizuoka and an academic society in South Korea, *Public Sector Accounting*, Shizuoka, Japan, August
- 29th Annual Federal, Provincial, Territorial Comptroller’s Conference, *IPSASB Update*, Quebec City, Canada, August
- Meeting with the State Secretariat for Economic Affairs, Bern, Switzerland, August
- Meeting with the Government Accounting Standards Board and the Financial Accounting Standards Board, Washington D.C., United States, August
- 1st Conference on Consolidation, Siena, Italy, August
- International Accounting Standards Board Roundtable, *Publish What You Pay*, London, United Kingdom, September
- Workshop of the Fédération des Experts Comptables Européens’ Public Sector Committee and the Comparative International Government Accounting Research Network, Tilburg, The Netherlands, September
- Pan American Health Organization, *IPSASB Update*, Washington D.C., United States, September
- Canadian Institute of Chartered Accountants, 3rd Annual Public Sector Financial Reporting Conference, *IPSASB Overview*, Toronto, Canada, September
- The Netherlands Court of Audit, *IPSASB Overview*, The Hague, The Netherlands, September
- Institute of Municipal Finance Officers Conference, *IPSASB Update*, Cape Town, South Africa, September
<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
</table>
| Swiss Secretariat for Economic Affairs, Swiss Consulate, *IPSASB Update*, Dushanbe, Tajikistan, September | - Swiss Secretariat for Economic Affairs, Swiss Consulate, *IPSASB Update*, Dushanbe, Tajikistan, September  
- Ministries of Internal Affairs and Finance, *IPSASB Update*, Tokyo, Japan, September  
- Accrual Accounting Conference of the European Commission and the Fédération des Experts Comptables Européens, Brussels, Belgium, October  
- Annual Colloquium on Financial Management for National Governments hosted by the Treasury Board of Canada and the United States Treasury, Philadelphia, United States, October  
- Keio University, *IPSAS and Public Sector Accounting*, Tokyo, Japan, October  
- Meeting with the Kenya National Audit Office and Institute of Certified Public Accountants of Kenya, Nairobi, Kenya, October  
- Accounting Standards Board, *IPSAS Update*, Pretoria, South Africa, October  
- Government Accounting Master Class, National Institute of Accountants, *IPSASB Update*, Melbourne and Canberra, Australia, October  
- Swedish National Financial Management Authority, 10th Anniversary, Stockholm, Sweden, October  
- The IPSAS and the International Organizations Based in the Mediterranean Region, Bari, Italy, October  
- 2nd Annual Forum of Management and Public Accounting, Belo Horizonte Brazil, October  
- INFONEX Public Sector Accounting and Reporting Conference, *IPSASB Update*, Ottawa, Canada, October  
- UNCTAD, *IPSASB Overview*, Geneva, Switzerland, November  
- University of Paris Sorbonne, IPSAS Workshops for Masters Students, Paris, France, October through December  
- Participation in World Bank Conference focused on public sector issues  
- Liaison with various multilateral development organizations (including the World Bank, the United Nations, and the Asian Development Bank) |  
- Participation in World Bank Conference focused on public sector issues  
- Caribbean Conference Public Finance Management, Castries, St. Lucia, April  
- 2008 Conference on Accounting and Accountability for Regional Economic Growth in Latin America and the Caribbean (CReCER Conference), San Salvador, El Salvador, June  
- IPSASB representatives participated in the following World Bank events:  
  - Caribbean Conference Public Finance Management, Castries, St. Lucia, April  
  - 2008 Conference on Accounting and Accountability for Regional Economic Growth in Latin America and the Caribbean (CReCER Conference), San Salvador, El Salvador, June |
| IPSASB representatives participated in the following World Bank events: |  
- IPSASB representatives participated in the following events:  
  - World Bank Fiduciary Forum, Washington D.C., United States, March  
  - PEMPAL Workshop of Senior Treasury Officials, Istanbul, Turkey, February |
3.6 Small and Medium Practices (SMP) Committee:

**Planned Services**

- Presentations at various conferences, especially those of Regional Accountancy Organizations (including the Fédération des Experts-Comptables Européens' SMP/SME Congress)

**Delivered Services**

SMP Committee representatives participated in the following events:

- IFAC / Instituto dos Auditores Independentes do Brasil (IBRACON) / Conselho Federal de Contabilidade (CFC) Seminar, *International Standards on Auditing*, Sao Paulo, Brazil, January
- World Bank Fiduciary Forum, Leesburg, United States, March
- Institute of Certified Public Accountants of Singapore, Singapore, April
- Malaysian Institute of Accountants, Kuala Lumpur, Malaysia, May
- 4th Fédération des Experts Comptables Européens Annual European SME/SMP Congress, Copenhagen, Denmark, September

- Meetings with regional organizations and donor agencies

SMP Committee representatives participated in meetings with:

- World Bank representatives, Washington D.C., United States, July
- The Fédération des Experts Comptables Européens’ SME/SMP Working Party, Copenhagen, Denmark, September
Section 5 Information Services

Description
IFAC’s information services are designed to support its overall strategy and are targeted to IFAC member bodies, regional organizations, and various external audiences, including media, regulators, standard setters, international financial institutions, members of member bodies, and others. IFAC achieves this through print and electronic communications, the IFAC website and intranets, and media relations.

1. Website

1.1 IFAC electronic communications:

<table>
<thead>
<tr>
<th>Planned Services</th>
<th>Delivered Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Continued enhancement of the IFAC website to demonstrate commitment to transparency of IFAC activities, enhance the accessibility of standards and guidance, and engage more users</td>
<td>The following enhancements were made to the website:</td>
</tr>
<tr>
<td></td>
<td>– All pages were updated on an ongoing basis to reflect the release of new publications and other changes</td>
</tr>
<tr>
<td></td>
<td>– The Translations Database was updated on an ongoing basis</td>
</tr>
<tr>
<td></td>
<td>– The Nominating Committee page was updated for the Call for Nominations, February</td>
</tr>
<tr>
<td></td>
<td>– A news feed was added to the IFAC homepage, February (updated daily)</td>
</tr>
<tr>
<td></td>
<td>– The Financial Reporting Supply Chain Project (FRSC) homepage was launched, February</td>
</tr>
<tr>
<td></td>
<td>– SMP Committee relevant links and descriptions were added, February and ongoing</td>
</tr>
<tr>
<td></td>
<td>– Link program with external websites was expanded, March and ongoing</td>
</tr>
<tr>
<td></td>
<td>– A feedback mechanism was added to the FRSC page to enable users to comment on sections of the report, March</td>
</tr>
<tr>
<td></td>
<td>– The Regional Accountancy Organizations page was updated, March</td>
</tr>
<tr>
<td></td>
<td>– Professional Accountants in Business (PAIB) Committee dynamic/live links page was launched, March</td>
</tr>
<tr>
<td></td>
<td>– A frequently asked questions and answers page was added, April</td>
</tr>
<tr>
<td></td>
<td>– An Articles of Merit public-ranking mechanism was added, December</td>
</tr>
<tr>
<td></td>
<td>– A new Global Financial Crisis Page was launched, December</td>
</tr>
<tr>
<td>– Expanding the resources available through the IFAC KnowledgeNet (<a href="http://www.IFACnet.com">www.IFACnet.com</a>)</td>
<td>Over 77,000 unique visitors accessed IFACnet between January and December. These visitors viewed nearly 522,000 web pages. The following new organizations have joined IFACnet in 2008:</td>
</tr>
<tr>
<td></td>
<td>– Fédération des Experts Comptables Européens</td>
</tr>
<tr>
<td></td>
<td>– Institut der Wirtschaftsprüfer in Deutschland e.V.</td>
</tr>
<tr>
<td></td>
<td>– Institute of Internal Auditors</td>
</tr>
</tbody>
</table>
Planned Services

- Adding features to IFACnet to improve the ease of use of the site and to provide users a means through which to stay current on issues affecting the profession

Delivered Services

- International Association for Accounting Education and Research
- Public Interest Oversight Board

Invitations to participate in IFACnet were sent to the following organizations and are pending completion of the technical questionnaire and Memorandum of Understanding:

- Center for Audit Quality
- Instituto de Censores Jurados de Cuentas de España
- National Institute of Accountants

New features to www.ifacnet.com include:

- A Latest News page that contains links to a variety of recent news articles on business, management, and accounting media and other websites
- A Share Results button through which users can send their colleagues links to resources in IFACnet
- A What’s New section to inform visitors of new IFACnet features and content
- A ranking system where users can provide feedback on the resources they find through IFACnet
- The ability for users to add IFACnet to their Internet browser

In addition, the layout of the search results page has been restructured to provide an easy-to-read format.*

- Translation of the IFAC Update and updates to core sections of the IFAC website into Arabic, Chinese, French, Russian, and Spanish
- Continued maintenance of the Leadership and Membership Intranets to ensure the efficient and timely delivery of relevant information to member bodies, boards, and committees

2. Media Relations

2.1 Media inquiries and briefings, and press releases:

Planned Services

- Generate and respond to media inquiries on matters relating to the international accountancy profession
- Schedule media briefings and seminars as news warrants and provide background information to media

Delivered Services

Responded to more than 60 media inquiries in 2008

Provided support to the Malaysian Institute of Accountants in organizing a press conference during the IFAC Board meeting in Kuala Lumpur, Malaysia in September*
Planned Services | Delivered Services
--- | ---
- Issue press releases on IFAC initiatives and positions, including development of new standards and guidance, outreach to developing nations, compliance program results, and other events and developments | IFAC issued 54 press releases on various activities.
- Writing of letters to the editor | Provided support to the Chief Executive Officer and IAASB Chair for the submission of letters to the editor

2.2 In addition, Communications staff researched and prepared 38 speeches presented by the Officers on topics that included, but are not limited to, convergence, public sector accounting, regulation of the profession, the role of the professional accountant in business, and small and medium practices and entities.

3. Communications Materials

3.1 The following IFAC Communications materials were issued:

| Planned Services | Delivered Services |
--- | ---
- IFAC Newsletter (available in print as well as electronic) | Three issues of the newsletter were published: March, June, November.
- Various IFAC eNews | 19 eNews electronic updates were issued, including a general IFAC eNews, three IAASB eNews, one IAESB eNews, two IESBA eNews, five IPSASB eNews, three PAIB eNews, and four SMP eNews
- Global Digest | The Global Digest was issued on a monthly basis.
- IFAC Update | The IFAC Update was issued on a monthly basis.
- President’s Board Briefings | Issued in April and August
- IFAC Capabilities Brochure | The brochure was not developed during 2008.*
- Updated IFAC Fact Sheets | Updated in January, March, and December
- Updated IFAC Graphic Standards Manual | Counsel on use of the IFAC logo was provided to member bodies on an ad hoc basis.
- Updates to IFAC Member Body Manual (available in print as well as electronic) | Updated in January

3.2 In addition, communications initiatives in relation to the global financial crisis were undertaken. They include:

- Establishing a web page that highlights IFAC initiatives and those of its member bodies and key stakeholders
- Including questions relating to the crisis in the Global Leadership Survey in order to identify member body initiatives and help determine IFAC messages
- Issuing a press release, highlighting among other things the impact of the crisis on the global profession
- Promoting related IAASB initiatives, most notably the Staff Audit Practice Alert
- Dedicating the December Global Digest to the crisis
- Responding to media questions on the topic

IFAC also developed a World Congress of Accountants 2010 Graphics Standards Manual in July, and issued a mid-year report to members of the Forum of Firms in August and a report to the Monitoring Group of Regulators in August. It also developed a video that communicates the mission of IFAC and its values of integrity, transparency, and expertise.
To the Board of the International Federation of Accountants

REPORT ON SERVICE DELIVERY

We have performed certain assurance procedures on the accompanying description of services delivered by the International Federation of Accountants (“IFAC”), as described on pages 20 to 45 for the year ended December 31, 2008 (“Service Delivery”). The Service Delivery is a list of specific services delivered by IFAC during 2008. The objective of the assurance procedures was to determine if the Service Delivery is a reasonable description of the services delivered by IFAC during 2008 in accordance with the criteria described on page 20. The services are categorized into five service areas and have been described from a quantitative and qualitative perspective. Our procedures were not designed to assess the services delivered from a qualitative perspective, therefore, comments or discussions in these terms was not considered in our work.

Managements’ Responsibility for the Service Delivery

Management is responsible for the preparation of the Service Delivery. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the Service Delivery that is free from material misstatement.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Service Delivery based on our assurance procedures. We conducted our assurance procedures in accordance with International Standards on Assurance Engagements. Those standards require that we comply with ethical requirements and plan and perform the assurance procedures to obtain reasonable assurance whether the Service Delivery is free from material misstatement, whether due to fraud or error.

The assurance procedures involve performing procedures to obtain evidence to determine if the Service Delivery is a reasonable description of the services delivered by IFAC during 2008. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Service Delivery, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity’s preparation and fair presentation of the Service Delivery in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls.
Our procedures performed included, but were not limited to:

1) Examination of pronouncements, exposure documents, guidance, and consultation papers issued and/or approved during 2008.
2) Examination of board, committee, and group minutes approving pronouncements, exposure documents, guidance, and consultation papers issued during 2008.
3) Confirmations from certain outside organizations, IFAC board and committee members, and other IFAC representatives.
4) Examination of expense reports and underlying supporting documents.
5) Interviews with board and committee members, IFAC employees, consultants, and representatives.
6) Examination of IFAC website content.
7) Examination of website content of third party organizations.

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

Opinion

In our opinion, the Service Delivery presents fairly, in all material respects, the services delivered by IFAC during 2008 in accordance with the criteria described on page 20.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 2, 2009
IFAC continues to operate a control environment designed to ensure that the values of integrity, expertise, and transparency are inherent in every aspect of the organization. This approach reinforces the need for sound stewardship of the resources provided by member organizations, the transnational accountancy firms and other funding providers, and the operation of a clear decision-making and accountability framework.

Growing global operating costs, combined with continued growth in activity, present challenges to how IFAC manages its financial resources. The current financial and economic crisis will no doubt exacerbate these challenges.

Below are the financial highlights for 2008. For further information on IFAC’s financial performance, financial position, and cash flows for 2008, please refer to the financial statements provided on pages 49 to 66.

**Continued Growth**

- Total revenues and expenses continued to rise in 2008. Total revenues increased by 9 percent to $18.5 million, and total expenses by 9 percent to $18.4 million. These increases reflect the continued growth in activity, which is detailed in the Service Delivery section of this report.

- It is pleasing to note that, despite the increased cost of many of the inputs to our activity, IFAC managed to achieve a small surplus for the year of $81,320.

**Financial Position**

- IFAC’s financial position as at December 31, 2008 reflects a slight increase in total assets and total liabilities from the prior year. This increase is primarily attributable to higher cash and cash equivalents and dues receivable, and slightly higher current liabilities.

- The current environment had a material effect on the defined benefit plan. As at December 31, 2008, and based on a revised discount rate of 6.15%, the funded status of the plan was negative $982,762. This resulted in an unrecognized net actuarial loss of $674,811. This change in circumstances will affect the 2009 financial statements when a portion of the unrecognized net actuarial loss will be recognized over the average remaining service lives of the related employees in accordance with International Accounting Standard 19, *Employee Benefits*, and the stated accounting policy.

- The equity position remained relatively unchanged as at December 31, 2008, and provides coverage for approximately one month of activity. Management and the Board recognize that fiscal responsibility requires the organization to maintain an adequate equity position, and to ensure that both short-term unrestricted reserves and long-term reserves are appropriate for the size and nature of the organization. The *Strategic Plan for 2009-2012*, therefore, provides for the build-up of the short-term unrestricted reserves, as at year end, to a target of two months of budgeted operating expense.

**Cash Flow**

- The statement of cash flows reports a significant increase in IFAC’s cash position. The payment by the Forum of Firms in December of its full receivable has meant that IFAC is in a relatively strong liquidity position.

**Public Interest Oversight Board**

- IFAC continued to provide financial support to the Public Interest Oversight Board (PIOB). The financial support for 2008 amounted to $1.8 million, after the PIOB refunded approximately of $140,000 of the 2008 guaranteed funding.

**Auditor**

- IFAC received an unqualified auditor’s opinion from Citrin Cooperman & Company, LLP, which is provided on page 67.
## Operating revenue

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Membership dues, net</td>
<td>$10,160,386</td>
</tr>
<tr>
<td>20</td>
<td>Forum of Firms — IFAC activities</td>
<td>6,663,699</td>
</tr>
<tr>
<td>2, 14</td>
<td>External funding for the IPSASB</td>
<td>744,375</td>
</tr>
<tr>
<td>20</td>
<td>Forum of Firms — Transnational Auditors Committee</td>
<td>410,968</td>
</tr>
<tr>
<td></td>
<td>Publications</td>
<td>232,697</td>
</tr>
<tr>
<td>2</td>
<td>External funding for the Developing Nations Committee</td>
<td>225,000</td>
</tr>
<tr>
<td></td>
<td>Interest income</td>
<td>61,145</td>
</tr>
<tr>
<td>2, 4</td>
<td>External funding for the Public Interest Oversight Board</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Other operating revenue</td>
<td>58,725</td>
</tr>
</tbody>
</table>

**Total operating revenue**

$18,556,995  $17,044,763

## Operating expenses

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>5, 15</td>
<td>Employee costs</td>
<td>$9,826,370</td>
</tr>
<tr>
<td></td>
<td>Travel and meeting costs</td>
<td>3,524,659</td>
</tr>
<tr>
<td>3, 4</td>
<td>Funding provided to the Public Interest Oversight Board</td>
<td>1,778,191</td>
</tr>
<tr>
<td>3</td>
<td>Occupancy</td>
<td>654,634</td>
</tr>
<tr>
<td></td>
<td>Printing and distribution</td>
<td>380,765</td>
</tr>
<tr>
<td>9, 10</td>
<td>Depreciation and amortization</td>
<td>364,264</td>
</tr>
<tr>
<td></td>
<td>Recruitment and relocation costs</td>
<td>316,128</td>
</tr>
<tr>
<td></td>
<td>Communications and publicity</td>
<td>305,907</td>
</tr>
<tr>
<td></td>
<td>IT support</td>
<td>190,080</td>
</tr>
<tr>
<td></td>
<td>Telephone</td>
<td>165,193</td>
</tr>
<tr>
<td></td>
<td>Auditor remuneration</td>
<td>Audit of financial statements and assurance of service delivery information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax and other services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bad debt expense</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legal and other professional fees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loss on disposal of property and equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other operating expenses</td>
</tr>
</tbody>
</table>

**Total operating expenses**

3  $18,475,675  $17,015,652

**Surplus for the year**

$81,320  $29,111

*The Statement of Accounting Policies and the accompanying notes form part of the financial statements.*
The Statement of Accounting Policies and the accompanying notes form part of the financial statements.
INTERNATIONAL FEDERATION OF ACCOUNTANTS

Statement of Financial Position
As at December 31, 2008
Amounts in US Dollars

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Dues receivable, net</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Receivable from the Forum of Firms</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Other receivables</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other current assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total current assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-current assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Property and equipment, net</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Intangible assets, net</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Non-current receivables</td>
<td>13,19</td>
</tr>
<tr>
<td></td>
<td>Total non-current assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL ASSETS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Current liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accounts payable and accrued expenses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee entitlements</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Revenue received in advance</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Total current liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-current liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accrued pension costs</td>
<td>5,15</td>
</tr>
<tr>
<td></td>
<td>Deferred rent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total non-current liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL LIABILITIES</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IFAC members</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total equity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL LIABILITIES AND EQUITY</td>
<td></td>
</tr>
</tbody>
</table>

Fermín del Valle — President (Nov. 2006 to Nov. 2008)

Ian Ball — Chief Executive Officer

Robert Bunting — President (Nov. 2008 to Present)

The Statement of Accounting Policies and the accompanying notes form part of the financial statements.
**INTERNATIONAL FEDERATION OF ACCOUNTANTS**

Statement of Cash Flows
For the year ended December 31, 2008
Amounts in US Dollars

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amounts in US Dollars</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was provided from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>$9,743,040</td>
<td>$9,594,130</td>
</tr>
<tr>
<td>Forum of Firms</td>
<td>8,557,081</td>
<td>5,192,369</td>
</tr>
<tr>
<td>External funding for the IPSASB</td>
<td>733,090</td>
<td>718,186</td>
</tr>
<tr>
<td>Publications</td>
<td>232,697</td>
<td>254,863</td>
</tr>
<tr>
<td>External funding for the Developing Nations Committee</td>
<td>225,000</td>
<td>60,000</td>
</tr>
<tr>
<td>World Congress of Accountants Revenue</td>
<td>–</td>
<td>221,150</td>
</tr>
<tr>
<td>Interest received</td>
<td>61,145</td>
<td>169,792</td>
</tr>
<tr>
<td>External funding for the Public Interest Oversight Board</td>
<td>–</td>
<td>130,000</td>
</tr>
<tr>
<td></td>
<td><strong>$19,552,053</strong></td>
<td><strong>$16,340,490</strong></td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee costs</td>
<td>$(9,745,712)</td>
<td>$(9,344,615)</td>
</tr>
<tr>
<td>Other payments</td>
<td>(8,240,007)</td>
<td>(6,858,771)</td>
</tr>
<tr>
<td></td>
<td><strong>$(17,985,719)</strong></td>
<td><strong>$(16,203,386)</strong></td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>16</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$1,566,334</strong></td>
<td><strong>$137,104</strong></td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>$(161,801)</td>
<td>$(285,540)</td>
</tr>
<tr>
<td>Proceeds from disposal of property and equipment</td>
<td>1,500</td>
<td>–</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>–</td>
<td>(75,440)</td>
</tr>
<tr>
<td><strong>Net cash outflow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$(160,301)</strong></td>
<td><strong>$(360,980)</strong></td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$1,406,033</strong></td>
<td><strong>$(223,876)</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>$787,790</td>
<td>$1,011,947</td>
</tr>
<tr>
<td>Effect of exchange rate change on foreign currency balances</td>
<td>(15,745)</td>
<td>(281)</td>
</tr>
<tr>
<td><strong>Balance of cash and cash equivalents at end of year</strong></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$2,178,078</strong></td>
<td><strong>$787,790</strong></td>
</tr>
</tbody>
</table>

The Statement of Accounting Policies and the accompanying notes form part of the financial statements.
Basis of Preparation
The International Federation of Accountants’ (IFAC) financial statements have been prepared in accordance with International Public Sector Accounting Standards. Where an International Public Sector Accounting Standard does not address a particular issue, the appropriate International Financial Reporting Standard/International Accounting Standard has been applied.

The preparation of financial statements in conformity with generally accepted accounting practices requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The financial statements are presented in United States dollars.

Measurement Base
The accounting principles recognized as appropriate for the measurement and reporting of the financial performance, cash flows, and financial position on an accrual basis using historical cost are followed in the preparation of the financial statements.

Accounting Policies
The following specific accounting policies that materially affect the measurement of financial performance and the financial position are applied:

(i) Revenue Recognition

Membership dues revenue
IFAC recognizes membership dues on a calendar year basis. Dues are payable by the member body on receipt of an invoice in January for that year. Membership dues revenue is reported net of any approved discounts.

Forum of Firms revenue
Revenue from the Forum of Firms is provided as an annual financial contribution to IFAC for an agreed amount and for the full contribution for the Transnational Auditors Committee activity, and is recognized as revenue when it is receivable.

External funding
Revenue from funding grants is recognized when earned or received (subject to restrictions imposed by the grantor).

Publications revenue
Revenue for printed publications is recognized when the publications are shipped.

Donated services
The work of IFAC is dependent on the voluntary services of many individuals. Donated services are not recognized in these financial statements due to difficulties in determining reliable estimates.

(ii) Accounts Receivable
Accounts receivable are recorded at their estimated realizable value after providing for doubtful and uncollectible debts.

The Statement of Accounting Policies and the accompanying notes form part of the financial statements.
Financial Statements

(iii) Employee Entitlements
Employee entitlements to salaries, wages, annual vacation, pension costs, and other benefits are recognized when they are earned. Annual vacation and other leave has been calculated on an actual entitlement basis at current rates of pay.

The defined benefit pension plan liability is the present value of the defined benefit obligation at the balance date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of United States high-quality corporate bonds, which have terms to maturity approximating the terms of the related liabilities.

Actuarial gains and losses from experience adjustments, changes in actuarial assumptions and amendments to pension plans are recognized in the statement of financial performance over the average remaining service lives of the related employees.

IFAC contributes to an employee defined contribution retirement benefit plan. Payments to the defined contribution retirement benefit plan are recognized as expenses as they become due.

(iv) Property and Equipment

Property and equipment are recorded at cost and are depreciated (as outlined below) at rates estimated to recognize the consumption of economic benefits of the property and equipment over their useful lives.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset’s net selling price or its value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in operating surplus/(deficit). Repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis to recognize the consumption of economic benefits of an asset over its useful life.

The estimated useful lives of property and equipment are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Furniture &amp; fittings</td>
<td>10 years</td>
</tr>
<tr>
<td>Leasehold alterations</td>
<td>Shorter of the life of the lease or useful life</td>
</tr>
</tbody>
</table>

(v) Intangible Assets

Intangible assets are recorded at cost and are amortized (as outlined below) at rates estimated to recognize the consumption of economic benefits of the intangible assets over their useful lives.

Where the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset’s net selling price or its value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in operating surplus/(deficit).
Amortization
Amortization is calculated on a straight-line basis to recognize the consumption of economic benefits of an asset over its useful life.

The estimated useful lives of intangible assets are as follows:

- Software licenses & development: 3 to 5 years
- Intellectual property: 5 to 10 years

(vi) Financial Instruments
IFAC uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, certificates of deposit, accounts receivable and accounts payable.

All financial instruments are recognized in the statement of financial position at their fair values.

(vii) Statement of Cash Flows
The following are definitions of the terms used in the statement of cash flows:

- Cash and cash equivalents comprise cash on hand, current bank balances, and short-term deposits that can be converted to cash within two working days.
- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition, holding, and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.
- Financing activities are those activities that result in changes to the size and composition of IFAC’s capital structure. This includes both equity and debt not falling within the definition of cash.

(viii) Operating Lease Assets
Leases are classified as operating leases when a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the statement of financial performance on a straight-line basis over the period of the lease.

(ix) Taxation
The United States Internal Revenue Service has determined that IFAC is exempt from United States federal income tax under Section 501(c)(6) of the Internal Revenue Code. IFAC is also exempt from Swiss income taxes.

(x) Foreign Currencies
Transactions in foreign currencies are translated to United States dollars at the approximate rates of exchange prevailing at the date of the transactions. Assets and liabilities at the balance date, denominated in foreign currencies, are translated at the rates of exchange prevailing at that date. The resulting gains or losses are recognized in the statement of financial performance.

(xi) Changes in Accounting Policies
There were no changes in accounting policies in the current year.

The Statement of Accounting Policies and the accompanying notes form part of the financial statements.
1. **International Federation of Accountants**

The mission statement of IFAC is:
To serve the public interest, IFAC will continue to strengthen the accountancy profession worldwide and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession’s expertise is most relevant.

IFAC is registered in Geneva, Switzerland under Articles 60 through 79 of the Swiss Civil Code. IFAC’s primary base of operation is New York, United States of America.

2. **External Funding**

During 2008, IFAC received external funding of $744,375 for the activities of the International Public Sector Accounting Standards Board (2007: $820,217) (refer to Note 14), and of $225,000 for the initiatives of the Developing Nations Committee (2007: $40,000).

In the case of the Developing Nations Committee, $150,000 was received from a member organization for the Africa Focus Group initiative; and $50,000 from the six largest accounting networks and $25,000 from a company in Brazil for the Conference on Accounting and Accountability for Regional Economic Growth in Latin America and the Caribbean (CReCER).

(During 2007, the funding support provided to the Public Interest Oversight Board (PIOB) by the World Bank and the United States Federal Reserve Board of $90,000 was provided to IFAC expressly for the operation of the PIOB (refer to Note 4).)
3. **IFAC Expenses by Activity**

<table>
<thead>
<tr>
<th>Activity</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Auditing and Assurance Standards Board</td>
<td>$3,414,973</td>
<td>$3,569,808</td>
</tr>
<tr>
<td>International Public Sector Accounting Standards Board (refer to Note 14)</td>
<td>$1,514,015</td>
<td>$1,560,180</td>
</tr>
<tr>
<td>Communications</td>
<td>$1,180,595</td>
<td>$1,154,213</td>
</tr>
<tr>
<td>Compliance Program</td>
<td>885,202</td>
<td>891,364</td>
</tr>
<tr>
<td>Developing Nations Committee</td>
<td>845,246</td>
<td>456,490</td>
</tr>
<tr>
<td>International Ethics Standards Board for Accountants</td>
<td>636,493</td>
<td>502,690</td>
</tr>
<tr>
<td>Board and Council</td>
<td>625,679</td>
<td>636,357</td>
</tr>
<tr>
<td>Professional Accountants in Business Committee</td>
<td>498,338</td>
<td>486,363</td>
</tr>
<tr>
<td>International Accounting Education Standards Board</td>
<td>459,675</td>
<td>453,984</td>
</tr>
<tr>
<td>Small and Medium Practices Committee</td>
<td>417,706</td>
<td>386,221</td>
</tr>
<tr>
<td>Transnational Auditors Committee</td>
<td>410,968</td>
<td>386,698</td>
</tr>
<tr>
<td>Nominating Committee</td>
<td>317,863</td>
<td>176,210</td>
</tr>
<tr>
<td>Representation of the Accountancy Profession in the Public Interest</td>
<td>185,502</td>
<td>323,245</td>
</tr>
<tr>
<td>Translations</td>
<td>158,804</td>
<td>–</td>
</tr>
<tr>
<td>Other</td>
<td>39,934</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total IFAC activities</strong></td>
<td><strong>$11,590,993</strong></td>
<td><strong>$10,983,823</strong></td>
</tr>
</tbody>
</table>

| Funding provided to the Public Interest Oversight Board (refer to Note 4) | $1,778,191      | $1,562,243      |
| **Total activities expenses**                                            | **$13,369,184** | **$12,546,066** |
| **Total general expenses**                                               | **$5,106,491**  | **$4,469,586**  |
| **Total operating expenses**                                             | **$18,475,675** | **$17,015,652** |

4. **Public Interest Oversight Board**

The Public Interest Oversight Board (PIOB) for accountancy was formally established in February 2005 and is based in Madrid, Spain. It is legally constituted as a Spanish Foundation. The establishment of the PIOB is the result of a collaborative effort by the international financial regulatory community, in the form of the Monitoring Group, working with IFAC to ensure that the standards developed by IFAC’s boards in the areas of auditing and assurance, education and ethics, and IFAC’s Member Body Compliance Program are operated in a transparent manner that reflects the public interest.

As part of IFAC’s agreement with the Monitoring Group, IFAC provides unconditional guaranteed funding for the operation of the PIOB. Initially, IFAC agreed to guarantee funding for a five-year period, starting with the establishment of the PIOB in February 2005 (first guarantee period). During 2007, IFAC agreed with the Monitoring Group to guarantee funding for a further five-year period, starting March 2010 (second guarantee period). The initial guaranteed funding was an amount up to 1.5 million United States dollars plus annual inflation and foreign exchange adjustments, unless the Monitoring Group advises IFAC that such funding is no longer necessary because of other arrangements.

From January 2007, the denomination of the IFAC guaranteed funding was converted to Euros. The amount of guaranteed funding for 2007 was determined as the Euro equivalent of 1.5 million United States dollars after adjustment for inflation and exchange rate changes since January 2004. For the remainder of the first guarantee period, and for the second guarantee period, the funding is the 2007 amount adjusted annually for the inflation rate in the

*The Statement of Accounting Policies and the accompanying notes form part of the financial statements.*
FINANCIAL STATEMENTS

Eurozone. IFAC accepts the currency risk associated with the guaranteed funding being denominated in Euros, and understands that, on this basis, the PIOB will accept the currency risk associated with any operations or expenses of the PIOB incurred in currencies other than Euros.

The guaranteed funding is delivered on a quarterly basis in advance to the PIOB Foundation, whose independent trustees allocate the funds to the PIOB. The funding for 2008 amounted to $1,778,191 (2007: $1,562,243).

5. Employee Costs

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee costs</td>
<td>$9,523,020</td>
<td>$9,243,985</td>
</tr>
<tr>
<td>Retirement benefit plans (refer to Note 15)</td>
<td>303,350</td>
<td>242,316</td>
</tr>
<tr>
<td><strong>Total employee costs</strong></td>
<td><strong>$9,826,370</strong></td>
<td><strong>$9,486,301</strong></td>
</tr>
</tbody>
</table>

For 2008, the retirement benefit amount of $303,350 (2007: $242,316) comprises the net periodic pension expense of $158,774 (2007: $128,813) associated with the defined benefit plan and an employer contribution of $144,576 (2007: $113,503) associated with the defined contribution plan.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and at bank of $2,178,078 (2007: $787,790).

Of the cash and cash equivalents, there are restrictions on the use of $150,878 (2007: $36,317). For 2008, these restrictions relate to three cash reserves (2007: three cash reserves). The first reserve of $15,000 (2007: $14,805) is for specific use in relation to the Sempier Award, which is awarded in association with the World Congress of Accountants. The second cash reserve of $97,193 (2007: $14,970) represents funds committed to projects relating to the Developing Nations Committee. The third cash reserve of $38,685 (2007: $nil) relates to funding received from member bodies for the development of a guide on practice management for small- and medium-sized practices. As at December 31, 2008, there was no remaining cash reserve designated for the use of the International Public Sector Accounting Standards Board (2007: $6,542).

7. Dues Receivable

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues receivable</td>
<td>$395,732</td>
<td>$219,625</td>
</tr>
<tr>
<td>Provision for uncollectible dues</td>
<td>(40,770)</td>
<td>(79,348)</td>
</tr>
<tr>
<td><strong>Net dues receivable</strong></td>
<td><strong>$354,962</strong></td>
<td><strong>$140,277</strong></td>
</tr>
</tbody>
</table>

8. Receivable from the Forum of Firms

As at December 31, 2008, $87,441 (2007: $1,569,855) represents the remaining amount to be received from the Forum of Firms for contributions invoiced relating to 2008.

The Statement of Accounting Policies and the accompanying notes form part of the financial statements.

Fifty-Eight
9. **Property and Equipment**

<table>
<thead>
<tr>
<th></th>
<th>Office Equipment</th>
<th>Furniture &amp; Fittings</th>
<th>Leasehold Alterations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net book amount</td>
<td>$126,590</td>
<td>$153,246</td>
<td>$188,121</td>
<td>$215,767</td>
</tr>
<tr>
<td>Additions</td>
<td>144,983</td>
<td>65,294</td>
<td>3,997</td>
<td>25,756</td>
</tr>
<tr>
<td>Disposals</td>
<td>1,813</td>
<td>2,167</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation</td>
<td>106,406</td>
<td>89,783</td>
<td>68,480</td>
<td>53,402</td>
</tr>
<tr>
<td>Closing net book amount</td>
<td>$163,354</td>
<td>$126,590</td>
<td>$123,638</td>
<td>$188,121</td>
</tr>
<tr>
<td>Cost</td>
<td>$522,742</td>
<td>$426,363</td>
<td>$378,588</td>
<td>$374,591</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>359,388</td>
<td>299,773</td>
<td>254,950</td>
<td>186,470</td>
</tr>
<tr>
<td>Net book amount</td>
<td>$163,354</td>
<td>$126,590</td>
<td>$123,638</td>
<td>$188,121</td>
</tr>
</tbody>
</table>

10. **Intangible Assets**

<table>
<thead>
<tr>
<th></th>
<th>Software Licenses &amp; Development</th>
<th>Intellectual Property</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net book amount</td>
<td>$218,292</td>
<td>$271,901</td>
<td>$100,000</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>15,440</td>
<td>–</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Amortization</td>
<td>58,691</td>
<td>69,049</td>
<td>20,000</td>
</tr>
<tr>
<td>Closing net book amount</td>
<td>$159,601</td>
<td>$218,292</td>
<td>$80,000</td>
</tr>
<tr>
<td>Cost</td>
<td>$326,747</td>
<td>$326,747</td>
<td>$100,000</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>167,146</td>
<td>108,455</td>
<td>20,000</td>
</tr>
<tr>
<td>Net book amount</td>
<td>$159,601</td>
<td>$218,292</td>
<td>$80,000</td>
</tr>
</tbody>
</table>

IFAC has two categories of intangible assets — software licenses and development, and externally developed intellectual property.

Software licenses and development include the license to operate the database software program that supports IFAC’s Member Body Compliance Program and the IFAC KnowledgeNet (refer to www.IFACnet.com), which is a specialized web search engine for professional accountants.

Externally developed intellectual property consists of the *Guide to Using International Standards on Auditing in the Audit of Small- and Medium-Sized Entities*. This Guide assists in the implementation of the International Standards on Auditing on audits performed by small- and medium-sized practices. The intention is to maintain the Guide through

*The Statement of Accounting Policies and the accompanying notes form part of the financial statements.*
Financial Statements

subsequent revisions over the coming years, particularly to reflect the changes to the International Standards on Auditing resulting from the completion of the Clarity Project of the International Auditing and Assurance Standards Board.

11. Employee Entitlements

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll accrual</td>
<td>$469,933</td>
<td>$438,000</td>
</tr>
<tr>
<td>Annual vacation and other leave provision</td>
<td>243,586</td>
<td>209,853</td>
</tr>
<tr>
<td><strong>Total employee entitlements</strong></td>
<td><strong>$713,519</strong></td>
<td><strong>$647,853</strong></td>
</tr>
</tbody>
</table>

12. Revenue Received in Advance

Revenue received in advance at December 31, 2008 of $64,373 (2007: $221,921) represents membership dues received in advance of $25,688 (2007: $215,379) and funding received from member bodies for the development of the Guide to Practice Management for Use by Small- and Medium-Sized Practices of $38,685 (2007: $nil). The latter will be recognized as revenue as the project is developed. As at December 31, 2008, there was no external funding for the International Public Sector Accounting Standards Board paid in advance (2007: $6,542).

13. Operating Lease Obligations

IFAC entered into a 10-year operating lease for office space at 545 Fifth Avenue in December 2002, with the lease taking effect from May 1, 2003. IFAC’s security deposit for its lease for office space at 545 Fifth Avenue is in the form of outstanding letters of credit. As at December 31, 2008, the total outstanding letter of credit was $152,238 (2007: $152,238). This amount is included in non-current receivables in the statement of financial position. On February 1, 2007, the lease addendum for additional office and meeting space at 545 Fifth Avenue took effect. The lease term for the additional office space is set to coincide with the original lease.

As at December 31, 2008, IFAC also has an operating lease outstanding for one copier machine. There are three and one half years outstanding on this operating lease.

Operating lease payments for the year ended December 31, 2008 were $572,567 (2007: $562,424). Future operating lease payments of $2,757,600 at December 31, 2008 (2007: $3,336,048) are payable as follows:

Obligations payable after balance date on non-cancelable operating leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>$587,788</td>
<td>$578,448</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>2,169,812</td>
<td>2,408,650</td>
</tr>
<tr>
<td>Later than five years</td>
<td>–</td>
<td>348,950</td>
</tr>
<tr>
<td><strong>Total operating lease obligations</strong></td>
<td><strong>$2,757,600</strong></td>
<td><strong>$3,336,048</strong></td>
</tr>
</tbody>
</table>

14. International Public Sector Accounting Standards Board

During 2008, the International Public Sector Accounting Standards Board (IPSASB) continued its development of International Public Sector Accounting Standards (IPSAS) with an increasing focus on the development of IPSAS not addressed by International Financial Reporting Standards/International Accounting Standards developed by the International Accounting Standards Board. Multilateral development banks have provided a substantial amount of funding for this program since its inception, on the basis that the funding be applied to the development of IPSAS. More recently, funding has also been provided by national and regional government entities. This funding is being provided as general funding or specific project funding. In addition, the Canadian Institute of Chartered Accountants continues to support the IPSASB activity in the form of funding for one professional staff member.

The Statement of Accounting Policies and the accompanying notes form part of the financial statements.

Sixty
The IFAC Board expects that the activities of the IPSASB in relation to the standards program will continue and that the funds provided for this purpose by the external funding agencies will be used on those activities.

For the year ended December 31, 2008, the IPSASB had received revenues from external sources and incurred expenses as follows, which are included in IFAC’s financial statements:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPSASB Standards Program</td>
<td>$744,375</td>
<td>$820,217</td>
</tr>
<tr>
<td>(external funding)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>1,165</td>
<td>1,237</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td>$745,540</td>
<td>$821,454</td>
</tr>
<tr>
<td>Employee costs</td>
<td>$860,391</td>
<td>$804,322</td>
</tr>
<tr>
<td>Travel and meeting costs</td>
<td>359,903</td>
<td>425,756</td>
</tr>
<tr>
<td>Consultants</td>
<td>174,490</td>
<td>217,792</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>42,708</td>
<td>51,808</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>76,523</td>
<td>60,502</td>
</tr>
<tr>
<td><strong>Total direct operating expenses</strong></td>
<td>$1,514,015</td>
<td>$1,560,180</td>
</tr>
<tr>
<td><strong>Deficit for the year</strong></td>
<td>$(768,475)</td>
<td>$(738,726)</td>
</tr>
</tbody>
</table>

15. **Retirement Benefit Plans**

*Defined benefit plan*

IFAC participates in the employee pension plan (the plan) of the American Institute of Certified Public Accountants (AICPA). All employees of IFAC are eligible to participate at age 21. Contributions to the plan are made by IFAC. Pension benefits earned are generally based on years of service and compensation during active employment. Since 2001, separate accounting has been maintained by the AICPA on behalf of IFAC. As such, the plan is considered a multiple employer plan. All administrative costs are incurred by the AICPA. An estimate is made to reflect the change in accrued pension costs between July 31 (the plan year end) and December 31, and the pension costs incurred up to December 31.

During 2007, the AICPA made a decision to freeze the accrued benefits of the pension plan effective April 30, 2017. After that date, participants' accrued benefits will not increase and no new participants will be permitted to enter the plan. It is anticipated that this will reduce the plan's obligations over the coming years as well as reduce the annual service costs.
FINANCIAL STATEMENTS

The amounts recognized in the statement of financial position are determined as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of funded obligation at July 31</td>
<td>$1,784,230</td>
<td>$1,772,580</td>
</tr>
<tr>
<td>Fair value of plan assets at July 31</td>
<td>1,393,930</td>
<td>1,526,032</td>
</tr>
<tr>
<td>Funded status</td>
<td>$(390,300)</td>
<td>$(246,548)</td>
</tr>
<tr>
<td>Unrecognized net actuarial loss</td>
<td>712</td>
<td>–</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>120,554</td>
<td>133,726</td>
</tr>
<tr>
<td>Accrued pension costs at July 31 (the plan year end)</td>
<td>$269,034</td>
<td>$112,822</td>
</tr>
<tr>
<td>Adjustment to reflect change in periodic pension expense to December 31</td>
<td>$47,661</td>
<td>$45,099</td>
</tr>
<tr>
<td>Employer contribution</td>
<td>(143,782)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Accrued pension costs</strong></td>
<td><strong>$172,913</strong></td>
<td><strong>$157,921</strong></td>
</tr>
</tbody>
</table>

The amounts recognized in the statement of financial performance are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost — Benefits earned during the period</td>
<td>$146,062</td>
<td>$127,387</td>
</tr>
<tr>
<td>Interest cost</td>
<td>119,659</td>
<td>101,266</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(120,119)</td>
<td>(104,031)</td>
</tr>
<tr>
<td>Amortization of prior service costs</td>
<td>13,172</td>
<td>4,191</td>
</tr>
<tr>
<td>Amortization of (gain)/loss</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net periodic pension expense (refer to Note 5)</strong></td>
<td><strong>$158,774</strong></td>
<td><strong>$128,813</strong></td>
</tr>
</tbody>
</table>

The principal actuarial assumptions used were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>7.375%</td>
<td>6.550%</td>
</tr>
<tr>
<td>Expected long-term rate of return on plan assets</td>
<td>8.250%</td>
<td>8.250%</td>
</tr>
<tr>
<td>Weighted average rate of future compensation increases</td>
<td>4.000%</td>
<td>4.000%</td>
</tr>
</tbody>
</table>

Additional information:

The financial crisis and economic downturn had a material effect on the plan. At December 31, 2008, and based on a revised discount rate of 6.15%, the funded status of the plan was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of funded obligation at December 31</td>
<td>$2,205,272</td>
</tr>
<tr>
<td>Fair value of plan assets at December 31</td>
<td>1,222,510</td>
</tr>
<tr>
<td><strong>Funded status</strong></td>
<td><strong>$(982,762)</strong></td>
</tr>
</tbody>
</table>

This resulted in an unrecognized net actuarial loss of $674,811. This change in circumstances will affect the 2009 financial statements when a portion of the unrecognized net actuarial loss will be recognized over the average remaining service lives of the related employees in accordance with International Accounting Standard 19, Employee Benefits, and the stated accounting policy.
Defined contribution plan
IFAC operates a defined contribution retirement benefit plan for all full-time employees who choose to participate in the plan. IFAC provides an agreed level of contribution relative to the level of each individual employee’s contribution. All participating employees vest immediately in the plan. The plan is operated independently by CitiStreet Associates LLC. For 2008, the level of IFAC contributions that have been recognized as an expense are $144,576 (2007: $113,503). These expenses are included within employee costs in the statement of financial performance (refer also to Note 5).

16. Reconciliation of Net Surplus with Net Cash Inflow from Operating Activities

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net surplus for the period</td>
<td>$81,320</td>
<td>$29,111</td>
</tr>
<tr>
<td>Add/(less) non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>364,264</td>
<td>287,412</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td>79,968</td>
<td>18,581</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>(19,919)</td>
<td>32,991</td>
</tr>
<tr>
<td>Net loss on disposal of property and equipment</td>
<td>313</td>
<td>2,167</td>
</tr>
</tbody>
</table>

Add/(less) movements in working capital:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues receivable</td>
<td>(294,653)</td>
<td>(19,256)</td>
</tr>
<tr>
<td>Receivable from Forum of Firms</td>
<td>1,482,414</td>
<td>(1,021,026)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>(115,123)</td>
<td>160,511</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(74,300)</td>
<td>71,316</td>
</tr>
<tr>
<td>Non-current receivables</td>
<td>8,981</td>
<td>4,126</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>129,959</td>
<td>272,850</td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>65,666</td>
<td>122,106</td>
</tr>
<tr>
<td>Revenue received in advance</td>
<td>(157,548)</td>
<td>156,635</td>
</tr>
<tr>
<td>Accrued pension costs</td>
<td>14,992</td>
<td>19,580</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td><strong>$1,566,334</strong></td>
<td><strong>$137,104</strong></td>
</tr>
</tbody>
</table>

17. Employee Disclosure
As at December 31, 2008, IFAC had 42 full-time employees (2007: 40 full-time employees) and 2 part-time employees (2007: 1 part-time employee). In addition to these employees, IFAC had 6 contracted personnel (2007: 3 contracted personnel), 2 secondees (2007: 1 secondee) and no interns (2007: 1 intern).

18. Financial Instruments
All financial instruments to which IFAC is a party are recognized in the financial statements.

Credit risk
In the normal course of business, IFAC incurs credit risk from trade accounts receivable and transactions with banking institutions. IFAC manages its exposure to credit risk by:

- holding bank balances and short-term deposits with United States-registered banking institutions; and
- maintaining credit control procedures over trade accounts receivable.

The Statement of Accounting Policies and the accompanying notes form part of the financial statements.
As at December 31, 2008, a total of $2,062,551 was held with JP Morgan Chase Bank (2007: $686,225). This represented 60 percent of the total amount of bank balances, short-term deposits, receivables and other current assets (2007: 22 percent). The maximum exposure as at December 31, 2008 is equal to the total amount of bank balances, short-term deposits, and receivables disclosed in the statement of financial position. Receivables considered uncollectible have been adequately provided for.

For the year ended December 31, 2008 one member body accounted for 12 percent of total revenue (2007: 12 percent). There were no amounts due from this member body as at December 31, 2008 (2007: $nil).

IFAC does not require any collateral or security to support financial instruments and other receivables it holds due to the low risk associated with the realization of these instruments.

**Currency risk**

IFAC operates separate bank accounts in Australian dollars, Canadian dollars and Euros. IFAC incurs currency risk as a result of the conversion of foreign currency balances held in these bank accounts to United States dollars at balance date. The currency risk associated with this balance is considered minimal and therefore IFAC does not hedge its foreign currency exposure.

Foreign currency transactions are translated to United States currency at exchange rates at the date of the transactions.

**Interest rate risk**

The interest rate risk on funds held is managed through the use of short-term investments held until maturity. The interest rate risk associated with short-term deposits is considered minimal.

**Fair values**

As at December 31, 2008, the carrying amounts approximate the fair values for all financial instruments held by IFAC (2007: carrying amounts approximate the fair values).

**19. Related Parties**

**Council**

Ultimate governance of IFAC rests with the IFAC Council, which comprises one representative from each member. The Council meets once a year and is responsible for deciding constitutional and strategic matters and electing the Board. Positions on the Council are voluntary and there is no honorarium paid for any position held.

**Board**

The IFAC Board is comprised of members from around the globe who, as representatives of the worldwide accountancy profession, have signed a declaration to act with integrity and in the public interest. The Board is comprised of the President, Deputy President, and twenty other individuals nominated by various member organizations. Board members are elected for up to three-year terms and are responsible for setting policy and overseeing IFAC operations, the implementation of initiatives, and the allocation of resources to and overseeing the activities of the various IFAC boards and committees. During 2008, the Board met four times in person (2007: the Board met 4 times in person and once by teleconference). Positions on the Board are voluntary and there is no honorarium paid for any position held.

**Senior Executive Management**

The Senior Executive Management (key management personnel) includes the Chief Executive Officer and four Directors who are responsible for operating the various activities of the organization. They are remunerated by the organization. The aggregate remuneration of key management personnel was $2,661,931 for 2008 (2007: $2,476,969).

There were no loans to key management personnel and their close family members which were not available to other categories of staff. There was no other remuneration or compensation to key management personnel and their close family members.
IFAC Representatives
On occasion, IFAC Officers, Board members, and other volunteers are required to represent IFAC in a variety of capacities. When this is the case, IFAC reimburses these individuals for travel and other incidental expenses on an actual basis as per IFAC policies. These payments are not remuneration payments and occur in the normal course of business.

IFAC Member Organizations
The transactions between IFAC and its member organizations occur in the normal course of business. Member organizations provide annual financial contributions (dues) to IFAC as determined by the basis of assessment approved by the IFAC Council. In addition, IFAC has entered into contracts with three member organizations (the Canadian Institute of Chartered Accountants, Certified General Accountants’ Association of Canada, and CPA Australia) for the development and three-year maintenance of three separate guides for small- and medium-sized practices.

Forum of Firms
The Forum of Firms provides an annual financial contribution to IFAC for an agreed amount and full contribution for Transnational Auditors Committee related expenses. (Refer also to Note 20.)

IFAC Employees
As part of employee relocation packages included in individual employment contracts, IFAC offers to provide employees a guarantee or deposit to secure rented residence. As at December 31, 2008, the balance outstanding of employee receivables relating to residential security deposits was $57,436 (2007: $66,417). This amount is included in non-current receivables in the statement of financial position.

20. Forum of Firms
The objective of the Forum of Firms (Forum) and its relationship with IFAC are established by the Forum’s Constitution. The Forum is legally registered in Geneva, Switzerland, under the Swiss Civil Code.

The executive committee of the Forum is the Transnational Auditors Committee (TAC), which by way of the Constitution is also a committee of IFAC. The TAC is effectively the operational body of the Forum, as it has executive authority and is currently staffed by two IFAC employees, who each spend part of their time on TAC business. The members of the TAC are selected by the Forum and are approved by the IFAC Nominating Committee and the IFAC Board.

For 2008, the IFAC financial statements reflect revenues from the Forum for amounts invoiced to the Forum for the agreed IFAC contributions totaling $6,663,699 (2007: $5,826,697) and for the full contribution for TAC related expenses totaling $410,968 (2007: $386,698). These amounts are paid to IFAC on a quarterly in arrears basis. (Refer to Note 8 for the information relating to the receivable from the Forum.)

21. Commitments and Contingencies
As at December 31, 2008, IFAC had no outstanding commitments other than those lease obligations identified in Note 13 (2007: $nil).

As at December 31, 2008, IFAC had been assessed penalties of approximately $39,000 for outstanding payroll taxes by the United States Internal Revenue Service (IRS). IFAC is seeking to have the IRS abate the assessed penalties on the basis that they relate to an incorrect allocation between 2006 and 2007 payroll taxes by the IRS. IFAC currently has no outstanding payroll taxes. On the basis of this reasoning, IFAC’s management does not believe that it will need to pay the assessed penalties. As a result, no contingency or provision has been made in relation to this penalty. IFAC has no other contingencies outstanding as at December 31, 2008 (2007: $nil).

The Statement of Accounting Policies and the accompanying notes form part of the financial statements.
22. Line of Credit
   As at December 31, 2008, IFAC had an available credit with its bank, JP Morgan Chase of $1,500,000 (2007: IFAC
did not hold an available credit as at December 31). IFAC did not access its line of credit while available during 2008
and 2007. Borrowings under the line of credit are collateralized by substantially all of IFAC’s assets.

23. Reclassifications
   Certain reclassifications have been made to the 2007 financial statements to conform to the current period
presentation. The reclassifications had no effect on the previously reported surplus.
REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the International Federation of Accountants (“IFAC”), which comprise the statement of financial position as at December 31, 2008 and 2007, and the statements of financial performance, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance 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 controls 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 controls. 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of IFAC as of December 31, 2008 and 2007, and of its financial performance, changes in its equity, and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS
February 20, 2009