

IFIAR Verein

Financial Statements

for the year to 31 December, 2011

Chair's Statement

The IFIAR Verein has as its sole purpose to facilitate the effective administration and organisation of IFIAR, the International Forum of Independent Audit Regulators. It does this by being the vehicle for the joint funding by IFIAR Members of the provision of IFIAR's organisational and administrative support, which is currently provided by staff of the organisations of the Chair and Vice-Chair of IFIAR. During 2011, these organisations were the UK's Financial Reporting Council (FRC), the Netherlands Authority for Financial Markets (AFM) until April 2011 and the US Public Company Accounting Oversight Board (PCAOB) from April 2011.

The income of the Verein is the Membership fees paid by IFIAR Members and the expenditure is payments to the Officers' organisations for their staff time and expenses, together with the administrative costs of the Verein, such as the audit fee. The Executive Committee of the IFIAR Verein comprises the Chair and Vice-Chair of IFIAR. In addition, the IFIAR Treasurer is responsible for overseeing the activities of the IFIAR Verein. In 2011, these positions were held by:

IFIAR Chair, up to April 2011:

Steven Maijoor, Managing Director, Netherlands Authority for Financial Markets (AFM).

IFIAR Chair, from April 2011; IFIAR Vice-chair, up to April 2011:

Paul George, Director of Audit, UK Financial Reporting Council (FRC).

IFIAR Vice-chair, from April 2011:

Dan Goelzer, Board Member, US Public Company Accounting Oversight Board (PCAOB).

IFIAR Treasurer:

Frank Schneider, Executive Director, Swiss Federal Audit Oversight Authority (FAOA).

The IFIAR Verein was established on March 22, 2010. The general meeting of the members of the Verein, which comprise all the Members of IFIAR, was held on April 11, 2011. The meeting adopted the Financial Statements of the Verein for the period to 31 December 2010 and confirmed the Swiss Federal Audit Office as on-going auditors to the Verein. At the time of establishment, the Members agreed that the costs of organisational and administrative support for IFIAR for the period from January 1, 2010 to the establishment of the Verein would be incurred by the Verein. Therefore, the comparative amounts for 2010 in these financial statements include such costs as if incurred on the date of establishment.

I have enjoyed the challenges of being Chair of IFIAR since assuming the role in April 2011 and look forward to playing my part in its continuing development for the remainder of my term to April 2013.

I would like to pay tribute to my predecessor, Steven Maijoor, and to my Vice-Chair, Dan Goelzer, for their hard work and commitment to the positive development of IFIAR. I would also like to thank the secretariat for their efficiency and continued support.

Paul George

IFIAR Chair



Reg. Nr. 1.12245.914.00421.02

INDEPENDENT AUDITOR'S REPORT

to the General Meeting of the IFIAR Verein, Berne

Report on the Financial Statements

We have audited the accompanying financial statements of IFIAR Verein which comprise the statement of financial position as at December 31, 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Executive Committee's responsibility for the Financial Statements

The Executive Committee is responsible for the fair preparation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the IFIAR Verein as at December 31, 2011, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

Report on Regulatory Requirements

Furthermore, we verified whether the disbursements were consistent with the IFIAR budget and the criteria for disbursement.

We noted the following exception: actual costs for travel expenses show an overrun of EUR 22'729 compared to the budget 2011, whereas total operational expenditure for 2011 of EUR 341'463 is still below the budgeted amount of EUR 410'000.

Berne, 30 March 2012

SWISS FEDERAL AUDIT OFFICE



Walter Risler
Licensed audit expert



Carole Balli
Licensed audit expert

Enclosure: IFIAR Verein Financial Statements 2011

Statement of Comprehensive Income for the year/period ended 31 December

	Note	2011	2010
		€	€
Staff costs		266,927	271,863
Travel expenses		62,729	40,943
Meeting expenses		3,534	3,138
Bookkeeping/accounting expenses		0	52
Audit expenses		5,902	4,019
Website development and other expenses		2,371	22,418
Operational expenditure	3	341,463	342,433
Interest income		0	0
Net operating expenditure		341,463	342,433
Revenue	4	377,500	345,000
Surplus		36,037	2,567

Statement of Financial Position at 31 December

	Note	2011	2010
			€
Assets			
Current assets:			
Trade and other receivables	5	25,000	10,000
Cash and cash equivalents		322,717	186,068
Total assets		347,717	196,068
Liabilities			
Current liabilities:			
Accounts payable	6	98,973	-
Accruals	7	210,140	193,501
Total liabilities		309,113	193,501
Net Assets		38,604	2,567
Equity			
Retained surplus		38,604	2,567

Statement of Changes in Equity for the year/period ended 31 December

	Note	2011	2010
		€	€
As at 1 January		2,567	
As at 22 March			-
Surplus for the year		36,037	2,567
As at 31 December		38,604	2,567

Cash Flow Statement for the year/period ended 31 December

	Note	2011	2010
			€
Surplus on ordinary activities		36,037	2,567
Increase in receivables		(15,000)	(10,000)
Increase in payables		115,612	193,501
Cash flows from operating activities		136,649	186,068
Interest received		-	-
Net increase in cash		136,649	186,068
Cash at beginning of period		186,068	-
Cash at the end of period		322,717	186,068

Notes to the financial statements

1 General information

The IFIAR Verein is a Swiss Verein which is established solely for the collection of membership fees and distribution of these amounts in recompense of the provision of administrative and organisational support of IFIAR, currently provided by staff from the organisations of the IFIAR Chair and Vice-Chair. It is a Swiss Verein pursuant to article 60 of the Swiss Civil Code. It is domiciled at the Offices of the FAOA, Switzerland. Its correspondence address is at the FRC.

These financial statements were authorised for issue by the IFIAR Verein Executive Committee on 30 March 2012.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of presentation

The financial statements of the IFIAR Verein have been prepared in accordance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs) issued by the International Accounting Standards Board. They have been prepared under the historical cost convention.

2.2 Cash

The measurement basis for cash amounts is the balance at the IFIAR Verein bank account.

2.3 Receivables

Receivables are recognised at the transaction price, with a provision if deemed necessary.

2.5 Revenue recognition

Revenue comprises the Membership fees of the Members of the IFIAR Verein. Revenues are recognized on an accruals basis.

2.6 Foreign currencies

The functional and presentation currency for the IFIAR Verein is the Euro. Exchange rates to foreign currencies are set at the date of the transaction, or as of balance sheet date.

2.7 Assumptions/key sources of uncertainty

There were no significant assumptions made or key sources of uncertainty in the preparation of these financial statements.

3 Operational expenditure

The operational expenditure is analysed by organisation and against budget below; it is analysed by category against the previous year on the face of the Statement of Comprehensive Income.

	FRC	AFM	PCAOB	Other	2011	Budget	Difference
	€	€	€	€	€	€	€
Staff costs	156,949	31,100	78,878		266,927	325,000	58,073
Travel expenses	21,198	5,092	36,439		62,729	40,000	(22,729)
Meeting expenses	3,534				3,534	10,000	6,466
Bookkeeping/accounting expenses				-	-	5,000	5,000
Audit expenses				5,902	5,902	10,000	4,098
Website development and other expenses	2,194			177	2,371	20,000	17,629
Operational expenditure	183,875	36,192	115,317	6,079	341,463	410,000	68,537

Staff costs are below budget but similar to 2010 reflecting the level of activity of the secretariat with some efficiencies achieved against budget. Travel expenses are above budget and the prior year reflecting increased costs of travel due to the location of the secretariat staff from the PCAOB. Budgeted website and other costs were not incurred in the year.

4 Revenue

Revenue for the year/period to 31 December comprised:

	2011	2010
	€	€
36 Members paid €10,000 (2010: 33 Members)	360,000	330,000
1 Member was allowed a fee waiver and paid a reduced amount of €2,500 (2010: 2 Members)	2,500	5,000
4 Members joined during the year and paid fees reflecting their length of Membership (2010: 2 Members)	15,000	10,000
Total revenue	377,500	345,000

5 Receivables

Receivables of €25,000 (2010: €10,000) comprise outstanding membership fees from IFIAR Members; all were received shortly following the year-end.

6 Accounts payable

The accounts payable at the end of the period comprised operational expenses invoiced by FRC as follows:

	2011	2010
	€	€
Staff costs	86,600	-
Travel expenses	2,480	-
Meeting expenses	2,778	-
Audit expenses for 2010 audit	4,921	-
Website development and other expenses	2,194	-
Operational expenses	98,973	-

The invoice was paid in January 2012.

7 Accruals

The accruals at the end of the period comprised operational expenses incurred but not invoiced at the year-end by FRC and PCAOB as follows:

	FRC	PCAOB	Other	2011	2010
	€	€	€	€	€
Staff costs	70,350	78,878		149,228	157,475
Travel expenses	18,717	36,440		55,157	11,402
Meeting expenses	756			756	-
Audit expenses for 2011			5,000	5,000	4,019
Other expenses					20,605
Operational expenses	89,823	115,318	5,000	210,141	193,501

The amounts due to the FRC and the PCAOB were invoiced to IFIAR Verein in February 2012. The audit will be invoiced after its finalization.

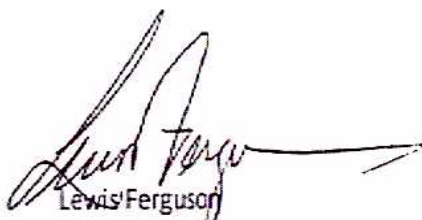
8 Related-party transactions

The majority of the activity of IFIAR Verein is conducted with related parties, being the Members of IFIAR (who are also the members of the Verein). All revenues are obtained from Members, whilst the majority of operating expenses are paid to the organisations of the Chair and Vice-Chair of IFIAR. In 2011 the only third parties with which the Verein interacted were the auditors, the providers of indemnity insurance for the Executive Committee and the Verein's bank, Credit Suisse.

Approved on 30 March, 2012, by



Paul George
IFIAR Chair



Lewis Ferguson
IFIAR Vice-Chair