In 2011, the International Accounting Standards Board (IASB) was so engrossed in progressing some major projects toward completion, along with a change of board leadership, that an important milestone passed by without much celebration – our 10th anniversary. This special edition of the *Australian Accounting Review*, reflecting on the IASB’s first 10 years, is particularly welcome and timely.1

In just 10 years, the IASB improved the quality of global financial reporting enormously. It would take pages to list all of the Board’s achievements since 2001. Here is a sample.

### Progress Towards a Global set of Standards

- The number of countries requiring International Financial Reporting Standards (IFRS) for public companies has grown from a relative handful to well over 100, and millions of companies in more than 80 countries are using the IFRS for small and medium enterprises (SMEs).
- Substantial progress has been made toward convergence of US Generally Accepted Accounting Principles (GAAP) and IFRS.
- The US Securities and Exchange Commission (SEC) now permits foreign issuers to submit IFRS financial statements without reconciliation to US GAAP – acknowledgement that IFRS meet the needs of American investors.

### Improved Consistency through the Elimination of Choices

- Pooling of interests accounting is history.
- Artificial smoothing of pension cost via the ‘corridor’ is a thing of the past.
- We now have consistent treatment of changes in accounting policy, corrections of errors, and changes in estimates.
- There is a single global method of accounting for borrowing costs.
- Last-in, first-out (LIFO) was eliminated as an inventory costing alternative.
- Charging or crediting items of income or expense directly to equity is no longer permitted.
- The extraordinary item classification on the income statement has been eliminated.
- Airlines and others now account in a consistent way for customer loyalty programmes.
- Proportionate consolidation of jointly controlled entities has ended.

### Improving Reporting of Financial Instruments

- More financial instruments are measured at fair values.
- Most structured entities, securitisation vehicles and other controlled assets and liabilities that formerly were disclosed in the notes, if at all, are on balance sheets.
- Disclosures about financial instruments have been dramatically improved.

### Enhanced Disclosures

- Significant judgements made by management in applying accounting policies are disclosed.
- Key assumptions about sources of measurement uncertainty are disclosed.
- Related party disclosures have been strengthened.
- We have new requirements to disclose information about the nature, extent and risks relating to an entity’s interests in unconsolidated structured entities.

### Other Achievements

- A GAAP hierarchy was agreed.
- The objective and qualitative characteristics of financial reporting were revised.
- A single definition of fair value was adopted, with comprehensive guidance.
- The cost of stock options and other share-based compensation is now recognised.
- Component depreciation is required, and estimates of residual values and useful lives are kept up to date.
• An entity that elects to revalue its property, plant and equipment (PP&E) must do so regularly and must measure the assets at market-based fair values.
• Arrangements that are in-substance leases are now on the balance sheet.
• The concepts of functional currency and presentation currency were adopted.
• The principle of control as the basis for consolidation has been strengthened.
• A standard tailored for SMEs was published.
• There is a programme of annual relatively minor improvements to IFRS.

**Work in Progress**

• We are close to bringing all leased assets and lease obligations (other than immaterial ones) onto lessee balance sheets.
• Projects on revenue, insurance, hedging, impairment and many others are well developed.
• The Board undertook its first comprehensive public consultation on its future agenda.

**Thank You Sir David**

While IFRS are the result of a collective effort of the whole Board, as well as our staff and our constituents, one person deserves special recognition for the foregoing achievements: Sir David Tweedie, chairman of the IASB from 2001 to 2011. When David took on the leadership of the IASB, only a few small countries even permitted IAS. Now, well over 100 countries require IFRS for companies trading in their public capital markets. And millions of small companies have benefitted from the IFRS for SMEs. Investors, lenders, creditors and others are much better informed in making their resource allocation decisions.

**And Happy Birthday to the IASB**

Our second decade has begun. Everyone involved has good reason to take pride in our accomplishments in the first 10 years.

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