Financial Statements

Statement of Comprehensive Income (in euros)

Year ended December 31, 2014

Notes 1 and 2

	2014	2013
REVENUE		
Contributions from members (Note 3)	4.211.050	4.049.949
Annual Conferences (Note 3)	120.000	120.000
Exchange Gain	10.753	-
Other (Note 3)	30.549	6.882
Total Revenue	**4.372.352**	**4.176.831**
EXPENSES		
Salaries and employee benefits (Note 4)	2.177.824	2.005.855
Rental and maintenance (Note 13)	88.047	83.559
Travelling	467.133	473.865
Office Supplies	35.480	36.848
Organization and follow up of meetings	103.879	43.074
Telecommunications	103.975	104.487
Delivery and communication	6.113	7.176
Printing and Annual Report	48.853	38.886
Information Technology	152.651	149.842
Professional fees	87.618	100.435
Educational programs and TA	86.170	121.559
Miscellaneous	41.861	43.691
Exchange loss	-	1.613
PIOB Funding (Note 5)	100.000	100.000
Foundation (legal, consulting fees & travel) (Note 6)	-	215.488
Amortization of capital assets (Note 8)	39.316	37.025
Total Expenses	**3.538.920**	**3.563.403**
Taxation (Note 11)	**-**	**-**
Excess of revenue over expenses before tax (expenses over revenue)	**833.432**	**613.428**
Other comprehensive income net of tax	-	-
Total comprehensive income for the year net of tax	**833.432**	**613.428**

The accompanying notes are an integral part of the financial statements.

Statement Of Financial Position (in euros)

Year ended December 31, 2014

Notes 1 and 2

	2014	2013
ASSETS		
Current assets		
Cash (Note 7)	1.277.690	1.019.790
Term Deposits (Note 7)	3.000.000	2.502.497
Accounts Receivable (Note 9)	59.175	99.569
Prepaid Expenses	52.239	65.560
	4.389.104	**3.687.416**
Capital Assets (Note 8)	110.240	53.999
Total Assets	**4.499.344**	**3.741.415**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	362.343	417.216
Contributions received in advance (Note 3)	238.646	259.276
Total Liabilities	**600.989**	**676.492**
MEMBERS' FUNDS		
Excess of revenue over expenses net of tax (expenses over revenue)	833.432	613.428
Unrestricted members´ funds	3.064.923	2.451.495
Total members´ funds	**3.898.355**	**3.064.923**
Total liabilities and members´ funds	**4.499.344**	**3.741.415**

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Net Assets (in euros)

Year ended December 31, 2014

Notes 1 and 2

		2014	2013
	UNRESTRICTED	TOTAL	TOTAL
Balance, beginning of year	3.064.923	3.064.923	2.451.495
Excess of revenue over expenses net of tax (expenses over revenue)	833.432	833.432	613.428
Balance, end of year	**3.898.355**	**3.898.355**	**3.064.923**

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows (in euros)

Year ended December 31, 2014

Notes 1 and 2

	2014	2013
OPERATING ACTIVITIES		
Total comprehensive income for the year net of tax	833.432	613.428
Depreciation of capital assets (Note 8)	39.316	37.025
Decrease (increase) in working capital items (Note 10)	(21.788)	209.029
Net cash generated	**850.960**	**859.482**
INVESTING ACTIVITIES		
Term deposits transactions (Note 7)	(2.500.000)	(500.000)
Capital expenditures (Note 8)	(95.557)	(14.975)
Net cash used	**(2.595.557)**	**(514.975)**
Net increase (decrease) in cash and cash equivalents	**(1.744.597)**	**344.507**
Cash and cash equivalents, beginning of period	3.022.287	2.677.780
Cash and cash equivalents, end of period	1.277.690	3.022.287
CASH AND CASH EQUIVALENTS		
Cash (Note 7)	1.277.690	1.019.790
Term deposists (Note 7)	-	2.002.497
	1.277.690	**3.022.287**

The accompanying notes are an integral part of the financial statements.

1 Governing Statutes and Purpose of the Organization

The non-profit organization IOSCO (hereinafter "the Organization"), incorporated under a private act in Canada (L.Q. 1987, Chapter 143) sanctioned by the Quebec National Assembly, is an association of securities regulatory organizations. During 2001 the Organization changed its domicile to Madrid (Spain). It is recognized by the Spanish Government by means of the Third Additional Disposition of Law 55/1999.

IOSCO is the international standard setter for securities regulation. Its current membership comprises regulatory bodies from over one hundred jurisdictions who have day-to-day responsibility for securities regulation and the administration of securities laws.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements are prepared in Euros which is the organization´s functional currency.

These financial statements were authorised for issue by the Secretary General of the Organization on March 31, 2015.

Measurement bases

The financial statements have been prepared on an accrual basis with all assets and liabilities, valued at cost or amortized costs.

Accounting estimates

The preparation of these financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actuals results may differ from these estimates.

Revenue and cost recognition

Member contributions are deferred when prepaid and recognised as income only upon accrual and receipt. Contributions received in advance represent prepaid members contributions.

Operating costs are recognized as an expense when incurred.

Capital assets

Capital assets are recorded at cost less accumulated depreciation. Any impairment in the net recoverable amount as compared to the net carrying amount is recognized immediately.

Gains and losses on disposal are included in the Statement of Comprehensive Income.

Capital assets are depreciated over their estimated useful lives according to the following methods and annual rates:

	Methods	Rates
Furniture and fixtures	Straight-line	20%
Computer equipment		
Computers and Software	Straight-line	33%
Servers	Straight-line	25%
Vehicles	Straight-line	25%

Foreign currency translation

The Organization's functional and presentational currency is Euros. Foreign currency transactions are accounted for in Euros at the rates of exchange prevailing at the transaction date. Exchange gains or losses on settlement of balances are recognized in the Statement of Comprehensive Incomes when they arise.

Monetary assets and liabilities denominated in foreign currencies are translated to Euros at the foreign exchange at the end of the reporting period. Foreign exchange differences arising on translation are included in the Statement of Comprehensive Income.

3 Revenue

Contributions from members include membership fees collected in the year, corresponding to contributions due for the reporting period and previous reporting periods and contributions from agencies applying for membership.

Annual conference revenue represents the contribution from the member hosting the Annual Conference.

Other revenue is comprised basically by interest from term deposits (see Note 7).

The account "Contributions received in advance" of the statement of financial position at 31 December 2014 includes funding received from members in 2014, amounting € 238,646; which is designated for subsequent periods (contributions of € 259,275 received in advance during 2013)

4 Salaries and employee benefits. Secondment program

The average staff of the General Secretariat in 2014 and 2013 is shown in the chart below:

	2014			2013		
	Men	Women	Total	Men	Women	Total
Permanent staff	9	11	20	9	10	19
Secondees	7	1	8	4	3	7
Intern	-	1	1	-	1	1
Total Staff	**16**	**13**	**29**	**13**	**14**	**27**

	2014	2013
Gross salaries	1,837,552	1,665,780
Spanish social security	242,827	237,547
Other social benefits	97,445	102,528
Total salaries and employee benefits	**2,117,824**	**2,005,855**

(in euros)

In 2014 the Organization had the benefit of seconded staff from the China Securities Regulatory Commission (CSRC), Bundesanstalt für Finanzdienstleistungsaufsicht of Germany (BaFin), the Securities and Futures Commission of Hong Kong (SFC), the Financial Services Agency of Japan (JFSA), the Financial Supervisory Service of Korea (FSS), the Securities and Exchange Commission of Nigeria (NSEC), the Financial Conduct Authority of United Kingdom (FCA), the Securities and Exchange Commission of the United States (SEC) and the Commissione Nazionale per le Società e la Borsa of Italy (CONSOB).

The normal mode of operation of the secondment program is for the Organization to enter into a trilateral agreement between the sponsoring member and the secondee, offering the secondee an employment contract in Spain.

Secondment program revenue includes contributions from members sponsoring staff to join the General Secretariat temporarily. These contributions generally cover a portion of the seconded staff's salary costs paid through the Organization. Revenue is recognized based on the terms, amounts and payment schedule determined by the Secondment agreement between the Organization and the sponsoring member. The amounts payable to the secondee as part of the respective employment contract are recognized and accrued as an expense. In order to enhance comparability, the amounts corresponding to the secondment program, both revenue and expenditure have been offset in the Statement of Comprehensive Income. Consequently, the net difference between revenue and subsidized costs arising from social security adjustment is recognized on a net basis in the income statement under the "Salaries and employee benefits – Other social benefits" account, as shown in the chart below:

	2014	2013
Revenue associated to the Secondment Program	566.757	299,738
Subsidized expenditure associated to the Secondment Program	(571.574)	(312,779)
Net difference as at December 31	**(4.817)**	**(13,041)**

(in euros)

In addition, as part of the secondment agreements and in compliance with the IOSCO Secondment Program, IOSCO assumes certain costs, which are also recognized in the income statement in the "Salaries and employees benefits – Other social benefits" account, related to the moving and relocation of the secondees from their country of origin to Madrid, amounting to € 33,438 (€ 56,549 for the year 2013).

There is a minority of cases where, as distinct from the above trilateral agreement, the sponsoring member continues to take care directly of all the employment, administrative and financial requirements with regard to the secondee, where IOSCO does not have any direct formal employment link with the secondee and does not hold any financial obligation, and in consequence revenue and the related expenditure has not been accrued.

5 PIOB Funding

The Monitoring Group, is a group of international financial institutions and regulatory bodies committed to advancing the public interest in areas related to international audit standard setting and audit quality.

The members of the Monitoring Group are: Basel Committee on Banking Supervision, European Commission, Financial Stability Board, International Association of Insurance Supervisors, International Forum of Independent Audit Regulators, International Organization of Securities Commissions and the World Bank.

The Monitoring Group´s mission is to

> cooperate in the interest of promoting high-quality international auditing and assurance, ethical and education standards for accountants;

> monitor the implementation and effectiveness of the IFAC Reforms, and in that connection, to undertake an effectiveness assessment of the IFAC Reforms and other aspects of IFAC's operations that involve the public interest;

> through its Nominating Committee, appoint the members of the Public Interest Oversight Board (PIOB);

> monitor the execution by the PIOB of its mandate;

> consult and advise the PIOB with respect to regulatory, legal and policy developments that are pertinent to the PIOB's public interest oversight; and

> convene to discuss issues and share views relating to international audit quality as well as to regulatory and market developments having an impact on auditing.

The Public Interest Oversight Board (PIOB) was formally established in February 2005 as part of the IFAC Reform Proposals with the objective to increase investor and other stakeholder confidence that IFAC's public interest activities, including standard setting by IFAC's independent boards, are properly responsive to the public interest.

With the view of diversifying funding sources for the PIOB, the IOSCO Executive Committee decided in October 2011 to provide the PIOB a direct financial contribution of one hundred thousand Euros per year, starting in 2013.

IOSCO has contributed €100,000 to the PIOB in 2014 and 2013, each.

6 IOSCO Foundation start-up costs

The IOSCO Board agreed in October 2012 to explore the feasibility of setting up an IOSCO Foundation to raise and apply additional funds to certain key activities. This exploratory phase consisted of seeking external legal and tax advice for the creation of a legal entity and conducting a preliminary outreach exercise to assess the potential of raising resources from external funding sources

The cost of this exploratory phase, which took place in 2013, had been fully funded by IOSCO and comprised legal and tax advisory services, consulting fees and travel costs.

7 Cash and Term Deposits

Cash is held in current bank accounts or bank term deposits denominated in Euros in Barclays Bank, S.A.U. and Santander Private Banking, both EU entities with an upper medium credit rating. Cash balances include a small portion held in US dollar amounts. There are no restrictions for the use of cash.

The basic terms of the bank deposits as of 31 December 2014 and 2013 are shown in the charts below:

				2014	
Counterparty (in euros)	**Currency**	**Contract date**	**Maturity date**	**Annualized interest rate**	**Amounts**
Banco Santander	Euro	10/01/2014	10/02/2016 (*)	0.89%	500,000
Banco Santander	Euro	14/01/2014	14/02/2016 (*)	0.89%	500,000
Banco Santander	Euro	17/01/2014	17/02/2016 (*)	0.89%	500,000
Banco Santander	Euro	20/01/2014	20/02/2016 (*)	0.89%	500,000
Banco Santander	Euro	01/02/2014	01/03/2016 (*)	0.89%	500,000
Banco Santander	Euro	07/02/2014	07/03/2016 (*)	0.79%	500,000
Total as at December 31, 2014					**3,000,000**

(*) Term deposits with quarterly liquidity windows.

				2013	
Counterparty	**Currency**	**Contract date**	**Maturity date**	**Annualized interest rate**	**Amounts**
Banco Santander	Euro	06/09/2013	06/10/2014	1.599%	500,000
Banco Santander	Euro	18/12/2013	10/01/2014	0.860%	500,624
Banco Santander	Euro	18/12/2013	12/01/2014	0.860%	500,624
Banco Santander	Euro	18/12/2013	14/01/2014	0.860%	500,624
Banco Santander	Euro	18/12/2013	16/01/2014	0.860%	500,625
Total as at December 31, 2013					**2,502,497**

8 Capital Assets

	Vehicles	Furniture and fixtures	Computer equipment	2014 Total
At the lower of recoverable value and cost				
Balance, beginning of year	-	59,485	608,166	667,651
Additions	37,561	45,114	12,882	95,557
Disposals	-	-	-	-
Balance, end of year	37,561	104,599	621,048	763,208
Accumulated depreciation				
Balance, beginning of year	-	(39,222)	(574,430)	(613,652)
Depreciation	(4,696)	(13,611)	(21,009)	(39,316)
Disposals	-	-	-	-
Balance, end of year	(4,696)	(52,833)	(595,439)	(652,968)
Net as at December 31, 2014	**32,865**	**51,766**	**25,609**	**110,240**

(in euros)

	Furniture and fixtures	Computer equipment	2013 Total
At the lower of recoverable value and cost			
Balance, beginning of year	59,485	593,191	652,676
Additions	-	14,975	14,975
Disposals	-	-	-
Balance, end of year	59,485	608.166	667,651
Accumulated depreciation			
Balance, beginning of year	(29,824)	(546,803)	(576,627)
Depreciation	(9,398)	(27,627)	(37,025,)
Disposals	-	-	-
Balance, end of year	(39,222)	(574,430)	(613,652)
Net as at December 31, 2013	**20,263**	**33,736**	**53,999**

(in euros)

Fully depreciated capital assets amounted to € 579,599 thousand and € 535,518 thousand at 31 December 2014 and 2013, respectively.

9 Accounts receivable and accounts payable and accrued liabilities

a) Accounts receivable

	2014	2013
Secondment contributions	39,855	82,402
Other	19,320	17,167
Total Accounts receivable	**59,175**	**99,569**

(in euros)

b) Accounts payable and accrued liabilities

	2014	2013
Professional services	39,777	42,774
Occupancy	70,000	75,000
Spanish Taxes (employee's income tax withheld) and Social Security	106,985	97,912
Contractual staff commitments	54,000	79,406
Travelling	40,464	37,389
Other	51,117	84,735
Total Accounts payable and accrued liabilities	**362,343**	**417,216**

(in euros)

10 Information Included in the Statement of Cash Flows

The increases (decreases) in working capital items are detailed as follows:

	2014	2013
Accounts receivable	(40,394)	(22,460)
Prepaid expenses	(13,321)	(21,941)
Accounts payable and accrued liabilities	54,873	(25,353)
Contributions received in advance	20,630	(139,275)
Increases (decreases) in working capital	**21,788**	**(209,029)**

(in euros)

11 Taxation

On 29 December, 1999, the Spanish Parliament passed legislation (Law 55/1999), to exempt the Organization from Spanish income tax. On 23 November 2011, IOSCO signed a Headquarters Agreement with the Kingdom of Spain upgrading and improving the current legal and tax framework for IOSCO in Spain.

12 Government Assistance

As part of the localization agreement in Madrid, IOSCO receives from the Spanish Authorities the right to use a 56% share of the 12 Oquendo premises free of charge, exclusive of non-structural maintenance expenses (electricity, water, elevator maintenance, etc). The estimated revenue in kind associated to the 56% share to use free of charge of the 12 Oquendo premises is of € 388,344 (€ 408,000 in 2013).

Finally, the agreement between CNMV and IOSCO set out that the CNMV will be responsible for meeting the costs of security and maintenance of security systems in the IOSCO premises; insuring the premises; and municipal and local property taxes. The revenue in kind attributed to the 56% share of the 12 Oquendo premises IOSCO occupies has been estimated at € 67,642 for 2014 (€ 49,273 in 2013).

13 Rental and Maintenance

	2014	2013
Estimated Spanish Authorities’ charges for non-structural maintenance costs (see Note 12)	70,000	75,000
Other external maintenance services	18,047	8,559
Total rental and maintenance	**88,047**	**83,559**

(in euros)

14 Auditors´ remuneration

The total annual remuneration paid by IOSCO to its auditors is € 9,000 for 2014 and 2013.

15 Subsequent Events

In the opinion of the management there are no significant events that need to be reported.