

Public Interest Oversight Board
FOUNDATION

FINANCIAL STATEMENTS

for the year ended 31 December 2020,
together with Independent Auditor's Report

PIOB

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Fundación Public Interest Oversight Board

Opinion

We have audited the financial statements of Fundación Public Interest Oversight Board (the Foundation or PIOB), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 in the financial statements in relation to the Foundation's future funding commitment. Funding from the International Federation of Accountants (hereinafter "IFAC") for the year 2020 represented approximately 58,99% of the Foundation total income. On March 3, 2020 IFAC confirmed the extension up to March 2022 of its guarantee for yearly funding in relation to the Foundation's operating expenses, except for any costs associated with PIOB own dissolution or extension of its mandate as may be contemplated under the ongoing Monitoring Group reform process. On May 12, 2021, IFAC has confirmed future funding commitments after March 31, 2022 with a progressive reduction in guaranteed funding until 2025 when IFAC will not provide any funding or any guarantee, following Monitoring Group's recommendations to reduce the profession's funding over the long term. Our opinion is not modified in respect of this matter.

Other Matter

This independent auditor's report and the accompanying financial statements prepared and presented in accordance with IFRS should not be understood as a statutory auditor's report and statutory financial statements as defined by Spanish Accounts' Auditing Law.

Responsibilities of Secretary General and Audit Committee for the Financial Statements

Secretary General is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as issued by the International Accounting Standards Board (IASB), and for such internal control as Secretary General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Secretary General is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Secretary General either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Audit Committee is, according to the Terms of reference of the Foundation Audit Committee, responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Secretary General.

- Conclude on the appropriateness of Secretary General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE, S.L.



José Luis Daroca Vázquez
Madrid, May 27, 2021

STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2020 (in Euros)

	2020	2019
INCOME		
International Federation of Accountants Funding (note 2)	1,064,438	1,201,028
European Commission Funding (note 2)	345,000	338,000
International Organization of Securities Commissions Funding	100,000	100,000
International Forum of Independent Regulators	50,707	
Bank for International Settlements Funding (*)	25,000	30,000
Financial Reporting Council Funding	20,000	-
Federal Audit Oversight Authority of Switzerland	10,000	
Total monetary Income	1,615,145	1,669,028
In-kind contribution from Spanish authorities (note 2)	189,318	189,318
Total Income	1,804,463	1,858,346
EXPENSES		
Employee costs (note 7)	793,738	690,531
Travel and meeting costs	13,052	280,679
Technical Committee stipends (note 8)	302,397	315,563
Annual report	5,070	3,730
Occupancy (note 5)	42,034	29,349
Telephone	9,416	6,075
Legal and other professional fees (note 9)	142,707	98,303
Auditor remuneration (note 16)	8,500	8,500
Depreciation and amortization (notes 2, 11 and 12)	217,404	213,903
IT Support	42,822	49,026
Ordinary exchange losses/(gains)	54	409
Other expenses	38,097	51,367
Total Expenses	1,615,291	1,747,435
Surplus for the year	189,172	110,911
Taxation (note 2)	-	-
Surplus for the year after tax	189,172	110,911
Total comprehensive income for the year net of tax	189,172	110,911

(*) In 2020 and 2019 provided through FSB, BCBS and IAIS.

The accompanying notes are an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION
at 31 December 2020 and 31 December 2019 (in Euros)

	<u>At</u>	<u>At</u>
	<u>31 December</u>	<u>31 December</u>
	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and bank balances (note 10)	1,154,675	824,081
Accounts Receivable	386,569	379,443
Prepaid expenses	12,420	4,104
Total Current Assets	<u>1,553,664</u>	<u>1,207,628</u>
Non - Current Assets		
Tangible assets (note 11)	46,491	59,208
Intangible assets (note 12)	520,040	709,987
Total Non - Current Assets	<u>566,531</u>	<u>769,195</u>
Total Assets	<u>2,120,195</u>	<u>1,976,823</u>
LIABILITIES		
Current Liabilities		
Accounts Payable (note 4)	113,607	86,975
Accrued Liabilities (note 5)	404,051	374,429
Deferred income - Current (note 13)	87,264	-
	<u>604,922</u>	<u>461,404</u>
Non - current Liabilities		
Deferred income - Non current (note 2)	518,161	707,479
Total Liabilities	<u>1,123,083</u>	<u>1,168,883</u>
NET ASSETS		
Comprehensive income for the year net of tax	189,172	110,911
Endowment funds (note 14)	30,000	30,000
Other Reserves	777,940	667,029
Total net assets	<u>997,112</u>	<u>807,940</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2,120,195</u>	<u>1,976,823</u>

The accompanying notes are an integral part of the financial statements



**STATEMENT OF CHANGES IN EQUITY,
for the year ended 31 December 2020 (in Euros)**

	Comprehensive Income	Other Reserves	Endowment funds	Total
Balance, beginning of year 2019	77,934	589,095	30,000	697,029
Transfers	(77,934)	77,934	-	-
Additions	110,911	-	-	110,911
Balance, end of year 2019	110,911	667,029	30,000	807,940
Transfers	(110,911)	110,911	-	-
Additions	189,172	-	-	189,172
Balance, end of year 2020	189,172	777,940	30,000	997,112

The accompanying notes are an integral part of the financial statements

CASH FLOW STATEMENT,
for the year ended 31 December 2020 (in Euros)

	2020	2019
OPERATING ACTIVITIES		
Excess of income over expenses	189,172	110,911
Non-cash items:		
Non-cash income - In-kind contribution	(189,318)	(189,318)
Depreciation of tangible and intangible assets	217,404	213,903
Increase (Decrease) in income received in advance (note 13)	87,264	(68,310)
Increase/(Decrease) in working capital items (note 6)	40,812	(10,530)
Net cash generated/(used in) operating activities	345,334	56,656
INVESTING ACTIVITIES		
Capital expenditures	(14,740)	(22,057)
Net cash used in investing activities	(14,740)	(22,057)
Net increase in cash and cash equivalents	330,594	34,599
Cash and bank balances, beginning of year	824,081	789,482
Cash and bank balances, end of year	1,154,675	824,081

The accompanying notes are an integral part of the financial statements



1 Fundación Public Interest Oversight Board

The Fundación Public Interest Oversight Board (“the Foundation”) was constituted on 15 December 2005 under the Foundations Law 50/2002, the Spanish law for not-for-profit foundations. Its founders were the International Organisation of Securities Commissions, the Bank for International Settlements and the International Association of Insurance Supervisors, three international regulatory groups committed to maintaining the stability of the international financial system and operating in the international public interest.

As described in its by-laws, the objective of the Foundation is to strengthen the international financial reporting system through overseeing the standard-setting activities of designated boards of the International Federation of Accountants (“IFAC”) and undertaking any other appropriate programs and projects that will contribute to achieving its objective. The Foundation’s Board of Trustees is responsible for ensuring that the Foundation operates within its mandate and meets its legal and administrative obligations to the Spanish government. A Technical Committee of the Board is responsible for planning and executing the Foundation’s oversight program and related activities. Support for the Board of Trustees and the Technical Committee is provided by the Foundation’s Secretariat based in Madrid, Spain.

In addition to its local regulatory responsibilities, the Foundation is operationally and financially accountable to the Monitoring Group (MG). The Monitoring Group consists of a forum of international regulators and other public interest bodies, including two of the Foundation’s founding organizations. Such Group monitors the progress of a 2003 program of IFAC reforms in which the Foundation’s Technical Committee performs a key public oversight role. The Monitoring Group also approves the Foundation’s annual budget.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and do not correspond to the statutory financial statements of the Foundation as required by the Spanish Law in accordance with the Accounting Plan for Small and medium not-for-profit entities issued by the Resolution of 26 March 2013 of the Spanish Accounting and Auditing Institute (ICAC).

The financial statements are prepared in Euros which is the Foundation’s functional currency.

These financial statements were prepared by the Secretary General of the Foundation on 26 May, 2021.

Financial statements

The Secretary General is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control 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.

Accounting estimates

Preparation of the financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and in the notes to financial statements. These estimates and assumptions are based on management's best knowledge of existing facts and circumstances as well as any current period impact of actions that the Foundation may undertake in the future. Actual results may differ from those estimates.

New Standards and Interpretations issued

The financial statements have been drawn up on the basis of accounting Standards, Interpretations and amendments effective at the beginning of the accounting period on 1 January 2020.

The Foundation has concluded that there are no relevant Standards or Interpretations that are not yet adopted that would have a material impact on the Foundation's financial statements.

Measurement Base

The statements of other comprehensive income, financial position, changes in equity and cash flows have been prepared on the historical cost and an accrual basis with all assets and liabilities valued at amortized cost, unless otherwise stated in the accounting policies.

Foreign currency translation

Foreign currency transactions are accounted for in Euros and translated at the rates of exchange prevailing at the transaction date. Exchange gains or losses on subsequent settlement of related balances are recognised in the income statement when they arise.

Financial instruments denominated in foreign currencies at the balance sheet date are translated to their Euro equivalent at the prevailing foreign exchange rate. Foreign exchange differences arising on translation are recognised in the income statement.

Income and cost recognition

In 2007, the International Federation of Accountants (hereinafter "IFAC") committed to fund the operating expenses of the Foundation up to a limit of the Euro equivalent of US\$ 1.5 million after adjustment for inflation and exchange rates. This replaced a previous commitment to provide up to US \$ 1.5 million per year, also for a period of five years, adjusted for both inflation and foreign currency exchange movements.

Since March 6, 2014 IFAC has extended the guaranteed funding on a yearly basis. On March 3, 2020 IFAC agreed to extend the guarantee of the US\$ 1.5 million annual after adjustment for inflation and exchange rate changes since January 2004, equivalent to the full budgeted monetary income, until March 2022, less the cash contributions received by the Foundation from third parties.



On 12 May 2021, IFAC issued a new guarantee letter including the current guarantee to 31 March 2022, and a proposal to contribute to fund the PIOB budget with a progressive reduction in guaranteed funding until 2025, which is detailed as follows:

- For the period from April 1, 2022 to PIOB's December 31, 2022 fiscal year-end, the guarantee will be the lower of two-thirds of PIOB's budgeted expenses for these 9 months in Euros or Euro 950,000.
- For PIOB's December 31, 2023 fiscal year, the guarantee will be the lower of 50% of PIOB's budgeted expenses for the year in Euros or Euro 950,000.
- For PIOB's December 31, 2024 fiscal year, the guarantee will be the lower of one-third of PIOB's budgeted expenses for the year in Euros or Euro 650,000.
- For PIOB's December 31, 2025 fiscal year, the guarantee will be the lower of 25% of PIOB's budgeted expenses for the year in Euros or Euro 500,000.
- For PIOB's fiscal years commencing after December 31, 2025 IFAC will not provide any funding or any guarantee.

The IFAC guarantee will not apply to funding of any costs associated with the dissolution of the PIOB. In the event that a decision to dissolve the PIOB is taken by the governing entity of the PIOB, any remaining guarantees would cease to be effective with immediate effect, and IFAC would therefore be discharged of any funding obligations of the PIOB.

MG's recommendations on the reform of the international audit and ethics standard-setting system state that the MG, giving consideration to the views of IFAC and PIOB, will continue working for the development of an appropriate, long-term, sustainable funding policy. This will include outreach with stakeholder groups to seek commitment on funding for the PIOB and anticipates such outreach will include the regulatory and investor community, including MG member organizations.

PIOB's management considers that the existing guarantee from IFAC, the funding framework currently being discussed by the MG, PIOB and IFAC, and its own level of reserves of almost EUR 1 million, will secure sufficient funding to continue operating on a going concern basis.

Income from IFAC in 2020 represents 58.99% of total income (64.6% in 2019) and is recognized yearly on an accrual basis according to the yearly related approved income budget.

In September 2009 the European Commission (EC) decided to award a grant to the Foundation for each of the years of the period 2010-2013 to support the Foundation's work program.

In 2014, the EC awarded a new grant to the Foundation for each of the years of the period 2014-2020, through Regulation (EU) No. 258/2014 of the European Parliament and of the Council of 3 April 2014. The contribution for the year 2020 is for a maximum of EUR 345,000 or 30% of the eligible costs (EUR 338,000 for 2019). The 2020 Grant agreement with the EC

establishes that, should funding by IFAC reach more than two-thirds of total funding in 2020, the EC shall limit its contribution for 2020 to a maximum amount of EUR 300,000.

This income is recognized on an accrual basis, based on the total eligible costs of the program. In addition, the Monitoring Group decided in October 2010 that the funds received from the European Commission as well as any other funding received by the Foundation should replace IFAC's funding. In 2020 and 2019, IFAC contributed to the PIOB budget to the extent necessary to fund the total budget, after taking into account the contributions from all non-IFAC sources to the budget. Therefore, any contribution from IFAC in excess of the amount that results from deducting all non-IFAC contributions from the approved budget, is recorded as Deferred income - Current.

On 31 December 2020, remaining funds amounted to EUR 276,436. The MG agreed to allocate EUR 189,172 to reserves (equivalent to 10% of the 2020 budget, in line with provisions in the MG Charter), and the rest as Deferred Income – Current (Note 13).

Interest income from financial instruments, if any, is recorded as part of income on an accrual basis since it is considered as a replacement of IFAC's yearly funding for the same amount.

In addition, as part of the localisation agreement in Madrid, the Foundation receives the right from the Spanish authorities to use a portion of the premises located at Oquendo 12 for a maximum period of 75 years that shall be renewed every four years. This use is free of charge, except for non-structural maintenance expenses (electricity, water, elevator maintenance, etc). The Foundation renewed the agreement with the Spanish Authorities for a four-year period on 26 September 2011, 26 September 2015 and on 19 December 2019, for an additional four-year period until 26 September 2023. The Foundation recorded the grant as Deferred Income – Non Current and intangible asset that is recognised in the Statement of Comprehensive Income on a systematic basis during the term of the agreement.

Income is mainly denominated in Euros.

Operating costs are recognised as an expense when incurred.

Cash and bank balances

The Foundation's policy is to present cash and bank balances together with temporary investments, if any, having a term of three months or less from the acquisition date as cash and cash equivalents.

Cash Flow Statement

The following are definitions of the terms used in the cash flow statement:

Cash and bank balances comprise cash on hand, current bank balances and short-term deposits, if any, that can be converted to cash within three months or less.

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.

Financial instruments

Financial instruments are recognized on the trade date at amortized cost and are derecognized at sales date when the rights to receive cash flows from the instrument expire. At 31 December 2020 and 2019 there were no balances invested in bank deposits.

Liquidity risk:

The Foundation manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities.

There are no borrowings or outstanding debt at 31 December 2020.

Credit risk:

As mentioned in note 2, section "Income and cost recognition" the European Commission decided to award a grant to the Foundation for the periods 2010-2013, and 2014 - 2020. The amount that remains in the Balance Sheet is mainly related to the 2020 grant that will be paid in 2021.

The Foundation considers that credit risks related to collection of grants from the European Commission are not significant. Also, the Bank where the Foundation holds 99.8% of its cash and bank balances has been graded at the short – term as an A-2 financial entity.

Currency risk:

The Foundation operates separate bank accounts in Euros. There is no currency risk associated with these balances; therefore the Foundation did not hedge its foreign currency exposure.

Foreign currency transactions are translated to Euros at the date of the transactions.

Fair values:

At 31 December 2020, the carrying amounts for all financial instruments held by the Foundation approximate to their fair values.

Restrictions on the use of cash and cash equivalents

There are no restrictions on the use of cash or cash equivalents.

Taxation

On 29 March 2006, the Spanish Parliament passed legislation included within law 4/2006 of 29 March 2006, to specifically exempt the Foundation from Spanish income tax.

Financial interest income is recorded for the gross amount and is also exempt of the applicable taxes.

Tangible assets



Tangible assets represent the value of computer equipment used for data processing, the related furniture and communications equipment.

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

	Methods	Depreciation rate
Tangible assets		
Computer equipment	Straight-line	25%
Furniture and fixtures	Straight-line	10% to 20%
Audio and Video Equipment	Straight-line	25%

Repair and maintenance costs for tangible assets are recognized on the income statement in the year incurred. Costs of improvements that increase assets' capacity or efficiency or extend their useful life are recognized as an increase in the value of the assets.

Intangible assets

Intangible assets comprise the value of computer software used in the administrative and accounting management of the Foundation and the fair value assigned to the right to use the building.

Computer software has been valued at cost of acquisition, while the right of use was recognized at fair value at on initial recognition, less accumulated amortization and any impairment allowances. Amortization of computer software is calculated on a straight-line basis over a four-year period. Amortization of the right of use is also calculated over a period of four years, in line with the assignment period.

	Methods	Rates
Intangible asset		
Software	Straight-line	25%
Right to use the building at Oquendo street	Straight-line	25%

3 Expenses by Activity

(in Euros)	2020	2019
Board related operating costs		
Oversight Program (1)	618,855	674,949
Communications and External Relations Program (2)	155,024	208,976
Monitoring Group and Monitoring Group members (3)	198,241	173,688
Foundation Board Meetings (4)	106,850	124,690
Other ongoing operating costs (5)	536,321	565,132
Total expenses	1,615,291	1,747,435

(1) The core mandate of the PIOB is to provide independent oversight of the Standard Setting Boards (SSBs), Consultative Advisory Groups (CAGs) and Nominating Committees under its mandate. This activity includes the related costs to comply with this mandate.

- (2) Includes the cost of attending meetings with stakeholders other than Monitoring Group members.
 (3) Includes the cost of meetings with the Monitoring Group and Monitoring Group members.
 (4) This activity includes all the necessary operating costs to run the Foundation.
 (5) Most significant cost in this activity at 31 December 2020 and 2019 is the annual amortization (EUR 189,318) of the 33% right of use of the premises located at Oquendo 12 (Note 2).

4 Accounts Payable

(in Euros)	2020	2019
Employee Taxes and Social Security	72,497	64,366
Other	41,110	22,609
Total Accounts Payable	113,607	86,975

5 Accrued Liabilities

(in Euros)	2020	2019
Occupancy expenses	39,521	29,349
Other accrued benefit (1)	361,843	324,853
Other accrued liabilities	2,687	20,427
Total Accrued Liabilities	404,051	374,429

- (1) Other accrued benefit relates to the provision for the termination of the General Secretary's contract.

6 Information Included in the Cash Flow Statement

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

(in Euros)	2020	2019
Accounts receivable	7,126	14,859
Prepaid expenses	8,316	(6,482)
Accounts payable	(26,632)	(8,257)
Accrued liabilities	(29,622)	10,410
(decreases) increases in working capital	(40,812)	10,530

The variation in 2020 on the Accounts Payable item is due to pending invoice for EUR 28,000 at 31 December 2020, related to additional legal services related to the reform of the standard-setting system lead by the MG. This invoice was paid in January 2021.

The variation in 2020 on the Accrued liabilities item is mainly due to accrual of provision for termination benefit.

7 Employee Costs

(in Euros)	2020	2019
Gross Salaries	624,450	528,780
Spanish social security fees	90,334	76,644
Other benefits (1)	51,783	46,259
Other long-term employee benefits (2)	27,191	38,848
Total Employee Costs	793,738	690,531

(1) Mainly includes pension plan and medical insurance expenses.

(2) Includes provision for termination benefits and reversal of relocation costs of former PIOB staff.

8 Technical Committee Stipends

Members of the Technical Committee are entitled to receive fixed annual stipends of EUR 20,625 except for the Chair of the Committee who receives EUR 123,750 in recognition of her additional leadership responsibilities. All members other than the Chairman are further entitled to variable remuneration of EUR 825 per day of attendance at assigned public interest meetings. In 2020, due to the impact of COVID 19, observation of meetings were held by videoconference, some of these taking place at night. The Foundation defined criteria for payment of variable stipends that take into account the time differences in an online environment.

At 31 December 2020, the Technical Committee was made up of eight members (nine members in 2019), six of which are also members of the Trustees' Board (Note 14).

One member has waived its right to receive stipends. The amount of the stipend waived represents EUR 32K at 31 December 2020.

9 Legal and Other Professional Fees

(in Euros)	2020	2019
Legal fees (1)	84,990	49,840
Recruitment fees	-	24,664
Project – Car Lab	-	9,073
External support communications (2)	43,705	-
Other	14,012	14,726
Total Employee Costs	142,707	98,303

(1) Includes recurrent legal fees and other legal fees not included in lawyer's annual proposal, such as services related to the MG reform of the standard – setting system and its new structure.

(2) Includes digital communication services such as: web statistics and Search Engine Optimization; concept, new logo and other materials such as videos, for the PIOB's anniversary; design and launch of the PIOB's web page and intranet and launch and design of posts in PIOB's LinkedIn.

10 Cash and bank balances

(in Euros)	2020	2019
Cash and bank balances in Euros	1,154,675	824,081
Total cash and bank balances	1,154,675	824,081

11 Tangible assets

Details of tangible assets and the related accumulated depreciation at 31 December 2020, as well as movements during the period then ended, are as follows:

	Balance at December 31, 2019	Additions	Balance at December 31, 2020
Cost:			
IT equipment	41,738	9,674	51,412
Furniture and fixtures	25,745	5,066	30,811
Communications equipment	82,224	-	82,224
Total cost	149,707	14,740	164,447
Accumulated depreciation:			
IT equipment	(31,210)	(5,671)	(36,881)
Communications equipment	(35,642)	(20,556)	(56,198)
Furniture and fixtures	(23,647)	(1,230)	(24,877)
Total depreciation	(90,499)	(27,457)	(117,956)
Net, end of year	59,208	(12,717)	46,491



12 Intangible assets

Details of intangible assets and the related accumulated amortization at 31 December 2020, as well as movements during the period then ended, are as follows:

	Balance at December 31, 2019	Additions	Balance at December 31, 2020
Cost:			
Software	33,051	-	33,051
In-kind contribution Oquendo	757,271	-	757,271
Total cost	790,322	-	790,322
Accumulated amortization:			
Software	(30,541)	(829)	(31,170)
In-kind contribution Oquendo	(49,794)	(189,318)	(239,112)
Total amortization	(80,335)	(189,947)	(270,282)
Net, end of year	709,987	(189,947)	520,040

Intangible assets reflect the value of computer software and, primarily, the fair value of the right to use the premises located at street Oquendo 12, granted by the CNMV for a four-year period, until 26 September 2023.

Although the Secretary General has not identified signs of impairment in the above-mentioned right of use it is common practice, in order to corroborate that the fair value exceeds its carrying value, to request the appraisal of an expert engaged for this purpose biannually. In this regard, on March 1, 2021, experts engaged for this purpose determined that the fair value of that assignment as of December 2020 was not lower than the amount recognized in the accounting books.

13 Deferred income - Current

Deferred income - Current represents remaining funds over the allocation to reserves. (see Note 2).

14 Endowment funds and Other reserves

To meet the minimum legal capital requirements established by Spanish law, the founders (see note 1) collectively provided an initial endowment for 30,000 Euros. Such endowment cannot be used by the Foundation.

Other reserves basically correspond to excess of contributions in comparison with expenses for prior periods. The Board of Trustees can decide on how to allocate these reserves for future years. Also, in the case that the Foundation is dissolved, after the realization of assets and liquidation of liabilities, any remaining balance shall be distributed in accordance with Foundations Law 50/2002.

15 Board of Trustees

Positions on the Board of Trustees are voluntary and there is no honorarium paid for any position held. The following persons were members of the Board of Trustees during the year:

Mme. Linda de Beer	Chair of the Board of Trustees as from 31 st March 2020
Mr. Eddy Wymeersch	Chair of the Board of Trustees until 31 st March 2020
Mme. Maria Helena Pettersson	Trustee until 31 st March 2020
Mme. Aileen Pierce Gleeson	Trustee
Mr. Karel Van Hulle	Trustee
Mr. Markus Grund	Trustee until 14 th September 2020
Mr. Jules Muis	Trustee until 30 th September 2020
Mr. Shigeo Kashiwagi	Trustee
Mr. Robert Buchanan	Trustee as from 30 th September 2020
Mr. Michael J. Hafeman	Trustee as from 15 th December 2020

16 Auditors' remuneration

This note shows the total remuneration payable by the PIOB to its auditors.

(in Euros)	2020	2019
Fees payable for the voluntary audit of PIOB's IFRS and statutory financial statements	6,000	6,000
Fees payable for ISAE 3000 – Assurance engagements on eligibility of costs and funding report provided to the EC	2,500	2,500
Total Auditors' remuneration	8,500	8,500

17 Subsequent Events

The recommendations published by the MG to strengthen the international audit and ethics standard setting-system on 14 July 2020, have been organized in different workstreams to transition to the new system during a recommended nine-month transition period that started in August 2020, and are currently being discussed between the MG, IFAC, GPPC and PIOB.

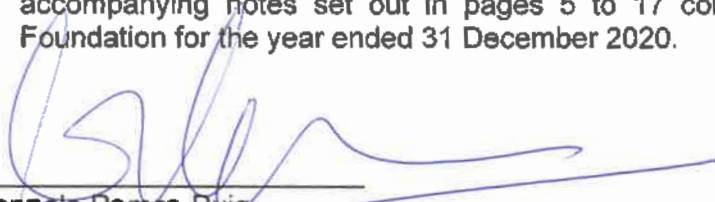
As a result of the current reform process, it is possible that the mandate of the Foundation could be modified.

Despite the mobility restrictions that currently exist in Spain and in several countries around the world due to the COVID 19 pandemic, the Foundation continues to manage the operations and activities related to its mandate, either by video or teleconference, without significant difficulties.

At the date of issuance of these Financial Statements, the Foundation does not foresee risks on its liquidity, operations, variation on its financial measures, valuation of assets and liabilities of the balance sheet or going concern.

The Foundation's Secretary General closely monitors the evolution of the situation, in order to successfully identify any impact that may occur.

On behalf of the Foundation, I declare that the statements set out in pages 1 to 4 and the accompanying notes set out in pages 5 to 17 constitute the Financial Statements of the Foundation for the year ended 31 December 2020.



Gonzato Ramos Puig
Secretary General

26 May, 2021

PIOB

Enhancing Public Interest