

# ISAR Update



Issue 1, Volume 1

July 2002

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<p><b>ISAR Update</b> is published biannually by the UNCTAD secretariat servicing the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) to provide news and updates to the global network of experts and other participants.</p> <p>ISAR was established by a resolution of the Economic and Social Council of the United Nations (October 1982). For more information visit the ISAR website at <a href="http://www.unctad.org/isar">www.unctad.org/isar</a>.</p>	<ul style="list-style-type: none"><li>❑ 1. Nineteenth session of ISAR to take place in September 2002.</li><li>❑ 2. Forum on the current state of capital markets and investor confidence to take place in September 2002.</li><li>❑ 3. Informal consultations on corporate governance disclosure requirements.</li><li>❑ 4. Consultations held by the ad hoc working party on accounting by SMEs.</li><li>❑ 5. Work on a manual on environmental performance indicators progressing</li><li>❑ 6. News briefs<ul style="list-style-type: none"><li>6.1 IASCF to launch assessment and certification programmes</li><li>6.2 IFAC issues study on levels of assurance</li><li>6.3 59<sup>th</sup> Executive Committee meeting of CAPA</li><li>6.4 Fifth Congress of ECSAFA</li><li>6.5 FEE discussion paper on assurance on sustainability reports</li><li>6.6 8<sup>th</sup> Council and Committee meetings of IRFAA</li><li>6.7 First General Assembly of SEEPAD</li></ul></li><li>❑ 7. ISAR bookshop</li></ul>

## **1. Nineteenth session of ISAR to take place in September 2002**

The nineteenth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) will take place in Geneva from 25 to 27 September 2002. In January 2002, the current Chairman of the Group, Mr. Richard Martin (ACCA), presented a report on its activities to the sixth session of the Commission on Investment, Technology and Related Financial Issues. The Commission approved the provisional agenda of the Group for its nineteenth session.

The session will deliberate on corporate governance disclosure requirements and is expected to conclude its work on the accounting needs of small and medium-sized enterprises. It is also expected to review developments in accounting, financial reporting, corporate governance and related areas in other international and regional organizations. To learn more about the forthcoming session, please visit the ISAR website at <http://www.unctad.org/isar>.

## **2. Forum on the current state of capital markets and Investor Confidence to take place in September 2002**

The UNCTAD secretariat is organizing a forum that will discuss the current state of affairs regarding capital markets and investor confidence. The forum will take place on 23 and 24 September 2002 in Geneva and is expected to look into the prevailing lack of investor confidence in the financial markets from the perspectives of various stakeholders and other market participants. Updates and additional information on the forum will be posted on the ISAR website at <http://www.unctad.org/isar>.

## **3. Informal consultations on corporate governance disclosure requirements**

An ad hoc group of experts on corporate governance disclosure matters conducted informal consultations in Geneva on 22 and 23 April 2002. The main objective of the consultations was to draft guidelines on corporate governance disclosure requirements. Participants presented the perspectives of various stakeholders in corporate governance. These include investment funds, rating agencies, government policy makers, accounting firms, national and regional corporate governance institutes, investor protection groups

and others. The consultations were chaired by Professor Christine Mallin, Director of the Centre on Corporate Governance Research at the University of Birmingham, United Kingdom.



**Participants in the informal consultations on corporate governance, Geneva, 22-23 April 2002**

## **4. Consultations held by ad hoc working party on accounting by SMEs**

The ad hoc working party on accounting for small and medium-sized enterprises held informal consultations in Geneva on 24 and 25 April 2002. Professor Peter Walton, ESSEC Business School, France, chaired the consultations. The ad hoc group is composed of accounting experts from a wide cross-section of countries and organizations. After conducting similar consultations last year, it presented its report to the eighteenth session of ISAR. The report suggested approaches to accounting by SMEs. The ad hoc group was requested by the eighteenth session of ISAR to continue its work and provide additional elaborations on the proposals it had submitted.



**The ad hoc working party on accounting by SMEs held consultations in Geneva on 24 and 25 April.**



Professor Peter Walton chairing consultations of the ad hoc working party on accounting by SMEs

## 5. Work on a manual on environmental performance indicators progressing

Having concluded its work on accounting and financial reporting for environmental costs and liabilities in 1998, ISAR has been working on integrating financial and environmental performance indicators. Work on a users' and preparers' manual has been under-way. The draft manual has been the subject of a peer-review process. At present, authoritative guidance in the area of integrating financial and environmental performance is lacking. The manual is expected to be a useful contribution to initiatives in this area.

## 6. News briefs

### 6.1 IASCF to launch assessment and certification programmes

The International Accounting Standards Committee Foundation (IASCF) anticipates increased demand for a high standard of knowledge in the application of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as more and more countries require listed companies to prepare their financial statements in accordance with IFRSs. The European Union has decided that all EU-listed companies should prepare their financial statements under IFRSs by 2005. In response, the IASCF trustees have decided that assessment and certification programmes to examine financial reporting under IASs and IFRSs should be established. The trustees are also considering the introduction of a two-tier assessment programme: application level (certification in IASs and IFRSs) and advanced level (diploma in IASs and IFRSs). The application level would cover basic knowledge of the standards, and the treatment and disclosures required would be examined using computer-

based assessment. The advanced level would cover application of the Standards, the concepts involved and judgement in achieving a fair presentation.

IASCF press release, 3 April 2002,  
<http://www.iasb.org.uk>

### 6.2 IFAC issues study on levels of assurance

The (IFAC) International Federation of Accountants issued a study entitled "The Determination and Communication of Levels of Assurance Other than High". The study is expected to offer guidance to accountants in determining the appropriate level of assurance needed and the best method for reporting on assurance engagements. It features an extensive literature review of related initiatives within and outside the profession and also reports on the results of two research surveys.

The study's major findings include support for an interaction of variables approach for determining a given level of assurance. The main variables that the study identified include subject matter, specific criteria and work effort.

The study may be downloaded from the IFAC website at [www.ifac.org/store](http://www.ifac.org/store) or purchased for US\$25.

IFAC press release, 7 June 2002,  
[www.ifac.org/News/LatestReleases.tmp](http://www.ifac.org/News/LatestReleases.tmp)

### 6.3 59<sup>th</sup> Executive Committee Meeting of CAPA

The Confederation of Asian and Pacific Accountants (CAPA) held its 59<sup>th</sup> Executive Committee meeting in Tokyo from 8 to 9 April 2002. Mr. Tsuguoki Fujinuma, IFAC President, briefed Executive Committee members on the latest developments in IFAC.

In a related development, CAPA commissioned a study to evaluate the lessons learned about the role of accounting disclosures in the East Asian financial crisis of 1997. In the aftermath of that crisis, Dr. Zubaidur Rahman conducted a study for UNCTAD on the reporting practices of over 90 East Asian financial and non-financial corporations. The study identified significant gaps between the financial reporting practices of the corporations studied and selected IASs on issues that were likely to have contributed to the financial crisis.

The new study commissioned by CAPA will re-examine the accounting disclosures of selected entities identified in the 1998 study and determine the extent to which their disclosures comply with IASs. The study is expected to be completed by September 2002.

<http://www.capa.com.my/>

#### **6.4 Fifth congress of ECSAFA**

The Eastern Central and Southern African Federation of Accountants (ECSAFA) held its fifth congress in Mauritius in July. Under the theme "Bringing Africa Together", the congress examined transparency and governance issues, challenges facing accountants in the region, e-fraud, accounting standards and convergence issues. Sir David Tweedie, Chairman of the International Accounting Standards Board, and Mr. Rene Ricol, Deputy President of the International Federation of Accountants, were among speakers. Ms. Tatiana Krylova, Chief of the Enterprise Internationalization Section, represented UNCTAD at the congress.

<http://www.ecsafo.org>

#### **6.5 FEE discussion paper on assurance on sustainability reports**

The Fédération des Experts Comptables Européens (FEE) issued a discussion paper entitled "Providing Assurance on Sustainability Reports". The paper presents different approaches to assurances on sustainability reporting. It also discusses several dimensions of assurance on sustainability reporting. It includes several questions on which FEE seeks input from all parties with an interest in assurance, including assurance providers, and users and preparers of sustainability reports. The commenting period ends on 1 November 2002. The discussion paper can be downloaded from the FEE website at

<http://www.fee.be>

#### **6.6 8<sup>th</sup> Council and Committee meetings of IRFAA**

The International Regional Federation of Accountants and Auditors – Eurasia (IRFAA) held its 8<sup>th</sup> Council and Committee meetings in Baku, Azerbaijan on 21 and 22 May 2002. Two committees of the Council one on auditing standards and the other on professional education and certification, also held their meetings in Baku. Representatives of the Federation's member bodies and international organizations attended the Council meeting. Mr. Merten Dietz, Chairman of the International Auditing Practices Committee of IFAC, made a presentation on the latest changes in the Committee's structure and on the planned changes in International Standards of Auditing. Mr. Ndung'u Gathinji, Chief Executive of ECSAFA, described how his federation had achieved sustainability. Mr. Jean-François de Robert spoke about efforts to improve the financial reporting system for small and medium-sized enterprises.

<http://www.irfaa-eurasia.org>

#### **6.7 First General Assembly of SEEPAD**

The South Eastern European Partnership on Accountancy Development (SEEPAD) held its first General Assembly in Sinaia, Romania, on 19 and 20 June 2002. Government officials and accounting associations from the South-Eastern European region, experts from international and donor organizations and participants from OECD member countries such as France and Greece attended the assembly. The meeting discussed the harmonization of professional regulatory rules within SEEPAD countries. SEEPAD members agreed to the proposed Activity Plan and will inform their Governments and Ministries of Finance of the role and mission of SEEPAD. Two Working Committees were also established - the Membership Committee and the Education, Ethics and Quality Control Committee.

<http://www.seepad.org>

## **7. ISAR Bookshop**

Recent publications on the work of ISAR are presented on the next page. These publications can be purchased by contacting United Nations bookshops as follows:

New York

Sales Section  
Room DC2-853  
United Nations  
New York NY 10017  
United States

Geneva

Sales Section  
UN Office at Geneva  
Palais des Nations  
CH-1211 Geneva 10  
Switzerland

You may also contact the secretariat for a complimentary copy.

### **Your comments are welcome**

Please send us your comments on this first issue of the newsletter. We would like to hear from you so that we can improve it as necessary.

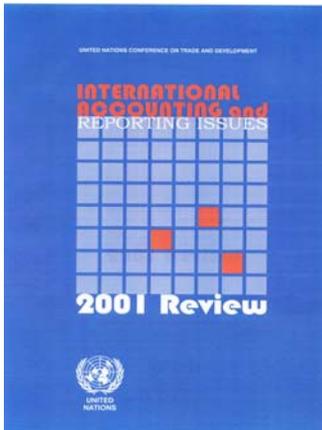
The Secretariat can be contacted at :

Mailing address:

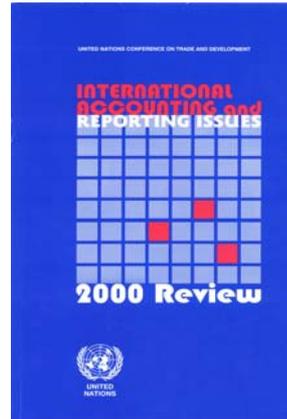
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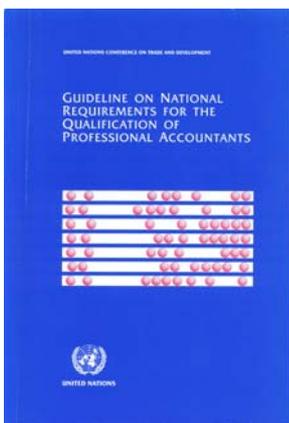
## The ISAR Bookshop



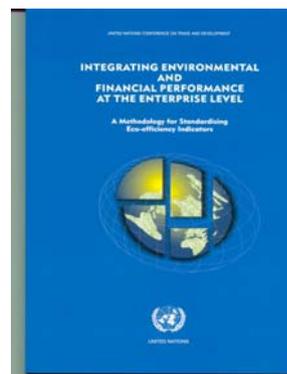
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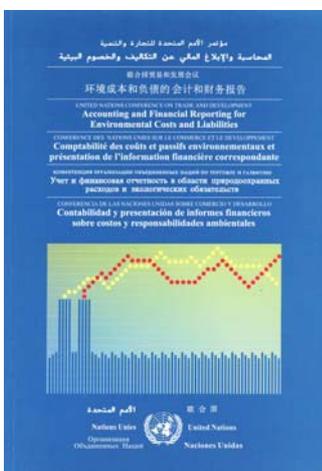
**2000 Review of  
International  
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**Guideline on National  
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