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TRADE AND DEVELOPMENT BOARD
Commission on Investment, Technology and Related Financial Issues
Intergovernmental Working Group of Experts on
International Standards of Accounting and Reporting
Nineteenth session
Geneva, 25–27 September 2002
Agenda item 4

ACCOUNTING BY SMALL AND MEDIUM-SIZED ENTERPRISES

Agreed conclusions

1. At its seventeenth session, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) recognized the need for a user-friendly, understandable and flexible financial accounting and reporting system that accommodates the needs of small and medium-sized enterprises (SMEs) at various stages in their development in order to enable them to maintain accounting records and generate meaningful financial information.
2. At its eighteenth session, ISAR agreed on approaches to accomplish the above objectives. It also recognized that the outcome of such an exercise would be voluntary technical aid tools for member States and that it was up to each country to determine the appropriate definition for the term "small and medium-sized enterprises" in accordance with its national economic environment.

3. At its nineteenth session, ISAR considered the proposed guidelines submitted by the ad hoc working group of experts on accounting by SMEs for Levels II and III. It found the proposals acceptable and commended the ad hoc group for its work.

4. ISAR invited session participants who had provided comments to confirm their input by communicating their suggestions to the UNCTAD secretariat in writing by 31 October 2002 at the latest. It requested representatives of the ad hoc consultative group, under the authority of the chairperson of the nineteenth session, to incorporate the comments, where considered appropriate, into the proposed guidelines as necessary.

5. ISAR agreed that the proposed guidelines for Level II could benefit from wider consultations. It requested the secretariat to circulate the draft guidelines widely for a period of about three months to such organizations as national and regional standard setters, professional organizations and other entities with an interest in the proposed guidelines, and to make feedback received from consultations available to the ad hoc consultative group for its review.

6. ISAR also agreed that the proposed guidelines for Level II and particularly Level III could benefit from feedback through field-testing. It encouraged the UNCTAD secretariat, under the authority of the chairperson of the session, to provide necessary cooperation to international, regional and national organizations, agencies and others interested in field-testing the proposed guidelines for Levels II and III. ISAR encouraged the secretariat to compile feedback obtained from field-testing and make it available for eventual review.

7. ISAR agreed that comments received through the wider consultations, as well as any other necessary updates to the proposed guidelines, would be incorporated into the guidelines by the ad hoc consultative group. ISAR also recognized the possible need for a person-to-person meeting of the consultative group in order to finalize the proposed guidelines.

8. ISAR agreed that the documents should be released as finalized documents under the authority of the chairperson of the session.

9. ISAR agreed to provide the International Accounting Standards Board with the final output for Level II SMEs and to extend all necessary cooperation to the IASB in its project on accounting by SMEs. ISAR reiterates its request to the IASB to give priority to completing its project.

10. ISAR recognized that the finalized guidelines would need reviewing and updating at appropriate intervals.
