



United Nations Conference on Trade and Development

Distr.: Limited
15 November 2007

Original: English

Trade and Development Board

Commission on Investment, Technology and Related Financial Issues

Intergovernmental Working Group of Experts on International

Standards of Accounting and Reporting

Twenty-fourth session

Geneva, 30 October –1 November 2007

Agreed conclusions

Review of practical implementation issues of International Financial Reporting Standards

1. At its twenty-fourth session the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) reiterated the importance of a principles-based, high-quality and enforceable set of global financial reporting standards for the efficient functioning and stability of the international financial system. It also emphasized the need for robust global financial reporting standards for facilitating investors' ability to make informed decisions about investment alternatives and to promote the flow of financial resources to developing countries and countries with economies in transition in supporting their efforts aimed at building their productive capacities and enhancing their competitiveness in global trade.

2. At that session ISAR conducted a further review of the practical implementation challenges of International Financial Reporting Standards (IFRS). Its deliberations on that topic were facilitated by case studies of Pakistan, South Africa and Turkey, and panel discussions enriched the deliberations.

3. In the course of its deliberations, ISAR identified various practical implementation challenges, including in the area of regulatory and institutional frameworks, enforcement and technical capacity-building. It also discussed a number of lessons learned in the implementation experience of the countries in the case studies.

4. In accordance with the agreement, reached at ISAR's twenty-third session, to update its Accounting and Financial Reporting Guidelines for Small and Medium-Sized Enterprises (SMEGA): Level 3 Guidance, during the intersession period the UNCTAD secretariat reconvened a consultative group with a view to preparing proposals for revising SMEGA Level 3. The twenty-fourth session of ISAR considered the draft proposed revisions of SMEGA Level 3.

5. In concluding its deliberations on this topic, ISAR requested the UNCTAD secretariat to review practical implementation issues relating to IFRS and to prepare a publication that synthesizes the lessons learned in the practical implementation of IFRS by reviewing the country case studies discussed by ISAR at its twenty-third and twenty-fourth sessions, and to disseminate that publication as widely as possible. ISAR requested the UNCTAD secretariat to continue conducting studies on practical implementation issues relating to IFRS, including related topics such as implementation of International Standards on Auditing. It also requested the UNCTAD secretariat to disseminate its research in that area, and, resources permitting, with a view to strengthening the accountancy profession in developing countries and countries with economies in transition.

6. ISAR deliberated on the proposed revisions of SMEGA Level 3 and requested the UNCTAD secretariat to incorporate into the document comments and suggestions received during the twenty-fourth session, as well as additional comments that interested delegations would submit within two weeks after the session. ISAR also requested the UNCTAD secretariat to reconvene a consultative group with a view to finalizing and distributing for comments an updated SMEGA Level 3 as soon as possible.

7. ISAR further requested the UNCTAD secretariat to consider comments and suggestions on the Exposure Draft of a Proposed International Financial Reporting Standard for Small and Medium-sized Entities of the International Accounting Standards Board (IASB) that interested delegations would send to the UNCTAD secretariat within two weeks after the twenty-fourth session. The secretariat will finalize comments on the Exposure Draft and send them to the IASB.

Guidance on corporate responsibility indicators in annual reports

8. ISAR reiterated the importance of corporate responsibility reporting for meeting the increasing information demands of various stakeholders. It acknowledges that concise, comparable and performance-oriented reports in that area add value for shareholders and other stakeholders, and promote sustainable economic development.

9. In accordance with the agreed conclusions of its twenty-third session, ISAR at its twenty-fourth session considered the further refined and finalized secretariat reports entitled “Guidance on corporate responsibility indicators in annual reports” (TD/B/COM.2/ISAR/41) and “Guidance on corporate responsibility indicators in annual reports: the information needs of stakeholders and the selection criteria for core indicators” (TD/B/COM.2/ISAR/42). It agreed that the reports provided a useful voluntary technical tool for enterprises. It commended both documents for their high quality and usefulness in identifying core indicators and a measurement methodology for harmonized reporting on corporate responsibility information as part of annual reports.

10. In particular, ISAR recognized that the guidance includes the previous findings of the project regarding criteria for selection of indicators and the information needs of users. It also takes into account the cost/benefit considerations of preparing that information and was developed in consultation with preparers of corporate reports. A discussion on the guidance on corporate responsibility indicators in annual reports concluded that it could be a useful voluntary tool for promoting improved communication with stakeholders and positive corporate contributions to host developing countries. It was agreed that

the secretariat should prepare the guidance for publication and disseminate it as widely as possible.

11. ISAR agreed that UNCTAD should continue to coordinate that work with other international organizations active in the area of corporate responsibility reporting, together with private and public sector stakeholders. It suggested that, resources permitting, case studies on corporate responsibility reporting be conducted to provide practical feedback on the status of corporate responsibility reporting around the world.

Corporate governance disclosures

12. ISAR reiterated the importance of good practices in corporate governance for promoting investment, stability and economic growth. In accordance with the agreed conclusions of its twenty-second session, ISAR at its twenty-fourth session considered the results of the annual review of corporate governance disclosure contained in the “2007 Review of the implementation status of corporate governance disclosures” (TD/B/COM.2/ISAR/CRP.6). It commended the review for its quality and for addressing the regulatory dimension of corporate governance disclosure. It noted that it helped to identify a number of important trends affecting corporate governance reporting, including the emergence of global stock exchange mergers, and the increasing integration of social and environmental issues into the broader corporate governance framework. In addition, ISAR reviewed case studies of corporate governance disclosure in China (TD/B/COM.2/ISAR/CRP.8) and in Egypt (TD/B/COM.2/ISAR/CRP.7). It commended those studies and recognized the usefulness of its guidance on good practices in corporate governance disclosure as a practical benchmark for measuring corporate governance disclosure practices in different countries. It suggested that UNCTAD continue to carry out such studies with relevant research partners from around the world.

13. ISAR welcomed the joint project organized by the Egyptian Ministry of Investment, the Egyptian Institute of Directors and UNCTAD to disseminate ISAR's “Guidance on good practices in corporate governance disclosure” at the international conference on transparency and disclosure held in Cairo in June 2007. It suggested that, resources permitting, further joint projects be undertaken with relevant partner organizations in countries around the world to disseminate the guidance and provide related training programmes on its practical implementation.