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ISAR was established by a resolution of the Economic and Social Council of the United Nations in October 1982.

ECOSOC elects new members to ISAR

In April 2005, the United Nations Economic and Social Council (ECOSOC) elected China, Germany, Italy, Lebanon, Malta, Namibia, Panama, Portugal, Russian Federation, Senegal, South Africa, United Kingdom of Great Britain, United Republic of Tanzania and Uganda to join ISAR for a three-year term beginning 1 January 2006. Information on how your country can become an ISAR member, or renew its existing membership can be obtained by contacting the UNCTAD secretariat.

World Accounting Summit held in Dubai, United Arab Emirates

A major conference on international accounting was held in Dubai, United Arab Emirates, from 29 May to 1 June 2005. Held under the patronage of UNCTAD, the event is aimed at assisting finance professionals in their efforts in applying IFRS. The event, a first in the Middle East, brought together senior representatives of global standard-setters such as the International Accounting Standards Board, the International Federation of Accountants, and major accounting associations, as well as principal advisers to transnational companies and key users and preparers of financial statements. Some of the organizations participating in the event included the Ministry of Industry and Commerce of Bahrain, the Dubai Financial Services Authority, Capital Markets Authority of Egypt, the Gulf Cooperation Council Accounting and Auditing Organization, the Arab Society of Certified Public Accountants, and the Saudi Organization for Certified Public Accountants.



Mr. Abbas Ali Mirza, Chairman of the twenty-first session of ISAR, addressing participants at the World Accounting Summit held in Dubai.

UNCTAD participates in ICAI conference in New Delhi, India

The Institute of Chartered Accountants of India (ICAI) organized a two-day international conference on the "Accountancy Profession: Adding Value to New Horizons of Economic Growth" between 1-2 September 2005 at New Delhi. The President of India, His Excellency Dr. A.P.J. Abdul Kalam, inaugurated the conference which was attended by around 1000 delegates. The conference addressed topics such as the expected role of the accounting profession in the process of economic growth; the profession's role in support of those below the poverty line; positioning the profession in maintaining balance between high standards of probity in enterprise governance; and strategies and approaches to be pursued by the profession to move away from its traditional mooring to fulfilment of larger role in the new economic order. Tatiana Krylova, Head, Enterprise Competitiveness Branch, represented UNCTAD at the conference and made a presentation on the accounting and reporting guidance that UNCTAD-ISAR has developed for small and medium-sized enterprises.



Seen from left to right during the inaugural session of the Conference are: Mr. T N Manoharan, Vice President, ICAI; Honourable Mr. K Rehman Khan, Dy; Chairman, Rajya Sabha (Upper House of Parliament of India); H.E. Dr. A. P.J.; Abdul Kalam, Honourable President of India; Mr. Kamlesh S Vikamsey, President, ICAI, and Honourable Mr. Prem Chand Gupta, Minister of State for Company, Affairs (Independent Charge), Government of India.

News in brief

IASC Foundation revises its constitution

In June 2005, the Trustees of the International Accounting Standards Committee (IASC) Foundation approved amendments to the organization's constitution. These changes are intended to:

- o enhance the organization's accountability by increasing the Trustees' oversight and interaction with parties interested in, and affected by, accounting standards.
- o improve the transparency of the organization's operations by introducing new procedures and practices.
- o establish a high level advisory group of leaders of official international and regional organizations to assist the Trustees in their responsibility for nominating and appointing individuals as Trustees.
- o respond to concerns that the experiences of representatives of some large economies outside Europe and North America were not reflected among trustees. A decision was therefore taken to expand the number of trustees from 19 to 22, with a provision for two new appointments from Asia/Oceania.

Further information is available at <http://www.iasb.org>

Professor Nelson Carvalho appointed Chairman of IASB SAC

In July 2005, the Trustees of the International Accounting Standards Committee (IASC) Foundation appointed Professor Nelson Carvalho (Brazil), as chairman of the Standards Advisory Council (SAC) of the International Accounting Standards Board. Professor Carvalho is well known to participants at ISAR sessions. He has been an active participant in ISAR activities for many years and chaired several ISAR sessions. Professor Carvalho is an arbitrator for the International Court of Arbitration of the International Chamber of Commerce and for the Court of Arbitration of the National Association of Financial Institutions in Brazil. He was formerly Head of the Banking Supervision of the Central Bank of Brazil and a Commissioner of the Brazilian Securities and Exchange Commission. He was also an auditor and financial consultant for 25 years.



Above right, Professor Nelson Carvalho, University of Sao Paulo, Brazil, who was recently appointed Chairman of the IASB-SAC chairing the twenty-first session of ISAR with (on the left) Mr. Carlos Fortin, former Deputy-Secretary General of UNCTAD.

Further information is available at: <http://www.iasb.org>

Mr. Robert Garnett appointed Chairman of IFRIC

In June 2005, the Trustees of the International Accounting Standards Committee (IASC) Foundation appointed Mr. Robert Garnett as non-voting Chairman of the International Financial Reporting Interpretations Committee (IFRIC). In April 2005, the International Accounting Standards Foundation announced the reappointment of Mr. Garnett to the IASB. His initial appointment to the IASB was in January 2001. Prior to that, he was Executive Vice-President of Finance for Anglo-American PLC. He has been a member of the



Mr. Robert Garnett, IASB Board Member and Chairman of IFRIC - addressing participants at the 21st session of ISAR in 2004.

South African Accounting Practices Board and served as a committee member of the International Accounting Standards Committee's project on extractive industries. As an IASB Board member, he plays a liaison role with the economies of southern Africa.

He has participated in many ISAR sessions and played a key role in two IFRS workshops organized by the UNCTAD secretariat during the twenty-first and twenty-second sessions of ISAR.

Further information is available at:
<http://www.iasb.org>

New Public Interest Oversight Board established to oversee IFAC

A new Public Interest Oversight Board (PIOB) was established in March 2005 to oversee the work of the International Federation of Accountants in the areas of auditing, ethics and education standard-setting committees and IFAC's Member Body Compliance Program. The Chairman of the PIOB is Stavros Thomadakis, former Chairman of the Hellenic Capital Market Commission in Greece. In welcoming the establishment of the PIOB, IFAC President Mr. Graham Ward said that, "public oversight is critical to building credibility and confidence in international standards. This, in turn, contributes to confidence in the financial information produced by companies; in the examinations carried out by their auditors; and, ultimately, in the capital markets that rely on such information".

Further information is available at:
<http://www.ifac.org>

IAASB approves a revised ISA on Audit Documentation

In September 2005, the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) approved a revised International Standard on Auditing (ISA) on Audit Documentation. The revised standard establishes stricter requirements for audit documentation. For example, it places new emphasis on the timely preparation of the audit documentation needed to provide sufficient and appropriate records of the basis of the auditor's report. Another new requirement is that the audit

documentation has to be prepared in such a way that an experienced auditor, with no prior connection with the audit, could understand the audit work performed.

Further information is available at:
<http://www.ifac.org>

IFAC Board approves initiative to develop ISA guide for SMEs

In July 2005, the Board of the International Federation of Accountants gave its full support on moving ahead with an initiative to develop guidance materials on International Standards of Auditing (ISAs) for use in SME audit engagements. The purpose of the guidance materials is to assist auditors around the world understand, comply with and apply, ISAs when conducting SME audits.

Further information is available at:
<http://www.ifac.org>

IASB-FASB issue joint exposure draft on business combinations

Signalling further convergence between IFRSs and United States Generally Accepted Accounting Principles (GAAP), the International Accounting Standards Board and the Financial Accounting Standards Board (FASB) each published at the end of June 2005 an Exposure Draft containing joint proposals to improve and align accounting for business combinations. The proposals include a draft standard that the Boards jointly developed in their first major joint project. The objective of the project is to produce a single high-quality standard on accounting for business combinations that could be used for both domestic and cross-border financial reporting. The proposed standard would replace the existing requirements of the IASB's IFRS 3 *Business Combinations* and the FASB's Statement No. 141, *Business Combinations*.

Further information is available at:
<http://www.iasb.org>

The Committee of European Securities Regulators publishes technical advice on equivalence of three national GAAPs

The Committee of European Securities Regulators (CESR) published in July 2005 its final advice to the European Commission on equivalence between Canadian, Japanese and United States Generally Accepted Accounting Principles and International Financial Reporting Standards (IFRS). In accordance with CESR's advice, companies reporting under Canadian, Japanese and US GAAP are not expected to carry out a complete reconciliation of their financial statements to IFRS. Instead, they are expected to apply remedies - in the form of additional disclosures - in relation to the list of significant differences commonly found in practice or, known to be significant as such, by the financial and audit community. Furthermore, CESR included within its advice to the European Commission a description of the enforcement mechanisms which are in place in each of the three countries that it reviewed.

Additional information is available at:
<http://www.cesr-eu.org>

PCAOB adopts an audit standard on remediation of internal control weakness

In July 2005, the Public Company Accounting Oversight Board (PCAOB) in the United States adopted a new auditing standard that establishes requirements that apply when an auditor is engaged to report on whether a previously reported material weakness in internal control over financial reporting continues to exist as of a date specified by management.

Further information is available at:
<http://www.pcaobus.org>

2006 World Congress of Accountants

The 17th World Congress of Accountants will take place in Istanbul, Turkey on 13-17 November 2006. The Union of Certified Public Accountants of Turkey and the Accountants Association of Turkey will host the Congress. The topics to be addressed at the World Congress include: generating economic

growth and stability through the accounting profession in developing nations, capital market stability worldwide and the accounting profession, and value creation through professional accountants in business.

Further information is available at:
<http://www.wcoa2006istanbul.org.tr>

The International Valuation Standards Committee published 2005 edition of its Standards

The International Valuation Standards Committee (IVSC) released the 2005 edition of the International Valuation Standards. This new edition incorporates changes made on the International Financial Reporting Standards as part of the IASB's improvements project.

Further information is available at: www.ivsc.org

The International Corporate Governance Network held annual conference in London

In July 2005, the International Corporate Governance Network (ICGN) held its 2005 annual conference in London. It is reported that over 500 participants from 34 countries attended the conference. Some of the high-level speakers at the conference included Sir Adrian Cadbury and Mr. Ira Millstein. Sir Adrian Cadbury is widely known for his work on the Cadbury Code, a code best practices on corporate governance. Mr. Millstein is well known for his work in corporate governance in general, and his contributions to the OECD Principles of Corporate Governance, in particular. The conference discussed various issues including cross border regulations, investor governance, accounting, auditing and board responsibilities.

The ICGN was established in March 1995 and its membership is mainly composed of institutional investors. Estimates indicate that ICGN members collectively hold 10 trillion dollars in assets.

Further information is available at:
<http://www.icgn.org>

GRI prepares G3 guidance for 2006

The Global Reporting Initiative (GRI) is currently working on a third generation of guidelines, known as 'G3'. Following the release of its second generation of guidelines in 2002, the number of entities using the guidelines to prepare their sustainability reports has doubled each year, reaching over 750 in 2005. GRI began conducting a feedback process to learn how its guidelines could be improved. This feedback process identified a number of areas requiring improvement. One criticism of the 2002 guidelines was that they were too general and too qualitative. In particular, the feedback process identified demand for improving comparability. Another criticism concerned the lack of a close fit between the different sections of the guidelines (economic, environmental, and social). This was largely a product of the production process: each section was written by a separate group.

Now the GRI is seeking to address these issues in its latest version, G3. This third generation of guidelines will reportedly define specific units of measurement for every indicator to improve comparability. The working group behind the guidelines has been reorganized, with one overarching group responsible for ensuring consistency and balance between sections.

GRI plans to launch a draft of the G3 for a 90-day comment period on January 1, 2006. During this period, all members of the public are welcome to comment on the draft guidelines.

Further information is available at:
<http://www.globalreporting.org>

ISO 26000: Drafting a new social responsibility standard

The International Standards Organization (ISO), known for its quality management standards (ISO 9000) and environmental management standards (ISO 14000), is now drafting a new standard on social responsibility. This standard will include guidance on transparency and reporting.

The ISO is aiming to publish the new standard in early 2008, after extensive multi-stakeholder dialogue on the definition of the standard. During the September 2005 meeting of the Working Group in Bangkok, Thailand, a design specification was prepared and it was agreed that United Nations guidance documents would be important normative references for the new 26000 standard. The UNCTAD secretariat has been participating in the ISO Working Group and has made available to the ISO Working Group the work of ISAR in this area.

Further information is available at:
<http://www.iso.org/sr>



From left to right: Cornis van der Lugt (UNEP), Ursula Wynhoven (UN Global Compact), Marta Seoane (WHO), Edward Clarence-Smith (UNIDO), Anthony Miller (UNCTAD) participating at the second meeting of the ISO Working Group on Social Responsibility (WG SR) that took place during 26-30 September 2005, in Bangkok, Thailand



Participants at the World Accounting Summit held in Dubai, United Arab Emirates, during 29 May to 1 June 2005.



During the 1st Technical Session of the International Conference organized by ICAI last September in New Delhi, seen from left to right are: Mr. Y H Malegam, FCA, Chairman, National Advisory Committee on Accounting Standards and Past President ICAI; Mr. Kamlesh Vikamsey, President ICAI; Ms Tatiana Krylova, UNCTAD and Mr. Geoff Brayshaw, Past President, The Institute of Chartered Accountants of Australia

Your comments are welcome!

We would like to hear from you so that we can improve the newsletter as needed.

Please send your comments to:

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