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**Intergovernmental Working Group of Experts on  
International  
Standards of Accounting and Reporting  
(ISAR)**

**32nd SESSION**

4 - 6 November 2015

Room XVIII, Palais des Nations, Geneva

Friday, 6 November 2015

Morning Session

**Guidance on good practices in the area of compliance  
monitoring and enforcement**

Presented by

Kurt Ramin

Director

KPR Associates and former Partner, PwC

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**UNCTAD – Isar 32**

**Guidance on good practices in the  
area of compliance monitoring and  
enforcement (global view)**

**Kurt Ramin, MBA, CPA, CFE**

Director and Consultant, KPR Associates

*Former Partner, PwC, New York and past Director, IFRS Foundation, London*

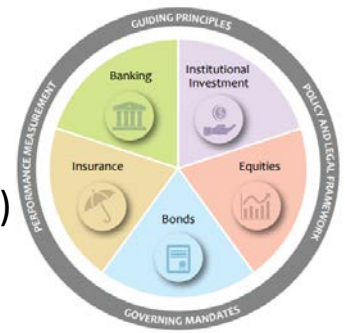
Room XVIII, Palais des Nations, Geneva, [46°13'35.63"N](#) [6°8'25.72"E](#)

**November 06, 2015**, 10.00 to 13.00

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# Global Capital Markets

Sources: [www.world-exchanges.org](http://www.world-exchanges.org) www.marketwatch.com (estimates)  
and UNEP Inquiry



- Equities: 45.000 listings, \$66 trillion market cap
- Currencies: \$5 trillion **daily trading**
- Public Debt: \$ 58 trillion
- Banks and Institutional: Value Multipliers: Derivatives, other bonds and loans (secured and unsecured): 167 trillion
- SMEs, Real Estate other Tangibles and Natural Capital
- Insurance and Intangibles

## “International Auditing Differences” (1996)

By Frost, Carol A.; Ramin, Kurt P.

# JOURNAL OF ACCOUNTANCY

“The development of **audit standards and practice** in different countries is influenced by numerous factors including the nature of financing, the size and complexity of businesses and capital markets, tax laws and the legal environment.”

**Look at:** <http://adt.unctad.org/>

## What has changed?

1. Preparers
2. ICT information/communication technology
3. Payment Systems
4. Standards and Frameworks
5. Legal and Tax (LEI, OECD – “global tax chaos”)
6. ***External information - sustainability***
7. Auditors

# Codify Information in the Reporting Supply Chain – good practices

- Information Repositories for entities and languages
- Standards (IFRS, GRI, SASB, others) converge and copy
- Technology (ERP, XBRL, ICT, SoMoClo, others)
- Integration (new models)
- **3 P Model** (products, people, physical infrastructure)
- Separate Objects from Value – physical objects are becoming software code (3D, IoT) – focus on valuation: IVSC and materiality of objects
- Auditing (Big 4: \$130 billion Revenue, 800.000 people, 40% global consulting share, PwC largest) – Global knowledge gateway and global regulation survey (IFAC)

## Discussion Points: good practices

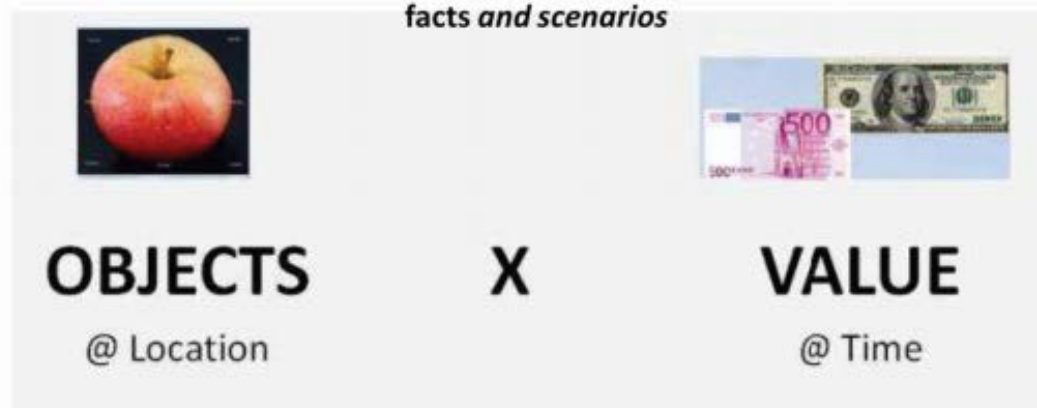
- **Capital Markets:** complexity of regulation
- **Reporting entities:** comparability, transparency
- **Standards and Auditing** (e.g. SASB, metrics)
- **Integrated Reporting:** combine standards

**Technology and Paradigm Shift needed**

- **Plenary Discussion**

## Proposed Reporting Format by Entity: Industry/Segment (3P's)

**3P's:**  
Separate  
Object (fact)  
**tracking**  
and Valuation



### 3P Statement

Cash Flow +/- Non-Cash = Results per Period

*Integrated "Thinking" & Capitals,  
including 5. Intellectual Capital (IC)*  
*Forecast*      *Disclosure*      *Risk*  
Period 1, 2, 3      Explain      Assess

**1. Products/Services** – external  
(Social & Relational Capital)

Objects x Value  
by currency

**2. People** - Detail  
(Human Capital)

**6. (Funded by) Financial Capital** – Reconciliation & *Forecast*

Net Operating Assets less net Investing  
and Financing activities

Owners (Income/Equity) +/- Tax (Net)

Additional disclosures

**3. Physical (Plant) Infrastructure**  
(Manufactured & **4. Natural Capital**)

Figure A2. The proposed reporting format (numbers 1–6 indicate IIRC capitals).

Notes: As mentioned in Section 4.2.1, each entity has to define its own objects based on an assessment of materiality and risk, and report values in each currency.

**Outline:** 3.0 Three simple Capital Drivers: (3Ps: Products, People, Physical Infrastructure) and an **XBRL** example using IFRS, GRI and SASB standards

## Journal of Sustainable Finance & Investment


Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/tsfi20>

### A model for integrated capital disclosure and performance reporting: separating objects from value

Journal of Sustainable Finance & Investment

Volume 5, Issue 1-2, 2015

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A model for integrated capital disclosure and performance reporting: separating objects from value

DOI: 10.1080/20430795.2015.1042829


Kurt Ramin<sup>a</sup> & Stephen Lew<sup>b\*</sup>  
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### A model for integrated capital disclosure and performance reporting: separating objects from value

Kurt Ramin<sup>a</sup> and Stephen Lew<sup>b\*</sup> 

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(Received 26 October 2014; accepted 16 April 2015)

This paper introduces a conceptual model for integrated capital disclosure (ICD) and performance reporting. The paper details the design of a simplified key element taxonomy that highlights current and forecasted product, people and physical infrastructure (3Ps) resources, transactions and activities as carriers and drivers of intellectual capital (IC). We introduce object recognition and tracking technologies and suggest to separate accounting object definitions from valuation and measurement methods. Each reporting entity or organization has to report and forecast cash flows and accounting estimates, and should disclose potential IC, including risk assessment, based on the key element taxonomy. Financial capital is reconciled in a separate schedule. The taxonomy matrix allows aligned risk and integrated reporting assessments to be more focused, thereby reducing duplication in reporting. The matrix also codifies and integrates financial and sustainability (non-financial) reporting disclosures. Further studies should determine whether the proposed concepts lead to better use and understanding of information. There is a vacuum in assessing the performance of entities on the basis of total information made up of financial and non-financial reporting. Financial, sustainability, IC, tax and statistics reports, and other data are difficult to understand for those who are not industry experts. The ICD model combines and relates information. The suggested new concepts and paradigm changes are designed to reduce this complexity, and should result in more focused comparisons between and within industries.

**Keywords:** integrated reporting and disclosure; intellectual capital; object tracking; performance reporting; valuation

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