
**Intergovernmental Working Group of Experts on
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(ISAR)**

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**Agenda item 5(a). Accounting Development Tool
implementation experiences**

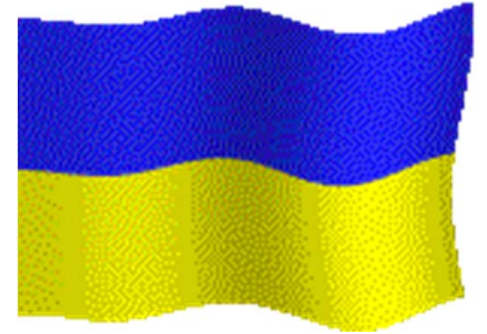
Presented by

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The United Nations Conference
on Trade and Development
(UNCTAD)



Improvement of ADT as a Compliance Tool

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Background information on Ukraine for assessment of its capacity for high-quality corporate reporting by UNCTAD

ISAR methodology

Slide 2

Questions	Answer
Number of listed companies	1 932 thousand units
Number of companies that are required to have an audit report	7,5 thousand units
Stock Exchange data	
1. Number of stock exchanges in the country	8 units
2. Trade volume of stock exchanges in the country	232,7 bln UAH
Number of certified/professional/chartered accountants	Determination of such provision is not directly established by legislation
Number of certified/professional/chartered auditors	3 thousand units
Nominal GDP per capita, current prices, purchasing power parity (year 2016)	8 319,8 USD
How does the country classify SMEs?	Criteria of Directive 2013/34/EU and national legislation
How does the country classify other public entities?	Determination of such provision is not directly established by legislation

Implementation of international documents regulating accounting and auditing area in Ukraine

Slide 3

International document	State of implementation
<ul style="list-style-type: none">✓ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings✓ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups✓ Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts✓ Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts✓ Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC	<ul style="list-style-type: none">✓ the draft Law “On Accounting and Financial Reporting in Ukraine” (on improvement of certain provisions) (dated 16.06.2017, № 4646-д, filed on October 5, 2017)✓ the draft Law “On auditing” (dated 03.04.2015, filed, № 2534)✓ the draft Law “On audit of financial reporting and auditing” (dated 03.02.2017, filed, № 6016)

Amendments to national legislation affecting the disclosure of information for assessment of its capacity for high-quality corporate reporting by UNCTAD ISAR methodology

Slide 4

Legislative Act	Innovations
<p>the draft Law “On Accounting and Financial Reporting in Ukraine” (on improvement of certain provisions) (dated 16.06.2017, № 4646-д, filed on October 5, 2017)</p>	<ul style="list-style-type: none"> ➤ the criteria for defining micro-undertakings, small, medium-sized and large undertakings for accounting purposes are established in accordance with provisions of Directive 2013/34/EU ➤ the procedure for submission and disclosure of financial reporting is improved (reporting of companies, which applied IFRS is submitted in single electronic format) ➤ the definition of "public interest entities" is introduced ➤ the requirements for reporting prepared under IFRS by public interest entities and undertakings active in the extractive industry (the extraction of minerals of national importance) are presented ➤ the reporting on payments to government and management reporting are implemented ➤ the approaches for disclosure and presentation of financial reporting (the dates of presentation of financial reporting are specified) in terms of categories of undertakings (especially for public interest entities) are determined ➤ the requirements of Directive 2013/34/EU and IFRS on consolidated financial reporting with specifications that it is prepared in accordance with national or international accounting standards are implemented. The requirements on financial reporting consolidation are not applied for small group of undertakings

Suggestions on amendments to Assessment Questionnaire on a Country's Capacity for High-Quality Corporate Reporting

Slide 5

Question	Recommendation
Pillar A	
1.1.5	The question <i>“Are IFRS in full, unmodified form required as part of the national regulatory system for consolidated financial statements of other public-interest entities?”</i> should be specified in terms of certain categories of public interest entities
3.1	The question <i>“Is it provided clear guidance on the disclosure of corporate governance in a special code on corporate governance or other regulatory requirements or requirements established for securities trading?”</i> should be more specific in terms of use of financial reporting in the corporate governance system
4.5	The question <i>“Is there a procedure of informing regulators about cases of non-compliance identified during the supervision?”</i> requires clarification of the procedure
6.4	In the question <i>“Does the legislation or other regulations require that at least some of the board members, audit committee or similar structural unit should to be competent for accounting and reporting?”</i> the criterion of "competence" should be defined more precisely.

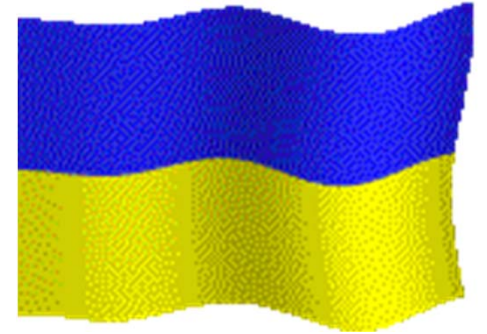
Suggestions on amendments to Assessment Questionnaire on a Country's Capacity for High-Quality Corporate Reporting

Slide 6

Question	Recommendation
Pillar B	
1.2 2.2	The question <i>“Is it set the accounting standard-setting body accountable to an independent higher authority?”</i> requires clarification about status of public administration body. Is it considered as the "independent authority"?
1.5 2.5	The question <i>“Is the process of appointment of board members of the bodies responsible for the development of standards in accounting transparent?”</i> needs clarification on the criteria of "transparency" of the appointment procedure
1.16, 2.16, 4.4, 4.8, 4.13, 4.17, 5.5, 7.4, 7.10	The question <i>“Is there a formal procedure of ensuring its independence from the funding mechanisms of development standards in accounting”</i> needs to be clarified about the mechanisms that can ensure such independence
7.6	The question <i>“Does the body that conducts inspections related to the work of specialists in corporate reporting have experts, trained to perform such inspections?”</i> should be clarified as to how to evaluate the level of expert`s professional training
8.5.7	The question <i>“Is professional organization of accountants and auditors (POA) economically sustainable?”</i> requires the explanation on how to assess the economic sustainability of POA



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**THANK YOU FOR
ATTENTION**

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