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

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Agenda item 4.
Issues of practical implementation of international standards of accounting and reporting in the public and private sectors

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Issues of practical implementation of international standards of accounting and reporting in the public and private sectors
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• What is the current state of implementation
• What are some of the key benefits that have been derived as a result of the global implementation of IFRS
• What are some of the main challenges that countries and enterprises are encountering in implementing IFRS
• What needs to be done at the global level to promote further implementation of IFRS
What is the current state of implementation

87% of jurisdictions require IFRS Standards for most domestically accountable companies

- 144 jurisdictions require IFRS Standards for all or most companies
- 12 jurisdictions permit all or most companies to use IFRS Standards
- 9 jurisdictions have their own national standards or are moving to IFRS Standards
- 1 jurisdiction requires IFRS Standards for financial institutions

Source: IFRS Standards Around the World

15 of 20 G20 economies require use of the IFRS standards

86 of 166 profiled jurisdictions require or permit the use of the IFRS for SMEs
What are some of the key benefits that have been derived as a result of the global implementation of IFRS
What are some of the key benefits that have been derived as a result of the global implementation of IFRS

1. **Investors**
   - Enhancing the comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.

2. **Reliability**
   - Strengthened reliability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money.

3. **Accountability**
   - Our Standards provide information needed to hold management to account.

4. **Comparability**
   - As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world.

5. **Allocation**
   - Economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation.

6. **Costs**
   - For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs.
What are some of the main challenges that countries and enterprises are encountering in implementing IFRS

**IFRS challenges**

- **Technical – lack of critical mass of competent accountants**
- **Technical – training materials outside of English are often rare**
- **Technical – lack of competent professionals e.g. actuaries**
- **Enforcement issues – Professional accounting body may not have the membership bylaws/compliance**
- **Enforcement issues – Stock exchanges, Financial Regulators ability**
- **Institutional issues – Initial laws, regulations overlap/inconsistent**
What needs to be done at the global level to promote further implementation of IFRS

Set dates for adoption

Business issues
- Mgmt comp
- Debt
- KPIs

Info systems
- May need replacing
- Get them ready

Training of staff
- IFRS to sign

Set path for regulators
- Full training to be delivered

Auditor training
- Start early

Plan well in advance

Regulators