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

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**Follow-up on the Accounting Development Tool (ADT)**

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## 31 session of UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)



### Accounting Development Tool (ADT) adaptation for ensuring fiscal transparency and finance information reliability in Ukraine

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# Stabilization of the world monetary system



**Globalization**

**Universalization**

Introduction of universal accounting  
and financial reporting standards

**Transparency**

**Reliability**

**Openness**



**Accounting improvement  
applying the ADT tool**

**Financial information, its  
comparative analysis and monitoring**



**RAPID RESPONSE TO THE CRISIS TRENDS**

# Harmonization

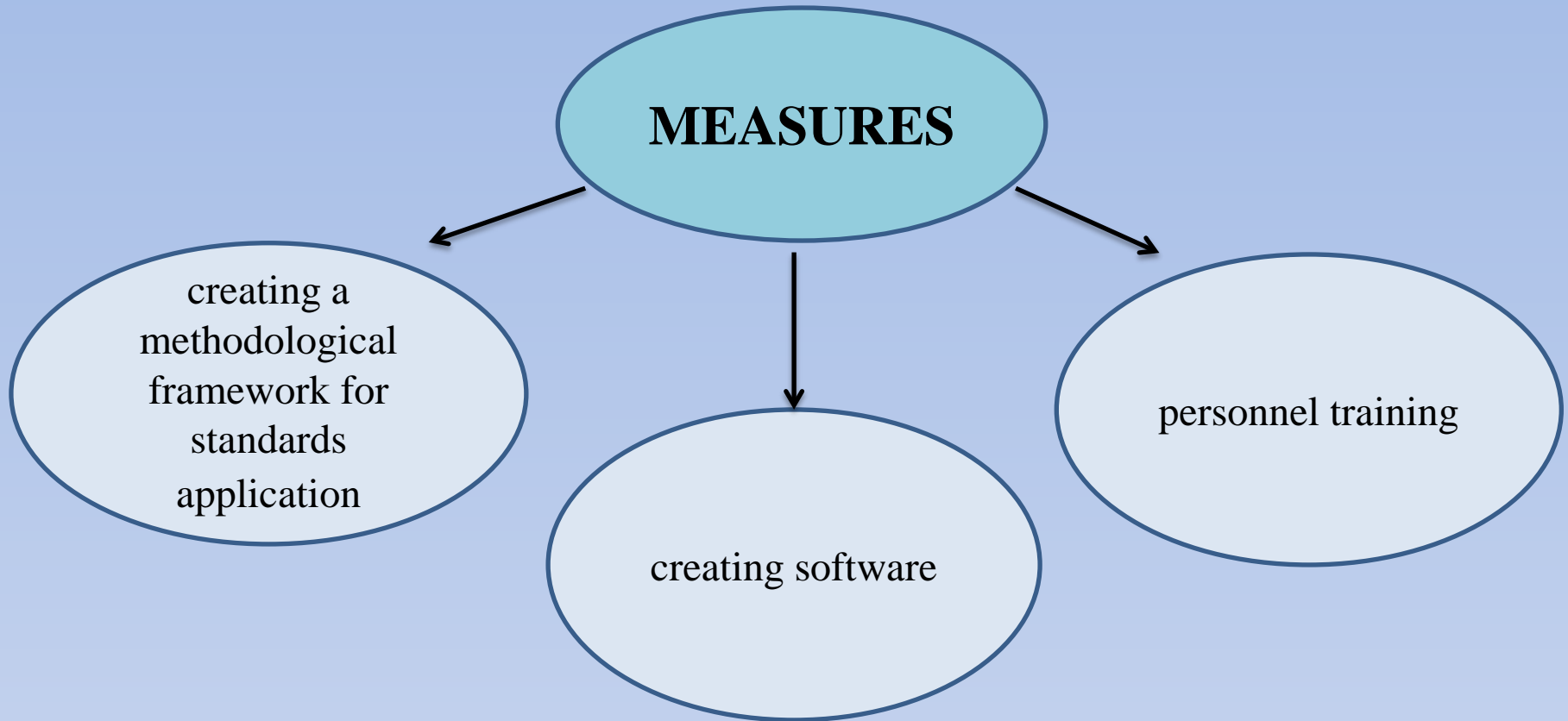
## with relevant international and European standards

### Public sector accounting reform

#### *Main directions*

- development and implementation of national public sector accounting provisions (standards) taking into account the requirements of IPSAS;
- improvement of a Single chart of accounts in public sector harmonized with a budget classification;
- improvement of methods of reporting preparation and consolidation.

# Further measures on implementation of public sector national accounting provisions (standards)



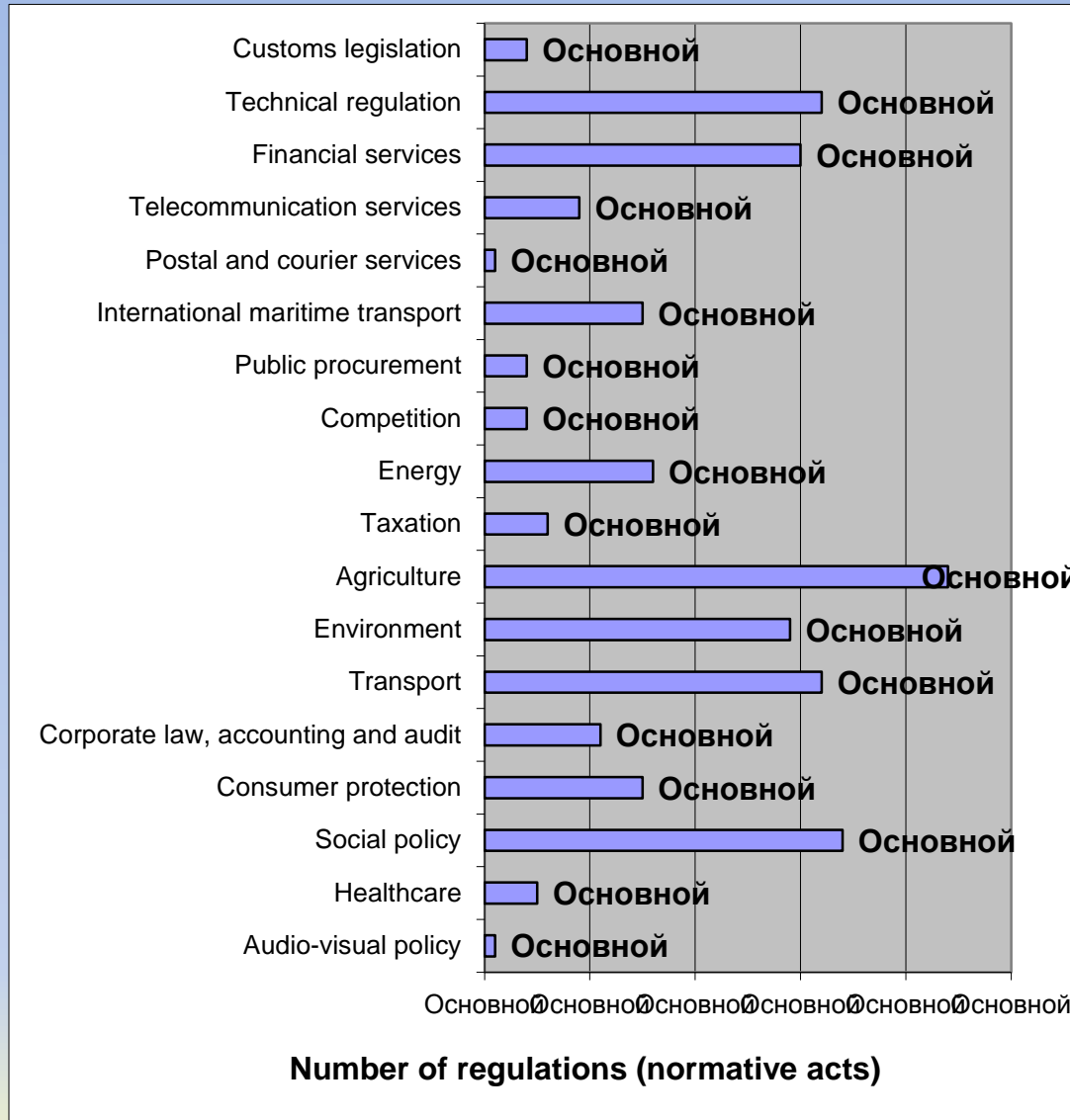
# Expected outcomes of the reform implementation

- Adaptation of Ukraine's accounting and reporting legislation to international standards (IPSAS);
- Improving public finance management system;
- Transparency of the public sector financial reporting data and the possibility of comparison with similar data from other countries;
- Modernization of information and communication technologies;
- Improving the system of training and retraining of personnel in public sector accounting.

# Assessment on Ukraine's capacity for corporate reporting (general results)

|                                | (%)   |
|--------------------------------|-------|
| Legal and regulatory framework | 83,5  |
| Institutional framework        | 92,7  |
| Human capacity                 | 94,0  |
| Capacity-building process      | 100,0 |
| Public sector                  | 74,2  |

# Schedule of commitments' implementation on harmonization of Ukrainian legislation with EU norms, by spheres





## Conceptual approaches to elaboration of the Accounting Development Strategy in Ukraine

### *New directions of accounting development in Ukraine under the European integration processes not stipulated by the Strategy N 911*

- consistency of Ukrainian legislation concerning the content and presentation of the annual financial statements and the management reports for various types of undertakings with the EU legislation;
- introduction of a system of accounting and financial reporting regulation in compliance with the subsidiarity and proportionality ensuring compliance of administrative procedures with created preferences (new regulation model: interaction of various regulators and participation of professional community in accounting regulation);
- implementation of the accounting system based on fair value for both annual and consolidated financial statements for all undertakings or groups, except for micro-undertakings;
- introduction of reporting on payments to governments for large undertakings and public-interest entities active in the extractive industry and in the logging of primary forests in order to ensure transparency of efficient use of natural resources.

### *Main directions of the Strategy on implementation of financial reporting standards in Ukraine N 911-p of 24 October 2007*

- 1) creating favorable organizational and legal conditions for implementation of international standards to draw up financial statements by entities and its presentation in electronic form in accordance with international practices under "single-window" principle
- 2) *adaptation of the national legal framework in accounting to international standards*
- 3) improving the state accounting regulation
- 4) *improving the methodology of accounting for small undertakings*
- 5) *taking into account the best international practices on forming high-quality reporting*
- 6) strengthening human capacity in accounting and ensuring a high level specialists in accounting for entities that prepare financial statements according to international standards
- 7) creating effective mechanisms for coordination of executive authorities, professional organizations, universities and other stakeholders to ensure the application of international standards and accountants and auditors training

### *Expanding the Strategy N 911 directions taking into account the European integration processes in Ukraine*

implementation of requirements of Directive to National Accounting Regulations (standards) of accounting and reporting

- simplification of accounting and financial reporting for SMEs in order to create favorable conditions for entrepreneurship, to reduce administrative procedures and promote the internationalization of SMEs;
- exemption for micro-undertakings (except for investment and financial holding undertakings) from certain obligations, applicable for small undertakings, on accounting and reporting, which would be for them an excessive administrative burden, with mandatory record keeping and displaying all business transactions in it.

introduction of the management report which displays the results of analysis of strategic, social, environmental and production aspects of the business necessary for information disclosure on undertaking's development, performance and position

**Conclusion:** the Strategy N 911 requires to change more than 60 % of the content

# Collaboration with UNCTAD-ISAR Proposals

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Maintaining the principles of transparency, consistency with progressive tendencies of the world democratic civilization development

## 1. Improvement of the methodology of UNCTAD-ISAR **assessment of country's capacity for high-quality corporate reporting**



- identifying gaps that exist in the accounting and financial reporting system
- elaboration of measures to address them, and a strategy of further development

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Business support as a key factor for sustainable development



## 2. Exemption for micro-undertakings (except for investment and financial holding undertakings) from certain obligations, applicable for small undertakings, on accounting and reporting, which would be for them an excessive administrative burden, with mandatory record keeping and displaying all business transactions in it: elaboration of international (European) accounting and financial reporting standards for micro-undertakings

**Thank you for attention!**

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