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

1. The twentieth session of ISAR to take place in Geneva in autumn 2003

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) will hold its twentieth session from 29 September to 1 October 2003 in Geneva.

The seventh session of the Commission on Investment, Technology and Related Financial Issues approved the provisional agenda proposed by the Group of Experts for ISAR's twentieth session. Last January, Mr. David Moore (Canadian Institute of Chartered Accountants), chairperson of the nineteenth session of ISAR, presented a report on that session and other activities of the Group of Experts to the seventh session of the Commission on Investment, Technology and Related Financial Issues. The Commission took note of the report and endorsed its agreed conclusions. Further information and documentation on the twentieth session will be made available in due course.

2. IFAC President calls for closer cooperation with UNCTAD ISAR

Mr. René Ricol, President of the International Federation of Accountants (IFAC), called for closer cooperation between his organization and UNCTAD/ISAR in strengthening the accounting profession, particularly in countries with economies in transition and developing countries, since these countries are the primary focus of UNCTAD activities. In his address to participants in the UNCTAD workshop on accounting education, Mr. Ricol said that the task of strengthening the accounting profession could be better tackled with

concerted efforts by the two organizations. Mr. Ricol was elected President of IFAC in November 2002 at the sixteenth World Congress of Accountants. IFAC has 155 member organizations in 113 countries, representing about 2.4 million accountants.



Professor Belverd Needles (left), De Paul University, Chicago, and Mr. René Ricol, IFAC President, addressing participants in the workshop

3. UNCTAD workshop discusses the role of accounting education in restoring investor confidence

A two-day workshop on the role of accounting education in restoring investor confidence, organized by UNCTAD, was held in Geneva from 31 March to 1 April 2003. About 60 participants from all regions of the world attended the workshop.

In his opening remarks, Mr. Rubens Ricupero, Secretary-General of UNCTAD, noted the lack of caution and the exaggerated ideas that characterized the business models of the early 1990s. Mr. Ricupero recalled the string of spectacular corporate failures that had occurred during the past two years and the regulatory responses that had followed.

He highlighted the importance of accounting and auditing as critical components in the "institutional framework of a working market economy". He noted that UNCTAD, at its tenth quadrennial meeting in Bangkok, had called for sound ethical principles to accompany strong regulatory responses aimed at stabilizing and strengthening capital markets. The Secretary-General questioned the wisdom of prescribing procedures that are considered to work well in advanced economies for adoption by developing countries and countries with economies in transition, without taking into account their differing starting points.



(left to right) Mr. Ndung'u Gathinji, CEO, ECSAFA; Mr. Rubens Ricupero, Secretary-General, UNCTAD; Ms. Lorraine Ruffing, Head, Enterprise Branch, UNCTAD

Six panels discussed major challenges facing the accounting profession, harmonization of professional qualification requirements and accounting education, recent initiatives on cross-border recognition of professional qualifications, international benchmarking for professional qualifications, and the ISAR model curriculum and its role in the harmonization of professional qualifications. Panellists included senior representatives of national, regional and international accountancy organizations, accounting firms and practitioners, accounting educators, regulators, development agencies and

others. The diverse panels addressed the challenges facing the accounting profession from a variety of perspectives, and this contributed to the richness of the discussions.

One of the major challenges to the accountancy profession has been the loss of public trust in the aftermath of the mega corporate collapses that occurred during 2001 and 2002. This was discussed extensively. In the course of the discussions it emerged that while regaining public trust was of paramount importance to the profession as a whole, a variety of issues remain to be addressed. The need to strengthen the accounting profession in developing countries as well as in countries with economies in transition is still a significant challenge. One of the panellists noted that recent worldwide developments regarding the profession tended to focus "more on regulating the profession in the public interest and less on developing it". While some argued for more education on financial markets, others wondered whether it was wise to educate prospective accountants in developing countries about portfolio management when there was little likelihood of their encountering situations where they would have to use such knowledge. Overall, the deliberations highlighted the importance of a concerted approach to addressing the various challenges facing the profession.

ISAR adopted a guideline on qualification requirements for professional accountants in February 1999. The guideline included a model curriculum that provided detailed guidance on subjects that need to be mastered by prospective accounting professionals as part of the qualification requirements. In a recent survey conducted by UNCTAD, some 20 countries indicated that they were using or considering the use of the model curriculum in their professional qualification requirements.

4. Consultations on manual on eco-efficiency indicators

Consultations on a draft UNCTAD-ISAR manual on eco-efficiency indicators were successfully conducted in Geneva on 28 March 2003. Participants included preparers and users of corporate reports as well as experts from accounting firms, academics, and representatives of international and regional and national organizations, and non-governmental and other organizations. Roger Adams of the Association of Chartered Certified Accountants (ACCA) chaired the consultations. Leading and participating in the discussions were also Andreas Sturm and Kaspar Mueller of Ellipson, AG, the authors who prepared the draft manual for UNCTAD-ISAR.

One of the participants in the consultations was Charles Peter Naish of Ciba Speciality Chemicals, Inc., Swiss-based chemical company. Ciba has tested the UNCTAD/ISAR manual in preparing its eco-efficiency indicators. On the basis of the tests conducted by Ciba, Mr. Naish provided very useful feedback on the implementation aspects of the manual. He said that his company found the guidance comprehensible and easy to implement, especially for large companies with established environmental reporting departments. Mr. Naish announced Ciba's intention to use the final version of the manual in the preparation of its eco-efficiency indicators.

Participants deliberated on various aspects of the draft eco-efficiency indicators manual. There was an extensive discussion on the best way to measure and calculate energy indicators. Conversion factors and the varying energy efficiencies of different enterprises, the impact of exchange rate fluctuations in calculating indicators, the computation of net value-added and amortization of self-generated intangible

assets were among the issues on which participants exchanged useful views. The application of the guidance to small and medium-sized enterprises and the feasibility of computing social indicators were also discussed. Professor Alain Haurie, University of Geneva, presented an update on an UNCTAD-University of Geneva joint Internet-based distance-learning tool. The course components include material on environmental accounting and reporting and eco-efficiency indicators.

The draft manual was developed on the basis of the work of ISAR that extended the conventional accounting and financial reporting model to link environmental performance with financial performance. The manual is a guide to users and preparers of eco-efficiency indicators. It provides detailed guidance on how enterprises can provide information on their environmental performance in an integrated manner with information on their financial performance.



Mr. Andreas Sturm discussing the eco-efficiency manual at the consultations

5. Steering Committee on International Professional Qualifications on Accounting meets in Geneva

The Steering Committee on International Professional Qualifications met in Geneva on 1 April 2003. It discussed the proposed revisions to the model curriculum that ISAR had adopted in 1999 and exchanged views on the way forward. The Committee also discussed various views that participants had expressed during the workshop that preceded its meeting. It agreed that the work on revisions to the model curriculum should be finalized, the promotion of the model curriculum should be continued and awareness of this work should be raised. Further steps should include assessment of the implementation of the curriculum and its adaptation to local needs of the profession in developing countries and in countries with economies in transition. It was also agreed that the work should be done in coordination with IFAC and the development of its standards on accounting education and professional qualifications.

The Steering Committee was established in 1999 by a group of organizations interested in the global strengthening of the accounting profession.

6. UNCTAD hosts the second meeting of the IFAC Task Force on Developing Nations

The recently elected President of IFAC, René Ricol (France), has set up several task forces to tackle various issues facing the global accountancy profession. The Task Force on Developing Nations is one such task force and has been asked to look at what role IFAC can or should play to assist in the development of the accountancy

profession in developing countries, with special emphasis on Africa.

The Task Force is chaired by Mr. Ndung'u Gathinji of Kenya, an IFAC Board member of long standing, and has representatives from Senegal, South Africa, Tunisia, the World Bank and UNCTAD. The UK body, ACCA, provides secretarial support.

The Task Force has held two formal meetings so far, the first in London in February and the second hosted by UNCTAD, in Geneva in March 2003.

Mr. Gathinji, who is also the Chief Executive of the Eastern, Central and Southern African Federation of Accountants (ECSAFA) based in Nairobi, Kenya, and also the newly elected Chairman of the Nairobi Stock Exchange, emphasized the importance of the formation of the Task Force at this time when the world's attention is focused on developments in Europe and North America following the corporate failures there. In its recommendations the Task Force will consider the progress made since a previous Task Force, chaired by Juan Herera, a past President of IFAC, filed its report in 1995.

7. New members elected to ISAR

In April, the United Nations Economic and Social Council (ECOSOC) elected Burundi, Nigeria and Tunisia as members of ISAR for a three-year term beginning on 1 January 2004. ISAR was established by resolution 1982/67 of ECOSOC and has 34 members. At present there are vacancies in all regional groups. If you are interested in learning more about how your country can be elected to ISAR or renew its membership, please contact the Secretariat.

News briefs

AAOIFI and World Bank Conference on the Changing Regulatory Environment

In March 2003, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the World Bank organized a conference on the theme "adapting to a rapidly changing regulatory and financial environment", which was held in Bahrain. Ms. Lorraine Ruffing, Head, Enterprise Development Branch, represented UNCTAD at the conference. She presented a paper entitled "Restoring Investor Confidence: The Role of Transparency and Accountability". In a related development, Professor Rifaat A. Abdel Karim, former Secretary-General of AAOIFI, has now taken up the post of Secretary-General of the recently established Islamic Financial Services Board (IFSB), headquartered in Kuala Lumpur, Malaysia. Professor Karim represented AAOIFI at several recent ISAR sessions.

IASB issues 2003 volume of IFRS

The International Accounting Standards Board, (IASB) issued the 2003 bound volume of International Financial Reporting Standards (IFRS). The volume, which runs to 1,952 pages, contains the complete text of International Accounting Standards, associated Bases for Conclusion, Preface and Interpretations. The IASB also issued another publication, entitled Abbreviated Text of International Financial Reporting Standards. This publication is 412 pages long and contains all extant IASs from 1 to 41. The abbreviated text is designed to enable readers to gain a quicker understanding of IASs without going through additional material such as transitional provisions, examples, footnotes and appendices.

For more information please visit the IASB website at www.iasb.org.uk

IFAC issues 2003 Handbook

The International Federation of Accountants released the 2003 edition of its Handbook of International Auditing, Assurance and Ethics Pronouncements. The volume includes all pronouncements issued as of 31 December 2002. The volume contains new rules on independence for assurance engagements, a new standard on auditing fair value measurements and disclosures, and new international auditing practice statements.

The print version, which costs about US\$ 100 plus shipping, can be accessed free of charge through the IFAC website at www.ifac.org

EC sends Communication to European Council and Parliament on priorities to improve audit quality and protect investors

The European Commission sent a Communication on priorities to improve audit quality and protect investors to the European Council and Parliament. In the Communication the Commission presented short and medium-term priorities. The short-term priorities (2003-2004) include modernizing the Eighth Directive, reinforcing the EU's regulatory infrastructure, strengthening public oversight of the audit profession and requiring International Standards on Auditing (ISAs) for all EU statutory audits. The medium-term (2004-2006) priorities cover improving disciplinary sanctions, making audit firms and their networks more transparent, corporate governance, strengthening audit committees and internal control, reinforcing auditors independence and code of ethics, deepening the internal market for audit services and examining auditor liability.

Further information on this item can be found at http://europa.eu.int/comm/internal_market/en/company/audit/news/index.htm

US SEC approves appointment of chairman of Public Company Accounting Oversight Board

The United States Securities and Exchange Commission announced on 21 May that it had completed its background investigation and had unanimously approved the appointment of William J. McDonough as chairman of the Public Company Accounting Oversight Board (PCAOB).

Mr. McDonough is former President of the Federal Reserve Bank of New York. He took up his new position at the PCAOB on 11 June 2003. The SEC established the PCAOB in accordance with the Sarbanes-Oxley Act, which the United States Congress passed last year.

More information on this item is available at <http://www.sec.gov/news>

FASB adds employee stock options to its agenda

The United States Financial Accounting Standards Board (FASB) announced in March that it had added two projects on employee stock options and pensions. The projects are aimed at improving the accounting and disclosures relating to stock-based compensation and pension costs. The FASB stated that it was prompted to add the projects in response to requests from investors, financial analysts and other users of financial information.

The International Accounting Standards Board has issued an exposure draft on shared-based payments.

These developments come at a time when shareholder action is forcing some companies to drop their stock options schemes.

More information on the above items can be

found by visiting the websites of the FASB and IASB at <http://www.fasb.org> and <http://www.iasb.org.uk> respectively.

OECD informal roundtable on corporate responsibility

The Organisation for Economic Co-operation and Development held an informal roundtable on corporate social responsibility (CSR) in the global economy in Paris in April. The roundtable discussed the drivers for corporate responsibility, codes and principles for corporate responsibility, and ways and means of enforcing codes and principles, achieving better transparency and accountability and verifying corporate reports on CSR. Dr. Lorraine Ruffing, Head, Enterprise Development Branch, represented UNCTAD at the event.

AccountAbility launches assurance standards for corporate social and environmental reports

AccountAbility, an organization based in the United Kingdom, launched its AA1000 Assurance Standard for Corporate Responsibility Reporting. The standard was launched after a period of consultations with the business, public and civil society sectors, including firms that provide assurance services.

Further details can be found at <http://www.accountability.org/uk>



(left to right) Mr. David Cairns, ICAEW; Mr. Abbas Mirza, Partner, Deloitte & Touche; Ms. Bobbe M. Barnes, Enterprise Development Project, USAID/Pragma Corp.



(left to right) Mr. Lytle Harshfield, CCA; Canada; Professor Charles H. Calhoun, NASBA, USA



Members of the Brazilian delegation at the workshop



(left to right) Mr. Henri Olivier, Secretary-General, FEI; Datu' Abdul Halim Ibrahim, Malaysian Institute of CPAs



Mr. Claude Trollet, World Trade Organization



(left to right) Mr. Mtenkoko R. Hove, University of Zimbabwe; Mr. Rick Curley, USAID Ukraine

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:

UNCTAD-ISAR
Room E-9082
Palais des Nations
CH-1211 Geneva 10
Switzerland

Email: isar@unctad.org
Tel.: +41 22 917 1648/5601/5495/5802
Fax: +41 22 917 0122

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