

AAARS REPRESENTATIVE PARTICIPATES IN 26th SESSION OF IWGE

The AAARS representative, Ms Nevenka Petrovic, took part in 26th session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). Within the annual ISAR session on October 6, 2009, a workshop took place on application of International Public Sector Accounting Standards (IPSAS), also attended by Ms Petrovic.

The main issue on the 26th annual session was practical application of IFRS. Apart from this topic, the issues were discussed of IAS for SME's, corporate disclosure and reporting on management liabilities.

During the session it was emphasized that the financial crisis had again put into focus the issues of accounting and financial reporting standards. Namely, although the general standpoint is that accounting and financial reporting standards application is not the cause of the current financial crisis, these standards are very important for international financial stability, as well as for establishing management and transparency systems which are to restore investors' trust and prevent similar financial disasters in the future. Therefore, during the session the experts discussed a number of issues concerning accountancy and financial reporting in the context of financial crisis, paying special attention to fair value concept application in financial reporting.

Furthermore, it was pointed out that all nations today were facing the challenges regarding financial reporting in the context of crisis. However, these challenges are more emphasized in countries with poorly developed financial markets. Therefore, the Working Group made an appeal to IASB to make additional efforts and issue guidelines for application of IFRS to ensure their consistent application worldwide. The Working Group once again emphasized the importance of application of unique, high-quality financial reporting standards aimed to strengthening international financial regulatory system, a point also stressed in the Pittsburg G20 summit.

It was also concluded that it was necessary to create the technical preconditions and institutional framework for accountancy and financial reporting in developing and transitional countries, given the fact that these countries were facing numerous problems with IFRS application. Therefore, the UNCTAD office was asked to reestablish the advisory group for addressing these issues to help the developing and transitional countries strengthen their accountancy infrastructure, estimate the progress achieved and identify priorities in accountancy and financial reporting.

Apart from IFRS application, the Working Group also addressed the issues of corporate disclosure and reporting on corporate liabilities. Within these issues, it was pointed to the significance of disclosure of corporate management for promoting investments, financial stability and sustainable economic development. In this regard, the results were discussed of the annual Study of Corporate Disclosure, which contained a number of information and analyses whose main purpose was to share experiences between countries and enable comparisons within this field on the international level. Therefore, the Working Group recommended that UNCTAD continue to gather and share information on different practices of corporate disclosure worldwide, focusing primarily on information relevant to investors and other stakeholders.

In accordance with the conclusions of 2008 ISAR session and due to the increased interest for IPSAS, a workshop was held on this topic the day before 26th ISAR session, which emphasized that there was no dilemma that IPSAS were the best basis for public sector financial reporting. Given the fact that a global application of these standards is also strongly supported by IMF and World Bank, the Working Group called for these organizations to provide a stronger support and incite governments to adopt IPSAS.