

GO FORTH AND GLOBALISE

AGENDA



0900 – 1030:

Plenary Session 3:

- Accounting for Sustainability - The Integrated Reporting Framework

1030 – 1100:

Morning Tea

1100 – 1230:

Plenary Session 4:

- Accountants in the Next Decade - Embracing Change and Seizing Opportunities

1230 – 1400:

Congress Lunch

Day 3 of the World Congress of Accountants saw the discussion going into more specific areas of growth for the industry.

Islamic finance was a recurring theme throughout the day starting with the keynote address by Tan Sri Dato' Sri Dr Zeti Akhtar Aziz, the notable governor of Bank Negara Malaysia. In her speech she highlighted the resilience of the Islamic financial market.

"Despite the turmoil and uncertainties in the global financial system, Islamic finance has demonstrated its resilience expanding at an average annual rate of 20 percent," she said.

This was echoed in the subsequent speeches when an international panel of speakers shared their experiences in setting up, running or advising Islamic finance operations in markets from London to Bahrain to Tokyo.

Delegates that the *Congress Daily* spoke to felt that the introduction to Islamic finance was useful especially as there is increased recognition of the importance it can take in the global financial markets (more on Page 3).

Picking up on the previous day's discussions over the Next Generation of Accountants, the concurrent session around international education standards stressed the need to cater to the globally mobile accountant. Dr. M. Marcelo Canetti, partner at BDO and member of the International Accounting Education

Standards Board (IAESB), highlighted that: "Benefits from being competent to work in a global environment allows professional accountants not only to provide services on a globally consistent quality standard from its own country, but also to move from a country to another. This chance would promote better comprehension of the companies' needs and, consequently, better quality accounting services."

In fact, Dr Ernest Kan, president of the Institute of Certified Public Accountants of Singapore, urged the delegates in his concurrent session to move towards being a globally integrated enterprise. He proposed that the accounting industry mirror the legal profession where "basic legal support work can be done off shore at a fraction of the cost with no quality problem."

However, the consensus was that national standard setters were still relevant in an international environment. Dr Hans Verkruijsse, professor at Tilburg University and partner of Ernst & Young, cited national standard setters as the "indispensable link" to ensure that international standards are truly international, reflect the unique characteristics of their respective markets and set parameters for extensions so as to balance domestic and global needs.

The day concluded with a gala dinner and a multicultural show of the different ethnic groups in Malaysia. With delegates decked out in colourful national or traditional costumes it was a visual treat both on- and off-stage.

NEWS AROUND WCOA

PROFESSION READY TO TAKE LEAD ROLE ON INTEGRATED REPORTING



International Federation of Accountants President Göran Tidström and Chief Executive Ian Ball

International Federation of Accountants (IFAC) chief executive Ian Ball has issued a call on government to lead by example on sustainability, which has been a key theme at this year's World Congress of Accountants.

Over the past few years, there has been a movement from the accounting sector to push sustainability as a corporate issue and businesses are starting to respond. Governments need to provide leadership to make sustainability a 'way of life' for business.

"Governments should acknowledge the need for integrated reporting to bring together governance, environment and social reporting. I would like to see the G20 say something about the importance for such reporting and get behind the effort," Ball said.

Ball and IFAC president Göran Tidström told the *Congress Daily* that the conference theme 'Accountants – Sustaining Value Creation' couldn't be any more pertinent.

"The topic is very relevant to the current times," Tidström. "The key message is that the accountancy profession is taking on a broader role in the development of financial stability and the profession is prepared and better equipped to take on that role."

Tidström feels the accountancy profession is prepared to embrace integrated reporting and are already listening to what stakeholders want.

Ball added: "We are seeing a lot of interest internationally in integrated reporting and sustainability. It is something very important to the global economy and the global environment. The accounting profession has a real role to play in this."

Tidström and Ball said in the coming year IFAC will focus on enhancing the relevance of the accounting profession and the relevance of IFAC to its member bodies and the wider public. It will also continue to focus on standard-setting and implementation support.

Speaking about the WCOA, both feel it has been a tremendous success.

"The number of people, the topics covered and the attention it has received from people has been fantastic," Tidström said.

Ball said the feedback from the delegates has been very positive. "There is a good buzz as you walk around and everyone feels the sessions have been very good," Ball said.

QUESTION OF THE DAY

HOW DID YOU FIND THE SESSIONS ON ISLAMIC FINANCE?

We have not had contact with Islamic financial institutions previously so this morning's discussion will initiate us into the world of Islamic finance, how it has been working in Malaysia. With internationalisation, we cannot ignore other modes of finance such as Islamic finance. Even though we're in Mexico, we cannot shut out the rest of the world.



EDUARDO OJEDA, SOCIO
DIRECTOR NACIONAL,
BAKER TILLY MEXICO,
MEXICO

The world is becoming more tuned to the Islamic market. If you look at it, Islamic investments have performed better than conventional stock market investments in the last few years. There is an element of risk-sharing that is missing in the more conventional approaches.



ANTHONY GLEESON,
EXECUTIVE GENERAL
MANAGER CPA AUSTRALIA,
AUSTRALIA

This is the first time that I can have a comprehensive idea of Islamic financing. One aspect that I hope to see discussed is the issue of taxation. In the case of a sale based on Islamic principles, there are two tax exposures - from the seller to the bank and the bank to the actual user of a property. If we go into cross-border transactions the Sharia-based transaction will be more expensive tax-wise. Tax incentives might help address this.



ATTY BETTY B SALVADOR,
FVP/SPECIAL ASSISTANT TO
THE CHAIRMAN, JG SUMMIT
HOLDINGS, INC.,
PHILIPPINES

As the world becomes more integrated, there is greater need for cooperation across markets. We cannot ignore developments in other parts of the world and it is thus important to understand Islamic finance.



MAURICE GUIDUGLI,
CONSELHO REGIONAL DE
CONTABILIDADE DO RIO
GRANDE DO SUL,
BRAZIL

It was very useful to understand Islamic finance better. The troubles that we are seeing in Europe is because the virtual financial system that is not based on real goods and services. It is thus interesting to see a more "real" system in Islamic finance.



LOBOVA TATIANA, MOSCOW
AUDIT CHAMBER,
RUSSIA

In Malaysia, we have seen a strong take-up for Islamic financing products not just from Muslims but also non-Muslims. The transparency that Islamic financing offers is attractive especially as there is disillusionment with opaque and complicated conventional financial products given the recent crisis.



NORDIN BIN IBRAHIM,
PRINCIPAL ASSISTANT
DIRECTOR, ACCOUNTANT
GENERAL'S DEPARTMENT,
MALAYSIA

HOT SHOTS



All ears



Keynote Speaker: Tan Sri Dato' Sri Dr Zeti Akhtar Aziz, Governor, Bank Negara Malaysia



Delegates in anticipation at the start of Day 3



Off for coffee



Paul Wouters, Lawyer Antwerp Bar Association speaking in Plenary Session 2



Simultaneous translation for Congress delegates



Team Mexico



The Russian delegation



A celebration of song and dance



Never a dull moment



Dressed up for dinner



Merrymaking after 3 days of presentations and networking



Big smiles all around



The cool blues

FEATURE: THE FUTURE OF REPORTING IS INTEGRATED

The next logical step on the reporting ladder is the integration of financial and non-financial reporting and this year the movement towards integrated reporting has picked up pace.

Reporting non-financial information is becoming more common among big businesses around the world. Ernst & Young (E&Y) US recently reported that more than two-thirds of the Fortune Global 500 companies publish some form of sustainability or corporate responsibility report.

Integrated reporting is one of the major themes at the World Congress of Accounting. Every industry leader the *Congress Daily* has approached this week cites integrated reporting and sustainability as one of the most pressing issues for the profession and business. This includes International Accounting Standards Board chairman David Tweedie, International Federation of Accounting president Göran Tidström and chief executive Ian Ball, CIMA chief executive Charles Tilley and ACCA chief executive Helen Brand.

"We're in a situation at the moment where we are using 1.3 worlds worth of resources to sustain our current population of 6 billion, which is growing," Tilley said. Tilley believes businesses can make a difference by reducing costs through efficiencies, such as saving energy; ensuring there is a sustainable supply chain; and acting responsibly to employees and customers. He said the role of a management accountant is important as it is the "financial navigator" of a company.

This year, the Global Reporting Initiative partnered with the Prince's Accounting for Sustainability Project (A4S) to form an International Integrated Reporting Committee (IIRC). Committee members include Tilley, Brand and Tweedie, while Ball is a member of the IIRC working group.

Paul Druckman, who co-chairs the IIRC working group, says the committee is currently creating a conceptual framework for integrated reporting. This should go through consultation by November 2011 so it can be authorised by the G20 at its meeting in Paris. The IIRC will work with top technical people around the world to create the integrated reporting framework.

Brand said that it is vital sustainability links in with strategy and financial information and integrated reporting.

"This will bring the whole narrative report together and embed sustainability reporting rather than it being an add-on, which is much more useful," she said. The ACCA global leader would also like to see non-financial reporting eventually standardised to aid in the comparability of reports.

Ernst & Young's Global Climate Change and Sustainability Services Nancy Kamp-Roelands thinks there is a need for reliable and comparable information that reflects the full picture of a company's position and performance "therefore environmental, social and financial information needs to be integrated in the reporting processes."

However, KPMG global head of sustainability assurance Wim Bartels warns the integration of this information could also mean relevant audiences other than financially-oriented users are lost due to complexity.

One thing that may delay progression in integrated reporting is regulatory support. It is commonly agreed that to get integrated reporting off the ground some sort of regulatory lever is needed because market pressures alone will not provide the impetus required.

South Africa is a good example of this. In July 2010, the country issued a new version of its corporate governance code, King Report III, and now requires every company listed on the Johannesburg Stock Exchange to file integrated reports. If South Africa is successful other countries may follow suit.

Bartels said governments that aim for a combination of voluntary and mandatory regulation are more progressive.

"They recognise that the ultimate change will not only be driven by requiring companies to report on certain topics, but also by stimulating them to progress and have the ability to experiment without immediately being non-compliant with regulation," he explained.

For accounting firms, integrated reporting will require audit teams to enhance their skills.

"Assurance skills need to be broadened, as providing assurance on 'extra-financial' information is somewhat different from auditing financial figures," Bartels said.

This means firms will incur further costs for training and acquiring more professional staff but it will also provide accounting firms with new opportunities to increase the relevance of external audit.

Experts agree the opportunities far outweigh any costs. Regardless, the cost of inaction will be far more severe.

WCOA SPOTLIGHT

JAMMY FAISAL MD
YUSOF,
SENIOR EXECUTIVE,
MIFC PROMOTIONS
UNIT,
BANK NEGARA
MALAYSIA



This year's theme is sustainability and tree planting sits at the centre of that. A conference this size has a big carbon footprint and we want to do what we can about it. I would love to have every one of the 6,000 delegates plant a tree for us or contribute to a part of the tree. With a donation of just MYR100 or US\$30, you can plant a tree so do drop by the IFAC booth and do your bit for the environment.

The congress is an excellent platform to promote Malaysia as an international Islamic financial hub. We have had a very positive response from delegates so far and the first day saw a huge crowd at the booth. We hope to share and explore opportunities for Malaysia to collaborate with other parties around the world.



IAN BALL,
CHIEF EXECUTIVE,
IFAC

ANDERS BJORNSBO,
FOUNDING PARTNER
& UK OPERATIONAL
DIRECTOR,
E-CONOMIC



We met quite a number of our members here who are attending as delegates and hope to have the opportunity to meet new members. We have already met a few firms who could join us and other exhibitors who we can work with or speak at our conference. Events such as these bring a broad range of opportunities and we're happy to build links especially in countries where we are not represented.

We want to bring the delegates' attention to online and internet-based accounting. This is something that will take off and we have had a good response especially from the major accounting groups.



JAMES MENDELSSOHN,
CHIEF EXECUTIVE,
MSI GLOBAL ALLIANCE

BALDEV S GILL,
VICE PRESIDENT
FINANCE & HUMAN
RESOURCES, CERTIFIED
GENERAL ACCOUNTANTS
ASSOCIATION OF
CANADA



The large number of delegates at this conference gives us exposure at the international level. We have programmes in French and English and offer the fastest growing designation in Canada.

SPONSOR CONTRIBUTION



Chartered Institute of
Management Accountants

WCOA has proven to be a truly global affair and CIMA has thoroughly enjoyed playing a part as Gold Sponsor. We have taken part in a number of cutting edge events, which will today culminate in our CEO, Charles Tilley, taking to the stage to headline the Plenary 4 session.

Yesterday saw CIMA President, George Glass, present at the global launch of our hard-hitting report,

CIMA CELEBRATES SUCCESS AS GOLD SPONSOR AT WCOA 2010

Accounting trends in a borderless world. The result of months of intensive research and a global survey of over 5,000 respondents, our report looks at the differences between accountancy practices in the East and the West, with specific reference to current best practice and what the profession is aiming for.

CIMA has also taken the opportunity to launch its report *Reflections from Asia Pacific leaders: strategies for career progression report*. Leading CIMA member, Sharmini Ariaratnam, took to the stage to give a dynamic overview of how she has achieved success locally in a corporate

environment. It is a well-known fact that women have sometimes had to struggle to achieve senior roles in business and our report and ongoing women's network give a unique and personal insight into the success of our female senior membership.

To get your free copies of these reports, and to learn more about how CIMA is leading the way in Islamic finance, come and visit us at booth 125.

Make sure you drop off your business card to enter our competition to win a free iPad! Follow our experts' cutting-edge thoughts on WCOA at www.cimaglobal.com/wcoa2010

News Digest

■ GRI guidelines underway

The global reporting initiative (GRI) board of directors is to start working on a new version of GRI reporting guidelines that will be released in 2012. The new GRI G4 reporting guidelines aim to harmonise environmental, social and governance and sustainability reporting practices around the world. The new guidelines will have to be standard ready and robust enough to support higher levels of assurance and help companies to produce reports that are trusted by markets and stakeholders.

■ UK companies miss carbon reporting targets

UK listed companies are not ready to report on their carbon footprint, according to a Deloitte UK report. Deloitte's energy practice and carbon reporting and assurance team director Jenny Harrison said that many companies need to improve information they disclose if they are going

to be ready for mandatory reporting requirements. The report, *Seeing the wood for the trees*, found only a handful of listed companies partially complied with current UK Department for Environment, Food and Rural Affairs (Defra) guidance. While more than half (57 percent) of listed companies report carbon footprint information to some degree, only 37 percent formally report numerical data and only 9 percent disclose this information in line with the Defra guidance.

■ IFAC implements standard-setting reforms

The International Federation of Accountants (IFAC) has implemented virtually all of the reforms to its standard-setting process called for by the body's Monitoring Group. The IFAC Reforms changed the structure and processes for the auditing, ethics and education standard-setting boards supported by

IFAC. They also call for the Monitoring Group to perform a five-year review of their implementation. "We are in complete agreement that international standard-setting in the public interest is a challenge that requires ongoing continuous improvement," IFAC chief executive Ian Ball said. "We look forward to working with the Monitoring Group in determining how the recommendations they have raised can best be addressed." The Monitoring Group is comprised of global financial institutions, including the Basel Committee on Banking Supervision, the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors, the International Organization of Securities Commissions and the World Bank. In 2002, IFAC and the Monitoring Group began the process to enhance public confidence in financial reporting and auditing, which resulted in the IFAC Reforms.