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ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA

Pan-Arab Intergovernmental Meeting
on the United Nations Efforts Towards the
International Harmonization of Accounting
and Reporting by Transnational Corporations
19-21 November 1989
Baghdad, Iraq

AIDE-MEMOIRE

I. Background

Issues pertaining to the disclosure of financial and other information on the operation of transnational corporations, and the ensuing need for comparable accounting and reporting standards to facilitate international comparison, have been a major concern of the international community, and more specifically of the United Nations Commission on Transnational Corporations and its Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.

A. Disclosure of information by transnational corporations

Specific provisions are found in the United Nations draft code of conduct on transnational corporations with regard to disclosure of information (paragraphs 44 to 46) stipulating, inter alia, that:

"Transnational corporations should disclose to the public in the countries in which they operate, by appropriate means of communication, clear, full and comprehensible information on the structure, policies, activities and operations of the transnational corporation as a whole. The information should include financial as well as non-financial items and should be made available on a regular annual basis ... In addition, during the financial year, transnational corporations should wherever appropriate make available a semi-annual summary of financial information.

"The financial information to be disclosed annually should be provided where appropriate on a consolidated basis together with suitable explanatory notes and should include, inter alia, the following:

- (1) A balance sheet
- (2) An income statement, including operating results and sales
- (3) A statement of allocation of net profits or net income
- (4) A statement of the sources and uses of funds
- (5) Significant new long-term capital investment
- (6) Research and development expenditure

"The non-financial information referred to in the first subparagraph should include, inter alia:

- (1) The structure of the transnational corporation, showing the name and location of the parent company, its main entities, its percentage ownership, direct and indirect, in these entities, including shareholdings between them;
- (2) The main activity of its entities;
- (3) Employment information including average number of employees;
- (4) Accounting policies used in compiling and consolidating the information published;
- (5) Policies applied in respect of transfer pricing.

"The information provided for the transnational corporation as a whole should as far as practicable be broken down:

- By geographical area or country, as appropriate, with regard to the activities of its main entities, sales, operating results, significant new investments and number of employees;
- By major line of business as regards sales and significant new investment.

"The method of breakdown as well as details of information provided should/shall be determined by the nature, scale and interrelationships of the transnational corporation's operations, with due regard to their significance for the areas or countries concerned.

"The extent, detail and frequency of the information provided should take into account the nature and size of the transnational corporation as a whole, the requirements of confidentiality and effects on the transnational corporation's competitive position as well as the cost involved in producing the information.

"The information herein required should, as necessary, be in addition to information required by national laws, regulations and administrative practices of the countries in which transnational corporations operate" 1/.

B. Harmonization and standardization of accounting and reporting

Economic and Social Council resolution 1982/67 stipulates, inter alia, that the Intergovernmental Group of Experts on International Standards of Accounting and Reporting:

"should serve as an international body for the consideration of issues of accounting and reporting falling within the scope of the work of the Commission on Transnational Corporations, in order to improve the availability and comparability of information disclosed by transnational corporations; should review developments in this field, including the work of standard-setting bodies; and should concentrate on establishing priorities, taking into account the needs of home and host countries, particularly those of developing countries".

II. Objectives of the Pan-Arab Intergovernmental Meeting

The purpose of the proposed meeting is:

- To brief concerned government representatives on the activities of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting relating to the harmonization and standardization of accounting information requirements;
- To provide government representatives, participating in the meeting, with the opportunity to exchange information on their experiences with transnational corporations operating in their respective countries, with regard to disclosure of information and its usefulness in monitoring their operations;
- To identify obstacles to standard-setting and harmonization of accounting and reporting hampering the availability and comparability of financial information.

1/ Document E/C.10/1982/6, Annex, para. 44.

III Organizational arrangements

(1) Sponsorship

The meeting is organized by the United Nations Centre on Transnational Corporations (UNCTC, New York) and its Joint ESCWA/UNCTC Unit, Development Planning Division (Baghdad).

(2) Date and venue

The three-day meeting will be held from 19 to 21 November 1989, at ESCWA headquarters in Baghdad.

(3) Participants

The meeting will group concerned Government officials from the Arab world, and representatives of regional organizations including professional accounting and auditing associations and establishments.

(4) Working languages

The working languages of the meeting will be Arabic, English and French. Simultaneous interpretation in the working languages will be provided.

(5) Agenda

A provisional agenda and time table of the meeting is attached.

(6) Documentation

A set of documents will be provided to designated representatives.

(7) Visa

A group entry-exit visa will be obtained for participants, provided the ESCWA secretariat is notified three weeks in advance of name, nationality, and passport number of the participants.

(8) Meeting at airport

An ESCWA officer will be available at the airport for assistance. Participants would take a taxi to their hotels.

(9) Hotel reservations

Assistance with hotel reservations can be provided for participants upon request.

(10) Transport to and from hotels and ESCWA premises

Transportation of participants to and from hotels for the duration of the meeting will be provided according to a time-table to be distributed to participants upon their arrival.

