

UNFC-2009 and Financial Reporting

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Convergence

SEC
IASB

Stakeholders

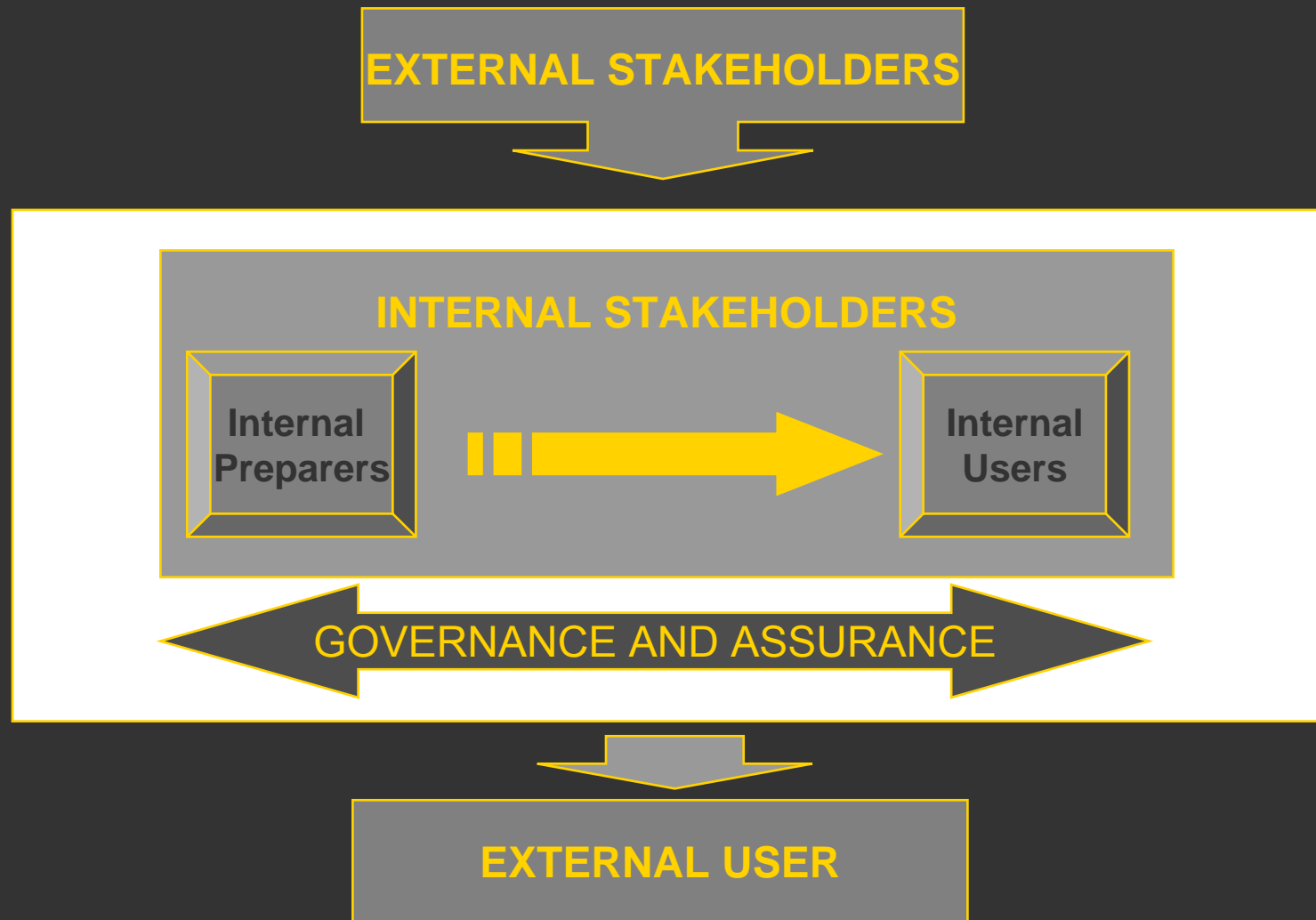
Diversity in stakeholders and their characteristics

- ▶ Demonstrated by parties responding to consultation papers (eg SEC and IASB)

Internal and external

- ▶ Characteristics and priorities
 - ▶ Users versus preparers
 - ▶ Level of sophistication
 - ▶ View of cost/benefit
- ▶ Conflicts between stakeholder interests
- ▶ Influence on future reserves measurement, reporting and use

Interaction of stakeholders



Internal stakeholders

Preparers

- ▶ Technical specialists
- ▶ Project managers
- ▶ Partners

Users

- ▶ Management
 - ▶ Strategic planning, forecasting and budgeting
 - ▶ Performance management and compensation awards
 - ▶ Investment decisions- internal & external
- ▶ Preparers of reporting
- ▶ Board, Audit Committee
- ▶ Partners

External stakeholders

Influencers

- ▶ Standard setting bodies (IASB, FASB, SEC etc)

Users

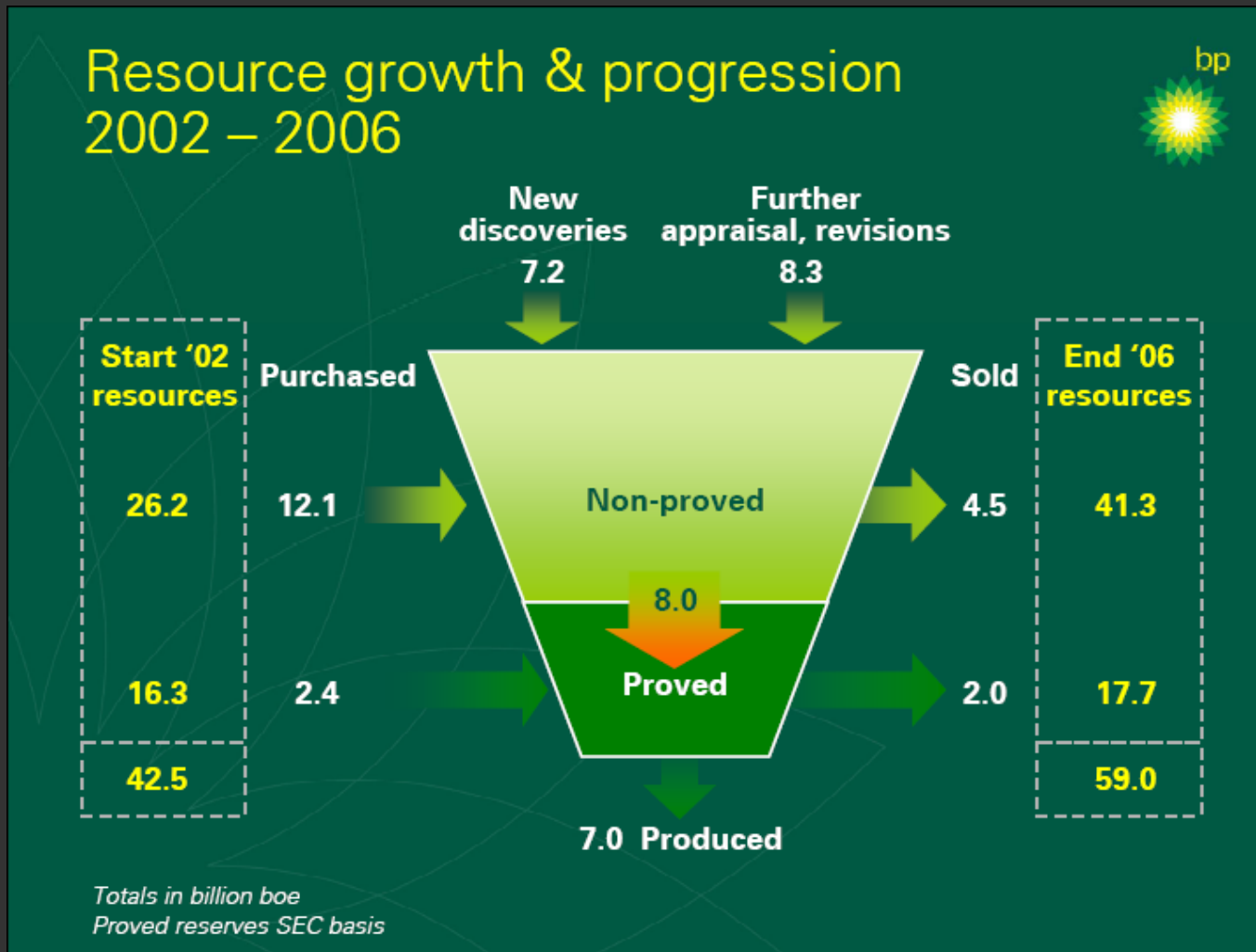
- ▶ Investor community
- ▶ Lenders
- ▶ Competitors
- ▶ M&A
- ▶ Government/ public interest bodies
- ▶ Technical consultants
- ▶ Accounting profession
- ▶ Interested public

Useful information?

Do published reserves and resources information reflect management's decision making process?

- ▶ Published information likely to be different to management's view
 - ▶ Often not the full resource base/potential
 - ▶ Different assumptions (price/discount rate)
 - ▶ Optimistic view?
- ▶ May in turn be different to an investor's view
 - ▶ Different views on risk (e.g. country, technical)
 - ▶ Different views on sources of value (e.g. portfolio fit)

BP resources



Extract from
BP Full Year
2006 Results
and Strategy
Update

Net assets and market capitalisation (O&G)

	Net Assets 31 March 2010 \$m	Market Capitalisation 14 June 2010 \$m
Total	78,520	114,144
BP	104,978	98,754
Shell	139,737	162,606
Exxon	117,666	288,319
Chevron	96,052	149,009

Sources: Market capitalisation – Thomson Datastream; Net Assets – preliminary results announcements. Total's results converted from Euros at 31.03.10.

Possible benefits of comparable reserves and resources information?

Transparency?

Comparability of assessments of asset or company value?

Better data and therefore investment decisions?

Efficiency in investment decisions?

BUT

- ▶ Does the current lack of comparability hinder investment decisions?
- ▶ Can there be comparability?
- ▶ Is there one 'answer' that meets the needs of all users?
- ▶ Requires understanding and consistency of application
- ▶ Requires consistency in standard setting

Disclaimer

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Thank you

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CLASSIFICATION

www.unece.org/energy/se/reserves.html

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