



LOVE =

ACCOUNTING +
BLOCKCHAIN FOR GOOD

ACCOUNTING BLOCKCHAIN COALITION



The **Accounting Blockchain Coalition** is a non-profit industry association:

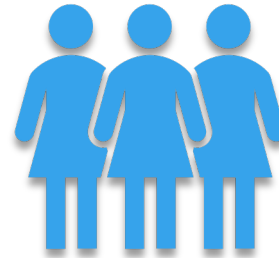
- Dedicated to educating the accounting industry around blockchain and digital assets
- Targeting issues relevant to practitioners with a focus on emerging areas pre-guidance
- Operates as a facilitator of dialogue and deliverables across our 40+ member firms through three working groups (Internal Controls, Audit & Accounting, Taxation)



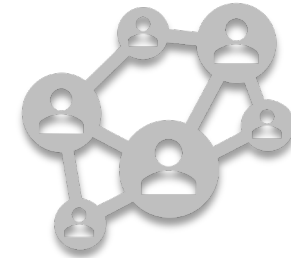
LEARN



LEAD



CONTRIBUTE



INFLUENCE

BLOCKCHAIN & WEB 3





Web 1.0

Web 2.0

Sign in with Google



Sign in with Facebook



Sign in with Twitter



web3

connect wallet



Who makes a living on crypto?

2010 - 2013

Investors

2014 - 2017

Investors

Developers

Crypto Co.

2018 - 2020

Investors

Developers

Crypto Co.

2021 →

Investors

Developers

Crypto Co.

Artists

Musicians

Writers

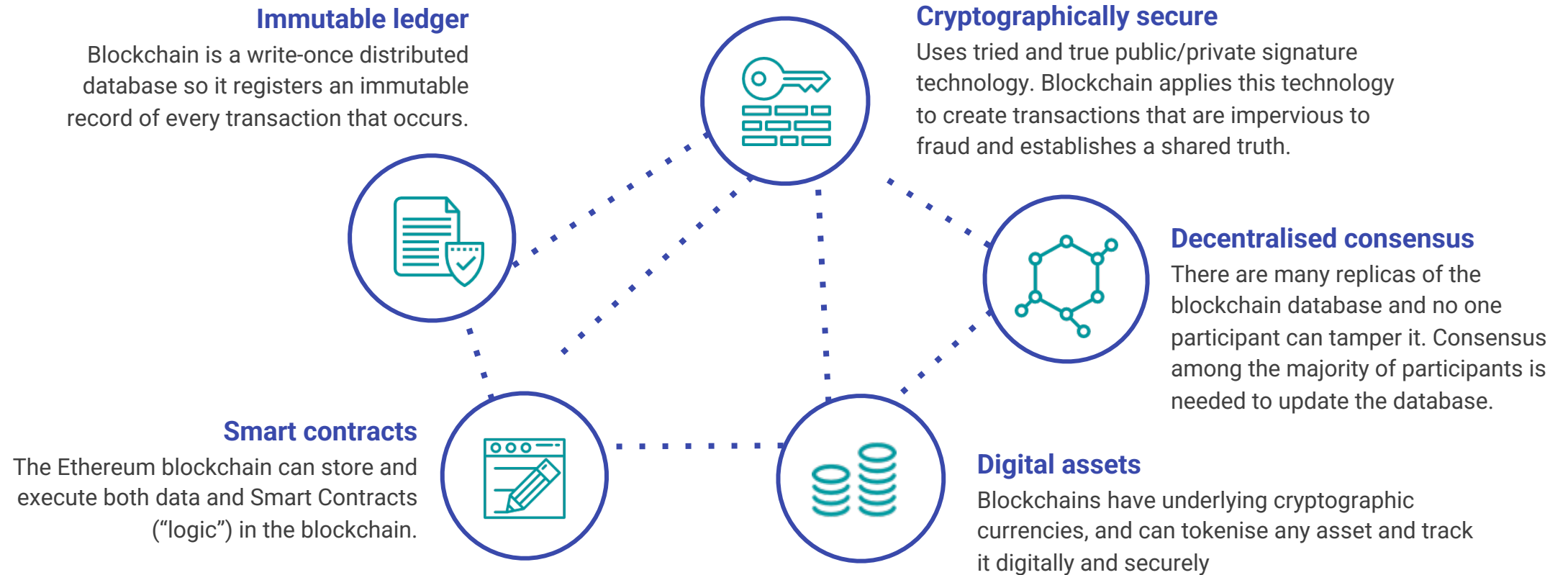
Gamers



KEY COMPONENTS OF A BLOCKCHAIN



Originally conceived as the underlying protocol of Bitcoin, blockchain technology has since evolved to support a number of applications with the introduction of “smart contracts”



SMART CONTRACTS



Self-Executing Contractual States

- Blockchains, especially Ethereum, can be programmed and automated, because they enable **smart contracts**.
- Smart contracts are agreements that execute and enforce themselves as pieces of code that live in a blockchain.
- Smart contracts replace legal language with code. They replace lawyers and courts with automatic implementation and distributed confirmation.
- Smart contracts are autonomous, self-sufficient, and decentralized.

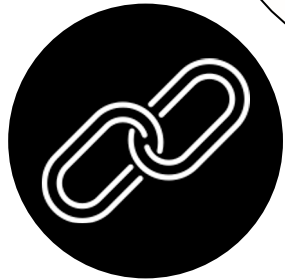
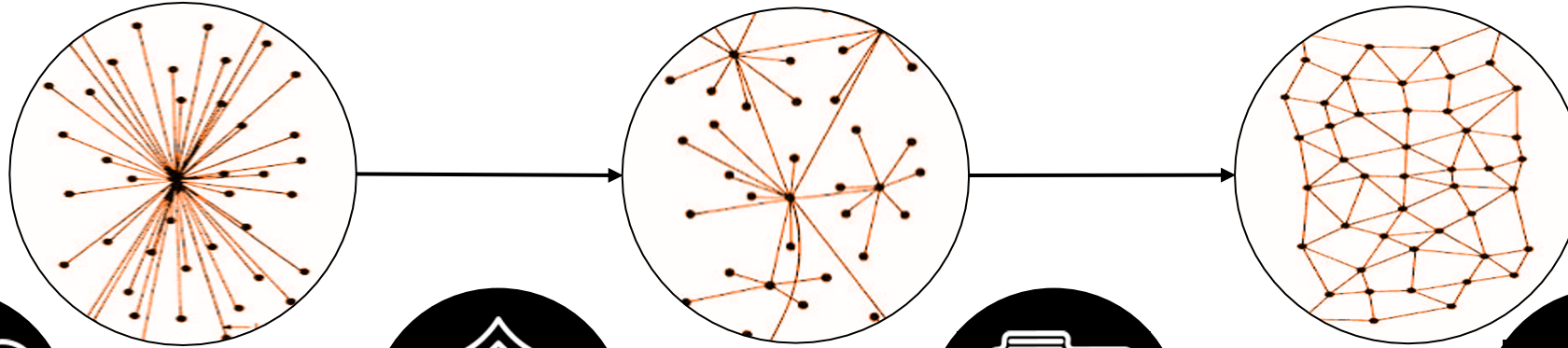
e.g., Automated Payments

- Inheritance:
- A girl will receive money from her grandfather when she turns 18 or when he dies, whichever is earlier.
- The grandfather puts funds in a smart contract.
- The funds will be sent to the granddaughter's blockchain address when one of the conditions is met.
- The first condition is determined by a simple date.
- The second condition is determined by a program that scans an online death registry or some other “**oracle**” for confirmation of the grandfather's death.

WHY DECENTRALIZATION MATTERS



Through its distributed nature, blockchain enables better, trustless coordination.



INCLUSIVE

More creation and collaboration occurs in a global network that each and every one can join.



ROBUST

A power outage, natural disaster, or a malfunction cannot bring it down, nor can an attack from malicious actors.



UNCENSORABLE

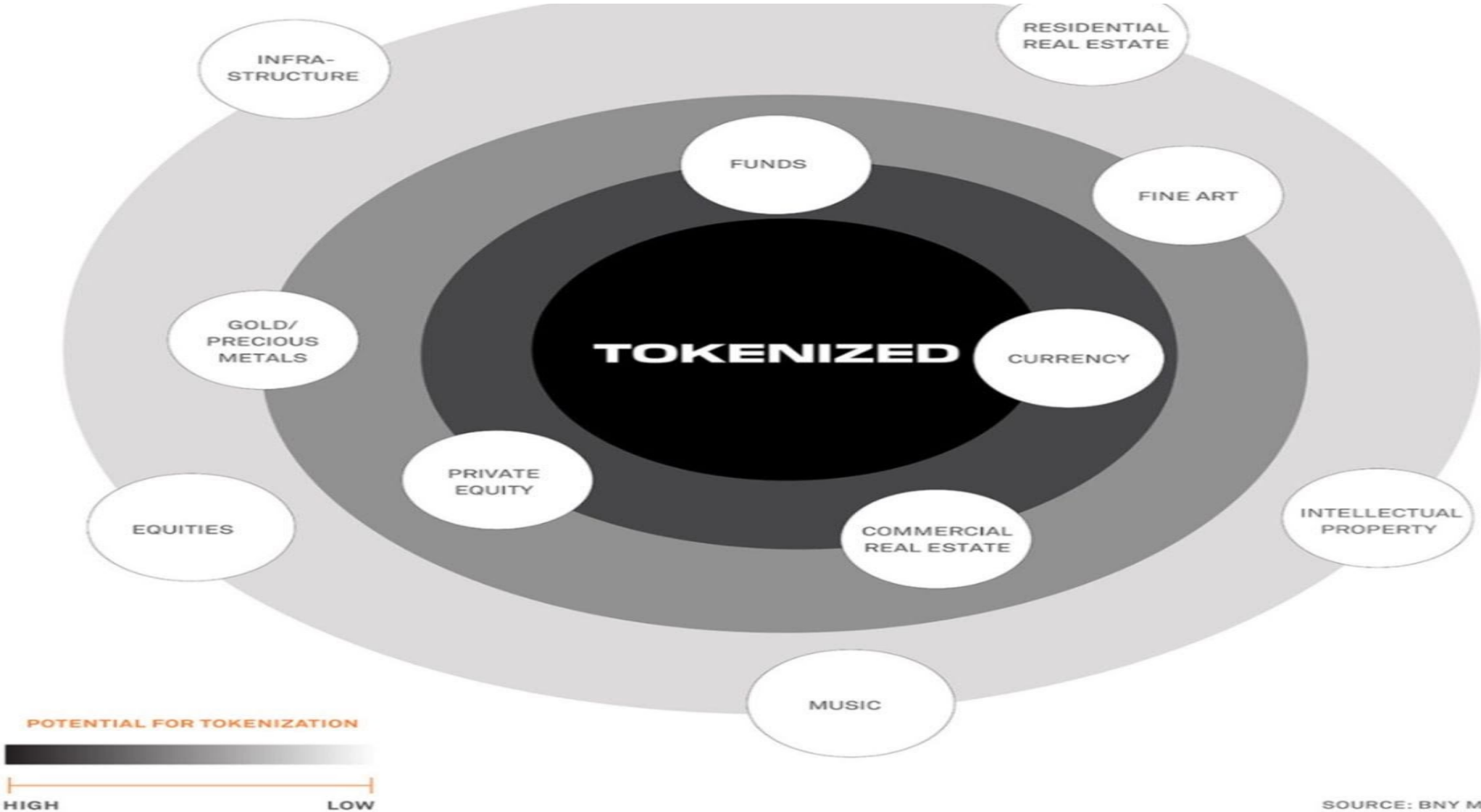
No government or corporation controls your data. Your privacy remains your own.



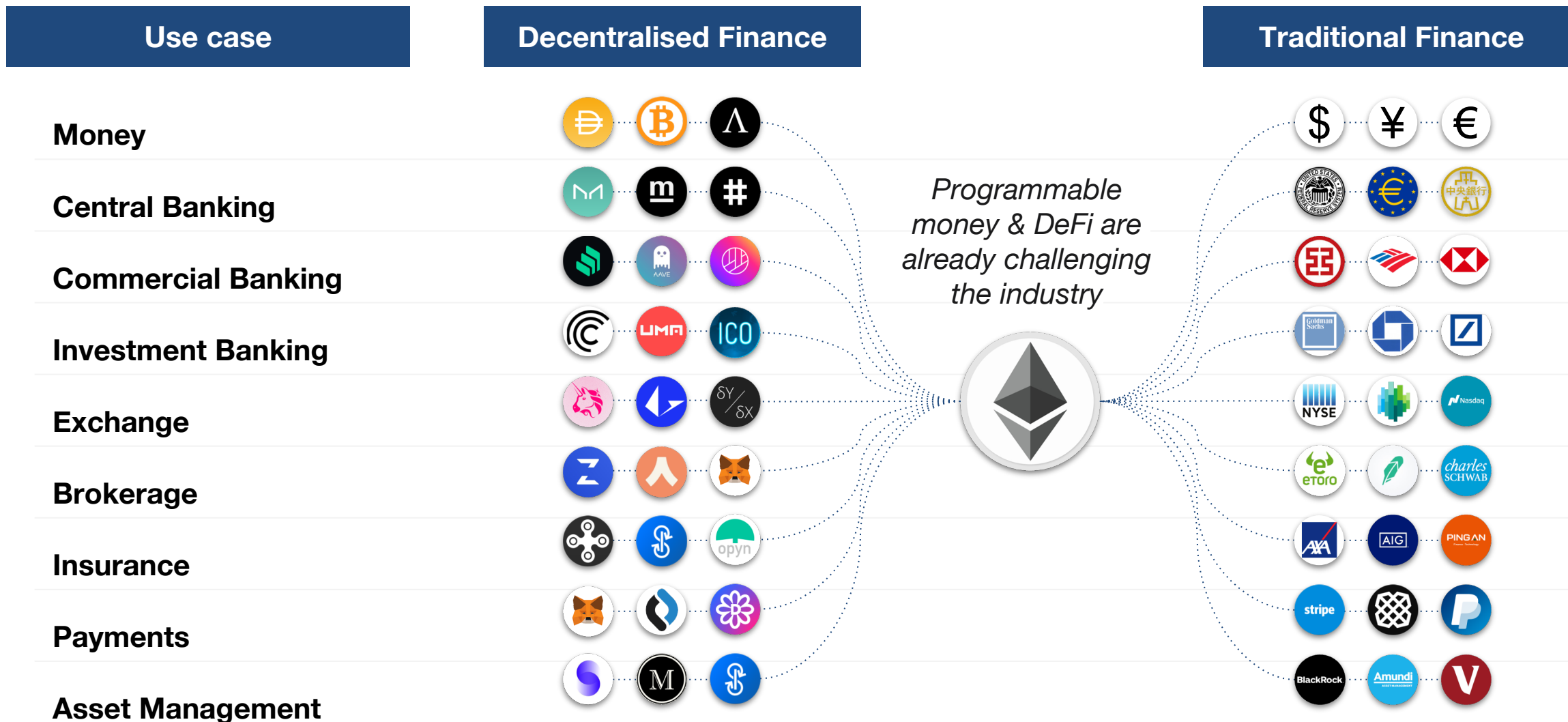
EGALITARIAN

The network is that of the masses. No economic, political, geographic discrimination, no monopoly.

ASSET TOKENIZATION: THE NEW GAME CHANGER



ConsenSys is in-between the Enterprise world and the fast growing innovation happening in the public blockchain world



**IMPLICATIONS FOR THE
ACCOUNTING PROFESSION**



DIGITAL ASSET ACCOUNTING: WHERE ARE WE TODAY?

Top level issues:

- Integrate and modify existing standards or create entirely new ones?
- Use financial instrument accounting appropriate for some (classes of) tokens?



US GAAP

- Cryptocurrencies are indefinite life intangible assets
 - ASC 350-30 (Intangibles — Goodwill and Other) at cost with impairment in PL & **no revaluation**
 - ASC 946 (Financial Services - Investment Companies) fair value through PL
- FASB has not committed to placing on agenda (6th most popular request so they are conducting research now) [link](#)

IFRS

- Treatment depends upon holder intent:
 - IAS 38 (intangible assets) at cost with impairment in PL & **revaluation in OCI**
 - IAS 2 (inventories) if held for sale in ordinary course of business then fair value through PL
- IASB to decide in March/April whether to add to work plan for 2022-2026; one of top 3 requests [link](#)

- Across both standards other tokens (security, utility, hybrid, etc.) are individually assessed to determine proper treatment (rights, obligations, business purpose, etc.) and may be bifurcated for classification and measurement

THE DAWN OF A NEW ERA FOR ACCOUNTING

Consider the possibilities if all transactions are recorded on a blockchain:

- Verification of 100% transaction activity
- Real time access to data
- Reduced opportunities for accounting/misrepresentation fraud
- Connected, composable financial data leading to explosion of innovative products

This is not the end of the accounting profession—this is an opportunity.

An opportunity allowing accountants to automate mundane tasks so we can focus our time and efforts on providing valuable financial insight and analysis of innovative products.

BLOCKCHAIN FOR GOOD



SUPPLY CHAIN INTEGRITY – EXAMPLE OF AYADEE TRAK



AYADEE TRAK Tool

- All tracking points are securely stored on a public blockchain using the Ayadee TRAK token with its associated GPS, photo, time and product details.
- End consumers & clients scan a QR code on product to view the full lifecycle and origin of an individual product.
- Blockchain transparency and security allow everyone involved in a product's supply chain including regulators and compliance officials to be informed of a products physical location from beginning to end.

ADVANTAGES???

- ACCESS: “One Click Story!” - consumers can scan label and easily access full history of the product on blockchain
- TRUST: Builds trusted traceability with consumers & retailers (environmental impact, food quality, etc.)
- MARKET: Open new international markets and reach to new consumers from day one
- CONTROL: Stop uncertified supplier facilities, child and forced labor, fraudulent product claims (organic, non-GMO, allergens, etc.), potential recalls due to quality or food safety issues and regulatory non-compliance

WASTE MGMT & RECYCLING – EXAMPLE PBCs



Performance Based Contracts:

It's a known fact that industries at large are struggling to ensure proper waste management protocols. The problem exacerbates when it comes to the oil & gas industry, which deals with wastes that can be dangerously harmful to the environment and the people.

- Through Performance-based Contracts (PBC), which work through a series of smart contracts, companies can code waste management and resource optimization into daily operations.

ADVANTAGES???

- **PROMOTES RECYCLING:** In such a way, the optimization of waste products gets aligned with other economic incentives and promotes recycling.
- **ST & LT GOAL ALIGNMENT:** PBCs help companies align their short- and long-term goals among all stakeholders to support a more profitable, safer, and more efficient well.

REFUGEE ASSISTANCE– EXAMPLE ZA'ATARI CAMP



BB BLOCKCHAIN SYSTEM:

- All camp refugees receive JOD 23 (USD 32) per person per month through the Blockchain system (BB) to cover their food needs.
 - The assistance can be redeemed from two WFP contracted supermarkets (Tazweed and Safeway) and four dedicated bread selling points located in the Camp.
 - This allows camp residents to choose from a variety of goods, while it also brings a sense of normalcy and dignity to their life.
- In October 2016, WFP introduced the card-less EyePay iris scanning system based on UNHCR's biometric registration data.

ADVANTAGES???

- **COST EFFECTIVE:** The blockchain (BB) technology is an innovative and cost-efficient assistance delivery mechanism for the Zaatari camp.
- **EFFICIENCY & ACCOUNTABILITY:** Biometrics tracked on blockchain enhance the flow of assistance through the system and provide a time-stamped immutable record of aid disbursements.
- **EASIER & MORE SECURE:** No unnecessary documents and ease of validating identity and processing support.

QUESTIONS???
THANK YOU!

