Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

35th SESSION
24 - 26 October 2018
Room XVII, Palais des Nations, Geneva

Thursday, 25 October 2018
Afternoon Session

Agenda item 4.
Issues of practical implementation of international standards of accounting and reporting in the public and private sectors

Presented by

Huaxin XU
Head of Secretariat
Asian-Oceanian Standard-Setters Group

This material has been reproduced in the language and form as it was provided. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
IFRS application and implementation in Asian - Oceanian Region

Presented by AOSSG
Geneva, October 2018
Contents

* Brief Introduction to AOSSG
* Main Implementation Challenges
* Considerations for Improvement
1. AOSSG: One of the Regional Standard Setter Organisations

- **Promoting the adoption of, and convergence with, IFRS by jurisdictions in the region**
- **Promoting consistent application of IFRS by jurisdictions in the region**
- **Coordinating input from the region to the technical activities of the IASB**
- **Cooperating with governments, regulators and other regional and international organisations to improve the quality of financial reporting in the region**
* Structure & members

AOSSG Chair & Vice-Chair

Secretariat

Chair’s Advisory Committee

WG: Financial Instruments and Liabilities

WG: Business Groups and Assets

WG: Revenues, Expenses, and others

WG: Presentation and Disclosure

WG: Cross Cutting Topics

WG: Specific Topics

<table>
<thead>
<tr>
<th>Australia</th>
<th>Brunei</th>
<th>Cambodia</th>
<th>China</th>
<th>Dubai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>India</td>
<td>Indonesia</td>
<td>Iraq</td>
<td>Japan</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Korea</td>
<td>Macao</td>
<td>Malaysia</td>
<td>Mongolia</td>
</tr>
<tr>
<td>Nepal</td>
<td>New Zealand</td>
<td>Pakistan</td>
<td>Philippines</td>
<td>Saudi Arabia</td>
</tr>
<tr>
<td>Singapore</td>
<td>Sri Lanka</td>
<td>Syria</td>
<td>Thailand</td>
<td>Uzbekistan</td>
</tr>
<tr>
<td>Vietnam</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Major activities launched by AOSSG

- Communicating regional views
- Sharing IFRS knowledge and information
- Research activities
- Outreach and post-implementation reviews
- Communicating with stakeholders
- Cooperating with other bodies
- Encouraging more jurisdictions to join AOSSG and mentoring jurisdictions considering moving to IFRS
  - Assessment & Train-the-trainer Programme
  - Mentoring Programme
12 members IFRS status changed since AOSSG inception

<table>
<thead>
<tr>
<th>AOSSG Members</th>
<th>Time of Change</th>
<th>Application of IFRS in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>2014</td>
<td>IFRS permitted, IFRS required for some</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2009</td>
<td>IFRS required for all</td>
</tr>
<tr>
<td>India</td>
<td>2015</td>
<td>IFRS-converged Ind AS required for some</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2015</td>
<td>minimize differences between Indonesian GAAP and IFRS (1 year gap)</td>
</tr>
<tr>
<td>Japan</td>
<td>2010</td>
<td>IFRS permitted</td>
</tr>
<tr>
<td>Korea</td>
<td>2011</td>
<td>IFRS required for all</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2012</td>
<td>IFRS required for all or most</td>
</tr>
<tr>
<td>Nepal</td>
<td>2014</td>
<td>IFRS required for all or most</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2017</td>
<td>IFRS required for all</td>
</tr>
</tbody>
</table>
| Sri Lanka     | 2012 2014      | IFRS required for all or most  
  Full convergence with IFRS |
| Thailand      | 2011           | Being converged with IFRS |
| Uzbekistan    | 2013           | IFRS required for some |
2. Challenges in IFRS implementation

Capital markets (and investors in these markets) at different stages of development:
Different accounting information needs

IFRS adoption and convergence at different stages:
A few AOSSG members are not active due to technical & practical issues

AOSSG member jurisdictions with diverse economic, legal environment, cultural backgrounds

No legal authority:
Difficult to promotion of adoption and consistent implementation of IFRS by AOSSG

Limited experience and resources in applying principle-based IFRS:
Lack of valuation & actuarial expertise
Significant costs for compliance with new IFRS
3. More opportunities to resolve practical issues at a regional level

- To continue to mentor jurisdictions considering moving to IFRS and provide more structured mentoring to those that have just started implementing IFRS (such as Nepal, Vietnam, Cambodia)
- To encourage more collaboration and coordination between accounting standard setters, other regulatory agencies (particularly those responsible for enforcement of standards) and tax authorities
- To contribute more resources for the new and complicated IFRS
- To feed back the implementation status and issues through various existing channels, especially through the regional organisations
Concluding Remarks

* The Asian-Oceanian region represented by AOSSG is a significant force in applying IFRS

* AOSSG will continue to
  - Work closely with IASB to ensure IFRS are developed with AOSSG member jurisdictions' characteristics and challenges in mind
  - Improve the consistent application and implementation in the region
  - Cooperate and work with jurisdictions in the region who are not members, other standard setters and regulators in the region, and national standard setters from other regions
Thank you!
## APPENDIX:

- **Led by following AOSSG members**

<table>
<thead>
<tr>
<th>Year</th>
<th>Led by</th>
<th>Chair</th>
<th>Vice-Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-2010</td>
<td>Malaysian Accounting Standards Board</td>
<td>Zainal Abidin Putih, Mohammad Faiz Azmi</td>
<td>Ikuo Nishikawa</td>
</tr>
<tr>
<td>2010-2011</td>
<td>Accounting Standards Board of Japan</td>
<td>Ikuo Nishikawa</td>
<td>Kevin Stevenson</td>
</tr>
<tr>
<td>2011-2013</td>
<td>Australian Accounting Standards Board</td>
<td>Kevin Stevenson</td>
<td>Clement Chan</td>
</tr>
<tr>
<td>2013-2015</td>
<td>Hong Kong Institute of Certified Public Accountants</td>
<td>Clement Chan</td>
<td>Steve Lim, Dr Jee In Jang</td>
</tr>
<tr>
<td>2015-2017</td>
<td>Korea Accounting Standards Board</td>
<td>Dr Jee In Jang, Eui-Hyung Kim</td>
<td>Yibin Gao</td>
</tr>
<tr>
<td>2017-2019</td>
<td>China Accounting Standards Committee</td>
<td>Yibin Gao</td>
<td>Shiwaji Zaware</td>
</tr>
</tbody>
</table>
AOSSG Achievements to date

➢ Promote IFRS adoption and convergence
  ✓ All 26 members have IFRS as a base or permit use of IFRS
    • Since AOSSG’s inception in 2009, 12 members have moved to IFRS as a base or permitted use of IFRS
    • At Annual meetings, AOSSG members share progress and issues

✓ Developed capacity-building programme
  • Assessment & Train-the-trainer Programme for Nepal
  • Mentoring Programme
Promote consistent application of IFRS

- Share implementation issues
  - At Annual meetings and IFRS workshops, members present and discuss their implementation issues

- Conduct joint research
  - AASB and KASB undertook joint research

- Coordinate pilot outreach of IFRS 13
  - AOSSG coordinated with IASB project team to perform pilot outreach for PIR with stakeholders in AOSSG jurisdictions

- Education to assist with implementation consistency
  - At Interim & Annual meetings, IASB & AOSSG provide education sessions
Coordinate input to the IASB

- Submit comment letters
  - Submitted 67 comment letters to the due process documents issued by the IFRS Foundation
- Undertake AOSSG-specific projects
  - Agriculture project
  - Islamic Finance project
- Deliver views to IASB
  - AOSSG Interim and Annual meetings
  - Working group meetings
  - ASAF meetings
  - IASB staff attended by videoconference outreach sessions in member jurisdictions
Cooperate with other organisations

- Attend various international meetings
  - Many AOSSG members attend IFASS meeting and WSS meeting
- Contribute to IFRS Foundation
  - AOSSG encourages its members to identify opportunities to nominate suitable individuals to Trustees, IFRS IC, IFRS AC, Advisory Panel, etc.
  - AOSSG member jurisdictions make financial contributions to the IFRS Foundation