

Report on 2011 AOSSG Activities from the outgoing chairman

I. Introduction

This paper is to report on the AOSSG activities for the one-year period since its annual meeting in September 2010. In the midst of the situation where the IASB significantly intensified its speed on the standard-setting activities with the aim of finalizing a number of important projects by June 2011, the AOSSG placed its priorities on providing timely inputs to the IASB proposals.

In addition, the AOSSG submitted its views to the consultations from the IFRS Foundation Trustees and Monitoring Board, so that views from the Asia-Oceania region should be better reflected at a strategic level.

Moreover, the AOSSG published its Vision Paper in June 2011 to consider its way forward.

II. Summary of activities

1. Organizational affairs

- 1.1. New membership –Ministry of Finance of Vietnam joined the AOSSG in June 2011, and the AOSSG has a membership of 25 jurisdictions as of November 2011. In addition, the Chair and Vice Chair identified and recruited jurisdictions that may potentially join the group (e.g., Syria, Lebanon, UAE.)
- 1.2. Chairman’s Advisory Committee (CAC) – In accordance with the MoU, the AOSSG formed its CAC, to assist the Chair and Vice-Chair in proceeding with the day-to-day operation. The CAC also filled in the area of activities, where working groups are not established such as drafting the comment letters on strategic affairs.
- 1.3. Informal gatherings – The AOSSG held informal gatherings from time to time, taking advantage of the other international meeting opportunities, including the IFRS Regional Policy Forum and NSS meetings. The informal gathering contributed a lot to share up-to-date information among members, and assist members to communicate with the IASB in a more effective manner.

- 1.4. Working group activities – Respective working group led by its leader/co-leader discussed recent issues, mostly via e-mail or telephones. Yet, several members had face-to-face meeting, to make progress of the work.
- 1.5. Vision Paper - The AOSSG published its Vision Paper - *A Driving Wind for IFRS from Asia-Oceania*-, which discusses immediate initiatives and vision towards the future¹. The AOSSG expects that it will be of interest to various stakeholders both inside and outside the AOSSG membership and can be referenced in a number of ways including the following:
- For AOSSG members, to stimulate debate regarding how to advance the group's activities in the future;
 - For potential new members and observers, to properly understand the AOSSG's operations before participating in the group and to consider what type of contribution can be feasible;
 - For the IASB, the IFRS Interpretation Committee, and the IFRS Foundation Trustees, to better understand how the AOSSG can cooperate with their activities in the development of global financial reporting standards;
 - For other regional bodies or national standards setters in other regions, to better understand whether and how to collaborate with each other;
 - For jurisdictions that are looking to a similar model of the AOSSG, to understand how to create a regional structure and carry out effective operations; and
 - For stakeholders in each jurisdiction, to better understand why and how national standards setters should be working with the AOSSG.
- 1.6. Effective operation of the AOSSG led accounting standard setters from other regions to believe the importance of the regional activities. For instance, accounting standard setters from the Latin American region established the GLASS (Group of Latin American Standard Setters), to facilitate the collaboration among the regional standard setters.

2. Inputs on the proposals from the IASB and other functions of the IFRS Foundation

Technical affairs

- 2.1 The AOSSG made the following submissions to the IASB:

Revenue Recognition

In October 2010, the Revenue recognition Working Group (chaired by Japan/Singapore) prepared the comment letter regarding the IASB ED/2010/6 *Revenue from Contracts with*

¹ Vision Paper can be found at the following web-site, http://www.aossg.org/docs/About_Us/Vision_Paper.pdf

Customers, for the submission to the IASB.

Insurance Contracts

In November 2010, the Insurance Contracts Working Group (chaired by Korea) submitted the comment letter regarding the IASB ED/2010/8 *Insurance Contracts*, for the submission to the IASB.

Fair Value Measurement

In December 2010, the Fair Value Measurement Working Group (chaired by China) prepared the comment letter on the IASB's Staff Draft on the forthcoming IFRS on *Fair Value Measurement*, for the submission to the IASB.

Consolidation

In December 2010, the Consolidation Working Group (chaired by Singapore/Singapore) prepared the comment letter on the IASB's tentative decision taken on the standard of *Consolidated Financial Statements*, for the submission to the IASB.

Financial Statement Presentation

In January 2011, the Financial Statement Presentation Working Group (chaired by Korea/China) prepared the comment letter on the IASB's Staff Draft regarding *Financial Statement Presentation*, for the submission to the IASB.

Financial Instruments

The Financial Instruments Working Group (chaired by Australia) prepared the comment letters on the following consultative documents, for the submission to the IASB.

- IASB ED/2010/13 regarding *Financial Instruments: Hedge Accounting* (March 2011);
- IASB Supplement to ED/2009/12 regarding *Financial Instruments: Impairment* (April 2011);
- IASB ED/2011/1 regarding *Offsetting Financial Assets and Financial Liabilities* (April 2011); and
- IASB ED/2011/3 regarding *Mandatory Effective Date of IFRS 9* (October 2011.)

Emission Trading Schemes

In July 2011, the Emission Trading Schemes Working Group (chaired by China/Japan) prepared the comment letter which states the AOSSG's preliminary observations on the IASB's tentative decisions in regard to the consideration of Emission Trading Schemes, after the group conducted a survey among the AOSSG members.

Lease

In December 2010, the Leases Working Group (chaired by Singapore/Indonesia) prepared the comments letter on the IASB ED/2010/9 regarding *Leases*, for submission to the IASB.

In addition, the Lease Working Group has worked on the AOSSG's preliminary views to the IASB's tentative decisions in regard to re-deliberation of Leases as requested by the IASB.

Agriculture

In November 2011, the Agriculture Working Group (chaired by India/Malaysia) prepared

the letter highlighting the importance of limited amendment to IAS 41 for the IASB's consideration.

Islamic Finance

The Islamic Finance Working Group (chaired by Malaysia) submitted comment letters on the following documents to the IASB:

- IASB ED/2010/6 regarding *Revenue from Contracts with Customers* (October 2010);
- IASB ED/2010/8 regarding *Insurance Contracts* (November 2010);
- IASB ED/2010/9 regarding *Leases* (December 2010);
- IASB ED/2010/13 regarding *Financial Instruments: Hedge Accounting* (March 2011);
- IASB Supplement to ED/2009/12 regarding *Financial Instruments: Impairment* (April 2011);
- IASB ED/2011/1 regarding *Offsetting Financial Assets and Financial Liabilities* (April 2011); and
- IASB ED/2011/3 regarding *Mandatory Effective Date of IFRS 9* (October 2011.)

Other matters

In January 2010, the CAC formulated the comment letter on *Request for Views on Effective Dates and Transition Methods* to the IASB.

Additionally, the CAC has been working on the comment letter on *IASB Agenda Consultation 2011*.

Governance & Due process related matters

2.2 The AOSSG made the following submissions to the Trustees of the IFRS Foundation. These submissions were originally drafted by the CAC, but inputs from the rest of the members were sought as well.

- IFRS Foundation Trustees: Consultation on *IFRS Interpretation Committee Review* (January 2011);
- IFRS Foundation Trustees: Consultation on *Strategy Review* (December 2010); and
- IFRS Foundation Trustees: Consultation on *Strategy Review Paper* (April 2011).

2.3 The AOSSG also made the following submissions:

- IFRS Foundation Monitoring Board: *Consultation on Review of the IFRS Foundation Governance* (April 2011); and
- EFRAG: Consultation on *Effect Analysis* (August 2011.)

3. Other activities

3.1 The AOSSG or its members have conducted the following initiatives:

Islamic Finance

- In October 2010, the Islamic Finance Working Group published the Research Paper

on Financial Reporting Issues Relating to Islamic Finance².

- The AOSSG has been working on to identify areas where IFRS requirements have potential conflicts with Islamic Finance through discussion with stakeholders. During the stakeholder discussion, stakeholders generally did not foresee significant issues with reporting Islamic finance transactions under an IFRS framework. Yet, the AAOIFI representatives expressed their view that compliance with the AAOIFI standards would also ensure compliance with Shariah – which they said may not be the case under IFRS.
- In June 2010, a survey was launched led by Malaysia to collect the information about whether specific requirements relating to Islamic Finance exist.

Revenue recognition

- Singapore invited all AOSSG members to participate in a survey on business practices in the Asia-Oceania region relating to the off-plan sale of uncompleted multi-unit, multi-level private residential properties. Singapore summarised the information and submitted it to the IASB for their consideration.
- Australia and Malaysia provided the IFRS Interpretations Committee with information regarding the structure of multi-level multi-unit real estate sales in respective jurisdictions for deliberation of IFRIC 15 at its November meeting.

Intangible assets

- Australia has launched a series of survey on the initial accounting for intangible assets acquired under IFRS 3, Business Combinations and IAS 38, Intangible Assets. Inputs are sought from a wide range of stakeholders, including preparers, advisors, auditors, and regulators.

Financial reporting issues relating to Islamic finance

- Malaysia has been leading a survey regarding unique aspects of Islamic finance transactions in respective national standards as well as the extent of Islamic finance transactions. Inputs were sought from national standard setters with its due date on 31 July 2011.

² http://www.aossg.org/docs/AOSSG_IF_WG-Research_Paper_11Oct2010.pdf

