

IFRS application in Asian-Oceanian region and future cooperation with IFRS Foundation

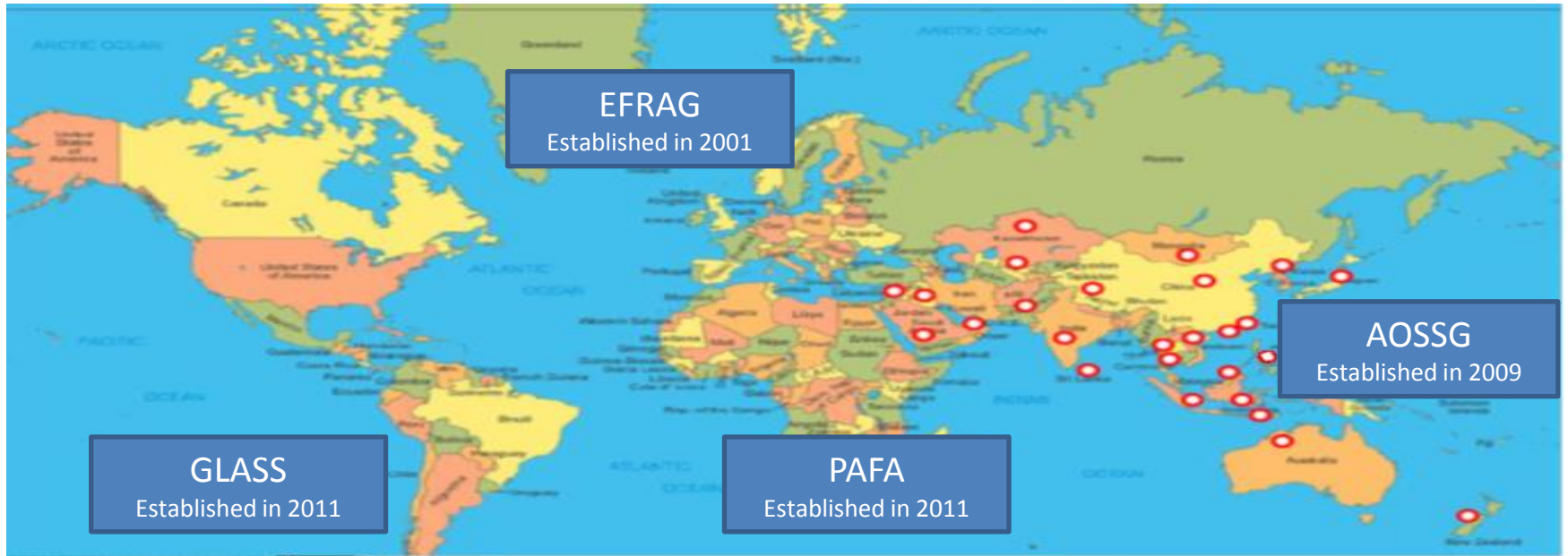
AOSSG CAC members: Australia, China, Hong Kong,
India, Japan, Korea, Malaysia and Singapore

Trustees Meeting in Kuala Lumpur, January 2019

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IFRS application in AO region



Objective
1

Promoting the adoption of, and convergence with, IFRS by jurisdictions in the region

Objective
2

Promoting consistent application of IFRS by jurisdictions in the region

Objective
3

Coordinating input from the region to the technical activities of the IASB

Objective
4

Cooperating with governments, regulators and other regional and international organisations to improve the quality of financial reporting in the region

Application of IFRSs in AOSSG member jurisdictions

- **Being Converged with IFRSs:**

India, Indonesia, Japan, Thailand, Uzbekistan, Vietnam

- **Fully Converged with IFRSs :**

China

- **IFRSs Permitted:**

Brunei, Japan, Uzbekistan

- **IFRSs Required for Some Domestic Publicly Accountable Entities:**

Brunei, Uzbekistan

- **IFRSs Required for All Domestic Publicly Accountable Entities :**

Australia, Cambodia, Dubai International Financial Centre, Hong Kong, Iraq, Kazakhstan, Korea, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Saudi Arabia, Singapore, Sri Lanka

12 members IFRS status changed since AOSSG inception

AOSSG Members	Time of Change	Application of IFRS in 2017
Brunei	2014	IFRS permitted, IFRS required for some
Cambodia	2009	IFRS required for all
India	2015	IFRS-converged Ind AS required for some
Indonesia	2015	minimize differences between Indonesian GAAP and IFRS (1 year gap)
Japan	2010	IFRS permitted
Korea	2011	IFRS required for all
Malaysia	2012	IFRS required for all or most
Nepal	2014	IFRS required for all or most
Saudi Arabia	2017	IFRS required for all
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

Cooperation between AOSSG and IFRS Foundation Trustees

- Overview of previous joint meetings
- Update since last joint meeting with Trustees
- Possible future cooperation

- **Overview of previous joint meetings**

- In May 2017, Tokyo joint meeting

- In January 2018, Hong Kong joint meeting

- The CAC introduced :

- the AOSSG organization structure, including membership, objectives, achievements to date and recent activities
- the AOSSG's future challenges, action plan and the cooperation with the IFRS Foundation Trustees and the IASB (pleas see the slide 24 in the appendix)

• 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 promote 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

- **Update since Hong Kong joint meeting**

- **Communicated regional views**

- *AOSSG responded to:**

- IASB ED 'Accounting policies and estimates'
 - IASB ED 'Accounting Policy Changes'
 - IASB DP 'Financial Instruments with Characteristics of Equity'

- *AOSSG also published additional research reports on topics relevant to IFRS**

- Report of AOSSG Survey on the IFRS for SMEs Standard
 - Reporting Islamic Financial Transactions under IFRS

➤ **Facilitated consistent understanding and application of IFRS regionally**

***Education Sessions on:**

- Financial Instruments with Characteristics of Equity
- Business combination under common control
- Update of IFRS

***Discussion Sessions on:**

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 16 *Leases*
- IFRS 17 *Insurance Contracts*

➤ **IFRS workshop in Shanghai during 2-6 July**

- To promote the adoption and convergence of IFRS by jurisdictions in the AO region, to promote the accounting standards setting abilities by jurisdictions in the AO region, and to promote consistent application of IFRS
- Mr. Guangyao Zhu, the Trustee from China, attended the workshop, as well as the IASB Vice-Chair and Board member.
- Delegates from Nepal and Cambodia introduced the current status and future plan of accounting standards implementation, especially focusing on the challenges and difficulties.
- The AOSSG invited the Vice Minister of Ministry of Finance, Laos, which demonstrated that it's a high level dialogue between the AOSSG and the regulatory body in Laos.

• Possible future cooperation

➤ To promote consistent implementation in the AO region

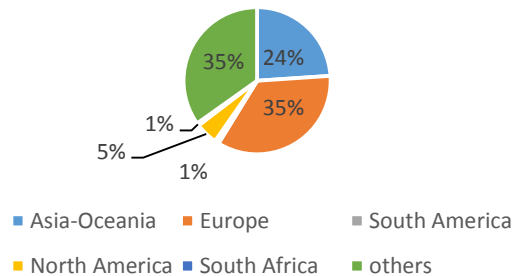
* AOSSG members recommend:

- ✓ Reducing the price of IFRS materials.
- ✓ Conducting more IFRS workshops jointly in the AO region.
- ✓ Sending more the IASB members and technical staff to participate in the technical activities to encourage a better understanding of the region's challenges and views.
- ✓ Working together to Contact the supervisory and policy-making authorities in the jurisdictions in AO region, which haven't adopted or converged with IFRS, so as to better promote the application and implementation the IFRS in the region.

• Possible future cooperation (cont.)

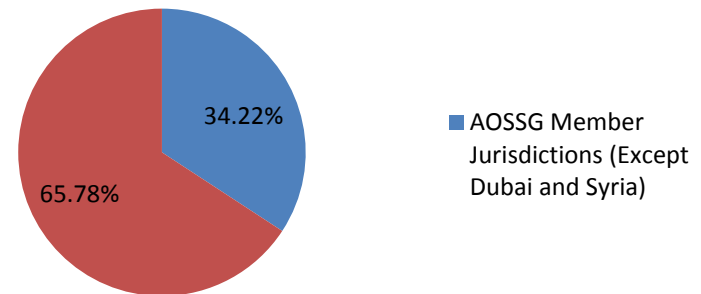
- To encourage more AOSSG members to contribute to the IFRS Foundation.

2017 IFRS Donations
Percentage



Data Sources: The IFRS Foundation Annual Report 2017

2017 GDP Percentage



Data Sources: World Bank

• Possible future cooperation (cont.)

➤ To encourage more AOSSG members to contribute to the IFRS Foundation.

- * More jurisdictions in the AO region are adopting/converging with the IFRS Standards and so AOSSG members recommend:
 - ✓ Encouraging more member jurisdictions to contribute to the IFRS Foundation.
 - ✓ Considering that most jurisdictions in the region are developing countries and emerging economies, we would like suggest the Trustees to consider reintroducing the GDP discount for the new donors.
 - ✓ In the future, if possible, we suggest the Trustees reconsider reintroducing the GDP discount for current existing donors, who are developing countries and emerging economies, to ensure each jurisdiction makes a fair financial contribution.

• **Possible future cooperation (cont.)**

➤ **To recruit more technical staff from the AO region.**

- * More and more talent are familiar with the IFRS and would like to contribute themselves to the objective of developing a single set of high quality, understandable, enforceable and globally accepted financial reporting standards.
- * Suggest IFRS Foundation provide more opportunities to these talents.
- * Encourage more member jurisdictions to second staff members to the IFRS Foundation, or to undertake specific research or stakeholder outreach that would be helpful input to the IASB technical agenda.

Concluding Remarks

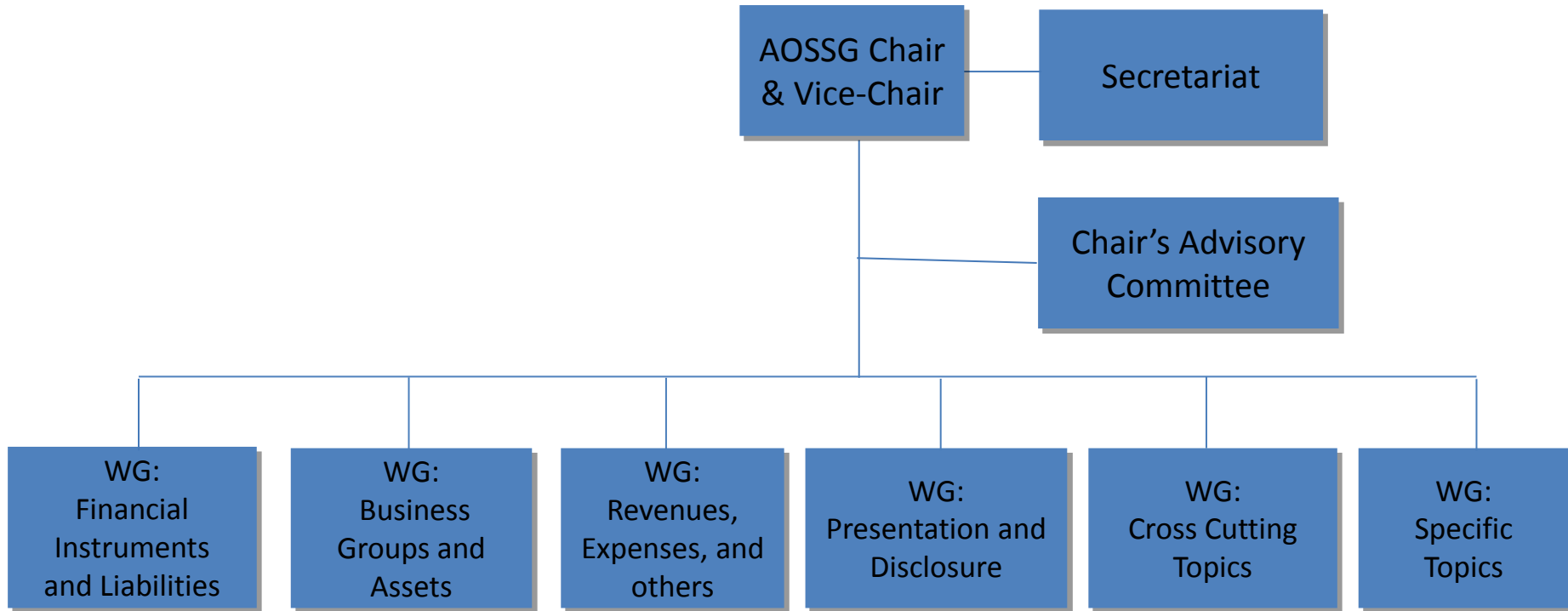
- The AO region is a significant force in adopting and applying one set of IFRS Standards globally
- AOSSG is committed to play important role in meeting its objectives
- The cooperation between the AOSSG and the IFRS Foundation is critical to achieve both parties' objectives

Thank you!

Appendix

Brief introduction to the AOSSG

- **AOSSG Structure**



- AOSSG Members**

Australia	Bangladesh	Brunei	Cambodia	China
Dubai	Hong Kong	India	Indonesia	Iraq
Japan	Kazakhstan	Korea	Macao	Malaysia
Mongolia	Nepal	New Zealand	Pakistan	Philippines
Saudi Arabia	Singapore	Sri Lanka	Syria	Thailand
Uzbekistan	Vietnam			

Led by following AOSSG members

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

Working Group	Leader	Members
Financial Instruments and Liabilities	Australia	China, Hong Kong, India, Indonesia, Japan, Korea, Singapore, Sri Lanka, Syria, Thailand
Business Groups and Assets	Japan	Australia, China, Hong Kong, Indonesia, Korea, Nepal, New Zealand, Pakistan, Singapore, Sri Lanka, Thailand, Uzbekistan
Revenues, Expenses and Others	Hong Kong	China, India, Indonesia, Korea, Philippines, Singapore, Thailand, Uzbekistan
Presentation and Disclosure	Korea	Hong Kong, Indonesia, Japan, Kazakhstan, New Zealand, Saudi Arabia, Singapore
Cross Cutting Topics (CF, FVM)	China	Australia, Hong Kong, Indonesia, Korea, Macao, Saudi Arabia, Singapore
Specific Topics (Islamic Finance)	Malaysia	Brunei, Indonesia, Pakistan, Saudi Arabia, Syria
Specific Topics (IFRS for SMEs)	Malaysia	Cambodia, Indonesia, Nepal, Pakistan, Syria

- **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

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 **68** 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