

## Contribution of Asian Oceanian Region in Setting of Standards

*The Asian-Oceanian Standard-Setters Group (AOSSG), consists of National Accounting Standard-Setters of various jurisdictions in the Asian-Oceanian (AO) region. Formed in 2009 with 16 member jurisdictions, the Group has now extended its membership to 27 members over the span of 10 years. India is represented in the Indian National Accounting Standard-Setter by the Institute of Chartered Accountants of India (ICAI), as a founder member of AOSSG. Currently, ICAI, through its nomination by the Council, CA. (Dr.) S. B. Zaware, holds the position of Chair, AOSSG for a period of 2 years starting November 2019-2021. The position of Vice-Chair is held by Mr. Nishan Fernando from the Institute of Chartered Accountants of Sri Lanka. Read on ....*

### CA. (Dr.) S. B. Zaware

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The activities of AOSSG are managed by Chair with the assistance of the Chair's Advisory Committee (CAC). Currently, the CAC of AOSSG comprises of 9 member jurisdictions viz. Australia, China, Hong Kong, India, Japan, Korea, Malaysia, Singapore and Sri Lanka and is responsible for supporting the Chair and Vice-Chair in performing their functions.

The AO Region consists of both advanced as well as emerging economies which are at the various stages of development. The International Financial Reporting Standards (IFRSs) issued by - The International Accounting Standards Board

(IASB) of IFRS Foundation London are increasingly accepted in this region for Public Interest Entities. Many AO jurisdictions have either adopted IFRSs or are considering adoption of IFRSs or making progress towards convergence with the IFRSs. Given the growing economic importance of the AO region, the stakeholders have increasingly suggested that the Accounting Standard-Setters in the region should play a more prominent role in Global Standard-Setting, to maintain the momentum towards global standards and support the credibility and responsiveness of the IASB.



The Group has defined its objectives and works towards achieving them in coordination with its members. The activities undertaken by the Group in achieving its objectives include:

- Deliberations with IASB.
- Submission of comments and formulation of documents through the Working Groups (WGs) and the CAC.
- Meet the stakeholders and understand their concerns.
- Submissions of comments on Draft exposure of IFRS.
- Guidance on Implementation Issues.
- Meetings/ Communications with the major stakeholders and so on.

Works executed by AOSSG include the following:

## (1) Submitting Regional Views to the IASB and the IFRS Foundation

The AOSSG communicates primarily with the IASB. It also communicates with the IFRS Interpretations

Committee, IFRS Foundation Trustees, IFRS Advisory Council and IFRS Foundation Monitoring Board. The AOSSG meets the Board members and officials of IASB face-to-face formally once a year and informally at least twice a year to discuss AOSSG's views in relation to IASB technical and other activities, as well as AOSSG initiatives.

AOSSG has also been a nominated member of the Accounting Standards Advisory Forum (ASAF) and is represented by the Chair, AOSSG for the quarterly meetings held in London.

While commenting on IASB documents, AOSSG's views reflect the collective views AOSSG members without interfering with the authority of member standard-setters regarding whether and how to apply the standards proposed or published by the IASB. If AOSSG members holds differing views, those differing views are reflected within AOSSG comment letters. Individual member standard-setters may also choose to make separate submissions from their jurisdiction that are consistent or otherwise with aspects of the AOSSG comments. The intention of the AOSSG is to enhance the input to the IASB from the AO region and not to prevent the IASB from receiving the variety

of views that individual member standard-setters may hold.

In 2019, the Group submitted its comments on the IASB's Exposure Draft:

- Disclosure of Accounting Policies in November 2019.
- Amendments to IFRS 17 in October 2019

Previously, AOSSG, has submitted similar comments to the various comment letters and ED and Discussion Papers (DPs) issued by the IASB.

## (2) Sharing Knowledge and Information

The member jurisdictions are at different levels of IFRS implementation – some jurisdictions have already adopted or converged IFRSs, while others are in the process of adopting or converging with IFRSs. The educational activities involve members building standard-setting capacity through sharing knowledge and experiences, including through jurisdictions with particular expertise assisting other jurisdictions. Many member jurisdictions have also undertaken Mentoring Programme in which mentor provides exposure of Global Financial Reporting, thereby guiding them in achieving their objective of implementing IFRSs in their jurisdiction. The mentors have also undertaken various workshops and other knowledge building sessions thereby helping the jurisdictions.



Given the growing economic importance of the AO region, the stakeholders have increasingly suggested that the Accounting Standard-Setters in the region should play a more prominent role in Global Standard-Setting



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### (3) Research Activities

The WGs of AOSSG take proactive steps to undertake research and publish its findings. The AOSSG believes that this publication is a model for its future activities and plans that more research activities be undertaken in this proactive manner.

In selecting research topics, the AOSSG is mindful of the IASB's needs and the needs of AOSSG members.

Few projects have been highlighted as follows:

### Current Member organisations - AOSSG

Sr. No	JURISDICTION	NATIONAL STANDARD SETTER
1.	Australia	Australian Accounting Standards Board
2.	Bangladesh	Financial Reporting Council
3.	Brunei	Brunei Darussalam Accounting Standards Council
4.	Cambodia	Ministry of Economy and Finance of Cambodia
5.	China	China Accounting Standards Committee
6.	Dubai	Dubai Financial Services Authority
7.	Hong Kong	Hong Kong Institute of Certified Public Accountants
8.	India	The Institute of Chartered Accountants of India
9.	Indonesia	The Indonesian Institute of Accountants
10.	Iraq	Iraqi Union of Accountants and Auditors
11.	Japan	Accounting Standards Board of Japan
12.	Kazakhstan	Chamber of Auditors of the Republic of Kazakhstan
13.	Korea	Korea Accounting Standards Board
14.	Macao	Financial Services Bureau
15.	Malaysia	Malaysian Accounting Standards Board
16.	Mongolia	Mongolian Institute of Certified Public Accountants
17.	Nepal	Accounting Standards Board
18.	New Zealand	External Reporting Board
19.	Pakistan	Institute of Chartered Accountants of Pakistan
20.	Philippines	Financial Reporting Standards Council
21.	Saudi Arabia	Saudi Organization for Certified Public Accountants
22.	Singapore	Singapore Accounting Standards Council
23.	Sri Lanka	The Institute of Chartered Accountants of Sri Lanka
24.	Syria	Association of Syrian Certified Accountants
25.	Thailand	Federation Of Accounting Professions
26.	Uzbekistan	National Association of Accountants and Auditors of Uzbekistan
27.	Vietnam	Ministry of Finance

- Agriculture Project:**  
 The AOSSG WG had identified issues on Accounting for Bearer Biological Assets and

accordingly submitted to the IASB the recommendation for improvement on IAS 41 Agriculture. In June 2014, the IASB issued amendments to IAS 41 and IAS 16. Commenting on the publication, Hans Hoogervorst, Chairman of the IASB said:

*“This is an important amendment for those jurisdictions with large agriculture industries. I would like to thank those constituents who helped us to identify this issue through their feedback during the IASB’s agenda consultation and the Malaysian Accounting Standards Board, Asian-Oceanian Standard-Setter Group and Emerging Economies Consultative Group for their valuable input”*

- Islamic Finance Project:**

This WG of AOSSG took proactive steps to undertake research on the conduct of Islamic financial transactions in various jurisdictions and their financial reporting practices, apart from commenting on the IASB draft pronouncements from the Islamic perspective.

The following research papers / reports have been produced:

TITLE	ISSUE DATE
An Update to the 2014 Study of Financial Statements of Islamic Financial Institutions	January 2017



Many member jurisdictions have also undertaken Mentoring Programme in which mentor provides exposure of Global Financial Reporting, thereby guiding them in achieving their objective of implementing IFRSs in their jurisdiction. The mentors have also undertaken various workshops and other knowledge building sessions thereby helping the jurisdictions.

TITLE	ISSUE DATE
A study of Financial Statements of Islamic Financial Institutions	March 2015
AOSSG Survey – Accounting and Islamic Finance in the Middle East and North Africa	November 2013
AOSSG Survey – Accounting for Islamic Financial Transactions and Entities	December 2011
Financial Reporting Issues relating to Islamic Finance	October 2010

#### (4) Communicating with the Stakeholders

The AOSSG encourages members to build relationships with their jurisdictional stakeholders. The AOSSG and its members communicate with such parties by a number of means including

sharing challenges and experiences at the IFRS Regional Policy Forum. Such communications and collaborative undertakings are particularly important, since standard-setting processes often involve legal or regulatory due-process before standards are endorsed, while regulators usually turn to the expertise of standard-setters on technical accounting matters.

#### (5) AOSSG's participation in Accounting Standards Advisory Forum (ASAF)

The objective of ASAF is to provide an advisory forum in which members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards. More particularly, ASAF was established to:

- Support the IFRS Foundation in its objectives, and contribute towards the development, in the public interest, of a single set of high quality financial reporting standards.
- Facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan.

The IASB initiates agenda consultation for its ASAF members to help IASB identify and develop a description of the potential projects for IASB's future work plan for comment by stakeholders.

Recently, IASB initiated the "2020 Agenda Consultation Project" requesting ASAF members to share the potential projects. AOSSG being an active member at the ASAF has also shared a list of items for the 2020 Agenda Consultation Project.

For the agenda consultation project, as an AOSSG member, India has submitted a topic on "Standardisation of Financial Ratios". The details of the proposed project is as follows:

There are listed companies across the globe, who voluntarily present financial ratios as a part of their Annual Report prepared with reference to adopted/ converged IFRS standards.

A Financial Ratio is an expression of relationship between two inter-connected figures from the Financial Statements. Financial Ratios compares line-item data from a company's financial statements to reveal insights regarding profitability, liquidity, operational efficiency, and solvency. Financial ratios are useful tools that helps the management, investors, bankers, financial institutions and other stakeholders. It helps to analyse and compare relationships between different pieces of financial information across an individual company's history, an industry, or an entire business sector. This is an effective tool for SWOT analysis of the company which is of immense use for intra and inter-firm comparison.

The Accounting Standards Board of ICAI observed there is no standardisation on ratio workings and such information

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provided to stakeholders is not based on the standardised input and may mislead the users of the Financial Statements. With reference to IAS 33 or Ind AS 33, Earnings Per Share (EPS) standard – the calculation of Basic Earnings per Share and Diluted earnings per Share is now standardised and is of immense use for the benefit of the stakeholders.

In this regard, as an AOSSG member, ICAI has proposed to standardise the ratios presented by the entities in their Annual Report/ other Documents for the benefit of the stakeholders for the IASB's 2020 Agenda Consultation project. Proposal suggested that this area is included as part of the IASB's topic on Management Performance Measures as part



ICAI has proposed to standardise the ratios presented by the entities in their Annual Report/ other Documents for the benefit of the stakeholders for the IASB's 2020 Agenda Consultation project. Proposal suggested that this area is included as part of the IASB's topic on Management Performance Measures as part of its project on Management Commentary.

of its project on Management Commentary.

## (6) Meeting with the Trustees of the IFRS Foundation

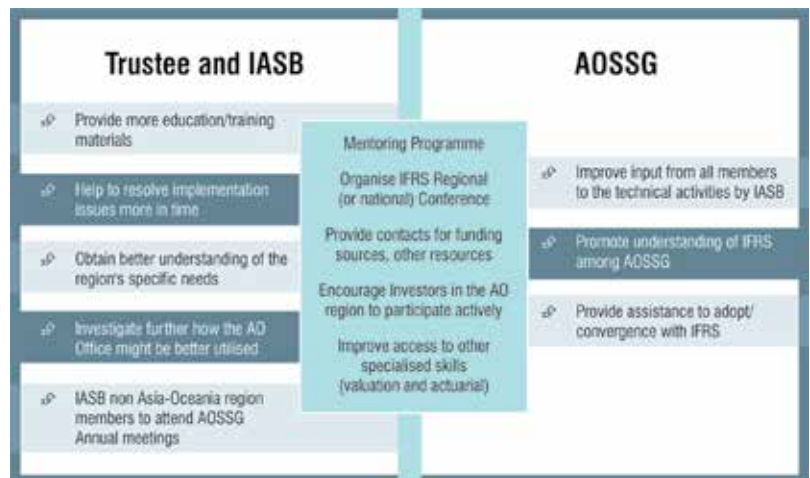
Starting 2017, the CAC of AOSSG was invited to meet the Trustees of IFRS Foundation so as to achieve the common objective of application of single-set of high-quality financial standards across the AO region.

The first meeting of the CAC and the Trustees was held in Tokyo, Japan in May 2017, followed in 2018 in Hong Kong and in 2019 in Kuala Lumpur, Malaysia. The AOSSG appreciates the work of the IASB and the Foundation Trustees. The AOSSG will continue to work together with the IFRS



The contribution from AO region to global accounting standard setting has gained greater significance as this region is now widely recognised as the “engine of the world economy.” The AOSSG will continue to pursue various activities to achieve its objectives, thereby taking greater responsibility for global standard setting

Foundation for pursuing the common goals as can be described below:



While concluding, it is important to mention that the AOSSG is organised under the motto of “A Driving Wind for IFRS” and has committed itself to the global financial reporting standard setting. The contribution from AO region to global accounting standard

setting has gained greater significance as this region is now widely recognised as the “engine of the world economy.” The AOSSG will continue to pursue various activities to achieve its objectives, thereby taking greater responsibility for global standard setting.