



Vision Paper of the Asian-Oceanian Standard-Setters Group

Note: This Vision Paper has been amended to reflect the current status of IFRS application and other developments in the Asia-Oceania region. A 2011 version of the Vision Paper is available on the [AOSSG website](http://www.aossg.org).

www.aossg.org

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I. Introduction

The Asian-Oceanian Standard-Setters Group (AOSSG), consists of accounting standard-setters in the region. This paper outlines how the AOSSG might evolve in the future to meet its objectives.

This paper may 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 they might make to AOSSG activities;
- For the IASB, the IFRS Interpretation Committee, and the IFRS Foundation Trustees, to better understand how the AOSSG can best contribute to the development of global financial reporting standards;
- For other regional bodies or national standard-setters in other regions, to better understand whether and how to collaborate with each other;
- For regions that are looking to develop a regional structure and carry out effective operations; and
- For stakeholders in each jurisdiction, to better understand why and how national standard-setters could be working with the AOSSG.

II. Outline of the AOSSG

1. Establishment of the AOSSG

The Asia-Oceania region consists of both advanced and developing economies at various stages of development. A large number of economies in the region are classified as developing economies and have been experiencing rapid economic growth—with a double digit or high single digit growth of GDP in recent years. GDP in the region is approximately 20 trillion USD, which accounted for more than 37% of the world GDP in 2011. The region is populous and rich in natural resources – more than 63% of the world’s population or 4.3 billion people live in the region. In addition, regional and international trade has been significant in recent years, which indicate that the region’s economies have gained strength and have been competitive and influential in the global economy.

The International Financial Reporting Standards (IFRSs) are increasingly accepted in this region, and many Asia-Oceania jurisdictions have either adopted IFRSs, are considering adoption of IFRSs or making progress towards convergence with the IFRSs. In the past decade, Europe and the US have played central roles in global accounting standard-setting. Given the growing importance of the Asia-Oceania region, stakeholders have increasingly suggested that 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. With that background, the AOSSG, a group of recognised accounting standard-setters from jurisdictions in the Asia-Oceania region was established in 2009.

The AOSSG membership has quickly grown from 16 (at inception) to 25, which shows the heightened interest in the group (Table 1).

Table 1: List of AOSSG members¹

1	Accounting Standards Board of Japan (ASBJ)
2	Accounting Standards Board of Nepal
3	Accounting Standards Council of Singapore
4	Australian Accounting Standards Board
5	China Accounting Standards Committee
6	Dubai Financial Services Authority
7	Financial Reporting Standards Board of New Zealand Institute of Chartered Accountants ²
8	Financial Reporting Standards Council of Philippines
9	Hong Kong Institute of Certified Public Accountants (HKICPA)
10	Institute of Chartered Accountants of Pakistan
11	Iraqi Union of Accountants and Auditors
12	Korea Accounting Standards Board
13	Malaysian Accounting Standards Board
14	Ministry of Finance of Brunei Darussalam
15	Ministry of Finance of Vietnam
16	Mongolian Institute of Certified Public Accountants
17	National Accounting Council of Cambodia
18	National Association of Accountants and Auditors of Uzbekistan
19	Saudi Organisation for Certified Public Accountants
20	The Chamber of Auditors of the Republic of Kazakhstan
21	The Committee for the Registry of Auditors and Accountants of Macao SAR
22	The Financial Accounting Standards Board – Indonesian Institute of Accountants
23	The Federation of Accounting Professions of Thailand
24	The Institute of Chartered Accountants of India
25	The Institute of Chartered Accountants of Sri Lanka

¹ Members in the table are listed in an alphabetical order.

² From July 2011, New Zealand Accounting Standards Board (NZASB) will be empowered in accounting standard setting.

Jurisdictions of the AOSSG members cover a large part of the Asia-Oceania region and are highlighted in blue in the map below.

Map 1: Jurisdictions of AOSSG members



Table 2: Application of IFRSs³

Jurisdiction	Domestic Listed Companies						
	Being converged with IFRSs	Fully converged with IFRSs	IFRSs Permitted	IFRSs Required for Some	IFRSs Required for Most (see note 10)	IFRSs Required for All	Audit Report States Compliance with IFRSs
Australia						X	Yes
Brunei	X ^{Note 1}		X				
Cambodia						X ^{Note 2}	
China		X ^{Note 3}					
Dubai						X	Yes
Hong Kong						X ^{Note 4}	Yes
India	X ^{Note 5}		X				
Indonesia	X ^{Note 6}						
Iraq						X	Yes
Japan	X ^{Note 7}		X				
Kazakhstan						X	Yes
Korea						X ^{Note 8}	Yes
Macao	No stock exchange in Macao ^{Note 9}						
Malaysia			X		X ^{Note 10}		Yes
Mongolia						X	Yes
Nepal	X						
New Zealand						X	Yes
Pakistan						X	Yes
Philippines					X ^{Note 11}		Yes
Saudi Arabia				X ^{Note 12}			Yes
Singapore	X ^{Note 13}		X				
Sri Lanka	X		X				Yes
Thailand	X ^{Note 14}						
Uzbekistan			X	X ^{Note 15}			
Vietnam	X						
Total	9	1	6	2	2	10	12

³ This table is developed based on publicly available information or the information AOSSG members submitted, without performing examination of underlying information on a standard-level.

(Notes to the table)

1. There is no stock exchange in Brunei. Plans to adopt IFRS for public limited companies are underway.
2. The Cambodian International Financial Reporting Standards (CIFRS) are mandatory for entities that are required to submit their financial statements for audit and have ‘public accountability’ as defined by IFRS for SMEs. The Cambodia Securities Exchange launched on 18 April 2012 and requires all listed entities to apply CIFRS.
3. The new Chinese Accounting Standards for Business Enterprises (CASs) were published by the Ministry of Finance (MoF) in 2006, effective January 1, 2007. These standards are substantially converged with IFRSs, except for one modification (i.e. disallow the reversal of impairment loss on long term assets) which reflects China's unique circumstances and environment. In April 2010, the MoF released the roadmap for continuing convergence of CAS with IFRSs. Currently, CASs have achieved full convergence with IFRSs. The CASs are now mandatory for entities including PRC-listed companies, financial institutions and all other large and medium-sized enterprises. In December 2007, the Hong Kong Institute of Certified Public Accountants recognised CASs equivalence to HKFRS, which are identical to IFRSs. In December 2010, the Hong Kong Stock Exchange decided to allow mainland-incorporated companies listed in Hong Kong to have an option to present financial statements using CASs and audited by an approved mainland audit firm. The EU Commission permits Chinese issuers to use CAS when they enter the EU market without adjusting financial statement in accordance with IFRS endorsed by EU.
4. Hong Kong is a Special Administrative Region of China. Hong Kong accounting standards are fully converged with IFRSs effective 1 January 2005. The Hong Kong standards contain wording identical to the equivalent IFRS except that the transitional provisions in a few standards that were converged initially with effect from 1 January 2005 were changed to provide the transition from the requirements in the previous HK GAAP. Since 1 January 2005, all HKFRSs issued have the same IFRS effective dates and transitional provisions.
5. India has announced that entities will converge with IFRS in a phased manner. Necessary legislative changes for this purpose are in process and are expected to be completed shortly.
6. Indonesia has made significant progress on IFRS convergence and continues to further minimise differences between Indonesian GAAP and IFRSs. A date of adoption has not been decided. Entities are permitted to use IFRSs if those entities are listed in other jurisdictions that require IFRS-based financial reports or are subsidiaries of foreign entities that apply IFRS.
7. Accounting Standards Board of Japan has made significant progress on convergence of Japanese GAAP with IFRSs in accordance with “Tokyo Agreement” of 2007. In December 2009, the Financial Services Authority of Japan (FSA) published Cabinet Office Ordinances that allow some Japanese listed companies to voluntarily use IFRSs as designated by the Commissioner of the FSA in their consolidated financial statements starting from the fiscal year ending 31 March 2010. In auditing such companies’ consolidated financial statements, auditors are required to state compliance with this designated set of standards in audit reports, but may state compliance with IFRSs (as issued by IASB)

when both sets of standards are identical.

8. Korea has adopted all IFRSs as issued by the IASB as Korean Financial Reporting Standards effective 2011, with early adoption permitted from 2009.
9. IFRSs are permitted in Macao. Since 2007, financial institutions, public companies and concessionary entities in Macao have been required to comply with the Macao Financial Reporting Standards, which comprise the Framework and 16 IFRSs/IASs issued by the IASB. In addition, some entities in Macao, mainly those in the gaming industry, are listed on the Hong Kong Stock Exchange and apply IFRS according to the Hong Kong Stock Exchange rules.
10. Malaysia announced its adoption of IFRS effective 1 January 2012. IFRSs are required for all non-private entities in Malaysia. However, non-private entities within the scope of IAS 41 *Agriculture* and IFRIC 15 *Agreements for Construction of Real Estate* are not required to comply with IFRS until 1 January 2014. For the time being, these entities are allowed to apply IFRSs or national GAAP. Foreign companies listed on Bursa Malaysia may use IFRSs.
11. The Philippine Financial Reporting Standards (PFRSs) are required for all domestic listed entities. PFRSs are fully converged with IFRSs except for IFRIC 15 *Agreements for the Construction of Real Estate*. The Philippine Financial Reporting Standards Council has deferred the mandatory effective date of IFRIC 15 until the revised IASB Revenue standard is issued and an evaluation of the revised Revenue standard requirements against the practices of the Philippine real estate industry is completed.
12. All banks and insurance companies regulated by the Saudi Arabian Monetary Agency (Central Bank), regardless of whether those entities are listed on the Saudi Stock Exchange, must use IFRSs. Although other entities are not permitted to use IFRS, these other entities are permitted to look to IFRS for guidance on matters where no relevant Saudi Organisation of Certified Public Accountants (SOCPA) Standards or guidance are available. SOCPA is considering plans for other entities to adopt IFRS. A date of adoption has not been decided.
13. In Singapore, foreign companies listed on the Singapore Stock Exchange (SGX) are permitted to use IFRS. For local companies, IFRS is permissible if approved by the Accounting and Corporate Regulatory Authority of Singapore (ACRA). Singapore has adopted most IFRSs essentially word for word as Singapore equivalents of IFRS (SFRS). In May 2009 the Singapore Government announced its plan to fully converge SFRS with IFRS. The fully-converged standards will apply to all local companies listed on the SGX.
14. Thai GAAP (TFRS) has been converging to IFRS in two stages; in 2011 and 2013. The first stage was done for standards in relation to non-financial instruments. The second phase is scheduled in 2013 for standards relating to financial instruments.
15. In Uzbekistan, banks and insurance companies (listed or not listed) are required by law to prepare and issue IFRS financial statements on an annual basis.

2. Objectives of the AOSSG

As stipulated in its Memorandum of Understanding, the AOSSG has the following four objectives:

(1) Promoting the adoption of, and convergence with, the IFRSs by jurisdictions in the region

The AOSSG aims to promote the adoption of, and convergence with, the IFRSs by jurisdictions in the region. The AOSSG does not endorse IFRSs for the region—AOSSG members may individually have that role in respect of their jurisdictions.

(2) Promoting consistent application of the IFRSs by jurisdictions in the region

The AOSSG aims to promote consistent application of the IFRSs in resolving common accounting issues to enhance transparency of financial markets in the region.

(3) Coordinating input from the region to the technical activities of the IASB

The AOSSG aims, in the public interest of the region, to play an active role in technical activities of the IASB and contribute to a single set of high quality global financial reporting standards.

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

The AOSSG aims to establish relationships with governments, regulators, and other regional and international organisations to improve accounting practices, enhance the quality of financial reporting and facilitate cross-border trade, investments, and governance in the region.

3. Organisational structure and members

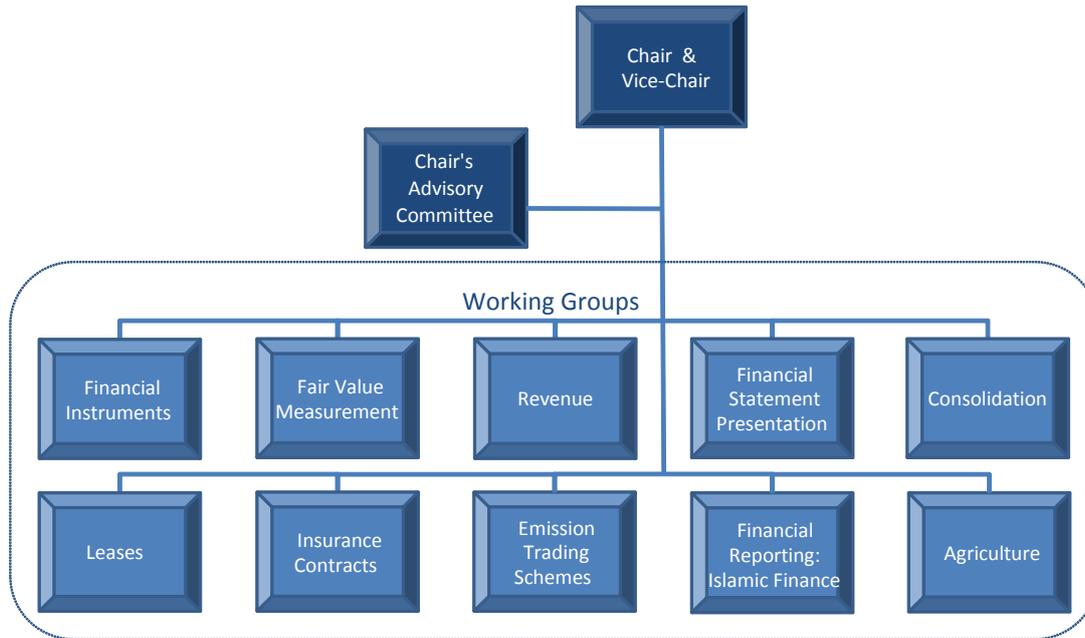
The AOSSG has an elected Chair and Vice-Chair. It operates through Working Groups together with a Chair's Advisory Committee (See figure 1 below).

The Chair and Vice-Chair play key roles in operating the organisation. The Chair assumes the secretariat role of the AOSSG for a designated period and is responsible for the annual and other conferences, as well as for coordinating topical discussions and activities among the AOSSG members. The Chair and Vice-Chair are elected by members and those positions rotate among members every two years.

Working Groups have been established to help manage AOSSG's contribution to the IASB. The Chair monitors progress/functions of the Working Groups and serves as a liaison with other organisations, governments, and regulators in the region and in the world for the purpose of learning other stakeholders' circumstances and advancing the interests of the AOSSG. The existing AOSSG technical Working Groups are: (1) Financial Instruments; (2) Fair Value Measurement; (3) Revenue; (4) Financial Statement Presentation; (5) Consolidation; (6) Leases; (7) Insurance Contracts; (8) Emission Trading Schemes; (9) Financial Reporting relating to Islamic Finance; (10) Agriculture; and (11) Review of IFRS for SMEs.

A Chair's Advisory Committee was established to support organisational operations conducted by the Chair and Vice-Chair and to deal with activities that the organisation's Working Groups do not cover. The Committee consists of the Chair, the Vice-Chair and other members appointed by the Chair and the Vice-Chair.

Figure 1: Organisational Structure of the AOSSG



III. Achievements to date

Since its establishment, the AOSSG has been engaged in various activities in order to achieve the aforementioned objectives. Such activities include discussions with the IASB, submissions of comments and formulation of documents through Working Groups and the Chair's Advisory Committee, and other meetings/communications with major stakeholders, media relations, and so forth.

1. Communicating regional views to the IASB and IFRS Foundation

The AOSSG communicates with the IASB (primarily), the IFRS Interpretations Committee, IFRS Foundation Trustees, IFRS Advisory Council and IFRS Foundation Monitoring Board. In addition, the AOSSG meets face-to-face formally with the IASB 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. When 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 hold differing views, those differing views are reflected within AOSSG comment letters. Individual member standard-setters may also choose to make separate submissions 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 Asia-Oceania region and not to prevent the IASB from receiving the variety of views that individual member standard-setters may hold.

Working Groups

Working Groups aim to monitor the ongoing work of the IASB and identify conceptual and practical issues for consideration by AOSSG members. Members also aspire to facilitate the AOSSG's contribution (including submitting ideas and recommendations) to the IASB's Exposure Drafts and through other consultations. Working Groups prepare issues papers, and present them to the AOSSG, and establish contacts amongst relevant stakeholders and within the IASB. For more details, please see our comment letters posted on the [AOSSG website](http://www.aossg.org) (www.aossg.org). Working Group members and work performed by each Working Group are listed in Appendix 1.

Chair's Advisory Committee

The Chair's Advisory Committee or the Secretariat, may be called upon the Chair and Vice-Chair to prepare draft responses for AOSSG's consideration if consultative documents are published, or issues arise, when they are not covered by the Working Groups. Refer to Appendix 1 for the Chair's Advisory Committee and its comment letters.

2. Sharing knowledge and information

The AOSSG is exploring how it can effectively deepen understanding of IASB’s proposals in the region as well as better identify implementation issues in the region. To this end, the AOSSG has participated in educational activities. The region has jurisdictions with different levels of IFRS implementation—some jurisdictions have already adopted IFRSs while others are in the process of adopting or converging with IFRSs.

The education activities involve members building standard-setting capacity through sharing knowledge and experiences, including through jurisdictions with particular expertise assisting other jurisdictions.

3. Research activities

The AOSSG conducts research and publishes its findings. For example, the AOSSG published a research paper on financial reporting relating to Islamic finance in 2010. The purpose of the research paper is to examine and explain issues in applying the IFRSs to Islamic financial transactions in a more holistic manner. This paper has been referenced by the IASB in its deliberations on current topics. 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.

4. Outreach and post-implementation reviews

The AOSSG is currently developing its capacity to assist the IASB in its outreach and post-implementation reviews as a region. Such reviews assist the IASB to identify areas that have been understood differently from the manner originally intended or areas where standards are regarded as insufficient in promoting sound financial reporting.

5. Communicating with 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 communication 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.

The AOSSG uses its [website](http://www.aossg.org) (www.aossg.org) to enable effective and efficient communication among its members and to raise awareness of the AOSSG among other stakeholders. The AOSSG regularly updates information on the website on a wide range of accounting standard-setting issues

relevant to entities in the Asia-Oceania region, including activities of the AOSSG Working Groups and AOSSG comment letters to the IASB.

6. Cooperating with other bodies

The AOSSG interacts with bodies with a role associated with standard-setting, including the International Forum of Accounting Standard-Setters (IFASS), European Financial Reporting Group (EFRAG), Group of Latin-American Accounting Standard-Setters (GLASS), Pan-African Federation of Accountants (PAFA), with the objective of discussing regional accounting standard issues, sharing experiences on the adoption, convergence and application of IFRSs, as well as, providing input to the IASB's standard-setting process.

IV. Immediate initiatives

The AOSSG has placed its priority on providing inputs on consultative documents (including discussion papers and exposure drafts) of the IASB and other bodies of the IFRS Foundation. Over the next couple of years, we envision that we can strengthen our membership and enlarge the scope of our activities. This section discusses what we will do in the foreseeable future in the context of our objectives.

1. Broadening the membership

At present, the AOSSG has members from 25 jurisdictions in the region, and the level of understanding of the IFRSs from respective jurisdictions differs significantly. We believe that it is paramount for the AOSSG to raise the level of our understanding of the IFRSs as well as to consolidate the regional issues more effectively, to enable us to provide quality input for global standard-setting, while making continuous attempts to expand our membership.

2. Building capacity within the region

More members are encouraged to participate in Working Groups so that members can benefit from knowing diverse opinions for the betterment of our comments. Although diversity of the membership brings challenges for the AOSSG in summarising collective views of the organisation, we think that the diversity creates opportunities for the members to identify important issues that may otherwise not be addressed.

The AOSSG envisions developing more education activities at the Working Group level. The organisation has so far convened sessions on selected topics, and plans to cover more areas in order to improve the level of our understanding of IFRSs. Further, we support members who wish to reduce differences that might arise from translating IFRSs, so as to facilitate the consistent application of the standards.

The AOSSG also plans to conduct workshops or seminars on key topics, either through the leadership by respective jurisdictions or the collective efforts of the AOSSG. As some IFRSs are considered to be complex, such workshops or seminars for interested members would be valuable in fostering the further application of IFRSs in the region.

Finally, the AOSSG plans to establish a pilot IFRS Centre of Excellence with Nepal, a current AOSSG member. The objective of setting up an IFRS CoE is to help member jurisdictions that have limited technical resources and contacts with the IASB with the adoption of, and transition to, IFRSs.

3. Enhancing communications with the IASB and other bodies of the IFRS Foundation

We believe that more frequent, direct, and meaningful communications with the IASB and its staff would bring about mutual understanding of each other's concerns and standard-setting environments.

To date, the AOSSG has been using its comment letters to communicate its suggestions or concerns to the IASB, together with occasional face-to-face meetings with the IASB. It has been found that face-to-face meetings are more effective for conveying our views and concerns to the IASB, and the AOSSG will review how we could increase the frequency of such meetings to once every three to four months. Such meetings could be scheduled in conjunction with other international or regional meetings so as to allow members to participate in such meetings.

In addition, the IASB may informally request inputs from the AOSSG members as to whether the Board's tentative decisions on new or revised standards have any fatal flaws. In this respect, the AOSSG members can act as a sounding board in assisting the IASB to decide on the general direction or to identify specific implementation issues that may emerge from the region. Timely communication between the AOSSG and IASB leadership is also important to enable us to put our views on strategic objectives of the IASB. In particular, as the convergence programme with US GAAP nears its conclusion, and the IASB considers its future agenda, there is an opportunity for the AOSSG to raise issues of particular concern to the region.

The AOSSG also believes there is a need to establish systematic channels through which issues concerning members' business, legal and regulatory environments are communicated to the IFRS Interpretations Committee (the Committee) or the IASB on a timely basis.

4. Promoting awareness of outside stakeholders

In addition to enhancing communications among the AOSSG membership and with the IASB, it is necessary for the AOSSG to strengthen its ties with other organisations. For instance, the AOSSG may want to consider inviting key stakeholders or interested parties as observers to its meetings. Extensive communications with other parties enable us to obtain opportunities to express our concerns and interpretations. Key stakeholders can also confer with the AOSSG on their thoughts or concerns. Depending upon member consensus, observers may include international or regional regulatory organisations or other institutions with a public interest mandate. This will not only help the AOSSG to keep up with the current progress in other regions, but also help improve the quality of financial reporting in the region.

V. Vision towards the future

As a group of organisations with expert knowledge of standards and in-depth understanding of issues in the region, the AOSSG may wish to consider extending our scope even broader in meeting our objectives.

A survey conducted among the AOSSG members in September 2010 revealed that 40% of the respondents adopted or converged with the IFRSs, whereas another 40% have made announcements about adopting or converging with the IFRSs.

Challenges faced by the members were observed in difficulties in application/practice of the standards, a lack of technical expertise, a lack of support from the community, and so forth. In order to address such issues, the members would like the AOSSG to be more actively involved in conveying concerns to the IASB, advocating thought-leadership, and undertaking implementation assistance. The following are some ideas as to how we would evolve to be a more effective regional organisation in the future.

1. Leadership role in global accounting standard-setting

Taking into account the development of economies as well as an accelerated trend towards the adoption of, or convergence with, IFRSs in the Asia-Oceania region, the AOSSG may wish to become the flag-bearer of global accounting standard-setting. As mentioned in our response to the IFRS Foundation Trustees' strategy review, we welcome further opportunities in the medium-term to provide our views on the future of global standard-setting.

It is important to emphasise that the strength of the AOSSG is in its capacity to bring together the knowledge and experience across the region and to provide improved input to the global standard-setting process. The AOSSG can act as an integrated "think-tank" in accounting standards through its study of how future financial reporting should be, as well as its assistance regarding identification of emerging issues. In doing so, the AOSSG may also consider whether and how we can consolidate our views more effectively. Our voice may become even stronger if the AOSSG can formulate a "regional view" through obtaining consensus among its members, rather than merely providing various suggestions for consideration.

In addition, all IASB meetings are currently held in London where technical resources are centred. In the future; however, one can envision that holding the IASB meetings in other regions as well would facilitate meaningful communication and enhanced outreach with various stakeholders, which could aid in deepening the understanding of regional issues at first hand. In this regard, the AOSSG is eager to cooperate with the liaison office of the IFRS Foundation being established in

Tokyo (2012) and utilise its resources to work more closely with the IASB. The AOSSG expects the liaison office will play a pivotal role in further enhancing the link between its activities and the IFRS Foundation, including effective identification of the business practices that are prevalent in the region. Before the liaison office commences operation, the AOSSG will give further thought as to how the office will be best used.

2. Proactive research and thought-leadership activities

As one of the regional standard-setting groups in the world, the AOSSG wishes to enhance its proactive research in or publicise discussion papers on outstanding and prospective issues relating to global accounting standard-setting, underlying principles in the accounting standards, and topics that would be of interest to both the AOSSG and IASB.

Selecting appropriate topics requires careful consideration, as priorities differ depending upon the respective jurisdictions' environments, for instance, the strength of specific industry segments and market trends. Nevertheless, sharing a common understanding of the appropriate topics is instrumental before a project is undertaken to ensure the best use of the members' valuable resources. In this context, while appreciating the need for timeliness, an agreement between the AOSSG and the IASB, whether formal or by implicit acknowledgement, would be helpful before extensive work is undertaken. Greater involvement in the strategic discussion may aid in achieving this desired effect.

In selecting research topics, the most important criterion is the relevancy for the AOSSG members and how the research can be utilised for the benefit of the AOSSG members. Research topics could therefore focus on specific accounting topics such as Islamic finance and Agriculture or areas where more conceptual or proactive thought-leadership activities are needed (e.g., financial statement presentation and disclosure or integrated reporting). If there is a lack of expertise within the AOSSG to conduct the research, the research could be undertaken by tapping into other interested research networks or centres.

3. Regional initiatives regarding consistent application

The IFRSs are a set of principle-based accounting standards, where application may vary depending upon the situation. However, the benefits of a single set of high quality global accounting standards can be achieved only when the standards are implemented consistently throughout the world. While the IASB has expressed its preference not to provide interpretations on individual standards, jurisdictions and/or accounting firms have established their own views that sometimes differ from one another.

Consistent application in the region will only be achieved when all parties share common understanding of issues in the region. Having acknowledged the commonality of business or

social environments, if deemed necessary or appropriate, the AOSSG members could formulate joint proposals for consideration by the IASB or IFRS Interpretations Committee. Where appropriate, the AOSSG can also invite the Committee members to its meetings or interact with technical staff of the liaison office. In addition, if there are divergent views among standard-setters and stakeholders in practice, it may be useful to organize an opportunity where all major stakeholders including the AOSSG members, technical teams of major accounting firms – both global and local, the IASB members and its staff come together and discuss particular issues to achieve a common understanding. Such communication may be facilitated with the aid of the liaison office staff.

In addition, the AOSSG could utilise its technology/website to facilitate active discussions among members regarding topics including case studies and implementation experiences via a chat room or bulletin board system. Outcomes of the discussion may be shared among members as a source of reference or published on the AOSSG website. Maintenance of strong domestic standard-setting is vital for the successful application of the IFRSs, and the AOSSG may consider offering online technical resources which could include provision of advice on supporting infrastructure and arrangement of access to consultation to those in need. Furthermore, the group may want to accommodate member requests to add educational activities for members in the emerging economies as such members would be likely to need useful information and examples on implementation.

4. Other assistance to the IASB

The AOSSG may also want to assist the IASB in its post-implementation reviews so as to identify implementation challenges by cooperating with the IASB staff either from London or the Tokyo liaison office. Such reviews could assist the IASB to identify areas that have been understood differently from the manner originally intended or areas where standards were regarded as insufficient in promoting sound financial reporting.

In addition, the AOSSG could assist the IASB to develop and implement an agreed methodology for field visits/tests as well as effect analyses (or impact assessments) by utilising the resources and experiences of member jurisdictions. Such collaboration would be helpful, since the AOSSG or its members are well-placed to identify relevant contacts in respective initiatives.

5. Advice and consultation for member jurisdictions

In order to successfully apply the IFRSs in the region, development of solid domestic standard-setting is essential. While the AOSSG respects standard-setting in each member's jurisdiction, the AOSSG could take advantage of members' collective views in providing advice/consultation without interfering with the authority of domestic standard-setters regarding whether and how to apply the standards proposed or published by the IASB. Through this

exercise, the AOSSG could help promote the development of domestic standard-setting, gain more leverage in terms of a regional view/voice, and help maintain the organisation as a well-functioning regional group of standard-setters.

6. The AOSSG Secretariat

The AOSSG's membership is geographically broad, and it is not as easy as in Europe for the members to come together in face-to-face meetings. The Secretariat therefore plays a vital role in coordinating the organisation's work and in representing communications with external parties. The AOSSG is a voluntary group of standard-setters, and it is important for the group to ensure the continuity of secretariat functions such as maintenance and organisation of activities, regardless of the Chair's capacity. Taking into account the diversity of the membership, a stronger Secretariat with continuity would be vital to formulate the AOSSG's views and express them to stakeholders outside of the region.

The AOSSG currently utilises the experiences of former Secretariats, including in undertaking administrative matters and building relationships within the membership and with the IASB, to establish a "Virtual Secretariat". The Virtual Secretariat ensures continuity of Secretariat operations and provides a platform for lasting relationships with external stakeholders including IASB members and staff.

The AOSSG also currently employs a "troika system" where the immediate past Chair and Vice-Chair assist the current Chair in order to ensure continuity and strengthen the leadership functions of the Secretariat.

Depending on future discussion, the AOSSG might explore possibilities of establishing a permanent Secretariat if necessary.

7. Others

At present, the AOSSG should mainly focus on the IASB's projects; however, the AOSSG members suggested that the organisation consider issues regarding accounting standards for non-profit/public entities in the future. In some jurisdictions, accounting standards are traditionally developed to be applicable to all kinds of entities: for-profit, non-profit, and public sector. Although it may take some years to develop common global accounting standards for all kinds of reporting entities, we should recognise the need to do so and consider the issue in the future, as the IFRS Foundation is doing in its own strategic review.

The AOSSG may also consider opportunities for fostering the use of XBRL by examining whether and how the development of the XBRL taxonomy can be integrated into the standard-setting

process, while maintaining that IFRS taxonomy can be effectively used in non-English speaking jurisdictions. Further, we may look to the use of a common set of auditing standards to improve financial reporting practices and enhance the quality of financial reporting as stated in our objectives.

Concluding remarks

Development of a set of globally accepted high quality accounting standards is critical in ensuring investor confidence, protection, and transparency of capital markets. Many AOSSG members are in the process of implementing IFRSs and are facing various challenges in application and practice, a lack of technical expertise, lack of support from the community, financial constraints, language barriers, and so forth.

In view of such circumstances, it is useful to call on the experience of others to improve the quality of reporting. The contribution from our region to global accounting standard-setting has gained greater significance, and the AOSSG will continue to pursue various activities to fulfil its mission.

The AOSSG believes it is now one of the key leading players in global accounting standard-setting, which introduced the theme, “*A Driving Wind for IFRS from Asia-Oceania*”, at the 2010 Annual AOSSG Meeting. The AOSSG is looking forward to “*Building Regional Capacity in IFRS*” and continuing its leadership as a key player in global accounting standard-setting.

Appendix 1: Members of the AOSSG Working Groups and Chair's Advisory Committee, and their comments

Working Groups

Financial Instruments

Lead: Australia

Members: China, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, Thailand, Uzbekistan

The Financial Instruments Working Group submitted comments on the following documents:

IASB ED/2009/12 *Financial Instruments: Amortised Cost and Impairment*;

IASB ED/2010/4 *Fair Value Option for Financial Liabilities*;

IASB Request for comments on FASB ED *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*;

IASB ED/2010/13 *Financial Instruments: Hedge Accounting*;

IASB Supplement to ED/2009/12 *Financial Instruments: Impairment*;

IASB ED/2011/1 *Offsetting Financial Assets and Financial Liabilities*; and

IASB ED/2011/3 *Mandatory Effective Date of IFRS 9*.

Fair Value Measurement

Lead: China

Members: Hong Kong, Japan, Korea, Malaysia, Uzbekistan

The Fair Value Measurement Working Group submitted comments on IASB Staff Draft of the forthcoming IFRS on *Fair Value Measurement*.

Revenue

Lead/Co-lead: Japan/Singapore

Members: Australia, China, Indonesia, Hong Kong, Macao, Malaysia, New Zealand, Uzbekistan

The Revenue Working Group submitted comments on the following documents:

IASB ED/2010/6 *Revenue from Contracts with Customers*; and

IASB ED/2011/6 *Revenue from Contracts with Customers*.

Financial Statement Presentation

Lead/Co-lead: Korea/China

Members: Australia, Hong Kong, Iraq, Japan, Macao, Malaysia, New Zealand

The Financial Statement Presentation Working Group submitted comments on the IASB Staff Draft of the Exposure Draft *Financial Statement Presentation*.

Consolidation

Lead/Co-lead: Singapore/China

Members: Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Sri Lanka, Thailand, Uzbekistan

The Consolidation Working Group submitted comments on the following documents:

IASB's tentative decision taken on *Consolidated Financial Statements*; and

IASB Exposure Draft ED/2011/4 *Investment Entities*.

Leases

Lead/Co-lead: Singapore/Indonesia

Members: Australia, China, Hong Kong, Japan, Korea, Macao, Malaysia, Nepal, New Zealand, Pakistan, Sri Lanka, Thailand, Uzbekistan

The Leases Working Group submitted comments on the IASB ED/2010/9 *Leases*.

Insurance Contracts

Lead/Co-lead: Korea/China

Members: Australia, Hong Kong, Indonesia, Japan, Malaysia, Nepal, New Zealand, Pakistan, Sri Lanka, Thailand

The Insurance Contracts Working Group submitted comments on the IASB ED/2010/8 *Insurance Contracts*.

Emission Trading Schemes

Lead/Co-lead: China/Japan

Members: India, Korea, Uzbekistan

The Emission Trading Schemes Working Group conducted a survey among the AOSSG members and proposed several suggestions to the IASB.

Financial Reporting relating to Islamic Finance

Lead: Malaysia

Members: Australia, China, Dubai, Indonesia, Korea, Pakistan, Saudi Arabia

The Islamic Finance Working Group submitted comments on the following documents:

IASB ED/2010/6 regarding *Revenue from Contracts with Customers*;

IASB ED/2010/8 regarding *Insurance Contracts*;

IASB ED/2010/9 regarding *Leases*;

IASB ED/2010/13 regarding *Financial Instruments: Hedge Accounting*;

IASB Supplement to ED/2009/12 regarding *Financial Instruments: Impairment*;

IASB ED/2011/1 regarding *Offsetting Financial Assets and Financial Liabilities*; and

IASB ED/2011/6 *Revenue from Contracts with Customers*.

Agriculture

Lead/Co-lead: India/Malaysia

Members: China, Hong Kong, Indonesia, Japan, Korea

The Agriculture Working Group submitted comments to the IASB with recommendations on how to improve IAS 41 *Agriculture* in the short-term.

Review of IFRS for SMEs (established in August 2012)

Lead: Hong Kong

Members: Australia, Brunei, China, Hong Kong, India, Iraq, Korea, Malaysia, Pakistan, Thailand, Uzbekistan

Chair's Advisory Committee (2012-13)

Chair: Australia

Vice-Chair: Hong Kong

Members: China, India, Japan, Korea, Malaysia, Singapore

The Chair's Advisory Committee submitted comments on the following documents:

IASB Request for Views on *Effective Dates and Transition Methods*;

IFRS Foundation Trustees Consultation on *IFRS Interpretation Committee Review*;

IFRS Foundation Trustees Consultation on *Strategy Review*;

IFRS Foundation Monitoring Board Consultation on *Review of the IFRS Foundation Governance*;

IFRS Foundation Trustees *Strategy Review*;

EFRAG Discussion Paper *Considering the Effects of Accounting Standards*; and

IASB Request for Views *Agenda Consultation 2011*.