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standard-setters group

IFRS Centre of Excellence Pilot in Nepal

Assessment of the Effectiveness of the Pilot
Initiative

**IFRS Centre of Excellence for a Developing Country Working Party
December 2014**

Purpose of the Report

This report documents the results of the AOSSG's IFRS Centre of Excellence (COE) in Nepal pilot initiative, including in particular:

- the planned versus actual activities, including the resource requirements and funding (paragraphs 8-24);
- feedback from parties involved in the pilot initiative (paragraphs 25-38); and
- lessons learned from the pilot initiative for consideration of future IFRS COE initiatives (if any), including things that went well, things that could have gone better, and things that did not go as well (paragraphs 39-46).

Overview of the pilot IFRS COE in Nepal

- 1 The purpose of establishing an IFRS COE is to help in the development of the capacity of AOSSG's members that can be characterised as 'developing jurisdictions' to cope with introducing and applying IFRS. This is with a view to trying to ensure the Asia-Oceania region eventually becomes consistent in its application of global standards.
- 2 The Accounting Standards Board of Nepal (ASB) had identified a need for assistance in capacity building associated with standard-setting and the adoption/application of IFRS. At the 2012 Annual AOSSG Meeting, AOSSG members agreed to establish a pilot IFRS COE in Nepal. The IFRS COE in Nepal will belong to the ASB and not to the AOSSG.

Aims of the pilot initiative

- 3 The ASB and the AOSSG¹ agreed to establish an IFRS COE in Nepal to help in the development of the ASB's capacity for introducing and facilitating application of IFRS in Nepal, rather than directly assisting in the adoption of IFRS, which remains the prime responsibility of the ASB. It is intended that building domestic standard-setting capacity will facilitate adoption of IFRS.
- 4 The focus of the initiative was to help the ASB build its standard-setting capacity by accomplishing the following:
 - (a) A review of the ASB's current standard-setting processes for the purpose of identifying areas in which improvements could be suggested, based on the experiences of other AOSSG members.

¹ The AOSSG IFRS Centre of Excellence for a Developing Country (COEDC) Working Party (consisting of member organisations from Australia, China, Hong Kong, India, Indonesia, Iraq, Japan, Korea, Malaysia, Nepal and Pakistan) manages and contributes to the activities of the IFRS COE in Nepal.

- (b) A series of intensive, short-duration Train-the-Trainer (TTT) programs for the ASB members and selected individuals to provide the ASB with the capacity to further train and explain IFRS to others.

Terms of the pilot initiative

- 5 The establishment of the IFRS COE in Nepal is a two-year pilot project that commenced in November 2012. Beyond that period, it was agreed that the ASB will be solely responsible for the IFRS COE, though the AOSSG will always be helpful and cooperative with its members.
- 6 Assessments of the progress of the IFRS COE were made regularly through the AOSSG Working Party, including participation from the ASB. Those assessments included considering whether amendments to the activities of the pilot initiative were required, and the potential impacts on the planning for any future initiatives.
- 7 The Working Party met/communicated, via teleconference, email or in-person, on a regular basis to discuss the progress of the IFRS COE, including the effectiveness of the activities and to identify issues of concern. Separately, the Leader of the Working Party and the Chairman of the ASB also met regularly, via teleconference, email or in-person, to discuss the progress of the IFRS COE, including progress on the adoption of IFRS in Nepal.

Activities of the pilot IFRS COE in Nepal

- 8 The AOSSG undertook the following planned initiatives to establish the IFRS COE in Nepal.

Review of ASB processes and capacity in setting standards

- 9 The on-the-ground assessment of the ASB's standard-setting processes and capacity was aimed at gaining an understanding of:
 - (a) the existing processes employed by, and capacity of, the ASB in setting standards;
 - (b) the gaps in the processes and capacity of the ASB as a functioning standard-setter; and
 - (c) the areas in which the ASB requires improvement or assistance for the ASB to be able to successfully fulfil its responsibilities.
- 10 The output of the assessment is a report of recommendations on policies and processes for the ASB to consider in developing its standard-setting capacity, and on the needs of the ASB to support its operations.

- 11 The on-the-ground assessment of the ASB's standard-setting processes and capacity was undertaken in April 2013 in Kathmandu by two staff of AOSSG members, one from the Australian Accounting Standards Board (AASB) and one from the Hong Kong Institute of Certified Public Accountants (HKICPA). Members of the ASB and local stakeholders from the Ministry of Finance, Nepal Rastra Bank (central bank), Securities Board of Nepal, Insurance Board, Company Registrars and the Institute of Chartered Accountants of Nepal, among others, were interviewed to understand the composition and selection of members, resources, due process, accountability and other reporting obligations of the ASB.
- 12 The [*Report of Nepal Standard-Setting Capacity*](#) (Appendix 1) was published in July 2014, which includes a background of the processes, areas for improvement and recommendations to address the issues and improvements to the ASB's standard-setting capacity. The recommendations follow aspects of the guidelines in [*A Model for National Standard-Setters*](#) that was developed through the International Forum of Accounting Standard Setters (IFASS) and other recommendations based on the experience of established member standard-setters of the AOSSG IFRS COEDC Working Party.

Planned versus Actual

- 13 As planned, two staff members undertook the on-the-ground assessment in Kathmandu over eight days excluding traveling days. This involved meeting with multiple personnel from local stakeholders and the ASB per day over seven days. One out of eight days was spent in-house consolidating information. On the whole, the on-the-ground assessment was successful and the information sought was helpful for the preparation of a report.
- 14 All expenses incurred for the on-the-ground assessment (expertise, time, airfares, accommodation, and some meals and provisions) were borne by the AASB and HKICPA. It was hoped that some, if not all, of the expenses would be reimbursed and the activities potentially extended by gaining the support of an aid agency through the ASB; however, this has not so far eventuated..
- 15 A report on the assessment of the standard-setting processes and capacity was expected to be completed for the Working Party's review one month immediately after the assessment. However, due to other pressing work commitments, the writing of the report was put on hold for four months and subsequently completed for the Working Party's review by October 2013. The actual cumulative time taken to write the report, which included time taken by the ASB to conduct a preliminary review of the written findings, was a total of one month, as planned.
- 16 The review of the report was planned to be undertaken in one month. The report was reviewed twice by the Working Party from October 2013 to June 2014. The report review process involved making and addressing comments or questions on aspects of the report, confirming the final or updated facts and information about the ASB's operations, and a

final review by the ASB, as the beneficiary of the report. The report then took two weeks to be finalised for publishing on the AOSSG website by the first week of July 2014.

- 17 The cost involving the expertise and time taken to write and review the report was contributed by member organisations that provided resources to the writing and review process.

TTT programs for the ASB members, staff and selected individuals

- 18 The aims of the TTT program were to deliver IFRS training to ASB members and selected other people to provide the ASB with the capacity to apply and further explain IFRS to others, particularly in the absence of technical staff members. The Working Party notes that ordinarily, IFRS training is often obtained through accounting firms, usually those within a global network of firms, but the global accounting firms do not have presence in Nepal.
- 19 Accordingly, the expected output would be that these ASB members and its selected individuals ('TTT participants') will be able to understand the requirements of IFRS, apply and explain IFRS to its constituents, and respond to technical queries, consultations or requests from the IASB, IFRS Interpretations Committee, AOSSG and other national standard-setters. Furthermore, it is expected that the TTT participants would be IFRS trainers for Nepal and will be able to deliver training courses to ASB constituents.
- 20 The first TTT program was held in June 2013 in Kathmandu over three days of actual delivery of the training and three more days of on-the-ground preparation and coordination with the ASB. It involved six trainers (including one trainer who also facilitated the individual training sessions and the preparations of the program) provided by the Australian Accounting Standards Board, Institute of Chartered Accountants of India, Korea Accounting Standards Board and Malaysian Accounting Standards Board. More details on the first TTT program, including the number of participants and topics, are outlined in Appendix 2.
- 21 The second TTT program was held in November 2014 in Kathmandu over three days of actual delivery of the training and two more days of on-the-ground preparation and coordination with the ASB. It involved five trainers and one facilitator provided by the Australian Accounting Standards Board, Institute of Chartered Accountants of India and Korea Accounting Standards Board. More details on the second TTT program, including the number of participants and topics, are outlined in Appendix 3.

Planned versus Actual

- 22 Appendices 2 and 3 outline the details of the first and second TTT programs respectively in relation to the expected versus actual tasks and effort.
- 23 The training venue, meals during the course of the training and training facilities for the first TTT program were borne by the ASB. All other expenses on the first TTT program

(expertise, time, airfares, accommodation, and some meals, provisions and local transportation) were borne by member organisations that provided resources (trainers, facilitator, reviewers and course material development) to the TTT program. It was hoped that some, if not all, of the expenses would be reimbursed and the activities potentially extended by gaining the support of an aid agency through the ASB; however, this has not so far eventuated.

- 24 On-the-ground expenses for the second TTT program such as training venue, meals during the course of the training and training facilities as well as trainers/facilitator's accommodation, most meals and transportation were borne by the ASB. All other expenses, for example, travelling expenses from the trainers' homes to Kathmandu, expertise and time were contributed by the member organisations that provided resources (trainers, facilitator, reviewer and course material development).

Feedback from parties involved in the activities of the pilot IFRS COE

Review of ASB processes and capacity in setting standards

- 25 We were informed that the Chairman of the ASB had provided the report to the Ministry of Finance, that is, the government body responsible for the allocation of funding to the ASB, and the World Bank to highlight the technical and operational needs of the ASB, most importantly, with regards to funding the ASB's ongoing needs.
- 26 The impact of the standard-setting processes and capacity assessment is questionable as limited Working Party recommendations that were highlighted as high priority have so far been implemented or considered for implementation. Furthermore, we have not received much direct feedback from the ASB, the MOF or the World Bank on the usefulness of the findings and recommendations of the *Report of Nepal Standard-Setting Capacity*, and whether the ASB has been successful in obtaining funding.
- 27 The ASB is currently considering the recommendations of the report in planning its strategic activities. At the point of writing this report, the ASB's strategic plan has not been communicated to the Working Party.

TTT programs for the ASB members, staff and selected individuals

- 28 Detailed feedback from trainers and participants specific to operations of the first and second TTT programs are embedded in Appendices 2 and 3 respectively. Key feedback in relation to the usefulness of the TTT programs is outlined in the paragraphs directly below.
- 29 In summary, the trainers found that participants are interested in learning about IFRS and its application. Further, the trainers found that participants are capable of delivering further IFRS training in Nepal based on the level of interaction and participants' skills in applying

IFRS to the Nepal context. Detailed trainer/speaker's notes on each topic that were provided to participants would assist participants in delivering further IFRS trainings. However, as noted in Appendices 2 and 3, the trainers and facilitator found that it is difficult to assess whether the main aim of the TTT, to build the ASB's standard-setting capacity, is being met when only a few ASB members are trained in IFRS and, at the conclusion of the second TTT program, there was not yet a firm commitment from the ASB and the participants about carrying out further IFRS training.

- 30 Participants found the trainers very knowledgeable and experienced and the training format helpful to encourage discussions between trainers and participants. They emphasised that it was particularly useful that case studies and practical examples in the materials were illustrations of common practical issues experienced from around the world. They were also encouraged to know that detailed trainer/speaker's notes on each topic were provided to enable them to deliver further trainings. Global accounting firms do not have a presence in Nepal. The accounting firms in Nepal are small and have little or no IFRS experience and would likely not have the capacity that other well-supported global accounting firms have to address IFRS implementation issues. Accordingly, participants requested continued support from the AOSSG Working Party, particularly in providing further training support.
- 31 Based on the overall feedback of Nepal participants from the TTT programs, the ASB has also requested continued training support from the AOSSG as Nepal entities are beginning to implement IFRS from 2015 onwards.

Overall observations

ASB

- 32 The establishment of the IFRS COE in Nepal has been a significant support to the ASB in pursuing the adoption of IFRS.

Working Party Members

- 33 It is noted that the ASB has been somewhat successful at obtaining some funding to (i) purchase the licence for using IFRS in Nepal and (ii) to enable its members to attend international conferences or meetings. This indicates a marked improvement to the ASB's funding and, a step in the right direction for the ASB to enhance IFRS education and exposure among its members and staff. Some Working Party members are concerned that simply by attending (without actively participating in) international conferences and meetings may not be a good use of resources if ASB members are unable to demonstrate the tangible benefits of attending these conferences and meetings.
- 34 Some of these resources may be more effectively deployed in implementing the high priority recommendations of the Working Party's *Report of Nepal Standard-Setting Capacity*, which includes hiring at least two full-time and permanent staff members who are capable of learning and applying IFRS and capable of supporting the development of

financial reporting standards. The ASB need not hire staff who are IFRS experts initially as staff can be trained. Resources should be devoted to training ASB staff to enable them to be active participants, not just as observers, in international conferences and meetings. Those staff should be positioned to best explain Nepal's views and issues to an international audience.

- 35 Other high priority recommendations outlined in the Working Party's report that are yet to be executed but should be able to be implemented within existing means include:
- (a) developing a business plan on how the ASB intends to utilise its funding to support its fundamental operations. The business plan should be provided to the Nepal Government and/or published on the ASB website to improve its accountability on the use of the allocated funding;
 - (b) developing a strategic plan that identifies technical projects that are relevant in the Nepal context and IFRS transition activities, such as conducting further IFRS training sessions to its constituents, that the ASB is pursuing for the next 2-5 years. The strategic plan should also be provided to the Nepal Government and published on the ASB website to support the ASB's needs;
 - (c) aligning ASB due processes in Nepal as closely as possible with the timing of the issuance of Discussion Papers, Exposure Drafts and Standards and Interpretations of the IASB to enable the views of Nepal stakeholders to be heard before the IASB proposals are finalised and to ensure that, once adopted, IFRS compliance is maintained in Nepal; and
 - (d) ensuring that its existing and future ASB members are technically competent. The ASB should formulate and provide a board member appointment policy/criteria to the Nepal Government and the Institute of Chartered Accountants of Nepal.
- 36 Working Party members are also aware of other IFRS initiatives funded by donor agencies conducted in Nepal. The ASB should make the effort to coordinate or cooperate with other initiatives afforded to Nepal stakeholders and leverage off those initiatives organised by other agencies to ensure a more effective use of resources.
- 37 To address the issue of the lack of global accounting firms in Nepal, the ASB should encourage local accounting firms to connect with global accounting firms to help undertake the leadership in training and implementation of IFRS in Nepal, including marketing the awareness and impact of IFRS to constituents. Although this could be seen as largely a commercial matter for the firms concerned, it would be a practical step that would better position local accounting firms to help drive IFRS adoption in Nepal.
- 38 Overall, Working Party members have mixed views as to whether the aims of the pilot IFRS COE initiative have been met:

- (a) The report from the Working Party's assessment of the ASB's standard setting processes and capacity is yet to be used effectively by the ASB in understanding the gaps and its priorities for improvement. While the ASB has made significant effort to attend international conferences and meetings, some of the funding utilised on these international trips might have been better used in employing at least two full-time and permanent staff members who are capable of learning and applying IFRS and capable of supporting the development of financial reporting standards.
- (b) TTT programs may not have an impact at this stage. There appears to be a lack of enforcement or commitment by the ASB and its participants in conducting further training in Nepal at this stage, notwithstanding the participants' appetite to learn and discuss the application of IFRS in the Nepal context.

Lessons learned and considerations for future IFRS COE initiatives

- 39 A number of factors have contributed to the successful and less successful aspects of the pilot IFRS COE. If the AOSSG were to decide to establish further IFRS COE initiatives, the following are some suggested factors to consider.

Things that went well and should be employed in future IFRS COE initiatives

- 40 The support and advice provided by Working Party members has encouraged the ASB to commit to the adoption of IFRS in 2014. Committed and dedicated Working Party members should be kept and new members recruited to ensure that a meaningful contribution from the Working Party is fairly distributed across members.
- 41 The regular Working Party meetings or communication, even though mostly via teleconference and email, has helped in ensuring that all parties are kept abreast of the initiative's progress, issues or concerns.

Things that did not go as well but could be modified/improved on for future IFRS COE initiatives

- 42 To establish further IFRS COE initiatives in the future, the beneficiary of the initiative needs to secure funding before the Working Party is recommended to undertake further IFRS COE initiatives. It is not recommended that the Working Party assumes that funding would improve (as we did with Nepal) and member organisations could initially bear the expenses of the initiative's activities with the hope of reimbursement.
- 43 Many Working Party members are likely to be happy to continue to provide staff time as free resource, but not to also bear the out-of-pocket costs of contributing to the work of the Working Party.

- 44 Before deciding on establishing an IFRS COE initiative, the member organisation applying to become the beneficiary of the initiative should develop and provide to the Working Party a strategic plan that includes (i) how it foresees the potential outputs of the IFRS COE activities will be used and built upon and (ii) how it plans on using its existing or potential resources to continue to promote the implementation of IFRS in their jurisdictions. If the beneficiary could produce a sound strategic plan, it would be more likely to be committed to understanding the gaps in its standard-setting processes and capacity and would be more likely to build on the assistance provided by the Working Party.
- 45 Committing Working Party staff members that have heavy responsibilities in their day-to-day standard-setting functions to a pilot initiative such as this, which is typically undertaken by full-time accounting consultants, led to other pressing work commitments taking precedent over completing the tasks of the initiative. This was evident from the delay in the completion of the review report and the last-minute withdrawals of trainers from the TTT programs. Working Party members should realistically take stock of their available resources before committing to a further IFRS COE initiative or any of the activities planned for an established IFRS COE.

Things that did not go well and should not be implemented in future IFRS COE initiatives

- 46 While commended by the beneficiaries, the tangible results of the TTT programs are yet to be realised. That is, it is not yet clear whether the technical competence of the ASB, which is one of the aims of the TTT programs, has been significantly improved, since :
- (a) only a few ASB members have attended the training sessions, although it is noted that the few members who attended were active participants; and
 - (b) TTT participants and the ASB have not yet committed to conducting further IFRS training.

Overall, it is debatable whether the benefits of conducting TTT programs for Nepal have outweighed the costs (staff and experts' time and airfares are the larger expenses). Accordingly, any future IFRS COE initiatives established by the AOSSG may be better focussed on assisting in the development of the organisation's standard-setting capacities and processes and assisting in other strategic matters relating to the adoption and implementation of IFRS in its jurisdiction.



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Report on Standard- Setting Capacity in Nepal

Building Regional Capacity Initiative

Standard-Setting Capacity in Nepal
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Executive summary

The review of Nepal's standard-setting processes is part of the Asian-Oceanian Standard-Setters Group¹ (AOSSG) initiative to build regional standard-setting capacity by establishing a pilot IFRS Center of Excellence (IFRS CoE) in Nepal. This initiative aims to assist the Accounting Standards Board, Nepal (ASB) in building its capacity to adopt and facilitate implementation of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). On adoption those standards will be named Nepal Financial Reporting Standards (NFRS).

The recommendations contained in this report that are considered to be of highest priority are summarised below:

1. There is a particular set of technical skills and knowledge required to be a standard-setter that needs to be developed and applied with rigour within a strategy appropriate to the jurisdiction. Further, the ASB is in need of full-time staff (at least three) who are technically talented to support the development of financial reporting standards. Accordingly, the ASB needs a business plan, which includes key strategies for strengthening the overall technical and professional competence and effectiveness of the ASB and its staff as standard-setter, to serve the needs of existing and potential users of financial reporting. The ASB should identify, in order of importance, planned activities under each strategic initiative.
2. The ASB should develop a strategic plan, as a subset of its business plan, that identifies the IFRS technical projects and the IFRS adoption plan that the ASB is pursuing. The ASB should reflect its plans on raising the awareness of IFRS adoption in Nepal in its strategic plan. Furthermore, the awareness of IFRS adoption should be reinforced by making available, on the ASB website and as paper copies to major listed entities and key stakeholders, the reason and scope of the adoption, and the roadmap for the mandatory adoption dates. The strategic plan for IFRS adoption should be published each year by the ASB to discharge its accountability to the stakeholders in financial reporting.
3. Recommendations 1 and 2 would inevitably mean that the ASB would need greater funding. Therefore, a strategic plan for improved funding also needs to be developed as part of the business plan and executed with the Nepal Government and donor agencies.
4. The ASB should align its due processes, including the issuing of Discussion Papers, Exposure Drafts, Standards and Interpretations in Nepal as closely as possible with the timing of the issuance of Discussion Papers, Exposure Drafts, Standards and Interpretations by the IASB to enable the views of Nepal stakeholders to be heard before IASB proposals are finalised and to ensure that, once adopted, IFRS compliance is maintained in Nepal. As a first step, the ASB should participate in the AOSSG's process of commenting on the IASB's Discussion Papers, Exposure Drafts, and

¹ Details of the AOSSG can be referred in the Appendix of this Report.

contributing to the development of IFRS and Interpretations of IFRS.

5. The ASB needs to ensure its existing and future members are technically competent. A board member appointment policy document, including preferred skills and experience for ASB members, should be formulated and provided to the Nepal Government and ICAN to assist them in nominating and appointing ASB members. Appointed members to the ASB should acknowledge their roles and responsibilities. The involvement of stakeholders, for example, regulators and government bodies, in the ASB processes should not lead to the ASB being populated representationally. In other words, technical expertise should prevail as the prime requirement.

We note that the ASB has made significant progress in rolling out IFRS in Nepal despite being limited in both financial and human resources. The strides made both in the setting of standards and in the development of the accounting profession in Nepal over the past 20 years have been very commendable. We note that the support of the donor agencies has proved quite successful. We also note the open attitude and willingness of the stakeholders to transition to standards that are converged with IFRS. Though Nepal faces enormous challenges, it has shown a genuine preparedness to respond to them. We believe that the standard-setting and related financial reporting capacity would be greatly improved with the provision of additional financial resources and technical support.

The views expressed in this Report are based on the experiences of the member standard-setters of the AOSSG IFRS CoE for a Developing Country Working Party² dedicated to this initiative.

² Members of the AOSSG IFRS CoE for a Developing Country Working Party are national standard-setters from Australia, China, Hong Kong, India, Indonesia, Iraq, Japan, Korea, Malaysia, Nepal and Pakistan.

Background of the Review

1. The ASB and the AOSSG agreed to establish an IFRS CoE in Nepal to help in the development of the ASB's capacity for introducing and facilitating application of IFRS in Nepal. The purpose of the IFRS CoE is consistent with the AOSSG's objectives; including, in particular, promoting the adoption of, and convergence with, IFRSs by jurisdictions in the region. The creation of the CoE is being facilitated by the AOSSG's IFRS CoE for a Developing Country Working Party.
2. The IFRS CoE in Nepal belongs to the ASB and not to the AOSSG. The establishment of the IFRS CoE in Nepal is a two-year pilot project (commenced in November 2012). The AOSSG may facilitate the establishment of IFRS CoEs in other developing AOSSG jurisdictions.
3. The first set of initiatives of the IFRS CoE in Nepal comprises:
 - (a) this review of the processes employed by the ASB in setting standards to identify areas in which improvements could be suggested, based on the experiences of other AOSSG members. The review of the ASB's standard-setting processes involved a study of the ASB's mandate, membership and characteristics, staffing, training, technical materials, infrastructure, funding, governance (including the independence of the ASB), communication with stakeholders, and stakeholder access to meetings and due process.
 - (b) training for the board members, staff of the ASB, and selected other people to provide the ASB with the capacity to further train and explain IFRS to others. This is being achieved over a number of intensive but short-duration train-the-trainer sessions, complemented by remote assistance (if necessary).
4. Further initiatives could follow upon the completion of the first two initiatives above. Other initiatives that have been considered include:
 - (a) secondments of ASB staff to established AOSSG member standard-setters or secondments of experienced AOSSG member standard-setting staff to the ASB, on a rotational basis;
 - (b) the provision of access to topical experts in AOSSG jurisdictions;
 - (c) the linking of the ASB to key international contacts, including at the IASB; and
 - (d) the provision of technical and further training materials.

The AOSSG is also most hopeful that the ASB's active involvement in the AOSSG technical working groups and AOSSG conferences will build its standard-setting capacity. That participation has already begun and has also led to the introduction of the ASB to the IASB and global standard-setting community.

5. This Report outlines the observations from the review and provides recommendations

that may help develop further the ASB's standard-setting capacity. Those recommendations have been benchmarked against the International Forum of Accounting Standard Setters (IFASS) [A Model for National Standard-Setters](#)³.

Members of the ASB and key stakeholders involved in the review process

6. Staff of the Australian Accounting Standards Board (Christina Ng, Senior Project Manager) and Hong Kong Institute of Certified Public Accountants (Winnie Chan, Associate Director) undertook the review of the ASB's standard-setting process in Kathmandu on 7-12 April 2013 and are the authors of this report. They met with the following key stakeholders:

	Name	Designation
1	Mr. Narayan Bajaj	ASB Chairman
2	Mr. Probin Dhoj Joshi	ASB member
3	Mr. Lok Man Maskey	ASB Chief Executive Officer (CEO)
4	Mr. Narendra Dahal	Financial Comptroller General, Ministry of Finance (MOF)
5	Mr. Babu Ram Subedi	Deputy Financial Comptroller General, MOF
6	Mr. Baikuntha Aryal	Joint Secretary, MOF
7	Mr. Mahesh Dahal	Joint Secretary, MOF
8	Mr. Khum Raj Punjali	Joint Secretary, MOF
9	Mr. Maha Prasad Adhikari	Deputy Governor, Nepal Rastra Bank
10	Mr. Rajan Singh Bhandari	CEO, Citizens Bank International Limited
11	Mr. Fatta Bahadur K.C.	Chairman, Insurance Board
12	Mr. Shankar Aryal	Company Registrar and ASB member
13	Mr. Babu Ram Shrestha	Chairman, Securities Board of Nepal (SEBON) and ASB member
14	Mr. Binaya Dev Acharya	Deputy Director, SEBON
15	Mr. Navin Pandit	Chartered Accountant, SEBON
16	Mr. Madhu Bir Pande	President, Institute of Chartered Accountants of Nepal (ICAN)

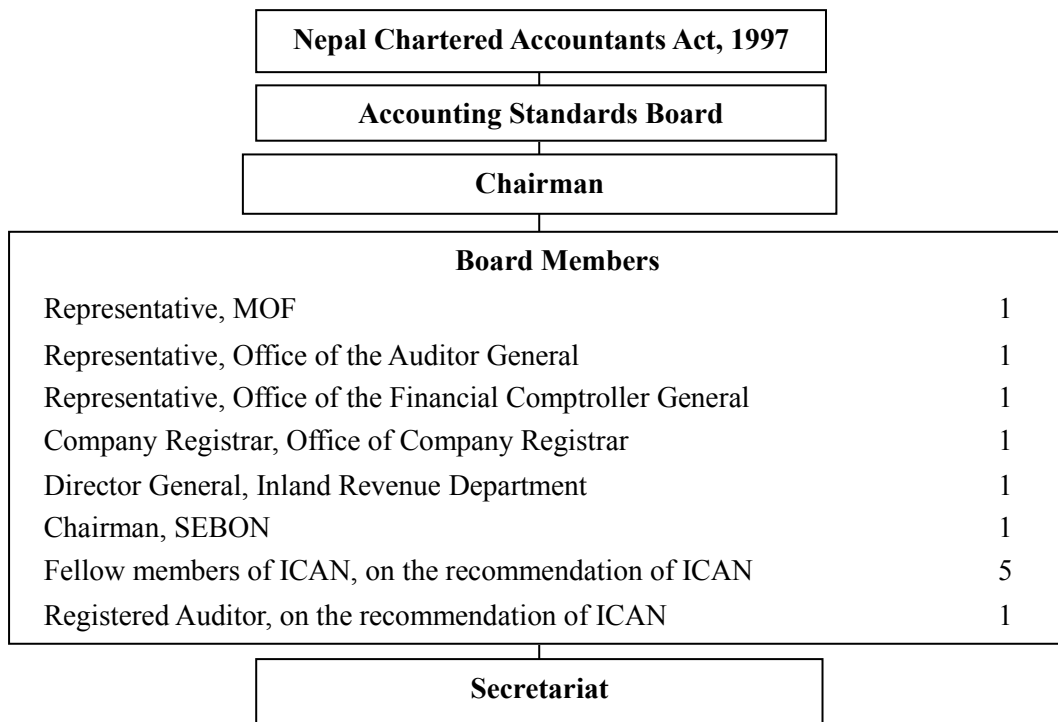
3 IFASS is a group of accounting standard-setters that meet regularly to share and discuss IFRS issues and experiences. [A Model for National Standard-Setters](#) was developed through the IFASS to provide a basis for a national standard-setter to maximise its contribution to the quality of general purpose financial reporting, particularly through participation in the development of high-quality global accounting standards issued by the International Accounting Standards Board (IASB). This is consistent with the public interest role of a national standard-setter (and the IASB) that is aimed at serving users of financial reports in their economic decision-making.

This Model could be used as a basis for improving or setting up standard-setting capacity through a national standard-setter in a way that suits its mandate, legal, institutional and economic environment to act in the public interest.

Background of the Accounting Standards Board, Nepal

7. The ASB is an independent statutory body with the responsibility to set accounting standards for preparation and presentation of financial statements in Nepal. Following from the valuable input of donor agencies⁴, and the cooperation of the Nepal MOF, the ASB was established in March 2003 with an amendment to the Nepal Chartered Accountants Act, 1997. The ASB is committed to setting accounting standards for business enterprises in line with the IFRS and for the public sector in line with the International Public Sector Accounting Standards (IPSAS)⁵.
8. The ASB consists of 13 members nominated by the Nepal Government. ASB members are appointed from their respective organisations (refer diagram below).

Diagram 1: Organisational structure of the ASB



4 For example, the Asian Development Bank ‘Capacity Building for the Accounting and Auditing Profession in Nepal Project’ (1999/2000) and the World Bank ‘Strengthening Public Financial Management Systems Project’ (2001)

5 IPSAS are set by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants. The IPSASB bases many of its IPSAS on the corresponding IFRS.

ASB Standard-setting Processes

Statutory framework for accounting

Observations

9. The Nepal Chartered Accountants Act, 1997, states that ‘Accounting Standards’ are the accounting standards, including directives and explanations, prepared or recommended by the ASB to govern and regulate the accounting profession and financial reporting system.
10. The ASB is committed to setting accounting standards for business enterprises in line with the IFRS and for the public sector in line with the IPSAS. The main rights, roles and responsibilities of the ASB, pursuant to Section 15(b) of the Nepal Chartered Accountants Act, 1997, are to:
 - develop accounting standards based on relevant international accounting standards to govern and regulate the accounting profession;
 - set procedures to develop accounting standards and publish materials related to accounting standards;
 - make improvements and revise accounting standards in line with international accounting standards;
 - interpret the accounting standards; and
 - perform other functions related to accounting standards.
11. At the time of writing this Report, 19 Nepal Accounting Standards (NAS) that are largely based on the corresponding IFRS⁶ have been issued and are operative in Nepal since 15 July 2008. However, the application of NAS may not be consistent in practice and is not monitored.
12. To improve the ability of domestic and foreign investors to use financial statements of Nepali entities, and to improve their perceptions of Nepali financial reporting in general⁷, the ASB undertook the following steps in making its decision to adopt IFRS [which will be named the Nepal Financial Reporting Standards (NFRS)].
 - (a) A study of the differences between existing NAS and accounting practices among public listed entities and state-owned enterprises, to understand the level of implementation of NAS, the costs and challenges of implementation, and the reasons for deviation from NAS.
 - (b) Publication of 40 IFRSs of the IASB for public comment as part of the ASB’s

6 The 19 NAS are adopted from the IAS series issued by the IASB.

7 There is a widespread support for the adoption of IFRS in Nepal among key stakeholders, including the MOF, SEBON, Company Registrar, Insurance Board, Nepal Rastra Bank and ICAN for the same rationale expressed in paragraph 12.

due process. Submissions from key stakeholders, including SEBON and ICAN, were received and considered by the ASB.

- (c) A cost-benefit study of adopting IFRS and effective implementation that involved consultation with its technical sub-committee members (refer paragraphs 30 and 37).
13. At the time of the review visit in Kathmandu (April 2013), the ASB expected to adopt NFRS by financial reporting periods beginning 15 July 2013. The adoption timeframe of NFRS is now expected to be as follows:
- Financial reporting periods beginning 15 July 2014: Listed Multi-National Companies
 - Financial reporting periods beginning 15 July 2015: Financial Institutions
 - Financial reporting periods beginning 15 July 2016: State-owned enterprises and other listed entities
14. The ASB has made announcements that NFRS will be adopted in Nepal through media advertisements, education sessions via collaboration with ICAN and meeting with key stakeholders.

CoE Working Group recommendations

15. The ASB has endeavoured to promote awareness of the new requirements to comply with NFRS.
16. In line with reinforcing awareness of IFRS adoption in Nepal, we recommend the following information should be made available on the ASB website⁸, and as paper copies, to major listed entities and key stakeholders (MOF, ICAN, Nepal Banker's Association, SEBON, Company Registrar, Auditor General, Insurance Board, Financial Comptroller General Office, Inland Revenue Department):
- (a) A statement of intent or an explanatory memorandum that rationalises the adoption of NFRS, the support for adoption by the MOF and other key stakeholders, and the scope of adoption;
- (b) A roadmap for adopting NFRS that sets the milestones of the required use of NFRS by Nepal entities (referred to in paragraph 13 above), including any necessary amendments to regulations needed to facilitate adoption. This roadmap should be provided even though the ASB may re-assess the appropriateness of the timeframe for NFRS adoption in due course; and
- (c) An up-to-date analysis of the differences in accounting requirements between accounting in practice (or NAS) and NFRS.

⁸ This information should be made distinctly available on the ASB's website.

Governance, including independence of the ASB

Observations

17. The ASB has received valuable funding for some activities from donor agencies, through the MOF, and the ASB is required to report its activities to the MOF. Accordingly, the body that comes closest to being an oversight body⁹ of the ASB is the MOF.
18. An annual report, including the audited financial statements and audit report, is provided to the MOF. In most circumstances, a project plan is required by the MOF for funding applications. Business and strategic plans of the ASB have not been required by the MOF, nor have they been a requirement for the application of funding from donor agencies.
19. Board meetings are held privately. Meeting agendas, board papers and minutes are not publicly available. Meeting agendas are developed based on technical issues or key operational matters as they emerge.
20. ASB members are not required to make any declaration of conflicts.

CoE Working Group recommendations

Preparing business plans and supporting strategic plans

21. It is recommended that the ASB be openly accountable for its performance by improving the information provided to constituents, and in doing so, the ASB should consider developing:
 - (a) a business plan, which includes consideration of the ASB's strategic plans, and identifies the ASB's needs (for example, staff, infrastructure, funding) and costs expected to be incurred to undertake the ASB's standard-setting activities. The business plan should be provided to the MOF and/or donor agencies as part of its reporting to assist in determining funding allocations; and
 - (b) a strategic plan (covering at least two years), which is a subset of the business plan, that (i) identifies its technical work plans, including the IFRS adoption plan that the ASB aims to undertake and (ii) reports on its progress in relation to those plans. In planning its strategy, the ASB should consult with its constituents, including key stakeholders (or the oversight body, if established) about their project priorities to ensure that the ASB is using its resources

⁹ An oversight body is responsible for ensuring that appropriate governance arrangements are in place and observed by the national standard-setter. It typically has the responsibility for providing a broad oversight of the national standard-setter's processes for setting accounting standards in a jurisdiction; providing reports and advice about those processes to the governing body; and providing advice or feedback on the national standard-setter's priorities, strategic and business plans, and policies and procedures. The oversight body should be constituted in a manner that enables representation by various stakeholders, for example, from the public and private sector; and the user, preparer, regulator, audit and academia community.

appropriately to resolve issues that are pertinent to its stakeholders. The strategic plan should also identify, in order of importance, planned activities that the ASB will undertake under each strategic initiative. Those strategies (and the progress of those strategies) should be updated on an annual basis. The strategic plan should be published by the ASB and made available to the public on the ASB website each year to discharge its accountability to the stakeholders in financial reporting, such as the MOF, donor agencies and the oversight body (if established) even if it is not a requirement.

Transparency

22. Setting accounting standards in a transparent manner provides an environment whereby stakeholders will be fully informed of developments and will provide the ASB with insight into alternative views. The ASB should consider making its technical deliberations transparent, for example, by making board meeting agendas, papers and minutes publicly available as a first step; and conducting presentations and roundtable discussions with constituents and ASB meetings in public at a later stage.

Oversight role

23. The MOF should establish a formal oversight process for the ASB's standard-setting activities and ensure that the ASB is meeting its strategic plans and due process, for example, by establishing a separate committee to advise the MOF and which has appropriate representation from the various stakeholders, such as, the public and private sector; the user, preparer, regulator, audit and academic communities. Examples of such an oversight body internationally include the IFRS Foundation for the IASB, the Financial Reporting Council in Australia, and the Standards and Quality Accountability Board in Hong Kong.
24. An oversight body should be independent of the ASB's technical decision-making. That would not preclude some linkage between the oversight body and the ASB, for example, the ASB Chairman might be a member of the oversight body and assist in keeping the oversight body up-to-date of the ASB's activities [paragraph 4.10 of *IFASS A Model for National Standard-Setters*].

Independence of the ASB

25. Consistent with the desired qualitative characteristics identified in the IFASS publication *A Model for National Standard-Setters* and in paragraph 32(b) below, ASB members should disclose any significant conflicts of interest at each board meeting. For example, an ASB member may have provided advice to a client on a technical issue before the Board.
26. These declarations should be documented as part of the minutes of the meeting, which in due course, should be made available to the public on the ASB website.

Board membership and characteristics

Observations

27. As indicated above, the ASB consists of 13 members. Six members, including the Chairman, from ICAN and one member from the Registered Auditors are appointed by the Nepal Government; and six members (representatives of MOF, Auditor General, Financial Comptroller General, Company Register, Inland Revenue Department and SEBON) are appointed under the Nepal Chartered Accountants Act 1997, Section 15a. The ICAN council typically provides a list of nominations for the six non-government ASB member positions. The ASB Chairman must be a senior Chartered Accountant. ASB members are appointed for a renewable term of three years.
28. ASB members are not necessarily required to have a background or experience in accounting. Other than the required ASB composition set by the Nepal Chartered Accountants Act 1997, there are no formal appointment criteria for ASB membership. Neither the Act nor the Office of the ASB stipulates the roles and responsibilities of ASB members and characteristics that ASB members should possess. It is not a practice to issue letters of appointment that describe the roles and responsibilities of an ASB member.
29. In recent years, some ASB members representing the government, as appointed under the Nepal Chartered Accountants Act 1997, have been replaced on an annual basis due to an internal government rotation policy.
30. Technical sub-committees, which comprise professionals from accounting firms and commercial organisations, are formed to advise and assist the ASB in the preparation and implementation of accounting standards. Technical sub-committees, led by at least one ASB member, are designed to fill any gaps in the technical knowledge within the ASB.

CoE Working Group recommendations

31. A board member appointment policy document, including the preferred qualitative characteristics of members, should be formulated and provided to the Nepal Government and ICAN to assist them in nominating and appointing ASB members.
32. In formulating that policy, the ASB should aspire to the following qualitative characteristics¹⁰:
 - (a) Acting in the public interest and being neutral and objectiveASB members should aim to be neutral and objective in serving legitimate user

10 These are the recommended qualitative characteristics under the IFASS *A Model for National Standard-Setters*, paragraph 4.1. Refer to footnote 3 for a background on IFASS and its publication on *A Model for National Standard-Setters*.

needs; for example, in developing proposals and dealing with stakeholders comments on those proposals, which should be based on genuine concern for the usefulness and an assessment of the costs and benefits associated with proposals. That will involve the ASB having a responsive due process in order to obtain sufficient information to enable it to make an objective assessment [paragraph 4.4 of *A Model for National Standard-Setters*].

The ASB should avoid being an instrument of other policy objectives that conflict with the objective of general purpose financial reporting. For example, the main role of a national standard-setter would not include setting standards for the preparation of special purpose financial statements that another regulator, such as a prudential regulator, could demand and that contain information tailored to that regulator's particular needs [paragraph 4.5 of IFASS *A Model for National Standard-Setters*]. Likewise, it is highly desirable not to have other regulators specifying general purpose financial reporting requirements.

(b) Independence

An independent national standard-setter is one that is able to act credibly in the public interest and approach topics in a neutral manner in pursuit of the objective of general purpose financial reporting, rather than other objectives that may be driven by vested interests. [paragraph 4.6 of IFASS *A Model for National Standard-Setters*]

Ideally, the ASB is established as an organisation that is independent of the entities for which it sets standards. However, in conducting its activities, ASB members will have relationships with entities and parties who might be regarded as having a vested interest in the outcomes of the standard-setting process, such as professional accounting bodies, preparer representative groups, auditors or governments. This is because they are key sources of the ASB's information and may also be the providers of resources (including funding, staff secondments and volunteer board members). [paragraph 4.7 of IFASS *A Model for National Standard-Setters*] Nevertheless, those relationships should not be allowed to compromise the independence of ASB members. The ASB should document and implement policies and procedures that set out its responsibilities and accountabilities that help ensure it remains independent in its decision-making and is seen to remain independent, despite receiving inputs or resources from key constituents. The ASB might generate those policies and procedures itself or it may be done through an oversight body (as described in paragraph 23) [paragraph 4.8 of IFASS *A Model for National Standard-Setters*].

(c) Competence

Standard-setting involves bringing together concepts, precedent, practice and change-management. It requires both domestic and international knowledge (of the literature, practice, industries, regulation and economics, finance,

government and many other matters), technical skills, rigour and strategic planning. It is unlikely that individuals with all of those attributes are to be found and so a national standard-setter usually has a membership with a blend of skills and backgrounds, including in standard-setting itself. [paragraph 4.11 of IFASS *A Model for National Standard-Setters*]

The ASB needs to ensure its current and future ASB members are highly technically competent. Accordingly, ASB members should be appointed for their technical competence, analytical ability, communication skills, judicious decision-making and awareness of the financial reporting environment, and not on the basis that they are the representatives of any particular constituency. In other words, the technical expertise should prevail as the prime requirement. The range of skills needed on a board will often involve drawing on qualified members from particular constituencies.

To be competent, a national standard-setter also requires full-time technical accounting staff and external experts who may be from the academia, preparer, regulatory, audit or user communities and who the ASB can consult with as part of its network of technical consultative groups. To some extent, the ASB's technical sub-committees may already play the role of experts to the ASB.

In addition, the ASB should work with other national standard-setters and/or the AOSSG to develop those skills by participating in conferences and working groups, such as those of the AOSSG and IFASS, and raising technical issues as they arise.

(d) Effectiveness

To the extent that the ASB's role involves effectively disseminating information from the IASB to local constituents and incorporating IFRSs into the local regulatory framework, the ASB should work together with national standard-setters or the AOSSG through the working groups, and/or the IASB or IFRS Interpretations Committee directly, in communicating potentially complex ideas to help ensure that they are readily understandable by constituents. This could involve providing a local context to help local understanding, such as identifying the types of entities or transactions that the ASB expects to be affected by particular IFRS requirements. The ASB should ensure its aims and processes of standard-setting are clear to its constituents, otherwise they may not appreciate why standard-setting in general can be complex and difficult to understand, and how it relates to their circumstances [paragraph 4.15 of IFASS *A Model for National Standard-Setters*].

The ASB should have regard to its comparative advantage in certain areas as a means of maximising its effectiveness [paragraph 4.16 of IFASS *A Model for National Standard-Setters*].

(e) Efficiency

Standard-setting processes, and the pace at which they take place, need to be commensurate with the challenges to be addressed. The ASB should aim to inform its constituents about the need for, and level of urgency of, change (whether because of improvements in standards or responses to economic circumstances) and the relevant processes for achieving that change [paragraph 4.17 of IFASS *A Model for National Standard-Setters*].

The ASB should also aim to inform its constituents about the nature of global standard-setting to explain its response times on issues of interest (for example, as NFRS will be linked with IFRS, the ASB will be unable to act unilaterally on an issue) [paragraph 4.18 of IFASS *A Model for National Standard-Setters*]. Efficiency also involves the ASB helping constituents to manage the pace of change. For example, when adopting IFRSs by incorporating them into local law, it should do so as soon as new and revised IFRSs are issued, if feasible. That may involve compiling standards for application at a particular date that suits the local jurisdiction, or translating them into a local language on a timely basis [paragraph 4.20 of IFASS *A Model for National Standard-Setters*].

In dealing with emerging issues, the ASB needs to work cooperatively with other national standard-setters or the AOSSG, and achieve outcomes in a more effective and efficient manner than it would working in isolation. Indeed, the development role of the ASB requires that it work within the global structure that has emerged [paragraph 4.21 of IFASS *A Model for National Standard-Setters*]. For example, an existing structure would involve the ASB consulting with other national standard-setters or the AOSSG about emerging accounting issues experienced in Nepal before approaching the IFRS Interpretations Committee or the IASB.

33. ASB members should be provided with letters of appointment, which outline the roles and responsibilities (as referred in paragraph 10) pursuant to Section 15(b) of the Nepal Chartered Accountants Act 1997 and the qualitative characteristics of an ASB member (as referred in paragraph 32 directly above). Newly appointed members should be briefed on and acknowledge those roles, responsibilities and qualitative characteristics.
34. In addition, a balance of preparers, auditors and users of financial statements, and the broader financial reporting community should be maintained in the board membership. However, as mentioned in paragraph 32(c), technical expertise should prevail as the principal requirement.
35. ASB members would benefit from ongoing training/education sessions on IFRS, including any revisions to the standards, with the assistance of its technical sub-committees, external experts on specialised topics or regional body organisations, such as, the AOSSG and its Working Groups.

36. At a minimum, ASB members should acquire a good knowledge of IFRS.

Resources (staff, internal training, infrastructure, funding)

Observations

Staff and advisors

37. The ASB is mainly supported by its technical sub-committees, which comprise chartered accountants from accounting firms and commercial organisations, to advise and assist the ASB in the preparation and implementation of accounting standards. Technical sub-committees are led by at least one ASB member and are sources of technical knowledge for the ASB.
38. Technical topic experts are hired on a project basis, if necessary.
39. At the time of the review visit in Kathmandu (April 2013), the ASB had no technical staff and three to four administrative staff led by a Chief Executive Officer. Administrative staff members, with the assistance of the technical sub-committee members, were responsible for writing board papers and standards.
40. The ASB is in the process of employing technical staff who may be a chartered accountant and has at least 2 years of relevant work experience.

Information technology system and support

41. Basic electronic equipment (computers, laptops, scanner and printer) sufficient for the size of the administrative team and software such as Microsoft Office are available at the ASB offices. All ASB materials such as board meeting papers and standards are stored in the ASB computers. There is no official data management policy or practice. Data backup systems are not currently maintained at the ASB.
42. Internet access is available at the ASB offices. The ASB has a website that contains background information about the ASB, including its members, accounting standards that are in effect and proposed (such as, the new suite of NFRS), and recent news about the ASB (such as, upcoming training or conferences, and recently pronounced standards).

Technical materials

43. Physical technical references (IFRS Handbooks and other accounting materials) are currently reasonably sufficient. The internet accessibility at ASB offices provides them access to other key electronic technical materials, for example, the IASB's and larger accounting firms' technical updates or articles, and the IASB and other national standard-setter's technical board papers.

Funding

44. Funding of the ASB (mainly for operational and administrative expenses) is allocated by the MOF. Funding from donor agencies is conditional mainly upon the MOF's

official endorsement and support for the initiative. In addition, donor agencies typically require an understanding of the initiative and the cost-benefit to Nepal.

45. Aside from a small fee for attending board meetings, ASB members are not paid for their time in other standard-setting activities. Expenses incurred from the ASB's day-to-day operations and by ASB members while undertaking standard-setting activities, for example, travel costs for attending international conferences, are paid for from the allocated funds.

CoE Working Group recommendations

46. The ASB should aim to hire at least three full-time technical staff members, who ideally are, or are becoming chartered accountants, to assist the ASB in its standard-setting activities. The ASB funding application, including through budget or business plans as recommended in paragraph 21 above, should reflect the need for funding to increase the number of technical staff. Technical staff can be permanent or on secondment from accounting firms or the accounting divisions of corporates or banks; and can be topic specialists or standard-setting generalists. Technical staff should be given opportunities to establish contacts at other national standard-setters and at the IASB. This could involve attending IFRS training/updates internationally or domestically, and attending and participating in international conferences, such as the AOSSG, IFASS and IASB's World Standard-Setters conferences.
47. ASB members and technical staff should participate in AOSSG technical working groups that are relevant to Nepal and utilise these working groups as a source of technical reference. IFRS application issues are commonly shared and discussed among working group members.
48. Once full-time technical staff are available, the ASB should consider a succession planning policy that involves developing the knowledge and experience of its existing technical staff, and growing the technical team to more than three full-time staff members, if necessary.
49. The ASB should consider formulating the roles, responsibilities, qualitative characteristics (consistent with those referred in paragraph 32) and composition of its technical sub-committees. The composition of the technical sub-committees should be reviewed on a regular basis to ensure the appropriate level of skills is acquired. Its technical sub-committee members should also be provided opportunities to attend IFRS conferences, updates and trainings, with a view that these members will assist the ASB in conducting training for its staff and stakeholders, where relevant.
50. In due course, the ASB is recommended to consider developing its data management and data backup system policies or practices especially as it develops its standard-setting activities.
51. For the ASB to progress, the scale of its funding needs to be markedly improved. A funding plan needs to be developed and executed with the Nepal Government and

donor agencies.

Due process

Observations

52. Historically, the ASB has followed the procedures set out below. These procedures now need to be reconsidered in the light of the commitments to adopt IFRS.

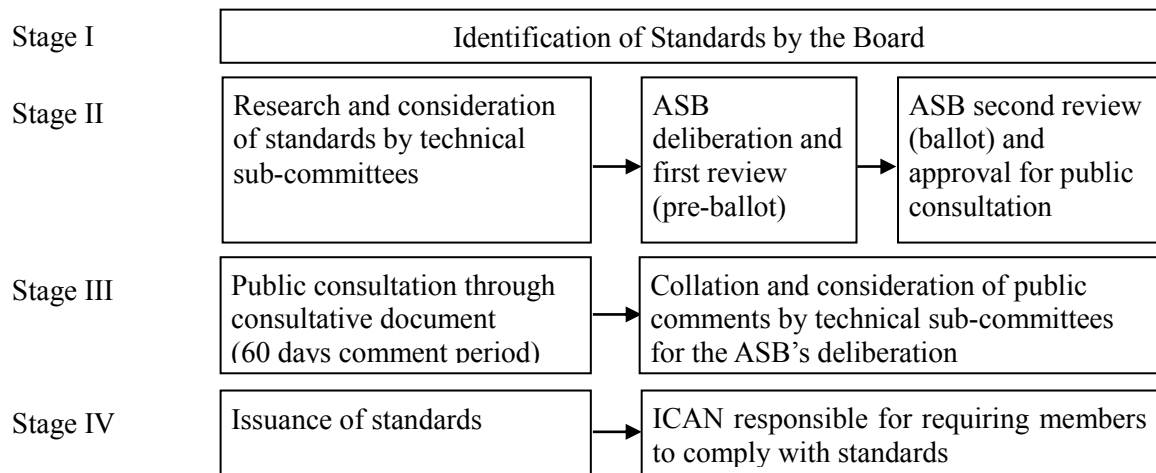
Formulating a standard

53. The ASB's process for formulating a standard¹¹ is summarised as follows and in Diagram 2 below.

- (a) The ASB identifies standards as issued by the IASB or the IPSASB to be considered and its Secretariat prepares a draft of those standards (Stage I).
 - (b) The ASB deliberates on the appropriateness, including the cost-benefit, of the standards in the Nepalese environment and direct technical sub-committees to prepare draft standards for exposure. The ASB reviews the first draft standards (pre-ballot) and provides comments to the Secretariat within 30 days. The Secretariat collates the ASB comments and prepares second draft standards (ballot) for the ASB's review or approval (Stage II).
 - (c) Upon its approval, the ASB issues the draft standards as exposure drafts for public comment for 60 days. Public comments are collated and considered for inclusion (if appropriate) into the near-final standard by the technical sub-committees (Stage III).
 - (d) The ASB reviews and provides comments on the near-final standards within 15 days. Upon the ASB's approval, the standards are declared as NFRS (or previously known as NAS) and provided to ICAN for mandatory implementation. Paper copies of the standards are provided to all regulatory bodies (Stage IV).
54. Existing standards have been published in English. At the time of writing this report, the ASB is considering translation of NFRS into the Nepali language and is in dialogue with the IFRS Foundation about the required licensing and translation processes.

11 The ASB complied with this process in its recent preparation for the adoption of IFRS.

Diagram 2: The ASB accounting standards formulation process



Amending a standard

55. The ASB identifies the standards that are proposed for revision by the IASB or the IPSASB. A revisions committee, comprising two ASB members, one expert from the accounting profession and the ASB Secretariat, facilitates the revision process. The revisions committee meets with experts and other key constituents to discuss the amendments to the standards, and provides recommendations to the ASB on the appropriateness of the amendments in the Nepalese environment. The ASB deliberates on the recommendations and issues amendments to standards upon approval.
56. To date, the ASB has not made any revisions to NASs that have been mandatorily effective since 2008.

CoE Working Group recommendations

Formulating a standard

57. The ASB needs to be proactive in expressing its views to the IASB, which must happen on a timely basis to be effective. Accordingly, the existing due process needs to be adapted so that the ASB can participate in the regional (AOSSG) and global deliberations.
58. The adoption of a thorough due process in the development of accounting standards provides a basis for confidence in the integrity of the standards. It is important that stakeholders are able to understand the reasons for decisions and the manner in which the ASB has exercised judgments about matters such as costs versus benefits so as to promote confidence among stakeholders that their views are considered. A thorough due process relates to all stages of standard-setting – agenda setting, researching topics, making proposals, establishing transitional arrangements and post-implementation reviews.

59. It is recommended that the ASB conduct information sessions for key stakeholders and/or public roundtable discussions, particularly those in industries that might be greatly impacted by the issuance of new or revised standards. ASB members, technical staff or technical sub-committees should also request comment from these key stakeholders upon conducting information sessions or public roundtable discussions, or separately prior to the proposal comment due date.

Agenda priorities

60. In setting agenda priorities (that is, Stage I of the ASB due process), the ASB's process can be improved by:
- (a) seeking input from local stakeholders (including users, preparers, auditors and regulators) and ascertaining their needs as part of the ASB's strategic planning [refer paragraph 21(b)]; and
 - (b) identifying projects it might conduct in cooperation with other national standard-setters or the AOSSG or more directly with the IASB.

Process convergence

61. Not only is standard convergence (i.e. convergence of the content of each NFRS with the equivalent IFRS) important, **process convergence** is equally as important. It is recommended that the ASB should align the timing of issuing exposure drafts, standards and interpretations in Nepal as closely as possible with the timing of the issuance of exposure drafts, standards, and interpretations by the IASB. For example, the IASB public consultation period for formulating or amending a standard typically takes 120 days—the ASB should conduct its domestic public consultation, including outreach events, collation and deliberation of domestic public comments, and formulation and submission of ASB comments (that is, Stages I, II and III of Diagram 2 above), within the 120 day IASB comment period. The benefits of aligning the timing of the issuance of exposure drafts, standards and interpretations include:
- (a) stakeholders in Nepal are able to participate in global standard-setting by providing comments on international exposure drafts while they are still under consideration by the IASB, thus facilitating the views of Nepal stakeholders being heard before each IFRS is finalised by the IASB; and
 - (b) process convergence is necessary to help ensure product convergence. If a standard or interpretation is issued in Nepal after it is issued internationally, entities in Nepal may not be able to apply that standard or interpretation until after the international application date.
62. The ASB should consider devoting more resources to explaining proposals to stakeholders during the development of financial reporting standards in order to hear the views and reflect their comments. This could involve:
- (a) providing a summary of the key points of each exposure draft;

- (b) presenting seminars or information sessions outlining and analysing the proposals in an exposure draft;
- (c) holding meetings or roundtables to hear views on an exposure draft;
- (d) documenting ASB members' alternative views (if any).

Post-implementation reviews

63. Due process should also include the ASB participating in post-implementation reviews undertaken by the IASB. This will provide an avenue for dealing with implementation issues, to help ensure the standards are applied consistently and that the standards meet current needs. The ASB can participate in post-implementation reviews in a coordinated way with the AOSSG through its working groups and/or the IASB and Interpretations Committee; or by proactively providing post-implementation findings as they arise to the IASB.

Board meetings

Observations

64. The ASB typically meets once a month. A quorum of a simple majority of the ASB membership is required for a meeting to be held.
65. Technical sub-committees and external experts occasionally attend board meetings to participate in and supplement technical discussions.
66. The agenda for board meetings is set by the Chairman and the Secretariat, and is typically based on technical issues or key operational matters as they arise. Meeting papers are prepared by the administrative staff or technical sub-committee members, and provided to ASB members seven days prior to a meeting. Minutes of the meeting are prepared by the Secretariat subsequent to every meeting. The ASB meets privately, typically after working hours. Meeting agendas, papers and minutes are not publicly available.
67. Votes of a simple majority of the total ASB membership are required for approval on all technical and key operational matters.

CoE Working Group recommendations

68. As part of standard-setting, the ASB should not only consider application or implementation issues arising from their standards, but also should closely monitor the progress of technical work plans and deliberations of the IASB or IPSASB. In setting its meeting agenda, it is recommended that the ASB include a standing agenda item to be briefed of international technical developments in addition to its discussions of technical issues as they arise.
69. Board papers should reflect the identified technical issues, and the domestic and international technical developments. ASB members should continue to be provided

sufficient preparation time to consider the board papers prior to attending the meetings.

70. Consistent with our recommendation in paragraph 22, the ASB should consider making its meeting agendas, papers and minutes publicly available, to improve the transparency of its standard-setting and decision-making processes.

Communication with constituents

Observations

71. The ASB publishes a quarterly newsletter in paper format covering topics such as recent news at the ASB, including available training courses organised by the ASB, and background information about new or revised standards. These newsletters are made available to the public.

CoE Working Group recommendations

Opportunities for constituents to raise technical issues

72. Constituents should be provided opportunities to raise technical issues on a continuous basis, including in the early years of IFRS adoption. The ASB should work closely with other national standard-setters and/or the AOSSG to discuss and resolve technical issues arising from the Nepal environment before raising those issues with the IASB or the IFRS Interpretations Committee.

Continuing the ASB newsletter if feasible

73. The ASB should continue to publish its quarterly newsletters and/or consider making them available on its website. The ASB could consider providing more information about its decision to adopt NFRS, including any available technical assistance to its constituents, at least in the early years of transition to IFRS.

Relationships with key stakeholders

Observations

74. As mentioned in paragraph 27, the ASB membership includes some key stakeholders from the government and regulatory environment (MOF, Auditor General, Financial Comptroller General, Company Registrar, Inland Revenue Department and SEBON). Typically, the six ASB members from the public sector act as a sounding board on matters other than accounting, for example, cross-cutting issues relating to taxation.
75. ASB members maintain their relationships with key government bodies and regulators by providing updates or education sessions on recent ASB decisions and/or technical topics.
76. The ASB also maintains close ties with ICAN as it plays an essential role in the ASB's financial reporting structure. The ASB relies on ICAN to provide regular and

sufficient training to its chartered accountants and registered auditors to ensure the accounting profession is up to date with the current financial reporting requirements. The ASB also relies on feedback from ICAN as part of its due process. The ASB and ICAN have a mutual respect for each other and acknowledge the need for both parties to achieve their respective objectives, that is: the ASB in setting accounting standards for Nepal; and ICAN in having its members comply with accounting standards set by the ASB.

CoE Working Group recommendations

77. The ASB should continue to liaise with the relevant government bodies, regulators and ICAN, and take whatever steps are feasible to achieve consistency in financial reporting, even if that is limited to highlighting the effects that those regulators' actions may have on the quality of financial reporting. The ASB should be aware of the risk that government policy could impede the intent of standards, for example, as may occur when another regulator aligns taxation requirements with financial reporting requirements (which may cause some constituents' comments on financial reporting proposals to be driven by a desire for particular taxation outcomes and not necessarily the best financial reporting outcomes).
78. Government policy might affect the ASB in different ways. For example, a policy that promotes economic growth through deregulation might constrain the ASB from standard-setting. Because the ASB may be required to comply with its government's policies, it should aim to provide input to the formulation of policies that could impact financial reporting. Accordingly, the ASB should aim to explain to government policy-makers the implications of any policy that has the potential to adversely affect the quality of financial reporting and therefore, the public interest.
79. The ASB should continue to collaborate with ICAN to identify application or implementation issues once NFRS are adopted and identify topics that would require more seminars or training that the ASB could assist with. The key to success of adopting NFRS is to provide sufficient education and training for those applying the standards.

Appendix 2

Report on the First Train-the-Trainer Program

Revised on 11 November 2014

Overview

The TTT program was held on 23-25 June 2013 at the Trade Tower Business Centre, Kathmandu.

Trainers

- AOSSG trainers who were involved in the TTT were:
 - Christina Ng - staff of Australian Accounting Standards Board (with a focus on facilitating each TTT session and coordinating the overall TTT);
 - Ajit Viswanath and Anand Banka - members of the Institute of Chartered Accountants, India;
 - Sungho Joo - staff of the Korea Accounting Standards Board; and
 - Christine Lau and Kar Wai Siew - staff of the Malaysian Accounting Standards Board.
- A seventh trainer (staff member of the Institute of Chartered Accountants, Pakistan) was initially expected to partner with Sungho but faced unforeseen issues with travelling. Ultimately, Sungho had to undertake the sole lead trainer on IAS 11 *Construction Contracts* and IAS 18 *Revenue* and other trainers (Christina, Christine and Kar Wai) were collectively required to assist Sungho (where necessary).
- In addition to delivering the allocated topics, all trainers were expected to contribute technical knowledge and practical experience where relevant on all topics.

Overall assessment

- Participants were complimentary of all trainers for their training techniques and IFRS knowledge. Lead trainers found it helpful to have the assistance of other trainers and their shared knowledge and experience.
- It was not practical to have a trainer who was also responsible for facilitating the TTT program as the facilitator was required to attend to unforeseen matters at any time, particularly while preparing for and during the course of the TTT program.
- In the future, those AOSSG trainers scheduled to conduct TTT sessions who subsequently become unavailable should provide a capable replacement. Otherwise, the preparation for training can be burdensome on other trainers.

Trainers' preparation time

- AOSSG trainers were provided training materials one month prior to the TTT and were expected to have reviewed the materials prior to arriving in Kathmandu.
- Trainers were expected to arrive in Kathmandu on 19 June 2013 (three days before the TTT commenced) to coordinate the training plans, continue training preparation and edit materials (where necessary); and expected to depart after 25 June 2013 to assist other lead trainers on other topics.

Appendix 2

- Most trainers arrived by 19 June and departed by 26 June.

Overall assessment

- The allocated preparation time (one month) was appropriate, however, a longer preparation time would be required if more than three topics were allocated per trainer.
- Arriving at least three days prior to the commencement of the TTT was also appropriate and necessary to allow for unforeseen circumstances (in this case, in relation to the loss of one trainer and allowing preparation time for other trainers to assist).
- All trainers should be committed to be present throughout the TTT program (refer to ‘TTT program timeline’ below for an issue encountered with timing of the training sessions).

TTT program timeline

- Nine technical topics were planned to be delivered but, due to timing issues, only seven topics were covered over the three days (refer to table below).
- Each topic was delivered by at least two lead trainers (with the exception of IAS 11 and IAS 18 mentioned above).
- An outline of the topic allocation is below.

Topics	Lead trainers	Time (allocated)	Time (actual)
Introduction to IFRS (Framework)	Christina Ng	Day 1 (1 hour)	Day 1 (15 minutes) Due to lack of time, this topic was delivered in part
IAS 1 Presentation of Financial Statements	Ajit Viswanath and Anand Banka	Day 1 (2.5 hours)	Day 1 (3.5 hours)
IAS 7 Statement of Cash Flows	Anand Banka	Day 1 (1.5 hours)	Day 1 (1.5 hours)
IAS 8 Accounting Policies, Changes in Estimates and Errors	Anand Banka	Day 1 (1.5 hour)	Day 1 (1.5 hour)
IAS 11 Construction Contracts	Sungho Joo	Day 2 (1.5 hours)	Day 2 (1.5 hours)
IAS 18 Revenue	Sungho Joo	Day 2 (3.5 hours)	Day 2 (4 hours)
IAS 21 The Effects of Foreign Exchange Rates	Christine Lau and Kar Wai Siew	Day 2 or 3 (1.5 hours)	Due to lack of time, this topic was not delivered
IAS 32 Financial Instruments:	Christine Lau and	Day 3 (1.5 hours)	Day 3 (2 hours)

Topics	Lead trainers	Time (allocated)	Time (actual)
Presentation (in part as planned)	Kar Wai Siew		
IAS 39 Financial Instruments: Recognition and Measurement (in part with a focus on non-derivative aspects as planned)	Christine Lau and Kar Wai Siew	Day 2 or 3 (2.5 hours)	Day 2 (1 hour) and Day 3 (3 hours)

Overall assessment

- Day 1 training was delayed by approximately 45 minutes due to late arrivals and facility setup issues.
- AOSSG trainers responsible for IAS 1, IAS 7 and IAS 8 had to leave Kathmandu early on Day 2 which meant that it was necessary to complete those topics by the end of Day 1.
- As a result, there was insufficient time to deliver the training on the Framework on Day 1. This topic will need to be covered again at a future TTT (if any).
- Insufficient time was allocated to IAS 32 and IAS 39 as the level of participants' knowledge on these topics was very basic. There is a need to cover these topics again at a future TTT (if any) perhaps with more case studies to ensure that participants are able to deliver training on these topics on their own.
- A scheduling error in Day 3 TTT (the itinerary promised an end time of 3:00 p.m.) led to insufficient time to deliver IAS 21.
- At least 2-3 hours (depending on the complexity of the topic) should be allotted to a topic for future TTT (if any).
- Realistically, no more than two topics should be covered in one day due to the nature of a train-the-trainer type program (which requires sufficient time for participants being trained become trainers to ask as many questions, and gain comfort with the technical requirements of the standard) and the level of participants' concentration and comprehension of a new topic.

Training materials

- The training materials focussed on key aspects of the standards, for example, the revenue recognition criteria, and includes many case studies that test the knowledge of participants and encourage discussions.
- Training materials for seven (Framework, IAS 1, IAS 11, IAS 18, IAS 21, IAS 32 and IAS 39) out of nine of the topics were contributed by PricewaterhouseCoopers (PwC). Materials for IAS 7 and IAS 8 were developed by AASB staff.
- Materials provided by PwC for the IAS 18, IAS 21, IAS 32 and IAS 39 had to be tailored to suit the level of participants' knowledge. For example, the materials required more background to the standards and simple/relevant examples and case studies.

Overall assessment

Appendix 2

- The content of the materials provided by PwC, revised by AOSSG trainers, was appropriate for the use of the TTT. The time taken to review and edit these materials took almost four weeks.
- The content of the materials developed by AASB staff (two topics) was also appropriate although it was developed in a more narrative style (less graphics or design) due to time constraint. The difference in style of the materials did not affect the training quality. The time taken to develop, review and further edit these materials (including the speaker notes) took around two weeks.
- In total, actual time taken by one course material developer and one reviewer to complete the training materials was around six weeks. The total time planned to complete the materials was four weeks.
- If the WP decides to proceed with future TTT, more time will need to be allocated to develop materials on topics where PwC materials are not available.

Training format

- The training was delivered with the assumption that participants' knowledge of IFRS was at a minimum.
- The style of the training was to encourage discussions among participants and work through case studies in groups and individually, instead of a lecture-style training.
- Participants were provided with electronic copies (in a USD disk) of all the trainers' materials (slides, trainers' notes, case studies with solutions and other reference materials) upon completion of the 3-day TTT.

Overall assessment

- Trainers found that this training format was effective as they observed that most participants were engaged in discussions with the trainers and amongst themselves.
- When considering future TTT sessions in Nepal, we can assume that participants would have had attended some IFRS courses.
- Future TTT programs (if any) should also consider incorporating a session for participants to practice the delivery of some parts or all of the training.

Participants

- At least 34 participants, excluding members of NASB, were registered to attend the TTT. 14 participants were from the regulatory bodies (Auditor's General, Central Bank, Financial Comptroller General Office, Inland Revenue Department, Insurance Board and Securities Board) and 20 participants were practitioners.
- Some participants had attended an intensive IFRS course in April 2013 and grasped the key concepts and application of IFRS well, while others had more difficulty with the sessions.
- On average, no more than four NASB members attended each of the TTT sessions.

Overall assessment

- Most participants were engaged in discussions and asked relevant questions, including possible IFRS application issues. Most participants could understand key concepts but only

Appendix 2

half the participants were able to rationalise/explain their thinking process using the learning points.

- To enable a more focused TTT, the number of participants in future TTT (if any) should be reduced to 20-25. AOSSG trainers observe that half the participants can be potential IFRS trainers (whereas the other half were still learning about IFRS).
- With no more than four NASB members attending the TTT sessions, it is difficult to assess whether the aim of the TTT (to build the NASB standard-setting capacity) is being met. Nevertheless, some participants of the TTT include technical subcommittee members of the NASB, that is, practitioners/preparers that consult to the NASB regarding IFRS matters. It is, therefore, important to ensure that these participants continue to be trained in IFRS so that the NASB is equipped with the relevant 'experts' on IFRS.

Training environment

- The size of the training room was appropriate. The training was set up classroom style but some participants (at the back half of the class) had difficulties seeing the slides due to the large number of participants and the placement of the slide projection.
- Two handheld microphones were provided to trainers.
- Other training aides such as the white board were not helpful due to lighting issues. No flipchart was provided.

Overall assessment

- The quality of the learning environment could be improved by providing at least three handheld microphones, paper flipchart, considering better placement of the slide projection.

Overall usefulness of the TTT

- Most participants requested for further TTT sessions in Nepal.
- Participants also made the following key comments:
 - Only people who have at least a basic knowledge of IFRS and who are serious about delivering further IFRS trainings in Nepal should be attending the TTT program. The class should therefore be reduced to 20 or 25.
 - Even though accent was an issue, a good mix of trainers with good command of English is necessary, and the trainers provided for the first TTT program met this condition.
- The AOSSG trainers' assessment was that it was worthwhile conducting the TTT sessions as they observed most participants were engaged in the discussions and demonstrated a lot of interest about IFRS and the application of IFRS. However, trainers note that only a few Board members attended the TTT program.

Appendix 3

Report on the Second Train-the-Trainer Program

Dated 11 November 2014

Overview

The second Train-the-Trainer (TTT) program was held on 7-9 November 2014 at the Radisson Hotel, Kathmandu. The last TTT program was held on 23-25 June 2013 at the Trade Tower Business Centre, Kathmandu.

Member jurisdictions that contributed trainers for the second TTT were Australia, India and Korea.

On-the-ground expenses, such as accommodation, most meals and transportation, were borne by the Accounting Standards Board of Nepal (ASB). Travelling expenses from the trainers' jurisdictions to Kathmandu and the cost of trainers' time were borne by the member organisations that contributed the trainers.

Trainers

AOSSG trainers who were involved in the TTT were:

- Ajit Viswanath – member of the Institute of Chartered Accountants, India;
- Anand Banka – member of the Institute of Chartered Accountants, India;
- Kevin Stevenson – former Chairman of Australian Accounting Standards Board;
- Sungho Joo – staff of Korea Accounting Standards Board; and
- Woung-Hee Lee – staff of Korea Accounting Standards Board.

A sixth lead trainer was initially expected to co-lead two sessions with Anand Banka and Kevin Stevenson but dropped out due to work commitments. Ultimately, these trainers each led one topic on their own.

Each trainer led two topics. In addition to delivering the allocated topics, all trainers were expected to contribute IFRS knowledge and practical experience where relevant on all topics.

Christina Ng, staff of the Australian Accounting Standards Board, was the TTT program coordinator and facilitator of each TTT session.

Overall assessment - Trainers

The Nepal TTT participants were complimentary of all trainers for their training techniques, and IFRS knowledge and experience in implementation. Lead trainers found it helpful to have the assistance of other trainers and their shared knowledge and experience.

In the future, those AOSSG trainers scheduled to conduct TTTs who subsequently become unavailable should provide a capable replacement. Otherwise, the preparation for training can be burdensome on other trainers.

Trainers' preparation time

AOSSG trainers were provided training materials one month prior to the TTT and were expected to have reviewed the materials prior to arriving in Kathmandu.

Trainers were expected to arrive in Kathmandu by 5 November 2014 (two days before the TTT commenced) to coordinate the training plans, continue training preparation and edit materials (where necessary); and expected to depart after 9 November 2014 to assist other lead trainers on other topics.

Overall assessment – Trainers' preparation time

The allocated preparation time (one month) was appropriate, however, a longer preparation time would be required if three or more topics were allocated to a lead trainer.

Arriving two days prior to the commencement of the TTT was also appropriate.

TTT program timeline

Six technical topics were planned for the second TTT.

With the exception of IAS 37 and IFRS 5, each topic was delivered by at least two lead trainers mentioned above. The table below outlines the topic allocation.

Topics	Lead trainers	Scope	Time (allocated)	Time (actual)
IFRS 13 <i>Fair Value Measurement</i>	Kevin Stevenson and Ajit Viswanath	Key concepts and issues pertaining to fair value measurement, a brief introduction to valuation and disclosures	4.75 hours	4 hours
IFRS 10 <i>Consolidated Financial Statements</i>	Woung-Hee Lee and Ajit Viswanath	Key concepts and issues with a focus on the notion of control	3 hours	2.5 hours
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Anand Banka	Key concepts and issues pertaining to measurement and presentation requirements	3.75 hours	3.5 hours

Topics	Lead trainers	Scope	Time (allocated)	Time (actual)
IAS 21 <i>The Effects of Foreign Currency Rates</i>	Sung-Ho Joo and Woung-Hee Lee	Key concepts and issues with a focus on determining functional currency	2 hours	2 hours
IFRS 11 <i>Joint Arrangements</i>	Anand Banka and Woung-Hee Lee	Key concepts and issues in relation to identifying between joint operations and joint ventures	3 hours	2.5 hours
IAS 37 <i>Provisions, Contingent Assets and Liabilities</i>	Kevin Stevenson	Key recognition and measurement requirements with a focus on provisions and contingent liabilities	3.75 hours	2.57 hours

Overall assessment – TTT program timeline

All six topics were covered in reasonable depth as planned.

Training materials

The training materials focussed on key aspects of the standards and included many case studies that test the knowledge of participants and encourage discussions. The materials also included a brief background on the types of industries and transactions common in Nepal to enable trainers to tailor the content of the training materials to the Nepal environment.

Training materials for five out of six of the topics were contributed by PricewaterhouseCoopers (PwC). These materials, relating to IAS 21, IAS 37, IFRS 5, IFRS 10 and IFRS 11, were tailored by AOSSG trainers and the coordinator to suit the level of participants' knowledge. For example, the materials required more background to the standards and simple/relevant practical examples and case studies.

Slides for IFRS 13 were adapted from the publicly available slides of the IFRS Foundation Education Initiative, and the speaker notes, case studies and other materials were supplemented by the AOSSG coordinator using publicly available supplementary materials from the IASB, PricewaterhouseCoopers and KPMG.

Overall assessment – Training materials

Participants found that the case studies and practical examples provided by trainers and in the materials were relevant to the Nepal environment. They also found it useful that case studies and examples that highlight practical issues common in other parts of the world were used in the materials so that participants will be more prepared for these types of issues when IFRS is implemented.

Training format

The training was delivered with the assumption that participants have a basic level of IFRS knowledge.

The style of the training was to encourage discussions among participants and working through case studies in groups and individually, instead of a lecture-style training.

‘Practice sessions’ were incorporated into the second TTT program whereby participants would act as a trainer by recapping a particular key concept or the learning points of the entire training session, and explaining the answers and rationale of a case study to other participants. This was an opportunity for AOSSG trainers to assess the participants’ understanding of the training lessons.

Participants were provided with a USB with all the trainers’ materials (slides, trainers’ notes, case studies with solutions and other reference materials) upon completion of the 3-day TTT.

Overall assessment – Training format

Participants were very interactive with AOSSG trainers and other participants and were eager to learn more on complex aspects of the standards and about complex practical issues.

The ‘practice sessions’ were well accepted by the participants. Many participants were able to explain even the more complex concepts of IFRS. In general, participants performed well beyond trainers’ expectations during the practice sessions.

Trainers note that the level of questions asked by participants ranged from basic to advanced transactions, which indicates that some industries, such as the infrastructure and financial sectors, are progressing rapidly.

When considering future TTT sessions in Nepal, we can assume that participants would have had between basic and intermediate IFRS knowledge. In the near future, it would also be expected that they would have limited experience in IFRS application.

Participants

The November 2014 TTT had 18 participants, including two board members of the ASB, who are private-sector CA practitioners. 17 participants from the second TTT program were participants of the first TTT program and some of these participants are technical sub-committee members who consult to the ASB on IFRS matters.

Participants were provided the training materials one week before the TTT program to enable their preparations prior to the sessions.

Overall assessment - Participants

Most participants demonstrated a basic level of IFRS knowledge sufficient for the level of the TTT program.

Most participants were engaged in discussions and asked relevant questions such as the possible IFRS application issues in the Nepal context. Most participants could understand the key concepts and were able to rationalise/explain their thinking process using the learning aids provided to them.

Although some participants were still learning about IFRS, most participants were willing to participate in the ‘practice sessions’, which demonstrated their ability to conduct further IFRS training in Nepal.

It was noted that only two out of 14 ASB members attended the TTT program (four ASB members attended parts of the first TTT program). As with the first TTT program, it is difficult to assess whether the aims of the TTT, to build the ASB’s standard-setting capacity, is being met; although it is noted that many of the participants are involved with the ASB in some ways, for example, as technical sub-committee members.

Training environment

The size of the training room was appropriate for 18 participants. The training was set up classroom style.

Two hands-free microphones, one handheld microphone, and a whiteboard were provided.

Overall assessment – Training environment

The quality of the learning environment improved significantly from the first TTT program. Because there were fewer participants at the second TTT and the size of the training room was more intimate compared to the first TTT program, AOSSG trainers were able to pay more attention to each participant’s needs.

The whiteboard was helpful to facilitate the discussions.

Overall usefulness of the TTT

All participants, including the ASB, were grateful for the dedication and commitment of member jurisdictions that contributed trainers to the first and second TTT program, that is, Australia, India, Korea and Malaysia. In particular, they emphasised that it was helpful that case studies and practical examples used in the materials were adapted from common practical issues experienced from around the world as the participants would not have been aware of these issues when IFRS is more widely implemented in Nepal. This is the case for jurisdictions where accounting firms with a global network and support are not present (the accounting firms in Nepal are small and do not

have IFRS experience). Accordingly, participants requested continued support from the AOSSG Working Party in progressing the IFRS COE, particularly in providing further training support.

The AOSSG trainers and facilitator consider that it was worthwhile conducting the TTT sessions as we note most participants were engaged in the discussions and were committed in learning about IFRS and the practical issues common in other jurisdictions. Participants also demonstrated their ability in providing further training in Nepal.

However, it is unclear how and when the ASB and the TTT participants are planning to conduct further IFRS trainings at the conclusion of the TTT programs. It was noted that the ASB has not required the TTT participants to conduct further trainings. As with the first TTT program, only a few Board members attended the TTT program.

Recommendations and comments

- (a) The ASB, jointly with its TTT participants, should develop an IFRS training plan for the participants' staff, clients or constituents before the AOSSG Working Party considers whether further TTT sessions should be provided.
- (b) The TTT participants might require on-the-ground training assistance from topical IFRS experts (as supporting trainers) when conducting further training in Nepal. If that were the case, members of the AOSSG Working Party would need to consider whether they could contribute supporting trainers to the ASB's TTT participants for further training in Nepal.