

Communiqué – November 2021

Inauguration

The Asian-Oceanian Standard-Setters Group (AOSSG) held the 13th Annual Meeting on 23-24 November 2021. Due to an outbreak of the global pandemic (COVID-19), the Group mutually agreed to hold a virtual meeting. The meeting was hosted by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and was attended by 21 member jurisdictions of AOSSG and representatives of the International Accounting Standards Board (IASB). The participating jurisdictions were Australia, Brunei, China, Dubai, Hong Kong, India, Indonesia, Japan, Korea, Macao, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Saudi Arabia, Singapore, Thailand, Sri Lanka, and Vietnam. The inauguration of the 13th AOSSG Annual Meeting officially started with lighting Oil Lamp and traditional Sri Lankan dance.

Passing of Mr. Atsushi Kogasaka and Mr. Won-Hee Han

AOSSG members paused to remember and honor the late Mr. Atsushi Kogasaka - Chair of the Accounting Standards Board of Japan and Mr. Won-Hee Han - Technical Director of the Korea Accounting Standards Board. Mr Hans Hoogervorst - Immediate Past chair of IASB, Mr. Andreas Barckow - Chair of IASB, both noted their condolences on behalf of the IASB.

Welcome Address by President of CA Sri Lanka

Mr. Manil Jayasinghe - President of CA Sri Lanka addressed the welcome note on behalf of CA Sri Lanka., He extended a warm welcome to all guests, including chief guest Hon. Ajith Nivard Cabraal - Governor of Central Bank of Sri Lanka, Mr. Andreas Barckow - Chair of IASB, Ms. Sue Lloyd- Vice Chair of IASB, all the representatives of IASB, Dr.S.B. Zaware - Outgoing Chair of AOSSG and all the AOSSG meeting participants and observers. He also extended his warm wishes to Mr. Nishan Fernando - Chair of AOSSG who noted the 13th AOSSG Annual meeting is a landmark day for the Sri Lanka accounting fraternity since CA Sri Lanka's past president will be formally inducted as Chair of the AOSSG from November 2021- 2023. He extended his warm wishes to Dr. S B Zaware - Outgoing Chair of AOSSG and expressed appreciation to him and his team for their contributions to the AOSSG.

Address by Outgoing AOSSG Chair and handing over to the New AOSSG Chair

Dr. S. B. Zaware addressed the meeting participants and acknowledged the presence of Chief Guest Hon. Ajith Nivard Cabraal - Governor of Central Bank of Sri Lanka, Mr. Manil Jayasinghe - President of CA Sri Lanka, Mr. Hans Hoogervorst - Immediate Past chair of IASB, Mr. Andreas Barckow - Chair of IASB, Ms. Sue Lloyd - Vice Chair of IASB and Participants and Observers of AOSSG. He expressed his sincere thanks to the Council Members of ICAI for believing and providing leadership opportunities and expressed his gratitude to the ICAI leadership - Mr. Prafulla Chhajed, Mr. Atul Kumar Gupta and Mr. Nihar Jambusaria for their support during his term as Chair, AOSSG. He thanked MPV Vijay Kumar - Chair of Accounting Standards Board of The Institute of Chartered Accountants of India (ICAI) and Ms. Parminder Kaur – Secretary of Accounting Standards Board of ICAI for their valuable inputs and advice and Mr. Eui-Hyung Kim and Yibin Gao - Past Chairs of AOSSG for continued direction and support to execute the role. Further, he thanked CAC Members and AOSSG members for

their active support in achieving the objectives of the Group. He placed on record his special thanks to Ms. Anjali Butani and Ms. Ekta Gurnasinghani for their continuous efforts in executing the responsibilities towards AOSSG activities. As a ceremonial practice, Dr. S. B. Zaware, handed over the AOSSG's stewardship to Mr. Nishan Fernando - incoming Chair of AOSSG by ringing the customary bell and wished him success in being an effective leader.

Address by the New AOSSG Chair

Mr. Nishan Fernando presented his acceptance speech as Chair of AOSSG and thanked the AOSSG members for reposing trust and confidence in Sri Lanka. He also thanked Dr. S.B. Zaware - Outgoing Chair of AOSSG and his team for their valuable support and guidance for the past two years. He congratulated Mr. Rana Usman Khan from the Institute of Chartered Accountants of Pakistan for taking the position of Vice - Chair of AOSSG. Further, he pledged to continue to identify those jurisdictions that would need assistance in implementing IFRS Standards and those jurisdictions that have capabilities and willingness to provide such assistance. Some of the potential areas include capacity building, education, and research. And he noted that AOSSG has been consistently contributing, through its working groups, towards the development and application of IFRS Standards by providing input to the IASB right from the research phase.

Address by the Immediate Past Chair of IASB

Mr. Hans Hoogervorst Immediate Past Chair of IASB addressed the meeting participants by welcoming the AOSSG members. He emphasized that the importance of working to improve was incredibly important for proper accounting standards and is one of the most essential elements for a well-functioning global economy. He congratulated Mr. Nishan Fernando on his new position as Chair of AOSSG.

Address by the Incumbent IASB Chair

Mr Andreas Barckow - Chair of IASB addressed the meeting participants by welcoming the AOSSG members. He thanked Dr. S.B. Zaware - Outgoing Chairman of AOSSG for leadership in the past. In addition, he briefly made remarks on developing the IASB Work Plan and the feedback received. With that, he congratulated Mr. Nishan Fernando for his new role as Chair of AOSSG and looks forward to continuing working with the AOSSG and receiving its continued support.

Address by the Chief Guest

The Chief Guest, Hon. Ajith Nivard Cabraal - Governor of CBSL addressed the meeting participants by welcoming the IASB Officials, Dr. S. B. Zaware - Outgoing Chair and Mr. Rana Usan Khan - elected Vice-Chair of AOSSG, Past presidents of CA Sri Lanka, IASB Board Members and Technical Staff and all AOSSG members. He conveyed his thanks to IASB for the tremendous interest in taking the profession forward by setting standards that are global in nature through it is difficult to gain consensus. With that, he congratulated Mr. Nishan Fernando on his milestone achievement of taking over as Chair of AOSSG and wished him all success in his endeavours of holding this position and all the office bearers from all parts of the world from the Asia and Oceania Region.

Address by President of ICAI

Mr. Nihar Jambusaria - President of ICAI congratulated CA Sri Lanka for hosting the 13th AOSSG Annual Meeting and welcomed the AOSSG participants and the IASB. He congratulated Mr. Nishan Fernando for taking over the Chair of AOSSG and appreciated the contributions of Dr. S. B. Zaware during ICAI's tenure. He conveyed his best wishes to Mr. Rana Usman Khan who is elected as Vice-Chair, AOSSG. He further mentioned that ICAI considered the nomination of Dr. S. B. Zaware as Chair of AOSSG as a matter of pride and thanked Dr. Debashis Mitra - Vice President of ICAI, Mr. MP Vijay Kumar - Chairman of Accounting Standards Board of ICAI for their continued support. In addition, he said this forum provides the opportunity not only to the national standard setters to resolve their jurisdictional specific issues, but also provides significant inputs to the IASB in carrying out its technical activities and potential areas of research. Finally, he invited participants to join the World Congress in India scheduled for November 2022.

Vote of thanks by the New Vice Chair of AOSSG

Mr. Rana Usman Khan while accepting the office as Vice Chair of AOSSG congratulated Mr. Nishan Fernando for taking the position as Chair of AOSSG and appreciated the efforts of Dr. S B Zaware - Outgoing Chair of AOSSG. On behalf of the Institute of Chartered Accountants of Pakistan, he extended his gratitude to all the AOSSG members for supporting his election as Vice-Chair of AOSSG.

Participation of IASB

The IASB was represented at the meeting by Andreas Barckow - Chair, Sue Lloyd Vice Chair, Jianqiao Lu - Board Member, Bruce Mackenzie - Board Member, Ann Tarca Board Member, Makoto Takahashi - Office Director, Asia-Oceania Office, and technical staff members: Patrina Buchanan, Kathryn Donkersley, Mariela Isern, Laura Kennedy Rachel Knubley and Anne McGeachin.

Address by Chairman of Accounting Standards Committee of Sri Lanka

Mr. Manil Jayasinghe, Chairman of Accounting Standards Committee of Sri Lanka deliberated the Financial Reporting Standards implementation challenges in the past 18 months in Sri Lanka and requested AOSSG to debate the following issues in the region with a view to finding practical solutions in applying Standards.

- Moratoriums offered by financial institutions and governments for business to ensure smooth operation during the pandemic.
- Pandemic created issues with the relevance of data and determining fair values.
- Volatile interest rates and government interventions aimed at maintaining lower rates.
- Implementation of IFRS 17 - Insurance Contracts. Due to the pandemic and current macroeconomy of Sri Lanka there is support in the industry for deferring mandatory application.
- The crisis in foreign exchange has created a duality in the exchange rate.

Finally, he requested that AOSSG contribute to the International Accounting Standards Board the region's expectations and experiences to strengthen the application of IFRS Standards.

Address by Chairman of Accounting Standards Board of India

Mr. M.P. Vijay Kumar - Chairman of Accounting Standards Board of ICAI thanked China for their continued support during India's tenure. He also thanked the CAC members and the Working Group leaders for their continued support and appreciated the experience of working with them. He congratulated Mr. Nishan Fernando - AOSSG Chair and Mr. Rana Usman Khan - AOSSG Vice-Chair on behalf of ICAI for taking leadership roles in developing high-quality accounting standards.

Further, he shared his thoughts on how AOSSG provides equal opportunities to its members given the diversities within the AO region. Additionally, he emphasized the substantial changes in the reporting landscape including IFRS 17 that becomes effective from 2023, Primary Financial Statements where the presentation requirements are undergoing a considerable change, revision of the Practice Statement on Management Commentary and work on Rate Regulated Activities, and so on. Finally, he concluded that the countries in the region include some of the fastest growing economies in the world and AOSSG has a much bigger role to play in the application of high-quality financial reporting standards in times to come.

AOSSG-Specific affairs (Members-only session)

The outgoing Chair Dr. S B Zaware presented the Strategic Report to the AOSSG members thereby highlighting the AOSSG's progress vis-a-vis its strategic action plans during India's term as Chair. The report included the key activities executed by the Secretariat with the support of CAC and AOSSG members from November 2019 to November 2021:

- Comments submitted to the IASB on various exposure drafts/consultation documents issued by the IASB, the IFRS Foundation and the IFRS Interpretation Committee (IC) by the Group and AOSSG members in their individual capacity as Standard-Setters
- Revision in the AOSSG MoU to accommodate the provisions of holding virtual AOSSG Annual Meetings
- Updated AOSSG Vision Document 2.0 – 2020
- AOSSG Strategic Plan 2019 – 2023
- Updates done in the AOSSG formal documents including - Criteria and Process for Appointment of the AOSSG Chair and Vice-Chair; AOSSG Membership Due Process and such other documents
- Redesigning and refurbishment of the AOSSG website
- Updates on change in the leadership and membership of various AOSSG Working Groups
- Updates on change in AOSSG membership for few jurisdictions

The outgoing Chair AOSSG applauded the efforts of members in the direction of high quality globally accepted financial reporting framework. The outgoing Chair also thanked the members and the CAC for their immense support to the outgoing Secretariat during the tenure of ICAI's Chairmanship. Members appreciated the leadership and commitment of the outgoing AOSSG Chair even during the pandemic situation.

IASB and IFRIC Technical Update

Ms. Sue Llyod - Vice Chair of IASB and Mr. Jianqiao Lu - Board Member of IASB presented a special technical session. Accordingly, they provided an update on IASB Consultations. Firstly, they updated Consultations which were out for comments on Disclosure Initiative - Targeted Standards-level Review of Disclosures, Management Commentary, Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures and Post-implementation Review of IFRS 9 - Classification and Measurement. Then they noted forthcoming consultations on Supplier Finance Arrangements and Non-current Liabilities with Covenants. In addition to that, they outlined the projects with consultations recently closed such as Primary Financial Statements, Second Review of the *IFRS for SMEs* Standard, Goodwill and Impairment, Lease Liability in a Sale and Leaseback, Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12, Rate-regulated Activities, Business Combinations under Common Control and Lack of Exchangeability.

Further, they outlined forthcoming IFRS Amendments on Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17). Then they highlighted other ongoing projects undertaken by IASB such as Financial Instruments with Characteristics of Equity, Dynamic Risk Management, Provisions - Targeted Improvements to IAS 37, Equity Method and Extractive Activities. They noted the Third Agenda Consultation and feedback received. Finally, they the work of the IFRS Interpretations Committee covering the Interpretations Committee's process, Overview of 2021 activities of the Committee, Sample of recent agenda decisions and an update on upcoming interpretation committee's meetings.

Lessons from IFRS 16 Leases transition relief and practical expedients

MASB and AASB staff presented their findings to date on the application of the practical expedients available under IFRS 16 *Leases* on transition and on an ongoing basis. The project has involved surveying listed company financial statement preparers, auditors and users in Malaysia and Australia to ascertain which practical expedients have been applied, the reasons for applying them, and the impacts on users. The project aims to identify helpful principles for providing practical expedients in future Standards that result in cost-beneficial outcomes for all stakeholders.

Findings from the Research on Intangible Assets

Australian Accounting Standards Board (AASB) presented its progress of a staff paper on the need for disclosure of information about unrecognised internally generated intangible assets. In consultation with users and preparers of financial statements, the Paper explores whether more information on unrecognised internally generated assets is needed. The Paper suggests some disclosure objectives, including a list of possible disclosure items in respect of unrecognised internally generated intangible assets, categorised into:

- (i) non-financial non-quantitative disclosures;
- (ii) non-financial narrative (qualitative) disclosures;
- (iii) non-financial quantitative disclosures, and/or
- (iv) financial disclosures (cost or fair value).

The Paper does not however express a preference for one type of disclosure over another – it presents issues that could be considered in making any decisions about what disclosures, individually or in combination, should be made.

IASB member, Ann Tarca, provided feedback and commented that using the disclosure objectives approach from IASB's Disclosure Initiative pilot project is encouraging.

China Accounting Standards Committee agreed that the report's focus should be on the disclosures of unrecognised internally generated intangible assets before considering the challenging issues related to measurement and recognition of intangible assets.

Malaysian Accounting Standards Board (MASB) commented that an overriding disclosure principle under IAS 1 paragraph 31 should be considered by entities on disclosures of intangibles. The paragraph requires entities to provide additional disclosure when compliance with the specific requirements in IFRS Standards is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Korea Accounting Standards Board (KASB) commented that:

- there is a general consensus that information about intangible assets is important for users of financial statements.
- there are practical challenges in identifying, measuring, and valuing a wide range of different kinds of intangible assets; and
- a better accounting standard addressing intangible assets is warranted.

The staff paper is expected to be issued in Q1 2022.

ASBJ's Preliminary view on the ED – Disclosure requirements in IFRS standards (a Pilot Approach)

The Accounting Standards Board of Japan (ASBJ) presented its preliminary view on the proposed guidance in the ED to seek further exchange of views, following the working group session on the ED led by the Korean Accounting Standards Board (KASB) held on 22 November.

The ASBJ focused on the following three aspects.

- Shift to an objective-based approach
- User information needs and disclosure objectives
- Two-step judgement in meeting the disclosure objective

On the first aspect, the ASBJ shared its view that it basically agrees with the IASB's approach whilst it also noted such a shift would not be possible without changes in auditing and enforcement by regulators in line with changes in accounting standards.

The ASBJ then explained its view on the second aspect that fundamental issue to be resolved in this project is to provide guidance on how the IASB identifies information to be set out as disclosure objectives from various information needs of different users on the bases whether it meets the purpose of general-purpose financial statements.

With respect to the third aspect, the ASBJ noted that it should be made clear that two-step judgment applies to materiality, and as a result, there may be information that is material in the context of a specific disclosure objective but would not be required to be disclosed from the perspective of the financial statements as a whole.

The AOSSG members who commented largely agreed that changes in audit and enforcement would be the key. In this regard, some members also pointed out the proposed objective-based approach will need a considerable transition period.

Issues in IAS 7 Statement of Cash Flows

The Institute of Chartered Accountants of India (ICAI) presented paper on issues involved in IAS 7, *Statement of Cash Flows*. The following issues were presented before AOSSG members and views were sought thereon:

1. Information needs: Restricted cash and cash equivalents
2. Lack of guidance leading to diversity in practice: Cash and cash equivalents in case of overnight mutual funds
3. Other Issues with respect to language improvement or alignment with other Standards: Paragraph 7-example of cash equivalents

With regard to recent IFRS IC deliberations on restricted cash, Ms. Sue Lloyd, Vice-Chair, IASB explained the Agenda Decision is specific to the fact pattern stated therein where the restrictions arise from contractual agreements with third parties, such separate contractual obligations do not change the nature of the asset the entity holds and the relationship between the bank and the customer remains unaffected. There can be numerous specific situations and examples in practice, however, it may not be practical to address each specific situation therein. Further, IFRS Standards lay down principles and requirements for preparers in order to provide useful information to the users of financial statements. With regard to the requirements of paragraph 55 in IAS 1, it was stated that it may not be viewed merely as an option for disclosure of required line items rather based on the judgement of management, preparers are 'required' to present a separate line item when it is necessary for the understanding of the users.

With regard to the issue pertaining to restricted cash, the Korean Accounting Standards Board (KASB) representative agreed that issues exist in Korea and the terms 'demand deposit' and 'restriction' are not defined. However, with regard to the disclosure of the same, the KASB and Australian Accounting Standards Board (AASB) staff representatives were of the view that paragraph 48 of IAS 7 which requires disclosure of the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group may be applicable. In view of this, separate presentation of restricted cash may not be required. Further, with regard to treatment of overnight mutual funds, KASB representative agreed that this issue is prevalent in their jurisdiction too. It was stated that diversity in practice exist in their jurisdiction, however, majority stakeholders support the view to classify it as 'investing activity' as the exact amount of cash on realisation is not known.

Rate Regulated Accounting - International Developments and Pakistan Experience

The Institute of Chartered Accountants of Pakistan (ICAP) presented the 'Rate Regulated Accounting – International Developments and Pakistan Experience'. ICAP recapped the IASB Exposure Draft (ED) on Regulatory Assets and Regulatory Liabilities and also shared Pakistan specific experiences and views on the rate regulated business and related accounting.

At the International level, IASB in Jan 2021 issued the ED which is a huge milestone in the IASB's project on accounting for effects of rate-regulation. The objective of the ED is to provide relevant information to the users of financial statements. Stakeholders including AOSSG and ICAP have shared their views on the ED. The new IFRS Standard once finalised will replace IFRS 14 *Regulatory Deferral Accounts*. The ED outlined:

- Recognition of regulatory assets and regulatory liabilities.
- movements in regulatory assets and regulatory liabilities to result in regulatory income and regulatory expense income.
- measurement of regulatory assets and regulatory liabilities at modified historical cost basis, requiring estimation of the future cash flows and discounting the same.
- Presentation of rate regulatory assets and regulatory liabilities within assets and liabilities. While a net amount of regulatory income minus expense to be presented as a separate line item immediately below revenue.

The stakeholders in Pakistan noted that proposed requirements for measurement and presentation under the ED are two major accounting changes compared to IFRS 14.

In the context of Pakistan-specific experiences, rate regulation is present in utility sectors i.e. gas and power sector companies. The regulatory agreements of these entities are framework type documents, and there is no bright line formula for determining total allowed compensation. Another complexity is that, as per government policy, there are different tariff regimes for different customers of an entity. Further, future tariff adjustments (timing and amount) are at the sole discretion of the regulator. Another aspect to be considered is that the regulatory agreement does not contain a regulatory interest rate / element. In Pakistan, it is also observed that the regulatory balances reflect a significant portion the entities' financial statement. The application of the proposed measurement approach in the ED would make the estimation of timing and related amount of cash flows challenging, as this process would involve uncertainty and complexity (volatility and subjectivity). Further, in the absence of a regulatory interest rate, determination of a discount rate would also be subjective. ICAP noted that it supports the IASB project and development of IFRS requirements on regulatory assets and regulatory liabilities. It also agrees with the proposed recognition principle. However, due to expected practical challenges on the application of proposed measurement approach it suggested that regulatory assets and regulatory liabilities should be measured at historical cost, subject to review and impairment. This approach of not discounting regulatory assets and regulatory liabilities would be similar to non-discounting of deferred taxes as per IAS 12 *Income Taxes*.

AOSSG members who commented on the matter noted the extent of the rate regulated businesses in different countries. IASB staff explained the current status of the project and also asked about the reason for significant increases in rate regulatory balances in Pakistan companies. ICAP explained that the balances have been increasing over the years as the tariff adjustments are at the discretion of the regulator and the provision of utilities are at subsidized rates, owing to the Government's policy.

Islamic Finance: Adoption of IFRS 17 and Takaful

Malaysian Accounting Standards Board presented a session on Islamic Finance: Adoption of IFRS 17 and Takaful. The Session aimed to provide an overview of adoption of IFRS 17 *Insurance Contracts*, specifically to Takaful, among the Islamic Finance Working Group (WG) member jurisdictions as well as some of the key discussions on accounting for Takaful under IFRS 17 in Malaysia. The key discussions included topics on the scope of IFRS 17, presentation of financial information of Takaful and accounting for inter-fund loan i.e., Qard. On the presentation, it was noted that demarcation of financial information (assets, liabilities, income and expenses) between the Takaful Fund and Takaful Operator are common in Malaysia, Pakistan, Saudi Arabia and Syria, either through presentation using columns in the primary financial statements or disclosures in the notes to the financial statements. It was also generally agreed that IFRS Standards do allow entities to disclose additional information when it is relevant to users of the financial statements.

IFRS 17 Application in Thailand

Federation of Accounting Professions, Thailand presented on IFRS 17 Application in Thailand. As IFRS 17 is a complex accounting standard and has impacts on accounting matters or financial reporting matters and impacts on various business aspects e.g: tax matters, risk management, IT systems, staffing and other. In Thailand, the significant implementation issues include the following. Firstly, most of insurers in Thailand must review their IT architecture, current processes including pricing and products holistically. IFRS 17 data and disclosure requirements currently required under IFRS 4 in Thailand is pre-formatted data overseen by the regulator, which does not require a breakdown of technical reserves and, therefore, most of current policy administration systems of Thailand insurers would not support the level of data and granularity required by IFRS 17. Secondly, IFRS 17 is a trigger for life insurers to reconsider a move away from high savings products to protection products because, for example, the profit recognition from IFRS 4 is more accelerated compared with IFRS 17. Lastly, the staffing that is required and the new skills and experience that is required in both insurance accounting and actuarial knowledge to implement IFRS 17 will be difficult to achieve. IFRS 17 is planned to e.g., be 1st implemented in 2024 -later than IFRS 17 by 1 year, based on consultation with industry associations and related regulators.

Corporate tax considerations under IFRS 17 in Korea and EU's recent trend of IFRS 17

Corporate tax considerations under IFRS 17 in Korea, presented by the Chief Accounting Officer of Samsung Life in Korea

Following a request from a member jurisdiction of the AOSSG, Jeong-hyeok Park, the KASB's visiting fellow and IFRS 17 TRG member of the IASB, presented on the current discussion regarding corporate tax issues after applying IFRS 17.

He shared the struggles of Korean insurers and tax authorities under IFRS 17. He also provided diverse cases of tax practices in other jurisdictions and shared recent discussions on tax law revisions that will take place when IFRS 17 becomes effective. Lastly, he also shared a timeline for Korea's IFRS 17 adoption plan and necessary actions for both the government and insurers.

EU's recent trend of IFRS 17

The Insurance Working Group (WG) leader, the KASB, discussed the situation where Europe had decided to endorse IFRS 17, including the modification concerning annual cohorts. The KASB expressed concern that insurance companies would apply non-uniform accounting standards worldwide, and insurers in countries that had properly applied IFRS 17 might have to recognize greater losses, putting them at a disadvantage.

However, the KASB said that Korea would not modify IFRS 17, as it believed that applying annual cohort requirements provides more relevant and useful financial information. The KASB also recommended the IASB review the application of annual cohorts when conducting PIRs to IFRS 17 in the future. China, Japan and Malaysia also expressed their concern about the recent European trend.

China also mentioned that the CAS25 maintains convergence with IFRS 17 in all respects, including the annual cohorts. Mr. Andreas Barckow, Chair of the IASB, sympathized with the concerns of the AOSSG member countries.

Liquidation Basis Financial Reporting Standard

Saudi Arabia represented by The Accounting Standards Committee (“ASC”) at Saudi Organization of Chartered and Professional Accountants (SOCPA) shared a presentation for its locally endorsed financial reporting standard that deals with entities going under liquidation.

The standard highlights the need to establish principles and requirements for recognition, measurement, presentation and disclosure in the financial statements of entities that enter into liquidation. The standard also stating the cessation of the applicability of IFRS requirements when the entity enters into liquidation as per para 25 of IAS 1 or para 3.9 of the IFRS for SMEs Standard. Therefore, the standard proposed to amend aforementioned literature in the endorsement document. The principles of liquidation basis financial reporting clarify the objectives of the liquidation basis financial statements, going concern and imminence of liquidation and the consideration of conquer of legal over accounting unit. A full English translated version of the standard is available at SOCPA.ORG.SA

IASB members commented that, although the IFRS Standards are silent about various laws and regulations in specific jurisdictions, that it might be worth considering the topic.

Update of IFRS Implementation in Indonesia

Member of Indonesian Financial Accounting Standard Board, Ersa Tri Wahyuni provided a review of IFRS implementation in Indonesia up to date.

Indonesia in 2021 has three tiers of accounting:

1. General Standard which is mostly adopted IFRS Standards with very minor adjustments but with one or two year gap differences in the implementation date.
2. IFRS for Non-publicly accountable entities and
3. IFRS for Micro, Small Medium Enterprises.

The second tier will be replaced by 2025 with the IFRS for SMEs Standard as issued by IASB. And in 2022 Indonesia will also plan to issue the full IFRS adoption version or the international version of the

handbook. The international version will not have standards for shariah transactions and few local standards which are included in the General Standard (tier 1). Indonesia has adopted IFRS 17 it and it will be mandatory in 2025 but early adoption is permitted. IFRS 17 is applied for all insurance contracts but not the takaful contracts (shariah version of insurance), as takaful contracts would need to follow the local shariah standard.

Closing Remarks

Mr. Andreas Barckow - Chair of IASB expressed his pleasure in the quality of the presentation and discussions, including particular remarks on the IFRS 17 presentations and specifically the issues around annual cohorts. He noted that it is preferable to have IFRS 17 endorsed with the carveout on annual cohorts than not having a global standard and staying with IFRS 4. He emphasised the importance of convincing insurance regulators and companies to adopt global standards while observing the needs of insurance companies and regulators. Further, he revealed that if somebody makes use of the EU carve-out, they must disclose that in the notes to the financial statements for the user's benefit. Finally, he stated that it will not be particularly useful to pull forward the post-implementation review of IFRS 17 since it is required to be implemented for several years.

Ms. Sue Lloyd- Vice Chair of IASB stated that she is impressed by the extremely high standard of presentations across an enormous range of topics and discussions, the depth of analysis, and current application challenges. Finally, she noted the value of this forum provides for working together, understanding one another's perspectives and implementation challenges, and sharing different views that would build the development of standards through due process.

Mr. Prakash J Thapa - Chairman of Accounting Standards Board of Nepal, articulated appreciation for being nominated to host the 2022 Annual AOSSG Meeting in Nepal.

Mr. Nishan Fernando - Chair of AOSSG appreciated the contributions made by Mr. Andreas Barckow - Chair of IASB and Ms. Sue Lloyd- Vice Chair of IASB including all the board members who have been very patient enough in working with the AOSSG the technical staff and particularly Roberta Ravelli and Katherine Maybin who had been working tirelessly in coordinating with the technical team of CA Sri Lanka to organize the Annual Meeting. And also, he appreciated Dr. S B Zaware - Outgoing Chair of AOSSG and his teams for continued support to make this event successful. And thanked to Mr. Rana Usman Khan - Vice Chair of AOSSG and his team. Also, he thanked all presenters who made fabulous presentations and Nepal for agreeing to host the 14th Annual meeting in 2022 in Nepal.

Dr. S B Zaware thanked the meeting participants for their participation and wished for a physical Annual AOSSG meeting in 2022 in Nepal while thanking Saudi Arabia to express their willingness to host the next available Annual Meeting.

Mr. Rana Usman Khan, Vice-Chair of AOSSG placed on record the official vote of thanks to the IASB Board members, AOSSG Participants, Observers and Presenters to make this event interactive, effective participation and inspirational.

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