

7th IFRS Regional Policy Forum
Hong Kong, 5 – 6 June 2013

Communiqué

The Hong Kong Institute of Certified Public Accountants hosted the 7th IFRS Regional Policy Forum (“Forum”) in Hong Kong on 5 – 6 June 2013. This international event has previously been held in Sydney, Tokyo, Beijing, Singapore, Bali, and Kuala Lumpur.

Participating in the Forum were delegates from the following 16 jurisdictions: Australia, Brunei Darussalam, Canada, China, Hong Kong, India, Indonesia, Japan, Korea, Macao, Malaysia, Nepal, New Zealand, Singapore, Sri Lanka and Thailand. IASB Chairman Mr. Hans Hoogervorst, IASB Members, Dr. Zhang Wei-Guo and Mr. Stephen Cooper, IASB Senior Director of Technical Activities, Dr. Alan Teixeira, IFRS Advisory Council Vice-Chairman, Mr. Charles Macek and IFRS Foundation Asia-Oceania’s director, Mr. Mitsuhiro Takemura also attended this event.

The 190 participants attending the Forum included senior representatives of international, regional and national accounting standard setting bodies, and their oversight bodies, securities exchanges, financial market regulators, governments, audit practitioners, audit regulators, professional bodies, users, preparers and academia.

Mr. Hoogervorst announced the completion of the first phase of an important initiative to assess the progress towards global adoption of IFRSs. The first phase of the project sees the publication of IFRS profiles for all G20 jurisdictions, as well as profiles for a further 46 jurisdictions that responded to a survey of national and regional bodies with overall responsibility for setting accounting standards within their jurisdiction. There is almost universal support for IFRS as the single set of global accounting standards. 95% of the 66 jurisdictions have made a public commitment of support for a single set of high quality global accounting standards.

The keynote address delivered by Professor K C Chan, Secretary for Financial Services and the Treasury of the Hong Kong SAR Government, stressed the importance of a robust financial reporting regime in a global market economy. As business and financial operations of companies become increasingly complex, high quality “true and fair” financial reports are essential for a market-based economy, as

stakeholders rely on them as a basis for valuation and decision-making. Timely and appropriate disclosure is a key to good corporate governance. Investors are prepared to pay a premium for entities with sound governance structures.

The theme for this year's Forum, "A Journey to Better Financial Reporting", aimed to examine a number of aspects on improving the usefulness and clarity of financial statements. The global financial crisis highlighted the strong interconnection of capital markets around the world, and the importance of high quality financial reporting. Six panel sessions presented by 22 speakers and moderators, as well as active participation from all delegates, discussed the following topics:

1. Advantages, disadvantages and challenges of different IFRS convergence approaches (e.g. adoption by phases versus endorsement of original text) and supporting resources provided by the IASB in assisting countries planning to adopt or converge with IFRS;
2. The way in which regional groupings of standard setters contribute to the global standard setting debate;
3. The nature of improvements that can be made to enhance the clarity and usefulness of financial reports;
4. The manner by which audit committees can work effectively with management, boards of directors and auditors to help rebuild the public's trust in the financial reporting process;
5. The interaction between valuation and financial reporting;
6. Consistent application and enforcement of IFRS domestically and globally by national and international regulators.

Outcomes

- Participants reaffirmed their commitment to accelerate convergence with, and adoption of, IFRS as a set of high-quality global financial reporting standards in the Asia-Oceania region, no matter which pathway (i.e. convergence or "big bang") is taken.

- Participants confirmed that strong relationships, based on mutual respect, should be maintained and enhanced within the region with the common goal of improving financial reporting in the public interest.
- Participants agreed the importance of providing input to research projects sponsored by the IASB and empirical evidence and experience from national standard setters would constitute a valuable contribution to the IASB's research agenda.
- Regional standard setters should strengthen cooperation with the IASB through the Accounting Standards Advisory Forum to address financial reporting issues in a timely manner. It is important that the various issues and views from within the region are presented to the IASB.
- Participants agreed that users, preparers, standard-setters, auditors and regulators can contribute together to improve disclosures included in financial statements. The effectiveness of disclosures in the notes to financial statements can be improved by requiring entities to clearly communicate the information that is most important to users of each entity's financial statements. It is believed that clearer communication could reduce the volume of disclosure.
- Participants agreed that the IASB can liaise closely with valuation standard setters, such as the International Valuation Standards Council. Clearer accreditation and governance structures in the valuation profession would assist preparers, users and auditors in engaging with valuers and understanding fair value measurements in financial reports.
- Participants agreed that the standard setters should strengthen cooperation with the relevant regulators to promote consistent implementation of financial reporting standards.

All the Forum materials will be made available on the HKICPA website.

Discussions are currently being held to confirm the host of the next IFRS Regional Policy Forum in 2014.