

**Monthly Newsletter of Accounting Standards Board Nepal**  
December 2023

## 1. Recent Board Activities

### 1.1 Presentation in 15<sup>th</sup> AOSSG Annual Meeting

The Asian-Oceanian Standard-Setters Group (AOSSG) [held its 15th annual meeting on the 21st and 22nd November 2023 in Brisbane, Australia](#). The meeting was hosted by the Accounting Standards Board of Australia (AASB) and attended by 18 member Standard-Setters as well as representatives of the IFRS Foundation. In the meeting, Mr. Prakash Jung Thapa, Chairman of the Accounting Standards Board (ASB), Nepal, presented an update on standards development and implementation in Nepal. He emphasized alignment of IFRS and enforcement through legislation in Nepal and shared the active development of NFRS and NPSAS since 2007. Notably, NFRS for SMEs and tailored NAS for Micro Entities and NPOs become mandatory in the current fiscal year. Mr. Thapa also highlighted the growing global focus on sustainability reporting, outlining ASB Nepal's efforts to develop standards by forming high level committee. The presentation concluded with an overview of ASB's initiative and future directions for accounting & sustainability reporting in Nepal. More details:



### 1.2 Mutual Collaboration Agreement with AASB

Accounting Standards Board (ASB), Nepal & Accounting Standards Board of Australia (AASB) has signed a mutual collaboration agreement. The agreement is signed by CA Prakash Jung Thapa, Chairman of ASB Nepal, and Dr. Keith Kendall, Chair of AASB. The agreement establishes a framework for technical collaboration in the development & implementation of financial and sustainability reporting standards.



The agreement, effective for three years, focuses on promoting high-quality reporting standards, building investor confidence, fostering the accounting profession and exploring collaborative ventures. Both boards aim to work together on standard development, adoption, interpretation, outreach, capacity building, harmonization and

international consistency.

### 1.3 Representation in National Standards Setters Sustainability Forum



The 2023 National Standard Setters Sustainability Forum was hosted by the Accounting Standards Board of Australia (AASB) on November 23 in Brisbane. The forum featured panelists Mr. Yasunobu Kawarishi (Chair, ASBJ - Japan), Mr. Han Yi (Chair, KAI - Korea), and Mr. Prakash Jung Thapa (Chair, ASB - Nepal) in a Dialogue session on Asian-Oceanian perspectives on sustainability reporting. The session, moderated by Keith Kendall (Chair,

AASB), delved into key issues confronting national standard-setters in the Asia-Oceania region. The discussion considered jurisdictional-specific challenges arising from sustainability reporting including labor and workforce considerations.

### 1.4 MoU with Securities Board of Nepal

The Accounting Standards Board (ASB) and the Securities Board of Nepal (SEBON) have entered



into a Memorandum of Understanding (MoU) on December 20, 2023, to collaborate on the development and implementation of Sustainability Reporting Standards in Nepal. The ASB, established by the Government of Nepal, is responsible for developing reporting standards, including sustainability reporting, while SEBON, as the apex regulator of the securities market, plays a crucial role in enforcing these standards within listed companies.

The MoU outlines their objectives, areas of collaboration and anticipated outcomes, emphasizing transparency, accountability and stakeholder trust. It also covers financial and technical support, monitoring, confidentiality, compliance with laws, and dispute resolution. [The MoU will remain in force until the completion of the implementation of the Nepal Sustainability Reporting Standards \(NSRS\) or five years](#), whichever is later. More details:

### 1.5 Meeting with Deputy Governor, Nepal Rastra Bank

A meeting was held on December 17, 2023, with Dr. Neelam Dhungana Timsina, Deputy Governor of Nepal Rastra Bank (NRB), Mr. Prakash Jung Thapa, Chairman of the Accounting Standards Board and Mr. Sunil KC, President of Nepal Bankers Association. The focus of the meeting was on the ongoing implementation of NFRS 9 Financial Instruments, set to become effective from the fiscal year 81/82. During the discussion, NRB presented a way forward, requesting banks and financial institutions to provide information on the status of implementing the ECL impairment model and their capacity building efforts.

## 1.6 Meeting with Meeting with representatives of Insurance Companies

On December 14, 2023, meeting was held with finance team of various life and non-life insurance companies in Nepal. The discussion revolved around the present progress in implementing NFRS 17 Insurance Contracts and the strategies outlined by insurance companies for its execution. The board affirmed its commitment to supporting the industry in ensuring the successful implementation of NFRS 17.

## 3. International Updates

### 2.1 International Accounting Standards Board (IASB) Update

#### **PIR of IFRS 16**

The December meeting of IASB decided to begin the PIR of IFRS 16 in the second quarter of 2024.

#### **Management Commentary Project**

In the meeting held on December 12, 2023, the International Accounting Standards Board (IASB) received an update on the Management Commentary project but did not make any decisions. The next steps involve a meeting with the International Sustainability Standards Board (ISSB) to discuss feedback on a potential project related to integration in reporting, as outlined in the ISSB Consultation on Agenda Priorities. Following this, the IASB will deliberate on the future direction of the Management Commentary project.

#### **Second Comprehensive Review of the IFRS for SMEs Accounting Standard**

IASB conducted a meeting to reconsider the proposals in the Exposure Draft Third edition of the IFRS for SMEs Accounting Standard. In relation to fair value measurement, the IASB tentatively decided to finalize the proposals with minimal changes, explore drafting suggestions, omit a proposed appendix in favor of incorporating examples into separate educational material, and consider additional guidance from respondents. Regarding investment entities, the IASB decided against adding requirements to Section 9 of the IFRS for SMEs. Additionally, the IASB chose to retain a paragraph on offsetting equity instruments but provided relief if it conflicts with local legislation. Thirteen of 14 IASB members agreed with this decision.

#### **IASB consults on improved accounting requirements for financial instruments with both debt and equity features**

IAS 32 Financial Instruments: Presentation works well for most financial instruments. However, the instruments have evolved since this IFRS Accounting Standard was initially issued—they are more complex and present new reporting challenges for companies. To address these challenges, the proposals in the [Exposure Draft published by IASB](#) would amend IAS 32, IFRS 7 Financial Instruments: Disclosures, and IAS 1 Presentation of Financial Statements.

#### **IASB summarizes its completed project on extractive activities**

The International Accounting Standards Board (IASB) has published a summary of its project on extractive activities, which considered [whether to amend or replace IFRS 6 Exploration](#) for and Evaluation of Mineral Resources.

#### **Changes proposed to the IFRS Accounting Taxonomy 2023**

Ann Tarca, IASB member, [explains proposals in the IFRS Accounting Taxonomy currently out for consultation](#). The proposals include introducing new elements for better comparison of narrative information, and new elements for financial instruments based on common reporting practice.

## **2.2 International Sustainability Standards Board (ISSB) Update**

### **ISSB at COP28**

As world leaders gathered for COP28 to advance action for addressing climate risks, Erkki Liikanen, Chair of the IFRS Foundation Trustees, addressed delegates to reflect on progress since the IFRS Foundation announced the decision to establish the International Sustainability Standards Board (ISSB) at COP26. ISSB announced at COP28 that [close to 400 organisations from 64 jurisdictions](#) have committed to advancing the adoption or use of the ISSB's climate-related reporting at a global level.

### **ISSB published targeted amendments to enhance the international applicability of the SASB Standards**

[These amendments are intended to help](#) preparers apply the SASB Standards regardless of the jurisdiction in which they operate or the type of generally accepted accounting principles (GAAP) they use without substantially altering the SASB Standards' structure or intent.

### **Sustainability Innovation Lab launched**

[Global Reporting Initiative \(GRI\) has announced the launch of the Sustainability Innovation Lab \(SIL\)](#), in partnership with the IFRS Foundation as its Convening Partner. The SIL is being established to enable companies to meet their evolving sustainability disclosure requirements, fostering professional development, training, practical solutions and innovative thinking.

### **New and updated resources to help companies apply IFRS S1 and IFRS S2 from 2024**

Ahead of the ISSB Standards—IFRS S1 and IFRS S2—coming into effect in January 2024, the ISSB is providing [new and updated resources](#) to help companies apply the Standards.