



Workshop Proceedings

China-Central Asia Accounting Elites Exchange Program

Workshop I: Development of Accounting Standards



**16-20 December 2019
Shanghai, the PRC**

The CAREC Institute, and the Shanghai National Accounting Institute (SNAI) of the PRC, in partnership with the Association of Chartered Certified Accountants (ACCA) have launched a capacity building and knowledge sharing program titled “China-Central Asia Accounting Elites Exchange Program” on 16 December 2019.

The program convened senior accounting professionals from CAREC policy and regulatory bodies, academia, and the private sector to foster development and harmonization of the accounting infrastructure in the region. It intends to contribute to strengthening CAREC accounting systems in terms of institutional arrangements, human resource development, and regulatory mechanism; build a network of the PRC and Central Asia accounting elites to promote cooperation; build a foundation for unimpeded trade and financial integration; and promote discussions on accounting and related issues as well as explore potential solutions for various challenges.

Due to the discrepancy in accounting standards, regulations, and human development levels in the accounting sector of different economies, accounting data cannot be communicated easily, and accounting related risks cannot be managed effectively. As a result, such business language barrier increases cross-border transaction costs, and hampers trade and economic cooperation at multiple levels.

The program consists of four workshops in two years. Through regular exchange and visits, and the use of virtual communities, in-depth discussions will be conducted on topics such as the accounting system development, talent cultivation, accounting regulatory development, accounting service system establishment, and accounting technology changes. The participants who complete all program requirements will receive the certificate of completion co-issued by all partners.

The report is drafted jointly by Eisa Khan Ayoob Ayoobi, Chief of Capacity Building Division, and Dildar Zakir, Training Officer, CAREC Institute.

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Central Asia Regional Economic Cooperation (CAREC) Institute
No. 376 Nanchang Road, Urumqi, Xinjiang, the PRC
f: +86-991-8891151

[LinkedIn](#)
km@carecinstitute.org
www.carecinstitute.org

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ACCA	Association of Chartered Certified Accountants
ASAF	Accounting Standards Advisory Forum
ASBE	Accounting Standard for Business Enterprises
BCE	Before Common Era
BRI	Belt and Road Initiative
CAREC	Central Asia Regional Economic Cooperation
CAS	the Chinese Accounting Standards
CASC	China Accounting Standards Committee
CFO	Chief Finance Office
CPA	Certified Professional Accountants
CPMM	Corridor Performance Measurement and Monitoring
CRII	CAREC Regional Integration Index
EAEU	Eurasian Economic Union
EAEU	Eurasian Economic Union
EU	European Union
EU	European Union
FSB	Financial Stability Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICAP	Institute of Chartered Accountants of Pakistan
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
IT	Information Technology
NGO	Non-Governmental Organization
NSS	National Standard Setters
PAO	Professional Accountancy Organization
PIE	Public Interest Entities
PRC	People's Republic of China
PwC & EY	Price Waterhouse Cooper & Earnt and Young
Q&A	Question & Answer
QA	Quality Assurance
ROSC	Report on Observance of Standards and Codes
SAR	Special Administrative Region
SARAS	Accounting, Reporting and Auditing Oversight Service
SME	Small and Medium Enterprise
SNAI	Shanghai National Accounting Institute
WB	World Bank
ZTE	Zhongxing Telecommunication Equipment Corporation

Inauguration- Welcoming and Opening Remarks

Prof. Li Kouqing, President of Shanghai National Accounting Institute



Opening remarks were made by organizing partners: Prof. Li Kouqing, President of SNAI, Dr. Iskandar Abdullaev, Deputy Director Two of the CAREC Institute, and Ms. Ada Leung, Director, ACCA Greater China. Professor Li Kouqing opened the workshop and delivered his remarks. After words of appreciation addressed to the CAREC Institute, ACCA, and the Ministry of Finance of the People's Republic of China (PRC), he welcomed all participants. His key messages were streamed from the Belt and Road Initiative (BRI) of President Xi with an emphasis on people-to-people connection through shared regional infrastructures. He highlighted that while hard infrastructures are important for the CAREC region, the soft infrastructures make them functional. He went on to shed light on the role of accounting standardization and harmonization and the direct impact it has on cross-border transactions among member countries. He compared accounting harmonization and standardization with a railway, some have wide tracks, some – narrow, thus, integrating them into international standards could enhance connectivity, he concluded. He stated that the world offers a lot of opportunities (alongside challenges) and we must seize the opportunities through programs like the "China-Central Asia Accounting Elites Exchange Program," which enhances mutual learning and understanding with the aim of equal development for all member countries.

Professor Li elaborated about the overall content and structure of the program and encouraged participants to participate actively. He reiterated the program was owned by all country representatives. He conveyed his concluding message by saying that everyone's active participation is not only important but also a demonstration of their ownership of the program.



Next, Dr. Iskandar Abdullaev, the Deputy Director Two of the CAREC Institute delivered his opening remarks to all member country representatives and co-organizing partners of the program. He gave an introduction of the CAREC Program and narrated how the CAREC Institute came to existence. He also elaborated about the types of knowledge services (research, capacity building, and knowledge management) the CAREC Institute provides to member countries and all stakeholders. From the outset, Dr. Abdullaev presented the CAREC Institute's vision to establish partnership with all relevant international, regional, and national organizations to intensify knowledge support to the CAREC Program. He also highlighted some of the CAREC Institute's flagship activities. Particularly, he emphasized the importance of the CAREC Regional Integration Index (CRII) and described how this instrument will help draw attention on regional cooperation in CAREC. He also echoed the importance of CAREC Corridor Performance Measurement and Monitoring (CPMM) mechanism, in which accounting harmonization could have a role to play.

Moreover, Dr. Abdullaev highlighted the disparities of the accounting standards in the CAREC region and noted that the program was important in helping the CAREC countries harmonize and standardize their accounting infrastructures. He also recognized the importance of the Belt and Road Initiative and noted its potential to revive the region's aging infrastructure.

Finally, Ms. Ada Leung, Director of ACCA Greater China, delivered her remarks by thanking the CAREC Institute and SNAI for having ACCA as a co-organizing partner in this "important program." She went on to highlight the role of accounting to "build bridges" among different countries through accounting standards. According to her, accounting will have a major role in making various regional cooperation initiatives, including the Belt and Road, a success, specifically its fifth pillar which is people-to-people interaction.

Ms. Ada Leung, Director, ACCA Greater China



Ms. Leung said that there are many students from different countries of the CAREC region who are going through ACCA certification programs. According to her, there are many accounting professionals who are already members of ACCA in the region. Hence, she addressed all participants that we all have important roles to play in building stronger networks among people. Together, according to Ms. Leung, we could build and nurture talents in the accounting industry in the CAREC region. To conclude, she pointed out that ACCA is undertaking accounting programs in the Russian language to deliver better services to the Russian speaking countries, most of which are CAREC members.

Session 1: Accounting Infrastructure in CAREC: Setting the Context

This session reviewed the fundamentals of accounting infrastructure development, including some concepts, current structures, and key challenges and prospects. The session also discussed potential contribution of accounting to promote trade and economic development in CAREC. Dr. Liu Yaoju, SNAI Economist, served as the resource person, with Professor Li, the President of SNAI as a moderator.

Before the session, SNAI's Dr. Melody conducted a role-play exercise which helped participants get introduced to one another. Additionally, the SNAI alumni community was introduced. The Alumni Assistant presented ways to stay connected in the community. A WeChat group was created.

Dr. Liu Yaoju provided an overview of the accounting development in the CAREC region. His presentation was titled "Strengthening Accounting Infrastructure for BRI and CAREC." He elaborated on the role of accounting infrastructure in regional cooperation by highlighting the PRC policies and respect for diversity and sovereignty of all countries. He argued that accounting

harmonization and standardization promotes regional cooperation, particularly trade which is the third pillar of BRI. He went on to shed light on BRI's overall priority areas that include policy coordination; facilitation of connectivity (infrastructure); unimpeded trade; financial integration; and people-to-people bond.

Dr. Liu gave an overview of the CAREC region and its connectivity routes. He stressed the importance of the region for its potential to connect Asia and Europe. He listed a number of regional infrastructure projects: 1) China-Kyrgyzstan-Uzbekistan motorway (completed); 2) China-Central Asia Natural Gas Pipes; 3) Silk Road Optical Cable Cooperation Agreement (signed by China, Kyrgyzstan, Tajikistan, Afghanistan); 4) China-Pakistan Optical Cable Project; and 5) Gwadar Port Cooperation in Pakistan which play an important role in the region's economic connectivity.

While defining the accounting infrastructure, Dr. Liu stated that it is a soft infrastructure that deals with culture, language, governance, laws, policies, accounting, etc. He argued that both soft and hard infrastructure are interconnected. "If soft infrastructure is outdated, the development of hard infrastructure proves pointless," he said. Overall, accounting infrastructure refers to accounting standards, accounting regulations, and accounting profession. These soft interventions provide quantitative data to support better and sustainable socio-economic development. Thus, standardization based on high-quality standards will allow regional partners to engage collectively in regional cooperation for a shared and sustainable future.

In a larger role, according to Dr. Liu, accounting produces data for evidence-based policymaking where regulators make policy and engage in follow-up activities to promote regional cooperation. The accounting data leads to quality of accounting entries that are accurate, timely, and relevant. Such data will influence decision-making and overall economic conduct of investors and other actors. This starts at micro-level and goes on to macro, regional and global levels with similar impacts. On the other hand, inconsistency in accounting data may hamper regional and international cooperation.

Subsequently, Dr. Liu presented findings of a comparative study which has been carried out by SNAI together with ZTE and ACCA on the current status of accounting infrastructure in CAREC member countries. The study focuses on accounting environment, accounting standards, accounting regulations and supervision, and the accounting talent system. The study had conducted detailed surveys on the adoptability of accounting standards in 10 member countries (other than the PRC) by different categories, efforts made by countries on accounting regulation improvements in adopting the International Financial Reporting Standards (IFRS), corporate governance, sustainable growth, quality assessments, and talent cultivation programs. The findings highlight the efforts made by member governments in these areas and indicate that CAREC countries have a long way to go if they are to reach their full potential.

Dr. Liu concluded his presentation by introducing accounting infrastructure development in the PRC. He gave examples of accounting supervision at different levels, the establishment of national accounting institutes, national and international accounting talent training and development programs like the "China – Central Asia Accounting Elite Exchange Program." He expressed hope that such efforts and programs could help the PRC and other CAREC countries reach the mutual development goals. At the end of this session, there was a Q&A where participants and the speaker exchanged views.

Session 2: Experience Sharing: Accounting Infrastructure in CAREC

This session was dedicated to country presentations, in which participants presented and shared the current development of accounting infrastructure in their respective countries, especially the current status and challenges of convergence of their accounting standards to the international standards. The session was moderated by Mike Suffield, Director - Professional Insights, ACCA.

Mr. Abdul Wahid Dilawar of Afghanistan taking a stage at the workshop



Afghanistan

Mr. Abdul Wahid Dilawar, Quality Assurance Reviewer & Senior Accounting Specialist, Quality Assurance Review Department, Ministry of Finance of Afghanistan, and Mr. Mustafa Mahrabi, ACCA Scholarships Officer, Professional Qualification Department, Ministry of Finance of Afghanistan gave a joint presentation. They started by stating that accountancy profession is yet to evolve in Afghanistan. There is no law to follow the International Accounting Standards (IAS) or IFRS.

In 2009, based on the ROSC report, the World Bank (WB) Group suggested establishing the accountancy body. The Professional Accountancy Organization (PAO) was established in 2013. Later on, in 2017, it was changed to Certified Professional Accountants of Afghanistan (CPA Afghanistan). Even though the scope of CPA Afghanistan is to regulate the accountancy profession, it is still a project under the Treasury Section of the Ministry of Finance, which is not operationalized yet.

Therefore, there is no finalized accountancy law, regulations, policies, and procedures in Afghanistan for accounting standardization. Taking this into consideration, CPA Afghanistan decided to choose the Association of Chartered Certified Accountants (ACCA) qualification, and currently there are around 35 qualified ACCA members from the ACCA United Kingdom. CPA Afghanistan also provides 100% scholarships to approximately 1,600 ACCA students with the help

of the World Bank to increase the number of qualified accounting professionals.

With the help of CPA Afghanistan, Ministry of Finance and Supreme Audit Office started to develop the Public Financial Management, which hopes to align the accounting system with the international standards. At the same time, the application of IFRS is in the process in some state-owned entities/companies. The CPA Afghanistan is trying to welcome back the big four accountancy firms, KPMG, Deloitte, PwC and EY, which have closed their operations in Afghanistan due to security concerns. Given the importance of accounting in the country's economic development, CPA Afghanistan obtained the Presidential approval on the equivalency of the ACCA qualification to the Master level in the Afghanistan's education system.

Azerbaijan

Mr. Shahin Maksudov, Deputy Head, Analysis of Public Debt, Audit of Financial-Credit Activity and State Property Management Department, Chamber of Accounts of Azerbaijan and Ms. Turkan Yariyeva, Finance Specialist, Ekvita Consulting Company presented Azerbaijan's country perspective. In their joint presentation, Azerbaijan participants pointed out the importance of the accounting reform in the country's economic development, such as, in attracting foreign direct investments and establishing the business relations with companies in the EU member states. At the same time, accounting reform in the country needs to adopt relevant legislation to provide a legal framework to align its accounting system with the international standards.

Therefore, amendments to the accounting law (established in 2004) are being processed on a regular basis to create a legal framework for transition to IFRS. Once finalized, the objective of this national regulation of accounting, under the Ministry of Finance, is to prepare the financial statements and maintain accounting based on IFRS, International Public Sector Accounting Standards, and Accounting Regulations.

The Ministry of Finance of Azerbaijan is planning to develop and approve short-term national accounting standards in line with international accounting standards for the accounting entities in the transition period and abolish interim measures after the new and approved national accounting law takes effect. The new law is going to be published in the standard local language. But the accounting entities still can choose to apply the international standards by a specialized international organization in the transition period.

Meanwhile, the Central Bank of Azerbaijan has the right to determine the accounting regulation of credit institutions by consulting with the relevant executive authority involved in the implementation of the state regulations. Implementation of unified state accounting policy has led to drastic changes and the accounting entities, such as, public institutions and public legal entities, commercial organizations, small enterprises, budget organizations, municipalities and extra-budgetary state funds. NGO's compile their financial statements based on the customized accounting regulations approved by the Ministry of Finance in accordance with the international standards.

Issuance of certified accountant certificate has received great attention from the government. The incentives system has been created for the accountants to obtain the internationally recognized certificates. Thus, ACCA and other internationally recognized accounting institutions have important roles in the accountancy profession development in Azerbaijan.

Georgia

Ms. Lela Khutchua, First Category Senior Specialist, Service for Accounting, Reporting and Auditing Supervision (SARAS) of the Ministry of Finance of Georgia, delivered a presentation. She spoke mainly about the legal evolution of the accounting system of the country. According to her, the Accounting, Reporting and Auditing Law of Georgia came into force in 2016. Based on internationally recognized standards, this law sets a legal framework for accounting, preparing and filing financial and management reports and payment reports to the government. Based on this law, Public Oversight Authority has been established under the Ministry of Finance that is responsible for the regulation of the profession, which was formerly carried out by the Accredited Professional Organizations (APOs). The Accounting, Reporting and Auditing Oversight Service was established in September 2016 and was officially launched in June 2017 with the main responsibility of defining audit related rules and requirements, promulgation of international standards, such as IFRS for SMEs, ISA, and their translation into the state language.

Georgia adopted IFRS for large public interest and large entities and mandatory audit requirements for PIEs and first and second category enterprises. The third and fourth category enterprises and non-entrepreneurial (non-profit) legal entities are exempt from the obligation to have audit of financial statements. In 2018, with the help of SARAS, training program for trainers, trainings for accountants have been conducted with support of donor organizations and private sector representatives. Representatives from the universities, professional institutions, international auditing companies and private sectors participated in the trainings. Training materials have been developed and shared on the SARAS website. Overall, the accountancy profession in Georgia is evolving.

Ms. Madina Karsamova of Kazakhstan asking a question at the workshop



Kazakhstan

Ms. Madina Karsamova, Deputy Director, Economics and Finance Department of the Ministry of National Economy of Kazakhstan, and Mr. Didar Yerzhanov, Chief Expert, Investment Policy Department, Ministry of National Economy of Kazakhstan delivered their presentation. They started with an overview of the country's basic information and the current economic development of Kazakhstan, and the role and importance the country holds under the BRI. They went on to discuss the importance of Kazakhstan as a geostrategic location between the east and west, as a trade connector. They noted that 70% of BRI investments in Central Asia go through Kazakhstan. Top investors in Kazakhstan are the Netherlands, the United States, and Switzerland. The country offers tax free conditions for some investments. The IT and gas industries drive the economy.

Nonetheless, they highlighted accounting standardization as an important plan for Kazakhstan to improve standards of financial reporting. This is important as the country is trying to reach its economic potential by playing a bigger role in the world economy through trade and commerce with regional entities and beyond.

Kyrgyzstan

Ms. Erkingul Kerimbekova, Leading Specialist, Accounting, Financial Reporting and Auditing Department, State Service for Financial Market Regulations and Supervision of the Kyrgyz Republic and Ms. Aida Shakeeva, Leading Specialist, Accounting, Financial Reporting and Auditing Department, State Service for Financial Market Regulations and Supervision of the Kyrgyz Republic, delivered the presentation. According to presenters, in the Kyrgyz Republic, a single state policy for accounting and financial reporting is implemented by the State Service for Financial Market Regulation and Supervision under the Government of the Kyrgyz Republic. State Service for Financial Market Regulation and Supervision is authorized to implement uniform state policy in the field of supervision and regulation of accounting, auditing, financial reporting, as well as non-banking financial market.

The IFRS were adopted in September 2001 in the Kyrgyz Republic to further improve the accounting and financial reporting system. The licensing agreement on the right to publish and disseminate IFRS has been signed with the IFRS Committee in March 2009. All legal entities are required to maintain records and prepare financial statements in accordance with the IFRS and are subject to monitoring by the State Service for Financial Market Regulation and Supervision. On 12 August 2015, the Kyrgyz Republic joined the Treaty on the Eurasian Economic Union. The main objective of the EAEU is establishing a single market for accounting services in the field of accounting and financial reporting.

Mongolia

Ms. Budsuren Bolormaa, Senior Specialist, Accounting Policy Department, the Ministry of Finance of Mongolia, and Ms. Myagmarsuren Buuveibaatar, Senior Specialist, Public Administration and Management Department of the Ministry of Finance of Mongolia presented the status of accountancy in Mongolia. According to them, the first accounting law was passed by the Parliament of Mongolia in 1993. After that law, all qualified entities must comply with IFRS in their financial reporting and statements. To improve the applicability of the IFRS, it has been translated into Mongolian, as well as additional explanatory manuals on the standards have been produced.

Based on the years of experience, revisions on the accounting and auditing law has been carried out and revised laws entered into effect in 2016. Basic changes include: (1) the entities or

organizations can adopt the suitable standards according to the needs, either the IFRS, IFRS for SME and International Public Sector Accounting Standards (IPSAS); (2) financial statements can be submitted electronically and the e-balance online platform become available; (3) establishment of accounting and auditing standards board; (4) acceptability of consolidated financial statements; (5) quality of audit and assurance engagements controlled by Government; (6) Board of Directors of a company could engage the auditors of the state-owned companies.

The Accounting Committee has been established to translate international standards; develop national standards, accounting standards and regulations; train the accountants; formulate accounting terminology, manuals and other materials. The IFRS in Mongolia is applied by the Ministry of Finance, Institute of Certified Public Accountants, Institute of Accounting, Certified Public Tax Advisors Society and by the Universities.

Mr. Moin Iqbal of Pakistan asking a question at the workshop



Pakistan

Mr. Moin Iqbal, Deputy Accountant General (Senior), Accountant General Pakistan Revenues, and Mr. Syed Ahmed Farhan Shah, Assistant Controller General of Accounts, Controller General of Accounts Pakistan presented Pakistan's accounting system. They noted that accounting is the leading profession in Pakistan. There are laws and regulations protecting this profession. The profession does not belong to the government. It belongs to the overall state where independent auditors have their own role and the Auditor General of Pakistan has independence. The Institute of Chartered Accountants of Pakistan plays an important role in accounting development in the country. The ICAP members are required to go through sustainable and continuous learning, as they are obliged to spend 120 hours of learning annually on some specific areas of accounting specialties.

The Auditor General of Pakistan is an integral part of the state and enjoys constitutional

independence that other governmental authorities cannot influence or change. By the constitutional right, it regulates accounting standards independently. Overall, the accounting system in Pakistan is aligned with international standards and it is at a better stage of development.

Tajikistan

Mr. Bobonazar Rajabzoda, Chief Specialist, Finance Department, Executive Office of the President of Tajikistan, and Mr. Eshonov Khayom, Chief Specialist, Finance Department, Ministry of Economic Development and Trade of Tajikistan made a presentation on their country's accounting system. According to them, the Ministry of Finance is the lead authority in leading the accounting development in Tajikistan. Hence, all functions of auditing authorities are under the tutelage of the Ministry of Finance. The transition of the Republic of Tajikistan to a new economic model, an open economy and accession to the world economic system in the late 1990s, required changes in the existing system of accounting and management of the state entities responsible for development of accounting. The emergence of new legal forms of private enterprises (shareholders, limited liability companies, joint ventures, individual enterprises, etc.) has determined the need to create a transparent and reliable accounting system for a wide range of users.

Economic reforms in Tajikistan have been taking place in various areas, including restructuring the management of state-owned enterprises, privatization of the state property, creation of a level-playing field for enterprises and organizations of various forms of ownership, including the gradual liberalization of economic activity, and creation of enabling environment to attract foreign investments. One of the most important conditions for attracting foreign capital is to provide investors with transparent, complete and accurate information about the financial situation and financial performance of enterprises.

Financial reporting, prepared in accordance with international standards, fully meets the needs of the investors, especially foreign investors. The Ministry of Finance of Tajikistan conducts trainings and promotes exchange of experience, development of national financial reporting standards in order to move to the IFRS and improve accounting and reporting skills. The Ministry is also in charge of official interpretations of the IFRS in Tajikistan and adoption of laws and regulations based on those standards.

Turkmenistan

Mr. Allamyrat Keymirov, Head and Chief Accountant, Accounting and Reporting Department, Ministry of Finance and Economy of Turkmenistan, and Mr. Muhammet Nurmyradov, Head, Accounting Methodology Division, Accounting and Tax Methodology Policy Department, Ministry of Finance and Economy of Turkmenistan gave a presentation. The presenters provided basic information about the accounting infrastructure in the country. It was said that there is no specific body that examines the auditing work of auditing companies in Turkmenistan. Once auditing entities pass an exam to get their license, they get qualified to continue with auditing in Turkmenistan.

Uzbekistan

Mr. Azizkhon Zokirkhujaev, Director, Accounting and Reporting Department, Central Bank of Uzbekistan, and Ms. Guzal Rakhimova, Deputy Director, Accounting and Reporting Department, Central Bank of Uzbekistan gave a presentation. According to them, the Accounting Law, which was adopted in 1996 and amended in 2016, establishes basic accounting and bookkeeping requirements for all legal entities in Uzbekistan. There are two accounting standard setters in

Uzbekistan: Ministry of Finance, which sets accounting standards both for private companies and for state-financed organizations and the Central Bank for banks and credit institutions. Additionally, there are three professional institutions. First, the National Association of Accountants and Auditors, which was established in 1992. It provides support to its members through educational and professional development programs. It conducts quality assurance (QA) of review program for audit firms which are its members. It investigates and disciplines its members as well as provides consulting services and advises the regulators on the accounting and auditing legislation.

Second, the Chamber of Auditors was established in 2000 that develops training programs for auditors, provides input to the relevant legislative bodies. It establishes training centers for auditors, develops guidance materials, conducts QA reviews of its members. It also investigates and disciplines its members, holds conferences and seminars on accounting matters, and develops and promotes the Code of Professional Ethics for auditors. Third, the Federation of Accountants was established in 2014 to assist with the development of the accounting profession and the adoption and implementation of international standards.

The National Accounting Standards adopted by the Ministry of Finance are the modified version of IAS. But, subjects of financial accounting can apply for the IAS based on the law on accounting. IFRS (2013 edition) has been translated into the Uzbek language by the National Association of Accountants and Auditors and full adoption of IFRS is under consideration.

In 2004, banks in Uzbekistan adopted IFRS based on the existing regulations and in 2019, amendment to the Law for Banks and Banking Activity has been made to apply the IFRS. According to the Presidential Decree issued in 2018, listed companies are permitted and will be required to apply IFRS by 2022.

Mr. Shahin Maksudov of Azerbaijan participating in the workshop



Country Presentation Analysis

At the end of each country presentation, there was time allocated for Q&A where participants could ask questions or make comments on country perspectives. This section helped deepen discussion and dialogue among participants and increase awareness about regional experiences and best practices on accounting infrastructure and systems. Participants commented that they will continue learning from colleagues during this program and through the group's virtual platform to help one another in their profession and explore bilateral and multilateral cooperation options.

The country presentations demonstrated disparity among national accounting systems, infrastructures, and standards in CAREC. While some countries, like the PRC, Pakistan, and Georgia have developed accounting systems, others are yet to reach their full potential in aligning their systems with the international standards.

Session 3: The Development and Current Status of IFRS

This session was about the global standards which are important not only for the accountancy profession but for the world economy. A sound financial reporting system, supported by high quality accounting and auditing standards backed by a solid regulatory, governance, and ethical framework is a pre-requisite for economic development. This session gave a brief introduction to the development of IFRS: history, principals, conceptual framework, the latest updates and challenges that IFRS is facing.

Mr. Xu Kanling, Managing Partner of Automotive Sector, KPMG Eastern and Western China Region and Ms. Tan Ying, Senior Manager, Department of Professional Practice, KPMG Shanghai were the speakers. Mr. Eisa Khan Ayoob Ayoobi, the CAREC Institute Chief of Capacity Building Division, was the session's moderator.

Mr. Xu's presentation was focused on the development and current status of IFRS. He clarified that the IFRS Foundation is a not-for-profit, public interest organization established to develop a single set of high quality, understandable, enforceable and globally accepted accounting standards - IFRS Standards. IFRS Standards are set by the IFRS Foundation's standard setting body, the International Accounting Standards Board (IASB). Transparency, full and fair consultation and accountability are the main principals of IFRS. Starting from 1973, major professional accounting bodies have agreed to adopt International Accounting Standards for cross-border listings, and from 2007 more than 100 countries require or permit use of IFRS Standards. In the process, the Accounting Standards Advisory Forum (ASAF) was established in 2013.

According to Mr. Xu, IFRS includes eight conceptual framework chapters: 1) the objective of general-purpose financial reporting; 2) qualitative characteristics of useful financial information; 3) financial statements and the reporting entity; 4) the elements of financial statements; 5) recognition and derecognition; 6) measurement; 7) presentation and disclosure; and 8) concepts of capital and capital maintenance.

Mr. Xu brought the "business combination" as an example to apply IFRS. He defined business combination as a transaction or other event in which an acquirer obtains control of one or more businesses. According to him, there were seven steps to acquire legally under the IFRS standards which are called "steps to acquisition accounting": 1) Identify the acquirer; 2) Determine the acquisition date; 3) Identify and measure consideration transferred; 4) Identify and measure identifiable net assets; 5) Measure NCI; 6) Determine goodwill or gain on a bargain purchase; and 7) Recognize any measurement period adjustments.

Mr. Xu went on to explain the “Joint Arrangement” which is an arrangement where two or more parties have joint control. The contractually agreed sharing of control of an arrangement which exists only when decisions about relevant activities require the unanimous consent of the parties who are sharing control.

Mr. Allamyrat Keymirov of Turkmenistan participating in the workshop



Such concepts were discussed in detail throughout Mr. Xu’s presentation before the floor was open for direct discussion and dialogue with all participants. Participants actively asked questions and provided comments on how they have been applying such concepts in their respective countries. They inquired about practical applicability of some of the concepts of IFRS.

The other speaker was Ms. Tan Ying, Senior Manager, Department of Professional Practice, KPMG Shanghai. She introduced the development of “IFRS 15” which includes the five-step model of revenue and its importance. In May 2002, project on revenue was added to the IASB’s agenda, and the IFRS 15 standard went into effect on 1 January 2018. The five-step model includes: 1) identify the contract(s) with customer; 2) identify the performance obligation(s) in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract; and 5) recognize revenue when (or as) the entity satisfies a performance obligation.

The core principle is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. New revenue standard will impact all entities in different ways. It requires new estimates and judgements. Key points with the five-step model are separating goods and services in contracts. These points include variable consideration and the constraint; transaction price allocated using selling prices not fair value and new guidance on recognizing revenue over time.

Ms. Yang went on to discuss the importance of a contract and how that is the base for promised goods and services and how a contract plays a central role in various aspects of international financial reporting. Briefly, she also touched on “IFRS 16” that entered into effect on 1 January 2019. Subsequently, the floor was open for discussion and dialogue with participants. Country representatives demonstrated satisfaction with both speakers and in particular with Ms. Yang and her method of presentation. Various questions were raised, and answers were provided. Some country representatives provided insights into practices and accounting systems of their countries, how they implemented IFRS 15, and how they have started to deal with IFRS 16.

Session 4: Convergence of Accounting Standards in the PRC

This session was designed to share the PRC experiences while converging its accounting standards with the IFRS: the process, achievements, challenges, and prospects. Mr. Xu Huaxin, Deputy-Director, China Accounting Standards Committee was the speaker and Liu Xiaoqiang, Deputy Director, International Capacity Building Department of SNAI, was the session’s moderator.

Mr. Xu’s presentation was titled “Chinese Accounting Standards and the International Convergence of Chinese Accounting Standards.” According to him, the development of the Chinese Accounting Standards (CAS) is based on the PRC’s economic development and internationalization. The PRC has gone through different waves of accounting standardization and development. Each phase has provided frameworks based on which the Chinese accounting industry has evolved. The Accounting Law of the PRC was promulgated in 1985 which provided the foundation for accounting system development. Then, in 1992, the Accounting Standard - Basic Standard (effective since 1 July 1993) emerged. Similarly, up until present, various regulations have evolved to present specific accounting standards in the PRC. The last two of which took place in 2018 and 2019. The former revised accounting standards on leases, insurance contracts and the latter presented two more specific standards.

For the international convergence of CAS, the joint statement issued by the CASC and the IASB on “the ASBE substantially converged with the IFRS” in November 2005. The Ministry of Finance of the PRC has issued a roadmap for continuing convergence of the ASBE with the IFRSs. The same Ministry and the IFRS foundation made joint statement in October 2015, pledging that “the ASBE would remain in full and gradually converge with the IFRS”.

According to Mr. Xu, the PRC has been able to achieve significant success in its efforts of international convergence. It has established pragmatic and efficient convergence mechanism. It has utilized a constructive two-way interaction with the IASB, rather than one-way acceptance. The PRC’s successful convergence has earned praise from the international community, such as the World Bank, EU, IASB, etc. Last but not least, the PRC has achieved the equivalence between mainland and Hong Kong SAR (2007) and EU (2012).

Given the PRC’s success and achievements in its international convergence efforts, the country upholds these principles: 1) Support one single set of high-quality global accounting standards in response to G20 and FSB’s recommendation; 2) Deeply evolve standard setting of the IFRS; 3) Extensive communications and cooperation with other NSS and stakeholders; and 4) Improve capacity building on standard setting.

It has not been easy for the PRC to achieve these results. There have been challenges in the CAS and IFRS convergence. The PRC had to struggle to find a balance with the “understandability and stability of the IFRS.” The PRC had to overcome obstacles on IFRS’ “implementation consistency” and find ways to address its concerns and issues timely.

Nonetheless, the PRC remains proactive in its next moves. Its accounting regulators and drivers continue to maintain and improve the convergence strategy. They monitor the development of the IFRS almost constantly while continuing improving Chinese Accounting Standards. Finally, they consider the impact of the new technologies on accounting standardization, harmonization, and overall development.

At the end of this presentation, time was given to participants to engage with the speaker on various issues to understand the success story of the PRC. Participants expressed delight for this session and claimed to have gained some important knowledge on how the PRC has been able to converge its accounting standards with that of the IFRS and other internationally practiced schemes. Participants also shared information about similarities and differences of approaches in their respective countries as compared with the PRC.

Ms. Budsuren Bolormaa of Mongolia participating in the workshop



Session 5: Outreach Activity: Shanghai Pilot Free Trade Zone

This session was fully dedicated to the field visit to the Shanghai Pilot Free Trade Zone (its office building in downtown Shanghai and its port at the outskirts of Shanghai), and SAIC motor. During this session, participants were given the chance to understand the PRC's free trade zone pilot project design. Although some participants found this field trip slightly irrelevant to accounting, it was a useful study tour. The CAREC country representatives observed the efforts and planning that the PRC put together to seize opportunities in reaching their full socio-economic potential. Participants also visited the Shanghai Pilot Free Trade Zone port and were given substantial information on the PRC's trade and interaction with the outside world.

In the second part of this session, participants visited SAIC Motor headquarters in Shanghai. They were given an overall introduction of the company with an emphasis on innovative ways of

company's accounting. The company's accounting staff gave a comprehensive presentation on how they abide by the Chinese accounting rules and regulations while also dealing with shareholding entities outside the PRC. Participants were also given a tour of the production houses of the company where they observed the vehicle production process.

Session 6: Impact and Implication of Standards on Chinese Enterprises

This session was focused on discussions around the implementation of internationally converged accounting standards and their impacts and implications on the development of Chinese enterprises. Mr. Liang Ning, Director of Finance Department, China National Petroleum Corporation; Luo Chi, CFO, Greenland Automobile Service (Group) co., LTD.; and Wang Dong, Senior Audit Manager, Ernst & Young Shanghai were the speakers. The session's moderator was Li Lin, Associate Professor of SNAI.

Mr. Liang's presentation was focused on promoting convergence of accounting standards with the examples from PetroChina. He gave an overview of PetroChina and called it the Leading Integrated Oil & Gas Company. He described the company's four main operating segments: 1) Exploration and Production; 2) Refining and Chemicals; 3) Natural Gas and Pipeline; and 4) Marketing. He also highlighted the company's latest rankings. Number four in the World's Top 500 Listed Enterprises in 2018; number three in global top 50 petroleum companies in the same year; and number 22 in the global 2000 world's largest public companies in 2019.

He provided some examples of IASB that are directly applicable to the company, such as IAS 16 Property, Plant and Equipment. The IASB has also helped the company to go through a process of cost and revaluation modeling as well as restructuring and reforming of the company on how to influence the carrying amount of fixed assets. In November 2009, the Board issued a revised IAS 24 to further converge the company's standardization.

The company's future convergence outlook focuses on: a) IFRS 9 Financial Instruments; b) IFRS 10 Consolidated Financial Statements; c) IFRS 11 Joint Arrangements; d) IFRS 12 Disclosure of Interests in Other Entities; e) IFRS 13 Fair Value Measurement; f) IFRS 15 Revenue from Contracts with Customers; and g) IFRS 16 leases.

The next presenter was Mr. Luo Chi, CFO, Greenland Automobile Service (Group) Co., Ltd. He talked about implementation and impact of converged accounting standards and provided an overview of China's accounting standards. According to him, during 1978-1992: "two standards and two systems" existed. Two standards were the Accounting Standards for Business Enterprises and General Rules on Corporate Finance. Two systems were the Accounting system for 13 industries and the finance system for 10 industries. During 1992-2005, specific accounting standards emerged.

From 1997-2003, more specific accounting standards were issued by the Ministry of Finance. Also, during this period, the Accounting Law of the PRC was amended, and the Accounting System for Business Enterprise was issued. From 2005 to present: "accounting standards converged with the IFRS" to adopt 39 Accounting Standards for Business Enterprise.

The final speaker was Mr. Wang Dong, Senior Audit Manager, Ernst & Young Shanghai. He presented how enterprises prepared for converged accounting standards: the challenges and solutions. He started with accounting standards - IFRS vs ASBE. After his brief comparison, he went on to highlight some of the main challenges in the adoption process. According to him, adoption schedule could be tight from issuance to effective date, sometimes less than two years. Accounting

staff might not be prepared for accounting changes and they might require time to learn. The cost of external consultants was significant.

He also pointed out the impact of modification of retrospective methods. It impacts contracts and brings the hustle of contract re-negotiation. Moreover, changes are needed in IT used in accounting systems to capture new financial and non-financial information.

On solutions, he recommended to start the process of adoption as early as possible by working closely with auditors. He suggested “control process” renewal by working closely with suppliers, IT vendors, and other relevant stakeholders. Additionally, his recommendations pointed to maintaining regular communication with regulators, investors while providing capacity building trainings to staff.

After all speakers delivered their presentations, enough time was given to participants to engage with each one of them. Some examples from other CAREC countries were also drawn for comparison and exchange of knowledge.

Mr. Li Ping, the Head of the Financial & Assets Department, Sino-Pipeline International Company



Session 7: Outreach Activity: State Grid Municipal Company

The field visit to the State Grid Shanghai Municipal Electric Power Company was arranged to have participants engage in experience and knowledge sharing with relevant officials of the company on implementation of accounting standards and financial management innovations. Firstly, participants were given a tour of the State Grid underground plant at the heart of Shanghai city. Then, they were received at the office building of the State Grid where accounting officials of the company gave a presentation on the company’s accounting system.

Session 8: Accounting Standards and Capital Market Development

This session was designed to introduce the development of the PRC's capital market and how the implementation of accounting standards has impacted its development. Mr. Wu Jie, Senior Partner, Pan-China Certified Public Accountants LLP was the speaker. Mr. Haipeng Dang, CAREC Institute Chief of Knowledge Management Division, was the moderator of the session.

Mr. Wu's presentation was titled "Accounting Standards and Capital Market Development in China." He gave a historical overview of accounting. According to him, the first forms of accounting emerged in the territories of the modern PRC during Shang Dynasty (1500-1000 BCE). Subsequently, accounting developed, and auditing started to come to the fore in the period of 700-800 BCE. The modern mode of accounting emerged in the PRC around the end of the 19th and the beginning of the 20th century. Hence, the PRC experienced a period of reforming its traditional accounting system. Consequently, factories, stores, and companies with large scale and modern structures adopted Western double-entry bookkeeping system.

In 1949, when the PRC was founded, the country adopted accounting theory, practice, and system from the former Soviet Union until the late 1970s. In 1978, however, when the PRC started its economic reform and opened up its economy, accounting standards started to shift towards globally practiced standards. This also affected the Chinese capital market.

He went on to provide a comparative analysis of accounting standards and capital market developments in the PRC. According to him, 1978-1992 was the period of preparation for accounting standardization. From 1992 to 20015, the PRC has had, what he called, a "dual-norm" in its accounting standardization. However, from 2005 to present, the PRC has been going through a continuous convergence effort.

Similarly, the PRC has gone through the capital market development. From 1978 to 1992, the PRC has been in a period of "sprouting." From 1992 to 1998, the country had started the process of formation and preliminary development of a national market. From 1998 to present, the Chinese capital market has been going through further standardization and development.

Session 9: Outreach Activity: Field Visit to ACCA China Office

This session was allocated for a field visit to ACCA China office in downtown Shanghai. Participants were given a brief introduction of ACCA and its activities while having the tour of the office. The research team of ACCA also presented some of their findings on ACCA's talent cultivation. This section was also designed to give enough time to the participants to engage with all parties and share their feedback. Overall, participants praised organizers' efforts for putting together this "unique program." Some participants suggested to dedicate more time to field trips and their relevance to accounting. Almost all participants expressed satisfaction with the program and vowed to stay in touch with one another and continue studying and preparing themselves for the next series of the workshops. The program concluded with closing remarks from all co-organizing parties by thanking the participants for their active participation.

Conclusion

China-Central Asia Accounting Elite Exchange Program participants in Shanghai



In general, the workshop went well given the feedback received from the participants. On the last day of the workshop, a session was dedicated to an open discussion in which participants had the floor to give their opinions about the workshop, their general observations, and suggestions for improvement. Based on their feedback, the workshop was unique in design, content, and mode. The participants (who were all senior government officials from the accounting state agencies) expressed satisfaction. They appreciated that the workshop organizers brought mainly international practitioners from the accounting industry as resource persons to share experience and expertise on the new aspects of accounting trends with an emphasis on CAREC countries. They appreciated the field visits and learning they experienced. Finally, all country representatives observed that the CAREC countries have diverse systems of accounting and thus a lot of opportunities exist for cooperation on harmonization and standardization.

In addition to general observations and findings, organizers and participants elaborated and agreed to have more experiential learning sessions in the remaining three series of the program's workshops. Everyone agreed to remain present and active in the online WeChat platform to engage with one another for two years and beyond. They agreed to seek support from the network even when they face some questions during their jobs. They also committed to sharing relevant educational materials and experience as the accounting systems evolve in their respective countries.

List of participants

I. COUNTRY DELEGATIONS

a. Afghanistan

1. Mr. Abdul Wahid Dilawar, Quality Assurance Reviewer & Senior Accounting Specialist, Quality Assurance Review Department, Ministry of Finance
2. Mr. Mustafa Mahrabi, ACCA Scholarships Officer, Professional Qualification Department, Ministry of Finance

b. Azerbaijan

3. Mr. Shahin Maksudov, Deputy Head, Analysis of Public Debt, Audit of Financial-Credit Activity and State Property Management Department, Chamber of Accounts
4. Ms. Turkan Yariyeva, Finance Specialist, Ekvita Consulting Company

c. People's Republic of China

5. Mr. Wu Jie, Senior Partner, General Administration and International Business Department, Pan-China Certified Public Accountants LLP
6. Mr. Chen Xiaodong, Secretary of the Board, SAIC Motor
7. Ms. Zhang Xiaofei, Manager, Evaluation Department I, Xinjiang Chiyuan Tianhe Co., Certified Public Accountants
8. Mr. He Mingcheng, Deputy General Manager, TBEA International Engineering Contracting Company
9. Mr. Shi Jinjie, Accounting Director, Department of Finance, China Railway Resources Group Co., Ltd.
10. Mr. Dong Qing, General Manager, Accounting and Finance Dept, Power China International Group Ltd.
11. Li Ping, Head, Financial & Assets Department, Sino-Pipeline International Company Ltd.
12. Mr. Wang Xixue, General Manager, Financial Department, China Civil Engineering Construction Corporation (CCECC)

d. Georgia

13. Ms. Lela Khutchua, First Category Senior Specialist, Service for Accounting, Reporting and Auditing Supervision, Ministry of Finance

e. Kazakhstan

14. Ms. Madina Karsamova, Deputy Director, Economics and Finance Department, Ministry of National Economy
15. Mr. Didar Yerzhanov, Chief Expert, Investment Policy Department, Ministry of National Economy

f. Kyrgyz Republic

16. Ms. Erkingul Kerimbekova, Leading Specialist, Accounting, Financial Reporting and Auditing Department, State Service for Financial Market Regulations and Supervision

17. Ms. Aida Shakeeva, Leading Specialist, Accounting, Financial Reporting and Auditing Department, State Service for Financial Market Regulations and Supervision

g. Mongolia

18. Ms. Budsuren Bolormaa, Senior Specialist, Accounting Policy Department, Ministry of Finance
19. Ms. Myagmarsuren Buuveibaatar, Senior Specialist, Public Administration and Management Department, Ministry of Finance

h. Pakistan

20. Mr. Moin Iqbal, Deputy Accountant General (Senior), Accountant General Pakistan Revenues
21. Mr. Syed Ahmed Farhan Shah, Assistant Controller General of Accounts, Controller General of Accounts Pakistan

i. Tajikistan

22. Mr. Bobonazar Rajabzoda, Chief Specialist, Finance Department, Executive Office of the President
23. Mr. Eshonov Khayom, Chief Specialist, Finance Department, Ministry of Economic Development and Trade

j. Turkmenistan

24. Mr. Allamyrat Keymirov, Head and Chief Accountant, Accounting and Reporting Department, Ministry of Finance and Economy
25. Mr. Muhammet Nurmyradov, Head, Accounting Methodology Division, Accounting and Tax Methodology Policy Department, Ministry of Finance and Economy

k. Uzbekistan

26. Mr. Azizkhon Zokirkhujaev, Director, Accounting and Reporting Department, Central Bank of Uzbekistan
27. Ms. Guzal Rakhimova, Deputy Director, Accounting and Reporting Department, Central Bank of Uzbekistan

II. RESOURCE PERSONS

28. Ms. Ada Leung, Director, ACCA Greater China
29. Dr. Liu Yaoju, Economist, SNAI
30. Mr. Mike Suffield, Director - Professional Insights, ACCA
31. Mr. Xu Kanling, Managing Partner of Automotive Sector, KPMG Eastern and Western China Region
32. Ms. Tan Ying, Senior Manager, Department of Professional Practice, KPMG Shanghai
33. Mr. Xu Huaxin, Deputy-Director, China Accounting Standards Committee
34. Mr. Chen Xiaodong, Secretary of the Board, SAIC Motor
35. Mr. Liang Ning, Director of Finance Department, China National Petroleum Corporation
36. Mr. Luo Chi, CFO, Greenland Automobile Service (Group) co., LTD.
37. Mr. Wang Dong, Senior Audit Manager, Ernst & Young Shanghai

- 38. Mr. Li Lin, Associate Professor, SNAI
- 39. Mr. Wu Jie, Senior Partner, Pan-China Certified Public Accountants LLP

III. ASIA-PACIFIC FIANNCE AND DEVELOPMENT INSTITUTE / SHANGHAI NATIONAL ACCOUNTING INSTITUTE

- 40. Prof. Li Kouqing, President
- 41. Mr. Scott Liu, Deputy Director
- 42. Mr. Rong He, Programme Coordinator
- 43. Mr. Chen Zhuochao, Programme Coordinator

IV. CAREC INSTITUTE

- 44. Dr. Iskandar Abdullaev, Deputy Director
- 45. Mr. Dang Haipeng, Chief of Knowledge Management Division
- 46. Ms. Bai Yu, Chief of HR & Finance Division
- 47. Mr. Eisa Khan Ayoob Ayoobi, Chief of Capacity Building Division
- 48. Mr. Muhammad Javed Iqbal, Senior HR & Finance Specialist, HR & Finance Division
- 49. Ms. Dildar Zakir, Training Officer, Capacity Building Division

V. INTERPRETERS

- 50. Ms. Janna Ustemirova, Kazakhstan
- 51. Ms. Sofya Zigangirova, Kazakhstan