Profile: Euleen Goh

Bringing the Financial Reporting Stakeholders Together

Views of a national accounting standard setter from Singapore on how to engage the various stakeholders in financial reporting and frame international accounting standards around local circumstances

Intro

Before becoming chairman of Singapore's Accounting Standards Council, Euleen Goh gained wide business and financial reporting experience in a variety of roles. Better than most, she knows how important engaging all stakeholders is to successful financial reporting. Coming from one of the world's most important commercial and financial hubs, she also knows the importance of having a standard language for business reporting that can accommodate both global and local circumstances. Therefore, it is not surprising that, in her role as accounting standard setter, Ms. Goh engages with a wide variety of local, regional, and global stakeholders, in order to develop accounting standards that fit local, regional, and global needs.

Euleen Goh: A brief bio

Euleen Goh is chairman of Singapore's Accounting Standards Council. Before that, Ms. Goh served as chief executive officer of the Singapore businesses, Standard Chartered PLC. She has also served as chairman of the board of International Enterprise Singapore.

Ms. Goh currently holds directorship positions in DBS Group Holdings Ltd, Singapore Airlines Ltd, Singapore Exchange Ltd, and Aviva PLC. She has held non-executive directorship positions at Standard Chartered Bank Malaysia Berhad, Standard Chartered Bank (Thai) Public Company Ltd, MediaCorp Pte Ltd, and CapitaLand Financial Ltd.

She was a Council member of the Singapore Institute of Banking and Finance, and continues to serve as adviser to the Singapore Institute of International Affairs. She has also served as a member of the Council on Corporate Disclosure and Governance.

See also "About Singapore's Accounting Standards Council."

About Singapore's Accounting Standards Council

The mandate of the Accounting Standards Council (ASC) is to develop, review, amend, and approve accounting standards for entities that are under its purview, taking into account:

a. The information needs of the stakeholders of the entities;
b. Facilitation of comparability, disclosure, and transparency;
c. Compatibility with relevant international standards; and
d. Singapore's reputation as a trusted international business and financial hub.

While the ASC will track closely the introduction of new International Financial Reporting Standards (IFRS) for possible application in Singapore, it will also take into account the local economic and business circumstances and context, as well as the entities to which the accounting standards would apply to.

The Chairman and members of the ASC are appointed by the Minister for Finance, and the Council's composition comprises representatives from stakeholder groups, such as the accounting profession, the users and preparers of financial information, academia, and the government.

The ASC is responsible only for the formulation and promulgation of accounting standards. The monitoring and enforcement of compliance with accounting standards for companies is the prerogative of the Accounting and Corporate Regulatory Authority Singapore (ACRA).

See also www.asc.gov.sg.

Financial reporting is a supply chain with a huge range of stakeholders

"Firstly, I should like to compliment IFAC on the subject matter of this conversation,[1] because I think it gets to the heart of the matter—financial reporting underpins a supply chain that includes a huge range of stakeholders, from investors to preparers, all the way to auditors, regulators and also participants that might crop up in different countries. In Singapore, we recognize as well that there is a supply chain in financial reporting.

"What Singapore has done, is to try to acknowledge and support the different links in that chain of stakeholders. Promoting the practice development of all the different stakeholders will help to ensure that financial reports are prepared with the right rigor and that they are understandable to all users."

Support for (retail) investors

Could you expand a bit on the attention Singapore gives to the individual links in the reporting supply chain?

"In the context of the retail investors, Singapore has focused on education, promoting investor education for example. And as financial reports get more complex and as the pace of change increases, retail investors get left behind. So, I think education of retail investors is important.

"The Singapore Stock Exchange (SGX) is working very hard to promote education for the (retail) investors. For example, what the Singapore Stock Exchange has done as a service to the retail investors in this marketplace is actually to pay stock brokerage firms to analyze and report on listed companies so that the smaller, listed companies are not overlooked because they are small and may not have proper analyst reports (see also: 'SGX Equity Research Insights)."

The SGX Equity Research Insights

On July 14, 2009, Singapore Exchange Limited (SGX) introduced a new research scheme, SGX Equity Research Insights (SERI), to better address the needs of its listed companies and their investors. The scheme was set up to widen research coverage of stocks listed on SGX and provide investors with more information to facilitate their investment decisions. It adopts a customized approach to cater to different segments of listed companies, taking into account market feedback. The scheme currently comprises two modules: Structured Module and Sector Module with 45 and 4 participating companies respectively.

[1] Business reporting recommendations from key business leaders from the various links of the financial reporting supply chain. See also www.ifac.org/frsc.

The SGX Equity Research Insights (*continued*)

The Structured Module is developed with the primary purpose of providing investors with requisite information on companies in research reports with a standardized format. These reports contain analysis and views on company fundamentals including industry prospects, its business and management, performance, earnings outlook and competitive landscape. Standard & Poor's LLC, a recognized name in providing research analysis, has been appointed to commence this module. The research reports do not feature any investment ratings. The Structured Module is open to participation by all SGX-listed companies.

The Sector Module provides fully rated research reports to meet the needs of investors in sectors where specialized industry knowledge is critical in the analysis of the companies. SGX identified Energy, Offshore, and Marine as the sectors to initiate this module. DnB Nor Markets, the investment banking arm of Norway's largest financial services group, has been appointed for this module, given its research capabilities in these sectors.

Under the scheme, each participating company will be covered regularly by the research firm for a period of two years and research reports generated will be available free of charge on the Singapore Stock Exchange website at http://research.sgx.com.

Support for boards and audit committees

"Singapore also promotes the professional development of other stakeholders. For example, in January 2008, ACRA, the Monetary Authority of Singapore (MAS), and SGX came together to jointly set up the Audit Committee Guidance Committee (ACGC), which was tasked to develop practical guidance for audit committees so as to promote a high standard of corporate governance for Singapore-listed companies. This committee has issued practical guidelines for directors and for audit committees on what they should be looking out for. The guidelines cover topic areas, such as corporate governance, supervision over implementation of accounting standards, and financial management and controls.

"Singapore has further promoted the professional development and training of company directors with the establishment of a Corporate Governance Council. The Council will play an advisory role to MAS, ACRA and SGX on matters relating to corporate governance. (See also 'Development of boards and audit committees')."

Development of boards and audit committees

Some three years ago, MAS and SGX released the findings from a study they had commissioned on the current state of corporate governance of SGX-listed companies in Singapore. This was the first comprehensive review of the state of corporate governance practices of SGX-listed companies based on key areas in the Singapore Code of Corporate Governance since the code was introduced in 2001. The report sets out eight key recommendations to strengthen corporate governance practices of SGX-listed companies. The executive summary and the full corporate governance report can be found on the MAS website.

Development of boards and audit committees (*continued*)

For a start, MAS and SGX are exploring two immediate initiatives to enhance corporate governance of SGX-listed companies. The first being a review held in conjunction with the Singapore Institute of Directors (SID), to explore how the current efforts in director training and professional development can be further enhanced. The second is to examine giving practical guidance for audit committees on how they can better perform the critical role they play in the performance and governance of listed companies.

It is in connection with the second initiative to develop practical guidance for audit committee that the Audit Committee Guidance Committee (ACGC) was formed. The ACGC developed the practical guidance to assist audit committees of SGX-listed companies, to better appreciate their responsibilities and enhance their effectiveness, by:

(a) Focusing on the practical aspects and considerations of the work of audit committees, including the implications of (i) the requirements of the Companies Act; and (ii) the principles and guidelines of the Code of Corporate Governance; and

(b) Identifying and describing the best practices of effective audit committees.

A copy of the *Guide Book for Audit Committees in Singapore* can be found on the MAS website.

Promoting the practice development of auditors

"In December 2008, the Ministry of Finance in Singapore established the Committee to Develop the Accountancy Sector (CDAS) to conduct a "first-of-its-kind" holistic review of the accountancy sector. CDAS recently submitted its final report to the Ministry of Finance, setting out its recommendations to transform the Singapore accountancy sector into a leading global accountancy hub for the Asia-Pacific region by 2020. The government of Singapore has accepted all the recommendations.

"Among the ten recommendations that the CDAS submitted were some that dealt with the promotion and practice development of accountants, both directly and indirectly (see also: 'Practice development of accountants')."

Practice development of accountants

On April 12, 2010, the CDAS submitted its final report to the Minister for Finance for consideration. The report sets out the ten recommendations from the CDAS to achieve its vision for Singapore to transform its accountancy sector into a leading global accountancy hub for the Asia-Pacific region by 2020. The CDAS made the following specific recommendations to enhance the practice development of accountants:

(a) To develop a globally recognized, Singapore-branded, post-university professional accountancy qualification program, which will be used to train audit professionals and commercial accountants;

Practice development of accountants (*continued*)

(b) To develop Singapore into a Centre of Excellence in the areas of the professional development of Chief Financial Officers, as well as in niche specialization pathways, such as internal audit, risk management, business valuation and international tax;

(c) To set up an Accountancy Services Research Centre (ASRC);

(d) To develop Singapore into a leading center for high-value-adding accountancy services for businesses in the Asia-Pacific region;

(e) To upgrade the capability of the small- and medium-sized practices segment of the public accountancy profession by development of expertise; and

(f) To establish an Accountancy Sector Development Fund, which could be used to raise the productivity of and build value-adding capabilities for the sector.

As recommended by the CDAS, all these would be under the oversight of the Singapore Accountancy Council (SAC), which will oversee the accountancy sector's strategic direction through developmental efforts with the local and the international accountancy communities and relevant stakeholders.

Engaging the different authorities

What about the regulatory links in the financial reporting supply chain in Singapore?

"The Accounting Standards Council of Singapore was set up in 2007 to prescribe accounting standards for entities, such as companies, co-operative societies, charities, and societies, that exist in our marketplace (see also 'About Singapore's Accounting Standards Council'). The standards adopted by the council hold legal weight. Therefore, any deviation from their accounting standards would be a violation of the law.

"Even though we have an Accounting Standards Council that has legal authority for all the standards that we adopt for companies, there is also a supervisory and enforcement agency for companies, and that agency is called the Accounting and Corporate Regulatory Authority (ACRA). ACRA does both the supervision and the enforcement of financial reporting done by companies in Singapore. As an example, ACRA will look at the financial accounts that have been published to make sure that they comply with accounting standards. They also review audit firms for compliance with the professional standards behind their audits. So there is appropriate oversight to make sure that the various standards are implemented well.

"The increasing challenge will be how we will engage all the different authorities in the entire financial reporting supply chain. For example, we have to look at how we will engage the regulators; we have to think about how we will engage the stock exchange in corporate governance; we have to think about tax authorities, because if the standards are changed significantly, it is going to impact reporting to and application of taxes. We are still in the early stages of how to engage, for instance, the tax authorities."

Many companies publish a variety of reports in isolation: financial reporting, sustainability reporting, corporate governance reporting, etc. If we look at business reporting from a broader perspective, wouldn't it be better to strive for more integration of these reports?

“Yes, this is exactly why we believe that, for example, corporate governance reporting is part of the reporting supply chain and, therefore, we are in the process of engaging our stakeholders in this area, including the authorities that might issue pronouncements on corporate governance reporting. So in the case of listed companies in Singapore, it would be the Singapore Stock Exchange. There are many requirements for corporate governance reporting that are not financial accounting requirements as such, but that would certainly enhance the reading of financial reports.”

Engaging the Asian-Oceanian Region

As the financial reporting supply chain becomes increasingly global, what about engaging with the various regional or international standard setters and regulators?

“The good thing for us in the Asian-Oceanian region is that we are working together more. We have set up the Asian-Oceanian Standard-Setters Group (AOSSG), bringing the region together to share experiences and work together. We are reviewing and collaborating on research of accounting exposure drafts so that we can submit comments together as a discussion group, which will help enrich the way we engage the International Accounting Standards Board (IASB) in the development of the standards and in implementing our standards. This will make each of our countries stronger and much more robust in the way we apply the accounting standards (see also: ‘Sharing experiences’).”

Sharing experiences

“One of the important standards that we are discussing within the Asian-Oceanian Standard-Setters Group is IAS 39, *Financial Instruments: Recognition and Measurement*. Singapore has already fully implemented this standard. We understand the issues in implementation, and we understand the impact of it. But many of the other countries in Asia or Oceania have not yet implemented this standard. So we are happy to share our experience, and this sharing of experiences helps the other countries to understand fair value models and what it takes to implement them.”

“While we are talking about how we should engage the different regional stakeholders in the supply chain of financial reporting, I should note that Singapore hosted the 2010 International Financial Reporting Standards (“IFRS”) Regional Policy Forum in Singapore on May 13, 2010. For this policy forum the important focus was on how we should engage such stakeholders as regulators, the tax authorities, and, for that matter, the auditors in the accounting standard-setting process. While we have many platforms for the discussions of technical accounting issues among regional standard setters, a forum that is specifically focused on the policy implications behind the application of IFRS, is rarer. We find such forums to be valuable in enhancing the understanding of the policy makers of the mechanics of accounting standard setting.”

Accounting standard-setting developments

You have provided a brief overview of the accounting structure in your region. What is your view on the developments with respect to accounting standard setting?

"First, I would like to put three elements on the table that are conducive to accounting standard setting in today's environment:

- First we have immense support for global convergence of accounting standards. I think the steps to embark on convergence—the collaboration of the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB), the affirmation of big economies (China, Japan, Korea, and India), and also other, smaller countries' intent to adopt IFRS as their national standards—are all very positive.
- The second element is the 'agreed approach' for principles-based accounting standards. While I say it is an agreed approach, we are still early in the journey of agreeing what 'principles based' means exactly. Obviously, the US is more rules based, Europe is more principles based, and how we find common ground on that is going to be a challenge (see below).
- And the third element is the increasing support for more simplicity. In IASB and national standard setters' circles, there is a belief now that we need to simplify the accounting standards. The standards have gotten so complex that unless you are a professional analyst, you probably will not be able to wade through those standards and actually understand what they are telling you. Some of the standards are out of date and we should update and simplify them so that everyone can understand them."

Challenges in accounting standard setting

Aren't these positive developments you just mentioned, at the same time, the biggest challenges in accounting standard setting?

"Yes, the positive developments I have already mentioned are also some of the biggest challenges. So, let me just dwell a bit more on those challenges:

- The first challenge is simplicity versus complexity. Now if we are going to have one set of global accounting standards that will be applicable to both complex businesses and businesses that are a lot less complex, 'one size fits all,' that is going to be a real challenge. This is why I believe standards should be principles based, leaving enough room for professional judgment on how to apply the principles in a specific situation, so that financial statements reflect the underlying economic substance of the business. We should not have standards that reflect an inaccurate picture of the economic substance of the business.
- The second challenge is that as we embark on global convergence of accounting standards, we have to recognize that we are now converting at a blistering pace. Some of these changes include system changes, and some of them require retrospective adjustments to be made. We have to moderate the pace to allow ourselves to give cognition to what the important standards are, and prioritize those, rather than trying to do everything at once. We have to allow the businesses and other stakeholders to keep up with the changes in the standards.

- And the third challenge of the day, I would say, is that we have to be careful not to be too reactive to the political imperatives of the day. There are a lot of political voices that are blaming the current financial and economic crisis on fair value standards. And I would say that accounting standards on fair value did not cause the crisis. In fact, they actually helped to make financial accounts and the actual financial situation more transparent. And, as we all know, the crisis happened for other reasons, so we should not react to political pressure surrounding fair value standards. Notwithstanding, there is, of course, room to improve from lessons learned during the crisis.

"I would say that those are the three main challenges in accounting standard setting."

Convergence to IFRS by 2012

Where is Singapore at the moment in convergence to International Financial Reporting Standards (IFRS)?

"Let me touch a little bit on where Singapore is coming from. As a center for international capital market activities, Singapore fully supports international convergence of accounting standards. We think it is right to have one set of high-quality global standards for business reporting.

> *"As a center for international capital market activities, Singapore fully supports international convergence of accounting standards."*

"Singapore has signed on to convergence to IFRS, and we have made a public statement that the convergence for all companies listed on our stock exchange will take place by 2012. In fact, we have already adopted all the standards, except for three:

- The first standard that we have held back on adopting is IFRIC 2, *Members' Shares in Co-operative Entities and Similar Instruments*,[2] because we have a number of cooperatives in our marketplace, and there are some issues in that standard that we have got to bear in mind. For example, the standard applies a principle around equity with characteristics of liabilities that needs to be considered in the context of Singapore's co-operatives structure.
- The second standard that we have not adopted affects listed companies. IFRIC 15, *Agreements for the Construction of Real Estate* addresses how real-estate developers should recognize revenue: whether they recognize revenue on completion or whether they are able to recognize revenue on a percentage-of-completion basis (see also: 'Why we have not adopted IFRIC 15').
- The third standard that we have not adopted is IFRS 9, *Financial Instruments*. The ASC decided not to adopt IFRS 9 at this time as this standard, which deals with classification and measurement of financial instruments, is the first of three phases of the IAS 39 re-write project and the full impact of the second and third phases covering Impairment and Hedging respectively is not yet known. There is also the possibility of further changes to the standard due to the global convergence efforts as well as from feedback received on this first phase. Equally, liabilities will be revisited by the IASB at a later date. Hence, the ASC has decided to hold back on adoption of IFRS 9 for the time being and will continue to participate in the technical and global developments of the standard. The decision as to whether IFRS 9 should be adopted will be re-deliberated when the IASB has finalized its position for all three phases of the IAS 39 rewrite project.

[2] Issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB Foundation.

Why we have not adopted IFRIC 15

"As the Accounting Standards Council of Singapore, we have to take the lead in making sure that accounting standards reflect the economic and legal substance of our marketplace. In Singapore, there is a unique legal system that underpins how units in a real estate development are sold and how the risks and rewards are transferred from the sellers to the buyers even before the units are completed. There is quite a lot of legal substance behind protecting the buyers and their rights.

"What the Accounting Standards Council is doing is developing support analysis and explanatory notes on how IFRIC 15 should be applied in our legal environment. So as the Accounting Standards Council, we should provide leadership and guidance, rather than simply adopting the standards and allowing a free-for-all in application to ensue."[3]

"Apart from these three standards, we are almost there. So we have had a lot of experience in implementation of IFRSs and we understand the issues. We have actually been closely following the adoption of all the changes that come through."

Implementation of international accounting standards should be consistent with local framework/circumstances

As Singapore's accounting standard setter, how do you balance local applicability with international comparability of accounting standards?

"The first thing that should happen is that the local standard setter ought to play an active role to make sure that the way international standards are implemented is consistent with the local economic and legal framework/circumstances, obviously keeping international comparability in mind as well."

Could you explain that a bit more?

"One of the things that we consider when we adopt accounting standards is consistency with our economic and legal framework/circumstances. It would not be appropriate for the standards to be interpreted in a way that was inconsistent in our marketplace. So every national standard setter has a role to play in helping the various stakeholders to interpret consistently the application of accounting standards in the context of the local market and legal system."

Comparability should be based on consistent application of accounting principles

The challenge with local interpretations, however, is that they might negatively affect international comparability.

"I agree, international comparability of financial reports is just as important as consistent application of the accounting standards, which is why convergence is a good thing. However, we should not rank comparability above everything else. Comparability only makes sense if the economic substance is there. For example, so long as we are using the principle—as in the case of revenue recognition in the

[3] Since this interview was conducted in fall 2009, Singapore has adopted IFRIC 15 together with an Accompanying Note to provide guidance for consistent application of the interpretation.

real estate standard mentioned before—then there is substantive economic comparability. So, comparability should be based on consistent application of accounting principles, and then there should be transparency on how the principle has been applied in the specific local circumstance."

So, one should compare underlying economic substance rather than accounting numbers?

"Absolutely! Eventually, when enough marketplaces with similar economic circumstances show that the accounting standards do not reflect the economic substance of a business, then the standards should change and allow more room for professional judgment (see also: 'Taking into account the local circumstances')."

Taking into account the local circumstances

"Another example that highlights the need to take into account the local circumstances is in applying the standard on leases, which are actually fairly common throughout Asia. The relevant international accounting standard on leases would be IAS 17, *Leases*. Now, in many western economies, the free holder of a property lease—no matter the tenure of the lease—tends to retain the ownership rights with all the risk and reward factors. I remember, in the UK, when I owned a lease, I would continue to pay ground rent to the free holder, and the free holder continued to look after the land and the property.

"However, the economic and legal framework circumstances in many Asian countries tend to be such that substantially all the risks and rewards incidental to ownership of leasehold properties sold would be transferred to the lease holder. The free holder actually is out of the picture for the tenure of the lease, and in our country, 99-year or even 999-year leases are very common. The guidance in the old IAS 17 states that land normally has an indefinite economic life and a lease of land would normally be classified as an operating lease (prepayments if this is paid in advance) unless title is expected to pass to the lessee at the end of the lease term. So, as a region, we began to speak out on the commonality among many of our countries on the peculiarities of how leases are regarded in our marketplace and the economic substance of holding a lease.

This is now beginning to be taken into account in IAS 17, so that leases in our marketplaces do not necessarily need to be considered pre-payments. And the amended IAS 17 states that a land lease may be classified as a finance lease if substantially all risks and rewards are transferred to the lessee even if the title will not pass to the lessee at the end of the lease term. This amendment brings IFRS 17 in line with IAS 17.

Once the risks and rewards have passed from the lessor to the lessee, the lease can be considered an asset. This reflects the real economic substance of being a property lease holder in our marketplaces. This is an example of the need to link principles-based accounting standards to the economic and legal circumstances of the marketplace."

Extended narrative reporting

Do you also see a role here for extended narrative reporting, in which businesses can explain how they interpreted the accounting principle in the context of local circumstances?

"Absolutely! Obviously, there must be appropriate disclosure and transparency in how the revenue is accounted for."

The IASB is currently working on a guidance document for management commentary. Do you have any practical suggestions on how we should move forward in the area of management commentary?

“I would say that we also have to link that to what stock exchanges require for their corporate governance rules, and see how that ends up.”

XBRL could provide multiple financial reporting benefits

As Singapore is a leading nation in technology, do you see any advantage in applying new communication techniques to financial reporting?

“The technology that I would particularly like to reference is XBRL (eXtensible Business Reporting Language). Singapore has implemented XBRL in a big way, and we believe fully in XBRL and how this will make submission and analysis of financial reporting information much more efficient.

“If we use XBRL correctly and fully, it will:

- Facilitate industry benchmarking;
- Enable the company to focus on its key financial performance measures vis-à-vis its peers; and
- Support investors, regulators, and other stakeholders in their analysis of financial information.”

When implemented correctly…

“Now XBRL is being implemented across the globe, but the way it is being implemented is often disparate, in the sense that everybody is developing differing taxonomies and structures. So, because of these differences, it is difficult to standardize across marketplaces. What we would like to call for is the standardization of the language of XBRL, aligning XBRL taxonomies, as much as possible, in order to make XBRL reports comparable around the world. Using the same XBRL standard for wherever a company is listed will greatly facilitate its analysis. The standardization of XBRL will make it much more useful for analysts to consider and use in their analyses in different marketplaces.”

Companies should provide succinct investor summaries

Another development is that companies now provide more information on their websites. Companies started by placing their annual reports in PDF format on the websites, and have provided more and more online information, so that now people can really dig into the details.

“The positive development in the marketplace is the recognition by companies that they should be as transparent as possible. Better insight would raise the value of companies, because transparency is appreciated by investors. However, I would say that giving too much information can also lead to a data overload, especially for retail investors, whom we should not overlook.

“Therefore I advocate that companies, in addition to being transparent by providing as much information as possible, ought to provide investors with succinct briefs that take into account both the quantitative numbers as well as the qualitative aspects of the company, and that are understandable to retail investors. I think a good brief for each company that just summarizes its quantitative data and its qualitative aspects—including the risks and rewards of the business—would be really helpful.”

Costs of financial reporting should not outweigh benefits

Singapore has not only large, listed companies, but also many smaller companies. How should business reporting develop for those organizations?

"I think that, as a principle, financial reporting costs should not outweigh the benefits. So as financial reporting becomes much more complex, we should look to see how we can reduce the burden of financial reporting for private entities that are not listed and do not seek public investment. We are currently looking at the standard, IFRS for use by small- and medium-sized entities (IFRS for SMEs), issued by the IASB in July 2009, but we have not yet adopted it.

"In addition, we have drafted financial reporting standards for charities, for example, because donors are just as important as other investors. So we have to look at stakeholders in special segments to ensure that financial reporting is relevant to them."[4]

Business/financial reporting in 5–10 years from now

What would be your view on how financial reporting should develop in 5–10 years from now?

"If we examine the history of the IFRSs, we can see that at the start, the focus of the IASB was in Europe. Most recently, the focus has shifted to the US, due in part to the efforts of the US FASB to converge US GAAP with IFRS. Moving forward, it is my view that for the next 5–10 years, the focus of the IASB should be to include other regions, especially the Asian-Oceania region, as this will be the region that will generate significant economic activity. We have Australia, China, Japan, India, Korea, and ASEAN within this region.

"Asia is also the world's largest and most populous continent. That said, Asia is more a cultural concept incorporating a number of regions and peoples than a homogeneous physical entity. The wealth of Asia differs very widely among and within its regions, due to its vast size and huge range of different cultures, environments, historical ties, and government systems. And that I foresee, will be the challenge for the IASB, i.e. how it will bring together all the different views and concerns of the various constituents within the Asian-Oceania region and factor these in when developing new IFRSs.

"One immediate challenge that comes to mind would be how fair value would be implemented in an emerging or transitioning economy. That said, I also see organizations such as the AOSSG (as discussed) playing a much bigger role in the future in coalescing regional standard setters with common views and concerns, which could then be communicated to the IASB."

[4] Since this interview was conducted in fall 2009, Singapore has issued a Statement of Intent, which sets out the ASC's intention to adopt the IFRS for SMEs as the Singapore Financial Reporting Standards for Small Entities (SFRS for Small Entities). The SFRS for Small Entities will be a reporting option for entities in Singapore that have no public accountability and satisfy two out of the three qualifying criteria, namely, (a) total annual revenue not more than S$10mil, (b) total gross assets of not more than S$10mil, (c) number of employees not more than 50.

Key recommendations from Euleen Goh

1. To ensure that financial reports are prepared with rigor and that they are understandable to all users, it is important to acknowledge and support the different stakeholders in the financial reporting chain.
    - Support for (retail) investors: As financial reports get more complex and as the pace of change in financial reporting increases, retail investors get left behind. Therefore education of retail investors is important. In addition, stock exchanges or other parties could provide (retail) investors with more information, such as analyst reports, to facilitate their investment decisions.
    - Support for boards and audit committees: (Non executive) company directors and audit committees could be better supported with professional development, training, and practical guidelines on topic areas, such as corporate governance, supervision over implementation over accounting standards, and financial management.
    - Support for the accountancy profession: The accountancy profession could be supported with further practice development, for example the development of high quality professional accountancy qualification programs and the establishment of accountancy services research centers.
    - Engaging the different authorities: As business reporting takes a broader/wider perspective, for example with inclusion of non-financial elements such as corporate governance and sustainability, it is important to coordinate the implications with the various authorities in those areas.
    - Engaging the international stakeholders: International and regional coordination and collaboration—for example by holding policy forums, discussing (accounting) exposure drafts, and sharing implementation experiences—will make individual countries stronger and much more robust in the way they apply international (accounting) standards.
2. Accounting standard setters should continue to work together to achieve one global set of high-quality standards, but they should prioritize convergence of key standards and moderate the pace on other standards to allow stakeholders to keep up with the changes.
3. Local standard setters should take the lead in making sure that accounting standards reflect the economic and legal substance of their marketplace, otherwise, true international comparability will not be possible.
4. Standard setters and regulators should be careful not to be too reactive to political pressures, as it is not necessarily the standards that need to be revised to achieve the desired political outcomes.
5. XBRL could benefit financial reporting by supporting investors, regulators, and other stakeholders in their analysis of financial information in different marketplaces and by facilitating industry benchmarking, but only if XBRL taxonomy is standardized internationally.
6. Companies should complement maximum transparency in their business reports with succinct, easily understandable investor summaries that take into account both the quantitative numbers as well as the qualitative aspects of the company.

Key recommendations from Euleen Goh (*continued*)

7. As financial reporting becomes much more complex, standard setters and regulators should consider how they can reduce the burden of financial reporting for non-listed private entities that do not seek public investment.

We welcome your feedback on these recommendations. To provide us with your feedback, please complete this brief survey.