

25 July 2011

Tom Seidenstein
Chief Operating Officer
IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

(By email: strategyreview-comm@ifrs.org)

Dear Mr Seidenstein,

**RESPONSE TO REPORT OF THE TRUSTEES' STRATEGY REVIEW-
IFRSS AS THE GLOBAL STANDARD: SETTING A STRATEGY FOR THE
FOUNDATION'S SECOND DECADE**

The Institute of Certified Public Accountants of Singapore (ICPAS), which is the national accountancy body in Singapore, appreciates the opportunity to comment on the *Report of the Trustees' Strategy Review: IFRSs as the Global Standard: Setting a Strategy for the Foundation's Second Decade (report)* issued by the IFRS Foundation in April 2011.

ICPAS commends the efforts and progress that has been made by the IFRS Foundation and its independent standard-setting body, the International Accounting Standards Board (IASB) in establishing a uniform set of high-quality globally-accepted International Financial Reporting Standards (IFRSs). Our comments for the specific four areas highlighted in the report are as follows:

MISSION

Purpose of Financial Reporting Standards and Standard-Setting Activities (Paragraph A1)

We support IFRS Foundation's mission that as the standard-setting body, the IASB should develop financial reporting standards that provide faithful representation of an entity's financial position and performance. For financial statements to represent an entity's financial position and performance, it is important that the standards are applicable to various types and sizes of entities across different jurisdictions. We support the formalization of regular and joint meetings with designated organizations and are of the view that these meetings should include a group that represents Asia, such as the Asian-Oceanian Standard-Setters

Group (AOSSG). As emerging markets in Asia develop, it is important that the development of IFRSs are also able to cater to the needs of the market.

Global Adoption of IFRSs (Paragraph A2)

A single set of high quality global accounting standards is important to ensure comparability across jurisdictions. As such, adoption of the IFRS in their entirety without modification is necessary. Currently, many countries are converging towards the IFRS rather than adopting the IFRS in full due to various reasons such as the applicability of the standards given the different market conditions or lack of resources dedicated etcetera. Nonetheless, we agree that there should be a mechanism for the IFRS Foundation to seek full disclosure where adoption of IFRS is incomplete or where divergence is made. We are also of the view that timing of the adoption of new standards and amendments to the IFRS are important and that the mechanism should incorporate disclosures relating to that. These disclosures should be made publicly available, so that investors and other stakeholders can have access to those differences and make informed decisions.

The Scope of the IASB's Work (Paragraph A4)

We agree that the primary focus of the IFRS Foundation and the IASB should remain on developing standards for private sector given the resources available. We are of the view that areas that require significant attention include the conceptual framework, financial instruments, leases and revenue standards.

Consistent Application of IFRSs (Paragraph A5)

In promoting the use and rigorous application of the standards, we are of the view that professional bodies should also be one of the networks that the IASB will work with apart from security regulators, audit regulators and standard-setters. Membership bodies, like ICPAS, have an extensive membership base of accounting professionals, which acts as a good platform to reach out to the profession. In addition, ICPAS as the national accountancy body, has a dedicated Financial Statements Review Committee that reviews financial statements of both public listed and private companies for compliance in the disclosures of the financial reporting standards. ICPAS will be keen to work with the IFRS Foundation, as one of the stakeholders, in ensuring the consistent application of IFRSs.

We are of the view that more resources should be dedicated towards outreach and education of new standards to various regions to allow better understanding and consistent application of the standards. A good example can be drawn from the outreach and Question and Answer (Q&A) projects undertaken for the IFRS for Small- and Medium-Sized Entities. Many workshops were conducted all over the world to train local trainers and Q&As were developed to aid users to better understand the application of the standard.

GOVERNANCE

Enhancing Governance (Paragraphs B1, B2 and B4)

We support the existing three-tiered structure (Monitoring Board, Trustees, and the IASB) in ensuring the organisation's independence and governance are well in place. The clear definition of the roles and responsibilities of each tier is important. In addition, we are of the view that a monitoring process should also be formalized to assess the effectiveness of each tier.

We agree that elements of the governance structure, in particular the roles and responsibilities and the effectiveness in the execution of duties of each tier, should be communicated clearly to the constituents via a regular public report.

PROCESS AND PROCEDURES OF THE IFRS FOUNDATION AND THE IASB

Stakeholder Feedback and Enhancements in the Agenda-Setting and Standard-Setting Process (Paragraph C3)

We support the proposal that IASB should work with relevant parties to develop an agreed methodology for field visits/tests and effect analyses. We are of the view that the planning of field visits should be performed during the agenda-setting process and field visits/tests and effect analyses should be conducted throughout the project.

We do not agree that the integration of XBRL and development of relevant XBRL taxonomy extensions should be included in the standard-setting process. XBRL is a platform to communicate the results of an entity's financial performance and it should not direct the principles of the standards that are developed.

Dedicated Research Capacity (Paragraph C6)

We agree that thought leadership in the field of financial reporting is important and dedicated resources for accounting research should be in place. This dedicated research capacity can help bridge the gap and provide more synergy between the academic community, business partners, government and regulatory bodies. We are also of the view that the trustees should consider working with the various local professional bodies to develop research in areas that complement the agenda of the IASB. ICPAS, for example, has a dedicated research division that builds and support research capabilities and capacities both within Singapore and the region. In addition, thought-leadership publications and events (e.g. Singapore Budget Roundtables) related to the business and accountancy profession are often conducted to reach out to the accounting profession.

FINANCING

We agree that the existing funding system must maintain the independence of the standard-setting process and public accountability in the budget process is important for stakeholders to understand how the funds raised will translate into the operations and work plan of the IASB.

Thank you for your time and interest. Should you require any further clarification, please feel free to contact Ms Grace Chua, Technical Manager, from ICPAS via email at grace.chua@icpas.org.sg.

Yours faithfully,



Janet Tan
Executive Director