

KCCI Bldg. 4th Flr.
39 Sejong-daero, Jung-gu,
Seoul 100-743, South Korea
Tel : 82-2) 6050-0150
Fax : 82-2) 6050-0170

17 December 2012

Proposal to Establish an Accounting Standards Advisory Forum
International Accounting Standards Board
30 Cannon Street, London EC4M 6XH
United Kingdom

Dear IASB Chair Hans Hoogervorst;

Attached are the Korea Accounting Standards Board (KASB)'s comments on the Proposal to Establish an Accounting Standards Advisory Forum.

I would appreciate your including the KASB's comments in your summary of analysis.

The enclosed comments represent official positions of the KASB. They have been determined after extensive due process and deliberation.

Please do not hesitate to contact us if you have any inquiries regarding our comments. You may direct your inquiries either to me (suklim@kasb.or.kr) or to Mr. Jae-Ho Kim (jhkim@kasb.or.kr), Senior Technical Manager of KASB.

Yours sincerely,



Suk-Sig (Steve) Lim
Chair, Korea Accounting Standards Board

Cc: Sungsoo Kwon, Research Fellow of Research Department

We are pleased to comment on the Proposal to Establish an Accounting Standards Advisory Forum. Our comments include views from responses collected from the various associations. We finalized the comment letter through the due process established in the KASB.

Proposal to Establish an Accounting Standards Advisory Forum

Question 1

Do you agree with the proposed commitments to be made by ASAF members (paragraph 6.4) and that they should be formalised in a Memorandum of Understanding (paragraph 6.5)? Why or why not?

We basically agree.

We believe that there should be two-way commitment formalised in an MOU. According to the Proposal, the IASB also will participate in the ASAF and be a signatory of the MOU. Thus, it would be desirable to formalise the commitments of the IASB itself in the MOU together with those of members of the ASAF.

Question 2

The Foundation believes that, in order to be effective, the ASAF needs to be compact in size, but large enough to allow for an appropriate global representation. Do you agree with the proposed size and composition as set out in paragraphs 6.7–6.13? Why or why not?

We basically agree.

Regarding the membership criteria, more weight should be given to learning from the experiences and seeking views of the countries that have already adopted, and are currently applying, IFRS since the focus of the ASAF is on 'technical expertise.' Thus, the first factor that should be considered when appointing members is their use of IFRS.

In particular, how faithfully they apply IFRS should be an important consideration factor (e.g., full adoption vs. carve-out).

We also need to understand that widely differing issues may arise and far different factors may have to be considered when implementing IFRS around the world depending on the type of legal environment of each jurisdiction. That is, the nature of the issues arising and factors to be considered in a common law environment, e.g., the U.S. and the U.K., may be significantly different from those in a code law environment, e.g., Korea and Continental Europe. Therefore, we suggest establishing additional criteria which would secure even opportunities for participation in the ASAF to member countries with different legal environments.

Furthermore, the paper proposes to review the membership of the ASAF every two years, but we do not agree with this proposal as this may undermine technical expertise of the Forum.

To enhance the technical expertise of the ASAF, it is important for each and every member of the ASAF to consistently get involved in the entire process of IASB projects, and to make this possible, it is necessary to maintain stable membership over a substantial period of time.

Considering that the IASB has decided to conduct a consultation for setting new agendas every three years, we believe it would be appropriate to review the membership of the ASAF at a greater interval than what is proposed in the paper, i.e., every three years.

If the review of the membership is carried out at too short an interval, members other than few major economies would be frequently replaced, possibly resulting in the members being divided into permanent and nonpermanent members in effect.

If the membership is divided into permanent and nonpermanent members, the technical expertise of the permanent members would become relatively more enhanced than that of nonpermanent members and thus the ASAF may end up being controlled by few key members.