

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

29 August 2013

Kevin M. Stevenson
Chair
Asian-Oceanian Standard-Setters Group
Level 7 600 Bourke Street
Melbourne VIC 3000
Australia

Dear Chair Kevin Stevenson,

The Korea Accounting Standards Board (KASB) wishes to be considered as a candidate for the position of Vice-Chair of the Asian-Oceanian Standard-Setters Group (AOSSG) to actively contribute to the development and promotion of IFRS as a single set of high-quality global accounting standards.

It is our great honor and pleasure to apply for the position of Vice-Chair of the AOSSG which has truly become a major international accounting standard setters group. The AOSSG has accomplished numerous outstanding achievements despite its short history, and based on such accomplishments, the AOSSG was able to become a member of the Accounting Standards Advisory Forum (ASAF).

Coordinating diverse views of 26 different jurisdictions each having a long history and unique culture is an extremely difficult task. Yet, we believe that absolute devotion and immense efforts of the former Chairs of AOSSG, Malaysia and Japan as well as the incumbent Chair and Vice-Chair Australia and Hong Kong, combined with the active participation by the AOSSG members, have made it possible for the AOSSG to develop so quickly. As a country that insisted on the need for establishing the AOSSG from the very beginning, and as a current member of the AOSSG, Korea is very much proud of the AOSSG's remarkable development and expresses its heartfelt appreciation for the dedication and endeavours of each and every one of the AOSSG members.

Anticipating the AOSSG to develop even further based on the continuing economic growth of the Asian-Oceanian region and in the hope of contributing to the AOSSG's new leaps forward and future advancement, the KASB would like to apply for the AOSSG Vice-Chairship.

The KASB would like to nominate Steve Lim, Chair of KASB, to represent the KASB for the position of AOSSG Vice-Chair. In any circumstances where he is no longer able to fulfill his role as the Vice-Chair or Chair of AOSSG during his term of office, the KASB pledges to find a suitable and qualified replacement for the vacancy. Attached hereto are the documents that describe how the KASB and Steve Lim meet the criteria for the appointment of AOSSG Vice-Chair.

Korea promises to exert its utmost, in the most unassuming and proactive manner possible, to achieve mutual cooperation and joint prosperity among the 26 member countries of the AOSSG and to have the AOSSG enjoy the benefits of IFRS as a whole. Korea will not

prioritise its own national interests. It will make the AOSSG a forum where all AOSSG members can freely discuss an extensive range of accounting issues in a non-restrictive atmosphere. Korea will ceaselessly raise the issues of the AOSSG to the IASB so that the views of the AOSSG would be reflected in IFRSs.

As a trusted member of the international community, Korea hopes to have the chance to contribute to the global accounting society as the Vice-Chair of the AOSSG in order to fulfill the role and responsibilities that are given to a country of such national status.

Thank you in advance for your favourable consideration of Steve Lim as the KASB's nominee for the position of AOSSG Vice-Chair.

If there are any matters on which the AOSSG would wish to further comment or have questions, please do not hesitate to contact us.

Yours sincerely,



Steve Lim
Chair, Korea Accounting Standards Board



Chanhong Kim
Vice-Chair, Korea Accounting Standards Board

1. Korea Accounting Standards Board

The KASB was established as an independent private-sector organisation in September 1999 to develop accounting standards which would ensure consistency and objectivity in financial reporting of entities and external audits. Since July 2000, the KASB developed, amended, interpreted Korean GAAP, and provided technical inquiry service and performed relevant work thereof based on the Act on External Audit of Stock Companies.

Since the full adoption of IFRS and issuance of K-IFRSs, which are the Korean translation of the IFRS as issued by the IASB and have been endorsed by the Korean government, at the end of 2007, the KASB has not only taken the initiative to achieve smooth implementation of K-IFRS in Korea but also endeavoured to be actively involved in the development and amendment of IFRS and contribute to the proliferation of IFRS around the world as a single set of high quality accounting standards, in order to promote further development of IFRS.

Furthermore, the KASB fully understands the roles and responsibilities given to the Vice-Chair of the AOSSG. Acknowledging the importance of communication and cooperation between jurisdictions within the accounting industry, Korea strives to maintain close cooperative relationships with the IASB and other standard setters around the world.

2. Experience in full adoption and effective implementation of IFRSs

Despite the fact that it is a non-English speaking country, Korea boldly decided to adopt IFRS in full in order to improve the perception of the world towards Korean entities' accounting transparency and to proactively comply with the global trend of 'setting a single set of high-quality accounting standards'. To follow up on this decision, the KASB issued K-IFRSs, the Korean translation of the IFRSs as issued by the IASB, at the end of 2007 and made IFRS application and filing of IFRS-based financial statements mandatory for all listed companies and financial institutions in Korea effective from 2011, allowing early adoption from 2009.

However, adoption of IFRS in full was a challenging process for a non-English speaking country like Korea. Korea had to make all-out efforts to assist every stakeholder to become sufficiently ready for the adoption; harmonize the relevant laws, regulations and systems with IFRS; and hold numerous sessions of IFRS education and promotion, international seminars and a number of meetings with the IASB and its staff to resolve the difficulties the Korean constituents experience in practice with regard to IFRS adoption.

Based on such efforts, Korea in its third year of IFRS adoption has now earned an international recognition as a full IFRS adoption country faithfully implementing the standards.

Korea sincerely hopes that those countries which are considering or preparing for IFRS adoption would successfully adopt IFRS in the most effective and efficient manner while minimizing trials and errors and enjoy the countless benefits of IFRS in full.

That is why Korea published the IFRS country report¹ in April 2013, which gives a full account of the IFRS adoption and implementation in Korea and the lessons learned – to share the accumulated knowledge and experience regarding the IFRS adoption.

3. Korea's active participation in international financial reporting standard setting

3.1. Direct involvement in the IFRS Foundation

Korea is actively involved in the activities of the IFRS Foundation via Duck-Koo Chung, Trustee of the IFRS Foundation, and Chanhong Kim, Member of the IFRS Advisory Council and Vice-Chair of the KASB. Korea is also maintaining a close relationship with Chungwoo Suh, Member of the IASB and former Chair of the KASB.

Furthermore, the KASB regularly sends one of its technical staff members to the IASB every other year on secondment for two years. The secondee is to support the development and amendment of standards at the IASB and interpretation work of the IFRS Interpretations Committee. Currently, the KASB's 5th secondee, Wonhee Han, is working at the IASB.

3.2. Proactive involvement in international financial reporting standard setting

The KASB has been continuously submitting its comments on Discussion Papers and Exposure Drafts issued by the IASB and actively participated in the IASB's Round-table meetings and Outreach activities to raise issues and make suggestions on how to solve implementation issues and what needs to be done to improve related IFRSs. Also, the KASB has conducted basic research into the issue of amending IAS 21 '*The Effects of Changes in Foreign Exchange Rates*', which is one of the key accounting issues of emerging economies, at the official request of the IASB and submitted the resulting research report and suggestions for amendment of the standard to the IASB in December 2011.

3.3. Foreign Currency Translation

In order to carry out basic research into foreign currency translation, the KASB formed a Working Group with countries that are interested in foreign currency translation issues (e.g., Canada, Australia, India, Mexico, etc.). The KASB led the Working Group and had periodical discussions with the relevant personnel at the IASB.

The KASB presented its research result at the annual AOSSG meeting in Australia in November 2011, Emerging Economies Group (EEG) meeting in India in December 2011, and IASB Round-table meeting in Singapore in January 2012. At these meetings, the KASB studied and discussed relevant cases with the participants.

¹ [KASB website](http://eng.kasb.or.kr/web/services/bbs/bbsView.action?bbsBean.bbsCd=23&bbsBean.bbsSeq=150)

(<http://eng.kasb.or.kr/web/services/bbs/bbsView.action?bbsBean.bbsCd=23&bbsBean.bbsSeq=150>)

4. Korea's efforts to improve IFRS

4.1. Disclosure of operating profit or loss

Operating profit or loss is customarily disclosed in the financial statements in many countries around the world including Korea. However, as current IFRS does not require disclosure of operating profit or loss, there arises an issue of comparability between entities. To address the issue, the KASB made a number of requests to the IASB for improvement of the standard on disclosure of operating profit or loss.

Although the IASB did not express the intention to amend the relevant standard on operating profit or loss, citing the difficulty in reaching an international consensus, the IASB confirmed that amending K-IFRS by requiring additional disclosures in addition to existing IFRS would not cause a problem with consistency between IFRS and K-IFRS.

4.2. Accounting for government loans

The KASB sent a formal letter to the IASB Chair to propose an amendment to IFRS 1 regarding government loans and convinced the IASB to consider the amendment. In response, the IASB decided to accept Korea's proposal and issued amendments to IFRS 1 in March 2012.

Thanks to this amendment, the accounting burden on first-time adopters with government loans was greatly reduced.

5. Leading roles in international and regional groups

5.1. AOSSG related activities

At the Three Countries' Meeting - China, Japan and Korea, held in Beijing in October 2008, Korea emphasized the importance of establishing cooperative ties among standard setters in Asia-Oceania and suggested the formation of the AOSSG.

Accordingly, Korea is extremely proud of the AOSSG for having grown to become a major international accounting standard setters group around the world, with members consisting of 26 jurisdictions.

Korea, together with China, Japan, India, Malaysia and Singapore, are providing assistance to the activities of the Chair and Vice-Chair of the AOSSG, in their capacity as members of the Chairman's Advisory Committee of the AOSSG.

Furthermore, the KASB participates in 12 Working Groups of the AOSSG, actively making comments and suggestions. In particular, the KASB is the leading member of the Working Groups on Financial Statement Presentation and on Insurance Contracts.

5.2. EEG meeting

The Emerging Economies Group (EEG) was established as an advisory group by the IASB in order to enhance participation of emerging economies in the process of developing and amending IFRS.

The EEG is an important advisory group for developing the guidelines on development and amendment of IFRS as well as IFRS education, and more than half of the EEG members are members of the AOSSG. The EEG identifies the accounting issues for emerging economies relating to IFRS implementation and discusses how those issues should be dealt with.

As an EEG member, the KASB has actively participated in EEG meetings since the first EEG meeting was held in Beijing in July 2011. The KASB also hosted an EEG meeting in Korea in May 2013.

The KASB raised the issue of foreign currency translation as an agenda at the EEG meeting held in India in December 2011. Many participants at the meeting including China shared their views on the issue.

Furthermore, the KASB prepared agenda papers and presentation materials on the issue of transactions under common control and led the discussion at the EEG meeting held in Brazil in December 2012.

5.3. Other international meetings

The KASB thoroughly understands the importance of international activities under the IFRS system, and continues to actively participate in many international meetings such as the World Standards-Setters Meeting, International Forum of Accounting Standard Setters and Regional Policy Forum to actively discuss and exchange views on various accounting issues and IASB activities and to bolster cooperative ties with other standard setters.

➤ International Forum of Accounting Standard Setters (IFASS)

The KASB has raised issues on:

- Business combinations under common control
- Whether prospective-application provisions of amendments to IFRSs should be available for first-time IFRS adopters as well as existing preparers
- Operating profit or loss - IFRS presentation and disclosure
- Standards for small-sized companies - Report on the survey undertaken by the KASB

➤ Regional Policy Forum (RPF)

The KASB has participated in the discussions on:

- Role of the region in influencing the standard setting debate

- Improving the usefulness and clarity of financial disclosures
- Opportunities and challenges of IFRS adoption
- Transition to IFRS

➤ IASB's Agenda Consultation

The KASB has raised issues on:

- Foreign currency translation

➤ IASB Round-tables

The KASB has actively participated in the Round-table meetings and Outreach activities of the IASB to raise issues, discuss the solutions thereof, and seek ways to improve the related IFRSs. The issues addressed are as follows:

- 'Accounting of SMEs'
- 'Financial Instruments'
- 'Consolidation and Derecognition'
- 'Financial Instruments'
- 'IASCF Constitution'
- 'Fair Value Measurement'
- ED 'Revenue Recognition'
- ED 'Insurance Contract'
- 'Agenda Consultation'
- ED 'Leases'

6. The suitability of the individual proposed to represent KASB

6.1. Technical expertise, experience and practical knowledge of accounting issues in our jurisdiction

The KASB nominates Steve Lim, Chair of the KASB, to be the individual to represent the KASB as Vice-Chair of the AOSSG. Steve previously served as Vice-Chair of the KASB, was Professor at the University of Seoul, Assistant Professor at the University of Alberta, Canada and Visiting Scholar at the University of Washington in the USA.

Steve was educated at the Seoul National University and completed his PhD at the University of Minnesota in the USA.

Steve possesses multidimensional and broad-scope perspectives for standard setting based on his vast experiences in virtually all accounting fields, e.g., the government, regulatory

agencies, Korea Institute of Certified Public Accountants, universities, manufacturing entities, credit rating agencies, banks, etc.

Steve served as Vice-Chair of the IFRS Adoption Task Force of Korea from 2005 to 2007 while he worked as Chief Accountant of the Financial Supervisory Service. He played a pivotal role in facilitating successful adoption of IFRS in Korea, analysing the effects of IFRS adoption on Korea and proactively resolving possible accounting issues in practice.

Steve was Chair of the Risk Committee and Chair's Nominating Committee of KB Financial Group Inc., and served as Director and Chair of the Audit Committee of KB Kookmin Bank. He was a member of the IASB Standards Advisory Council, and also a member of many other committees including the Deliberation Committee of CPA, Steering Committee of XBRL Korea, Preparatory Committee for Class Action Suits of Financial Supervisory Service, and Horse Racing Development Committee of the Ministry of Agriculture and Forestry of Korea.

Since Steve was appointed as Chair of the KASB in March 2011, he continuously dedicated himself to successful adoption and implementation of IFRSs by closely cooperating with diverse experts in the accounting field. Steve actively participated in the development and amendment processes of IFRSs in order to contribute to the activities of the IASB and IFRS Foundation.

Also, Steve views the international exchange and cooperation with other jurisdictional standard setters around the world as being of great significance, and has endeavored to establish close cooperative relationships with each of them.

The KASB is certain that if Steve is appointed as the individual to represent the KASB as AOSSG Vice-Chair, he will be of a great asset to the AOSSG, with his profound, professional and reliable insights into accounting issues in practice.

CURRICULUM VITAE

Name: Suk-Sig (Steve) Lim

Current Work: Chair, Korea Accounting Standards Board

Birthday: 1953.7.17.

Address: 8-1303 Sindonga Apt. Seocho-dong, Seocho-gu, Seoul, South Korea

Tel: +82-10-3108-3515,

Email: suklim@kasb.or.kr

Education:

Ph.D., Business Administration (Accounting), University of Minnesota, U.S.

Master, Business Administration (Accounting), Pennsylvania State University, U.S.

Master, Industrial Engineering, Korea Advanced Institute of Science, Seoul, Korea

Bachelor, Business Administration, Seoul National University, Seoul, Korea

Full-time experiences:

Chief Accountant, Financial Supervisory Service.

Vice Chair, Korea Accounting Standards Board.

Visiting Scholar, University of Washington, U.S.

Professor, University of Seoul.

Assistant Professor, University of Alberta, Canada.

Lecturer, University of Minnesota.

Manager, Samsung Group.

Part-time experiences:

External Director, Chair of Risk and Chair's Nominating Committees,

KB Financial Group Inc, Korea

External Director, Chair of Audit Committee, KB Kookmin Bank, Korea

External Director, Korea Ratings Corp.

Auditor, Ewha School Foundation.

Acting Chair, CPA Examination Committee, Financial Supervisory Service.

Member, Auditing Standards Board, KICPA.

Vice Chair, IFRS Adoption Task Force, Government of Korea.

Member, Ethics Board, KICPA.

Member, IASB Standards Advisory Council.

Member, Deliberation Committee, KICPA.

Member, Steering Committee, XBRL Korea.

Member, Preparatory Committee for Class Action Suits, Financial Supervisory Service.

Member, Government Accounting Standards Board, Ministry of Finance and Economy.

Member, Accounting Standards Advisory Council, Korea Accounting Standards Board.

Vice Chair, Management Evaluation Committee for Government-Owned Corporations,
Ministry of Finance and Economy.

Member, Horse Racing Development Committee, Ministry of Agriculture and Forestry.

Member, American Accounting Association, Canadian Accounting Association,

Korea Accounting Association, Korea Government Accounting Association, Korea

Academic Society of Business Administration, Korea Securities Association.

Member, Beta Alpha Psi, U.S.

Teaching Experiences:

Principles of Accounting, Intermediate Accounting, Advanced Accounting, Financial Statement Analysis, International Accounting, Auditing.

Research:

A Study on the Accounting Standards of Housing Reconstruction and Redevelopment Association, 2010, Coauthored with others.

A Study on the Accounting Standards of Common Housing, 2010, Coauthored with others.

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"Discussion of Issues and Development Direction of Korean Accounting Standards after Financial Crisis," Accounting Journal, 1999.

"The Management System for Korean Public Enterprises and Its Productivity Improvement," The University of Seoul Journal of Business and Economics, 1998.

- A Field Study on Defense Industry's Cost Transfer Phenomenon from Civil Operations to Defense Operations, Journal of Defense Industry Research Association, 1997, Coauthored with others.
- "A Social Psychological Framework of Accounting," The University of Seoul Journal of Business and Economics, 1992.
- "Stationary Solution to the Overlapping Generations Model of Fiat Money: Experimental Evidence." Empirical Economics, 1994, with Nobel Laureate E. Prescott & S. Sunder.
- "Efficiency of Asset Valuation Rules under Price Movement and Measurement Errors." The Accounting Review, 1991, with S. Sunder.
- "Accuracy of Linear Valuation Rules in Industry Segmented Environments: Industry vs. Economy-Weighted Indexes." Journal of Accounting and Economics, 1990, with S. Sunder.
- Accuracy of Partial Valuation Rules and Optimal Use of Price Indexes. Ph.D. Dissertation, 1990, University of Minnesota.