

What financial investors really want for X'mas

DEAR Santa,
 Merry Christmas! I know you and your elves must be really busy now with Christmas just around the corner. Christmas is always special for the little ones and I want to thank you for bringing joy to many families, boys and girls all around the world.

Can you also spare a thought for the many investors among us who have had a rough time in the last two years? Our portfolios have taken a beating, the economic and market outlooks for next year are dim, and there's not much joy right now for many stock counters. We investors could do with some magical economic recovery by next week, but we know that's a lot to ask.

Perhaps we could ask for a couple of small things to make our lives as financial statement users a little more pleasant in the years to come.

First, we love those annual report PDFs. As electronic files, they saved lots of space and not to mention trees. But as annual reports get longer and longer, can you drop a small note to the preparers to include electronic bookmarks?

We want to open the annual report PDF and immediately see bookmarks to help us jump from section to section. Check out Unilever's annual report as an example of good practice. It doesn't really cost any money for companies to do this. They just have to tell the PDF creator or media agency to be a little friendlier to us, the people who actually read and use the annual reports. And can they link all the cross references too? We want to click on a link to the notes to the accounts, jump right to it and when done, return back to the financial statement using the bookmarks.

Second, many of us really like to do something with the numbers on the financial statements. Spreadsheets are our best friends, besides you and the reindeers, of course. But very few Singapore-listed companies provide spreadsheet versions of their financial statements. Again, Unilever, for example, provides Excel versions of their financial statements and notes to the accounts. We understand that ACRA will be embarking on a revamp of its XBRL (eXtensible Business Reporting Language) filing systems to enhance the quality and comparability of financial information filed by companies as well as to increase efficiency in information flow and sharing. That would be a great help. Business activities may be down, but we would clearly like to spend time doing other things besides copying and pasting (or worse, retyping) financial numbers all the time.

Third, companies should do better in explaining their numbers, especially if they were lumped into a catch-all category like "Other expenses". For starters,



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please don't let it be the biggest item on the income statement!

Take for example a mainboard-listed SGX company, which shall remain unnamed (but I am sure you Santa, knows who it is). Its biggest expense item on its Statement of Comprehensive Income (for year ended Dec 31, 2010) was "Other operating expenses" of about \$190 million. Its accompanying notes tried to provide some breakdown but when summed up, and the company inconveniently forgot to provide totals, the breakdown added to a mere \$25 million (or less than 13 per cent of \$190 million).

We know companies prefer not to disclose information beyond what is stipulated by accounting standards, SGX rules and other regulatory requirements. But some reasonable breakdown would help us understand the financial statements.

Santa, we have been (reasonably) good this year. We still cherish financial statements as the primary means of communication between shareholders and companies. We still go to the Annual General Makans (AGMs) when we are free and hungry. We promise to be even better (big) kids next year! Merry Christmas, Santa!

On behalf of all financial statement users out there,

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