ASC
ACCOUNTING STANDARDS COUNCIL

7 March 2012

International Accounting Standards Board
1st Floor 30 Cannon Street
London EC4M 6XH
United Kingdom

(By online submission)

Dear Sirs

RESPONSE TO EXPOSURE DRAFT ON TRANSITION GUIDANCE (PROPOSED AMENDMENTS TO IFRS 10)

The Singapore Accounting Standards Council appreciates the opportunity to comment on the Exposure Draft on *Transition Guidance (Proposed Amendments to IFRS 10)* (the ED) issued by the International Accounting Standards Board (the Board) in December 2011.

We are supportive of the proposed amendments to IFRS 10 as we believe they provide greater clarity on the transition requirements of IFRS 10, which should reduce application diversity on initial application of the standard.

Furthermore, we consider that the relief from the retrospective application of IFRS 10 to situations where an investor's interests in investees were disposed of during a comparative period offers an appropriate trade-off between the costs to preparers and the benefits to users.

However, we have the following comments:

Interaction of the transition requirements in IFRS 10 with those in the Exposure Draft on Investment Entities (ED on IEs)

We note that the transition requirements in IFRS 10 are not consistent with the transition requirements in the ED on IEs. Specifically, IFRS 10 is required to be applied retrospectively whilst the ED on IEs proposes prospective application.

We are of the view that this would create undue burden on an IE that has investees that were not previously consolidated under IAS 27 and SIC-12 but are required to be consolidated under IFRS 10. This is because the IE would be required to retrospectively consolidate such investees up till the first year of adoption of the proposed standard for IEs and measure those investees at fair value thereafter.

Address: The Secretariat, Accounting Standards Council,
c/o Ministry of Finance, 100 High Street, #10-01, The Treasury, Singapore 179434.
Website: www.asc.gov.sg Email: MOF_Feedback_ASC@mof.gov.sg Fax: (65) 6332 7435

Furthermore, as highlighted in our comment letter to the ED on IEs, we believe the comparability and usefulness of the financial statements of IEs would be compromised as investees would be measured on different bases in the first year of adoption of the proposed standard for IEs and in the comparative period(s).
As such, we would like to reiterate our view that the proposed standard for IEs should be applied retrospectively in accordance with IAS 8.

Drafting of paragraphs C4 and C4A

We note that the wordings in paragraphs C4 and C4A of the ED[1] are unduly restricted to business combinations within the scope of IFRS 3 and do not cater to situations where investees are acquired under common control transactions or where investees are incorporated by the investor. We propose that the afore-mentioned paragraphs be amended accordingly.

We hope that our comments will contribute to the Board's deliberation on the ED. Should you require any further clarification, please contact the project manager Chia Chia CHIONH at chionh_chia_chia@acra.gov.sg.

Yours faithfully

Siew Luie SOH (Ms)
Secretary
Singapore Accounting Standards Council

[1] For instance, paragraph C4(a): "…measure the assets, liabilities and non-controlling interests in that previously unconsolidated investee on that date as if that investee had been consolidated (and thus had applied *acquisition accounting in accordance with IFRS 3*)…"; paragraph C4A(a): "if the investee is a business, apply *the requirements of IFRS 3*."

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