

5 January 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 GOVERNMENT LOANS (PROPOSED AMENDMENTS TO IFRS 1)

The Singapore Accounting Standards Council appreciates the opportunity to comment on the Exposure Draft on Government Loans (Proposed Amendments to IFRS 1) (the ED) issued by the International Accounting Standards Board (the Board) in October 2011.

We are supportive of the ED proposal on the basis that requiring a first-time adopter to apply the requirements in paragraph 10A of IAS 20 retrospectively at the date of transition to IFRSs may result in the use of hindsight.

Additionally, as highlighted in our comment letter to the Board's Request for Views on Agenda Consultation 2011¹, we are concerned that IFRS 1 is at risk of becoming a key impediment to the convergence efforts of jurisdictions whose national GAAP is substantially the same as IFRSs, such as the Singapore Financial Reporting Standards.

Specifically, the application of IFRS 1 could result in different numbers being reported in an entity's opening IFRS statement of financial position vis-à-vis those reported in its previous statement of financial position despite that the national GAAP is substantially word-for-word equivalent of IFRSs². We believe this will impair the comparability of financial statements and create significant confusion to the marketplace and users. Consequently, jurisdictions whose national GAAP is substantially the same as IFRSs could potentially be dissuaded from converging with IFRSs.

¹ <http://www.ifrs.org/Current+Projects/IASB+Projects/IASB+agenda+consultation/agenda+consultation+2011/comment+letters/CL121.htm>

² Due to the optional exemptions in appendices C to E of IFRS 1 as well as those prospective application transitional provisions in certain IFRSs that do not apply to a first-time adopter.

Furthermore, IFRS 1 could hinder jurisdictions whose national GAAP is already converged with/exactly the same as IFRSs from moving to a convergence model where financial statements will assert compliance with both the national GAAP and IFRSs. This is because the IFRS numbers could be different from the national GAAP numbers as a result of the application of IFRS 1³.

Accordingly, we urge the Board to carry out a limited urgent review of IFRS 1 so as to address the afore-mentioned transitional issues.

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

Yours faithfully

Siew Luie SOH (Ms)
Secretary
Singapore Accounting Standards Council

³ Due to those prospective application transitional provisions in certain IFRSs that do not apply to a first-time adopter.