

ASC

ACCOUNTING STANDARDS COUNCIL
SINGAPORE

30 August 2017

Mr Darrel Scott
Chairman
SME Implementation Group
30 Cannon Street
London EC4M 6XH
United Kingdom

(By online submission)

Dear Darrel

RESPONSE TO DRAFT Q&A ON IFRS FOR SMEs STANDARD: ACCOUNTING FOR FINANCIAL GUARANTEES IN PARENT'S SEPARATE FINANCIAL STATEMENTS (SECTION 12 OTHER FINANCIAL INSTRUMENT ISSUES, ISSUE 1)

The Singapore Accounting Standards Council appreciates the opportunity to comment on the draft Q&A on IFRS for SMEs Standard: Accounting for financial guarantees in parent's separate financial statements (Section 12 *Other Financial Instrument Issues*, Issue 1) (the draft Q&A) issued by the SME Implementation Group (SMEIG) in June 2017.

We agree with the SMEIG's response as set out in the draft Q&A.

However, we see merits in the SMEIG not confining the Q&A to the case of a parent entity issuing a financial guarantee on behalf of its subsidiary. The SMEIG could consider making the Q&A more useful to entities applying the IFRS for SMEs Standard, for example, by:

- (a) Refining the guidance to address a generic circumstance in which an entity issues a financial guarantee on behalf of another entity, and including the specific issue in question as an example of the generic circumstance; or
- (b) Giving more prominence to the view that the same accounting treatment should be applied to other circumstances in which an entity issues a financial guarantee on behalf of another entity, by including it in the response instead of the Basis for Conclusions.

We hope that our comments will contribute to the SMEIG's deliberation on the draft Q&A. Should you require any further clarification, please contact our project manager Siok Mun Leong at Leong_Siok_Mun@asc.gov.sg.

Yours faithfully

Suat Cheng Goh
Technical Director
Singapore Accounting Standards Council