

31 December 2015

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

Dear Sirs,

RESPONSE TO REQUEST FOR VIEWS (RFV) – 2015 AGENDA CONSULTATION

ISCA sought views from its members on the above RFV through a two-month public consultation and from the ISCA Financial Reporting Committee which includes experienced technical accounting professionals from large accounting firms.

We welcome IASB's consultation on its work plan as it is pertinent for IASB to engage stakeholders on a regular basis, especially so for IFRS to stay relevant in the marketplace. We are also supportive of IASB's evidence based approach to standard-setting as this would better address stakeholders' needs and also minimise unnecessary changes to the standards.

We concur with IASB's categorisation of the revised Conceptual Framework and Disclosure Initiative as two separate significant projects. The importance of these two projects cannot be overemphasised as they form the solid foundation to the setting of high quality financial reporting standards.

Our detailed comments and responses to specified questions in the ED are set out below.

Question 1 The balance of the IASB's projects

The IASB's work plan includes five main areas of technical projects:

- (a) its research programme;
- (b) its Standards-level programme;
- (c) the Conceptual Framework;
- (d) the Disclosure Initiative; and
- (e) maintenance and implementation projects.

What factors should the IASB consider in deciding how much of its resources should be allocated to each area listed above?

We agree with the factors identified by IASB in paragraph 55 of the RFV on the prioritisation of projects.

In addition, we recommend that IASB focus on the completion of the Disclosure Initiative project since financial statements disclosures are integral to the usefulness of financial information for decision making purposes.

Question 3 Research Projects

For each project on the research programme, including any new projects suggested by you in response to Question 2, please indicate its relative importance (high/medium/low) and urgency (high/medium/low).

Please also describe the factors that led you to assign those rankings, particularly for those items you ranked as high or low.

We are of the view that the following research projects are of high importance and urgency.

1) Financial Instruments with the characteristics of equity

IAS 32 *Financial Instruments: Presentation* requires the issuer of a debt instrument with an embedded conversion option to present the liability component and the equity component separately but due to a rule-based condition ("known as "fixed for fixed"), many such instrument's equity component is forced to be classified as a liability. This has resulted in entities reporting fair value gain or loss through profit or loss in such high quantum that could only be explained by the presence of an equity element in the debt instrument.

2) Definition of a Business

The lack of clarity in the definition of a business has been a long outstanding issue since the issuance of the revised IFRS 3 *Business Combinations* in 2008. This has resulted in differing interpretations and different accounting treatments for similar transactions. We believe that there is urgency in addressing this issue.

3) Income Taxes

Deferred tax has always been an issue for the marketplace and many have questioned its decision-usefulness given its inconsistencies with the Conceptual Framework. As a result, some practitioners believe that deferred taxes are usually ignored by users of financial statements such as analysts and investors.

4) Business Combination under Common Control

The accounting for business combinations under common control has been a prevalent issue in the market place, with diversity in practice across jurisdictions.

5) Primary Financial Statements (formerly Performance Reporting)

With the revised Conceptual Framework proposed by IASB, we believe that it would be timely to address performance reporting at this point in time as this is a fundamental aspect of financial reporting for investors and its stakeholders.

6) Disclosure Initiative – Principles of Disclosure

See our comments to Question 1.

7) Provisions, Contingent Liabilities and Contingent Assets

IAS 37 was issued in 1998 with no subsequent revisions. Once the revised Conceptual Framework is issued, we propose that IASB consider revisiting IAS 37 to better align the principles and definitions in IAS 37 with that in the Conceptual Framework.

Should you require any further clarification, please feel free to contact Ms Lim Ju May, Deputy Director, Technical Standards Development and Advisory, or Ms Jezz Chew, Manager, Technical Standards Development and Advisory, from ISCA via email at jumay.lim@isca.org.sg or jezz.chew@isca.org.sg respectively.

Yours faithfully,



Mr Titus Kuan
Director
Technical Advisory and Professional Standards