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5 September 2012

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

(By email: CommentLetters@iasb.org)

Dear Sirs,

RESPONSE TO EXPOSURE DRAFT – ANNUAL IMPROVEMENTS TO IFRSs 2010-2012 CYCLE

The Institute of Certified Public Accountants of Singapore (ICPAS) appreciates the opportunity to comment on the above exposure draft (ED) issued by the International Accounting Standards Board (IASB) in May 2012.

Our comments on the proposed amendments in the ED are as follows:

IFRS 3 *Business Combinations*:

Accounting for contingent consideration in a business combination

Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

We agree to the proposed amendments in IFRS 3 which would result in consequential changes to be made to IFRS 9. However, we propose to make similar amendments to IAS 39 as well, in consideration that this issue on the accounting for contingent consideration also exists in IAS 39 and the delay of the effective date for IFRS 9 to no earlier than 1 January 2015.

IAS 1 *Presentation of Financial Statements:*
Current/non-current classification of liabilities

Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

We noted the intention of the Board for the proposed amendments to be consistent with the derecognition guidance for financial liabilities in IAS 39 or IFRS 9. However, there should be guidance in the interpretation of the phrase "on the same or similar terms" so as to avoid any unintended consequences of derecognition of financial liabilities arising from incorrect application of the standard. For instance, if an entity is to refinance an existing loan on new or revised terms such as interest being charged at the prevailing market interest rates at the point of refinancing, the entity may have to re-classify this existing loan as current should it result in a substantial modification of the original loan under IAS 39/IFRS 9 which would result in an extinguishment of the existing obligation. We believe this is not the intention of the Board.

In addition, with reference to paragraph 72 in IAS 1, the principle of "settlement" may require more guidance to distinguish it from "derecognition" since the classification of financial liabilities depends on their settlement. For example, there should be clarification on whether settlement should involve physical cash outflow to address the question if a roll-over of loan would be deemed as settlement of the loan.

Hence we are of the view that the Board's intended purpose to align the principles in IAS 39/IFRS 9 to that in IAS 1 may not be met if there is no guidance or clarification on the interpretation of "on the same or similar terms" and "settlement".

IAS 7 *Statement of Cash Flows:*
Interest paid that is capitalised

Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

We agree to the proposed amendment. However, considering that there are several other inconsistencies in IAS 7, we propose for the Board to address these inconsistencies simultaneously and in a more holistic manner.

IAS 12 *Income Taxes:*

Recognition of deferred tax assets for unrealised losses

Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

We are agreeable to this amendment in principle. We would suggest for the Board to perform further studies to avoid any unintended consequences if this has not already been done. In addition, we are of the view that IAS 12 is long overdue for a comprehensive review of the principles and requirements.

IAS 36 *Impairment of Assets:*

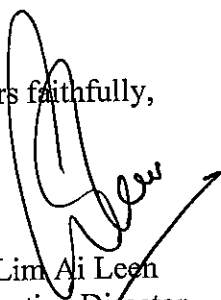
Harmonisation of disclosures for value in use and fair value less costs of disposal

Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

We noted one of the intentions of the proposed amendments is to waive the requirements to present comparatives. Hence, for consistency with other IFRS disclosure requirements, we suggest that the amendment be changed to "An entity need not present comparative information for the disclosures required by the amendment" from "The amendment shall be applied prospectively as of the beginning of the annual period in which it is initially applied".

Should you require any further clarification, please feel free to contact Ms Jezz Chew, Technical Manager, from ICPAS via email at jezz.chew@icpas.org.sg.

Yours faithfully,



Ms Lim Ai Leen
Executive Director
Technical Knowledge Centre and Quality Assurance