

4 October 2019

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

Dear Sirs,

**RESPONSE TO EXPOSURE DRAFT – REFERENCE TO THE CONCEPTUAL
FRAMEWORK: PROPOSED AMENDMENTS TO IFRS 3 (“ED”)**

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

We agree with the Board’s proposal to amend IFRS 3 *Business Combinations* to replace the existing reference to the “*Framework for the Preparation and Presentation of Financial Statements*” with the 2018 *Conceptual Framework*. We also agree with the proposals to add to IFRS 3 an exception to its recognition principle and to make the IFRS 3 requirements for contingent assets more explicit.

However, the proposed amendments to IFRS 3 are a temporary measure to address the issue of there being different definitions of liability within IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the 2018 *Conceptual Framework*. This has resulted in the need to include an exception to the recognition principle in IFRS 3. In our view, this exception to IFRS 3’s recognition principle is only a short term ‘fix’.

We note that the current IASB’s workplan contains a project on provisions¹ which aims to explore amending aspects of IAS 37, and that IASB staff is targeting to review research and stakeholder feedback in Q4 of 2019. To promote consistency in financial reporting for the longer term, we urge the Board to use this project on provisions to amend IAS 37 (including the requirements in IFRIC 21 *Levies*) so that the principles/requirements in IAS 37 and IFRIC 21 are aligned with the liability definition and supporting concepts in the 2018 *Conceptual Framework*.

¹ Project on Provisions in IASB’s workplan: <https://www.ifrs.org/projects/work-plan/provisions/>

Should you require any further clarification, please feel free to contact myself or Mr Marcus Chan, Assistant Manager, TECHNICAL: Financial & Corporate Reporting, from ISCA via email at: jumay.lim@isca.org.sg or marcus.chan@isca.org.sg

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ju May', with a long horizontal stroke extending to the right.

Ms Ju May, LIM
Deputy Director
TECHNICAL: Financial & Corporate Reporting;
Ethics & Specialised Industries;
Audit & Assurance