

30 November 2010

IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

(By online submission)

Dear Sir

**RESPONSE TO THE CONSULTATIVE DOCUMENT ON THE ANNUAL
IMPROVEMENT PROCESS: PROPOSALS TO AMEND THE DUE
PROCESS HANDBOOK FOR THE IASB**

The Accounting Standards Council appreciates the opportunity to comment on the Consultation Document (CD) on *Annual Improvement Process: Proposals to amend the Due Process Handbook for the IASB* issued by the IFRS Foundation in August 2010.

We are generally supportive of the proposals in the CD except for the following:

- (a) Firstly, we believe that amendments that are included in the annual improvements should not introduce new principles, change the existing principles or introduce exceptions from existing principles. Therefore, we do not agree with paragraph 65A(a)(ii) of the Draft Amendments to the Due Process Handbook for the IASB (Draft Amendments) which allows an amendment to create an exception from an existing principle. The need for such exception would generally suggest weakness of the existing principle and therefore warrant a more thorough review of the existing principle.

Consequently, we recommend that paragraph 65A(a)(ii) be amended as follows:

“A correcting amendment does not propose a new principle or a change to an existing principle. ~~, but may create an exception from an existing principle.~~”

- (b) Secondly, we note that neither the proposed criteria nor the Due Process Handbook for the International Financial Reporting Interpretations Committee (IFRIC) provides guidance on whether a **clarification** to existing International Financial Reporting

Standards (IFRSs) should be included within the scope of an annual improvement agenda or the IFRIC agenda. Specifically, we note that one of the proposed characteristics of annual improvement amendments is that it clarifies existing standards by providing guidance where an absence of guidance is causing concern (paragraph 65A(a)(i) of the Draft Amendments). This appears similar to Interpretations issued by IFRIC that seek to clarify unclear IFRSs which have caused divergence in practice. We believe that further clarification or guidance in this area should be provided.

- (c) We understand that the annual improvements process provides a vehicle for making **non-urgent** but necessary amendments to IFRSs. This appears to be at odds with paragraph 65A(d) of the Draft Amendments which proposes that an amendment can only be included in the annual improvement process if there is a **pressing need** to make the amendment sooner than the current or planned IASB project on the standard. We recommend that further clarification be provided to ensure the criteria for annual improvements are well defined.

Should you require any further clarification, do contact me at Soh_Siew_Luie@mof.gov.sg.

Yours faithfully

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Secretary,
Singapore Accounting Standards Council