

3 January 2012

International Accounting Standards Board
30 Cannon Street
LONDON EC4M 6XH
United Kingdom
Email: CommentLetters@iasb.org

Dear Sir/Madam

**SAICA SUBMISSION ON THE EXPOSURE DRAFT ON GOVERNMENT
LOANS: PROPOSED AMENDMENTS TO IFRS 1 – FIRST-TIME ADOPTION
OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

In response to your request for comments on the exposure draft on *Government Loans: Proposed Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards*, attached is the comment letter prepared by Accounting Practices Committee (APC) of The South African Institute of Chartered Accountants (SAICA). This comment letter results from deliberations of the APC, which comprises members from reporting organisations, regulators, auditors, IFRS specialists and academics.

We thank you for the opportunity to provide comments on this document.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours sincerely

Sue Ludolph
Project Director – Financial Reporting

cc: Moses Kgosana (Chairman of the Accounting Practices Board)
Paul O’Flaherty (Chairman of the Accounting Practices Committee)

**SAICA SUBMISSION ON EXPOSURE DRAFT ON GOVERNMENT LOANS:
PROPOSED AMENDMENTS TO IFRS 1 – FIRST-TIME ADOPTION OF
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

PROSPECTIVE APPLICATION PROVISIONS

Question 1

The Board proposes to amend IFRS 1 so that first-time adopters would be required to apply paragraph 10A of IAS 20 prospectively to loans entered into on or after the date of transition to IFRSs, unless the information needed to apply these requirements to a government loan as a result of a past transaction was obtained at the time of initially accounting for that loan. Do you agree? Why or why not?

We support the proposal as it would provide entities adopting IFRS for the first time the same relief as was provided to entities already applying IFRS, when the amendment to IAS 20 was made.

We support the option to apply fair value if the information was available at the time of initially accounting for the loan on first time adoption, as this will improve comparability of the financial information presented.

Question 2

Do you have any other comments on the proposals?

We have no other comments.

#374234