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Inside this issue:

PART 1: FINANCIAL REPORTING

1.1 IASB publishes narrow-scope amendments to IAS 27 *Separate Financial Statements*

On 12 August 2014, the International Accounting Standards Board (IASB) published *Equity Method in Separate Financial Statements* (Amendments to IAS 27). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will help some jurisdictions move to International Financial Reporting Standards (IFRS) for separate financial statements, reducing compliance costs without reducing the information available to investors.

Prior to the revision in 2003 of the then IAS 27 *Consolidated and Separate Financial Statements* and the then IAS 28 *Investments in Associates,* the equity method was one of the options available to an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. The then IAS 31 *Interests in Joint Ventures* was silent on the accounting treatment for investments in joint ventures in the entity's separate financial statements.

In 2003, the equity method was removed from the options. The amendments made on 12 August 2014 has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

For more details, please visit the IASB website at the following link: http://www.ifrs.org/Alerts/Publication/Pages/IASB-publishes-narrow-scope-amendments-to-IAS-27-Separate-Financial-statements-August-2014.aspx

1.2 IASB publishes exposure draft (ED) on proposed amendments to IAS 12 *Income Taxes*.

On 20 August 2014, the IASB published ED/2014/3 which proposes guidance that clarifies how to account for deferred tax assets related to debt instruments measured at fair value.

The draft amendments are proposed in response to diversity in practice and are relevant in circumstances in which the entity reports tax losses.

The issue originated from a submission to the IFRS Interpretations Committee (the 'Interpretations Committee'). In response, the Interpretations Committee recommended that the IASB should amend IAS 12.

The Exposure Draft *Recognition of Deferred Tax Assets for Unrealised Losses* (Proposed amendments to IAS 12) is open for comment for a period of 120 days and can be downloaded at the IASB website as follows:

http://www.ifrs.org/Current-Projects/IASB-Projects/Recognition-of-Deferred-Tax-Assets-for-Unrealised-Losses/ED-August-2014/Pages/Exposure-Draft-comment-letters.aspx

PART 2: ETHICS

Proposed Changes to Certain Provisions of the Code Addressing the Long Association of Personnel with an Audit or Assurance Client

On 14 August 2014, the International Ethics Standards Board for Accountants (IESBA) released for public comment the Exposure Draft (ED), *Proposed Changes to Certain Provisions of the Code Addressing the Long Association of Personnel with an Audit or Assurance Client*. The proposals respond to stakeholder concern about the appearance of independence and the need to ensure that the threats created by the long association of audit firm personnel with an audit client are appropriately addressed on all audit engagements.

The proposals in the ED respond to stakeholder concern about the appearance of independence and the need to ensure that the threats created by the long association of audit firm personnel with an audit client are appropriately addressed on all audit engagements.

.The proposals aim to strengthen the independence provisions in the *Code of Ethics for Professional Accountants* (the Code). Among the proposed changes are:

- Strengthened general provisions applicable to all audit engagements regarding the threats created by long association;
- With respect to partner rotation, an increase in the mandatory "cooling-off" period, from two to five years, for the engagement partner on the audit of a public interest entity;
- Strengthened restrictions on the type of activities that can be undertaken with respect to the audit client and audit engagement by any former key audit partner during the cooling-off period; and
- A requirement to obtain the concurrence of those charged with governance regarding the application of certain exceptions to the rotation requirements

The closing date for comments is 12 November 2014.

The ED can be accessed at the following link: https://www.ifac.org/publications-resources/proposed-changes-certain-provisions-code-addressing-long-association-personne

PART 3: AUDIT AND ASSURANCE

Principles in AGS 9 may also be applied to the compliance audit of other entities (apart from statutory boards)

On 8 August 2014, the Institute of Singapore Chartered Accountants (ISCA) posted on its microsite, ISCA Centre for Auditing and Assurance that the principles in Audit Guidance Statement (AGS) 9, *Opinion on Receipts, Expenditure, Investment of Moneys and the Acquisition and Disposal of Assets by Statutory Boards* may be applied by analogy to the compliance audit of entities other than statutory boards, with similar reporting requirements as those specified in the acts of statutory boards.

ISCA members are encouraged to refer to AGS 9 when performing such work for these entities. Where the reporting requirements are not statutory requirements or the format of the report is not specified, the final report format will depend on the contractual arrangement between the parties involved and will be subject to the requirements of the Singapore Standards on Auditing (SSAs).

To clarify the scope of AGS 9, the above clarification statement was issued and posted on the ISCA website in July 2012. However, to further enhance the clarity of the scope, the clarification statement is now included within AGS 9 which makes it clear to the relevant entities and their auditors that the clarification statement is an integral part of AGS 9 and the principles in AGS 9 can be applied by analogy to the compliance audit of entities other than statutory boards, which have similar statutory reporting requirements in their respective Acts.

PART 4: REGULATORY AND BUSINESS

Revised Guidebook for Audit Committees in Singapore issued

On 19 August 2014, the Monetary Authority of Singapore (MAS) announced that a revised Guidebook for Audit Committees in Singapore covering recent changes in regulations and guidelines is now available online. Following the revision to the Code of Corporate Governance in May 2012 and numerous industry developments, it is timely to review the guidebook to ensure its continued relevance. A Work Group comprising industry practitioners and stakeholders were formed in mid-2013 to review the guidebook.

MAS issued the revised guidebook together with the Accounting and Corporate Regulatory Authority (ACRA) and the Singapore Exchange (SGX). The revised guidebook can be downloaded from their websites of which one of them is as follows: http://www.acra.gov.sg/Publications/Guides/

PART 5: TAXATION

Updates on SIATP website

The Singapore Institute of Accredited Tax Professionals (SIATP) has issued a number of Tax Alerts since the previous issue of the RT Review Times (2014/8).

For details of these tax alerts, please refer to the SIATP's website as follows: http://www.siatp.org.sg/index.php/tax-news

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