

Review Times

DECEMBER 2014



PART 1: FINANCIAL REPORTING

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1.1 ASC issues amendments to FRS 110 and FRS 28 (Revised 2011)

On 19 November 2014, the Singapore Accounting Standards Council (ASC) issued narrow-scope amendments to Financial Reporting Standard (FRS) 110 *Consolidated Financial Statements* and FRS 28 (Revised 2011) *Investments in Associates and Joint Ventures*. The amendments address an acknowledged inconsistency between the requirements in FRS 110 and those in FRS 28 (Revised 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The amendments will be effective from annual periods beginning on or after 1 January 2016.

1.2 ASC issues Improvements to FRSS (November 2014)

On 19 November 2014, the ASC issued *Improvements to FRSS (November 2014)*. The following table shows the topics addressed by these amendments.

Standard	Subject of amendment
FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Changes in methods of disposal
FRS 107 <i>Financial Instruments: Disclosures</i>	Servicing contracts
	Applicability of the amendments to FRS 107 to condensed interim financial statements
FRS 19 <i>Employee Benefits</i>	Discount rate: regional market issue
FRS 34 <i>Interim Financial Reporting</i>	Disclosure of information 'elsewhere in the interim report'

The amendments will be effective from annual periods beginning on or after 1 January 2016.

PART 1: FINANCIAL REPORTING (CONT'D)



1.3 ASC issues FRS 115

On 19 November 2014, the ASC issued FRS 115 *Revenue from Contracts with Customers*. This standard will apply to all contracts with customers except for those that are within the scope of the standards on leases, insurance contracts and financial instruments. FRS 115 will replace the various standards and interpretations on standards relating to revenue recognition, namely FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers*, and INT FRS 31 *Revenue- Barter Transactions Involving Advertising Services*.

The core principle of FRS 115 is for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. FRS 115 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

FRS 115 will be effective for annual periods beginning on or after 1 January 2017.

1.4 IASB publishes Exposure Draft (ED) 2014/5 Classification and Measurement of Share-based Payment Transactions (proposed amendments to IFRS 2)

On 25 November 2014, the International Accounting Standards Board (IASB) issued the above ED which brings together a collection of three proposed amendments to International Financial Reporting Standard (IFRS) 2 *Share-based Payment*. These proposed amendments were initially discussed by the IFRS Interpretations Committee. The proposals provide guidance on:

- the accounting for the effects of vesting conditions on the measurement of a cash-settled share-based payment;
- the classification of share-based payment transactions with net settlement features; and
- the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The ED is open for comment until 25 March 2015. Please click [here](#) for further information and to access the ED.

PART 2: ETHICS

2.1 Revised Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities takes effect from 1 February 2015

The Accounting and Corporate Regulatory Authority (ACRA) has announced that it will be issuing a Revised Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, which will take effect from 1 February 2015. The revised Code will be issued by early 2015.

Please click [here](#) for more information.

2.2 IESBA Consults on Restructuring Code of Ethics for Professional Accountants; Focuses on Improved Usability

On 4 November 2014, the International Ethics Standards Board for Accountants (IESBA) released for public comment the Consultation Paper, *Improving the Structure of the Code of Ethics for Professional Accountants*. The paper seeks input from stakeholders on approaches that could be taken to improve the clarity and usability of the Code of Ethics for Professional Accountants ("Code"), thereby facilitating its adoption, effective implementation, and consistent application.

Among the various matters on which the IESBA is consulting are:

- Restructuring the Code to more clearly distinguish requirements from guidance;
- Reorganizing the content of the Code, including rebranding the Code, or parts thereof, as international standards;
- Identifying responsibility for compliance with the Code in particular circumstances; and
- Simplifying the wording of the Code so that it can be more readily understood.

The paper includes illustrative examples of how a restructured Code might be presented. The input received from the consultation will supplement the IESBA's research to date and inform its views of the way forward. This may in due course lead to the publication of an Exposure Draft (ED) containing the IESBA's proposals for restructuring the Code and addressing any of the related issues set out in the paper.

The Consultation Paper is open for comment until 4 February 2015. Please click [here](#) for further information and to access the Consultation Paper.

2.3 IESBA Proposes Strengthened Guidance for Professional Accountants in Business

On 25 November 2014, the IESBA released for public comment the ED, *Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles*. The proposals respond to the need for more robust and practical guidance to help professional accountants in business (PAIBs) deal with two matters on which they most often seek assistance in practice: their responsibility to produce financial reports that are faithful representations of the economics of transactions, and pressure to breach fundamental ethical principles.

Among the proposed changes are:

- Fuller and more explicit guidance regarding PAIBs' responsibilities when presenting information;
- Strengthened guidance on how a PAIB can disassociate from misleading information;
- An expanded description of pressure that may lead to a breach of the fundamental principles in the Code together with practical examples to illustrate different kinds of situations in which such pressure may arise; and
- New guidance to assist PAIBs in identifying and responding to pressure that could result in a breach of the fundamental principles.

The ED is open for comment until 15 April 2015. Please click [here](#) for further information and to access the ED.



PART 3: AUDIT AND ASSURANCE

ISCA clarifies signing convention for reports issued under the SSAEs, SSREs and SSRs frameworks

The Institute of Singapore Chartered Accountants (ISCA) has clarified that the signing convention for Assurance (other than Audits or Reviews of Historical Financial Information), Review and Related Services Engagements [i.e. reports prepared in accordance with the Singapore Standards on Assurance Engagements (SSAEs), Singapore Standards on Review Engagements (SSREs) and Singapore Standards on Related Services (SSRs) respectively] shall be as follows:

- ⇒ Reports issued under the assurance (other than audits or reviews of historical financial information) (SSAEs); and review (SSREs) frameworks shall only be signed by a public accountant

- ⇒ Reports issued under the related services framework (SSRs) shall only be signed by a professional accountant who:
 - (a) Is in public practice; and
 - (b) Holds the Chartered Accountant of Singapore (CA (Singapore) professional designation conferred by ISCA.

The professional accountant may or may not be a public accountant.

In addition, engagements within the scope of public accountancy services as defined in the Accountants Act (Cap. 2) performed under the SSRs shall be signed by a public accountant.

Reports issued under the SSAEs, SSREs or SSRs shall be signed by an appropriate signatory, as clarified above, if they are dated on or after 1 January 2015. Please click [here](#) for further information.

PART 4: 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 (2014/11).

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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