

# Review Times

APRIL 2015



Inside this issue:



## PART 1: AUDIT AND ASSURANCE

### ISCA Withdraws AGS 8

The Institute of Singapore Chartered Accountants (ISCA) has withdrawn Audit Guidance Statement (AGS) 8, *Reports on the Internal Control Procedures of Service Organisations*, which was previously developed to provide guidance to reporting accountants engaged to report on internal control procedures relating to specific areas or functions performed by service organisations.

AGS 8 was superseded by Singapore Standard on Assurance Engagements (SSAE) 3402 *Assurance Reports on Controls at a Service Organisation* when issuing reports covering periods ending on or after 15 June 2012. As a reasonable timeframe of approximately 2.5 years has lapsed for any engagements covering periods ending prior to 15 June 2012 to be completed, ISCA has withdrawn AGS 8.

Please click [here](#) to access SSAE 3402.

## PART 2: REGULATORY AND BUSINESS

### ACRA issues draft guidelines for Enhanced CSP Regulatory Framework

A new set of ACRA (Filing Agents and Qualified Individuals) Regulations to support the enhanced corporate services provider (CSP) regulatory framework is currently being finalized by the Accounting and Corporate Regulatory Authority (ACRA).

To help CSPs better understand these new legal requirements and comply with the enhanced regulatory framework, draft guidelines have been drawn up. The draft Guidelines are now available at [www.acra.gov.sg/Guidelines\\_for\\_CSP.aspx](http://www.acra.gov.sg/Guidelines_for_CSP.aspx).

They include: (1) Model internal policies, procedures and controls for the prevention of money laundering and the financing of terrorism and (2)

The guidelines were drafted by ACRA and a working group comprising representatives from key stakeholders. They are: Singapore Association of the Institute of Chartered Secretaries and Administrators (SAICSA), Institute of Singapore Chartered Accountants (ISCA), Law Society, Association of International Accountants (AIA), and Institute of Company Accountants (ICOMA).

CSPs who wish to provide written feedback on these draft Guidelines may email their feedback to [Contact\\_CERD@acra.gov.sg](mailto:Contact_CERD@acra.gov.sg) by 15 April 2015.

	Page
<b>Part 1 : Audit and Assurance</b>	<b>1</b>
<b>Part 2 : Regulatory and Business</b>	<b>1</b>
<b>Part 3 : Financial Reporting</b>	<b>2</b>
<b>Contact Us</b>	<b>3</b>

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## ***PART 3: FINANCIAL REPORTING***

### **IASB sets out practical effects of bringing leases onto the balance sheet**

On 16 March 2015, the International Accounting Standards Board (IASB) announced that it is in the process of finalising a new International Financial Reporting Standard (IFRS) that will require companies to bring leases onto the balance sheet. It has published a document outlining the likely practical effects of the new Leases Standard, as well as details on the similarities and differences between the IASB's requirements and those of the US Financial Accounting Standards Board (FASB).

The final Standard is scheduled to be issued in the later part of 2015. Responding to calls from stakeholders for further information on the possible effects of the new Standard, the IASB staff have developed a document comparing the new and current accounting requirements.

The IASB and the FASB have been working jointly on the Leases project and have reached the same decisions in many areas, including requiring leases to be shown on the balance sheet, how to define a lease and how lease liabilities should be measured. However, there are some differences between the two Boards' models and the document provides an overview of the likely practical effects of these differences.

In addition to changes to the balance sheet, the new Leases Standard is likely to result in some important differences on the income statement. Among them is the reporting of higher operating profit compared to the current requirements – and in comparison to the FASB's model. There will be no changes to total cash flows but, in the cash flow statement, the amount of operating cash will increase while the amount of financing cash will decrease.

The IASB's analysis concludes that the costs to companies of applying the new Standard will be broadly similar for both the IASB's and the FASB's model.

The document also looks at other potential implications of the leases accounting model, such as the possible impact on the cost of borrowing. It clarifies that the new Standard will provide more transparent information about a company's financial commitments, but does not change those commitments.

Therefore, should the Standard affect the cost of borrowing for a company, this will be because the improved reporting provides lenders with new information that is relevant and important to their decision making.

For a copy of the document, and further information about the document, please visit the following link:

<http://www.ifrs.org/Alerts/Publication/Pages/IASB-sets-out-practical-effects-of-bringing-leases-onto-the-balance-sheet-March-2015.aspx>



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