

Review Times

JULY 2015



PART 1: REGULATORY & BUSINESS

1.1 First phase of Companies (Amendment) Act 2014 is now in effect

The Companies (Amendment) Bill was passed by Parliament in October 2014.

On 15 April 2015, the Accounting and Corporate Regulatory Authority (ACRA) announced that the legislative changes to the Companies Act will be effected in two phases.

The first phase will be implemented on 1 July 2015. The second phase will commence in the first quarter of 2016.

ACRA's announcement on the phased implementation of the Companies (Amendment) Act can be accessed [here](#).

Following on from the above, the first phase of Companies (Amendment) Act 2014 is now in effect from 1 July 2015. Frequently Asked Questions on the implementation of the Companies (Amendment) Act 2014 can be accessed [here](#).

The Companies (Amendment) Act 2014 (Commencement) Notification 2015 as well as supporting subsidiary legislation for the first phase of legislative amendments to the Companies Act are now available at the ACRA website. Please click [here](#) to access them.

1.2 ISCA announces changes in its Pronouncements arising from the first phase of the Companies (Amendment) Act 2014

The first phase of legislative amendments that came into effect on 1 July 2015 have an impact on the ISCA Pronouncements pertaining to **terminology changes** in Section 199 *Accounting records and systems of control*, Section 201 *Accounts, consolidated accounts and directors' report* and Section 207 *Powers and duties of auditors as to reports on accounts*, as follows:

- (a) "profit and loss accounts and balance sheets" replaced by "**financial statements**"
- (b) "state of affairs and results" replaced by "**financial position and performance**"
- (c) "subsidiaries" replaced by "**subsidiary corporations**"

The relevant ISCA Pronouncements have been amended to reflect the legislative amendments described above which mainly affect the illustrative auditor's reports and illustrative engagement letter.

The affected pronouncements are as follows:

- (a) Singapore Standard on Auditing (SSA) 210, *Agreeing the Terms of Audit Engagements*;

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PART 1: REGULATORY & BUSINESS (CONT'D)



1.2 ISCA announces changes in its Pronouncements arising from the first phase of the Companies (Amendment) (Cont'd)

(b) SSA 510, *Initial Audit Engagements – Opening Balances*;

(c) SSA 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*;

(d) SSA 700, *Forming an Opinion and Reporting on Financial Statements*;

(e) SSA 705, *Modifications to the Opinion in the Independent Auditor's Report*;

(f) SSA 706, *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*;

(g) SSA 710, *Comparative Information – Corresponding Figures and Comparative Financial Statements*;

(h) Audit Guidance Statement (AGS) 1, *Sample Independent Auditor's Reports*; and

(i) AGS 10, *Joint Audits*.

The effective date of the amended pronouncements is **1 July 2015**, in line with the effective date of the legislative amendments (first phase).

1.3 ACRA issues Practice Direction No.5 of 2015

ACRA has issued Practice Direction (PD) No. 5 of 2015 *Effect of Companies (Amendment) Act 2014* on Sections 200, 201(12) and 202 of the Companies Act.

The PD serves to inform companies of the legislative amendments to sections 200, 201(12) and 202 of the Companies Act pursuant to the first phase implementation of the Companies (Amendment) Act 2014 on 1 July 2015.

For more details, please click [here](#)



PART 2: FINANCIAL REPORTING

IASB proposes narrow-scope amendments for pension accounting

On 18 June 2015, the International Accounting Standards Board (IASB) published an exposure draft (ED 2015/5) *Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan* (Proposed amendments to IAS 19 and IFRIC 14). The ED proposes narrow-scope amendments to its pension accounting requirements. The proposed changes are designed to improve information to investors and address some diversity in practice.

When a defined benefit plan is amended, curtailed or settled during a reporting period, the entity needs to update the assumptions about its obligation and fair value of its plan assets to calculate costs related to these changes.

The proposed amendments to IAS 19 *Employee Benefits* specify that the entity is required to use the updated information to determine current service cost and net interest for the period followed by these changes.

The proposed amendments to IAS 19 and IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* address how the powers of other parties, such as the Trustees of the plan, affect an entity's right to a refund of a surplus from the plan.

The ED is open for public comment until 19 October 2015. The ED can be accessed [here](#).

PART 3: ASSURANCE AND AUDITING

ISCA withdraws AGS 7

On 4 June 2015, the Institute of Singapore Chartered Accountants (ISCA) announced that it has withdrawn Audit Guidance Statement (AGS) 7, *Value for Money Auditing in a Statutory Board* with immediate effect.



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