

Review Times

October 2015



Updates on Financial Reporting

In this issue

Inaugural Report on Financial Reporting Surveillance Programme

By Andrew Chua

Inaugural Report on Financial Reporting Surveillance Programme

On July 2014, Accounting and Corporate Regulatory Authority (ACRA) expanded the scopes of the Financial Reporting Surveillance Programme (FRSP) to include reviews of financial statements with 'clean' audit reports of listed companies.

IASB to consult on temporary measures for IFRS9 before launch

The primary objective of the FRSP is to guide companies to meet the requirements in the Accounting Standards so as to provide investors with reliable and meaningful financial statements for decision-making. This will in turn increase investors' and other stakeholders' confidence in the transparency, integrity and quality of financial reporting in Singapore.

ACRA issued its 9th annual PMP Audit Report

On 1 October 2015, ACRA issued its inaugural report on key findings on financial statements reviewed under the FRSP. The outcome revealed that the state of financial reporting by Singapore-incorporated listed companies is **generally healthy**. However, there is **still room for improvement** as a number of instances of non-compliance with the Accounting Standards were identified. **Key findings include misclassification of operating cash flow, wrong accounting for mixed-use property, inappropriate consolidation and wrong revenue recognition policy.**

RT September and October Highlights

Contact Us
 Email: info@rt-ca.com
 T: +65 6226 0080
www.rt-ca.com

Please visit ACRA's website at the following URL for the full report:

<https://www.acra.gov.sg/components/templates/newsDetails.aspx?id=cd44ac24-0713-41b5-aedd-5c69f4c7b40a>

IASB to consult on temporary measures for IFRS9 before launch

By Andrew Chua

On 23 September 2015, the International Accounting Standards Board (IASB) confirmed that it will consult on a package of temporary measures to address concerns about issues arising from implementing the financial instruments Standard before the new insurance contracts Standard comes into effect.

International Financial Reporting Standard (IFRS) 9 *Financial Instruments*, was issued in July 2014 and has an effective date of 1 January 2018. At that time, the IASB said it would consider potential challenges arising if IFRS 9 is implemented before the new insurance contracts Standard.

The measures would amend IFRS 4 *Insurance Contracts* to give companies whose business model is to predominantly issue insurance contracts the option to defer the effective date of IFRS 9 until 2021 (the 'deferral approach'). It would also give insurers who implement IFRS 9 the option to remove from profit or loss some of the accounting mismatches and temporary volatility that could occur before the new insurance contracts Standard is implemented (the 'overlay approach').

The insurance contracts Standard is currently being deliberated by the IASB and a final Standard is expected to be issued in 2016.

An Exposure Draft setting out these measures will be published later this year for public consultation. If confirmed after the public consultation, these measures will not affect companies that do not issue insurance contracts.

Updates on Audit & Assurance

ACRA issued its annual 9th PMP Public Report

By Andrew Chua

ACRA's Practice Monitoring Programme (PMP) inspects audit firms in Singapore to ensure audit quality. On 22 September 2015, ACRA issued its 9th annual PMP Public Report.

ACRA noted an overall general improvement in the audits of listed companies. **Larger audit firms were found to have placed a greater emphasis on audit quality.** There was also greater involvement of audit partners in the audit process. **However, some smaller audit firms auditing non-listed companies were found to have recurring audit deficiencies in areas such as revenue recognition, fair value measurements and construction contracts.**

For further information, please visit ACRA's website at the following URL:

<https://www.acra.gov.sg/components/templates/newsDetails.aspx?id=f72fb5e8-42ae-4fe7-9eb4-3cc8a1cfc386>

Updates on RT activities

September and October activities

19 October 2015: Annual Bowling Competition



Regular in-house technical training conducted in October



21 October 2015: Networking Session at our office with students from Singapore Institute of Technology



Contact Us!

Our editorial team



Left to Right:

Ms Yvonne Au – Partner (Audit & Assurance)

Mr Andrew Chua – Technical Partner

Mr Ravi Arumugam – Managing Partner & CEO

Mr Ramchand Jagtiani – Partner, Head of Tax

RT LLP Chartered Accountants

1 Raffles Place #17-02

One Raffles Place Singapore 048616

T: +65 62260080 (General Line) | www.rt-ca.com

