

PART 1: FINANCIAL REPORTING

1.1 IASB and FASB propose to align balance sheet netting requirements

On 28 January 2011, The International Accounting Standards Board (IASB) and the US-based Financial Accounting Standards Board (FASB) published a proposal to establish a common approach to offsetting financial assets and financial liabilities on the statement of financial position (balance sheet). Offsetting, otherwise known as netting, takes place when entities present their rights and obligations to each other as a net amount in their statement of financial position.

At present, the circumstances when financial assets and financial liabilities may be presented in an entity's statement of financial position as a single net amount, or as two gross amounts, differs depending on whether the entity reports using International Financial Reporting Standards (IFRSs) or US generally accepted accounting principles (GAAP).

The accounting differences result in the single largest quantitative difference in reported numbers in statements of financial position prepared in accordance with IFRSs or US GAAP. This reduces the comparability of financial statements, and is especially prominent in the presentation of derivative assets and derivative liabilities by financial institutions. As a result, users and preparers of financial statements have asked the boards to find a common solution for offsetting those items. Proposing a common solution is also consistent with requests from the G20 and the Financial Stability Board (FSB).

The boards are proposing that offsetting should apply only when the right of set-off is enforceable at all times, including in default and bankruptcy, and the ability to exercise this right is unconditional, that is, it does not depend on a future event. The entities involved must intend to settle the amounts due with a single payment or simultaneously. Provided all of these requirements are met, offsetting would be required. The proposals would amend IFRSs and US GAAP and eliminate several industry-specific netting practices.

The exposure draft *Offsetting Financial Assets and Financial Liabilities [FASB: Balance Sheet (Topic 210): Offsetting]* is open for public comment until 28 April 2011. Please click [here](#) for the IASB press release.

1.2 IASB and FASB propose common solution for impairment accounting

On 31 January 2011, the IASB and the FASB published for public comment, proposals for accounting for impairment of financial assets such as loans managed in an open portfolio.

At present, IFRSs and US GAAP account for credit losses using an incurred loss model, which requires evidence of a loss (known as a trigger event) before financial assets can be written down. The boards have proposed moving to an expected loss model that provides a more forward-looking approach to how credit losses are accounted for, which they believe better reflects the economics of lending decisions.

The proposals are published as a supplement to an exposure draft published by the IASB in November 2009, and a separate FASB exposure draft published in May 2010. Those exposure drafts outlined different methods to account for credit impairment. Since then, the boards have worked to align their approaches. In doing so, they have sought to take account of responses to the original exposure drafts and recommendations made by the Expert Advisory Panel (EAP), an external group of risk management experts tasked with considering the operational consequences of applying an expected loss model as well as responses to the FASB proposal.

The supplementary document is open for public comment until 1 April 2011. Please click [here](#) for the IASB press release.

PART 2: AUDITING AND ASSURANCE

2.1 IAASB Proposes Assurance Standard to Strengthen Reporting on Greenhouse Gases

On 11 January 2011, the International Auditing and Assurance Standards Board (IAASB) released for comment the proposed new International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*.

The Exposure Draft is open for comment until 10 June 2011. Please click [here](#) for the IFAC press release.

2.2 IAASB Addresses Assurance (Other than Audit) on Financial Statements

On 13 January 2011, the IAASB released for public exposure a proposed International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Historical Financial Statements*. This revised standard is the second IAASB proposal in recent months that addresses the growing international need for robust standards for services that can be used by entities that are either not required or do not elect to be audited.

The Exposure Draft is open for comment until 20 May 2011. Please click [here](#) for the IFAC press release.

2.3 IAASB Explores Financial Statement Disclosures and Audit Quality; Releases Discussion Paper and Thought Piece

On 21 January 2011, the IAASB released for public comment, a discussion paper exploring key issues relating to disclosures in financial statements. Titled *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications*, the paper highlights recent trends in the range,

volume, and complexity of financial statement disclosures, and explores issues and practical challenges in preparing, auditing, and using them.

The Discussion Paper is open for comment until 1 June 2011. Please click [here](#) for the IFAC press release.

PART 3: TAXATION

The Inland Revenue Authority of Singapore (IRAS) has the following updates:

e-Tax Guide:

- Revision e-Tax Guide on GST and the Travel Industry (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page04.aspx?id=6870> for more information.
- Revision of e-Tax Guide on GST and the Retailers (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page04.aspx?id=6870> for more information.
- Revision of e-Tax Guide for Property Owners and Property Holding Companies (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page.aspx?id=906#owner> for more information.
- Revision of of e-Tax Guide on GST and the Manufacturing Sector (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page04.aspx?id=6870> for more information.
- Revision of e-Tax Guide for the Insurance Industry (12 Jan 2011) Click
<http://www.iras.gov.sg/irasHome/page.aspx?id=906#insurance> for more information.
- Revision of e-Tax Guide for Real Estate Agencies (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page.aspx?id=906#estate> for more information.
- Revision of e-Tax Guide for Property Developers (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page.aspx?id=906#developer> for more information.
- Revision of e-Tax Guide on GST Guide on e-Commerce (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page04.aspx?id=6870> for more information.
- Revision of e-Tax Guide on GST: General Guide for Businesses (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page04.aspx?id=6870> for more information.
- Revision of e-Tax Guide on GST and the Construction Industry (Chinese version) (12 Jan 2011)
Click http://www.iras.gov.sg/irasHome/page.aspx?id=906#construction_chinese for more information.
- Revision of e-Tax Guide on GST and the Construction Industry (English version) (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page.aspx?id=906#contstruction> for more information.

- Revision of e-Tax Guide for Charities and Non-Profit Organisations (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page.aspx?id=906#charities> for more information.
- Revision of e-Tax Guide on GST and the Advertising Industry (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page.aspx?id=906#advertising> for more information.
- Revision of e-tax Guide on Approved Contract Manufacturer and Trader (ACMT) Scheme (12 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page04.aspx?id=6870> for more information.
- Revision of GST Guide for Motor Traders (11 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page04.aspx?id=6870> for more information.
- New GST Guide for Free Trade Zones (FTZs), Warehouses and Excise Factories (5 Jan 2011)
Click <http://www.iras.gov.sg/irasHome/page.aspx?id=906> for more information.
- Revision of GST Incurred on Purchase of Land for Residential Development (3 Jan 2011)
Click http://www.iras.gov.sg/irasHome/page.aspx?id=906#land_residential_development for more information.
- Revision of e-Tax Guide: GST for the Gold Jewellery Industry (English version) and GST for the Gold Jewellery Industry (Chinese version) (30 Dec 2010)
Click [http://www.iras.gov.sg/irasHome/page.aspx?id=906#GST for the Gold Jewellery Industry](http://www.iras.gov.sg/irasHome/page.aspx?id=906#GST_for_the_Gold_Jewellery_Industry) for more information.
- Revision of GST Guide on Imports (27 Dec 2010)
Click <http://www.iras.gov.sg/irasHome/page.aspx?id=906> for more information.

Updated Content:

- Related Party Loans and Related Party Services
Click <http://www.iras.gov.sg/irasHome/page04.aspx?id=10588> for more information.

PART 4: REGULATORY & BUSINESS

SGX enhances market access with continuous all-day trading

On 18 January 2011, the Singapore Exchange (SGX) announced that it is enhancing access to companies listed on SGX by introducing continuous all-day trading from 9.00am to 5.00pm. SGX trading hours will therefore overlap more with those of other Asian exchanges, allowing investors who trade pan-Asian securities to respond to regional market movements and news flow.

Subject to regulatory approval, the SGX securities market is expected to begin trading on a continuous basis from 1 March 2011. The SGX derivatives market is already trading continuously.

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