

PART 1: FINANCIAL REPORTING

1.1 ON THE INTERNATIONAL FRONT

1.1.1 Issuance of first question and answer (Q&A) guidance on the IFRS for SMEs

On 23 June 2011, the SME Implementation Group, responsible for assisting the International Accounting Standards Board (IASB) on matters related to the implementation of the *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)*, published its first question and answer (Q&A) guidance on the IFRS for SMEs. The guidance is set out in Q&A 2011/01 *Use of the IFRS for SMEs in a Parent's Separate Financial Statements*. Q&A 2011/01 addresses whether a parent entity that itself does not have public accountability may present its separate financial statements in accordance with the *IFRS for SMEs* if it is part of a group that is required (or elects) to present consolidated financial statements in accordance with full IFRSs.

All final Q&As and draft Q&As can be accessed at:
<http://go.ifrs.org/IFRS+for+SMEs+QandA>

1.1.2 Issuance of Exposure Draft *Improvements to IFRSs (ED/2011/2)*

On 22 June 2011, the IASB published for public comment an exposure draft (ED) of proposed amendments to five International Financial Reporting Standards (IFRSs) under its annual improvements project. The project provides a streamlined process for dealing efficiently with a collection of narrow scope amendments to IFRSs.

The five standards affected by this ED and the subjects of the amendments are as follows:

IFRS	Subjects of amendments
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	Repeated application of IFRS 1 and borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before the date of transition to IFRSs
IAS 1 <i>Presentation of Financial Statements</i>	Clarification of requirements for comparative information and consistency with the updated <i>Conceptual Framework</i>
IAS 16 <i>Property, Plant and Equipment</i>	Classification of servicing equipment

IAS 32 <i>Financial Instruments: Presentation</i>	Income tax consequences of distributions to holders of an equity instrument, and of transaction costs of an equity transaction
IAS 34 <i>Interim Financial Reporting</i>	Interim financial reporting and segment information for total assets

The proposed effective date for the amendments is for annual periods beginning on or after 1 January 2013, although entities are permitted to adopt them earlier.

The exposure draft can be accessed via the project website or on the ‘Comment on a proposal’ page on www.ifrs.org. The IASB requests comments on the exposure draft by 21 October 2011.

1.1.3 Issuance of amended IAS 19 *Employee Benefits*

On 16 June 2011, the IASB issued an amended version of IAS 19 *Employee Benefits*. The amendments make important improvements by:

- eliminating an option to defer the recognition of gains and losses, known as the ‘corridor method’, improving comparability and faithfulness of presentation.
- streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income (OCI), thereby separating those changes from changes that many perceive to be the result of an entity’s day-to-day operations.
- enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The amendments will provide investors and other users of financial statements with a much clearer picture of an entity’s obligations resulting from the provision of defined benefit plans and how those obligations will affect its financial position, financial performance and cash flow.

The amended version of IAS 19 comes into effect for financial years beginning on or after 1 January 2013. Earlier application is permitted.

1.1.4 Issuance of amendments to IAS 1 *Presentation of Financial Statements*

On 16 June 2011, the IASB issued the amendments to IAS 1 *Presentation of Financial Statements* which will require companies preparing financial statements in accordance with IFRSs to group together items within other comprehensive income (OCI) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The IASB's amendments to IAS 1 are effective for financial years beginning on or after 1 July 2012.

1.1.5 IASB and FASB to re-expose revenue recognition proposals

On 15 June 2011, the IASB and the US-based Financial Accounting Standards Board (FASB) agreed to re-expose their revised proposals for a common revenue recognition standard. Re-exposing the revised proposals will provide interested parties with an opportunity to comment on revisions the boards have undertaken since the publication of an exposure draft on revenue recognition in June 2010. It was the unanimous view of the boards that while there was no formal due process requirement to re-expose the proposals, it was appropriate to go beyond established due process given the importance of the revenue number to all companies and the need to take all possible steps to avoid unintended consequences. Consequently, the boards intend to re-expose their work in the third quarter of 2011 for a comment period of 120 days.

1.2 LOCAL UPDATES

1.2.1 Issuance of Charities Accounting Standard and Prescription of Financial Reporting Framework for Charities

On 24 June 2011, the Singapore Accounting Standards Council (ASC) issued the Charities Accounting Standard (CAS), which is tailored to meet the needs of the charity sector and its stakeholders. The new standard will make financial reporting simpler and more relevant for charities while enhancing disclosures for greater transparency. This latest initiative is also part of a larger effort by the Office of the Commissioner of Charities to improve governance and enhance public confidence in the charity sector. The ASC had also set out the financial reporting framework for charities, which will apply to charities when they prepare their financial statements for financial periods beginning on or after 1 July 2011. Most charities can choose to adopt the Singapore Financial Reporting Standards (FRS) or the CAS based on their own needs and operations. For charities that hold significant investments in any subsidiary, associate or joint venture that is not a charity, the FRS will apply.

For further information on the CAS, please refer to http://www.asc.gov.sg/press_cas.htm

1.2.2 Editorial Amendments to FRS 12

On 7 June 2011, the ASC made some editorial corrections to the following document: *Amendments to FRS 12 Deferred Tax Recovery of Underlying Assets*.

Please click http://www.asc.gov.sg/frs/index.htm#frs12_23feb11 for more details.

PART 2: AUDITING AND ASSURANCE

New Members Appointed To Auditing and Assurance Standards Committee of ICPAS

The Public Accountants Oversight Committee of the Accounting and Corporate Regulatory Authority and the Institute of Certified Public Accountants of Singapore (ICPAS) have appointed new members to ICPAS's Auditing and Assurance Standards Committee (AASC), as part of a process to refresh the AASC through the rotation of talent. One of the new members is Chief Executive Officer & Managing Partner of LTC LLP Mr Ravinthran Arumugam, who replaces Mr. Lim Boon Cheng on the AASC. Mr. Lim is now Chairman of LTC LLP.

Please click <http://www.icpas.org.sg/mediacentre/Article.aspx?artid=254> to read more.

PART 3: TAXATION

3.1 Revision of IRAS e-Tax Guides:

- Revision of e-Tax Guide on Guide for Visitors on Tourist Refund Scheme: [http://iras.gov.sg/pv_obj_cache/pv_obj_id_2E6B33250136B3141ED90DFE92BFE66E664D0100/filename/Guide%20to%20Visitors%20on%20Tourist%20Refund%20Scheme%20\(28%20Aug%202007\).pdf](http://iras.gov.sg/pv_obj_cache/pv_obj_id_2E6B33250136B3141ED90DFE92BFE66E664D0100/filename/Guide%20to%20Visitors%20on%20Tourist%20Refund%20Scheme%20(28%20Aug%202007).pdf)
- Revision of e-Tax Guide on Imposition of Stamp Duty on Sellers for Sale or Disposal of Residential Property: <http://www.iras.gov.sg/irasHome/page.aspx?id=910>

3.2 Singapore-Saudi Arabia Avoidance of Double Taxation Agreement Comes Into Force

Singapore's agreement with Saudi Arabia for the avoidance of double taxation ("DTA") will come into force 1 July 2011. The agreement is Singapore's 66th DTA and will encourage and facilitate cross-border trade and investment between Singapore and Saudi Arabia, by providing greater clarity on taxing rights and minimising the scope of double taxation between the two nations.

Please click <http://www.iras.gov.sg/irasHome/page03a.aspx?id=12286> for more information:

3.3 Removal of Inter-Branch Interest Adjustment

The relevance of computing inter-branch interest adjustment for local banks and qualifying full banks was discussed at an IRAS dialogue session in November 2010. The background to this issue follows that such notional interest adjustments are made as IRAS views that there is a mismatch of interest expense and income where interest expense is claimed at normal tax rate in the Domestic Banking Unit (DBU) books but any surplus funds of the branches/sub-branches transferred to Head Office (of Singapore banks) / Main branch (of foreign banks) generate income which can be taxed at concessionary tax rate or normal tax rate. As branches/sub-branches no longer serve as "mini-banks" with the primary role of garnering deposits for

their head office/main office but now manage their own Profit & Loss, there is no longer a need to do inter-branch interest adjustment.

IRAS proposed to remove the inter-branch interest adjustment with effect from Year of Assessment (YA) 2012 and sought the views of ICPAS on this matter.

Please click <http://www.icpasfr.org.sg/wp-content/uploads/2011/05/IRAS-Proposal-to-Remove-Inter-Branch-Interest-Adjustment.pdf> for ICPAS' Response Letter and <http://www.icpasfr.org.sg/wp-content/uploads/2011/05/IRAS-Concluding-Note.pdf> for IRAS' Concluding Note on this matter.

3.4 Singapore and Uzbekistan Enhance Tax Cooperation

Singapore and Uzbekistan signed a Protocol to incorporate the internationally-agreed Standard for the exchange of information for tax purposes, upon request, in their standing Agreement for the Avoidance of Double Taxation.

Please click <http://www.iras.gov.sg/irasHome/page03a.aspx?id=12304> for more information.

PART 4: REGULATORY & BUSINESS

4.1 Public Consultation on the Review of the Companies Act and the Regulatory Framework for Foreign Entities

On 20 June 2011, The Ministry of Finance (MOF), together with the Accounting and Corporate Regulatory Authority (ACRA) which administers the Companies Act, issued an invitation to the public to provide feedback on the "Report of the Steering Committee to Review the Companies Act". The MOF and ACRA also invited the public to provide feedback on the review of the regulatory framework for foreign entities in Singapore. The public consultation exercise runs from 20 June 2011 to 16 September 2011.

Please click here for more details:

<http://www.acra.gov.sg/Publications/Public+Consultation+on+The+Review+of+the+Companies+Act+and+Foreign+Entities+Regulatory+Framework.htm>

4.2 Public Consultation on the Proposed Revisions to the Code of Corporate Governance

On 14 June 2011, The Corporate Governance Council ("Council") released a consultation paper on proposed revisions to the Code of Corporate Governance ("Code") which applies to Singapore listed companies on a 'comply or explain' basis. The consultation paper sets out the key proposals recommended by the Council. The key proposals are made in the areas of director independence, board composition, director training, multiple directorship, alternate directors, remuneration practices and disclosures, risk management, as well as shareholder rights and role.

The Council invites interested parties to submit their views and comments on the proposals made in the paper and the draft amendments to the revised Code by 31 July 2011.

Please click here for more details:

http://www.mas.gov.sg/news_room/press_releases/2011/Consultation_on_the_Proposed_Revisions_to_the_Code_of_CG.html

4.3 Consultation Paper on Proposed Rule Changes on General Meetings to Increase Shareholder Engagement and Enhance Corporate Governance Practice

On 2 June 2011, the Singapore Exchange (SGX) issued the above consultation paper on proposals on amendments to the listing rules to enhance shareholder engagement, encourage participation at general meetings and increase disclosure of voting outcomes. SGX is of the view that communication and engagement of shareholders by listed companies are important components of good governance.

The proposed rule revisions are as follows:-

- Hold General Meetings in Singapore
- Vote by Poll at all General Meetings
- Disclose Details of the Outcome of General Meetings

The comment period for the consultation paper closed on 17 June 2011.

Please click here for more details:

http://www.sgx.com/wps/wcm/connect/cp_en/site/regulation/public_consultation/Consultation+Paper+on+Proposed+Rule+Changes+on+General+Meetings+to+Increase+Shareholder+Engagement+and+Enhance+Corporate+Governance+Practice?presentationtemplate=design_lib/PT_Printer_Friendly

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