

PART 1: FINANCIAL REPORTING

1.1 ON THE INTERNATIONAL FRONT

1.1.1 IASB invites comments on five draft Q&As for the IFRS for SMEs

On 28 September 2011, the SME Implementation Group (SMEIG) of the International Accounting Standards Board (IASB) published five draft Questions & Answers (Q&As) on the IFRS for Small and Medium-sized Entities (IFRS for SMEs). These draft Q&As are open for comment until 30 November 2011 and cover the following topics:

- Application of the IFRS for SMEs for financial periods ending before the IFRS for SMEs was issued
- Interpretation of ‘undue cost or effort’ and ‘impracticable’
- Jurisdiction requires fallback to full IFRSs
- Departure from a principle in the IFRS for SMEs
- Prescription of the format of financial statements by local regulation

The SMEIG is responsible for assisting the IASB on matters relating to the implementation of the IFRS for SMEs, which is a self-contained standard designed to meet the needs and capabilities of small and medium-sized entities.

These five draft Q&As are the second batch of Q&As issued by the SMEIG. Previously, three other draft Q&As were issued for which the comment period ended in June 2011.

For more on this, please go to the following:

<http://www.ifrs.org/News/Announcements+and+Speeches/draftQAs0911.htm>

1.1.2 Issuance of effect analysis for IFRS 10, IFRS 11 and IFRS 12

On 8 September 2011, the IASB released a publication on the effect analysis for IFRS 10 *Consolidated Financial Statements*, which also includes the effect analysis for IFRS 12 *Disclosure of Interests in Other Entities*, and the effect analysis IFRS 11 *Joint Arrangements*. The effect analyses provide detailed insights into the potential impacts of the new requirements using case studies and other quantitative and qualitative material, as appropriate.

To view the effect analysis for IFRS 10 and IFRS 12, [click here](#) . To view the effect analysis for IFRS 11, [click here](#).

1.2 LOCAL UPDATES

1.2.1 Issuance of FRS 110, FRS 111, FRS 112, FRS 27(Revised) and FRS 28 (Revised)

On 20 September 2011, the Singapore Accounting Standards Council (ASC) issued FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements* and FRS 112 *Disclosure of Interests in Other Entities*. As a consequence of the issuance of these new FRSs, FRS 27 *Consolidated and Separate Financial Statements* and FRS 28 *Investments in Associates* were also revised. The revised IAS 27 has been renamed *Separate Financial Statements* because only the sections relating to accounting for separate financial statements have been retained in FRS 27. The revised FRS 28 has been renamed *Investments in Associates and Joint Ventures* primarily because the accounting for associates using the equity method will also be applicable to joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been removed.

All the above new and revised standards are effective from financial years commencing 1 January 2013.

FRS 110, FRS 111, FRS 112, FRS 27 (Revised) and FRS 28 (Revised) are the Singapore FRS equivalents of IFRS 10, IFRS 11, IFRS 12, IAS 27(Revised) and IAS 28(Revised) respectively. Please refer to the LTC Technical Bulletin June 2011 issue and the LTC Quarterly Bulletin, July 2011 issue for further information on the international standards issued by the IASB.

1.2.2 Issuance of FRS 113

On 20 September 2011, the ASC issued FRS 113 *Fair Value Measurement*. It will come into effect for financial years beginning on or after 1 January 2013. Earlier application is permitted.

FRS 113 defines fair value, sets out in a single FRS, a framework for measuring fair value and requires disclosures about fair value measurements. FRS 113 applies when other FRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in FRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

1.2.3 Issuance of FRS 19 (Revised)

On 20 September, 2011, the ASC issued a revised FRS 19 *Employee Benefits*. The revised FRS 19 makes 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 amended version of IAS 19 comes into effect for financial years beginning on or after 1 January 2013. Earlier application is permitted.

1.2.4 Issuance of Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income

On 20 September 2011, the ASC issued *Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income*, effective for annual periods beginning on or after 1 July 2012.

These amendments will require companies preparing financial statements in accordance with FRSs 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.

PART 2: AUDITING AND ASSURANCE

Issuance of Audit Practice Bulletin No 1 of 2011 – “Engagement Quality Control Review”.

On 16 September 2011, ACRA issued Audit Practice Bulletin No 1 of 2011 – “Engagement Quality Control Review”. The engagement quality control review process is an important aspect of a firm's controls over audit quality. It serves as a safeguard in ensuring that the audit risks have been appropriately addressed and the audit opinions issued are correct and sufficiently supported.

The Audit Practice Bulletin seeks to provide guidance on how firms should assign engagement quality control reviewer (EQCR) to engagements, what constitute sufficient and timely involvement of EQCR in an engagement and how the role of EQCR can be strengthened by enhancing its accountability.

Please click here for more details: <http://appiqs.acra.gov.sg/ops/news/news04.asp?id=562>

PART 3: TAXATION

Issuance of e-Tax Guides

IRAS issued the following e-Tax Guides in September 2011:

- e-Tax Guide on Revision of e-Tax Guide GST: Fringe Benefits: [E-Tax Guide 1](#)
- e-Tax Guide on Revised e-Tax Guide: Imposition of Stamp Duty on Sellers for Sale or Disposal of Residential Property (7th Edition): [E-Tax Guide 2](#)

- e-Tax Guide on New Ascertainment of Income from Business of Making Investment: [E-Tax Guide 3](#) {Note: Replaces Section 10E of the Singapore Income Tax Act (Determination of taxable Income derived by a Company from its Business of the Making of Investments) published on 22 Jan 1996; Section 10E of the Singapore Income Tax Act (Addendum to the Administrative Practice Note) published on 22 Jan 1996; Determination of Taxable Income Derived by A company from its Business of letting Service Apartments -applicability of S10E of the Income Tax Act (published on 31 Dec 1997)}
- e-Tax Guide on New Tax Exemption for Foreign-Sourced Income: [E-Tax Guide 4](#) {Note: Replaces Guide on Tax Exemption for Foreign-Sourced Dividend, Foreign Branch Profits and Foreign-Sourced Service Income (published on 21 May 2003); Guide on Tax Exemption for Foreign-sourced dividends, foreign branch profits and foreign-sourced service income (published on 30 Jul 2004); Guide on Supplementary Circular-Tax Exemption for Foreign-Sourced Dividends, Foreign Branch Profits and Foreign-Sourced Service Income (published on 31 May 2006)}
- e-Tax Guide on New Group Relief System [E-Tax Guide 5](#) (Note: Replaces Guide on Loss Transfer System of Group Relief (published on 23 Oct 2002))

PART 4: REGULATORY & BUSINESS

4.1 SGX Enhanced Listing Rules to Strengthen Corporate Governance Practice

On 14 September 2011, the Singapore Exchange Ltd (“SGX”) announced amendments to listing rules to strengthen corporate governance practices and foster greater corporate disclosure. These amendments are undertaken to keep abreast of the challenges and developments of the industry and are part of SGX’s ongoing efforts to enhance the quality of the marketplace.

Consultation for these rule amendments concluded in January 2010 and SGX received overwhelming response on many of the proposals consulted. Care was taken to explore possible alternatives to address regulatory concerns highlighted and appropriately re-calibrate the proposed rules.

Please click here for more details:

http://www.sgx.com/wps/wcm/connect/sgx_en/home/highlights/news_releases/sgx+enhanced+listing+rules+to+strengthen+corporate+governance+practice

4.2 New Administrative Requirements for Applicant for Registration as a Public Accountant

With effect from 1 October 2011, an applicant for registration as a public accountant should:

- Obtain a confirmation letter from ICPAS prior to submission of the application to facilitate an assessment of the fulfillment of the requirements relating to professional qualification, ICPAS membership and completion of the Public Practice Programme; and
- Provide relevant information and supporting documents relating to his application to ACRA’s email address acra_pod@acra.gov.sg within 5 working days from the date of the online application.

Please click here for more details: <http://appiqs.acra.gov.sg/ops/news/news04.asp?id=561>

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