

PART 1: FINANCIAL REPORTING

1.1 ON THE INTERNATIONAL FRONT

1.1.1 IASB issues IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*.

On 19 October 2011, the International Accounting Standards Board (IASB) issued an Interpretation known as the IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*. It clarifies the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation was developed by the IFRS Interpretations Committee, the interpretative body of the IASB.

The Interpretations Committee was asked to clarify when and how to account for stripping costs (the process of removing waste from a surface mine in order to gain access to mineral ore deposits) to address diversity in practice. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

We believe that the Singapore Accounting Standards Council will adopt this interpretation as INT FRS 120 in due course.

1.1.2 IASB proposes an amendment to the accounting for government loans in IFRS 1

On 20 October 2011, the IASB published for public comment a proposed amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The proposed amendment sets out how a first-time adopter would account for a government loan with a below-market rate of interest when it makes the transition to IFRSs. If adopted, this amendment would provide the same relief to first-time adopters as is being granted to existing preparers of IFRS financial statements when applying IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

The exposure draft, Government Loans (Proposed amendments to IFRS 1) is open for comment until 5 January 2012. To access the exposure draft, please click [here](#).

1.2 LOCAL UPDATES

The Institute of Certified Public Accountants of Singapore (ICPAS) releases article on INT FRS 115 and the Accompanying Note on Application of INT FRS 115 in Singapore

ICPAS has released an article on INT FRS 115 *Agreements for the Construction of Real Estate* and the Accompanying Note on Application of INT FRS 115 in Singapore. The article provides an overview of the assessment of the accounting treatments for various real estate developments in Singapore such as Executive Condominiums, Mixed Development Properties, Commercial Properties and Design, Build and Sell Scheme Properties.

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

PART 2: AUDITING AND ASSURANCE (INCLUDING ETHICS)

2.1 IESBA 2011-2012 Strategy and Work Plan Approved

On 14 October 2011, the 2011-2012 IESBA Strategy and Work Plan, which sets the direction and priorities for the activities of the International Ethics Standards Board for Accountants (IESBA), has been approved by the IESBA, the IESBA Consultative Advisory Group, and the Public Interest Oversight Board. The IESBA plans to build upon the strong base established by the revised Code of Ethics for Professional Accountants (the IESBA Code) issued in July 2009. The 2011-2012 Strategy and Work Plan is focused on three strategic areas: development of standards; adoption and implementation; and convergence.

The IESBA plans to develop additional guidance for professional accountants on identifying and addressing a conflict of interest, responding to suspected illegal acts, and dealing with a breach of an independence requirement of the IESBA Code. The IESBA will also consider recommendations of an IESBA Working Group tasked with reporting on the unique and challenging issues faced by professional accountants in small- and medium-sized entities and small- and medium-sized practices in complying with the IESBA Code.

To determine the best course of action for furthering its objective of achieving convergence of the IESBA Code and national standards and regulations, the IESBA will also consider input from regulators and national standard setters and compare key provisions in the IESBA Code to the standards and regulations of select jurisdictions.

Please visit www.ifac.org/Ethics to access the plan or to learn more about the IESBA.

2.2 IESBA Proposes Changes to the Code of Ethics for Professional Accountants to Address a Breach of a Requirement in the Code

On 24 October 2011, the IESBA released for exposure, Proposed Changes to the Code of Ethics for Professional Accountants Related to Provisions Addressing a Breach of a Requirement of the Code. The IESBA believes that any breach of a provision of the *Code of Ethics for Professional Accountants* (IESBA Code) should be treated as a matter of utmost importance. Therefore, the IESBA has proposed changes to the IESBA Code that will provide guidance to a professional

accountant on the action to be taken in such situations. This includes a robust framework for addressing a breach of an independence requirement that will result in greater transparency. This Exposure Draft is the result of a project that commenced in 2010.

The proposed changes to the IESBA Code include a requirement that a professional accountant take whatever actions that might be available as soon as possible to satisfactorily address the consequences of a breach of a provision of the Code. For a breach of an independence requirement in the IESBA Code, a detailed framework is provided setting out the action to be taken. Specifically, the proposed changes would require a firm to:

- terminate, suspend, or eliminate the interest or relationship that caused the breach;
- evaluate the significance of the breach and determine whether action can be taken to satisfactorily address the consequences of the breach;
- communicate all breaches with those charged with governance and obtain their agreement with the proposed course of action; and
- document the actions taken and all the matters discussed with those charged with governance and, if applicable, any relevant regulators.

The IESBA invites all stakeholders to comment on its proposals. To access the exposure draft and submit a comment, visit the IESBA's website at www.ifac.org/Ethics/publications-resources. Comments on the exposure draft are requested by 23 January 2012.

2.3 IAASB Undertakes Post-Implementation Review of Clarified ISAs; Invites Stakeholder Input

On 25 October 2011, the International Auditing and Assurance Standards Board (IAASB) released its plan for a post-implementation review of the clarified International Standards on Auditing (ISAs). In 2009, the IAASB concluded its five-year Clarity project to redraft and revise the ISAs. The post-implementation review is the second phase of the IAASB's efforts to monitor the implementation of these standards. The review is focused on whether the clarified ISAs are being consistently understood and implemented in a way that achieves the IAASB's goals in revising and redrafting them.

Features of the post-implementation review, which involves gathering information about the use of the clarified ISAs during 2012, are set out in the IAASB's Plan for a Post-Implementation Review of the Clarified International Standards on Auditing.

Recognising the broad range of stakeholders that may be interested in providing feedback to the IAASB about the clarified ISAs and their implementation, the IAASB encourages and welcomes input from all interested parties for the purpose of the review.

To access the plan and details on how to provide input, [visit the IAASB's website](#). Input for the purpose of the review is requested by no later than 31 October 2012.

PART 3: TAXATION

The Singapore Institute of Accredited Tax Professionals (SIATP) has issued the following Tax Alerts on its website (www.siatp.org.sg) since the previous issue of the LTC Technical Bulletin (10/2011):

- Singapore-Spain Avoidance of Double Taxation Agreement To Come Into Force (1 Nov 2011) [\[Read more\]](#)
- Corporate Tax Filing Tips [\[Read more\]](#)
- Summary of Responses - Public Consultation on Draft Income Tax (Amendment) Bill 2011 (13 Oct 2011) [\[Read more\]](#)
- Protocol to the Standing Agreement for the Avoidance of Double Taxation between Singapore and Uzbekistan to enter into force (10 Oct 2011) [\[Read more\]](#)
- MOF accepts half of the suggestions on the draft Goods and Services Tax (Amendment) Bill (30 Sep 2011) [\[Read more\]](#)
- New Productivity and Innovation Credit (PIC) Automation Equipment List (27 Sep 2011) [\[Read more\]](#)
- For GST-Registered Businesses - Update Contact Details & Subscribe to Alerts View or update your contact information, such as your GST mailing address. Subscribe to [email alerts](#) to receive reminders to e-File your GST returns (22 Sep 2011)

Contact Us

For further information on this bulletin, please contact our Quality Control Advisory department as follows:



Andrew Chua
Partner
Head of Technical and Training
Tel: 66038257 (DID)
Email: andrewchua@ltc-cpa.com



Ramchand Jagtiani
Partner
Chief of Operations (Quality Control)
Tel: 66038221 (DID)
Email: rnjagtiani@ltc-cpa.com

LTC LLP
Certified Public Accountants
1 Raffles Place
#20-02 One Raffles Place
Singapore 048616
Tel: 62260080 (General Line)

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