

## **PART 1: FINANCIAL REPORTING**

### **1.1 IASB issues two draft Q&As for the IFRS for SMEs**

On 21 November 2011, the International Accounting Standards Board (IASB)'s SME Implementation Group (SMEIG) published two draft Questions & Answers (Q&As) on the IFRS for Small and Medium sized Entities (SMEs). The draft Q&As are open for comment until 31 January 2012 and cover the following topics:

- whether an entity may choose to apply the recognition and measurement provisions of IFRS 9
- whether the recycling of cumulative exchange differences on disposal of a subsidiary is prohibited

To access or comment on the IFRS for SMEs draft Q&As, please go to the following website:  
<http://www.ifrs.org/IFRS+for+SMEs/Draft.htm>

### **1.2 IASB and FASB publish revised exposure draft for revenue recognition**

On 14 November 2011, the IASB and the United States Financial Accounting Standards Board (FASB) issued for public comment a revised draft standard to improve and converge the financial reporting requirements of International Financial Reporting Standards (IFRSs) and US General Accepted Accounting Principles (GAAP) for revenue (and some related costs) from contracts with customers. The boards decided to re-expose the proposals because of the importance of the financial reporting of revenue to all entities and the boards' desire to avoid unintended consequences arising from the final standard.

The proposed standard would improve IFRSs and US GAAP by:

- providing a more robust framework for addressing revenue recognition issues;
- removing inconsistencies from existing requirements;
- improving comparability across companies, industries and capital markets;
- providing more useful information to users of financial statements through improved disclosure requirements; and
- simplifying the preparation of financial statements by streamlining the volume of accounting guidance.

The core principle of this revised proposed standard is the same as that of the 2010 exposure draft: that an entity would recognise revenue from contracts with customers when it transfers promised goods or services to the customer. The amount of revenue recognised would be the amount of consideration promised by the customer in exchange for the transferred goods or services. However, in response to feedback received from nearly 1000 comment letters on the 2010 exposure draft and extensive outreach activities, the boards further refined their original proposals.

In particular they:

- added guidance on how to determine when a good or service is transferred over time;
- simplified the proposals on warranties;
- simplified how an entity would determine a transaction price (including collectibility, time value of money, and variable consideration);
- modified the scope of the onerous test to apply to long-term services only;
- added a practical expedient that permits an entity to recognise as an expense costs of obtaining a contract (if one year or less); and
- provided exemption from some disclosures for non-public entities that apply US GAAP.

If adopted, the proposed standard would replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related Interpretations. In US GAAP, it would replace the guidance on revenue recognition in Topic 605 of the FASB Accounting Standards Codification.

To access or comment on the revised exposure draft, please go to the following website: <http://www.ifrs.org/Alerts/PressRelease/rev+rec+reexpose+14+Nov+2011.htm>

## **PART 2: AUDITING AND ASSURANCE**

### ***ICPAS issues ED on AGS 9 Opinion on Receipts, Expenditure, Investment of Moneys and the Acquisition and Disposal of Assets by Statutory Boards***

The Institute of Certified Public Accountants of Singapore (ICPAS) has issued the Exposure Draft (ED) on Audit Guidance Statement (AGS) 9 *Opinion on Receipts, Expenditure, Investment of Moneys and the Acquisition and Disposal of Assets by Statutory Boards*. Auditors of most statutory boards, who are undertaking an audit of the financial statements of the statutory boards, are required by the relevant statutory board acts, to state in their report, whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the statutory boards have been in accordance with the relevant statutory board acts. This proposed Statement provides guidance for the work to be performed by the auditors in accordance with the provisions of the statutory board acts. Please click here for a copy of the ED AGS 9: <http://www.icpascaa.org.sg/wp-content/uploads/2010/06/ED-AGS-9-2.pdf>

ICPAS welcomes comments on the ED AGS 9. Comments should be submitted via email by 20 December 2011 to [technical@icpas.org.sg](mailto:technical@icpas.org.sg).

## **PART 3: TAXATION**

The Singapore Institute of Accredited Tax Professionals (SIATP) has issued the following Tax Alerts on its website ([www.siatp.org.sg](http://www.siatp.org.sg)) since the previous issue of the LTC Technical Bulletin (11/2011):

- Updated Content on Approved Contract Manufacturer and Trader (ACMT) Scheme (22 Nov 2011) [\[Read more\]](#)
- Revision of GST e-Tax Guide for the Biomedical Industry (22 Nov 2011) [\[Read more\]](#)
- A hassle-free and seamless shopping and GST refund experience (9 Nov 2011) [\[Read more\]](#)

## **PART 4: REGULATORY & BUSINESS**

### **Corporate Governance Council submits final recommendations on the Proposed Revisions to the Code of Corporate Governance to the Monetary Authority of Singapore**

On 22 November 2011, the Corporate Governance Council (“Council”) submitted its final recommendations on its proposed revisions to the Code of Corporate Governance (“Code”) to the Monetary Authority of Singapore (“MAS”) for consideration. The Council was established in February 2010 to promote a high standard of corporate governance among listed companies in Singapore. Over the last 21 months, the Council has carried out a comprehensive review of the Code, taking into account corporate governance developments in other leading jurisdictions and feedback received from stakeholders.

Along with the submission of its recommendations, the Council has also on 22 November 2011, released a response paper to feedback received from the public consultation conducted between June and July 2011. A total of 75 responses were received. Most respondents were supportive of the Council’s proposed revisions. The response paper sets out the feedback received on the key proposals, the Council’s response to the feedback, and the final proposals.

Having carefully considered the feedback received, the Council has finalised its recommendations on the revised Code. The final proposals are made in areas of director independence, board composition, director training, multiple directorships, alternate directors, remuneration practices and disclosures, risk management, as well as shareholder rights and roles. In addition, the Council has recommended that a transition period be introduced to facilitate compliance with the revised Code.

Please refer to Annex of the following website to view the Council’s recommendations to MAS: [http://www.mas.gov.sg/news\\_room/press\\_releases/2011/Final\\_Recommendations\\_on\\_the\\_Proposed\\_Revisions\\_to\\_the\\_Code\\_of\\_CG.html](http://www.mas.gov.sg/news_room/press_releases/2011/Final_Recommendations_on_the_Proposed_Revisions_to_the_Code_of_CG.html)

[\(Click here to view the response to feedback received from the public consultation\)](#)

[\(Click here to view the proposed revised Code of Corporate Governance\)](#)

## **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)

## **Disclaimer Statement**

1. This bulletin contains general information only and LTC LLP is not, by means of this document, rendering any professional advice or services. This bulletin is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a professional advisor.
2. Whilst every care has been taken in compiling this bulletin, LTC LLP makes no representations or warranty (expressed or implied) about the accuracy, suitability, reliability or completeness of the information for any purpose.
3. LTC LLP, its employees or agents accept no liability to any party for any loss, damage or costs howsoever arising, whether directly or indirectly from any action or decision taken (or not taken) as a result of any person relying on or otherwise using this publication or arising from any omission from it.

## **Copyright**

Copyright © December 2011 by LTC LLP. All rights reserved. No part of this bulletin may be reproduced, stored in a retrieval system, or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission from LTC LLP.

Audit • Advisory • Valuation • Investigation

Independent Member of BKR International

LTC LLP is an accounting limited liability partnership. LLP UEN: T08LL0811J