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Chartered Accountants

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Part 1: Financial Reporting

1.1 International Developments

IASB issues exposure draft of proposed amendments to the *IFRS for SMEs*

On 3 October 2013, the International Accounting Standards Board (IASB) published for public comment an Exposure Draft of proposed amendments to the International Financial Reporting Standards for Small and Medium-sized Entities (*IFRS for SMEs)*, which it developed based on its initial comprehensive review of the *IFRS for SMEs*.

When it issued the *IFRS for SMEs* in July 2009, the IASB stated its plans to undertake an initial comprehensive review of the *IFRS for SMEs* to enable it to assess the first two years' experience that entities would have had in implementing it and to consider whether there is a need for any amendments. In many jurisdictions, companies started using the *IFRS for SMEs* in 2010. Consequently, the IASB commenced its initial comprehensive review in 2012.

In order to assist in the process of identifying which items to consider for amendment, the IASB issued a Request for Information in June 2012 to seek public views and consulted with the SME Implementation Group, an advisory body to the IASB. After considering the feedback it received, and taking into account the fact that the *IFRS for SMEs* is still a new Standard, the IASB only proposes to make limited amendments to the *IFRS for SMEs*.

Most of the proposed amendments clarify existing requirements or add supporting guidance, rather than propose changes to the underlying requirements in the *IFRS for SMEs*. Consequently, for most SMEs, the proposals are expected to improve understanding of the existing requirements, without having a significant effect on the entity's financial reporting practices and financial statements. Please click here to access the Exposure Draft. The Exposure Draft is open for comments until 3 March 2014.

1. 2 Local Developments

ASC issues amendments to FRS 39 regarding novation of derivatives and continuation of hedge accounting

On 23 September 2013, the Accounting Standards Council (ASC) published narrow-scope amendments to Financial Reporting Standard (FRS) 39 *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments to FRS 39).

FRS 39 requires hedge accounting to be discontinued when the hedging instrument expires or is sold, terminated or exercised, unless the replacement or rollover of a hedging instrument into another hedging instrument is part of the entity's documented hedging strategy.

There was an urgent request to clarify whether an entity is required to discontinue hedge accounting for hedging relationships in which a derivative has been designated as a hedging instrument in accordance with FRS 39 in a circumstance in which that derivative is novated to a central counterparty (CCP) following the introduction of a new law or regulation.

There were concerns about the financial reporting effects that would arise from novations arising as a result of new laws or regulations. It was also noted that the widespread legislative changes across jurisdictions were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter (OTC) derivatives in an internationally consistent and nondiscriminatory way, which includes central clearing of OTC derivatives.

Consequently, FRS 39 was amended to allow hedge accounting to continue in situations where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a CCP as a result of laws or regulation, if specific conditions are met.

This amendment is effective for annual periods beginning on or after 1 January 2014. Please click here to access the amendments.



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Part 2: Auditing and Assurance (Including Ethics)

IESBA Clarifies Definition of "Those Charged With Governance"

On 23 September 2013, the International Ethics Standards Board for Accountants (IESBA, the Ethics Board) released the final changes to the definition of "those charged with governance" in its *Code of Ethics for Professional Accountants* (the Code).

The changes are intended to more closely align the definition of "those charged with governance" in the Code with that in the International Auditing and Assurance Standards Board (IAASB)'s International Standard on Auditing (ISA) 260, *Communication with Those Charged with Governance,* thereby eliminating any potential confusion. The Ethics Board does not expect any changes will be necessary to accounting firms' systems and methodologies or common practice.



The changes clarify that a subgroup of those charged with governance of an entity, such as an audit committee, may assist the governing body in meeting its responsibilities. In those cases, if a professional accountant or firm communicates with such a subgroup, the Code requires the professional accountant or firm to determine whether communication with all of those charged with governance is also necessary so that they are adequately informed.

The changes will be effective from 1 July 2014. Please click here for more information..

Part 3: Taxation

The Singapore Institute of Accredited Tax Professionals (SIATP) has issued the following Tax Alerts on its website (http://www.siatp.org.sg/index.php/tax-news) since the previous issue of our RT Review Times (2013/9):

- Revised e-Tax Guide on Productivity & Innovation Credit (20 Sep 2013) [Read more]
- MOF Response on Tax Concessions Given To Foreign Nationals or Entities Through Free Trade Agreements (16 Sep 2013) [Read more]
- MOF Response on the Justification on Using Assessable Income as a Criteria for GST Voucher (16 Sep 2013) [Read more]
- MOF Response on the Request for a Review on Rental of Taxis (16 Sep 2013) [Read more]
- Upcoming and Ongoing Compliance Focus for Companies (13 Sep 2013) [Read more]
- Income Tax (Deduction For Qualifying Training Expenditure) (Prescribed Classes Of Individuals) Rules 2013 (13 Sep 2013) [Read more]
- Tax treatment of life insurance premiums (10 Sep 2013) [Read more]
- Updated forms for Declaration of Receipts and Payments (10 Sep 2013)
  - ⇒ With Receipt [Read more]
  - ⇒ With No Receipt [Read more]
- Tax Implications Arising from Changes to the Financial Reporting Standards (FRS) (6 Sep 2013) [Read more]



Part 4: Regulatory and Business

ACRA revises effective date for filing financials in full XBRL to 2 December 2013

On 30 September 2013, the Accounting and Corporate Regulatory Authority (ACRA) announced that it is revising the effective date for companies to start filing financials in full XBRL (eXtensible Business Reporting Language) format from 22 October to 2 December 2013. This revision is in response to feedback for companies to be given additional preparation time as they get ready for the transition to full XBRL filing. Based on current filing cycles, most companies will likely file their financial statements in full XBRL only in 2014.

Please click here for more information on the revised XBRL filing requirements and BizFin^{x} filing system.

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Contact Us



Mr Andrew Chua
Partner
Head of Technical
T: +65 66038257 (DID)
E: andrewchua@rt-ca.com

Mr Ramchand N Jagtiani
Partner
Head of Quality Control
T: +65 66038221 (DID)
E: rnjagtiani@rt-ca.com



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RT LLP
Chartered Accountants
www.rt-ca.com | UEN: T08LL0811J
Independent Member of BKR International

Head Office:
1 Raffles Place #17-02 One Raffles Place Singapore 048616
T: +65 62260080 (General Line)

Branch Office:
80 South Bridge Road #04-02 Golden Castle Singapore 058710
T: +65 64383524

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