

Review Times

AUGUST 2015



PART 1: ASSURANCE AND AUDITING

1.1 ISCA issues new and revised auditor reporting standards

On 30 July 2015, the Institute of Singapore Chartered Accountants (ISCA) released new and revised auditor reporting standards. These standards, which are based on the new and revised auditor reporting International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB), stems from the IAASB project to enhance auditor communication in response to investors' call for the auditor's report to be more informative and relevant.

The most significant enhancement to the auditor's report is the new requirement for auditors of financial statements of listed entities to communicate "Key Audit Matters (KAM)" – those matters that the auditors judge to be of most significance in the current period audit, with an explanation of how they were addressed in the audit.

There are also enhancements to the auditor's attention and communication on matters related to going concern in the auditor's report, applicable to audits of financial statements of all entities.

The new and revised auditor reporting standards and the conforming amendments are **effective for audits of financial statements for periods ending on or after 15 December 2016**. Early adoption is allowed.

Please click [here](#) for more information on the new and revised auditor reporting standards and the Auditor Reporting

1.2 IAASB issues amendments to auditing standards to promote greater focus on financial statement disclosures

On 15 July 2015, the IAASB released amendments to auditing standards to focus auditors more explicitly on disclosures throughout the audit process and drive consistency in auditor behavior in applying the requirements of the ISAs.

As a complement to these revisions, IAASB staff has also developed a publication, *Addressing Disclosures in the Audit of Financial Statements* for auditors that describes financial reporting disclosure trends and their possible implications from an audit perspective and highlights how the ISAs as revised, guide the auditor in addressing disclosures. This publication is intended to help the consistent, effective, and proper application of the ISAs when addressing disclosures as part of an audit of financial statements, and may be particularly relevant to small and medium practices implementing the changes to the ISAs.

A staff-prepared Basis for Conclusions, which explains the IAASB's rationale for its decisions, and an At a Glance document, which explains the main changes to the ISAs, are also available.

The revisions to the standards encompass changes to 10 ISAs and conforming amendments to 5 other ISAs. They will be effective for audits of financial statements for periods ending on or after December 15, 2016, in line with the effective date for the new and revised auditor reporting standards and ISA 720 (Revised).

Please click [here](#) for further information.

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PART 1: ASSURANCE AND AUDITING (CONT'D)

1.3 IAASB proposes limited changes to auditing standards in response to the IESBA's project addressing non-compliance with laws and regulations

On 23 July 2015, the IAASB released an Exposure Draft (ED), *Proposed Amendments to the IAASB's International Standards—Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations*, to propose limited amendments to the IAASB's Standards in response to the International Ethics Standards Board for Accountants (IESBA's) May 2015 Re-Exposure Draft, *Responding to Non-Compliance with Laws and Regulations*.

The focus of the ED is proposed amendments to ISA 250 *Consideration of Laws and Regulations in an Audit of Financial Statements*, with less extensive changes proposed to seven other standards.

The amendments, which are limited in nature, do not explicitly duplicate in detail all the specific requirements in the IESBA *Code of Ethics for Professional Accountants* (the "Code"), as this allows for flexibility when ethical codes other than the Code are applied. Rather, the IAASB's proposals seek to acknowledge the enhancements that will be made by the IESBA in the Code and clarify and emphasize key aspects of the IESBA's proposals in the IAASB's Standards.

The IAASB's ED is open for comment up to 21 October 2015.

Please click [here](#) for further information

PART 2: FINANCIAL REPORTING

2.1 IASB confirms deferral of effective date of IFRS 15 by a year

The International Accounting Standards Board (IASB) has confirmed a one-year deferral of the effective date of International Financial Reporting Standard (IFRS) 15 *Revenue from Contracts with Customers*, to 1 January 2018.

2.2 ASC issues editorial corrections to the Statement on Applicability of the Singapore Financial Reporting Standard for Small Entities

On 3 July 2015, the Singapore Accounting Standards Council (ASC) issued editorial corrections to the ASC Statement on Applicability of the Singapore Financial Reporting Standard for Small Entities by deleting 'gross' from the term 'total gross assets' for clarity.

Please click [here](#) to access the ASC website to download the ASC document.

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