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RT

Review Times

September 2017



Contents

1. Financial Reporting

1.1 IASB publishes exposure draft to clarify how to distinguish accounting policies from accounting estimates

2. Ethics

2.1 IESBA proposes revised ethical requirements prohibiting Improper Inducements

3. Auditing & Assurance

3.1 ISCA issues updated version of ISCA Audit Manual for Standalone Entities

3.2 Global Audit, Ethics and Education Standards Boards jointly issue publication on enhancing professional skepticism

4. RT ASEAN

4.1 Shanghai & Hong Kong Outreach Trip

1. Financial Reporting

1.1 IASB publishes exposure draft to clarify how to distinguish accounting policies from accounting estimates

On 12 September 2017, the International Accounting Standards Board (IASB) published an exposure draft on proposed narrow-scope amendments to International Accounting Standard (IAS) 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The purpose of the proposed amendments is to help companies distinguish accounting policies from accounting estimates.

More specifically, the proposed amendments would clarify:

- (a) how accounting policies and accounting estimates relate to each other, by:
 - (i) explaining that accounting estimates are used in applying accounting policies; and
 - (ii) making the definition of accounting policies clearer and more concise;
- (b) that selecting an estimation technique, or valuation technique, used when an item in the financial statements cannot be measured with precision, constitutes making an accounting estimate; and
- (c) that, in applying IAS 2 *Inventories*, selecting the first-in, first-out (FIFO) cost formula or the weighted average cost formula for interchangeable inventories constitutes selecting an accounting policy.

To access the ED, please go to the following URL: <http://bit.ly/2wgMT2v>

The deadline for providing comments on the ED to IASB is 15 January 2018.

2. Ethics

2.1 IESBA proposes revised ethical requirements prohibiting Improper Inducements

On 8 September 2017, the International Ethics Standards Board for Accountants (IESBA) released for public comment the Exposure Draft, *Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements*.

Among other matters, the proposals:

- Strengthen the provisions in the *Code of Ethics for Professional Accountants* regarding the accepting and offering of inducements by establishing a comprehensive framework that covers all forms of inducements and which applies to both professional accountants in business and professional accountants in public practice;
- Require professional accountants to understand and comply with relevant laws and regulations in situations related to bribery and corruption and prohibit the offering and accepting of inducements with intent to improperly influence behaviour;
- Provides enhanced guidance on the offering and accepting of inducements by professional accountants' immediate or close family members; and

- Require professional accountants to address any threats to compliance with the fundamental ethical principles in accordance with the Code's conceptual framework where there is no improper intent.

Once finalized, the provisions will form the last component of the restructured Code.

To access the ED, please go to the following URL: <http://bit.ly/2hb1BS6>

The deadline for providing comments on the ED to IESBA is 8 December 2017.

3. Auditing & Assurance

3.1 ISCA issues updated version of ISCA Audit Manual for Standalone Entities

The Institute of Singapore Chartered Accountants (ISCA) has issued an updated version of the ISCA Audit Manual for Standalone Entities (ISCA AMSE). The updated version is known as ISCA AMSE Version 1.1. The original ISCA AMSE was first issued on 28 October 2016. It was updated in July 2017 to enhance its relevance and usefulness to the profession. ISCA AMSE Version 1.1 is effective with immediate effect from its issuance date on 31 August 2017.

The key changes in ISCA AMSE Version 1.1 are as follows:

Working paper reference	What has changed?
PAF 1	Amended for ease of use and to align to revised EP 200 Implementation Guidance (IG) 2 <i>Illustrative Customer Due Diligence Templates</i>
PAF 1.1 series	Amended based on EP 200 IG 2
PAF 1.2	Enhanced ease of use
PAF 1.3	Change in referencing from PAF 1.5 to PAF 1.3
A4.1GT	Included list of indicators which may be indicative of suspicious transactions
A5	Enhanced ease of use
B1.1	Revised to align to revised EP 200 Implementation Guidance (IG) 2 <i>Illustrative Customer Due Diligence Templates</i>
B1.2	Renamed as B1.2GT under Guidance Templates (GT)
B1.3	Revised sample engagement letter based on SSA 210 <i>Agreeing the Terms of Audit Engagements</i> (effective for periods ending on or after 15 December 2016)

B2	Renamed as B2.0GT under Guidance Templates
C3/C3GN	“Section Materiality” renamed as “Specific Materiality” to minimise confusion on the terms used and shifted to C3GN
C4/C4GN	Enhanced fraud related considerations
C6GN and respective audit programmes E to X	Risk considerations from respective audit programmes have been shifted to C6GN to assist preparers on matters to consider when performing preliminary analytical procedures
C9	Slight amendments to enhance clarity
C9.1GN	Included additional guidance on test of controls and suggested sample size
Respective audit programmes E to X	Audit Procedure Design Considerations – Determination of significant account balance has been changed from amounts more than overall materiality (OM) to amounts more than performance materiality (PM)
E6, F6, N6	Templates renamed as Guidance Templates
Sampling template	Included use of substantive analytical procedures for substantive strategy to reduce sample size and enhanced ease of use in the all-in-one template
GNs and GTs	All guidance notes and guidance templates have been clearly segregated for ease of use
General	Editorial amendments

ISCA AMSE Version 1.1 is now available for download for all ISCA Members on a complimentary basis. For further information, please visit go to the following URL: <http://bit.ly/2f3eWeC>

3.2 Global Audit, Ethics and Education Standards Boards jointly issue publication on enhancing professional skepticism

On 11 August 2017, the global standard-setting boards for auditing, accounting ethics and accounting education released a new publication showcasing observations and potential ways to enhance professional skepticism.

The publication, *Toward Enhanced Professional Skepticism*, was produced by a joint working group comprising representatives from the International Auditing and Assurance Standards Board (IAASB), International Ethics Standards Board for Accountants (IESBA) and the International Accounting Education Standards Board (IAESB). It outlines observations about the current environment and sets out actions the global standard-setting boards will take, as well as the role that other stakeholders can play, in enhancing professional skepticism.

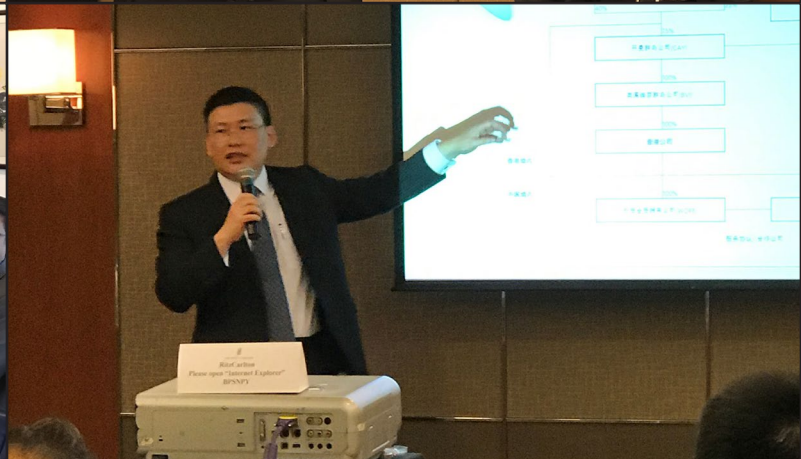
The importance of professional skepticism is underscored by the increasing complexity of business and financial reporting, including the greater use of estimates and management judgment, business model changes due to technological developments, and the fundamental reliance of the public on dependable financial reporting. It lies at the heart of a quality audit.

This publication is the first ever jointly commissioned by the three boards. Each of the boards has acted on the input received; the publication also includes a snapshot of their immediate actions and longer-term studies.

To access the publication, please go to the following URL: <http://bit.ly/2x3cMCI>

4. RT ASEAN

RT ASEAN Shanghai & Hong Kong Outreach Trip 2017



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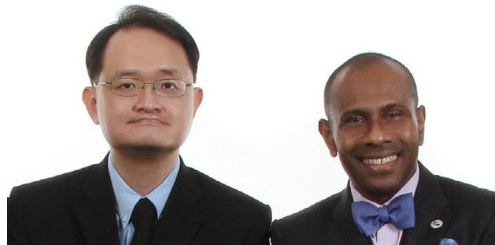
Email: info@rtasean.com

T: +65 6226 0080

www.rt-ca.com



About Us



From left to right

Mr Andrew Chua – Head of Quality Control & Technical Partner

Mr Ravi Arumugam – Managing Partner & CEO

RT LLP Chartered Accountants

RT ASEAN Pte Ltd

RT Academy Pte Ltd

RT Advisory Pte Ltd

RT Business Advisory Sdn. Bhd.

RT Links Pte Ltd

1 Raffles Place #17-02

One Raffles Place Singapore 048616

T: +65 62260080 | F: +65 62263345 | www.rt-ca.com



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The RT ASEAN network which is headquartered in Singapore focuses on client needs in the ASEAN and Asia regions. We are also a member firm of BKR International which has presence in over 500 offices and 80 countries. With the combined resources we are able to meet our client needs in all areas and all over the world.

