

REVIEW TIMES

SEPTEMBER 2018



Contents

03

TECHNICAL UPDATES

04

Ethics (Singapore)

1.1 ISCA issues amendments to EP 100 on changes to long association provisions

05

Audit & Assurance (Singapore)

2.1 ACRA issues Audit Practice Bulletin No. 1 of 2018

2.2 ACRA issues Practice Direction No. 1 of 2018

06

Financial Reporting (Singapore)

3.1 ISCA issues exposure draft on sample auditor's report on revised financial statements issued pursuant to Sections 202A and 202B of the Companies Act

07

Financial Reporting (International)

4.1 IFRS Foundation issues seven new educational modules on IFRS for SMEs

08

VIEWPOINT FROM RT ASEAN

09

POISED FOR COLLABORATION - LEGAL & ACCOUNTING CONNECT 2018

10

MEMBERS OF RT ASEAN

11

OUR EDITORS

12

OUR TEAM

CONNECT WITH US

Technical Updates

A photograph of a wooden honey dipper with a spiral-shaped head, dripping with thick, golden honey. The honey is dripping down the handle and pooling on the surface. To the right of the dipper is an open glass jar filled with honey, showing a dark, viscous liquid inside. The background is a plain, light-colored surface.

RT brings to you the latest Technical Updates on Audit and Assurance, Financial Reporting, Business Regulation and Ethics in Singapore and other global regulatory bodies and their implications thereof.

Prepared & Written By: Andrew Chua

1. ETHICS (Singapore)

1.1 ISCA issues amendments to EP 100 on changes to long association provisions



On 14 August 2018, the Institute of Singapore Chartered Accountants (ISCA) issued amendments to Ethics Pronouncement (EP) 100. The amendments pertain to the provisions on long association of senior personnel with an audit or assurance client. Those provisions deal with the familiarity and self-interest threats created when the firm uses the same senior personnel on an audit or assurance engagement over a long period of time.

The key amendments include:

- Increase in the cooling-off period for Engagement Partners (EPs) of public interest entity (PIE) audit clients from 2 years to 5 years;
- Increase in the cooling-off period for Engagement Quality Control Review Partners (EQCRs) of PIEs from 2 years to 3 years;
- Additional restrictions placed on a former key audit partner (KAP), during the cooling-off period, prohibiting him or her from leading or coordinating the firm's professional services to the audit client or overseeing the firm's relationship with the audit client; and
- The former KAP is also prohibited, during the cooling-off period, from undertaking any other role, including provision of non-assurance services, that would result in frequent interaction with senior management or those charged with governance.

Subject to the transitional paragraph 290.163, Section 290 paragraphs 290.148 to 290.168 are expected to be effective for audits of financial statements for periods beginning on or after 15 December 2018.

Section 291 paragraphs 291.137 to 291.141 are expected to be effective as of 15 December 2018.

The transitional paragraph 290.163 shall have effect only for audits of financial statements for periods beginning prior to December 15, 2023. This will facilitate the transition to the required cooling-off period of five consecutive years for engagement partners in those jurisdictions where the legislative body or regulator (or organisation authorised or recognised by such legislative body or regulator) has specified a cooling-off period of less than five consecutive years.

To access the amended EP 100, please go to the following URL: <https://bit.ly/2ME4SHo>

2. AUDITING & ASSURANCE (Singapore)

2.1 ACRA issues Audit Practice Bulletin No. 1 of 2018

On 28 August 2018, the Accounting and Corporate Regulatory Authority (ACRA) issued Audit Practice Bulletin No. 1 of 2018 which highlights some of the legislative requirements and provides guidance for auditors on the audit procedures and report on the revised Financial Statements made under Sections 202A and 202B of the Singapore Companies Act.

To access the Audit Practice Bulletin No. 1 of 2018, please go to the following URL: <https://bit.ly/2xfODv9>



2.2 ACRA issues Practice Direction No. 1 of 2018

On 28 August 2018, the Accounting and Corporate Regulatory Authority (ACRA) issued Practice Direction No. 1 of 2018 which serves to remind Public Accountants ("PAs") of the need to comply with Rule 10 of the Accountants (Public Accountants) Rules ("PA Rules") when providing public accountancy services; and lays down the auditing standards which have been adopted by the Public Accountants Oversight Committee ("PAOC") under Rule 10 of the PA Rules.

To access the Practice Direction No. 1 of 2018, please go to the following URL: <https://bit.ly/2MDrU1d>



3. FINANCIAL REPORTING

(Singapore)

3.1 ISCA issues exposure draft on sample auditor's report on revised financial statements issued pursuant to Sections 202A and 202B of the Companies Act

Sections 202A and 202B of the Companies Act (the Act) were introduced to allow the revision of defective financial statements under two circumstances. Section 202A allows directors of a company to voluntarily revise their defective financial statements without the need to obtain a court order, when it appears to the directors that the financial statements do not comply with the requirements of the Act (including compliance with the Accounting Standards). Section 202B provides for the Registrar to apply to the Court for a declaration that the financial statements do not comply with the requirements of the Act, and for an order requiring the directors to revise the financial statements.

The subsidiary legislation on the above sections was recently issued and is set out in the *Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018* (the Regulations). The requirements of sections 202A and 202B and the Regulations take effect on 20 April 2018.

The Regulations require all revised financial statements to be audited and reported (unless exempted).

To guide the profession in the reporting of the audit on the revised financial statements, the Institute of Singapore Chartered Accountants (ISCA) has developed an exposure draft (ED) of a sample auditor's report. The changes from a standard auditor's report are shown as shaded text. The key points to note on the report are as follows:

- As required by the Regulations, revised financial statements are taken as having been prepared on the date of the original financial statements, instead of on the date of revision, and accordingly, do not deal with events after the date of the original financial statements. The auditor's opinion on the revised financial statements is hence also based on the audit evidence obtained, seen as at the date of the original financial statements.
- Going concern assessment is based on audit evidence obtained up to the date of the original auditor's report.
- "Key Audit Matters" (KAM) section would need to be updated as at date of auditor's report on revised financial statements. The revisions made to the financial statements may give rise to an additional KAM or relate to a matter previously communicated and revisions to the description of the KAM may therefore be necessary. The need to update is due to the intent of the KAM section to provide relevant and useful information to users of the audited financial statements.
- "Other Information" would comprise the new Directors' Statement or revised annual report (if applicable).
- An "Other Matter" section is included to draw attention to the disclosures in the financial statements on the aspects in which the original financial statements did not comply with the Act and the material revisions made.

ISCA requires all comments on the ED to be submitted to auditquality@isca.org.sg by 23 September 2018.

To access ED Audit Guidance Statement (AGS) 1, *Sample Independent Auditor's Reports (New Appendix 1J)*, please go to the following URL: <https://bit.ly/2pa44AS>

4. FINANCIAL REPORTING (*International*)

4.1 IFRS Foundation issues seven new educational modules on IFRS for SMEs

On 14 August 2018, the IFRS Foundation issued seven new stand-alone educational modules which support the learning, application, and reading of financial statements prepared in accordance with the 2015 IFRS for SMEs Standard (the “Standard”)

The IFRS Foundation expects to issue stand-alone modules for each section of the Standard (35 in total). This is the second batch of modules released by the Foundation; the first three modules were posted in April 2018. The seven new modules issued cover the following topics:

- Statement of comprehensive income and income statement.
- Statement of changes in equity and statement of income and retained earnings.
- Statement of cash flows.
- Basic financial instruments.
- Other financial instrument issues.
- Inventories.
- Events after the end of the reporting period.

These materials have been designed to provide stakeholders with additional support in preparing and reading financial statements prepared in accordance with the Standard.

Each module focuses on one of the Standard’s 35 sections and gives a comprehensive overview of the section it covers; it contains the text of the Standard enriched with practical examples that illustrate and explain the requirements simply. In addition, the modules outline differences between the Standard and full IFRS Standards.

Stakeholders can test their knowledge by answering multiple-choice questions and by analysing case studies included at the end of each module. These self-assessment questions and case studies will help users to develop skills needed to account for transactions and events applying the Standard.

The Standard sets out accounting requirements for small and medium-sized companies which are estimated to account for over 95 per cent of all companies around the world. The Standard is less complex than full IFRS Standards and focuses on primary information about cash flows, liquidity and solvency.

For more information, please go to the following URL: <https://bit.ly/2OA1IWB>

Viewpoint from RT ASEAN

Our  experts from across RT ASEAN are proud to bring you the latest talk and buzz in the Financial, Digital & Legal industry.

Poised for Collaboration - Legal Accounting Connect 2018



Need Legal or Accounting Services in APAC?

RT ASEAN provides both legal and accounting services to provide our Clients a holistic service package.

Ready to talk to us? Contact our COO, Eddie at eddie.lim@rtasean.com or contact him at +65 6226 0080

Full Members of the RT ASEAN Network



RT LLP &
RT Group of Companies
Singapore



Shanghai Victor Voyage
Certified Public
Accountants Co., Ltd
China



Pierian Services Private
Limited
India



TE4B Advisory
Private Limited
India



PT Prestige Solusi
Indonesia



Kumpulan Naga
Malaysia



Achieve Group
Singapore



Shinwa Accounting
Corporation
South Korea



T.K. TSAI & CO., CPAS
Taiwan



Administration Solutions
and Tax Consultancy LLC
Vietnam

Associate Member



V Chartered Accountants Co., Ltd.
Cambodia



SKNP Co., Ltd
Laos



Advanced Research
Group Co., Ltd
Thailand



Peter Doraisamy LLC
Singapore



Truscel Capital
Singapore



Info-Accounting
Services Ltd
Thailand

Affiliate Members

ONE FACE ACROSS ASEAN

Member of RT ASEAN Network

Singapore Australia Cambodia China India Indonesia South Korea Laos Malaysia Myanmar Taiwan Thailand Vietnam USA

RT ASEAN Network is the first Singapore branded and headquartered regional network of multi-disciplinary professionals with presence in large parts of ASEAN, Asia and other parts of the world.

Our Editors

Chief Editor



Andrew Chua

Head of Quality Control & Technical Partner
RT LLP

Andrew is a Partner at RT LLP and he keenly follows developments in the equities, bonds, foreign exchange, commodities and derivative markets.

Editor



Alden Ch'ng

Marketing & Communications Executive
RT Advisory Pte Ltd

Alden is an avid believer of communications through creative visuals and can often be found with a cup of tea at work.

Our Team



Ravi Arumugam
Managing Partner & CEO
RT LLP & RT Group of Companies

Executive Chairman
RT ASEAN



Michael Ong
Audit Partner
RT LLP



Su Chun Keat
Director (Risk Management and
Business Solutions)
RT Advisory



Jerome Ooi
Audit Partner
RT LLP



Jessie Goh
Director, Outsourced Payroll
& People Management
RT Advisory



Tan Yan Chuang
Audit Partner
RT LLP



Jessy Heng
Director of Outsourced Financial
Reporting & Management

Head of Finance
RT Advisory



Ben Sam
Audit Partner
RT LLP



Josephine Lim
Tax Director
RT Advisory



Kevin Yong
Audit Director
RT LLP



Eddie Lim
Director (Risk Management and
Business Solutions)
RT Advisory

Chief Operating Officer
RT ASEAN

Connect With Us



info@rtasean.com



+65 6226 0080



<http://rt-ca.com/>
<http://rtasean.com/>



Head Office:
1 Raffles Place #17-02,
One Raffles Place,
Singapore 048616

