

REVIEW TIMES

A BIMONTHLY PUBLICATION BY RT ASEAN ON ALL THINGS FINANCIAL, DIGITAL, AND LEGAL.



RT ASEAN turns 3!

Three years ago, on the 28th of June, the RT ASEAN Network was founded with a mission to help companies navigate Financial, Digital, and Legal complexities across Asia-Pacific and beyond. This marked the beginnings of the first and only Singapore branded regional network to offer such diverse offerings of professional services, making it truly one of a kind.

Today, with an extended presence from an initial 7 to 10 countries, the network remains true to that statement as it continues to cross boundaries to provide seamless professional services to our international clients driven by our core strategic focus of Internationalization, Innovation, and Integration.

As we make our third-year mark, we would like to thank all our clients and members that have continued to support and believe in us. We truly appreciate it and we look forward to many more collaborations in the future.

IN THIS MONTH'S ISSUE:

Happenings at RT

- RT ASEAN turns 3!
- Tokyo Forum of Firms
- ISCA Myanmar Business Mission

Technical Updates

- International
- China

From the China desk

- Implementing an ERP system in China

Happenings at RT

Tokyo Forum of Firms (FOF)



As a member of The Forum of Firms (FOF), RT ASEAN was invited to attend the Deep Dive Elective on global changes to the standards and Transnational Auditors Committee meeting held in Tokyo in April.

The event spanned across three days and was centered around the International Ethics Standards Board for Accountants' (IESBA) project work covering Non-Assurance Services (NAS) and Fees, as well as the International Auditing and Assurance Standards Board's (IAASB) project work and Exposure Drafts covering the new standards on Quality Management.

The sessions also spoke about an update on the three quality management standards recently released for exposure - ISQM 1 (firm's systems of quality management), ISQM 2 (engagement quality reviews) and ISA 220 (Revised) (quality management for audit engagements).

With a focus on practical perspectives of proposals from the individual networks and members, the sessions were highly interactive, serving as the perfect platform for participants to share their ideas and provide feedback to the IESBA and IAASB.

Happenings at RT

ISCA Myanmar Business Mission



Experiencing an annual economic growth of approximately 6%, liberalization of trade and services, as well as sizeable foreign direct investments on infrastructure projects related to the Belt and Road initiative, Myanmar has been on the radar of many investors in the region and beyond.

With a focus on expanding our network in Asia, RT ASEAN participated in the recent Institute of Singapore Chartered Accountants (ISCA) SMP Business Study Mission to Myanmar held on the 14th to 16th of May 2019 where we connected with local Accounting and Legal professionals, business leaders, and visited Singaporean firms, United Overseas Bank Limited (UOB) and Kelvin Chia Partnership.

Organised by ISCA and supported by Enterprise Singapore, the business mission was an excellent forum to understand the SMP landscape in Myanmar and open partnership opportunities in the market.

Technical Updates

Part 1: FINANCIAL REPORTING - International



1.1 IASB issues ED proposing to update reference to the Conceptual Framework in IFRS 3

On 30 May 2019, the International Accounting Standards Board (IASB) issued an exposure draft (ED) proposing narrow-scope amendments to International Financial Reporting Standard (IFRS) 3 Business Combinations. The amendments would update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

IFRS 3 specifies how a company should account for the assets and liabilities it acquires when it obtains control of a business. It refers companies to the IASB's Conceptual Framework to determine what constitutes an asset or a liability.

IFRS 3 refers to an old version of the Conceptual Framework. The IASB proposes to update IFRS 3 so it refers instead to the latest version, issued in March 2018.

Updating the reference without making any other changes to IFRS 3 could change the accounting requirements for business combinations because the liability definition in the 2018 Conceptual Framework is broader than that in previous versions. Companies would need to record provisions and contingent liabilities when they acquire a business they would not record in other circumstances. To avoid this, the IASB also proposes that for provisions and contingent liabilities, companies refer to International Accounting Standard (IAS) 37 Provisions, Contingent Liabilities and Contingent Assets instead of the Conceptual Framework to determine what constitutes a liability.

This change is proposed to stand until the IASB decides whether and how to amend IAS 37 to align it with the 2018 Conceptual Framework.

The deadline for submitting comments to the IASB on this ED is 27 September 2019.

For further information and to access the ED, please visit the following link:

<https://www.ifrs.org/news-and-events/2019/05/iasb-proposes-to-update-conceptual-framework-reference-in-ifrs-3/>

Technical Updates

1.2 IASB issues ED on narrow-scope amendments to four IFRS Standards

On 21 May 2019, the IASB published ED/2019/2 Annual Improvements 2018-2020 proposing narrow-scope amendments to four IFRS Standards as part of its maintenance and improvements of the Standards.

Annual improvements are limited to changes that either clarify the wordings in an IFRS Standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the Standards.

Matters dealt with through annual improvements often arise from questions submitted to the IFRS Interpretations Committee.

The four proposed amendments included in the ED are as follows:

IFRS 1 First-time Adoption of International Financial Reporting Standards	Simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter of IFRS Standards after its parent company has already adopted them. The proposed amendment relates to the measurement of cumulative translation differences.
Clarify the fees a company includes in assessing the terms of a new or modified financial liability to determine whether to derecognise a financial liability.	Illustrative Examples accompanying IFRS 16 Leases
IFRS 9 Financial Instruments	Remove the potential for confusion regarding lease incentives by amending an Illustrative Example accompanying IFRS 16.
Align the fair value measurement requirements in IAS 41 with those in other IFRS Standards.	IAS 41 Agriculture

The deadline for submitting comments to the IASB on this ED is 20 August 2019.

For further information and to access the ED, please visit the following link:

<https://www.ifrs.org/news-and-events/2019/05/international-accounting-standards-board-proposes-annual-improvements-to-ifrs-standards/>

Technical Updates

Part 2: ETHICS - International

2.1 IESBA Staff Release Updated FAQs on Long Association

On 8 May 2019, the Staff of the International Ethics Standards Board for Accountants (IESBA) released an updated questions and answers (Q&A) publication to support the adoption and implementation of the revised long association provisions Changes to the Code Addressing Long Association of Personnel with an Audit or Assurance Client.

This publication is a revised version of the Staff Q&A publication published in May 2017. It contains additional frequently asked questions and is aligned to the revised and restructured International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"), issued by the IESBA in April 2018.

The Q&A publication is designed to highlight, illustrate, or explain aspects of the revised partner rotation regime in the Code and thereby assist in their proper application. It is intended to assist national standards setters, firms, IFAC member bodies and others as they adopt and/or implement the revised and restructured long association provisions in Part 4A of the Code.

To access the updated Q&A, please visit the following link:

<https://www.ifac.org/system/files/publications/files/IESBA-Long-Association-FAQs-Aligned-to-2018-Code.pdf>

China Tax Regulation Updates

1. New VAT reform

In March 2019, The Ministry of Finance, State Taxation Administration and the General Administration of Customs issued the "Announcement on further policies related to VAT reform". From 1 April 2019 to 31 December 2021, taxpayers will be allowed a deduction of 10% of VAT amounts paid in the current period in their tax returns.

2. Changes to tax deductions for Research and Development ("R&D") expenses

The latest official requirements allow eligible R&D expenditures from 1 January 2018 to 31 December 2020 to be expensed to profit and loss at 175% of the actual amount incurred. If such expenditure was previously capitalised as intangible assets during the period, 175% of the cost may also be recognised as a taxable expense.

From the China desk

Implementing an Enterprise Resource Planning (ERP) system in China

By David Yu, Shanghai, China.

Implementing a successful ERP system abroad and especially in a volatile market such as China's is a common challenge that many SME businesses face today. It is extremely important for businesses to adopt the right system as the wrong one could negatively affect its overall performance. How can businesses then ensure that it is employing the right system in China?

What are the common mistakes?

No localization and constant adaptations

Many businesses often employ the same business models and management approach from their home country to their operations in China without adaptation and localization assuming that it will be as equally successful. As the business landscape in China is one that is fast growing and ever-changing, many of these ERP systems are not dynamic enough for the market.

Not training and motivating employees

The hard truth in China is that many employees are not implementing the ERP system properly. This is mostly because businesses today are not training or incentivising their employees well enough. As a result, most of them do not have the relevant skillsets nor the right attitude towards executing the implemented system, thereby causing it to be ineffective.



Choosing the wrong ERP system

In China, the value of keeping things simple carries tremendous weight. It not only reduces cost, but also avoids many other internal issues that could arise between businesses and their ERP vendors. Having the mindset that a complex and comprehensive ERP system is better than one that is streamlined and specific to a company's business needs is incorrect. The best ERP system is not necessarily one that has all the features, but one that is manageable, productive, and practical to a business' situation. Too often, businesses choose an ERP system that is too complex, in turn yielding poor results.

From the China desk

Relying entirely on ERP consultants

An ERP consultant's commitment towards a business is limited to the timeframe of the project. Often, consultants who are just software configuration experts will not be able to offer expert advice on how to utilize the system to its fullest potential. Companies who expect these consultants to fully grasp the core of their businesses and provide them with the best solutions will often end up making poor decisions.

What advice should SMEs heed?

Embrace dynamism

Unlike Western markets that have long established rules and relatively predictable supply chain behaviours, the Chinese marketplace is one that is incredibly fluid. The key to winning in China's fast-changing market is to be dynamic and to serve clients with incredible speed, extreme flexibility, in-depth local knowledge, as well as extensive connections.

Appoint a leader and train employees

In implementing an effective ERP system, it is vital for businesses to designate a leader from their local team to overlook its entire operations and to also continuously find ways to improve and optimize the system in China. This ensures that the system is always up to date and that it remains functional and relevant. Businesses should also constantly train these leaders and their other employees, as well as recognize their efforts in producing the best results.

Set objectives

To ensure a successful implementation, businesses should begin by setting short and long-term goals, milestones, and measurable KPIs. This allows them to implement the correct system that is in line with their business' objectives and track the progress and impact of the system to ensure that their goals are being followed through.



From the China desk



Find out if SaaS apps could already fulfil your business needs

Software as a Service (SaaS) offers an excellent, solution right out-of-the-box for many small businesses. They come at a fraction of the cost of complex ERP systems with a high degree of customizability that large businesses often require. There are plenty of SaaS applications supporting different business functions out there to look at. For small businesses, these are more affordable, accessible and user-friendly.

Seek professional help from virtual CFOs

Empowered by SaaS applications, virtual CFOs are well-rounded professionals with expertise and unique skill sets in diverse areas including accounting, financial strategy and management, as well as business software system selection and implementation. They not only complete routine accounting tasks, they also help in analyzing financial data.

Additionally, they also help in gaining more insights on how businesses function and raise potential issues that may hinder a company's growth in the future. As their interests are usually in line with a company's long-term objectives, a virtual CFO spends more time understanding businesses, in turn providing the most practical solutions. It is also much lower cost, as they can be shared by multiple clients.

When selecting an ERP system, it is advisable to consult their expertise before making any decisions. In many cases, businesses tend to find SaaS applications coupled with virtual CFO services to be the most cost-effective and efficient approach to help them grow in China.

Looking for the right Financial solution to grow your business in China?

RT ASEAN's member firm in China, Earnest Advisory provides a one-stop destination for businesses looking for financial solutions suited to their needs. Its virtual CFO services are helmed by expert finance professionals who work in conjunction with Megi, a cloud accounting software designed with features customized for China to provide a comprehensive and cost-effective system for your China Business. **For more information, contact info@rtasean.com.**



RT ASEAN Network



RT Group
Singapore



Shanghai Victor Voyage
Certified Public
Accountants Co., Ltd
China



Pierian Services
Private Limited
India



T.K. TSAI & CO., CPAS
Taiwan



Kumpulan Naga (AF000024)
Chartered Accountants (Since 1993)

Kumpulan Naga
Malaysia



Shinwa Accounting
Corporation
South Korea



Administration Solutions and
Tax Consultancy LLC
Vietnam



V Chartered
Accountants
Co., Ltd.
Cambodia



SKNP Co., Ltd
Laos



Peter Doraisamy LLC
Singapore



Truscel Capital
Indonesia

Editors

Andrew Chua

Head of Quality Control &
Technical Partner
RT LLP

Voo Chih Yeong

Chief Operating Officer
RT ASEAN

Charlene Lim

Marketing &
Communications Executive
RT ASEAN

Guest Editor

David Yu

Shanghai Victor Voyage
Certified Public
Accountants Co., Ltd -
China
Member of RT ASEAN

Connect with us



+65 6226 0080



Head Office:

1 Raffles Place #17-02,
One Raffles Place,
Singapore 048616



info@rtasean.com



<http://rtasean.com/>

One Face Across ASEAN

The RT ASEAN Network is the first Singapore branded regional network of Accounting and Multi-disciplinary professionals focusing on client needs across Asia-Pacific and beyond.

