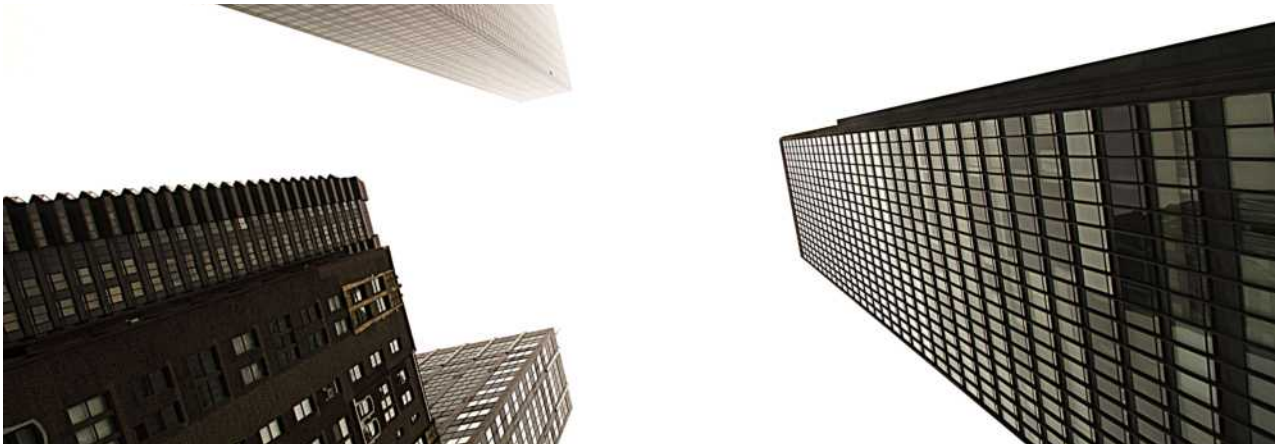


REVIEW TIMES

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



A Message from our Founder

"Change is inevitable and fast brought about by disruptive technologies, innovative business models and an interconnected world, which hurls change at exponential speed. The accounting profession has to be masters of adapting and being flexible in its role. The human mind has capacity and intuition beyond our comprehension. The challenge is to push our abilities and boundaries beyond traditional mind sets to new areas – areas unexplored – to the extent of redefining the profession. We may not know what the future holds, but that should not stop us from imagining one outside our comfort zone. This is the time to do things differently and be bold about it. Not to do anything is not an option."



– **Mr Ravi Arumugam, Founder, Board member, and Executive Chairman of RT ASEAN** on his call to the future of Accountancy from a recent Thought Leadership session, "Our Future Together", conducted by The Institute of Singapore Chartered Accountants (ISCA) in partnership with The Institute of Chartered Accountants in England and Wales (ICAEW).

IN THIS MONTH'S ISSUE:

RT ASEAN Happenings

- London Forum of Firms

From the Singapore desk

- Singapore, a rising wealth management hub

From the United Kingdom (UK) desk

- Company failures – whose fault is it?

Technical Updates

- International
- Singapore

RT ASEAN Happenings

London Forum of Firms meeting



The Forum of Firms, an association of leading international networks of accounting firms that perform transnational audits, recently held its biannual meeting in London.

The meeting brings together global leaders of top networks accredited by the Forum's membership to discuss and get updated on the latest international accounting developments in areas relating to the International Auditing and Assurance Standards Board (IAASB), International Accounting Standards Board (IASB), and the International Ethics Standards Board for Accountants (IESBA).



As a full member of the Forum of Firms and the first in Asia to have attained that status, RT ASEAN's founder, Board member, and Executive Chairman, Mr Ravi Arumugam, was amongst one of the leaders invited to attend and provide his inputs on several matters at the global forum. Other prominent leaders from the likes of the International Federation of Accountants (IFAC), Financial reporting council (FRC), as well as speakers and regulators from the Accounting, Banking, and Finance sectors, were also in attendance.

From the Singapore desk

Singapore, a rising wealth management hub



As greater risk and uncertainty continues to grow amidst the ongoing protests in Hong Kong, an increasing number of High Net worth individuals (HNWIs) in Asia can be found turning to Singapore to manage their assets. According to Goldman Sachs, up to \$4 billion has flown out of Hong Kong and into Singapore between June and August this year, further substantiating Singapore as one of the leading wealth management centers globally.

While the political unrest in Hong Kong might have brought a spike in Singapore's wealth management sector, the country has definitely seen growth prior to the protests according to the Monetary Authority of Singapore (MAS), and is said to continue to expand with family offices quadrupling between 2016 to 2018, one of the most recent being electrical appliances giant, Dyson, who moved its headquarters from the United Kingdom (UK) to the Lion city earlier this year. In addition to that, the Boston Consulting Group has also estimated wealth in Asia to grow by 9.4% per annum from 2018 to 2023 to hit USD 58.2 trillion.

As the sector continues to progress, the demands and needs of private wealth clients are expected to evolve with it as well.

To be better equipped for these changes and to maintain the high standards that Singapore is known for, Ms Thong Leng Yeng, Executive Director of the Financial Centre Development Department at the MAS expressed the importance for Singapore to continually develop its talents and competencies, citing that the key tenet of Singapore's success as an international wealth management hub is its talents, and that investing in them is the best bet for keeping up with the competition and rising above it.

Personal Wealth Management with RT ASEAN

In conjunction with the rise in this sector, RT ASEAN has recently launched a suite of Personal Wealth Management services which aims to assist clients in managing their finances and meeting their wealth management goals. Equipped with highly skilled experts and an extensive network of firms, we provide an extensive range of advisory from income generation, to asset protection, tax management, and other financial services, ensuring that all our clients' needs are met.

Have a sum of money but not sure how to best manage it?

We can help you. Contact our Head of Finance, Jessy Heng, at +65 66038233 or jessyheng@rtasean.com.

From the United Kingdom (UK) desk

Company failures - whose fault is it?

Auditors today are often the first to be held accountable when a company collapses for not pointing out problems earlier. With the recent downfall of travel company Thomas Cook and retailer BHS, more attention has been drawn to the audit market by Britain's parliament, calling for a change to be in place.

The question is, are auditors really to be blamed?

In a speech delivered by Sir Donald Brydon, former Chairman of London Stock Exchange at the Institute of Chartered Accountants in England and Wales (ICAEW), it was mentioned that in actual fact, the actions of directors are what causes companies to fail, clearing indicating that the UK intends to hold company directors fully responsible for any corporate failures or frauds in the first instance. The same sentiments were echoed by Sir David Tweedie, former Chair of International Auditing and Assurance Standards Board (IAASB) during a meeting on International Valuation Standards conducted by the Forum of Firms (FOF) as well.

Further to Brydon's speech on the subject at hand, he believes that "In seeking to improve the impact and quality of audit, we must look not just to the auditors but to audit committees, boards and managements as well."

Moving forward, recommendations are said to be made by the end of 2019 on global measures to be taken with regards to what is expected of accountants and what can be delivered.



Technical Updates

Part 1: ETHICS – Singapore

1.1 ISCA issues alert/reminder on rotation requirements for engagement partners on audits of SGX listed companies

On 13 August 2019, the Institute of Singapore Chartered Accountants (ISCA) issued the following alert/reminder on the rotation requirements for engagement partners on audits of SGX listed companies:

Changes to the Provisions on Long Association of Key Audit Partners

ISCA last revised EP 100 in August 2018 to reflect the changes to the provisions on long association of key audit partners with an audit or assurance based on the pronouncement issued by the International Ethics Standards Board for Accountants. The changes took effect for audits of financial statements for periods beginning on or after 15 December 2018 and for other assurance engagements on 15 December 2018. Please click [here](#) for the changes.

ACRA also issued changes to the Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) relating to long association of personnel with an audit or assurance client. Please click [here](#) for the changes.

Rotation Requirements for Engagement Partners of Public Interest Entity Audit Clients

As part of the changes, the cooling-off period for engagement partners (EPs) of public interest entity (PIE) audit clients is increased from 2 years to 5 years while the time-on period remains unchanged at 7 years.



A transitional provision is also included as part of the changes to facilitate the transition to the cooling-off period of 5 consecutive years for EPs.

Paragraph 290.163 in EP 100 states that, where the legislative body or regulator (or organisation authorised or recognised by such legislative body or regulator) has established a cooling-off period of less than 5 consecutive years, the higher of that period or 3 years may be substituted for the cooling-off period of 5 consecutive years specified in paragraphs 290.155, 290.158 and 290.160(a) provided that the applicable time-on period does not exceed 7 years.

The transitional provision allows 3 years of cooling-off period for EPs of PIE audit clients for audit of financial statements for period beginning prior to 15 December 2023. Accordingly, under the transitional provision, the time-on and cooling off periods for EPs of PIE audit clients are 7 years and 3 years respectively.

Technical Updates

Rotation Requirements for Engagement Partners on Audits of SGX Listed Companies

For audits of SGX listed companies, EPs are also required to comply with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual. The time-on and cooling-off periods in SGX-ST Listing Manual are 5 years and 2 years respectively.

Until and unless SGX amends the listing rules, EPs on audits of companies listed on SGX are to comply with the stricter of the rotation requirements prescribed in the ACRA Code and the SGX-ST Listing Manual as appended below.

Role	ACRA Code		SGX-ST Listing Manual (time-on/cooling-off)	Stricter of the requirements	
	With transitional provision (time-on/cooling-off)	Without transitional provision (time-on/cooling-off)		With transitional provision (time-on/cooling-off)	Without transitional provision (time-on/cooling-off)
EP	7/3	7/5	5/2	5/3	5/5

Table 1: Stricter of the Rotation Requirements prescribed in the ACRA Code and the SGX-ST Listing Manual:

- The time-on period for EPs on audits of companies listed on SGX will be 5 years;
- With the transitional provision, the cooling-off period for EPs will be 3 years for the audits of financial statements for periods beginning **prior to** 15 December 2023. For the audits of financial statements for periods beginning **on or after** 15 December 2023, the transitional provision is no longer applicable, and the cooling-off period will be 5 years.

Please click **here** for the different scenarios that illustrate how the changes to the rotation requirements would result in a change in the cooling-off periods for the EPs on audits of companies listed on SGX.



Technical Updates

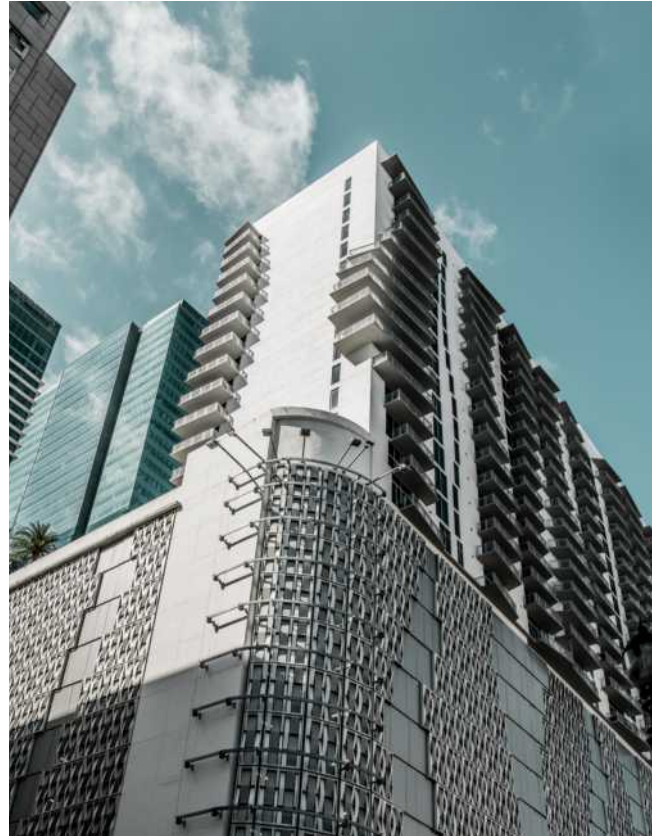
Part 2: ETHICS – International

2.1 FATF issues guidance for a risk-based approach assessment of the money laundering and terrorist financing risks for the accounting profession

The Financial Action Task Force (FATF) has issued a guidance which highlights the need for a sound assessment of the money laundering and terrorist financing risks that accountants face so that the policies, procedures and ongoing customer due diligence measures mitigate these risks. The risk-based approach is central to the effective implementation of the FATF Recommendations to fight money laundering and terrorist financing.

To access the guidance, please go to the following URL:

<https://www.fatf-gafi.org/media/fatf/documents/reports/RBA-Accounting-Profession.pdf>



Part 3: AUDIT & ASSURANCE- Singapore

3.1 ISCA issues revised SSA 540

On 2 September 2019, ISCA issued revised Singapore Standard on Auditing (SSA) 540 Auditing Accounting Estimates and Related Disclosures.

SSA 540 (Revised) deals with the auditor's responsibilities relating to accounting estimates and related disclosures in an audit of financial statements. The revised standard is based on the International Standard on Auditing (ISA) 540 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB).



Technical Updates

Key changes made to the extant SSA 540 (Revised) include:

- Enhanced risk assessment requirements that provide a better basis for identifying and assessing the risks of material misstatement related to accounting estimates, including requirements to:
 1. Obtain an understanding of the entity and its environment as part of the risk assessment procedures.
 2. Separately assess inherent and control risk when identifying and assessing the risks of material misstatement.
 3. Apply judgement to determine if any identified and assessed risk is a significant risk and respond accordingly.
- A closer link between the enhanced risk assessment and the methods, data and assumptions used in making accounting estimates, including the use of complex models. Objective-based requirements introduced allow for scalability in the nature, timing and extent of the procedures performed in relation to the degree of estimation uncertainty and the assessed risks of material misstatement.
- Specific paragraphs in the Application and Other Explanatory Material section to show how the standard is scalable to all types of accounting estimates.
- Emphasis on the application of professional scepticism when auditing accounting estimates to foster a more independent and challenging mindset in auditors.

The revised standard is effective for audits of financial statements for periods beginning on or after 15 December 2019.

To access the revised standard, please go to the following URL:

<https://isca.org.sg/media/2823339/ssa-540-revised-aug-2019.pdf>



Technical Updates

3.2 ISCA updates AGS 1

On 5 September 2019, ISCA announced that it has updated Audit Guidance Statement (AGS) 1 which is a compilation of commonly used sample reports.

The main updates relate to revised sample reports of financial institutions arising from amendments to MAS Notices.

Below is a summary of the updates that have been made to AGS 1:

Updates Arising from	Affected Reports/Appendices	Key Updates Made
MAS Notice 612, <i>Credit Files, Grading and Provisioning</i>	1D – Bank 1E – Branch of foreign bank	Amended to be in line with MAS Notice. A locally incorporated bank now recognizes ECL allowance in accordance with FRS 109. Accordingly, modifications arising from deviation from FRS have been removed in Appendix 1D.
MAS Notice 609, <i>Auditors' Reports and Additional Information to be Submitted with Annual Accounts</i>	4A – Supplementary reports for Banks 4B – Supplementary reports for Finance Companies 4C – Supplementary reports for Merchant Banks	Amended to be in line with MAS Notice. Aligned wordings on management's responsibilities to the auditor's opinion.
Change in assumptions relating to "Other Information" (OI)	1E – Branch of foreign bank	Amended assumptions for clarity. As it is common to include the Branch manager's statement, the assumptions on OI and OI section have been updated.
Alignment between Charities (Company Limited by Guarantee) report wordings and Charity (Society) wordings	1H – Charity (Society)	Amended Charity (Society) report to be in line with wordings of Charity (Company Limited by Guarantee) report.

Technical Updates

New financial reporting framework – SFRS(I)s	• 1D – Bank • 1F – Foreign company • 1J – Revised financial statements • 4A – Supplementary reports for Banks • 4B – Supplementary reports for Finance Companies • 4C – Supplementary reports for Merchant Banks • 4D – Supplementary Reports for Members of CDP, SGX-DC, SGX-ST and SGX-DT • 4F – Report on Depository Agent for The Central Depository (Pte) Limited	Added references to SFRS(I)s.
--	--	-------------------------------

Please click **here** for the updated AGS 1.

Part 4: AUDIT & ASSURANCE- International

4.1 Research shows benefits of multidisciplinary firm structure in producing high quality audits

The International Federation of Accountants (IFAC) has developed in partnership with Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA), a report that looks at the evidence surrounding the multidisciplinary model and its relationship with audit quality.

As users of corporate reports demand more information on a broader range of matters, professional services firms have risen to the challenge. The advent of the multidisciplinary firm is the response to meeting current business needs and anticipating emerging demands. The report shows, by review of research and other related literature, that the multidisciplinary model is one of the best mechanisms to develop the skills, expertise and consistency needed for quality audits.

For detailed information, please read the report as follows:

<https://www.ifac.org/publications-resources/audit-quality-multidisciplinary-firm>

Technical Updates

Part 5: FINANCIAL REPORTING- International

5.1 IASB amends IFRS 9, IAS 39, and IFRS 7 in response to the IBOR reform

On 26 September 2019, the International Accounting Standards Board (IASB) amended some of its requirements for hedge accounting. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs).

The IASB has amended its new and old financial instruments Standards, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, as well as the related Standard on disclosures, IFRS 7 Financial Instruments: Disclosures.

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The IASB followed a phased response to the reform of interest-rate benchmarks. Phase 1 culminates with the amendments issued on 26 September 2019 and focused on the accounting effects of uncertainty in the period leading up to the reform. The IASB has started work on Phase 2, which considers the potential consequences on financial reporting of replacing an existing benchmark with an alternative.

The amendments come into effect from 1 January 2020 but entities may choose to apply them earlier.

The IASB will shortly publish for consultation a proposed update to the IFRS Taxonomy to reflect these amendments.

A project summary, providing further information about the IASB's work in relation to IBOR reform, is also available and can be accessed at the following URL:

<https://www.ifrs.org/-/media/project/ibor-reform/interest-rate-benchmark-reform-project-summary.pdf?la=en>



Technical Updates

5.2 Better information about business combinations - Goodwill and Impairment: Project update

The IASB is carrying out a research project on goodwill and impairment following its Post-Implementation Review of IFRS 3 Business Combinations.

The IASB is investigating how companies can provide users of financial statements with better information about mergers and acquisitions (business combinations) at a reasonable cost. This investigation includes the challenging question of how companies should account for goodwill after the business combination.

Tom Scott, a member of the IASB, discusses in an article, the IASB's preliminary views and how stakeholders can help the IASB by commenting on its forthcoming discussion paper.

To view his article, please go to the following URL:

<https://www.ifrs.org/-/media/project/goodwill-and-impairment/in-brief-goodwill-and-impairment-factsheet.pdf?la=en>



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

Connect with us



+65 6226 0080



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.

