

# Corporate Watch

February 2004 Issue

## IAS 39 — The Final Countdown

The revised International Accounting Standard on Financial Instruments: Recognition and Measurement (IAS 39) was finally issued on 17 December 2003. With the exception of fair value hedge accounting for a portfolio hedge of interest rate risk (macro hedging), set out in an Exposure Draft widely expected to be finalised towards the end of first quarter 2004, the standard on financial instruments is now finalised.

Widely regarded as the most complicated standard ever issued to date, the revised IAS 39 (including the implementation guidance) is a daunting 400 page document. While the standard is not new (it was first issued in January 2001), the revised version incorporates numerous changes collated from comments received from over 160 responses totalling 1,400 pages, and a series of roundtable talks.

In Singapore, IAS 39, originally known as Statements of Accounting Standard 33 (SAS 33), has since been renamed Financial Reporting Standard 39 (FRS 39).

### *Time is running short!*

#### **Significant impact for insurance and investment management companies**

The effective implementation date for Singapore companies is for financial periods beginning on or after 1 January 2005, which is just round the corner.

While a number of banks have already started on their implementation projects, we believe that the majority of companies affected by the standard have yet to evaluate its implication on their financial statements. Affected companies include insurance companies, fund management companies and companies which undertake derivative transactions for hedging purposes.

#### *Impact on the Insurance Industry*

- Embedded derivatives within insurance contracts should be identified and recognised.
- Contracts that principally contain financial risks should be identified and accounted for as financial instruments.
- Certain financial guarantee contracts should be recognised and accounted for.
- Low interest rate and longevity provisions should be recognised.
- A substantial part of financial instruments should be accounted for at fair value with changes recorded in either the income statement or equity.

#### *Impact on the Investment Management Industry*

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- Financial instruments held should be reclassified as trading or available for sale, with fair value changes being recorded in either the income statement or equity.
- Fair value of assets held should be determined using bid price, which may differ significantly from last done price commonly used at present.

For affected companies, time is running short. Implementation process can be very complex and tedious depending on the complexity of the financial instruments on their balance sheets.

## Key changes in Revised IAS 39

### Measurement

Any financial instrument can be designated irrevocably on initial recognition as one to be measured at fair value, with changes in fair value recognised in the income statement.

### Definition

The standard amends the definition of originated loans and receivables to become loans and receivables. An entity is permitted to classify as loans and receivables, purchased loans that are not quoted in an active market.

### Impairment

It is clarified that impairment loss is recognised only when it has been incurred. Also, impairment losses on available-for-sale equity instruments cannot be reversed through the income statement.

### Derecognition of a financial asset

The two main concepts of risks and rewards and control are retained, and for all derecognition transactions, the evaluation of the transfer of ownership risks and rewards precedes the evaluation of the transfer of control.

### Hedge accounting

Hedges of firm commitments are now treated as fair value hedges rather than cash flow hedges.

*The revised IAS 39 is available for download at the IASB website ([www.iasb.org.uk](http://www.iasb.org.uk))*

### Numerous issues make implementation a complex process

If you have yet to start on your implementation process, you should consider the following implementation issues as you countdown from now to 1 January 2005.

### Hedge accounting

The revised standard allows entities to designate irrevocably on initial recognition any financial instrument as

one to be measured at fair value through the income statement.

For financial instruments designated in this way, the need for hedge accounting for hedges of fair value exposures is eliminated where there are natural offsets, thereby eliminating the related burden of designating, tracking and analysing hedge effectiveness. Entities with fair value hedges will then have to decide if they want to adopt hedge accounting or designate its underlying hedged instrument irrevocably at fair value through the income statement.

Entities that are adopting hedge accounting will have to assess if they are able to meet the strict criteria of hedge accounting, as well as ascertain if they have the capabilities and resources to measure and monitor hedge effectiveness. These are important considerations as the adoption of hedge accounting involves significant changes to systems, processes and documentation. For example, loans that are otherwise carried at cost are adjusted for fair value changes to offset the fair value gain or loss of the hedging instrument.

### Effective interest rate

The effective interest rate (EIR) is the yield to maturity (or the next market-based re-pricing date) and is the internal rate of return of the financial asset or financial liability for that period.

Both lenders and borrowers need to compute EIR to accrue interest income during the life of loans with stepped-up interest margin rates, where the credit margin increases into the future, as well as fixed rate loans whose interest rates are stepped-up. This can be achieved via modification of their existing systems or manual computation using spreadsheets. The calculation should also consider fee income, transaction costs and all premiums or discounts.

### Embedded derivative

An embedded derivative is a financial derivative built into a plain financial instrument known as the host contract. The standard requires the separation of embedded derivatives from the host contracts which are not fair valued. Embedded derivatives are measured at

fair value with gains and losses recognised in the income statement.

Due to the current popularity of structured products, this requirement is expected to have significant impact on both investors and issuers of such instruments such as banks, insurance companies and funds. Issuers and investors must have a process in place to identify features of embedded derivatives in their products and operations.

### Impairment

The revised IAS 39 has confirmed that impairment loss should be computed using an incurred loss model based on discounted cash flow. Most entities currently compute the recoverable amount using a matrix or rule of thumb methodologies which may not be appropriate under the revised standard.

Provisions under IAS 39 require far more thorough analysis, including the use of historical default data and sophisticated scenario modelling, to gauge the impact of market fluctuations and other credit default risks. Entities will need to demonstrate and document the statistical validity of their evaluations. This will demand significant input from a wide range of functions, including finance, information technology and risk management.

## Fraud Awareness, Prevention & Detection — Are you doing enough?

For those who wish to gain a sound understanding of why fraud happens and what your organisation can do to detect and prevent fraud, PwC is conducting a public seminar on 14 April 2004.

This **practical and interactive** seminar will focus on :

- appreciating motivations for fraud and building fraud awareness in an organisation;
- understanding directors responsibilities in fraud prevention and techniques to detect, prevent and manage fraud; and
- developing a fraud response plan.

*For seminar details and registration information, please visit our website at [www.pwc.com/sq](http://www.pwc.com/sq).*

## Need help in applying revised IAS 32 and 39?

### Seminar Series

PwC is conducting a public seminar entitled *A Guide Through the Maze : Accounting for Financial Instruments* on **26 March 2004**. This seminar aims to help participants appreciate key proposed changes (with comparison to existing requirements) in areas such as

- Debt/equity classification
- Fair values and impairment
- De-recognition
- Derivatives based on equity's own shares
- Hedge accounting

It will be run in an interactive workshop style and will include exercises and case studies, to enable participants to have first-hand application of the rules and appreciation of the possible consequential issues.

For seminar details and registration information, please visit our PwC Singapore website at [www.pwc.com/sq](http://www.pwc.com/sq).

### Publication Series

We have also published the *Financial instruments under IFRS* to assist you in applying the latest requirements.



This publication is available for download at our PwC Global website (<http://www.pwc.com>). For hardcopies, kindly contact us at [corporatewatch@sg.pwc.com](mailto:corporatewatch@sg.pwc.com).

## Let the countdown begin!

The implementation project should start with a comprehensive evaluation of how IAS 39 is likely to impact the entity's strategy, operations and financial results. This includes the identification of any potentially damaging impact to earnings and difficulties in meeting the hedging, recognition and provisioning criteria. Entities also need to assess systems, personnel and other resource requirements of moving to the new regime.

It is important to recognise that the implications of IAS 39 extend to the entire operations of an organisation that prepares financial statements in Singapore. To ensure success, the implementation project should be led by a steering committee comprising senior members of the entity's management with support from its various business units.

## Are you ready to begin?

Should you require any assistance on IAS/FRS 39 implementation, our IAS/FRS 39 Implementation Team is ready to assist you:

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# IASB Improvements Project Series

## - IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The International Accounting Standards Board (IASB) embarked on a project (generally referred to as *Improvements Project*) in 2001 to reduce or eliminate alternatives, redundancies and conflicts within the International Accounting Standards (IAS), to deal with some convergence issues and to make other improvements. Exposure drafts to amend the IAS were issued by the IASB in May 2002. All 13 revised standards were issued and one standard was withdrawn by the IASB on 18 December 2003. In Singapore context, similar exposure drafts were issued in July 2002. However, the revised standards have yet to be issued.

This article is part of a series that started in December 2003 where we highlight the key changes between the revised standards and their exposure drafts. In this issue, we will address IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

### IAS 1 *Presentation of Financial Statements*

One of the IASB's main objectives for revising IAS 1 is to provide a framework within which an entity assesses how to present fairly the effects of transactions and other events. Others would be to require disclosure of management's judgment in applying the entity's accounting policies and key sources of estimation uncertainty, as well as to prohibit the presentation of extraordinary items.

The following illustrate the new requirements in revised IAS 1, in comparison to its exposure draft (ED) :

#### **Disclosure of the continuing effects of departures in a prior period**

When an entity has departed from a requirement of a Standard or an Interpretation in a prior period, that departure may affect the amounts recognised in the financial statements for the current period. If it does, the revised IAS 1 requires the following disclosures :

- the title of the Standard or Interpretation from which the entity has departed,
- the nature of the departure including the treatment that the Standard or Interpretation would require,
- the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Framework and the treatment adopted; and

- for each period presented, the financial impact of the departure of each item in the financial statements that would have been reported in complying with the requirement.

These disclosures highlight the effect of a departure in a prior year period on the current period's financial statements. Without such disclosures, the users of financial statements could be unaware of the continuing effects of a prior period departure. The ED to IAS 1 was silent on this matter.

#### **Classification of long term loan in breach of loan agreement**

Based on the ED to IAS 1, for a long term loan in breach of loan agreement where at balance sheet date, the lender has provided a period of grace during which :

- (i) the breach of the loan agreement can be rectified, and
- (ii) the lender cannot demand immediate repayment,

that loan should be classified as non-current if it is due for settlement, without the breach, at least 12 months after the balance sheet date and either :

- (a) the entity rectifies the breach within the period of grace; or
- (b) when the financial statements are authorised for issue, the period of grace is incomplete and it is probable that the breach will be rectified.

In view that a liability's classification should be determined by circumstances at the balance sheet date, the revised IAS 1 removed requirements (a) and (b). Thus, if settlement after more than 12 months from the balance sheet date is not assured, a liability should be classified as current at the balance sheet date, even if an agreement to refinance the liability or to reschedule the payments on a long-term basis was completed after the balance sheet date and before the financial statements were issued.

In other words, based on the revised IAS 1, long-term loan in breach of loan agreement should be classified as current at the balance sheet date unless, before the balance sheet date, the lender agreed to a period of grace to rectify the breach that is greater than 12 months after the balance sheet date, even if the breach is rectified after the balance sheet date and before the financial statements were issued.

#### **Management's judgement used in applying significant accounting policies is further illustrated**

The ED to IAS 1 required disclosure of management's judgement used in applying the accounting policies that have the most significant effects on the amounts of items recognised in the financial statements. Such disclosure would enable users of financial statements to understand better how the accounting policies are applied and to make comparisons between entities regarding the basis on which managements make these judgements.

As comments received on the ED indicated that the purpose of the proposed disclosures was unclear, the revised IAS gives additional guidance examples of the areas of management's judgement to be disclosed :

- determining when substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities;
- determining whether, in substance, particular sales of goods are financing arrangements and therefore, do not give rise to revenue; and
- determining whether the substance of the relationship between the entity and a special purpose entity (SPE) indicates that the SPE is controlled by the entity.

**Guidance on disclosing key sources of estimation uncertainty**

The ED to IAS 1 required the disclosure of key assumptions about the future and other sources of estimation uncertainty, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The revised IAS 1 adopts this proposal and gives examples of key assumptions to be disclosed. For instance, (1) discount rates used when measuring recoverable amount of property, plant and equipment; and (2) future changes in salaries estimated when measuring employee pension obligations.

This disclosure requirement does not apply to assets and liabilities measured at fair value based on recently observed market prices. This is based on the premise that using observed market prices obviates the need for estimates.

**Disclosure requirements**

The following items, previously absent in the ED to IAS 1, are now required to be disclosed by the revised IAS 1:

- entity's country of incorporation; and



- address of its registered office (or principal place of business, if different from the registered office).

The revised IAS 1 also specifies that after-tax profit or loss attributable to minority interest and after-tax profit or loss attributable to equity holders of the parent be presented on the face of income statement as allocations of profit or loss, rather than as items of income or expense. A similar requirement is in place for the statement of changes in equity.

**IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

The IASB's main objectives for revising IAS 8 include (i) removing the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors, and (ii) eliminating the concept of fundamental error.

The major changes between the ED to IAS 8 and the revised IAS 8 are as follows :

**No hierarchy of requirements when applying a Standard or an Interpretation**

The ED to IAS 8 proposed that when a Standard or an Interpretation applies to an item in the financial statements, the accounting policy (or policies) applied to that item is (are) determined by considering the following in descending order :

- (a) Standard (including any Appendices that form part of the Standard);

- (b) The Interpretation;
- (c) Appendices to the Standard that do not form a part of the Standard; and
- (d) Implementation Guidance issued in respect of the Standard.

The revised IAS 8 does not refer to such a hierarchy, nor does it mention Appendices to the Standard. It only requires applicable Standards and Interpretations to be applied, and both Standards and Interpretations are to be ranked equally.

**Additional disclosures for changes in accounting policies**

The ED to IAS 8 required the following to be disclosed for a change in accounting policy :

- the reason for the change;
- the amount of the adjustment for the current period and for each prior period presented; and
- the amount of the adjustment relating to periods prior to those presented.

**IFRS News — February 2004 is now available**

This issue features the third article of the IAS 39 series, which looks at issues affecting contracts on purchase and sale of non-financial assets. It also includes the first article in a series, which puts into IFRS context, issues affecting oil and gas companies, taking into consideration ED 6 issued in December 2003.

In addition, this issue outlines the consequential amendments to IFRS 1 as a result of revised IAS 32 and 39. It also contains an interview with Mary Keegan, the chairman of the Accounting Standards Board (ASB) in United Kingdom, on the role of standard setters, the ASB and IASB's agendas, and progress towards 2005.

*IFRS News is a monthly newsletter produced by PwC Global Corporate Reporting Group and is available for download at the PwC Global website. ([www.pwc.com/corporatereporting](http://www.pwc.com/corporatereporting))*

## ED on INT FRS - *Determining whether an arrangement contains a lease*

On 29 January 2004, the CCDG issued the above exposure draft, which mirrors D3 issued by IFRIC on 15 Dec 2003. This interpretation addresses arrangements which do not take the legal form of a lease but which convey rights to use items for agreed periods of time in return for a payment or series of payments. As such arrangements could include outsourcing arrangements, take-or-pay contracts, and service concession arrangements, its effects may be pervasive. The comment deadline ends on 19 February 2004.

*For the complete exposure draft, please visit the CCDG website ([www.ccdg.gov.sg](http://www.ccdg.gov.sg)).*

In addition to the above, the revised IAS 8 requires the following disclosures :

- (i) the nature of the change in accounting policy; and
- (ii) the reason why applying the new accounting policy provides reliable and more relevant information, to be disclosed.

The revised IAS 8 also requires the effect of the change in accounting policy to be detailed down to each financial statement line item. If IAS 33 applies to the entity, the earnings per share amounts affected for the current period and any prior period presented should be illustrated.

### ***Guidance on the treatment of a change in accounting policy as a result of a change in other standard-setting bodies pronouncements***

The revised IAS 8 indicates that a change in accounting policy resulting from a change in another standard-setting body's pronouncement should be accounted for in the same way as a voluntary change in accounting policy, i.e. retrospectively with restatement of prior periods presented.

It also clarifies that an entity is precluded from applying transitional provisions specified by the other standard-setting body if they are inconsistent with the

treatment of voluntary changes in accounting policies specified by the revised IAS 8. These clarifications were absent in ED to IAS 8.

### **Interaction between IAS 1 and IAS 8**

#### ***Materiality is now defined***

In response to the comments to the EDs, materiality is now defined. An omission or misstatement of items is material if it could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances, i.e. the size or nature of the item, or a combination of both, could be a determining factor.

The concept of materiality is applied in two standards. The revised IAS 1 states that disclosures required by IFRS need not be made if the information is immaterial, while the revised IAS 8 stipulates that :

- (a) the accounting policies in IFRS need not be applied when the effect of applying them is immaterial;
- (b) financial statements do not comply with IFRS if they contain material errors; and
- (c) material prior period errors are to be corrected retrospectively in the first set of financial statements authorised for issue after their discovery.

#### ***Impracticability concept retained in the revised IAS 1***

The ED to IAS 1 allowed exemptions from restatement and disclosure requirements in circumstances where applying those requirements would give rise to undue cost or effort. As the IASB was of the opinion that management's assessment of undue cost or effort is too subjective to be applied consistently by different entities, the revised IAS 1 retains the current exemption criterion which is based on impracticability .

In summary, an entity would be exempted from a restatement or disclosure requirement if it is impracticable to apply that requirement.

Applying a requirement is regarded as impracticable when an entity cannot apply it after making every reasonable effort to do so.

#### ***Additional guidance on the meaning of impracticable in the revised IAS 8***

The revised IAS 8 clarifies that it is impracticable to apply retrospectively a change in accounting policy when :

- the effect of the new accounting policy on prior periods is not determinable;
- the determination of the effect of the new accounting policy on prior periods would require assumptions about management's intent in a prior period; or
- retrospective application of the new accounting policy would require the use of hindsight.

When it is impracticable for management to apply the new accounting policy as if it had always been in use, management should apply the new accounting policy to as many prior periods (including prior periods not presented in the financial statements) as practicable. The ED to IAS 8 was silent on this matter.

*These revised standards are available for download at the IASB website ([www.iasb.org.uk/](http://www.iasb.org.uk/))*

## Need help with the other standards?

The following standards were covered in the previous issues of Corporate Watch :

### **December 2003**

- IAS 2** Inventories
- IAS 10** Events After the Balance Sheet Date
- IAS 33** Earnings Per Share

### **January 2004**

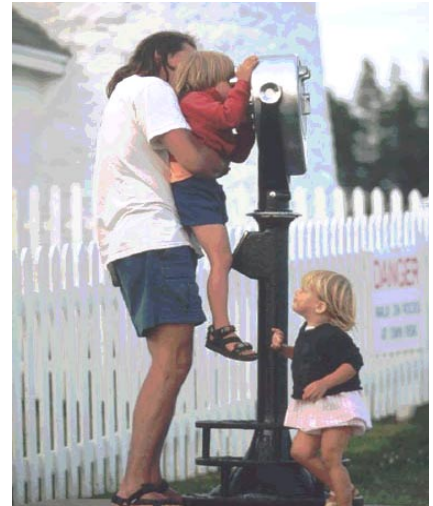
- IAS 16** Property, Plant and Equipment
- IAS 17** Leases
- IAS 40** Investment Property

*Previous issues of Corporate Watch are available for download at our website. ([www.pwc.com/sg/corporatewatch](http://www.pwc.com/sg/corporatewatch)).*

# Guide for Operating and Financial Review — What should you expect?

Following a consultation paper issued in August 2003, the Council on Corporate Disclosure and Governance issued the Guide for Operating and Financial Review (the Guide) on 15 January 2004. This was accepted by the Ministry of Finance on 12 February 2004, and listed companies are urged to use the Guide for financial years starting from 1 January 2004.

The objective of the Guide is to promote best practices in the preparation of the Operating and Financial Review (OFR) by listed companies, taking into consideration both investors' expectations for improved disclosure and the related costs to the companies. This is a step towards greater transparency in corporate reporting in Singapore.



## Mandatory compliance? No

Given the subjectivity and sensitivity of some of the information recommended for disclosure, the Guide is only a practice note in the listing manual of the Singapore Exchange — adherence is voluntary. As such, the effectiveness of the Guide in promoting comparability and transparency amongst listed companies depends on whether listed companies choose to comply with the Guide.

## Audit required? No

Based on the Guide, information and analysis provided in the OFR should be neutral and free from bias, dealing even-handedly with both good and bad aspects. Directors and management have the responsibility of ensuring that material information is not omitted. Where the information in the OFR relates to financial information, it should be consistent with that disclosed in the audited financial statements. That said, an audit of OFR is not required.

## 8 Principles of the Guide

*The Guide contains 8 principles that are fundamental to the preparation of a good OFR. Accompanying these principles are guidelines that elaborate on how the principles should be applied.*

### 1. Focus on investors' matters

An OFR should focus on matters that are relevant to investors and written in a style that is clear and readily understood. The use of technical language should be avoided. Where possible, an OFR should be presented in a distinct section of an annual report.

### 2. Describe nature of company, its objectives and broad strategies

An OFR should discuss the objectives for the business and broadly, management's strategy for achieving them.

This aligns with the belief that a set of historical financial statements is no longer sufficient for investors. Investors would look beyond financial information, focusing on non-financial measures such as research and development activities, competitive advantage, intellectual capital, market position and dominance. Consequently, depending on the nature of business, discussion of the company's business and operations might cover the following areas :

- industries, locations and markets in which the company operates;
- its main products and services, business processes and distribution methods, and intellectual property;
- the structure of the company and main operating facilities; and
- any significant changes to the legal, social, political and regulatory environments that influence the company.

### 3. Discuss key financial and non-financial performance indicators

An OFR should cover a range of financial and non-financial measures used by management to evaluate the company's performance. These measures should be properly defined and their calculation methods should be explained.

Comparatives should be disclosed and reported on a consistent basis. They should facilitate comparison over the years and with other companies in the same industry or sectors. Should there be any change in the definition, the change should be identified and explained, with comparatives restated where possible.

However, some of these measures are essential for maintaining the company's market share and position in the industry. Their disclosures may reveal sensitive information to outsiders, possibly eroding the company's competitive advantage. Consequently, the Guide expressed that it does not expect the disclosure of information of a commercially prejudicial or sensitive nature that a reasonable person would not expect to be disclosed, for examples, where the information —

- concerns a trade secret;
- concerns an incomplete proposal or negotiation; or
- comprises matters of supposition and is insufficiently definite to warrant disclosure.

In addition, key performance indicators and their measurement are generally very subjective and could differ greatly, even amongst companies within the same industry. New measures are also constantly being developed to better reflect the value of a company. Therefore, unless companies have some industry specific proxy measures, comparability across companies could still be difficult.

#### 4. Discuss performance for the period

An OFR should identify and explain main factors that affect the activities and performance of the company. Discussion of past performance should also be supplemented by known trends and factors that are likely to affect future performance.

To enable users to assess the significance and sustainability of ongoing and core activities of the company, the following should also be discussed:

- any special factors that have affected performance in the period under review, even where their effect cannot be quantified;
- nature and impact of any unusual or infrequent events or transactions that have affected the result for a period; and
- impact on future operations of significant post-balance sheet events.

#### 5. Discuss the dynamics and risk factors of the business

An OFR should include a discussion identifying significant opportunities, risks and threats facing the business. A commentary on the strategies and processes applied to managing the dynamics and risk factors of the business, and in qualitative terms, the nature of their potential impact on performance should also be included.

Known factors and influences may have a material effect on future performance and financial position, particularly within the 12 months from the date when the financial statements are authorised for issue. The OFR should be elaborated on these where applicable.

#### 6. Comment on maintaining and enhancing company's position and profitability

An OFR should comment on the nature of activities and the expenditure undertaken by the company to maintain and enhance the position and profitability of the company. This could include a description of major projects that involve capital expenditure being undertaken by the company. Qualitative information as to the benefits expected from the

activities and expenditures of the company could be disclosed.

#### 7. Discuss capital structure and capital management policies

An OFR should identify and explain significant matters which affect the company's financial condition. These matters, most of which are disclosed in the financial statements, are :

- Capital Structure
  - maturity profile of debts
  - financial instruments used
- Capital Funding and Treasury Policies
  - currencies in which borrowings are made and in which cash and cash equivalents are held;
  - maturity profile of borrowings and extent of fixed-rate borrowings;
  - mix between equity and debt financing;
  - significant investments held;
  - risk management policies;
  - hedging policies and the use of financial instruments for hedging;
  - use of special purpose entities and other off-balance sheet arrangements; and
  - capital management, including share buy-backs and capital restructuring.
- Cash flow and liquidity position
  - Cash generated from operations and other cash flows during period under review;
  - Liquidity and funding at the end of the period;
  - Level of borrowings and seasonality of borrowing requirements;
  - Undrawn financing facilities; and
  - Maturity profile of both borrowings and undrawn committed borrowing facilities.

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When the company has entered into covenants with lenders which could have the effect of restricting the use of credit facilities, and a material breach of a covenant has occurred or is expected to occur, the measures taken or proposed to remedy the situation should be disclosed.

#### 8. Discuss overall return attributable to shareholders

All forms of shareholder returns, including share buy-back, dividend distribution, other forms of return of capital and shareholder plans should be discussed and their effects should be explained. The OFR should also include a commentary on the various factors (including profitability) contributing to the dividend for the financial year, including the overall dividend policy.

*For a complete Guide, please visit the CCDG website ([www.ccdg.gov.sg/](http://www.ccdg.gov.sg/))*