Summary of Key Changes on SFRS

As at 15 July 2008

The following are new or revised FRS and Interpretations to FRS (INT FRS) that are effective after 1 January 2007:

Effective dates[1]	Description
1 March 2007	INT FRS 111 *Group and treasury share transactions*
1 January 2008	Amendments to FRS 1 *Presentation of financial statements – capital disclosures*[2]
	FRS 107 *Financial instruments: disclosures*[2] *(supersedes FRS 32 Financial instruments: disclosures and presentation)*
	INT FRS 112 *Service concession arrangements*
	INT FRS 114 *The limit on a defined benefit asset, minimum funding requirements and their interaction*
1 July 2008	INT FRS 113 *Customer loyalty programmes*
1 January 2009	FRS 1 (Revised) *Presentation of financial statements*
	Amendments to FRS 23 *Borrowing costs*
	Amendments to FRS 102 *Share-based payment: vesting conditions and cancellations*
	FRS 108 *Operating segments* (supersedes FRS 14 Segment reporting)

[1] Annual periods commencing on or after the date as indicated
[2] Only for unlisted entities. Listed entities are required to apply the standards from 1 January 2007.

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures
Effective for annual periods beginning on or after 1 March 2007			
INT FRS 111 *Group and Treasury Share Transactions*	• Provides guidance on the accounting for share-based payment (SBP) arrangements under FRS 102: (i) when the SBP obligations on its own equity instruments are settled via the issuance of treasury shares or by its shareholders directly; and (ii) in the separate financial statements of the subsidiary when the subsidiary's employees are granted equity instruments of its parent.	(i) SBP arrangements on own equity instruments • SBP transactions in which an entity receives services as consideration for its own equity instruments should be accounted for as equity-settled, regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy the obligation. It is also accounted for as equity-settled regardless of whether the instruments were granted or settled by the entity itself or its shareholder(s) [INT FRS 111.7]. (ii) SBP on equity instruments of the parent (a) <u>A parent grants rights to its equity instruments to the employees of its subsidiary</u> • If SBP arrangement is accounted for as equity-settled in the consolidated financial statements of the parent, the subsidiary shall treat the services received from its employees as *equity-settled*, with a corresponding increase recognised in equity as a contribution from the parent [INT FRS 111.8]. • If the employees work for different entities in the group during the vesting period, each subsidiary shall measure the services received by reference to (a) the fair value of the equity instruments at the date those rights to equity instruments were *originally* granted by the parent, and (b) the proportion of the vesting period served by the employee with that subsidiary [INT FRS 111.9].	• None

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures
		• If the employee who works with different group entities fails to meet non-market vesting condition, no amount is recognised on a cumulative basis. Each subsidiary shall reverse the amount previously recognised [INT FRS 111.10]. (b) <u>A subsidiary grants rights to equity instruments of its parent to its employees</u> • A subsidiary shall account for the SBP transaction as cash-settled. This requirement applies irrespective of how the subsidiary obtains the equity instruments to satisfy its obligations to its employees [INT FRS 111.11].	

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures
Effective for annual periods beginning on or after 1 January 2008 (For non-listed entities)#			
Amendments to FRS 1 *Presentation of Financial Statements - Capital disclosures*	• None	• None	New disclosures [FRS 1.124A and 124B]: • The entity's objectives, policies and processes for managing capital: - description of what it manages as capital, - nature of externally imposed capital, requirements and how those requirements are incorporated into the management of capital, - how it is meeting its objective for managing capital • Quantitative data about what the entity regards as capital (which may include some financial liabilities); • Changes in qualitative and quantitative information on capital; • Where applicable, whether the entity has complied with any capital requirements and the consequences of non-compliance with externally imposed capital requirements.
FRS 107 *Financial Instruments: Disclosures* (Supersedes disclosure requirements of FRS 32 *Financial Instruments: Disclosure and Presentation*. Presentation requirements of FRS 32 remain unchanged)	Same as FRS 32.	Not applicable. Measurement and recognition of financial instruments are covered in FRS 39.	Key disclosures required by FRS 107 that were not required by the superseded FRS 32 include: Significance of financial instruments • Amount reclassified into and out of each category and reason for that reclassification. FRS 32 requires only the reason for reclassification [FRS 107.12].

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures
			• Reconciliation of allowance for credit losses during the period for each class of financial assets [FRS 107.16]. • Additional disclosures either on the face of the financial statements or in the notes [FRS 107.20]: - net gains or net losses on each category of financial assets and liabilities; - fee income and expense (other than amounts included in determining the effective interest rate) arising from: ° Financial assets or financial liabilities that are not fair value through profit or loss; and ° Trust and other fiduciary activities that result in the holding or the investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions; - The amount of impairment loss for each class of financial asset. • Separate disclosure of [FRS 107.24]: - gains or losses on hedging instruments and the hedged item; and - gains or losses on hedge ineffectiveness recognised in profit or loss that arises from cash flow hedges and from hedges of net investments in foreign operations.

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	**Measurement and Recognition**	**Presentation and Disclosures**
			• If financial assets are initially recognised at a fair value that is different from the transaction price, disclose, by class [FRS 107.28]: - its accounting policy for recognising that difference in the income statement; and - the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of the difference. <u>Qualitative and quantitative information [FRS 107.31]</u> • Summary quantitative data about its exposure to each risk at the reporting date which is <u>based on information provided internally to key management personnel</u> [FRS 107.34]. • Disclose by class of financial instrument [FRS 107.36]: - information about credit quality of financial assets that are neither past due nor impaired; and - carrying amount of financial assets that will otherwise be past due or impaired whose terms have been renegotiated.

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures
			• Disclose by class of financial assets [FRS 107.37]: - analysis of age of financial assets that are past due as at reporting date but not impaired; - analysis of financial assets that are individually determined to be impaired as at reporting date, including factors the entity considered in determining that they are impaired; and - description of collateral held by entity as security and other credit enhancements and, unless impracticable, an estimate of their fair values. • When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements that meet the recognition criteria in other Standards, disclose [FRS 107.38]: - nature and carrying amount of these assets obtained; and - When the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations. • Liquidity risk [FRS 107.39] including maturity analysis for financial liabilities that shows the remaining contractual maturities on an undiscounted basis.

Standard/ Interpretation	Significant changes on		
	Scope and Definition	**Measurement and Recognition**	**Presentation and Disclosures**
			• Sensitivity analysis for each type of market risk (currency risk, interest rate risk and other price risk) exposed at reporting date; methods and assumptions used in preparing sensitivity analysis; and changes from previous period in the methods and assumptions used and reasons for such changes [FRS 107.40]. • If sensitivity analysis reflects interdependencies between risk variables and is used to manage financial risks, disclose an explanation of method used, main parameters, objective of method used, and its limitations [FRS 107.41]. • If sensitivity analyses disclosed are unrepresentative of risk inherent in financial instrument, disclose that fact and the reason it believes the sensitivity analyses are unrepresentative [FRS 107.42].

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on: Scope and Definition	Significant changes on: Measurement and Recognition	Significant changes on: Presentation and Disclosures
Effective for annual periods beginning on or after 1 January 2008			
INT FRS 112 *Service Concession Arrangements*	• Provides guidance to private sector operators for public-to-private service concession arrangements such as schools, roads, railways and other public infrastructure assets and services. • Applicable only if: (a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price Complete control of price is not required; and (b) the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement. Infrastructure used in a public-to-private service concession agreement for its entire useful life is within the scope if conditions in (a) are met.	<u>Treatment of the operator's rights over the Infrastructure</u> • If the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator, the operator shall not recognise such infrastructure as property, plant and equipment [INT FRS 112.11]. • Under the arrangement, the operator may construct or upgrade the infrastructure (construction or upgrade service), provides public service and maintain the infrastructure (operation service) for a specified period of time. If the operator performs more than one service under a single contract or arrangement, consideration shall be allocated using the relative fair values of the services delivered if separately identifiable [INT FRS 112.13]. <u>Construction or upgrade services</u> • The operator shall recognise revenue and costs relating to construction or upgrade services based on FRS 11 [INT FRS 112.14]. • Consideration may be rights to a financial asset, or an intangible asset [INT FRS 112.15].	• Disclosures are contained in INT FRS 29 *Disclosure: Service Concession Arrangements*

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures
		• A financial asset is recognised if the operator has an unconditional contractual right to receive cash or another financial asset [INT FRS 112.16 and .23]. • An intangible asset is recognised if the operator receives a right (a licence) to charge users of the public service [INT FRS 112.17 and .26]. • If the operator is paid partly by a financial asset and partly by an intangible asset, each component shall be separately accounted for by reference to their fair values [INT FRS 112.18]. <u>Operation services</u> • The operator shall account for revenue and costs relating to operation services based on FRS 18 [INT FRS 112.20]. <u>Others</u> • If contractual obligations to restore the infrastructure to a specified level of serviceability exist as condition of licence, the operator shall recognise these obligations based on FRS 37. Exception applies to an upgrade element [INT FRS 112.21]. • Borrowing costs may be capitalised if capitalisation criteria in FRS 23 are met [INT FRS 112.22].	

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures
INT FRS 114 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	• Applicable when a pension plan has an FRS 19 surplus that results in the recognition of a defined benefit asset or when settlement of any minimum funding requirement would lead to both a surplus and a defined benefit asset. • Provides explanation on: a. when refunds or reductions in contributions are considered 'available' for the purpose of measurement of defined benefit asset; b. how minimum funding requirements might affect the availability of reductions in future contributions; and c. when a minimum funding requirement might gives rise to a liability.	<u>Availability of refunds</u> An entity should recognise an asset when it has an unconditional right to the refund of any surplus left upon the winding up of a plan, after allowing for any costs of such a winding up [INT FRS 114.11]. An entity does not have an unconditional right to a refund when the payment of any refund is subject to approval by another party [INT FRS 114.12]. <u>Impact of minimum funding requirements on asset recognition.</u> When there are no minimum funding requirements, the value of a contribution reduction is the lower of the surplus in the plan and the present value of the future service costs over the shorter of the expected life of the plan and the expected life of the entity [INT FRS 114.16]. When there are minimum funding requirements, the economic benefit available from a contribution reduction is the present value of the excess of the service cost over the estimated minimum funding requirement contribution in each future year. There are likely a variety of actuarial approaches to the measurement of the asset in accordance with this requirement [INT FRS 114.20].	• Requires the disclosure of the manner of recovery considered in determining whether or not a surplus is recoverable [INT FRS 114.10].

Standard/ Interpretation	Significant changes on		
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures
		<u>Liability for minimum funding requirements</u> When contributions payable in accordance with a minimum funding requirement either create or increase an irrecoverable surplus, a liability is recognised when the obligation to pay such contribution arises. This liability is accounted for through income statement or in the statement of recognised income and expense in the same place as actuarial gains and losses are recognised [INT FRS 114.24 and INT FRS 114.26].	

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	**Measurement and Recognition**	**Presentation and Disclosures**
Effective for annual periods beginning on or after 1 July 2008			
INT FRS 113 *Customer Loyalty Programmes*	• Explains how such entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits (such as points or travel miles);	• Requires allocation of part of the consideration of initial sale transaction to the award credits based on fair values [INT FRS 113.5 and 113.6]. • If the entity supplies the future goods or services under the award by itself, it shall recognise the revenue when the awards are redeemed and it fulfils its obligations to supply the goods and services [INT FRS 113.7]. • If a third party supplies the future goods or services, revenue is recognised when the third party becomes obligated to supply the future goods or services. The amount of revenue recognised is dependent on whether the entity is collecting the consideration as principal or agent [INT FRS 113.8]. • If at any time the unavoidable costs to satisfy award credits exceed the consideration allocated to those credits, a liability for onerous contracts is recognised [INT FRS 113.9].	• None

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on: Scope and Definition	Measurement and Recognition	Presentation and Disclosures
Effective for annual periods beginning on or after 1 January 2009			
FRS 1 (Revised): Presentation of Financial Statements	The 'Balance Sheet' and the 'Cash Flow Statement' are described as the 'Statement of financial position' and 'Statement of cash flows' respectively. However, an entity may continue to use 'Balance Sheet' and the 'Cash Flow Statement' as long as the meaning is clear. (IN 11)	• No change	Key changes include: <u>Balance Sheet at the beginning of the comparative period</u> • When the entity has made a prior period adjustment or a reclassification of items in the financial statements, three statements of financial position (balance sheets) are required that is, at the end of the current period, the end of the comparative period and the beginning of the comparative period. A statement of financial position at the date of transition to FRS is now also required in an entity's first FRS financial statements (IN12). <u>Reporting owner changes in equity and recognised income and expenses</u> • All changes in equity arising from transactions with owners in their capacity as owners (that is, owner changes in equity) are to be presented separately from non-owner changes in equity. An entity is also not permitted to present components of income and expense (that is, non-owner changes in equity) in the statement of changes in equity. • Recognised income and expenses shall be presented in a single statement (a statement of comprehensive income) or in two statements (a statement of profit or loss and a statement of comprehensive income) (IN13).

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	**Measurement and Recognition**	**Presentation and Disclosures**
			<u>Other recognised income and expense – Reclassification adjustments and related tax effects</u> • The income tax related to each component of other comprehensive income are required to be disclosed either in the statement of comprehensive income or in the notes (IN14). • Reclassification adjustments (that is, amounts reclassified to profit or loss in the current period that were recognised as other comprehensive income in previous periods) are required to be disclosed, together with the income tax relating to each item (IN15).
Amendments to FRS 23 *Borrowing Costs*	Exempts from the scope: (a) assets measured at fair value; and (b) inventories that are manufactured or produced in large quantities on a repetitive basis.	• Removes the option to recognise immediately as expense borrowing costs that are directly attributable to qualifying assets. Such borrowing costs must be capitalised.	• None
Amendments to FRS 102 Share-based Payments: Vesting Conditions and Cancellations	• None	• Clarifies that vesting conditions consist of service conditions and performance conditions only. Other conditions are considered non-vesting conditions. All non-vesting conditions are taken into account in the estimate of the fair value of the equity instruments. • All cancellations, whether by the entity or by other parties are accounted for consistently i.e. to recognise immediately the amount of the expense that would otherwise have been recognised over the remainder of the vesting period.	• None

- For listed entities the standard is effective for annual periods beginning on or after 1 January 2007

Summary of Key Changes on Singapore Financial Reporting Standards (FRS)

As at 15 July 2008

Standard/ Interpretation	Significant changes on		
	Scope and Definition	**Measurement and Recognition**	**Presentation and Disclosures**
FRS 108 *Operating Segments* Supersedes FRS 14 *Segment Reporting*	Identification of operating segments • Under FRS 108, operating segments are identified based on internal reports that are regularly reviewed by the entity's chief operating decision maker ("CODM") for the purpose of allocating resources and assessing performance. FRS 14 requires identification of business segments and geographical segments, and a distinction shall be made between primary and secondary segments [IN11, FRS108.11]. • A component of an entity that sells primarily or exclusively to other operating segments of the entity can be an operating segment under FRS 108. FRS 14 limits reportable segments to those with significant sales to external customers [IN12].	Measurement of segment information • Under FRS 108, the amount reported for each operating segment item shall be measured based on the measure reported to the CODM. FRS 14 requires the amount reported to be prepared in conformity with the accounting policies adopted for the financial statements [IN13]. • FRS 14 defines segment revenue, segment expense, segment result, segment assets and segment liabilities. FRS 108 does not define these terms, but requires an explanation of how segment profit or loss, segment assets and segment liabilities are measured for each reportable segment [IN14, FRS 108.21].	New disclosures under FRS 108 include: • Factors used to identify the entity's operating segments, including the basis of organisation (for example, based on differences in products and services, geographical areas, regulatory environments, or a combination of factors and whether segments have been aggregated) [FRS 108.22(a)]. • Types of products and services from which each reportable segment derives its revenues [FRS 108.22(b)]. • Disclose measure of segment profit or loss reviewed by the CODM, irrespective of its conformity with the measure used in the financial statements [FRS 108.21]. • Disclose interest revenue separately from interest expense for each reportable segment, unless a majority of the segment's revenue is from interest and the CODM allocates resources and assesses performance using net interest revenue [FRS 108.23]. • If there is only one reportable segment, disclose information for the entity as a whole about its products and services, geographical areas, and major customers, irrespective of whether the information is reviewed by the CODM [IN18].