Delivering value through transformation

Practical Guide to New Singapore Financial Reporting Standards for 2014

pwc

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Introduction

This publication is a practical guide to the new FRS standards and interpretations that come into effect for 2014 year ends.

A group of five new and revised standards were published and apply from 1 January 2014. FRS 110, ‘Consolidated financial statements’, changes the definition of control; FRS 111, ‘Joint arrangements’, reduces the types of joint arrangement to joint operations and joint ventures, and prohibits the use of proportionate consolidation. FRS 112, ‘Disclosure of interests in other entities’, brings together in one standard the disclosure requirements that apply to investments in subsidiaries, associates, joint ventures, structured entities and unconsolidated structured entities. As part of this overhaul of the consolidation standards, FRS 27 (revised) now deals only with separate financial statements, and FRS 28 (revised) covers equity accounting for joint ventures as well as associates. These new standards have to be implemented together. A further amendment to these standards sets out the accounting for investment entities and this comes into effect from 1 January 2014 as well.

One interpretation – INT FRS 121, ‘Levies’, was published in 2013 in relation to FRS 37, ‘Provisions, contingent liabilities and contingent assets’. FRS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy and is effective 1 January 2014.

A few narrow scope amendments to existing standards have also been issued and are effective for annual periods beginning on or after 1 January 2014. Firstly, an amendment to FRS 32, ‘Financial instruments: Presentation’ regarding the offsetting of financial assets and financial liabilities. Secondly, an amendment to FRS 36, ‘Impairment of assets’ regarding recoverable amount disclosures for non-financial assets. Finally, an amendment to FRS 39, ‘Financial instruments: Recognition and measurement’ regarding the novation of derivatives and continuation of hedge accounting.

In addition, an amendment to FRS 19, ‘Employee benefits’, concerning defined benefit plans that require employees or third parties to contribute towards the costs of benefits, was issued in January 2014 and is effective annual periods on or after 1 July 2014.

The 2012 improvements project containing seven amendments and the 2013 improvements project containing three amendments were issued in January 2014 and February 2014 respectively and all the amendments are effective for annual periods beginning on or after 1 July 2014.

FRS 114, ‘Regulatory deferral accounts’, has been issued and is effective 1 January 2016. Early application is permitted. FRS 114 permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt FRS.

Developments in IFRS not yet adopted by ASC

The following are the significant developments in IFRS which are not yet adopted by ASC (as at 30 September 2014).

- IFRS 15, 'Revenue from contracts with customers', was issued on 28 May 2014 by the IASB. This standard replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments and insurance contracts. IFRS 15 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2017 under IFRS. More details can be found in *http://www.pwc.com/us/en/cfodirect/issues/revenue-recognition/index.jhtml*.

- IFRS 9, 'Financial instruments', was issued on July 2014 and includes guidance on the classification and measurement of financial assets and financial liabilities and de-recognition of financial instruments. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the standard and replaces the earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard is effective for annual periods beginning on or after 1 January 2018 under IFRS. More details can be found in *http://www.pwc.com/us/en/cfodirect/issues/financial-instruments/index.jhtml*.

Abbreviations used in the publication

ASC	Accounting Standards Council
FRS	Singapore Financial Reporting Standards
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
INT FRS	Interpretations of Financial Reporting Standard

New/revised standards and interpretations

Standards	Significant changes in			
	Scope and Definition	Measurement and Recognition	Presentation and Disclosures	Details (Page)
Effective for annual periods beginning on or after 1 January 2014				
• FRS 27 (revised 2011) Separate Financial Statements	✓			8
• FRS 28 (revised 2011) Investments in Associates and Joint Ventures	✓			10
• FRS 110 Consolidated Financial Statements	✓	✓	✓	8
• FRS 111 Joint Arrangements	✓	✓	✓	10
• FRS 112 Disclosure of Interests in Other Entities	✓		✓	12
• Amendments to FRSs 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities - Transition guidance		✓	✓	14
• Amendments to FRS 110 Consolidated Financial Statements, FRS 112 Disclosure of Interests in Other Entities and FRS 27 Separate Financial Statements - Exception from consolidation for ‘investment entities’	✓	✓	✓	15
• Amendments to FRS 32 Financial instruments: Presentation - Offsetting financial assets and financial liabilities			✓	17
• Amendments to FRS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets			✓	18
• Amendments to FRS 39 Financial Instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting	✓	✓		19
• INT FRS 121 Levies	✓	✓		20

Standards	Significant changes in Scope and Definition	 Measurement and Recognition	 Presentation and Disclosures	Details (Page)
Effective for annual periods beginning on or after 1 July 2014				
• Amendments to FRS 19 (R) Employee Benefits - Defined Benefit Plans: Employee Contributions		✓		22
Effective for annual periods beginning on or after 1 July 2014				
- Annual improvements 2012				
• Amendments to FRS 102 Share-based Payment	✓			24
• Amendments to FRS 103 Business Combinations		✓		24
• Amendments to FRS 108 Operating Segments			✓	24
• Amendments to FRS 16 Property, Plant and Equipment		✓		25
• Amendments to FRS 38 Intangible Assets		✓		25
• Amendments to FRS 24 Related Party Disclosures			✓	25
- Annual improvements 2013				
• Amendments to FRS 103 Business Combinations	✓			26
• Amendments to FRS 113 Fair Value Measurement	✓			26
• Amendments to FRS 40 Investment Property	✓			26
Effective for annual periods beginning on or after 1 January 2016				
• FRS 114 Regulatory Deferral Accounts	✓	✓	✓	27

FRS 27 (revised 2011) Separate Financial Statements and FRS 110 Consolidated Financial Statements

The ASC has issued FRS 110, 'Consolidated financial statements', as part of the group of five new standards that address the scope of the reporting entity. FRS 110 replaces all of the guidance on control and consolidation in FRS 27, 'Consolidated and separate financial statements', and INT FRS 12, 'Consolidation – special purpose entities'. FRS 27 is renamed 'Separate financial statements'; it continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements is unchanged.

The rest of the package includes FRS 111, 'Joint arrangements' (see p10); FRS 112, 'Disclosure of interests in other entities' (see p12); and consequential amendments to FRS 28, 'Investments in associates'.

Effective date
Annual periods beginning on or after 1 January 2014. Early adoption is permitted.

What are the key provisions?

FRS 110 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The changed definition and application guidance is not expected to result in widespread change in the consolidation decisions made by reporting entities, although some entities could see significant changes.

All entities will need to consider the new guidance. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single entity remains unchanged, as do the mechanics of consolidation.

According to amendments made to FRS 110, FRS 112 and FRS 27, specific guidance apply to investment entities (see p15).

The revised definition of control focuses on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

The determination of power is based on current facts and circumstances and is continuously assessed. The fact that control is intended to be temporary does not obviate the requirement to consolidate any investee under the control of the investor. Voting rights or contractual rights may be evidence of power, or a combination of the two may give an investor power. Power does not have to be exercised. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances.

The application guidance includes examples illustrating when an investor may have control with less than half of the voting rights. When assessing if it controls the investee, an investor should consider potential voting rights, economic dependency and the size of its shareholding in comparison to other holdings, together with voting patterns at shareholder meetings. This last consideration will bring the notion of 'de facto' control firmly within the consolidation standard.

FRS 110 also includes guidance on participating and protective rights. Participating rights give an investor the ability to direct the activities of an investee that significantly affect the returns. Protective rights (often known as veto rights) will only give an investor the ability to block certain decisions outside the ordinary course of business.

The new standard includes guidance on agent/principal relationships. An investor (the agent) may be engaged to act on behalf of a single party or a group of parties (the 'principals'). Certain power is delegated to the agent – for example, to manage investments. The investor may or may not have control over the pooled investment funds. FRS 110 includes a number of factors to consider when determining whether the investor has control or is acting as an agent.

The revised definition of control and associated guidance replaces not only the definition and guidance in FRS 27 but also the four indicators of control in INT FRS 12.

Who is affected?

FRS 110 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The determination of control and consolidation decisions may not change for many entities. However, the new guidance will need to be understood and considered in the context of each investor's business.

What do affected entities need to do?

Management should consider whether FRS 110 will affect their control decisions and consolidated financial statements.

FRS 28 (revised 2011) Investments in Associates and Joint Ventures and FRS 111 Joint Arrangements

The ASC has issued the long awaited FRS 111, ‘Joint arrangements’, as part of a ‘package’ of five new standards that address the scope of the reporting entity.

Changes in the definitions have reduced the ‘types’ of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today.

Effective date
Annual periods beginning on or after 1 January 2014. Early adoption is permitted.

What are the key provisions?

Underlying principles
A joint arrangement is defined as being an arrangement where two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement require the unanimous consent of the parties sharing control.

All parties to a joint arrangement should recognise their rights and obligations arising from the arrangement. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. The structure and form of the arrangement is only one of the factors to consider in assessing each party’s rights and obligations. The terms and conditions agreed by the parties (for example, agreements that may modify the legal structure or form of the arrangement) and other relevant facts and circumstances should also be considered.

If the facts and circumstances change, a venturer needs to reassess:
- whether it has joint control; and/or
- the type of joint arrangement in which it is involved.

Types of joint arrangement and their measurement
FRS 111 classifies joint arrangements as either joint operations or joint ventures. The ‘jointly controlled assets’ classification in FRS 31, ‘Interests in joint ventures’, has been merged into joint operations, as both types of arrangements generally result in the same accounting outcome.

A joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognize its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

A joint operator in a joint operation will therefore recognise in its own financial statements:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output of the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

A joint venture, in contrast, gives the parties rights to the net assets or outcome of the arrangement. A joint venturer does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint venturers share in the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. Joint ventures are accounted for using the equity method in accordance with FRS 28, 'Investments in associates'. Entities can no longer account for an interest in a joint venture using the proportionate consolidation method.

The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

Who is affected?

Entities with existing joint arrangements or that plan to enter into new joint arrangements will be affected by the new standard. These entities will need to assess their arrangements to determine whether they have invested in a joint operation or a joint venture upon adoption of the new standard or upon entering into the arrangement.

Entities that have been accounting for their interest in a joint venture using proportionate consolidation will no longer be allowed to use this method; instead they will account for the joint venture using the equity method or account for their share of assets and liabilities if it is assessed as a joint operation. In addition, there may be some entities that previously equity-accounted for investments that may need to account for their share of assets and liabilities now that there is less focus on the structure of the arrangement.

The transition provisions of FRS 111 require entities to apply the new rules at the beginning of the earliest period presented upon adoption. When transitioning from the proportionate consolidation method to the equity method, entities should recognise their initial investment in the joint venture as the aggregate of the carrying amounts that were previously proportionately consolidated. In transitioning from the equity method to accounting for assets and liabilities, entities should recognise their share of each of the assets and liabilities in the joint operation, with specific rules detailing how to account for any difference from the previous carrying amount of the investment.

What do affected entities need to do?

Management of entities that are party to joint arrangements should evaluate how the requirements of the new standard will affect the way they account for their existing or new joint arrangements. The accounting may have a significant impact on entities' financial results and financial position, which should be clearly communicated to stakeholders as soon as possible.

Management should also carefully consider the planned timing of their adoption. If they wish to retain the current accounting for existing arrangements, now is the time to consider how the terms of these arrangements can be reworked or restructured to achieve this.

FRS 112 Disclosure of Interests in Other Entities

The ASC has issued FRS 112, 'Disclosure of interests in other entities', as part of the group of five new standards that address the scope of the reporting entity.

FRS 112 sets out the required disclosures for entities reporting under the two new standards, FRS 110, 'Consolidated financial statements', and FRS 111, 'Joint arrangements'; it replaces the disclosure requirements currently found in FRS 28, 'Investments in associates'. FRS 27 is renamed 'Separate financial statements' and now deals solely with separate financial statements. The existing guidance and disclosure requirements for separate financial statements are unchanged.

Effective date
Annual periods beginning on or after 1 January 2014. Early adoption is permitted.

What are the key provisions?

FRS 112 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

To meet this objective, disclosures are required in the following areas.

Significant judgements and assumptions

Significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities include:

- an assessment of principal-agent relationships in consolidation;
- determination of the type of joint arrangement; and
- any override of presumptions of significant influence and control when voting rights range from 20% to 50%, and exceed 50%, respectively.

Interests in subsidiaries

This includes information about:

- group composition;
- interests of non-controlling interests (NCI) in group activities and cash flows, and information about each subsidiary that has material NCI, such as name, principal place of business and summarised financial information;
- significant restrictions on access to assets and obligations to settle liabilities;
- risks associated with consolidated structured entities, such as arrangements that could require the group to provide financial support;
- accounting for changes in the ownership interest in a subsidiary without a loss of control – a schedule of the impact on parent equity is required;
- accounting for the loss of control – detail of any gain/loss recognised and the line item in the statement of comprehensive income in which it is recognised; and
- subsidiaries that are consolidated using different year ends.

Interests in joint arrangements and associates

Detailed disclosures include:

- the name, country of incorporation and principal place of business;
- proportion of ownership interest and measurement method;
- summarised financial information;
- fair value (if published quotations are available);
- significant restrictions on the ability to transfer funds or repay loans;
- year-ends of joint arrangements or associates if different from the parent's; and
- unrecognised share of losses, commitments and contingent liabilities.

Interests in unconsolidated structured entities

Detailed disclosures include:

- the nature, purpose, size, activities and financing of the structured entity;
- the policy for determining structured entities that are sponsored;
- a summary of income from structured entities;
- the carrying amount of assets transferred to structured entities;
- the recognised assets and liabilities relating to structured entities and line items in which they are recognised;
- the maximum loss arising from such involvement; and
- information on financial or other support provided to such entities, or current intentions to provide such support.

Who is affected?

All entities that have interests in subsidiaries, associates, joint ventures or unconsolidated structured entities are likely to face increased disclosure requirements.

What do affected entities need to do?

Management should consider whether it needs to implement additional processes to be able to compile the required information.

Amendments to FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements, FRS 112 Disclosure of Interests in Other Entities – Transition guidance

The ASC has issued 'Amendments to FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities - Transition guidance'. The amendment clarifies the date of initial application of FRS 110 and requirement for certain comparative disclosures undere FRS 112.

Effective date
Annual periods beginning on or after 1 January 2014, retrospectively applied. Early adoption is permitted.

What is the issue?

This amendment clarifies that the date of initial application is the first day of the annual period in which FRS 110 is adopted – for example, 1 January 2014 for a calendar-year entity that adopts FRS 110 in 2014. Entities adopting FRS 110 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment.

The amendment also requires certain comparative disclosures under FRS 112 upon transition.

The key changes in the amendment are:

- if the consolidation conclusion under FRS 110 differs from FRS 27/INT FRS 12 as at the date of initial application, the immediately preceding comparative period (that is, 2013 for a calendar-year entity that adopts FRS 110 in 2014) is restated to be consistent with the accounting conclusion under FRS 110, unless impracticable;
- any difference between FRS 110 carrying amounts and previous carrying amounts at the beginning of the immediately preceding annual period is adjusted to equity;
- adjustments to previous accounting are not required for investees that will be consolidated under both FRS 110 and the previous guidance in FRS 27/INT FRS 12 as at the date of initial application, or investees that will be unconsolidated under both sets of guidance as at the date of initial application; and
- comparative disclosures will be required for FRS 112 disclosures in relation to subsidiaries, associates, and joint arrangements. However, this is limited only to the period that immediately proceeds the first annual period of FRS 112 application. Comparative disclosures are not required for interests in unconsolidated structured entities.

Who is affected?

The amendment will affect all reporting entities (investors) who need to adopt FRSs 110, 111 or 112.

What do affected entities need to do?

FRS preparers should start considering the transition amendment, and how they can use the exemptions granted to minimise implementation costs of FRSs 110, 111 and 112.

FRS preparers should also start collating the comparative disclosure information required by the amendment.

Amendments to FRS 110 Consolidated Financial Statements, FRS 112 Disclosure of Interests in Other Entities and FRS 27 Separate Financial Statements – Exception from consolidation for 'investment entities'

The ASC has issued an amendment to FRS 110 Consolidated Financial Statements, FRS 112 Disclosure of Interests in Other Entities and FRS 27 Separate Financial Statements'. This amendment applies to an 'investment entity'. The amendment applies to an 'investment entity'. The amendment defines an investment entity, introduces an exception to consolidation for investment entity and disclosures that an investment entity needs to make.

Effective date
Annual periods beginning on or after 1 January 2014, retrospectively applied. Early adoption is permitted.

What is the issue?

Definition of an investment
Management will need to make an assessment of whether the entity meets the investment entity definition.

An investment entity is an entity that:
- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also require a set of typical characteristics to be considered. These, combined with the definition, are intended to allow for an appropriate balance between creating a clear scope and allowing judgment in assessing whether each entity is an investment entity.

The characteristics are: holding more than one investment, having more than one investor, having investors that are not related parties of the entity, and having ownership interests in the form of equity or similar interests. The absence of one or more of these characteristics does not prevent the entity from qualifying as an investment entity.

An entity is not disqualified from being an investment entity by performing any of the following activities:
- provision of investment-related services to third parties and to investors, even when substantial; and
- providing management services and financial support to investees, but only when these do not represent separate substantial business activity and are carried out with the objective of maximising the investment return from investees.

Exception from consolidation and measurement of investees
An entity that qualifies as an investment entity is required to account for its subsidiaries at fair value through profit or loss in accordance with FRS 39, 'Financial instruments: recognition and measurement'. The only exception is for subsidiaries that provide services to the entity that are related to the entity's investment activities, which are consolidated.

Accounting by a non-investment entity parent for the controlled investments of an investment entity subsidiary
An entity may be an investment entity but its parent is not. For example, an investment entity fund may be controlled by an insurance company that does not qualify as an investment entity. The non-investment entity parent is required to consolidate all entities it controls including those controlled through an investment entity. The insurance group will have to consolidate the subsidiaries of the investment entity's fund in the insurance group's financial statements, even though in the fund's own financial statements it will fair value its subsidiaries. Therefore, what is known as the fair value 'roll-up' is not permitted to a non-investment parent entity.

Disclosure
Required disclosures for an entity that qualifies as an investment entity include the following:

- significant judgements and assumptions made in determining that an entity meets the definition of an investment entity;
- reasons for concluding that an entity is an investment entity even though it does not have one or more of the typical characteristics;
- information on each unconsolidated subsidiary (name, country of incorporation, proportion of ownership interest held);
- restrictions on unconsolidated subsidiaries transferring funds to the investment entity;
- financial or other support provided to unconsolidated subsidiaries during the year, where there wasn't any contractual obligation to do so; and
- information about any 'structured entities' that the investment entity controls (for example, any contractual arrangements to provide any financial or other support).

Who is affected?
Funds or similar entities may be affected. Some may qualify as investment entities, and some may not.

What do affected entities need to do?
Management should look closely at the guidance to determine whether or not the entity is an investment entity. For example, property funds that actively develop properties are unlikely to qualify, as the objective is not solely capital appreciation or investment income. On the other hand, a limited life fund set up to buy and sell or list a range of infrastructure subsidiaries might qualify as an investment entity.

Management should start collating comparative information as the change in accounting has to be applied retrospectively in most cases.

Amendments to FRS 32 Financial Instruments: Presentation – Offsetting financial assets and financial liabilities

The ASC has issued 'Amendment to FRS 32 Financial Instruments: Presentation – 'Offsetting financial assets and financial liabilities'.

This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

Effective date
Annual periods beginning on or after 1 January 2014. Early adoption is permitted.

What is the issue?

Key provisions
The amendments do not change the current offsetting model in FRS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously.

The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

The amendments also clarify that gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the FRS 32 criterion in these instances.

Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, continue not to meet the offsetting requirements.

Disclosures
The amended disclosures will require more extensive disclosures than are currently required under FRS. The disclosures focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

Who is affected?
These amendments primarily affect financial institutions, as they will be required to provide additional disclosures described above. However, other entities that hold financial instruments that may be subject to offsetting rules will also be affected.

What do affected entities need to do?
Management should begin gathering the information necessary to prepare the new disclosure requirements. Management will also need to investigate whether the clarifications of the offsetting principle in FRS 32 result in any changes to what they offset in the statement of financial position today. Management may need to work with the clearing houses they use to determine whether their settlement processes comply with the new requirements.

Amendments to FRS 36 Impairment of Assets – Recoverable amount disclosures for non-financial assets

The ASC has issued 'Amendments to FRS 36 Impairment of Assets – Recoverable amount disclosures for non-financial assets'. This amendment has made small changes to the disclosures required on recoverable amount determined based on fair value less costs of disposal.

Effective date
Annual periods beginning on or after 1 January 2014.

What is the issue?

This narrow scope amendment has made small changes to the disclosures required by FRS 36, Impairment of assets when recoverable amount is determined based on fair value less costs of disposal.

The ASC made consequential amendments to the disclosure requirements of FRS 36 when it issued FRS 113. One of the amendments was drafted more widely than intended. This limited scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

Key amendments

The ASC has amended FRS 36 as follows:

- to remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment;
- to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and
- to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

The amendments will impact all preparers who recognise or reverse an impairment loss on non-financial assets.

Who is affected?

The amendments will impact all preparers who recognise or reverse an impairment loss on non-financial assets.

What do affected entities need to do?

Management should read the proposed amendments in their entirety to determine the impact.

Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Novation of derivatives and continuation of hedge accounting

The ASC has issued 'Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Novation of derivatives and continuation of hedge accounting'. This amendment has provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria.

Effective date
Annual periods beginning on or after 1 January 2014. Early adoption is permitted.

What is the issue?

Widespread legislative changes have been introduced to improve transparency and regulatory oversight of over-the-counter (OTC) derivatives. As a result, entities are novating derivative contracts to central counterparties (CCPs) in an effort to reduce counterparty credit risk.

Under FRS 39, 'Financial instruments: Recognition and measurement', an entity is required to discontinue hedge accounting for a derivative that has been designated as a hedging instrument where the derivative is novated to a CCP; this is because the original derivative no longer exists. The new derivative with the CCP is recognised at the time of the novation.

The ASC, however, was concerned about the financial reporting effects that would arise from novations that are a consequence of laws or regulations. As a result, the ASC has amended FRS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria.

Key amendments

According to the amendments, there will be no expiration or termination of the hedging instrument if:

- as a consequence of laws or regulations, the parties to the hedging instrument agree that a CCP, or an entity (or entities) acting as a counterparty in order to effect clearing by a CCP ('the clearing counterparty'), replaces their original counterparty; and
- other changes, if any, to the hedging instrument are limited to those that are necessary to effect such replacement of the counterparty. These changes include changes in the contractual collateral requirements, rights to offset receivables and payables balances, and charges levied.

The changes are broader than those proposed in the exposure draft published in February 2013, since the amendments refer to novations 'as a consequence of' laws or regulations, rather than those 'required by' laws or regulations. The changes also expand the scope to allow the use of clearing brokers.

Who is affected?

These amendments are beneficial to all entities applying hedge accounting that are subject to novation of OTC derivatives, as described above.

INT FRS 121 Levies

ASC has issued INT FRS 121 Levies. INT FRS 121 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in changes in the timing of recognition of a liability, particularly in connection with levies that are triggered by circumstances on a specific date.

Effective date
Annual periods beginning on or after 1 January 2014.

What is the issue?

Scope and objective
Levies are imposed by governments in accordance with legislation and are often measured by reference to an entity's revenues, assets or liabilities (for example, 1% of revenue).

The interpretation addresses diversity in practice around when the liability to pay a levy is recognised. Practice differs particularly when a levy is measured based on financial data relating to a period before the date on which the obligation to pay the levy arises.

INT FRS 121 addresses the accounting for a liability to pay a levy recognised in accordance with FRS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of FRS 12, 'Income taxes'. Its application to liabilities arising from emissions trading schemes is optional.

The interpretation does not address whether the liability to pay a levy gives rise to an asset or an expense. Entities will need to apply other standards to determine the accounting for the expense.

Key provisions
INT FRS 121 addresses the following issues:
- What is the obligating event that gives rise to a liability to pay a levy?

The obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy.

The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future.

- When is a liability to pay a levy recognised?

A liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time.

The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached.

- Is the accounting at an interim reporting date the same as at year end?

Example 1

Levy A – 1% of current year revenues is due if the entity is operating on 1 January.

A liability equal to 1% of the current year revenues is recognised progressively as revenue is generated.

Levy B – 1% of prior year revenues is due if the entity is operating on 1 January.

A liability equal to 1% of the prior year revenues is recognised in full on 1 January.

Levy C – 1% of current year revenues is due if the entity is operating on 31 December.

A liability equal to 1% of the current year revenues is recognised in full on 31 December.

Example 2

Levy D – 1% of current year revenues is due if the entity is operating on 1 January (same as Levy A) and if current year revenue exceeds CU20m.

A liability equal to 1% of CU20m is recognised in full when the threshold is reached. The liability is then increased progressively as revenue over CU20m is generated.

The same recognition principles apply in interim and annual financial statements. The obligation should not be anticipated or deferred in the interim financial report if it would not be anticipated or deferred in annual financial statements.

The interpretation provides examples that illustrate the accounting for the liability to pay a levy.

Who is affected?

INT FRS 121 will affect entities that are subject to levies that are not income taxes within the scope of FRS 12. These are common in many countries and in many industries – banking, retail and transportation, to name a few.

Amendments to FRS 19 (R) Employee Benefits – Defined Benefit Plans: Employee Contributions

The ASC has issued 'Amendments to FRS 19 Employee Benefits – Defined Benefit Plans Employee Contributions'. This amendment clarifies the application of FRS 19, 'Employee Benefits' (2011) – referred to as FRS 19R, to plans that require employees or third parties to contribute towards the cost of benefits. This amendment does not affect the accounting for voluntary contribution.

Effective date
Annual periods beginning on or after 1 July 2014. Early adoption is permitted.

What is the issue?

Some pension plans require employees or third parties to contribute to the plan. These contributions reduce the cost to the employer of providing the benefits. Common practice under the previous version of FRS 19 was to deduct the contributions from the cost of the benefits earned in the year in which the contributions were paid.

FRS 19R, which is applicable to periods commencing on or after 1 January 2013, was intended to clarify the treatment of contributions from employees or third parties. However, the revised guidance is open to a range of potentially complex interpretations, and could require most entities to change the way in which they account for these contributions.

The 2011 revisions to FRS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. In our view, a contribution that is payable out of current salary is linked to service.

The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

The amendment will allow (but not require) many entities to continue accounting for employee contributions using their existing accounting policy, rather than spreading them over the employees' working lives.

Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits; that means either in accordance with the formula in the pension plan, or, where the plan provides a materially higher level of benefit for service in later years, on a straight line basis.

Example 1

A plan that requires employees to contribute 4% of salary if they are below age 40, and 7% of salary if they are 40 or above, is an example of a plan in which employee contributions are not linked to the length of service.

The contributions are linked to age and salary, but are not dependent on the length of service. So the contributions would be recognised as a reduction of pension expense in the year in which the related service is delivered.

The benefit of employee contributions linked to the length of service is recognised in profit or loss over the employee's working life. It is not clear how this should be done, and a variety of approaches are likely to develop.

Contributions that are not linked to service are reflected in the measurement of the benefit obligation.

Example 2

A plan that provides a lump sum benefit on retirement of 10% of final salary for the first ten years of service, plus 20% of final salary for each subsequent year of service, and requires employee contributions equal to 5% of salary for the first ten years of service and 8% thereafter, is a plan in which contributions are linked to the length of service.

The contributions vary with the length of service, as well as salary, and so they have to be recognised over the working life. The benefit earned and the employee contributions would be recognised on a straight line basis over the employee s working life in this example.

Example 3

A post-employment medical insurance plan, where the employee is required to meet the first CU20 per month of the insurance premium, is an arrangement in which the contributions are not linked to service. The expected future contributions from the employee, which would be payable after retirement, would be included in the measurement of the benefit obligation.

Who is affected?

The amendment to FRS 19R will affect any post-employment benefit plans where employees or third parties are required to meet some of the cost of the plan.

The amendment clarifies the accounting by entities with plans that require contributions linked only to service in each period.

Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employees' working lives. Management should consider how it will apply that model.

Improvements to FRSs 2012

The table below identifies the significant changes to the standards arising from the 2010 to 2012 annual improvement project and the implications for management.

Effective date
See final column in table below.

Standard/ Interpretation	Amendment	Effective date
FRS 102, 'Share-based Payment'	The amendment clarifies the definition of vesting condition and separately defines 'performance condition' and 'service condition'.	Applies for share-based payment transactions for which the grant date is on or after 1 July 2014.
FRS 103, 'Business Combinations'	The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to FRS 37 and FRS 39.	Applies for business combinations where the acquisition date is on or after 1 July 2014.
FRS 108, 'Operating Segments'	The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.	Applies for annual periods beginning on or after 1 July 2014.

Standard/ Interpretation	Amendment	Effective date
FRS 16, 'Property, Plant and Equipment' and FRS 38, 'Intangible Assets'	Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: • either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or • the accumulated depreciation is eliminated against the gross carrying amount of the asset.	Applies for annual periods beginning on or after 1 July 2014.
FRS 24, 'Related Party Disclosures'	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.	Applies for annual periods beginning on or after 1 July 2014.

Improvements to FRSs 2013

The table below identifies the significant changes to the standards arising from the 2011 to 2013 annual improvement project and the implications for management.

Effective date
See final column in table below.

Standard/ Interpretation	Amendment	Effective date
FRS 103, 'Business Combinations'	The standard is amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.	Applies for annual periods beginning on or after 1 July 2014.
FRS 113, 'Fair Value Measurement'	The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.	Applies for annual periods beginning on or after 1 July 2014. An entity shall apply the amendment prospectively from the beginning of the first annual period in which FRS 113 is applied.
FRS 40, 'Investment Property'	The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.	Applies for annual periods beginning on or after 1 July 2014.

FRS 114 Regulatory Deferral

The ASC has issued FRS 114 'Regulatory Deferral', an interim standard on the accounting for certain balances that arise from rate–regulated activities ('regulatory deferral accounts').

FRS 114 is only applicable to entities that apply FRS 101 as first-time adopters of FRS. It permits such entities, on adoption of FRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and de-recognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first– time adoption or subsequently) and on presentation and disclosure.

There is currently no standard that specifically addresses rate–regulated activities. The objective of the interim standard is to allow entities adopting FRS to avoid major changes in accounting policy before completion of the broader IASB project to develop an IFRS on rate-regulated activities. A discussion paper on the project is expected later in 2014.

Effective date
Annual periods beginning on or after 1 January 2016. Early adoption is permitted.

What are the key provisions?

Scope
FRS 114 only applies to first-time adopters of FRS that apply FRS 101 and conduct rate–regulated activities. Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. FRS 114 excludes entities that are self–regulated (for example, if prices are regulated solely by the entity's own governing body).

Entities in the scope of FRS 114 are permitted to continue applying previous GAAP accounting policies for regulatory deferral accounts. Changes to existing policies are restricted. Any change must make the financial statements more relevant and no less reliable, as described by FRS 8.

Entities are not permitted to change accounting policies to start recognising regulatory deferral account balances that were not recognised under previous GAAP. Entities can, however, recognise new balances that arise as a result of a change in accounting policy (such as on the first–time adoption of FRS or for changes to FRS). For example, if a new deferral account arises from the adoption of new FRS employee benefits guidance, the new account is accounted for consistently with the entity's previous GAAP accounting policies.

Recognition, measurement, impairment and de-recognition
An entity is permitted to continue applying its previous GAAP accounting policies for the recognition and measurement of regulatory deferral accounts on first–time adoption. The interim standard does not include any further guidance on recognition, measurement, impairment and de-recognition.

Previous GAAP accounting policies are only applied to balances that are not otherwise covered by specific FRSs. That is, other specific FRSs should be applied first, and only any residual balance is accounted for under FRS 114.

Other standards might also need to be applied to regulatory deferral accounts to reflect them appropriately in the financial statements. For example, the entity would apply its previous GAAP accounting policy to the impairment of regulatory deferral account balances, but it would apply the FRS impairment guidance to cash generating units that contain such balances.

Judgement will be required to determine what other standards might be applicable and how they might interact with previous GAAP accounting policies.

Presentation

Balances arising from the application of FRS 114 are presented separately in the balance sheet and the statement of comprehensive income.

A separate line item is presented in the balance sheet for total regulatory deferral debit balances and total regulatory deferral credit balances, following a sub–total of all other assets and liabilities. The distinction between current and non–current balances is not presented on the balance sheet, and offsetting is not permitted, although this information might be disclosed elsewhere.

The total movement in all regulatory deferral accounts is split between other comprehensive income (OCI) and profit and loss. The amount recorded in profit and loss is separately presented as a single line item after a sub–total for profit and loss. The amount recorded in OCI is presented in two line items, based on whether the amount relates to items that will or will not be subsequently reclassified to profit and loss. Movements are classified in OCI where the balances relate to items recognised in OCI.

An entity that presents earnings per share (EPS) should present, in the income statement, EPS excluding and including the movement in the regulatory deferral accounts.

Disclosures

The disclosure requirements address information about the nature and risk of the regulation and the effect on the financial statements, including:

- a description of the nature and extent of rate regulation;
- how the future recovery or reversal of each balance is affected by risks and uncertainties;
- the basis on which the regulatory deferral account balances are recognised and measured; and
- a reconciliation of the balances from the beginning to the end of the period.

Who is affected?

FRS 114 will affect first–time adopters of FRS that currently recognise balances arising from rate regulation under previous GAAP accounting policies. This is common in the utilities industry, but the interim standard might affect other industries where prices are regulated.

What do affected entities need to do?

Entities that will apply the guidance should begin to consider the implications in connection with the adoption of FRS.

The broader project on rate–regulated activities is ongoing. The IASB is expected to issue a discussion paper on the project later in 2014 to seek initial views on the accounting for rate–regulated activities.

Differences between Singapore Financial Reporting Standards and International Financial Reporting Standards

As at 30 September 2014

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
2009	FRS 1 (revised)	Presentation of Financial Statements	IAS 1 (revised)	Presentation of Financial Statements	FRS 1 is consistent with IAS 1 in all material aspects.
2009	FRS 2 (revised)	Inventories	IAS 2 (revised)	Inventories	FRS 2 is consistent with IAS 2 in all material aspects.
2009	FRS 7 (revised)	Statement of Cash Flows	IAS 7 (revised)	Statement of Cash Flows	FRS 7 is consistent with IAS 7 (effective from 1994) in all material aspects.
2009	FRS 8 (revised)	Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 (revised)	Accounting Policies, Changes in Accounting Estimates and Errors	FRS 8 is consistent with IAS 8 in all material aspects.
2007	FRS 10 (revised)	Events after the Reporting Period	IAS 10 (revised)	Events after the Reporting Period	FRS 10 is consistent with IAS 10 in all material aspects.
2009	FRS 11 (revised)	Construction Contracts	IAS 11 (revised)	Construction Contracts	FRS 11 is consistent with IAS 11 (effective from 1995) in all material aspects.
2007	FRS 12 (revised)	Income Taxes	IAS 12 (revised)	Income Taxes	FRS 12 is consistent with IAS 12 (effective from 1998) in all material aspects, except for accounting for unremitted foreign income. Under Recommended Accounting Practice (RAP) 8 issued by the Institute of Certified Public Accountants of Singapore (ICPAS), no deferred tax is accounted for temporary difference arising from foreign income not yet remitted to Singapore if:

(A) FINANCIAL REPORTING STANDARDS

Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
					(a) the entity is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future. Under IAS 12, deferred tax is required to be accounted for temporary difference arising from such unremitted foreign income.
2009	FRS 16 (revised)	Property, Plant and Equipment (PPE)	IAS 16 (revised)	Property, Plant and Equipment (PPE)	FRS 16 is consistent with IAS 16 in all material aspects, except that FRS 16 gives the following exemption: "For an enterprise which had: revalued its PPE before 1 January 1984 (in accordance with the prevailing accounting standard at the time); or performed any one-off revaluation on its PPE between 1 January 1984 and 31 December 1996 (both dates inclusive), there will be no need for the enterprise to revalue its assets in accordance with paragraph 29 of FRS 16." "One-off revaluation" means any instance where an item of PPE was revalued only once between 1 January 1984 and 31 December 1996 (both dates inclusive). Where an item of PPE has been revalued more than once during this period, the company should: (a) explain why the particular item of PPE should be exempted; and (b) obtain the auditor's concurrence of the explanation. IAS 16 does not include the above exemption.

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
2007	FRS 17 (revised)	Leases	IAS 17 (revised)	Leases	FRS 17 is consistent with IAS 17 in all material aspects.
2005	FRS 18	Revenue	IAS 18	Revenue	FRS 18 is consistent with IAS 18 (effective from 1995) in all material aspects except for revenue recognition of pre-sold uncompleted properties. INT FRS 115 prescribes the accounting treatment for sale of uncompleted properties. Please refer to section B below on Interpretations for details. Under IFRS, such revenue is generally recognised after the properties are completed and handed over to the buyers.
2013	FRS 19 (revised)	Employee Benefits	IAS 19 (revised)	Employee Benefits	FRS 19 is consistent with IAS 19 in all material aspects.
2005	FRS 20	Accounting for Government Grants and Disclosure of Government Assistance	IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	FRS 20 is consistent with IAS 20 (effective from 1984) in all material aspects.
2006	FRS 21 (revised)	The Effects of Changes in Foreign Exchange Rates	IAS 21 (revised)	The Effects of Changes in Foreign Exchange Rates	FRS 21 is consistent with IAS 21 in all material aspects.
2009	FRS 23 (revised)	Borrowing Costs (revised)	IAS 23 (revised)	Borrowing Costs (revised)	FRS 23 is consistent with IAS 23 in all material aspects.
2011	FRS 24 (revised)	Related Party Disclosures	IAS 24 (revised)	Related Party Disclosures	FRS 24 is consistent with IAS 24 in all material aspects.
2005	FRS 26	Accounting and Reporting by Retirement Benefit Plans	IAS 26	Accounting and Reporting by Retirement Benefit Plans	FRS 26 is consistent with IAS 26 (effective from 1990) in all material aspects.
2014	FRS 27 (revised)	Separate Financial Statements	IAS 27	Separate Financial Statements	FRS 27 is consistent with IAS 27 in all material aspects, except in: • one of the conditions for exemption from consolidation. This dissimilarity is as identified in FRS 110; and • effective dates: IAS 27 (revised) is effective for annual periods beginning on or after 1 January 2013.

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
2014	FRS 28 (revised)	Investments in Associates and Joint Ventures	IAS 28 (revised)	Investments in Associates and Joint Ventures	FRS 28 is consistent with IAS 28 in all material aspects, except in: • one of the conditions for exemption from equity accounting. This dissimilarity is as identified in FRS 110; and • effective dates: IAS 28 (revised) is effective for annual periods beginning on or after 1 January 2013.
2005	FRS 29	Financial Reporting in Hyperinflationary Economies	IAS 29	Financial Reporting in Hyperinflationary Economies	FRS 29 is consistent with IAS 29 (effective from 1990) in all material aspects.
2005	FRS 31	Interests in Joint Ventures	IAS 31	Interests in Joint Ventures	FRS 31 is consistent with IAS 31 in all material aspects, except in one of the conditions for exemption from proportionate consolidation or equity accounting. The dissimilarity is as identified in FRS 27. Note that IAS 31 is being replaced by IFRS 11, which is effective for annual periods beginning on or after 1 January 2013. Correspondingly, FRS 31, is being replaced by FRS 111, which is effective for annual periods beginning on or after 1 January 2014.
2007 – for listed companies 2008 – for non-listed companies	FRS 32 (revised)	Financial Instruments: Presentation	IAS 32	Financial Instruments: Presentation	FRS 32 is consistent with IAS 32 (effective from 2007) in all material aspects.
2009	FRS 33 (revised)	Earnings per Share	IAS 33 (revised)	Earnings per Share	FRS 33 is consistent with IAS 33 in all material aspects.
2009	FRS 34 (revised)	Interim Financial Reporting	IAS 34 (revised)	Interim Financial Reporting	FRS 34 is consistent with IAS 34 in all material aspects.
2009	FRS 36 (revised)	Impairment of Assets	IAS 36 (revised)	Impairment of Assets	FRS 36 is consistent with IAS 36 in all material aspects.

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
2006	FRS 37 (revised)	Provisions, Contingent Liabilities and Contingent Assets	IAS 37 (revised)	Provisions, Contingent Liabilities and Contingent Assets	FRS 37 is consistent with IAS 37 (effective from 1999) in all material aspects.
2009	FRS 38 (revised)	Intangible Assets	IAS 38 (revised)	Intangible Assets	FRS 38 is consistent with IAS 38 in all material aspects.
2007	FRS 39 (revised)	Financial Instruments: Recognition and Measurement	IAS 39 (revised)	Financial Instruments: Recognition and Measurement	FRS 39 is consistent with IAS 39 in all material aspects except for the effect of difference in transition dates.
2007	FRS 40 (revised)	Investment property	IAS 40 (revised)	Investment property	FRS 40 is consistent with IAS 40 (effective from 2005) in all material aspects.
2005	FRS 41	Agriculture	IAS 41	Agriculture	FRS 41 is consistent with IAS 41 in all material aspects.
2005 – for listed companies 2006 – for other companies	FRS 102	Share-based Payment	IFRS 2	Share-based Payment	FRS 102 is consistent with IFRS 2 in all material aspects, except for their effective dates for non-listed companies. For non-listed companies, FRS 102 is effective for annual periods beginning on or after 1 January 2006, whilst IFRS 2 is effective for annual periods beginning on or after 1 January 2005. Additionally, IFRS 2 will apply to: (a) share-based payment transactions that were granted on or after 7 November 2002 and had not yet vested by 1 January 2005; and (b) share-based payment transactions made before 7 November 2002, which were subsequently modified. FRS 102 replaces “7 November 2002” with “22 November 2002”.
1 Jul 2009	FRS 103 (revised)	Business Combinations	IFRS 3 (revised)	Business Combinations	FRS 103 is consistent with IFRS 3 in all material aspects.
2007	FRS 104 (revised)	Insurance Contracts	IFRS 4 (revised)	Insurance Contracts	FRS 104 is consistent with IFRS 4 in all material aspects.

(A) FINANCIAL REPORTING STANDARDS

Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
2009	FRS 105 (revised)	Non-current Assets Held-for-Sale and Discontinued Operations	IFRS 5 (revised)	Non-current Assets Held-for-Sale and Discontinued Operations	FRS 105 is consistent with IFRS 5 in all material aspects.
2009	FRS 106 (revised	Exploration for and Evaluation of Mineral Resources	IFRS 6 (revised)	Exploration for and Evaluation of Mineral Resources	FRS 106 is consistent with IFRS 6 in all material aspects.
2007 – for listed companies 2008 – for non-listed companies	FRS 107	Financial Instruments: Disclosures	IFRS 7	Financial Instruments: Disclosures	FRS 107 is consistent with IFRS 7 in all material aspects, except for their effective dates for non-listed companies. For non-listed companies, FRS 107 is effective for annual periods beginning on or after 1 January 2008, whilst IFRS 7 is effective for annual periods beginning on or after 1 January 2007.
2009	FRS 108	Operating Segments	IFRS 8	Operating Segments	FRS 108 is consistent with IFRS 8 in all material aspects.
2013	FRS 113	Fair Value Measurement	IFRS 13	Fair Value Measurement	FRS 113 is consistent with IFRS 13 in all material aspects.
2014	FRS 110	Consolidated Financial Statements	IFRS 10	Consolidated Financial Statements	FRS 110 is consistent with IFRS 10 in all material aspects, except in: • one of the conditions for exemption from consolidation. FRS 110 requires the ultimate holding company or any intermediate parent of a company that seeks exemption from consolidation to produce consolidated financial statements that are available for public use. These consolidated financial statements need not comply with any specific accounting framework. IFRS 10 requires the ultimate holding company or any intermediate parent of a company that seeks exemption from consolidation to produce consolidated financial statements that are available for public use and comply with IFRS. • effective dates: IFRS 10 is effective for annual periods beginning on or after 1 January 2013.

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
2014	FRS 111	Joint Arrangements	IFRS 11	Joint Arrangements	FRS 111 is consistent with IFRS 11 in all material aspects, except in: • one of the conditions for exemption from proportionate consolidation or equity accounting. The dissimilarity is as identified in FRS 110. • effective dates: IFRS 11 is effective for annual periods beginning on or after 1 January 2013.
2014	FRS 112	Disclosure of Interests in Other Entities	IFRS 12	Disclosure of Interests in Other Entities	FRS 112 is consistent with IFRS 12 in all material aspects except for the effective dates. IFRS 12 is effective for annual periods beginning on or after 1 January 2013.
2016	FRS 114	Regulatory Deferral Accounts	IFRS 14	Regulatory Deferral Accounts	FRS 114 is consistent with IFRS 14 in all material aspects.
-	-		IFRS 15	Revenue from contracts with customers	IFRS 15 is effective for annual periods beginning on or after 1 January 2017. IFRS 15 has not been adopted locally.
-	-		IFRS 9	Financial Instruments	IFRS 9 is effective for annual periods beginning on or after 1 January 2018. IFRS 9 has not been adopted locally.
2005	INT FRS 7	Introduction of the Euro	SIC 7	Introduction of the Euro	INT FRS 7 is consistent with SIC 7 (effective from 1998) in all material aspects.
2005	INT FRS 10	Government Assistance – No specific Relation to Operating Activities	SIC 10	Government Assistance – No Specific Relation to Operating Activities	INT FRS 10 is consistent with SIC 10 (effective from 1998) in all material aspects.

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
2005	INT FRS 12	Consolidation – Special Purpose Entities	SIC 12	Consolidation – Special Purpose Entities	INT FRS 12 is consistent with SIC 12 (effective from 1999) in all material aspects. Note that SIC 12 has been incorporated into IFRS 10, which is effective for annual periods beginning on or after 1 January 2013. Correspondingly, INT FRS 12 has been incorporated into FRS 110, which is effective for annual periods beginning on or after 1 January 2014.
2005	INT FRS 13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers	SIC 13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers	INT FRS 13 is consistent with SIC 13 (effective from 1999) in all material aspects. Note that SIC 13 has been incorporated into IAS 28 (revised), which is effective for annual periods beginning on or after 1 January 2013 and has been adopted locally. Correspondingly, INT FRS 13 has been incorporated into FRS 111, which is effective for annual periods beginning on or after 1 January 2014.
2005	INT FRS 15	Operating Leases – Incentives	SIC 15	Operating Leases – Incentives	INT FRS 15 is consistent with SIC 15 (effective from 1999) in all material aspects.
2005	INT FRS 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets	SIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets	INT FRS 21 is consistent with SIC 21 (effective from 2000) in all material aspects. Note that INT FRS 21 has been incorporated into FRS 12, which is effective for annual periods beginning on or after 1 January 2012.
2005	INT FRS 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	SIC 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	INT FRS 25 is consistent with SIC 25 (effective from 2000) in all material aspects.
2005	INT FRS 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	SIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	INT FRS 27 is consistent with SIC 27 (effective from 2001) in all material aspects.

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
2008	INT FRS 29 (revised)	Service Concession Arrangements: Disclosures	SIC 29 (revised)	Service Concession Arrangements: Disclosures	INT FRS 29 is consistent with SIC 29 (effective from 2001) in all material aspects.
2005	INT FRS 31	Revenue – Barter Transactions Involving Advertising Services	SIC 31	Revenue – Barter Transactions Involving Advertising Services	INT FRS 31 is consistent with SIC 31 (effective from 2001) in all material aspects.
2005	INT FRS 32	Intangible Assets – Web Site Costs	SIC 32	Intangible Assets – Web Site Costs	INT FRS 32 is consistent with SIC 32 (effective from 2002) in all material aspects.
2009	INT FRS 101 (revised)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	IFRIC 1 (revised)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	INT FRS 101 is consistent with IFRIC 1 (effective from 2004) in all material aspects.
-	-	-	IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments	IFRIC 2, effective for annual periods beginning on or after 1 January 2005 has not been adopted locally.
2008	INT FRS 104 (revised)	Determining whether an Arrangement contains a Lease	IFRIC 4 (revised)	Determining whether an Arrangement contains a Lease	INT FRS 104 is consistent with IFRIC 4 in all material aspects.
2007	INT FRS 105 (revised)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IFRIC 5 (revised)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	INT FRS 105 is consistent with IFRIC 5 in all material aspects.
1 Dec 2005	INT FRS 106	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	INT FRS 106 is consistent with IFRIC 6 in all material aspects.
1 Mar 2006	INT FRS 107	Applying the Restatement Approach under FRS 29	IFRIC 7	Applying the Restatement Approach under FRS 29	INT FRS 107 is consistent with IFRIC 7 in all material aspects.
1 Jun 2006	INT FRS 109	Reassessment of Embedded Derivatives	IFRIC 9	Reassessment of Embedded Derivatives	INT FRS 109 is consistent with IFRIC 9 in all material aspects.
1 Nov 2006	INT FRS 110	Interim Financial Reporting and Impairment	IFRIC 10	Interim Financial Reporting and Impairment	INT FRS 110 is consistent with IFRIC 10 in all material aspects.
2009	INT FRS 112 (revised)	Service Concession Arrangements	IFRIC 12 (revised)	Service Concession Arrangements	INT FRS 112 is consistent with IFRIC 12 in all material aspects.

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
1 Jul 2008	INT FRS 113	Customer Loyalty Programmes	IFRIC 13	Customer Loyalty Programmes	INT FRS 113 is consistent with IFRIC 13 in all material aspects.
2008	INT FRS 114	FRS 19 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	IFRIC 14	FRS 19 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	INT FRS 114 is consistent with IFRIC 14 in all material aspects.
2011	INT FRS 115	Agreements for the Construction of Real Estate	IFRIC 15	Agreements for the Construction of Real Estate	INT FRS 115 is consistent with IFRIC 15 in all material aspects except for effective dates. IFRIC 15 is effective for annual periods beginning on or after 1 January 2009. Based on IFRIC 15, an agreement for the construction of real estate meets the definition of a construction contract, and percentage-of-completion accounting can be used, only when the buyer is able to: • specify the major structural elements of the design of the real estate before construction begins; and/or • specify major structural changes once construction is in progress (whether or not it exercises that ability). If the agreement is not a construction contract, it may be an agreement for the rendering of services if the entity is not required to acquire and supply the construction materials required for the construction. In this situation, the entity may still be able to use percentage-of-completion accounting. If the agreement is neither a construction contract nor a service contract, it is a contract to supply goods for which IAS 18 should be applied. In this case, the percentage-of-completion accounting can only be applied if the entity transfers to the buyer control and the significant risks and rewards of ownership of the work-in-progress in its current state as construction progresses.

(A) FINANCIAL REPORTING STANDARDS					
Effective from 1 January; unless otherwise specified	Singapore Financial Reporting Standards		International Financial Reporting Standards		Overall comparison
					The Accompanying Note to INT FRS 115 states that the standard residential property sales in Singapore that meet the criteria set out in FRS 18.14 would require such sales to be accounted for on a percentage-of-completion method. However, in some situations specific to the circumstances of a development project as described in paragraph 32, there might be uncertainties that would require the completion-of-construction method to be applied, consistently with the principles set out in FRS 18 for the treatment of revenue when such uncertainties exist.
1 Oct 2008	INT FRS 116	Hedges of a Net Investment in a Foreign Operation	IFRIC 16	Hedges of a Net Investment in a Foreign Operation	INT FRS 116 is consistent with IFRIC 16 in all material aspects.
1 July 2009	INT FRS 117	Distributions of Non-cash Assets to Owners	IFRIC 17	Distributions of Non-cash Assets to Owners	INT FRS 117 is consistent with IFRIC 17 in all material aspects.
1 July 2009	INT FRS 118	Transfers of Assets from Customers	IFRIC 18	Transfers of Assets from Customers	INT FRS 118 is consistent with IFRIC 18 in all material aspects.
1 July 2010	INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments	IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	INT FRS 119 is consistent with IFRIC 19 in all material aspects.
2013	INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine	IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	INT FRS 120 is consistent with IFRIC 20 in all material aspects.
2014	INT FRS 121	Levies	IFRIC 21	Levies	INT FRS 121 is consistent with IFRIC 21 in all material aspects.

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