

Changes to the Financial Reporting Framework in Singapore



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Acronyms

ACRA	Accounting and Corporate Regulatory Authority
CA	Singapore Companies Act
CCDG	Council on Corporate Disclosure and Governance
ED	Exposure Draft
FRS	Singapore Financial Reporting Standards
IASB	International Accounting Standards Board
ICPAS	Institute of Certified Public Accountants of Singapore
IFRIC	International Financial Reporting Interpretations, or International Financial Reporting Interpretations Committee, as appropriate
IFRS	International Financial Reporting Standards
IG	Implementation Guidance
INT FRS	Interpretation of Singapore Financial Reporting Standards
LM	SGX Listing Manual
RAP	Statements of Recommended Accounting Practice issued by ICPAS
SIC	Interpretation of the Standing Interpretations Committee of the IASB
SGX	Singapore Exchange Limited
US GAAP	United States Generally Accepted Accounting Principles
XBRL	eXtensible Business Reporting Language

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Introduction

The purpose of this publication is to provide a regular update of the recent changes in the Singapore financial reporting framework which we believe are important to accounting and audit professionals.

In this edition, we continue to provide a summary of the new/revised FRS and INT FRS issued since our last edition in November 2006 and up to end of September 2007, and an updated comparison against IFRS. To assist entities in considering and disclosing any potential impact arising from FRS and INT FRS issued but not effective in current year (i.e. a requirement under FRS 8), we have compiled a list of FRS and INT FRS with their respective issue dates and effective dates.

A new standard FRS 108 *Operating Segments* has been issued and will take effect in 2009. FRS 108 will replace the existing FRS 14 *Segment Reporting*, and will affect the way Singapore listed companies define their reporting segments currently. Several new disclosure requirements are also introduced in FRS 108. FRS 23 *Borrowing Costs* is revised to eliminate the option of expensing borrowing costs directly attributable to qualifying assets. FRS 108 and the revised FRS 23 are adopted from the equivalent IFRS, which were developed as part of the IASB's efforts to converge with US GAAP in the accounting areas concerned.

Two interpretations have been issued in 2007, namely INT FRS 111 *FRS 102 Group and Treasury Share Transactions* and INT FRS 112 *Service Concession Arrangements*. These interpretations provide further guidance on the accounting for intra-group employee share-based payment transactions and public-to-private infrastructure projects respectively, and both of which are becoming more common for Singapore entities.

The issuance of two more interpretations INT FRS *Customer Loyalty Programmes* and INT FRS *FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are also imminent, as the IFRIC equivalents have been issued. It is expected that the interpretation on customer loyalty programmes, which provides guidance on the accounting for "loyalty points" will be of relevance to retailers and providers of consumer goods and services in Singapore.

In September 2007, the IASB issued a revised IAS 1 *Presentation of Financial Statements* (Singapore ED was issued in 2006) which requires income and expenses recognised directly in equity during the period to be presented outside the statement of changes in equity, in a separate statement of comprehensive income. The revised Standard, which will take effect in 2009, also requires disclosure of tax effects relating to components of other comprehensive income. When there are restatements or reclassifications of items in the financial statements, a statement of financial position (previously known as balance sheet) as at the beginning of the earliest comparative period will be required.

An exposure draft on real estate sales issued recently has drawn much attention among property developers, as it will significantly affect the existing manner of recognising revenue and profits of these entities. Of equal significance to property investors is the issue over accounting for deferred tax on fair value gains of investment properties under FRS 40's fair value model.

The development of a simplified set of financial reporting standards for small and medium-sized entities (SMEs) is in the pipeline. When adopted, SMEs can look forward to less disclosure requirements and more simplified recognition and measurement requirements.

The option to apply proportionate consolidation for jointly-controlled entities under the current FRS 31 *Interests in Joint Ventures* may be removed as proposed in a recently issued IASB exposure draft – ED 9 *Joint Arrangements*.

Lastly, apart from the changes in FRS, Singapore companies need to take note that with effect from November 2007, they are required to file their statutory financial statements in the XBRL format. An ACRA Practice Direction has been issued on the implementation of this requirement.

Section I: Financial Reporting Standards

New/revised FRS issued in 2007

New/Revised FRS	
FRS 108 (new)	<ul style="list-style-type: none">• <i>Operating Segments</i> (effective for annual periods beginning on or after 1 January 2009)
FRS 23 (Revised)	<ul style="list-style-type: none">• <i>Borrowing Costs</i> (effective for annual periods beginning on or after 1 January 2009)

FRS 108 *Operating Segments*

FRS 108 replaces FRS 14 *Segment Reporting*, and is applicable for entities whose equity or debt securities are publicly traded and entities that are in the process of issuing equity and debt securities in public securities markets. When both separate and consolidated financial statements of the parent are presented in a single financial report, segment information is only required on the basis of the consolidated financial statements.

The key changes from FRS 14 are:

- Identifying segments
 - o FRS 108 identifies operating segments on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources and assess performance. FRS 14 uses the risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" as a starting point, to identify a set of primary and secondary segment information, based on either business and geographical segments. Depending on the manner FRS 14 was applied previously, the adoption of FRS 108 may or may not change an entity's current basis of segment reporting.
 - o FRS 108 considers that a component of an entity that sells primarily or exclusively to other operating segments of the entity to meet the definition of an operating segment if the entity is managed in that manner. FRS 14 limited reportable segments to those that earn a majority of their revenue from sales to external parties and did not require the different stages of a vertically-integrated entity to be identified as separate segments.
- Measurement of segment information
 - o FRS 14 required segment information to be prepared based on accounting policies adopted for the preparation and presentation of the consolidated financial statements and defined segment revenue, expense, result, assets and liabilities. FRS 108 gives more discretion in defining segment information, limited only by an entity's internal reporting practice, with explanation of bases required.
- Disclosure required by FRS 108
 - o Information about how the entity identified its operating segments and the types of products and services from which each operating segment derives its revenues;
 - o Information about the reported segment profit or loss, including certain specified revenues and expenses included in segment profit or loss, segment assets and segment liabilities and the basis of measurement;
 - o Reconciliations of the totals of segment revenues, reported segment profit or loss, segment assets, segment liabilities and other material items to corresponding items in the entity's financial statements;
 - o Some entity-wide disclosures that are required even when an entity has only one reportable segment, including information about each product and service or groups of products and services;
 - o Analyses of revenues and certain non-current assets by geographical area – with an expanded requirement to disclose revenues/assets by individual foreign country (if material), irrespective of the identification of operating segments. If such analyses are not available due to excessive costs, the fact must be disclosed;
 - o Information about transactions with major customers, which amount to more than 10% of the entity's revenues;

- o Similar segment information required for interim reporting under FRS 34; and

Identification of cash generating units for goodwill impairment testing under FRS 36 may be affected by the new definition of operating segments under FRS 108.

If FRS 108 is early adopted, the changes to FRS 34 and FRS 36 will also be triggered. In the year of transition to FRS 108, prior year comparative segment information must be restated unless information is unavailable due to excessive costs.

FRS 23 *Borrowing Costs (Revised)*

An entity is required to capitalise borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The option of immediately recognising those borrowing costs as an expense, which was in the previous version of FRS 23, has been removed.

The amendments are generally to be applied prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date of the revised Standard. Therefore, if an entity has previously followed an accounting policy of immediately expensing borrowing costs, it is not required to restate its prior year's financial statements by capitalising those costs incurred before the effective date of the Standard. The entity is also not required to capitalise those borrowing costs incurred subsequent to the effective date on projects that have commenced before the effective date.

New INT FRS issued in 2007

New INT FRS	
INT FRS 111	<ul style="list-style-type: none">• <i>FRS 102 Group and Treasury Share Transactions</i> (effective for annual periods beginning on or after 1 March 2007)
INT FRS 112	<ul style="list-style-type: none">• <i>Service Concession Arrangements</i> (effective for annual periods beginning on or after 1 January 2008)

INT FRS 111 *FRS 102 Group and Treasury Share Transactions*

This Interpretation provides guidance on applying FRS 102 in three circumstances:

1. When an entity receives services as consideration for rights to its own equity instruments, the transaction should be accounted for as equity-settled, regardless of whether:
 - o The entity chooses or is required to purchase equity instruments to satisfy its obligation;
 - o The entity or its shareholder(s) grants the rights; or
 - o The transaction is settled by the entity or by its shareholder(s).
2. When a parent grants rights to its own equity instruments to employees of its subsidiary and the parent has the obligation to deliver the equity instruments:
 - o Provided the arrangement is accounted for as equity-settled in the consolidated financial statements, the subsidiary should record the expense in their books on the basis of equity-settled transaction, and a corresponding capital contribution in equity.
 - o If the rights to the parent's equity instruments are conditional upon the completion of continuing service within the group, the change of employment from one group entity to another does not represent a new grant of equity instrument (nor a failure to meet a non-market vesting condition) because the equity instruments were granted by the parent and not the individual group entities. Each subsidiary will record the expense based on fair value of the original grant date and for the portion of vesting period served with each subsidiary. If the share-based payment does not vest eventually, no amount is recognised on a cumulative basis in the financial statements of any subsidiary.

3. When a subsidiary grants rights to equity instruments of its parent to its employees and the subsidiary has the obligation to deliver the equity instruments of its parents to its employees, the subsidiary should account for the transaction as cash-settled regardless of:

- o How the subsidiary obtains the equity instruments required to settle its obligation; or
- o Who provides the equity instruments required.

The interpretation does not address the accounting for reimbursement between group companies. Entities will need to consider the terms of any reimbursement required between group companies and account for the transaction in accordance with the relevant requirements of FRS.

The interpretation should be applied retrospectively in accordance with the requirements of FRS 8, but subject to the general transitional provisions of FRS 102.

INT FRS 112 *Service Concession Arrangements*

INT FRS 112 addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads (i.e., "public-to-private" arrangements, which are also known by a variety of other titles, including "service concession", "build-operate-transfer", or "rehabilitate-operate-transfer" arrangements.)

The types of service concession arrangements within the scope of INT FRS 112 are those in which:

- The grantor (public sector) controls the use of the infrastructure; and
- The grantor (public sector) controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement.

The interpretation does not address the accounting for the government (grantor) side of such arrangements.

The operator in a service concession arrangement within the scope of INT FRS 112 does not recognise the infrastructure asset as their own property, plant and equipment. Instead, the operator will recognise:

- A financial asset in accordance with FRS 39 (where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement); or
- An intangible asset subject to amortisation in accordance with FRS 38 (where the operator's future cash flows are not specified – e.g., where they vary according to usage of the infrastructure asset); or
- Both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

The operator of a service concession arrangement recognises and measures revenue in accordance with FRS 11 and FRS 18 for the services it performs.

Borrowing costs may be capitalised in accordance with FRS 23 if the operator recognises an intangible asset under the Interpretation.

Any obligation to maintain or restore the infrastructure under the terms of the arrangement is recognised and measured based on FRS 37.

Disclosure requirements are contained in INT FRS 29 *Service Concession Arrangements: Disclosures*, including:

- How the service arrangement has been classified; and
- The amount of revenue and profits or losses recognised in the period on exchanging construction services for a financial asset or an intangible asset.

INT FRS 104 *Determining Whether an Arrangement Contains a Lease* has been amended such that if the scope criteria of both pronouncements are met, INT FRS 112 will prevail.

Adoption of INT FRS 112 shall be applied retrospectively in accordance with the general principles of FRS 8. However, if retrospective application is impracticable for any particular service concession arrangement, the operator must:

- Recognise the financial assets and intangible assets that existed at the start of the earliest financial reporting period presented;
- Use the previous carrying amounts of those financial and intangible assets (however they were previously classified) as their carrying amounts as at that date; and
- Test the resulting financial and intangible assets for impairment at that date, unless that is not practicable, in which case the assets should be tested for impairment as at the start of the current period.

Exposure drafts issued in 2007

ED Proposed Amendments to FRS 101 *First-Time Adoption of Financial Reporting Standards: Cost of an Investment in a Subsidiary*

The ED proposes to allow a parent, at its date of transition to FRS, to use a “deemed cost” to measure its investments in subsidiaries. This deemed cost would be determined as either:

- The parent’s interest in the carrying amount of the subsidiary’s assets less liabilities, using the carrying amounts that FRS would require in the subsidiary’s balance sheet; or
- The fair value of the investment in the subsidiary

The first-time FRS adopter can choose to account for each investment in accordance with FRS 27, or at deemed cost using the allowed bases described above.

The cost method in FRS 27 requires distributions from pre-acquisition profits of a subsidiary to be recognised as a reduction in the cost of investment. The ED proposes that:

- When a parent measures an investment in a subsidiary using a deemed cost in accordance with the ED, the parent shall, at the date of transition to FRS, treat that subsidiary’s accumulated profits under FRS as pre-acquisition accumulated profits; and
- A parent shall, for subsidiaries that have not been measured at deemed cost, either:
 - o Determine the pre-acquisition accumulated profits of each subsidiary under FRS; or
 - o Treat the pre-acquisition accumulated profits of each subsidiary under previous GAAP as the pre-acquisition accumulated profits under FRS.

ED Proposed Amendments to FRS 24 *Related Party Disclosures – State-controlled Entities and the Definition of a Related Party*

The ED proposes that transactions between entities that are related only because of their being subject to control or significant influence by the same state (national, regional or local government) would not be disclosable provided that the transactions are unaffected by the relationship (i.e., there are no indicators of influence).

Indicators of influence (not exhaustive) include:

- The related parties transact business at non-market rates (otherwise than by way of regulation); or
- The related parties share resources; or
- The related parties engage in economically significant transactions with each other.

The following may also indicate influence:

- The existence of direction or compulsion by a state for related parties to act in a particular way; or
- The presence of common members on the boards of the entities.

Where there are indicators that transactions between state-controlled or state-influenced entities have been affected by the relationship, then those transactions are disclosable in the normal way.

Also, the disclosure exemption extends only to transactions between entities controlled or influenced by a state (i.e., “horizontal” transactions), and not to transactions between such entities and the state itself (i.e., “vertical” transactions).

An entity that avails itself to the proposed exemption is required to make a statement to the effect that there are no indicators of influence as described above.

The definition of related party has been rewritten to improve clarity and some substantive changes are proposed regarding:

- An associate of a subsidiary's controlling investor
 - Both the associate and the subsidiary are considered related parties to each other.
- Two associates of a person
 - Common significant influence through a person and a close family member does not result in related party relationship between the two associates.
- Significant investees of members of key management personnel
 - Both the investees and the entity in which the investor is a key management personnel are considered to be related parties to each other.

ED FRS for Small and Medium-sized Entities (SME)

The ED proposes to allow small entities with no public accountability the option to use a simplified set of accounting principles that are based on the full FRS. The SME Standards will remove choices for accounting treatment, eliminate topics that are generally not relevant to SMEs, and simplify methods for recognition and measurement. It is proposed that where a transaction is not addressed in the FRS for SMEs, there is no mandatory fallback to full FRS.

Topics omitted from ED, with cross-references to full FRS if needed:

- Lessor accounting for finance leases (look to FRS 17 Leases. Finance lessors are likely to be financial institutions who would be ineligible to use the FRS for SMEs in any case);
- Interim reporting (look to FRS 34 *Interim Financial Reporting*);
- Recoverable amount of goodwill (SMEs would test goodwill for impairment much less frequently than under FRS 36, but if an SME is required to perform such a test it would look to the calculation guidance in FRS 36);
- Equity-settled share-based payment (look to FRS 102 *Share-based Payment*);
- Earnings per share and segment reporting (which are not required for SMEs), and insurance contracts (insurers would not be eligible to use the FRS for SMEs);

- Extractive industries (look to FRS 106 *Exploration for and Evaluation of Mineral Resources*);
- General price-level adjusted reporting in a hyperinflationary environment (look to FRS 29 *Financial Reporting in Hyperinflationary Economies*); and
- Determining fair value of agricultural assets (look to FRS 41 *Agriculture*, but it was also proposed to reduce the use of fair value through profit or loss for agricultural SMEs).

For a number of those occasions where full FRSs provide an accounting policy choice, only the simpler option is included in the FRS for SMEs. However, SMEs would be permitted to use the other option by cross-reference to the relevant FRS. The simpler options included in the ED are:

- Cost-depreciation-impairment model for investment property (fair value through profit or loss would be permitted by reference to FRS 40 *Investment Property*);
- Cost-depreciation/amortisation-impairment model for property, plant and equipment and intangibles (the revaluation model would be allowed by references to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*);
- Indirect method for reporting operating cash flows (the direct method would be allowed by reference to FRS 7 *Cash Flow Statements*); and
- One method for all grants (or an SME could use any of the alternatives in FRS 20 *Government Grants and Disclosure of Government Assistance*).

The following are some examples of the recognition and measurement simplifications permitted under the FRS for SMEs:

- Financial instruments:
 - Two categories of financial assets rather than four. This means that there would be no need to deal with all of the “intent-driven” held-to-maturity rules or related “tainting”, no need for an available-for-sale option, and many other simplifications.
 - A clear and simple principle for de-recognition – if the transferor has any significant continuing involvement, do not de-recognise. The complex “pass-through testing” and “control retention tests” of FRS 39 *Financial Instruments: Recognition and Measurement* are avoided.
 - Much simplified hedge accounting.

- Goodwill impairment – an indicator approach rather than mandatory annual impairment calculations.
- Expense all research and development costs (FRS 38 would require capitalisation after commercial viability has been assessed).
- The cost method for associates and joint ventures (rather than the equity method or proportionate consolidation).
- Less fair value for agriculture – only if “readily determinable without undue cost or effort”.
- Defined benefit plans – a principle approach rather than the detailed calculation and deferral rules of FRS 19 *Employee Benefits*. Complex ‘corridor approach’ omitted.
- Share-based payment – intrinsic value method.
- Finance leases – simplified measurement of lessee’s rights and obligations.

ED INT FRS Real Estate Sales

This draft interpretation seeks to standardise accounting practice among real estate developers for sale of units, such as apartments or houses, “off-plan”, i.e., before construction is complete.

The draft interpretation proposes that revenue from real estate sales should be recorded as construction progresses (i.e. percentage completion method) only if the developer is providing construction services rather than selling goods (completed real estate units). It also proposes indicators for determining if the seller is providing construction services.

Features that individually or in combination, indicate that the arrangement is a construction contract, include:

- the buyer being 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;
- the seller transferring control and significant risks and rewards of ownership of the work in progress in its current state as construction progress, for example:
 - o the construction taking place on land that is owned or leased by the buyer;
 - o the buyer having a right to take over the work in progress (albeit with a penalty) during construction, e.g., to engage a different contractor to complete the construction;

- o in the event of the agreement being terminated before construction is complete, the buyer retaining the work in progress and the seller having the right to be paid for work performed (subject to buyer acceptance).
- Conversely, features that individually or in combination, indicate that the arrangement is for sale of goods, include:
 - o negotiation between buyer and seller primarily concerning the amount and timing of payments, with the buyer having only limited ability to specify the design of the real estate, e.g., to select a design from a range of options or specify minor variations to the basic design;
 - o the agreement giving the buyer only a right to acquire the completed real estate at a later date, with the seller retaining control and the significant risks and rewards of ownership of the underlying work in progress until that date.
- In some cases, real estate may be sold with a degree of continuing involvement by the seller, e.g.:
 - o sale and repurchase agreements that include put and call options,
 - o seller guarantees occupancy of the property for a specified period, or
 - o seller guarantees a return on the buyer’s investment for a specified period.

In such cases, the nature and extent of the seller’s continuing involvement determines how the transaction is accounted for. It may be accounted for as a sale, or as a financing, leasing or some other profit-sharing arrangement.

- FRS 18’s conditions for revenue recognition may be fulfilled before the seller has performed all its contractual obligations to the buyer. If so, the seller should also recognise its remaining obligations as follows:
 - o If the seller has to perform further work on the delivered real estate, (e.g. to remedy minor defects or complete internal decoration), it shall recognise an expense, and measure the liability arising in accordance with FRS 37; or
 - o If the seller has to deliver further goods or services that are separately identifiable from the delivered real estate, (e.g., internal fittings or communal amenities), it shall treat the remaining goods and services as a separate component of sale. Fair value of total consideration received and receivable from the buyer will be allocated between the separate components of sale. The goods and services not yet delivered shall be recognised only when the revenue recognition conditions of FRS 18 have been met.

Currently, ICPAS has an RAP 11 *Pre-Completion Contracts for the Sale of Development Property* to address the above issue in anticipation of the finalisation of this interpretation by IFRIC. RAP 11 recommends that, in the interim, property developers may adopt either the percentage of completion method (i.e., applying FRS 11) or the completion of construction method (i.e., applying FRS 18), and entities that use the percentage of completion method should disclose the financial effect had the completion of construction method been adopted. The disclosure should, at the minimum, include the effect on:

- the opening balance of retained earnings
- revenue
- profit or loss for the period
- the balance of work in progress as at the beginning and end of the period

ED INT FRS Hedges of a Net Investment in a Foreign Operation

This interpretation seeks to clarify what qualifies as a risk in the hedge of a net investment in a foreign operation and where within a group the instrument that offsets that risk may be held.

It is proposed that the mere translation of currency for presentation use does not represent a hedgeable economic risk, and consequently, use of hedge accounting for such risk is not allowed.

Hedged risk is the foreign currency exposure arising between the functional currency of the foreign operation and the functional currency of any parent entity within the group structure. The Interpretation proposes that the hedging instrument can be held by any subsidiary or parent entity within a group regardless of the entity's functional currency. To assess how effective the hedging instrument is in offsetting the risk from the foreign operation, the entity must calculate the change in value of the hedging instrument in the functional currency of the parent hedging its risk and not the functional currency of the subsidiary holding the instrument.

In view of the difficulty in preparing documentation from the inception of the hedge relationship, it is proposed that the guidance should be applied prospectively for all future transactions.

List of FRS and INT FRS issued as of 30 September 2007

FRS	Title	Effective date	Issue date / Last update
Preface	Preface to Financial Reporting Standards		1 January 2003
Framework	Framework for the Preparation and Presentation of Financial Statements		1 January 2003
FRS 1	Presentation of Financial Statements (Revised)	1 January 2005	6 September 2004
	Presentation of Financial Statements (Revisions relating to FRS 19 Employee Benefits on actuarial gains and losses, group plans and disclosures)	1 January 2006	1 June 2005
	Presentation of Financial Statements (Amendments relating to capital disclosures)	1 January 2007	6 January 2006
	Presentation of Financial Statements (Consequential amendments arising from FRS 23)	1 January 2009	20 July 2007
FRS 2	Inventories (Revised)	1 January 2005	11 February 2005
	Inventories (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
FRS 7	Cash Flow Statements	1 January 2005	7 July 2004
	Cash Flow Statements (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
	Cash Flow Statements (Consequential amendments arising from revised FRS 23)	1 January 2009	20 July 2007
FRS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Revised)	1 January 2005	6 September 2004
	Accounting Policies, Changes in Accounting Estimates and Errors (Consequential amendments arising from revised FRS 23)	1 January 2009	20 July 2007
FRS 10	Events after the Balance Sheet Date (Revised)	1 January 2005	6 September 2004
	Events after the Balance Sheet Date (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
FRS 11	Construction Contracts	1 January 2005	7 July 2004
	Construction Contracts (Consequential amendments arising from revised FRS 23)	1 January 2009	20 July 2007
FRS 12	Income Taxes	1 January 2005	6 September 2004
	Income Taxes (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
FRS 14	Segment Reporting	1 January 2005	6 September 2004
	Segment Reporting (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006

FRS	Title	Effective date	Issue date / Last update
FRS 16	Property, Plant and Equipment (Revised)	1 January 2005	6 September 2004
	Property, Plant and Equipment (Revisions relating to FRS 106 Exploration for and Evaluation of Mineral Resources)	1 January 2006	18 August 2005
	Property, Plant and Equipment (Consequential amendments arising from revised FRS 23)	1 January 2009	20 July 2007
FRS 17	Leases (Revised)	1 January 2005	11 February 2005
	Leases (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
FRS 18	Revenue	1 January 2005	16 March 2005
FRS 19	Employee Benefits (Revised 2005)	1 January 2005	6 September 2004
	Employee Benefits (Amendments relating to actuarial gains and losses, group plans and disclosures)	1 January 2006	1 June 2005
	Employee Benefits (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
	Employee Benefits (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
FRS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2005	7 July 2004
FRS 21	The Effects of Changes in Foreign Exchange Rates (Revised)	1 January 2005	11 February 2005
	The Effects of Changes in Foreign Exchange Rates (Amendments relating to net investment in a foreign operation)	1 January 2006	25 January 2006
FRS 23	Borrowing Costs	1 January 2005	7 July 2004
	Borrowing Costs (Revised)	1 January 2009	20 July 2007
FRS 24	Related Party Disclosures (Revised)	1 January 2005	7 July 2004
	Related Party Disclosures (Revisions relating to FRS 19 Employee Benefits on actuarial gains and losses, group plans and disclosures)	1 January 2006	1 June 2005
FRS 26	Accounting and Reporting by Retirement Benefit Plans	1 January 2005	7 July 2004
FRS 27	Consolidated and Separate Financial Statements (Revised)	1 January 2005	16 March 2005
	Consolidated and Separate Financial Statements (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
FRS 28	Investments in Associates (Revised)	1 January 2005	6 September 2004
FRS 29	Financial Reporting in Hyperinflationary Economies	1 January 2005	7 July 2004
FRS 31	Interests in Joint Ventures (Revised)	1 January 2005	6 September 2004

FRS	Title	Effective date	Issue date / Last update
FRS 32	Financial Instruments: Disclosure and Presentation (Revised)	1 January 2005	6 September 2004
	Financial Instruments: Disclosure and Presentation (Revisions relating to FRS 39 and FRS 104 on financial guarantee contracts and fair value option)	1 January 2006	6 January 2006
	Financial Instruments: Presentation (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
FRS 33	Earnings Per Share (Revised)	1 January 2005	6 September 2004
	Earnings Per Share (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
	Earnings Per Share (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
FRS 34	Interim Financial Reporting	1 January 2005	26 September 2005
	Interim Financial Reporting (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
FRS 36	Impairment of Assets (Revised)	1 July 2004	6 September 2004
	Impairment of Assets (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
FRS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2005	6 September 2004
	Provisions, Contingent Liabilities and Contingent Assets (Revisions relating to FRS 39 and FRS 104 on financial guarantee contracts)	1 January 2006	6 January 2006
FRS 38	Intangible Assets (Revised)	1 July 2004	1 July 2004
	Intangible Assets (Revisions relating to FRS 106 Exploration for and Evaluation of Mineral Resources)	1 January 2006	18 August 2005
	Intangible Assets (Consequential amendments arising from revised FRS 23)	1 January 2009	20 July 2007
FRS 39	Financial Instruments: Recognition and Measurement (Revised) (Amendments relating to transition and initial recognition of financial assets and financial liabilities)	1 January 2005	16 March 2005
	Financial Instruments: Recognition and Measurement (Amendments relating to cash flow hedge accounting of forecast intra-group transactions; Amendments relating to fair value option; Amendments relating to financial guarantee contracts)	1 January 2006	6 January 2006
	Financial Instruments: Recognition and Measurement (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
FRS 40	Investment Property	1 January 2007	16 March 2005
FRS 41	Agriculture	1 January 2005	6 September 2004

FRS	Title	Effective date	Issue date / Last update
FRS 101	First-time Adoption of Financial Reporting Standards	1 January 2005	16 March 2005
	First-time Adoption of Financial Reporting Standards (Amendments relating to comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources; Revisions relating FRS 39 on fair value option; Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2006	6 January 2006
	First-time Adoption of Financial Reporting Standards (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
	First-time Adoption of Financial Reporting Standards (Consequential amendments arising from INT FRS 112)	1 January 2008	22 February 2007
	First-time Adoption of Financial Reporting Standards (Consequential amendments arising from revised FRS 23)	1 January 2009	20 July 2007
FRS 102	Share-based Payment	1 January 2005	6 September 2004
	Share-based Payment (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
FRS 103	Business Combinations	1 July 2004	6 September 2004
	Business Combinations (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
FRS 104	Insurance Contracts	1 January 2005	6 September 2004
	Insurance Contracts (Revisions relating to FRS 39 and FRS 104 on financial guarantee contracts)	1 January 2006	6 January 2006
	Insurance Contracts (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2005	6 September 2004
	Non-current Assets Held for Sale and Discontinued Operations (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
FRS 106	Exploration for and Evaluation of Mineral Resources	1 January 2006	18 August 2005
	Exploration for and Evaluation of Mineral Resources (Consequential amendments arising from FRS 108)	1 January 2009	22 February 2007
FRS 107	Financial Instruments: Disclosures	1 January 2007	6 January 2006
FRS 108	Operating Segments	1 January 2009	22 February 2007

INT FRS	Title	Effective date	Issue date / Last update
Preface	Preface to INT FRS		30 January 2003
INT FRS 7	Introduction of the Euro	1 January 2005	7 July 2004
INT FRS 10	Government Assistance - No Specific Relation to Operating Activities	1 January 2005	30 January 2003
INT FRS 12	Consolidation - Special Purpose Entities (Amendments relating to scope of INT FRS 12)	1 January 2005	16 March 2005
INT FRS 13	Jointly Controlled Entities - Non-monetary Contributions by Venturers	1 January 2005	7 July 2004
INT FRS 15	Operating Leases - Incentives	1 January 2005	7 July 2004
INT FRS 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	1 January 2005	29 October 2004
INT FRS 25	Income Taxes - Changes in the Tax Status of an Enterprise of its Shareholders	1 January 2005	29 October 2004
INT FRS 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2005	29 October 2004
INT FRS 29	Disclosure - Service Concession Arrangements	1 January 2005	7 July 2004
	Disclosure - Service Concession Arrangements (Consequential amendments arising from INT FRS 112)	1 January 2008	22 February 2007
INT FRS 31	Revenue - Barter Transactions Involving Advertising Services	1 January 2005	29 October 2004
INT FRS 32	Intangible Assets - Web Site Costs	1 January 2005	7 July 2004
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 September 2004	31 August 2004
	Changes in Existing Decommissioning, Restoration and Similar Liabilities (Consequential amendments arising from FRS 23)	1 January 2009	20 July 2007
INT FRS 104	Determining whether an Arrangement contains a Lease	1 January 2006	1 June 2005
	Determining whether an Arrangement contains a Lease (Consequential amendments arising from INT FRS 112)	1 January 2008	22 February 2007
INT FRS 105	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2006	1 June 2005
	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Revisions relating to FRS 107 Financial Instruments: Disclosures)	1 January 2007	6 January 2006
INT FRS 106	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 December 2005	6 January 2006
INT FRS 107	Applying the restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies	1 March 2006	25 January 2006

INT FRS	Title	Effective date	Issue date / Last update
INT FRS 108	Scope of FRS 102	1 May 2006	1 May 2006
INT FRS 109	Reassessment of Embedded Derivatives	1 June 2006	7 June 2006
INT FRS 110	Interim Financial Reporting and Impairment	1 November 2006	27 October 2006
INT FRS 111	FRS 102 - Group and Treasury Share Transactions	1 March 2007	22 February 2007
INT FRS 112	Service Concession Arrangements	1 January 2008	22 February 2007
	Service Concession Arrangements (Consequential amendments arising from FRS 23)	1 January 2009	20 July 2007

Disclosing the effects of adoption of new standards issued but not yet effective

It should be noted that under FRS 8 (revised 2004), disclosure is required of known or reasonably estimable information relevant to assessing the possible impact that application of the new FRS or INT FRS will have on the entity's financial statements in the period of initial application. If the impact is not known or reasonably estimable, a statement to that effect should be disclosed.

Early adoption of standards

If an entity adopts a standard before its effective date, it should disclose that fact.

Summary of differences between FRS and IAS/IFRS as of 30 September 2007

The FRSs and INT FRSs issued by the CCDG are largely aligned with the standards and interpretations under IAS/IFRS, except for certain modifications to effective dates and transitional provisions, and differences in timing of adoption. Differences in effective dates relating to periods before 2006 are no longer relevant for 2007 financial reporting and are not included here. Below, we identify the key differences between FRS and IAS/IFRS as at 30 September 2007:

FRS	Content	IAS/IFRS	Comments
ED FRS 1 (revised)	Presentation of Financial Statements	IAS 1 (r2007)	IAS 1 (r2007) is effective for annual periods beginning on or after 1 January 2009. This revised Standard has not been adopted in Singapore yet.
FRS 16	Property, Plant and Equipment	IAS 16	FRS 16 exempts regular revaluation for assets on which any one-off revaluation is performed between 1 January 1984 and 31 December 1996 (both dates inclusive) or for assets that have been revalued prior to 1 January 1984, whereas IAS 16 does not give such an exemption.
FRS 17	Leases	IAS 17	FRS 17 removes the words in paragraphs 14 and 15 of IAS 17, which indicates that land normally has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, the lessee does not receive substantially all of the risks and rewards incident to ownership.
FRS 27, 28 and 31	Consolidated financial statements and accounting for investments in subsidiaries, associates and joint ventures	IAS 27, 28 and 31	The revised FRS 27 exempts a parent from presenting consolidated financial statements if its holding company produces consolidated financial statements available for public use whereas under the revised IAS 27, such an exemption applies only if the holding company produces consolidated financial statements available for public use that comply with IFRS.
FRS 40	Investment Property	IAS 40	IAS 40 (r2004) is effective for annual periods beginning on or after 1 January 2005 whereas FRS 40 is effective for annual periods beginning on or after 1 January 2007.
FRS 102	Share-based Payment	IFRS 2	The cut-off grant date for retrospective treatment of equity-settled share-based payment is 7 November 2002 under IFRS 2 and 22 November 2002 under FRS 102.

FRS	Content	IAS/IFRS	Comments
FRS 107 and consequential amendments to FRS 1	Financial Instruments: Disclosures	IFRS 7 and consequential amendments to IAS 1	IFRS 7 and consequential changes to IAS 1 are effective for annual periods beginning on or after 1 January 2007. In Singapore, FRS 107 is effective for listed entities for annual periods beginning on or after 1 January 2007 and for all other entities from 1 January 2008.
ED INT FRS	Members' Shares in Co-operative Entities and Similar Instruments	IFRIC 2	IFRIC 2 is effective for annual periods beginning on or after 1 January 2005. This interpretation has not been adopted in Singapore yet.
ED INT FRS	Customer Loyalty Programmes	IFRIC 13	IFRIC 13 is effective for annual periods beginning on or after 1 July 2008. This interpretation has not been adopted in Singapore yet.
ED INT FRS	FRS 19 - The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements	IFRIC 14	IFRIC 14 is effective for annual periods beginning on or after 1 January 2008. This interpretation has not been adopted in Singapore yet.

Section II: Other Financial Reporting Matters

Deferred tax implications on adoption of FRS 40 *Investment Property*

Following the adoption of FRS 40 *Investment Property* in 2007, Singapore entities are allowed to credit fair value gains on investment properties in the income statement under the fair value model. Correspondingly, any deferred tax expense arising on the gains will be charged to the income statement.

FRS 12 requires a deferred tax liability to be recognised for the fair value gains on an investment property because the increase in value of the property represents an expected increase in the future rental stream and/or proceeds from the ultimate disposal of the property which could be taxable.

In Singapore where gain on sale of an investment property is not taxable, deferred tax liability will not arise if the revalued property is intended to be recovered through sale but a consideration is the timing of the sale. However, if management intends to hold the property for rental, then a deferred tax liability needs to be set up based on the fair value gain multiplied by the applicable tax rate. In practice, management may hold an investment property for rental followed by eventual sale. For the period of time that the investment property is held for rental, a deferred tax liability will need to be set up.

Although INT FRS 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* has an interpretation to deem a non-depreciable asset as recovered through sale for deferred tax accounting, such treatment is limited only to freehold land because it has unlimited life. Any other investment properties such as leasehold land, leasehold or freehold buildings are depreciable and therefore INT FRS 21 does not apply.

ACRA Practice Direction No. 2 of 2007

Filing of Financial Statements in XBRL

Singapore incorporated companies will be required to file their financial statements in XBRL (eXtensible Business Reporting Language) with effect from 1 November 2007, unless they are excluded by the Accounting and Corporate Regulatory Authority (ACRA). Preparers of companies' accounts can prepare and manage their financial statements in XBRL using the FS Manager via the Bizfile website <<http://www.bizfile.gov.sg/>>.

Not applicable to:

- Banks, insurance companies and finance companies whose activities are regulated by the Monetary Authority of Singapore;
- Companies that are allowed by law to prepare accounts in accordance with accounting standards other than the Singapore Financial Reporting Standards or the International Financial Reporting Standards;
- Companies limited by guarantee; and
- Foreign companies and their local branches.

Financial periods affected:

- Financial statements with periods ending on or after 30 April 2007; and
- Annual Returns are filed on or after 1 November 2007.

Filing options available:

Two filing options are currently available to the companies affected:

Option A - Filing a full set of financial statements in XBRL format;
or

Option B - Filing only the Balance Sheet and Income Statement in XBRL format (and a scanned copy of financial statements as tabled at or used for the purposes of the AGM).

Option B is available for the period from 1 November 2007 to 31 October 2008. ACRA will review its position after one year of implementation.

Waiver of penalties for late AGM or late filing:

To encourage companies to prepare financial statements in full XBRL format (Option A above), ACRA will not be imposing any penalty on such companies for any delay (not more than one month after the prescribed period) in laying their financial statements before the shareholders or in filing their Annual Returns. Such waiver is not extended to public listed companies however, and similar to the availability of Option B above, the non imposition of penalties is applicable from 1 November 2007 to 31 October 2008 only. ACRA will review its position after one year of implementation.

Directors' responsibilities:

The directors continue to be responsible for ensuring correctness and accuracy of the financial statements filed in XBRL format with ACRA. As suggested in ACRA Practice Direction No. 2 of 2007, directors should ensure that the preparers of the financial statements possess the requisite accounting knowledge to prepare the financial statements to be submitted to ACRA through the FS Manager and are advised to check the information to be filed before authorising their company filers to submit the information.

Resources:

IASPlus – www.iasplus.com - provides Deloitte IFRS e-Learning modules, newsletters, IAS/IFRS model financial statements and disclosure checklist and a wealth of information on IAS/IFRS projects and issues, with a section for country specific updates.

Deloitte Touche Tohmatsu – www.deloitte.com - the firm's global website provides a global e-library and links to our websites of our offices around the world.

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Deloitte & Touche
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809
Telephone: +65 6224 8288
Facsimile: +65 6538 6166

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Deloitte & Touche
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com

**Member of
Deloitte Touche Tohmatsu**