# FINANCIAL REPORTING MATTERS

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In this issue, we discuss the recently issued amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets* and FRS 107 *Financial Instruments: Disclosures – Transfer of Financial Assets.* A tax incentive scheme involving the industrial sector is also featured and we discuss how businesses in this sector can benefit from this incentive.

# Deferred Tax on Investment Property Carried at Fair Value

On 23 February 2011, the ASC issued amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets* (the Amendments) that require entities holding investment properties carried at fair value to account for the tax effect on revaluation gains on the presumption that the gains would be realised through sale.

## Why were the Amendments issued?

Entities in Singapore usually hold freehold and leasehold land and buildings as investment properties to earn rental income and to profit from capital appreciation. In the financial statements, these entities usually choose to carry their investment properties at fair value and record the fair value changes in profit or loss under FRS 40 *Investment Property*.

When the properties are accounted for at fair value, entities are also required to provide for the expected future tax consequence on realisation of the revaluation gains or losses under FRS 12 *Income Taxes*. These expected future tax consequences are recognised as deferred tax assets (for losses) or liabilities (for gains) in the statement of financial position.

Many would have expected no future tax consequence given that in Singapore, capital gains upon eventual disposal of the properties are not subject to tax and capital losses cannot be offset against other sources of taxable income.

However, under FRS 12, deferred tax assets and liabilities are measured based on the following:

- the expected manner of recovery of the underlying asset (i.e. the investment property)
- the tax rate that is expected to apply when the underlying asset (i.e. the investment property) is recovered based on rates that are enacted or substantively enacted at the reporting date.

| Expected manner of recovery of the underlying asset | | Tax rate to apply when measuring deferred tax |
|---|---|---|
| If a Singapore entity expects to recover the carrying amount of the investment property through cash flows from rental income | > | Provide on the revaluation gains or losses at the corporate income tax rate of 17 percent |
| If the entity expects to recover the carrying amount of the investment property through sale | > | Provide on the revaluation gains or losses at the capital gain tax rate of 0 percent |

**The general measurement principles under FRS 12 can be difficult to apply**

In practice, the application of this measurement principle can be difficult and subjective. This is especially so when an entity does not appear to have specific plans for the property. The entity might hold onto the property to earn rental income until the opportunity to sell it at a later date to profit from capital appreciation arises.

## What are the Amendments?

As a practical solution, FRS 12 is amended to provide an exception to the general measurement principle.

After the Amendments, entities are required to measure deferred tax based on the presumption that the carrying amount of the investment property would be recovered entirely through sale.

The exception applies to investment property measured using the fair value model in accordance with FRS 40. This includes those acquired in a business combination accounted for under FRS *103 Business Combinations* that are subsequently measured using the fair value model in accordance with FRS 40.

The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective it is to consume substantially all of the asset's economic benefits over the life of the asset. This means that the presumption cannot be rebutted in respect of the freehold land component of the investment property as it is non-depreciable.

### Illustrative example

#### Facts

Company T, a Singapore tax resident, has a portfolio of investment properties located in Singapore from which it currently earns rental income.

The properties, consisting of land and buildings, are measured at fair value in accordance with FRS 40.

Singapore does not impose tax on capital gains. The tax rate applicable to other taxable profits is 17 percent.

The fair values (i.e. carrying amounts), tax bases or the amount subject to initial recognition exemption and resulting temporary differences of the land and building components are as follows:

| S$ million | Fair value | Tax base on sale or the amount subject to initial recognition exemption[1] | Temporary difference |
|---|---|---|---|
| **Freehold** | | | |
| Land | 400 | 300 | 100 |
| Building | 100 | 90 | 10 |
| **Leasehold** | | | |
| Land | 300 | 200 | 100 |
| Building | 100 | 90 | 10 |

[1] If the entity expects to recover the carrying amount of the investment properties through sale, the tax base represents the amount deductible for tax purpose against the sale proceeds on eventual disposal of the investment properties.

If the investment properties are held for rental, entities normally cannot claim tax allowance under the Singapore tax laws (unless the rental income is assessed as a trade source and the properties/ assets within the properties qualify for tax allowance). In such a situation, under FRS 12, entities are already exempted from recognising deferred tax liabilities on purchase of investment properties outside a business combination.

The tax base and the amount subject to initial recognition is normally the original purchase price.

What are the Amendments? (continued)

## Illustrative example (continued)

### Facts (continued)

Under the Amendments, the measurement of deferred tax depends on T's business model, which is illustrated using the following scenarios:

**Scenario A** — **To sell properties in the future** in order to participate in the increase in real estate prices (i.e. it consumes substantially all of the investment properties' economic benefits through rental income and sales).

**Scenario B** — **To hold properties for strategic purposes** (i.e. it consumes substantially all of the investment properties' economic benefits through rental income). T rebuts the presumption.

### Analysis

The deferred tax liability under each scenario is calculated as follows:

Scenario A

| S$ million | Temporary difference | Applicable tax rate | Deferred tax liability |
|---|---|---|---|
| Freehold | | | |
| Land | 100 | 0% | 0 |
| Building | 10 | 0% | 0 |
| Leasehold | | | |
| Land | 100 | 0% | 0 |
| Building | 10 | 0% | 0 |
| ***Total*** | | | ***0*** |

Scenario B

| S$ million | Temporary difference | Applicable tax rate | Deferred tax liability |
|---|---|---|---|
| Freehold | | | |
| Land | 100 | 0% | 0 |
| Building | 10 | 17% | 1.7 |
| Leasehold | | | |
| Land | 100 | 17% | 17 |
| Building | 10 | 17% | 1.7 |
| ***Total*** | | | ***20.4*** |

### Our observations

Entities that hold the investment properties measured at fair value in jurisdictions that do not impose capital gain tax (e.g. Singapore and Hong Kong) would no longer recognise deferred tax on revaluation gains / losses. We expect most of these entities to early adopt the Amendments and not rebut the presumption.

Conversely, in jurisdictions where the capital gain tax rate is higher than the income tax rate, we expect entities to rebut the presumption if their business model is to consume substantially all of the investment properties' economic benefits through rental income. If the entities do not or could not rebut the presumption, they would generally have to record a higher deferred tax balance.

Additionally, entities applying the presumption should take note that deferred tax liabilities are significantly reduced and this could trigger a need to reconsider the recoverability of deferred tax assets.

## Effective date and transition

The Amendments are applicable for annual periods beginning on or after 1 January 2012 and are applied retrospectively. Early application is permitted. The Amendments incorporate INT FRS 21 *Income Taxes – Recovery of Revalued Non-Depreciable assets* into FRS 12 and supersedes INT FRS 21.

### Our observations

As retrospective application of the Amendments also apply to deferred taxes on investment properties acquired in prior business combinations accounted for under FRS 103, entities would have to recalculate goodwill and reallocate the restated goodwill to different cash generating units retrospectively. Furthermore, previous goodwill impairment assessments have to be recalculated based on the restated goodwill.

When an entity establishes that information is not available to restate goodwill and recalculate previous goodwill impairment and it is unable to separate the effect of hindsight, the entity applies the change from the earliest date practicable. The entity then discloses this fact and the date from when the change has been applied as required by FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

# New Disclosures on Off-balance sheet Financial Assets

The amendments to FRS 107 *Disclosures – Transfers of Financial Assets* introduce new disclosure requirements on continuing off-balance sheet exposures of derecognised financial assets.

## Why were the amendments issued?

Currently, entities are required to disclose information under FRS 107 for transferred financial assets that remain on their books (i.e. on-balance sheet exposures).

However, there were no requirements to disclose information about transferred financial assets that were derecognised, but for which the entity (transferor) still retained some form of continuing involvement in that asset (i.e. off-balance sheet exposures). This arose as one of the key concerns during the global financial crisis.

To address this concern, the IASB published the amendments to IFRS 7 *Disclosures – Transfers of Financial Assets* on 7 October 2010 to increase the amount of disclosures on transfer activities. They also mandate certain specified disclosures for off-balance exposures.

In Singapore, the equivalent amendments were issued on 23 February 2011.

## What are the new requirements under the amendments?

The amendments prescribe that all required disclosures on transferred financial assets are to be presented in a single note in the financial statements of the reporting entity.

The amendments define the transfer of a financial asset as occurring when an entity either:

(a) **transfers the contractual rights** to receive the cash flows of that financial asset

(b) **retains the contractual rights** to receive the cash flows of that financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

### Our observations

Before the amendments, FRS 107 required disclosures about transferred financial assets only when they fail to qualify for derecognition due to:

- retention of substantial risks and rewards (e.g. sale of listed shares with an obligation to repurchase at a fixed price)
- retention of control in the case where substantial risks and rewards have neither been retained nor transferred (e.g. sale of unlisted shares with a repurchase option that is at the money).

### New definition of transferred financial assets expands scope

The amendments expand the scope of transferred financial assets to encompass the following transactions:

- transactions that do not meet all the pass-through requirements of FRS 39.19(a)-(c)
- transfers where substantial risks and rewards have been transferred (e.g. sale with an option to repurchase where the exercise price is deeply out of the money)
- transfers where substantial risks and rewards have neither been transferred nor retained and control is lost (e.g. sale of listed shares with an option to repurchase at the money).

Transferred financial assets under the amendments fall in two categories:

1. Financial assets that are derecognised in their entirety, but the entity retains continuing involvement
2. Financial assets that are not derecognised in their entirety.

## 1. Financial assets that are derecognised in their entirety, but the entity retains continuing involvement

This refers to situations where the entity has off-balance sheet exposures to the transferred financial asset.

### What is the meaning of continuing involvement?

Continuing involvement in such transferred financial asset exists if, as part of the transfer, the entity retains any of the contractual rights or obligations inherent in the transferred financial asset or obtains any new contractual rights or obligations relating to the transferred financial asset.

Normal representations and warranties, forward, option and other contracts to reacquire the transferred financial asset at fair value and continuing involvement due to a qualifying pass-through arrangement under current FRS 39 do not constitute continuing involvement.

For these financial assets, the amendments stipulate disclosure of information that would enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets.

### What are the new disclosures to be made?

For each type of continuing involvement, entities are required to disclose:

a) the carrying amounts and fair values of the assets and liabilities representing the entity's continuing involvement

b) the entity's maximum exposure to loss and how this maximum exposure was determined

c) a maturity analysis of the undiscounted cash flows that may be payable to the transferee in respect of the transferred assets

d) the gain or loss on transfer of the assets

e) income and expenses arising from the entity's continuing involvement (for the current period and cumulatively)

f) specific detailed disclosures in respect of situations in which transfer activity is not evenly distributed throughout the reporting period (e.g. a high level of activity in the closing days).

**Our observations**

The intent of the above disclosure requirements is to address the lack of disclosure of information on off-balance sheet exposures faced by entities. We expect financial services entities to be most affected by these new disclosure requirements.

Affected entities should take note:

a) the above disclosures are required at every reporting date so long as the entities have continuing involvement in the transferred asset at the reporting date. Disclosures are required even if the related transfer transaction occurred many years ago. This means that the current financial reporting system and processes have to be reviewed to ensure that the system is capable of collating relevant and reliable information to comply with the new disclosure requirements

b) the maturity analysis required in (c) above is in addition to the existing maturity analysis for financial liabilities required under FRS 107.39.

Affected entities can refer to the amendments for examples that illustrate the possible ways to disclose the information.

## 2. Financial assets that are not derecognised in their entirety

For financial assets that are not derecognised in their entirety, the amendments require the disclosure of information. This enables users of financial statements to understand the relationship between the transferred financial assets that are not derecognised in their entirety and the associated liabilities.

### What are the new disclosures to be made?

Pursuant to the amendments, entities are required to make the following new disclosures for each class of transferred financial assets:

- a description of the relationship between the transferred assets and the associated liabilities, including the restrictions on the entity's use of those assets
- the fair value of the transferred assets, the fair value of the associated liabilities and the net position in transactions in which the counterparty's recourse is limited to the transferred assets.

The new disclosures above are in addition to the below disclosures required under the current FRS 107. They are:

- the transferred assets
- the risks and rewards of ownership to which the entity is exposed
- the carrying amounts of the transferred assets that the entity continues to recognise and the carrying amount of the associated liabilities
- the carrying amounts of the original assets before the transfer in transactions in which the transferred assets are recognised to the extent of the entity's continuing involvement.

**Our observations**

Affected entities can refer to the amendments for examples that illustrate possible ways to disclose the information.

## Effective date

Entities are required to apply the amendments for annual periods beginning on or after 1 July 2011. They are not required to provide the disclosures for any period presented that begins before the date of initial application of the amendments. Earlier application is permitted.

### Our observations

Although comparative information is not required, entities should take note that on first time implementation, historical information - gain or loss at the date of transfer of financial assets is required if the entity has derecognised the financial assets in their entirety in prior years but retains continuing involvement at the reporting date.

An entity is required to disclose whether the gain or loss at the date of transfer is due to the difference in the fair value of components of previously recognised financial assets and the fair value of the previously recognised assets as a whole. In addition, the application guidance requires the disclosure of whether these fair value measurements included significant inputs that were not based on observable market data (i.e. level 3 inputs).

Given that certain historical information is still required, affected entities are encouraged to start assessing their information requirements prior to the effective date.



# Land Intensification Allowance Incentive

The Land Intensification Allowance (LIA) Incentive first announced in the Budget Speech 2010 was introduced to promote the intensification of industrial land use towards more land-efficient and higher value-added activities. In this section, we highlight the key features of the LIA incentive, including how businesses can benefit from this incentive.

### What is the LIA incentive?

The LIA incentive provides support to industrial users to enhance land productivity. Businesses in industrial sectors with large land takes and low Gross Plot Ratios (GPR) (i.e. the ratio of gross floor area to site area, set for each qualifying business) may claim qualifying capital expenditure incurred for the construction or renovation/extension of a qualifying building or structure to reduce their taxable income.

Qualifying businesses will be granted an initial allowance of 25 percent and an annual allowance of 5 percent on the qualifying capital expenditure.

The LIA incentive was introduced in place of the Industrial Building Allowance (IBA) which has been phased out from 23 February 2010 (except where qualifying under the transitional arrangements).

### How would the LIA incentive benefit businesses?

The LIA incentive will provide faster deduction for qualifying capital expenditure of a qualifying building or structure than the IBA as such expenditure may be fully claimed over 15 years under the LIA incentive as opposed to 25 years under the IBA.

### What are the qualifying criteria?

1. The user of the qualifying building or structure must carry out activities which fall within the following industry sectors as listed in the table below.
2. The building or structure must also meet the Gross Plot Ratio benchmark established by the Urban Redevelopment Authority (URA).

| Industry sectors | GPR benchmark |
|---|---|
| Food, beverages and tobacco | 0.99 |
| Printing and recorded media | 1.02 |
| Manufacture of coke, petroleum products, petrochemicals, chemicals | 0.33 to 0.6 |
| Manufacture of pharmaceuticals, biological products | 0.6 |
| Manufacture of computers, semiconductors, communications | 1.4 to 2.45 |
| Land transport | 0.71 |
| Aerospace | 0.63 |
| Marine and offshore engineering | 0.45 |
| Medical technology | 1.80 |
| Machinery and systems | 0.76 |
| Other manufacturing industries | 0.82 |

**What are the qualifying criteria? (continued)**

3. A qualifying building or structure has to be built on land zoned as Business 1 or Business 2 (excluding Business 1 White or Business 2 White) under the URA's Master Plan.
   Please refer to http://www.ura.gov.sg/MP2008/written_statement.htm for further details on the zoning interpretation.

**What are the qualifying capital expenditure?**

In general, qualifying capital expenditure refers to the following costs of the construction or renovation/extension of qualifying building or structure incurred on or after 23 February 2010. These include:

- cost of feasibility studies on the layout of buildings or structures
- design fees
- cost of preparing plans for obtaining approval
- piling, construction and renovation/extension cost
- demolition costs
- legal and professional fees
- stamp duty.

Additional capital expenditure incurred to renovate or extend the existing building or structure to increase the building's/structure's GPR may qualify for the LIA incentive, provided approval is granted.

**How is the LIA incentive computed?**

1. Initial Allowance (IA)

Generally, the IA is granted while the qualifying building or structure is under construction or renovation/extension. Qualifying businesses can claim 25 percent of qualifying capital expenditure incurred during the basis period for the Year of Assessment (YA) 2011 onwards. The basis period for any YA refers to the immediate preceding financial year.

2. Annual Allowance (AA)

The AA of 5 percent of the qualifying capital expenditure is granted for each YA, provided the following conditions are satisfied:

a. the construction/renovation/extension works are completed
b. the completed building or structure meets the relevant GPR benchmark
c. at least 80 percent of the total floor area of the building or structure is in use by a single user for carrying out the qualifying business.

**What if there is a change in the use of the qualifying building or structure?**

- **Where the predominant use of the qualifying building or structure changes from a qualifying business to a different qualifying business**, the claim of the LIA incentive under the latter can be continued, provided approval is granted.

- **Where the qualifying building or structure may cease permanently to be used or cease permanently to be used to carry out the qualifying business/activity**, no AA will be granted from the YA relating to the basis period.

- **Where the qualifying building or structure is transferred to an amalgamated company** under a qualifying amalgamation (prescribed under Section 34C of the Singapore Income Tax Act), AA will be granted to any balance of the qualifying capital expenditure. This is provided the amalgamated company meets the conditions under the LIA incentive.

- **Where the qualifying building or structure is sold or transferred**, no further AA can be claimed and the allowances previous allowances granted would not be clawed back.

**What are the options if there is unutilised LIA?**

Where the income of the taxpayer in any YA is not sufficient to absorb the IA or AA, the unutilised LIA incentive can be either:

a. carried forward for set off against the taxpayer's future income
b. carried back for set off against the taxpayer's past income
c. transferred to related companies under the Group Relief System.

The above are subject to the taxpayer meeting the prevailing conditions under those systems.

**Are businesses required to make an application for the LIA incentive?**

The LIA incentive is not available automatically. The businesses are required to submit an application to the Economic Development Board (EDB). The approvals for the LIA incentive are granted from 1 July 2010 to 30 June 2015 (both dates inclusive). Once approval is granted, the EDB has to be notified of the disuse or change in the qualifying business of the qualifying building or structure.

**When should the effect of the LIA incentive be reflected in the financial statements?**

The effect of a change in tax laws should be accounted for in the financial periods ending on or after the date of substantive enactment of the new tax laws. This is provided that the entity is not subject to substantive conditions that are outside its control. As the EDB approval is a substantive condition, an entity should account for the LIA incentive in its financial statements only when such EDB approval has been obtained.

For example, Company Z's financial year end is 31 December 2010. If Z has not received such EBD approval as at 31 December 2010, it should not calculate income tax allowances and measure deferred taxes by taking into account the LIA incentive. This applies even if it had incurred qualifying expenditure on or after 23 February 2010.

**What is the accounting treatment for LIA?**

We will be discussing the accounting treatment for LIA in the next issue of *Financial Reporting Matters* (September 2011).

**Find out more**

For more detailed information on the Land Intensification Allowance Incentive, you can access the websites of EDB and IRAS at:
http://www.sedb.com/etc/medialib/downloads/industries.Par.50650.File.dat/LIA_Circular.pdf and http://www.iras.gov.sg/irasHome/page04.aspx?id=10138



# International developments

## IFRS 10 *Consolidated Financial Statements* and *IAS 27 (2011) Separate Financial Statements*

On 12 May 2011, the IASB issued IFRS *10 Consolidated Financial Statements* to replace the existing consolidation requirements under IAS 27 (2008*) Consolidated and Separate Financial Statements* and *SIC-12 Consolidation – Special Purpose Entities*. IAS 27 (2008) survives as IAS 27 (2011) *Separate Financial Statements* to carry forward existing accounting and disclosure requirements for separate financial statements.

IFRS 10 establishes control as the basis for determining which entities are consolidated. It provides a single model to be applied in the control analysis for all investees, including special purpose entities that are currently within the scope of SIC-12.

The standard provides guidance on how to apply the control principle, including circumstances involving de-facto control and agency relationships, and whether voting rights or rights other than voting are relevant in assessing control. IFRS 10 also carries forward the existing consolidation procedures from IAS 27 (2008).

IFRS 10 and IAS 27 (2011) are effective for annual periods beginning on or after 1 January 2013. IFRS 10 is applied retrospectively with certain transitional provisions, including no changes to historical figures required when there is no change in the control conclusion.

Early adoption is permitted provided that the entire consolidation suite is adopted at the same time. The 'consolidation suite' of standards includes IFRS 10, IFRS 11 *Joint Arrangements*, IFRS *12 Disclosure of Interests in Other Entities*, IAS 27 (2011) and IAS 28 (2011*) Investments in Associates and Joint Ventures.*

In Singapore, the ASC has not yet issued the equivalent standards.

## IFRS 11 Joint Arrangements and IAS 28 (2011) Investments in Associates and Joint Ventures

On 12 May 2011, the IASB issued IFRS 11 *Joint Arrangements* to replace the existing accounting for joint ventures (now joint arrangements) under IAS 31 *Interests in Joint Ventures* and *SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. IAS 28 (2011) *Investments in Associates and Joint Ventures* was also issued to make limited amendments to the accounting for associates.

IFRS 11 applies to all parties to a joint arrangement including those who participate in, but do not have joint control of, a joint arrangement. The standard prescribes the accounting for joint operations and joint ventures in both consolidated and separate financial statements. It requires that the type of joint arrangement be determined based on the rights and obligations of the parties to the arrangement, rather than the structure of the arrangement as currently prescribed by IAS 31.

IFRS 11 also requires joint ventures to be accounted for using the equity method under IAS 28 (2011) and removes the existing accounting policy choice of equity accounting or proportionate consolidation under IAS 31.

IAS 28 (2011) now prohibits the retained interest to be remeasured when an investment in associate becomes an investment in joint venture, and vice versa.

IFRS 11 and IAS 28 (2011) are effective for annual periods beginning on or after 1 January 2013. IFRS 11 is applied retrospectively with certain transitional provisions, including specific requirements to simplify restatements. Early adoption is permitted provided that the entire consolidation suite is adopted at the same time.

In Singapore, the ASC has not yet issued the equivalent standards.

### IFRS 12 *Disclosure of Interests in Other Entities*

On 12 May 2011, the IASB issued IFRS *12 Disclosure of Interests in Other Entities* to integrate and make the disclosure requirements for interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities consistent.

IFRS 12 combines the existing disclosure requirements in a single disclosure standard. It requires the disclosure of summarised financial information about each subsidiary that has material non-controlling interests as well as each material associate and joint venture. It also sets out new disclosure requirements such as financial or other support provided to consolidated and unconsolidated structured entities, and financial information about unconsolidated structured entities that the reporting entity had sponsored.

IFRS 12 is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted provided that the entire consolidation suite is adopted at the same time.

In Singapore, the ASC has not yet issued the equivalent standard.

### IFRS 13 *Fair Value Measurement*

On 12 May 2011, the IASB issued IFRS 13 *Fair Value Measurement.*

Prior to the introduction of IFRS 13, there was no single source of guidance on fair value measurement and inconsistencies in guidance added to the complexity of financial reporting.

IFRS 13 defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

IFRS 13 defines *fair value* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and is to be applied prospectively.

In Singapore, the ASC has not yet issued the equivalent standard.

## Second public consultation on the Trustees of the IFRS Foundation's Strategy Review

On 28 April 2011, the Trustees of the IFRS Foundation (the Trustees) issued for public comment a second consultation paper that sets out the preliminary conclusions of their Strategy Review.

In the consultation paper, the Trustees set out principles and recommendations covering four areas:

1. **Mission:** defining the public interest to which the IFRS Foundation is committed.
2. **Governance:** independence and public accountability.
3. **Process:** ensuring that standards are of high quality, meet the requirements of well-functioning capital markets and are implemented consistently across the world.
4. **Financing:** ensuring the organisation is financed in a manner that permits it to operate effectively, efficiently and independently.

The Trustees have invited comments on the consultation paper by 25 July 2011. In Singapore, the ASC requested for comments on the consultation paper and the comment period closed on 3 June 2011.

### Find out more

For a more detailed update on these, you can access our website at:
http://www.kpmg.com/SG/en/IssuesAndInsights/Pages/InTheHeadlines.aspx

# Common abbreviations

| | |
|---|---|
| ASC | Accounting Standards Council in Singapore |
| ACRA | Accounting & Corporate Regulatory Authority |
| DP | Discussion paper |
| ED | Exposure Draft |
| FASB | U.S. Financial Accounting Standards Board |
| FSP | FASB Staff Position |
| FRS | Singapore Financial Reporting Standard |
| GAAP | Generally Accepted Accounting Principles |
| IAS | International Accounting Standard |
| IAASB | International Auditing and Assurance Standards Board |
| IASB | International Accounting Standards Board |
| IASC | International Accounting Standards Committee |
| ICPAS | Institute of Certified Public Accountants of Singapore |
| IFRIC | International Financial Reporting Interpretations Committee |
| IFRS | International Financial Reporting Standard |
| INT FRS | Interpretation of Financial Reporting Standard |
| IRAS | Inland Revenue Authority of Singapore |
| SGX | Singapore Exchange Ltd |
| YA | Year of assessment |

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