Deloitte.

Changes to the financial reporting framework in Singapore

MAKING AN IMPACT THAT MATTERS since 1845

December 2022

The information in this booklet was prepared by the IFRS Centre of Excellence* of Deloitte & Touche LLP in Singapore ("Deloitte Singapore") to provide general information. It is recommended that readers seek appropriate professional advice regarding the application of its content to their specific situation and circumstances. This booklet should not be relied upon as a substitute for such professional advice. Partners and professional staff of Deloitte Singapore would be pleased to advise you. While all reasonable care has been taken in the preparation of this booklet, Deloitte Singapore accepts no responsibility for any errors it might contain, whether caused by negligence or otherwise, or for any loss, howsoever caused, incurred by any person as a result of relying on it.

Acronyms

ACRA	Accounting and Corporate Regulatory Authority
AD	Agenda Decision issued by the IFRS IC
ASC	Accounting Standards Council
ED	Exposure Draft issued by the IASB
FRB	Financial Reporting Bulletin issued by the ISCA
FRG	Financial Reporting Guidance issued by the ISCA
FRS	Singapore Financial Reporting Standards issued by the ASC
IAS	International Accounting Standards issued by the IASB
IASB	International Accounting Standards Board
IFRIC	Interpretation of International Financial Reporting Standards issued by the IFRS IC
IFRS	International Financial Reporting Standards issued by the IASB
IFRS IC	IFRS Interpretations Committee
INT FRS	Interpretation of Singapore Financial Reporting Standards issued by the ASC
ISCA	Institute of Singapore Chartered Accountants
ISSB	International Sustainability Standards Board
RAP	Recommended Accounting Practice issued by the ISCA
SFRS(I)	Singapore Financial Reporting Standards (International) issued by the ASC
SFRS(I) INT	Interpretation of Singapore Financial Reporting Standards (International) issued by the ASC
SGX	Singapore Exchange Limited
SGX LR	SGX Listing Rules
SGX RegCo	Singapore Exchange Regulation
SGX-ST	Singapore Exchange Securities Trading Limited
SIC	Standing Interpretations Committee
TB	Technical Bulletin issued by the ISCA

*Deloitte Singapore is one of the Deloitte IFRS Centres of Excellence ("COE") around the world. The IFRS COE accreditation was awarded by the Deloitte Global IFRS Leadership Team as recognition of Deloitte Singapore's team of IFRS experts with evidenced market leadership in IFRS.

23rd edition
Contents of booklet current as of 30 November 2022

Contents

Contents

Introduction

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

In this edition, we provide:

- summaries of the new/revised SFRS(I)s issued, organised by effective dates;
- comparison of SFRS(I) against IFRS;
- comparison of FRS against IFRS; and
- summaries of other financial reporting matters arising from regulatory updates and guidance issued by ACRA and ISCA.

We have retained the relevant summaries of new/revised SFRS(I)s included in the 2021 edition that are effective for 2022 financial year and beyond. For Standards that are not effective yet, entities will need to consider and disclose in their current financial statements, the possible effects that these new/revised SFRS(I)s might have in the period of initial application.

A list of recent Agenda Decisions (ADs) issued by the IFRS Interpretations Committee (IFRIC IC) has been included for reference as they often include explanatory material to improve the consistency of application of IFRSs which are relevant to Singapore entities reporting under SFRS(I)s.

Section 1: Financial reporting standards

New/amended standards/interpretation effective for annual periods beginning on 1 April 2021

	Title	Effective Date	Year Issued
SFRS(I) 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*	1-Apr-21	2021

Amendment to SFRS(I) 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

Overview

In 2020, SFRS(I) 16 was amended to provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification. Among other conditions, the amendment in 2020 permits a lessee to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

Due to the ongoing nature of the pandemic, the date was extended to permit a lessee to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, in a 2021 amendment.

Effective Date

The 2021 amendment is effective for annual reporting periods beginning on or after 1 April 2021. A lessee is permitted to apply the amendment early, including in financial statements not authorised for issue at 31 March 2021, the date the final amendment was issued.

A lessee applies the amendment retrospectively. As such, it would recognise the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

A lessee must apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the 2020 amendment or the 2021 amendment.

New/amended standards/interpretation effective for annual periods beginning on 1 January 2022

	Title	Effective Date	Year Issued
SFRS(I) 3	*References to the Conceptual Framework*	1-Jan-22	2020
SFRS(I) 1-16	*Property, Plant and Equipment—Proceeds before Intended Use*	1-Jan-22	2020
SFRS(I) 1-37	*Onerous Contracts—Cost of Fulfilling a Contract*	1-Jan-22	2020
Various	*Annual Improvements to SFRS(I)s 2018-2020*	1-Jan-22	2020

Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*

Overview

The amendments update a reference in SFRS(I) 3 *Business Combinations* to *The Conceptual Framework for Financial Reporting*. They also add to SFRS(I) 3 a requirement that, for obligations within the scope of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies SFRS(I) 1-37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of SFRS(I) INT 21 *Levies*, the acquirer applies SFRS(I) INT 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective Date

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*

Overview
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with SFRS(I) 1-2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. SFRS(I) 1-16 *Property, Plant and Equipment* now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Effective Date
The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*

Overview
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Effective Date
The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to SFRS(I)s 2018-2020

The Annual Improvements process provides a mechanism for dealing efficiently with a collection of minor amendments to SFRS(I)s. The Annual Improvements include amendments to four Standards as set out below:

Standard	Topic	Key amendments
SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*	Subsidiary as a First-time Adopter	The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in SFRS(I) 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to SFRS(I)s, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in SFRS(I) 1:D16(a).
SFRS(I) 9 *Financial Instruments*	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to financial liabilities that are modified or exchanged on or after the date in which the entity first applies the amendment.
SFRS(I) 16 *Leases*	Lease Incentives	The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to SFRS(I) 16 only relates to an illustrative example, no effective date is stated.
SFRS(I) 1-41 *Agriculture*	Taxation in Fair Value Measurements	The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in SFRS(I) 1-41 with the requirements of SFRS(I) 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

Effective Date

These amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

New/amended standards/interpretation effective for annual periods beginning after 1 January 2021

	Title	Effective Date*	Year Issued
SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1-Jan-23[1]	2020
SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current—Deferral of Effective Date*	-	2020
SFRS(I) 17	*Insurance Contracts*	1-Jan-23[2]	2018
SFRS(I) 17	*Amendments to SFRS(I) 17*	1-Jan-23	2020
SFRS(I) 4	*Extension of the Temporary Exemption from applying SFRS(I) 9*	-	2020
Various	*Disclosure of Accounting Policies*	1-Jan-23	2021
SFRS(I) 1-8	*Definition of Accounting Estimates*	1-Jan-23	2021
SFRS(I) 1-12, SFRS(I) 1	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1-Jan-23	2021
SFRS(I) 17, SFRS(I) 9	*Initial Application of SFRS(I) 17 and SFRS(I) 9—Comparative Information*	1-Jan-23	2021

*Applies to annual periods beginning on or after the date shown, with early application permitted unless stated otherwise. Initial application is retrospective unless there are specific transitional provisions indicating otherwise.

[1]Revised from 1 Jan 2022 to 1 Jan 2023 by Amendment to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current—Deferral of Effective Date* issued in 2020.

[2]Revised from 1 Jan 2021 to 1 Jan 2023 by Amendments to SFRS(I) 17 issued in 2020.

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

Overview

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Effective Date

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

SFRS(I) 17 *Insurance Contracts*

Introduction

SFRS(I) 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes SFRS(I) 4 *Insurance Contracts*. The objective of SFRS(I) 17 is to ensure that an entity provides relevant information that faithfully represents rights and obligations from insurance contracts it issues. It provides a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

SFRS(I) 17 specifies how an entity recognises, measures, presents and discloses:

- insurance contracts (a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder) it issues.
- reinsurance contracts (an insurance contract issued by one entity (the reinsurer) to compensate another entity for claims arising from one or more insurance contracts issued by that entity (underlying contracts)) it holds or issues.
- investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

Main features

SFRS(I) 17 measures insurance contract either under the General Model or a simplified version of this, called the Premium Allocation Approach (PAA).

The main features of the measurement approach applied in the General Model are that:

- estimates and assumptions of future cash flows are always current;
- measurement reflects the time value of money;
- estimates make maximum use of observable market consistent information;
- there is a current and explicit measurement of risk;
- expected profit is deferred and aggregated in groups of insurance contracts at initial recognition; and
- expected profit is recognised over the coverage period after adjustments from changes in the cash flows assumptions related to each group of contracts.

Separating components from an insurance contract

An insurance contract may contain one or more distinct components that would be within the scope of another standard if they are separate contracts. Many insurance contracts may contain an investment component or an obligation to sell non-insurance goods and/or services ("service component"). SFRS(I) 17 includes criteria to determine when a non-insurance component is distinct from the host insurance contract. A distinct investment component or distinct service component should be separated from a host insurance contract and the separated element should be accounted under SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*, respectively.

Aggregation of insurance contracts

SFRS(I) 17 requires entities to identify portfolios of insurance contracts, which comprise contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together.

Recognition
A group of insurance contracts is recognised from the earliest of:

(a) the beginning of the coverage period of the group of contracts;
(b) the date when the first payment from a policyholder in the group becomes due; and
(c) for a group of onerous contracts when the group becomes onerous.

Initial measurement
On initial recognition, an entity measures a group of insurance contracts at the total of the amount of fulfilment cash flows ("FCF") and the contractual service margin ("CSM").

FCF comprises:

(a) the estimates of future cash flows;
(b) an adjustment to reflect the time value of money ("TVM") and the financial risks associated with the future cash flows; and
(c) a risk adjustment for non-financial risk ("RA").

The CSM represents the unearned profit of the group of insurance contracts that the entity will recognise as it provides services in the future and is measured on initial recognition at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

(a) the initial recognition of the FCF;
(b) the derecognition at that date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and
(c) any cash flows arising from the contracts in the group at that date.

The CSM cannot be negative, as this would indicate the contract is onerous.

Subsequent measurement
The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of:

(a) the liability for remaining coverage (comprising the FCF related to future services plus a measure of the CSM yet to be earned); and
(b) the liability for incurred claims (comprising the FCF related to past service allocated to the group),

both determined as at that date.

The CSM of a group of contracts is adjusted at the end of each reporting period to reflect the following:

(a) addition of new contracts to the group;
(b) accretion of interest at the locked-in rate;
(c) changes in FCF relating to future coverage or other services;
(d) foreign currency exchange differences; and
(e) amount recognised in profit or loss relating to the transfer of services in the period.

An entity shall recognise income and expenses for changes in the carrying amount of liability for remaining coverage ("LRC") and that for incurred claims ("LIC") separately, as set out in the table below:

	Changes in the carrying amount of LRC	Changes in the carrying amount of LIC
Insurance revenue	• Reduction in the LRC because of service provided in the period	• Not applicable
Insurance service expense	• Losses on groups of onerous contracts and reversal of such losses	• Increases in the LIC because of claims and expenses incurred in the period • Subsequent changes in FCF relating to incurred claims and incurred expenses
Insurance finance income or expense	• Effect of the TVM caused by the passage of time; and • Effect of changes in assumptions that relates to financial risk	• Effect of changes in assumptions that relates to financial risk

An insurance contract is treated as a monetary item under SFRS(I) 1-21 *The effect of Changes in Foreign Exchange Rates*, with exchange differences on changes in the carrying amounts of groups of insurance contracts included in profit or loss, unless they relate to changes included in OCI.

Onerous contracts
An insurance contact is onerous at the date of initial recognition if the FCF allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at that date of initial recognition in total is a net outflow. An entity shall recognise a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF and the CSM of the group being zero.

On subsequent measurement, if a group of insurance contracts becomes onerous (or more onerous), that excess shall be recognised in profit or loss. Additionally, the CSM cannot increase and no revenue can be recognised, until the onerous amount previously recognised has been reversed in profit or loss as part of a service expense.

Insurance contracts with direct participating features (direct par insurance contracts)
Many insurance contracts allow policyholders to participate in investment returns with the insurer, in addition to compensation for losses from insured risk. Not all participating contracts meet the definition of direct par insurance contracts, which need to satisfy all three of the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns from the underlying items; and
- a substantial proportion of the cash flows that the entity expects to pay to the policyholder should be expected to vary with the cash flows from the underlying items.

Direct par insurance contracts are viewed as creating an obligation for the entity to pay to the policyholder an amount equal to the underlying items less a variable fee for service. A variable fee comprises the entity's share of the fair value of the underlying items less amounts payable to the policyholder that do not vary based on the underlying items (e.g., expenses paid to fulfil the contract). The General Model is modified for such contacts and it is referred to as the "variable fee approach" or "VFA".

Those participating contracts not meeting the definition of direct par insurance contracts are called indirect participation contracts, and are accounted for using the General Model.

Investment contracts with discretionary participation features
An investment contract with discretionary participation features does not include a transfer of significant insurance risk. Consequently, the requirements in SFRS(I) 17 are modified as follows:

- the date of initial recognition is the date the entity becomes party to the contract.
- the contract boundary is modified so that cash flows are within the contract boundary if they result from a substantive obligation of the entity to deliver cash at a present or future date. The entity has no substantive obligation to deliver cash if it has the practical ability to set a price for the promise to deliver the cash that fully reflects the amount of cash promised and related risks.
- the allocation of the contractual service margin is modified so that the entity shall recognise the contractual service margin over the duration of the group of contracts in a systematic way that reflects the transfer of investment services under the contract.

Variable Fee Approach
For direct par insurance contracts, the CSM is adjusted for any new contracts added to the group and the effects of foreign exchange movements. However, it is also adjusted for the changes in the entity's share of the fair value of the underlying items, except to the extent the changes give rise to a loss or a reversal of such loss. It is adjusted for the changes in the FCF relating to future coverage or other services (except to the extent that the changes give rise to a loss or its reversal). Unlike in the General Model, under the VFA this includes changes in estimates relating to the time value of money and financial risks, since for direct par insurance contracts these are considered related to future coverage. After making all these adjustments, part of the CSM is released and recognised as revenue because of the transfer of services in the period. This is determined by the allocation of the CSM at the end of the reporting period (before any allocation) over the current and remaining coverage period.

Changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items or changes in estimates of incurred claims and incurred expenses do not relate to future service and therefore do not adjust the CSM.

Premium allocation approach
An entity may simplify the measurement of the liability for the remaining coverage of a group of insurance contracts using the PAA on the condition that, at initial recognition, the entity reasonably expects that this will be an approximation of the General Model. Where, at the inception of the group, an entity expects significant variances in the FCF during the period before a claim is incurred, such contracts are not eligible to apply the PAA. Contracts with a coverage period of one year or less are automatically eligible for PAA.

The simplifications arising from the PAA do not apply to the measurement of the group's liability for incurred claims, measured under the General Model. However, there is no need to discount those cash flows if the balance is expected to be paid or received one year or less from the date the claims are incurred.

Using the PAA, the liability for remaining coverage shall be initially recognised at the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. This is subsequently adjusted for change in the composition of the group and amortisation of acquisition cash flows and reduced over the coverage period, with the reduction recorded as revenue, excluding any investment component paid or transferred to the liability for incurred claims.

If insurance contracts in the group have a significant financing component, the liability for remaining coverage needs to be discounted, however, this is not required if, at initial recognition, the entity expects that the time between providing each part of the coverage and the due date of the related premium is no more than a year.

In applying PAA, an entity may choose to recognise any insurance acquisition cash flows as an expense when it incurs those costs, provided that the coverage period at initial recognition is no more than a year.

Reinsurance contracts held
The requirements in SFRS(I) 17 are modified for reinsurance contracts held.

An entity shall recognise a group of reinsurance contracts held:

- if the reinsurance contracts held provide proportionate coverage – at the beginning of the coverage period of the group of reinsurance contracts or initial recognition of any underlying contract, whichever is the later; and
- in all other cases – from the beginning of the coverage period of the group of reinsurance contracts held.

In estimating the present value of future expected cash flows for reinsurance contracts, entities use assumptions consistent with those used for related direct insurance contracts. Additionally, the estimates shall include the risk of reinsurer's non-performance.

The risk adjustment for non-financial risk is estimated to represent the transfer of risk from the holder of the reinsurance contract to the reinsurer.

On initial recognition, the CSM is determined similarly to that of direct insurance contracts issued, except that the CSM represents net gain or loss on purchasing reinsurance. On initial recognition, this net gain or loss is deferred, unless the net loss relates to events that occurred before purchasing a reinsurance contract (in which case it is expensed immediately).

Subsequently, reinsurance contracts held are accounted similarly to insurance contracts under the general model. Changes in reinsurer's risk of non-performance are reflected in profit or loss, and do not adjust the CSM.

Presentation in the statement of financial position
Separate presentation is required for:

- Insurance contracts issued that are assets
- Insurance contracts issued that are liabilities
- Reinsurance contracts issued that are assets
- Reinsurance contracts issued that are liabilities

Presentation in the statements of financial performance
Amounts recognised in profit or loss are disaggregated into:

(a) An insurance service result comprising insurance revenue (from the provision of coverage and other services) and insurance service expenses (incurred claims and other incurred expenses) and income or expenses from reinsurance contracts. Revenue and insurance service expenses shall exclude any investment components.
(b) Insurance finance income or expenses (reflecting the change in the carrying amount of the group of insurance contracts arising from the effect of the TVM and the effects of changes in assumptions that relate to financial risk, but generally excludes any such changes for groups of insurance contracts with discretionary participation feature (DPF) that would instead adjust the CSM).

SFRS(I) 17 provides an accounting policy choice to present all insurance finance income or expenses in profit or loss or to present in profit or loss only an amount determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of a group of contracts. If the latter option is taken, the remaining insurance finance income or expense is presented in other comprehensive income.

For insurance contracts with direct participation features, for which the entity holds the underlying items, an entity shall make an accounting policy choice between

(a) including insurance finance income or expenses for the period in profit or loss; or
(b) disaggregating insurance finance income or expenses for the period to include in profit or loss an amount that eliminates accounting mismatches with income or expenses included in profit or loss on the underlying items held.

Effective date
SFRS(I) 17 is applicable for annual reporting periods beginning on or after 1 January 2023 (amended from the original effective date of 1 January 2021). Early application is permitted for entities that apply SFRS(I) 9 and SFRS(I) 15 at or before the date of initial application of the standard. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which an entity first applies SFRS(I) 17, and the transition date is the beginning of the period immediately preceding the date of initial application.

Transition
An entity shall apply SFRS(I) 17 retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, an entity shall utilise reasonable and supportable information and maximise the use of information that would have been used to apply a full retrospective approach, but need only use information available without undue cost or effort. Under this approach the use of hindsight is permitted, if that is the only practical source of information for the restatement of prior periods.

Under the fair value approach, an entity determines the CSM at the transition date as the difference between the fair value of the group of insurance contracts at that date and the FCF measured at that date.

Using this approach, on transition there is no need for insurance contracts to be aggregated into annual groups.

At the date of initial application of SFRS(I) 17, those entities already applying SFRS(I) 9 may retrospectively re-designate and reclassify financial assets held in respect of activities connected with contracts within the scope of SFRS(I) 17. Entities can choose not to restate SFRS(I) 9 comparatives with any difference between the previous carrying amount of those financial assets and the carrying amount at the date of initial application recognised in the opening equity at the date of initial application. Any restatements of prior periods must reflect all the requirements of SFRS(I) 9.

Amendments to SFRS(I) 17 *Insurance Contracts*

The amendments were issued to address concerns and implementation challenges that were identified after SFRS(I) 17 was published. The amendments defer the date of initial application of SFRS(I) 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

The main changes are:

- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination.
- Clarification of the application of SFRS(I) 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
- Several small amendments regarding minor application issues.

Effective Date
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to SFRS(I) 4 *Extension of the Temporary Exemption from Applying SFRS(I) 9*

As a result of the amendments made to SFRS(I) 17 to defer the date of initial adoption of SFRS(I) 17, the amendments to SFRS(I) 4 extend the fixed expiry date of the temporary exemption from applying SFRS(I) 9 in SFRS(I) 4 to annual reporting periods beginning on or after 1 January 2023.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*

Overview

Under the existing SFRS(I) 1-1 *Presentation of Financial Statements*, an entity is required to disclose its “significant” discounting policies. The amendments now require disclosure of any entity’s “material” accounting policies instead. The amendments also explain how an entity can identify a material accounting policy and examples were added to provide guidance on when an accounting policy is likely to be material.

The SFRS(I) Practice Statement 2 was amended to provide guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’.

Effective Date

The amendments are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. As the amendments to SFRS(I) Practice Statement 2 provide non-mandatory guidance on the application of the definition of material accounting policy information, it does not include an effective date or transition requirements.

Amendments to SFRS(I) 1-8 Definition of Accounting Estimates

Overview

As entities faced challenges in distinguishing accounting policies and accounting estimates, SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors* was amended to replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The amendments also clarify that a change in accounting estimates that result from new information or new developments is not the correction of an error. In addition, the effects of a change in input or a measurement technique used to develop accounting estimates are changes in accounting estimates if they do not result from the correction of prior period errors.

Effective Date

The amendments are effective for annual periods beginning on or after 1 January 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

Amendments to SFRS(I) 1 and SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Overview

Before this amendment, it was not clear whether SFRS(I) 1-12 *Income Taxes* required recognition of deferred taxes for the offsetting temporary differences arising from simultaneous recognition of asset and liability or whether the initial recognition exemption can be applied. That exemption prohibits an entity from recognising deferred tax assets and liabilities on initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable profit.

SFRS(I) 1-12 was amended to introduce an exception to the initial recognition exemption where an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. This is applicable to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognised as assets at the beginning of the earliest comparative period presented.

Effective Date

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

First-time adopters apply these provisions at the date of transition to SFRS(I) Standards.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early application of the amendments is permitted.

Amendments to SFRS(I) 17 *Initial Application of SFRS(I) 17 and SFRS(I) 9—Comparative Information*

Overview

Insurance entities may have elected to apply the temporary exemption that allows them to defer the adoption of SFRS(I) 9 until they apply SFRS(I) 17. However, the two standards have different requirements with respect of the comparative information presented on initial application. SFRS(I) 17 requires entities to present at least one restated comparative period, while SFRS(I) 9 permits (but does not require) restatement of comparative periods. SFRS(I) 9 prohibits entities from applying SFRS(I) 9 to financial assets derecognised before the date of initial application of SFRS(I) 9.

The main amendment is a narrow-scope amendment to the transition requirements of SFRS(I) 17 for entities that first apply SFRS(I) 17 and SFRS(I) 9 at the same time. The amendment relates to financial assets for which comparative information presented on initial application of SFRS(I) 17 and SFRS(I) 9 has not been restated for SFRS(I) 9 (including financial assets that have been derecognised in the comparative period).

Applying the amendment, an entity is permitted to present comparative information about such financial assets as if the classification and measurement requirements of SFRS(I) 9 had been applied to the financial assets. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of SFRS(I) 9.

The amendment is also available for entities that have applied SFRS(I) 9 before they apply SFRS(I) 17. For these entities, the classification overlay applies to financial assets that have been derecognised in the comparative period and permits an entity to apply the redesignation requirements of SFRS(I) 17 based on how the entity expects the assets would have been designated at initial application of SFRS(I) 17.

Effective Date

The amendment is effective at the time an entity first applies SFRS(I) 17.

Deferred indefinitely, effective date to be determined by the ASC

	Title	Effective Date	Year Issued
SFRS(I) 10, SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined	2017

Amendments to SFRS(I) 10, SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Background and amendment

The amendments address an acknowledged inconsistency between the requirements in SFRS(I) 10 *Consolidated Financial Statements* and those in SFRS(I) 1-28 *Investments in Associates and Joint Ventures*, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

In such a transaction, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity:

- sells or contributes assets that constitute a business to a joint venture or associate; or
- loses control of a subsidiary that contains a business but it retains joint control or significant influence;

the gain or loss resulting from that transaction is recognised in full.

When an entity:

- sells or contributes assets that do not constitute a business to a joint venture or associate; or
- loses control of a subsidiary that does not contain a business but it retains joint control or significant influence;

the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

Effective date

The ASC has deferred the effective date of the amendments indefinitely. Early application of the amendment remains to be permitted.

Amendments issued by the IASB but not yet issued by the ASC

	Title	Effective Date	Year Issued
IFRS 16	*Lease Liability in a Sale and Leaseback Amendments to IFRS 16*	2024	2022
IAS 1	*Non-current Liabilities with Covenants*	2024	2022

Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*

Overview

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, an Illustrative Example in IFRS 16 is amended and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

Effective Date

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Amendments to IAS 1 *Non-current Liabilities with Covenants*

Overview

The amendments to IAS 1 issued in 2022 (2022 amendments) specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Effective Date

The 2022 amendments are applied retrospectively in accordance with IAS 8 for annual reporting periods beginning on or after 1 January 2024. Earlier application of the 2022 amendments is permitted. If an entity applies the 2022 amendments for an earlier period, it is also required to apply the 2020 amendments early.

At the same time, the effective date of the 2020 amendments is aligned to 1 January 2024. An entity that applies the 2020 amendments after the publication of the 2022 amendments is required to also apply the 2022 amendments for that period.

Summary of key differences between SFRS(I) and IFRS

Accounting Standards Council (ASC) issued the first volume of the SFRS(I) in December 2017. It contains the equivalent text of IFRS standards and interpretations issued by the IASB and the IFRIC respectively at 31 December 2017 that are applicable for annual reporting period beginning on 1 January 2018.

In the SFRS(I) Standards, paragraphs with prefix 'IFRS' refer to effective date, transition provisions and/or other text extracted from IFRSs. An entity that is not a first-time adopter shall apply those requirements, if applicable (e.g. a transitioning entity which stated compliance with IFRSs in its most recent previous year financial statements).

Paragraphs that are specific to SFRS(I)s are indicated with a prefix 'SG'.

Below are the key difference between SFRS(I) and IFRS.

Description	IFRS	SFRS(I)
Consolidation exemption criteria (parent's reporting framework)	Parent produces consolidated financial statements that comply with IFRS [IFRS 10.4(a)]	Parent produces consolidated financial statements that comply with SFRS(I) or IFRS [SFRS(I) 10.4(a)]

Issue dates by IASB and ASC may also differ, for example (for effective dates from 2022)			Issue dates	
	Pronouncements	Effective	IFRS	SFRS(I)/SFRS
IFRS 17	*Insurance Contracts*	2023	18 May 17	29 Mar 18
IAS 1	*Classification of Liabilities as Current or Non-current*	2023	23 Jan 20	29 May 20
IFRS 3	*Reference to the Conceptual Framework*	2022	14 May 20	30 Jul 20
IAS 37	*Onerous Contracts—Cost of Fulfilling a Contract*	2022	14 May 20	30 Jul 20
IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*	2022	14 May 20	30 Jul 20
Annual Improvements	*Annual Improvements to IFRS® Standards 2018–2020*	2022	14 May 20	30 Jul 20
IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*	-	25 Jun 20	27 Nov 20
IFRS 17	*Amendments to IFRS 17*	2023	25 Jun 20	27 Nov 20
IAS 1	*Classification of Liabilities as Current or Non-current—Deferral of Effective Date*	-	15 Jul 20	23 Jul 20

Issue dates by IASB and ASC may also differ, for example (for effective dates from 2022)			Issue dates	
	Pronouncements	Effective	IFRS	SFRS(I)/SFRS
IAS 8	*Definition of Accounting Estimates*	2023	12 Feb 21	7 Jun 21
Practice Statement 2, IAS 1, IFRS 8, IAS 34, IAS 26, IFRS 7	*Disclosure of Accounting Policies*	2023	12 Feb 21	7 Jun 21
IFRS 1, IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	2023	7 May 21	15 Sep 21
IFRS 17, IFRS 9	*Initial Application of IFRS 17 and IFRS 9—Comparative Information*	2023	9 Dec 21	14 Dec 21
IFRS 16	*Lease Liability in a Sale and Leaseback Amendments to IFRS 16*	2024	22 Sep 22	Not yet issued
IAS 1	*Non-current Liabilities with Covenants*	2024	31 Oct 22	Not yet issued

Summary of key differences between FRS and IFRS

The FRSs and INT FRSs issued by the Accounting Standards Council (ASC) are largely aligned with the IFRS and interpretations issued by the IASB and the IFRS IC respectively. Differences in effective dates relating to periods before 2018 are not included here. Below, we identify the key differences between FRS and IAS/IFRS as at the date of this publication:

FRS	Content	IAS/IFRS	Comments
FRS 16	*Property, Plant and Equipment*	IAS 16	FRS 16 exempts regular revaluation of assets for which any one-off revaluation was performed between 1 January 1984 and 31 December 1996 (both dates inclusive) or for assets that were revalued prior to 1 January 1984. IAS 16 does not give such an exemption.
FRS 27, FRS 28 and FRS 110	*Consolidated Financial Statements and Accounting for Investments in Subsidiaries, Associates and Joint Ventures*	IAS 27, IAS 28 and IFRS 10	FRS 27 and FRS 110 exempt a parent from presenting consolidated financial statements if its holding company (immediate or ultimate) produces consolidated financial statements available for public use. Under IAS 27 and IFRS 10, such an exemption applies only if the holding company produces consolidated financial statements available for public use that comply with IFRS. Similar differences apply to the exemption from equity accounting for associates and joint ventures in FRS 28, compared to IAS 28.
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.
-	*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.
FRS 116	*Lease Liability in a Sale and Leaseback Amendments to IFRS 16*	IFRS 16	The amendment is effective for annual periods beginning on or after 1 January 2024. The amendment is not yet issued in Singapore.
FRS 1	*Non-current Liabilities with Covenants*	IAS 1	The amendment is effective for annual periods beginning on or after 1 January 2024. This amendment is not yet issued in Singapore.

IFRS Interpretations Committee Agenda Decisions

The IFRS Interpretations Committee (IFRS IC) is the interpretative body of the International Accounting Standards Board (Board) and works with the Board in supporting the understanding and consistent application of IFRS Accounting Standards. IFRS IC projects typically begin as an application question submitted for consideration and the IFRS IC decides whether a standard-setting project should be added to the work plan to address the question submitted.

An IFRS IC Agenda Decision (Agenda Decision) explains why a standard-setting project has not been added to the work plan and may include explanatory materials to improve the consistency of application of IFRS Accounting Standards. Agenda Decisions (and the included explanatory materials) do not add or change requirements in IFRS Accounting Standards. The explanatory material explains how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern described in the Agenda Decision.

Once an Agenda Decision is finalised it becomes a relevant piece of information in applying IFRS Accounting Standards. Explanatory material set out in Agenda Decisions, in essence, affirms the application of existing requirements. Therefore, an entity is required to apply the applicable IFRS Accounting Standard(s), reflecting the explanatory material in an Agenda Decision. An entity would be entitled to sufficient time to implement any necessary change in accounting policy that results from a published Agenda Decision. Nonetheless, it would be expected to implement the change on a timely basis i.e. as soon and as quickly as possible.

Entities applying the framework under SFRS(I), which is based on the IFRS Accounting Standards issued by the IASB, should also consider the impact of the Agenda Decisions on their financial statements. Where a change in accounting policy is required, an entity must account for the change applying SFRS(I) 1-8 and consider the related disclosures required leading up to the implementation of the change.

The Agenda Decisions published by the IFRS IC are available at the IFRS website. A list of Agenda Decisions finalised since 15 December 2021 to the date of this publication has been included below for reference.

IFRS	Agenda Decision	Finalisation Date
IFRS 16	*Economic Benefits from Use of a Windfarm*	17 Dec 21
IFRS 9, IAS 20	*Targeted Longer-Term Refinancing Operations (TLTRO) III Transactions*	28 Mar 22
IAS 7	*Demand Deposits with Restrictions on Use arising from a Contract with a Third Party*	28 Apr 22
IFRS 15	*Principal versus Agent: Software Reseller*	30 May 22
IFRS 17	*Transfer of Insurance Coverage under a Group of Annuity Contracts*	21 Jul 22
IAS 32	*Special Purpose Acquisition Companies (SPAC): Classification of Public Shares as Financial Liabilities or Equity*	21 Jul 22
IAS 37	*Negative Low Emissions Vehicle Credits*	21 Jul 22
IFRS 2, IAS 32	*Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition*	24 Oct 22
IFRS 17, IAS 21	*Multi-currency Groups of Insurance Contracts*	24 Oct 22
IFRS 16	*Lessor Forgiveness of Lease Payments*	24 Oct 22

Section 2: Other financial reporting matters

ACRA Financial Reporting Practice Guidance No. 1 of 2022: Areas of Review Focus for FY2022 Financial Statements under ACRA's Financial Reporting Surveillance Programme

In November 2022, the Accounting and Corporate Regulatory Authority (ACRA) issued Financial Reporting Practice Guidance No. 1 of 2022 to guide directors, especially those in Audit Committees (ACs), in reviewing FS. ACs are advised to pay close attention to these emerging risks and trends.

This year, the scope of the guidance has also been expanded to cover areas ACs should pro-actively engage their external auditors on, to drive sustainable audit quality. These areas include the auditor's assessment of risk, use of technology in audits, auditor independence, findings from ACRA's audit inspections and audit quality indicators.

Areas of review focus for FY2022 include the areas of accounting impact from:

- Geopolitical uncertainties
  - provisions
  - inventories
  - impairment risks
  - expected credit loss
  - investments

- Macroeconomic uncertainties
  - discount rates / inflation
  - debt covenants
  - going concern

- Climate change movements

The Practice Guidance is available for download at the ACRA website.

Financial Reporting Guidances (FRGs)

FRGs issued by ISCA (Institute of Singapore Chartered Accountants) provide technical guidance, views and insights on issues, and/or best practices in an area or industry. The following FRG has been approved for issue by the ISCA Financial Reporting Committee in 2022.

FRG	Description	Issued on
4	Accounting Considerations for a Special Purpose Acquisition Company (SPAC) under SGX SPAC Listing Framework	16 Nov 22

SPAC is a shell entity which raises capital from investors through a public listing for the sole purpose of acquiring another private company in the future. In recent years, SPACs have gained popularity as an alternative vehicle for a private company to achieve a stock exchange listing without going through its own initial public offering ("IPO"). After the acquisition by the SPAC, that private company becomes part of a listed public company.

In September 2021, SGX introduced a new regulatory framework for the listing of SPACs on its Mainboard to give companies an alternative listing avenue.

In November 2022, FRG 4 was issued by ISCA, through its Financial Reporting Committee (FRC), to provide guidance on key accounting considerations for SPACs throughout a typical SPAC life cycle under the SGX SPAC Listing Framework with financial statements prepared in accordance with SFRS(I)s, and draws attention to recent Agenda Decisions (ADs) issued by the IFRS Interpretations Committee ("IFRS IC") on certain specific SPAC-related arrangements. IFRIC ADs include explanatory material to facilitate greater consistency in the application of IFRSs which are relevant to Singapore entities reporting under SFRS(I)s.

The FRG 4 is available at the ISCA website.

Financial Reporting Bulletins (FRBs)

FRBs issued by ISCA are informative or educational publications issued to highlight emerging topical issues for consideration by the accountancy profession in Singapore. The following FRB has been approved for issue by the ISCA Financial Reporting Committee in 2022.

FRB	Description	Issued on
9 (Revised Feb 2022)	Accounting Implications of the Interest Rate Benchmark Reform in Singapore	21 Feb 22

FRB 9 addresses the accounting implications arising from the interest rate benchmark (IBOR) reform and is intended to assist entities holding financial contracts with reference benchmark interest rates that will be replaced by alternative benchmark rates during the IBOR reform to understand the accounting implications.

The revised FRB 9 has been updated from FRB 9 (issued in 14 October 2021) for the following:

- Additional background information on Fallback Rate (SOR);
- New accounting consideration for the assessment of benchmark interest rates based on SORA compounded in advance meeting Solely Payments of Principal and Interest (SPPI) criterion; and
- New accounting considerations on the use of Fallback Rate (SOR) in financial contracts and hedge accounting.

The revised FRB 9 is available at the ISCA website.

ISCA Technical Bulletin (TB)

In view of the wide-ranging implications arising from Environmental, Social, and Governance (ESG) considerations, the ISCA Auditing and Assurance Standards Committee (AASC) and Financial Reporting Committee (FRC) have formed a joint ESG working group (AASC-FRC ESG WG) to support the profession in dealing with implications relating to financial reporting and auditing in Singapore.

TB	Description	Issued on
1	Addressing Climate-Related Risks in Financial Statements and Audits of such Financial Statements	28 Oct 22

Climate-related risks can have a material impact on a company's business model, cash flow, financial position and financial performance. TB 1 has been issued to raise awareness and provide guidance on the considerations on the impact of climate-related risks and their potential implications on the financial statements.

An example of a Singapore entity in the transportation industry has been included in the TB to illustrate the climate-related risk considerations in financial reporting and audits of financial statements.

The TB is applicable to entities with financial statements:

- prepared in accordance with SFRS(I)s or FRSs; and/or
- audited in accordance with Singapore Standards on Auditing.

TB 1 is available at the ISCA website.

ISCA Climate Disclosure Guide - Taking First Steps Towards Climate-related Disclosures

In December 2021, the SGX listing rules was enhanced to require all issuers to provide climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) on a 'comply or explain' basis in their sustainability reports from the financial year (FY) commencing 2022. Climate reporting will subsequently be mandatory for issuers from FY2023 for companies in the financial, agriculture, food and forest products, and energy industries, and from FY2024 for companies in the materials and buildings, and transportation industries.

With increasing demand on climate-related disclosures, ISCA has issued a guide to help Singapore listed companies meet SGX's listing rules for climate reporting. The guide provides practical guidance on adopting the TCFD Recommendations including disclosures that illustrate how the various recommended disclosures can be met.

The guide includes examples of three-year implementation maturity pathway to progressively enhance the level of disclosures. Year 1 disclosures generally represent disclosures that organisations should take as a first step in reporting. Year 2 disclosures generally comprise more extensive or involved disclosures. Year 3 disclosures generally represent "best in class" reporting to date.

When using the guide to develop their own disclosures, adopters must tailor the disclosure examples included within the context and circumstances unique to their organisations.

The ISCA Climate Disclosure Guide is available at the ISCA website.

ACRA and SGX RegCo set up a Sustainability Reporting Advisory Committee to advance Sustainability Reporting for Singapore

In June 2022, the Sustainability Reporting Advisory Committee (SRAC) has been setup by the ACRA and SGX RegCo to advise on a sustainability reporting roadmap for Singapore-incorporated companies, beyond SGX-listed companies and to provide inputs on the suitability of international sustainability reporting standards for implementation in Singapore.

The press release is available at the ACRA website.

MAS and SGX Group Launch ESGenome Disclosure Portal to Streamline Sustainability Reporting and Enhance Investor Access to ESG Data

In September 2022, the Monetary Authority of Singapore (MAS) and Singapore Exchange (SGX Group) jointly launched ESGenome, a disclosure platform designed to support companies in their Environmental, Social, Governance (ESG) disclosure process.

ESGenome is designed to assist, simplify, and streamline sustainability reporting. On the platform, companies will have access to SGX Core ESG Metrics as well as global standards and frameworks such as the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainable Development Goals (SDG). In addition, companies can also create other custom metrics that are industry or company specific.

The press release is available at the SGX website.

SGX RegCo Consultation Paper on Board Renewal and Remuneration Disclosures

SGX RegCo has opened for public consultation its proposal for a hard nine-year limit on the tenure of independent board directors (IDs) and the removal of the two-tier voting mechanism for long-serving IDs.

To provide companies with sufficient time, it was proposed to give companies a one-year transition period to find suitable ID candidates before the hard tenure limit becomes effective.

Feedback was also sought to require companies to disclose the amount and breakdown of remuneration of each director and the chief executive officer (CEO) in the annual report on a named basis.

The consultation was closed on 17 November 2022 and SGX is currently reviewing the feedback.

The consultation paper is available at the SGX website.

ISSB Sustainability Reporting Standards

In November 2021, the IFRS Foundation established the International Sustainability Standards Board (ISSB) to develop, in the public interest, a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs. To facilitate this, the IFRS Foundation Trustees have published a revised constitution, which provides for the ISSB to sit alongside the International Accounting Standards Board (IASB) and to have a similar structure. The ISSB would address the breadth of sustainability topics that are critical to business, although they would prioritise climate initially given its urgency. Over time, further thematic and industry-specific standards will provide more specific requirements.

In March 2022, the ISSB issued two exposure drafts (EDs):

ED IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*

- Proposes overall requirements for an entity to disclose sustainability-related financial information about its significant sustainability-related risks and opportunities. It also proposes that an entity provide the market with a complete set of sustainability-related financial disclosures.

ED IFRS S2 *Climate-related Disclosures*

- Proposes requirements build upon the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and incorporate industry-based disclosure requirements derived from Sustainability Accounting Standards Board's (SASB) Standards.

The ISSB is currently redeliberating the proposals based on feedback received during the comments period which ended in July 2022.

Section 3: Deloitte Resources

Deloitte Resources

IASPlus – http://www.iasplus.com/ - provides Deloitte IFRS e-Learning modules, newsletters, IAS/IFRS model financial statements, disclosure checklist and a wealth of information on IAS/IFRS projects and issues.

http://www.deloitte.com/ provides links to websites of member firms around the world.

This booklet has been prepared by Deloitte Singapore for general information purposes. Users of the information may wish to contact the Clients & Markets Department for further information:

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2, #33-00
Singapore 068809
Telephone: +65 6224 8288
Facsimile: +65 6538 6166