

Companies (Accounting Standards) Regulations 2002

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No. S 644

COMPANIES ACT (CHAPTER 50)

COMPANIES (ACCOUNTING STANDARDS) REGULATIONS 2002

In exercise of the powers conferred by section 200A(1) of the Companies Act, the Accounting Standards Committee (known as the Council on Corporate Disclosure and Governance), with the approval of the Minister for Finance, hereby makes the following

Regulations:

Citation and commencement

1. These Regulations may be cited as the Companies (Accounting Standards) Regulations 2002 and shall come into operation on 1st January 2003.

Accounting Standards applicable to companies

2. The Accounting Standards applicable to companies shall be known as the Financial Reporting Standards and shall comprise —

- (a) the matters set out in the First, Fourth and Fifth Schedules; and
- (b) the International Accounting Standards or International Financial Reporting Standards set out in the second column of the Third Schedule, as modified by the Second Schedule and the third column of the Third Schedule.

FIRST SCHEDULE

Regulation 2(a)

PREFACE TO THE FINANCIAL REPORTING STANDARDS

1. The Council on Corporate Disclosure and Governance (hereafter referred to as “CCDG”) was established on 16th August 2002 to prescribe accounting standards for Singapore-incorporated companies, and to review and recommend corporate governance and disclosure practices on a continuing basis. The accounting standards prescribed by the CCDG are known as Financial Reporting Standards (hereafter referred to as “FRSs”), which are closely modelled after the International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The CCDG could also issue guidelines on accounting, disclosure and corporate governance matters.

2. FRSs set out recognition, measurement, presentation and disclosure requirements dealing with transactions and events that are important in general purpose financial statements. They also set out such requirements for transactions and events that arise mainly in specific industries. FRSs are based on the FRS Framework, which addresses the concepts underlying the information presented in general purpose financial statements. The objective of the FRS Framework is to facilitate the consistent and logical formulation of FRSs. The FRS Framework also provides a basis for the use of judgement in resolving accounting issues.

3. FRSs apply to all general purpose financial statements. Such financial statements are directed towards the common information needs of a wide range of users, for example, shareholders, creditors, employees and the public at large. The objective of financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to those users in making economic decisions.

4. A complete set of financial statements includes a balance sheet, an income statement, a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners, a cash flow statement, and accounting policies and explanatory notes. In the interest of timeliness and cost considerations and to avoid repeating information previously reported, a company may provide less information in its interim financial statements than in its annual financial statements. FRS 34, Interim Financial Reporting, prescribes the minimum content of complete or condensed financial statements for an interim period. The term “financial statements” includes a complete set of financial statements prepared for an interim or annual period, and condensed financial statements for an interim period.

5. In some cases, the CCDG permitted different treatments for given transactions and events. Usually, one treatment is identified as the “benchmark treatment” and the other as the “allowed alternative treatment”. The financial statements of an entity may appropriately be described as being prepared in accordance with FRSs whether they use the benchmark treatment or the allowed alternative treatment.

6. The CCDG’s objective is to require like transactions and events to be accounted for and reported in a like way and different transactions and events to be accounted for and reported differently, both within an entity over time and among entities.

7. Standards approved by the CCDG include paragraphs in bold type and plain type, which have equal authority. Paragraphs in bold type indicate the main principles. An individual standard should be read in the context of the objective stated in that standard and this Preface.

8. Interpretations of FRSs (hereafter referred to as “INT FRSs”) are prepared by the CCDG to give authoritative guidance on issues that are likely to receive divergent or unacceptable treatment, in the absence of such guidance.

9. Any limitation of the scope of an FRS is made clear in the standard.

10. If there are references made to FRSs and INT FRSs that have not been prescribed by the CCDG, these references will not take effect. However, the preparer of financial statements should take into consideration the applicability of the FRS Framework, all existing FRSs and all existing INT FRSs when preparing a financial statement.

Timing of application of Financial Reporting Standards

11. Companies are required to comply with the provisions of the Companies (Accounting Standards) Regulations 2002 in preparing their financial statements covering periods beginning on or after 1st January 2003.

12. Where the operative date of an FRS is before 1st January 2003, the FRS and any relevant transitional provision contained therein shall apply in relation to periods before 1st January 2003 only to determine the carried forward balances of financial statements covering periods beginning on or after 1st January 2003.

13. In respect of an FRS which becomes operative for financial statements covering periods beginning on or after 1st January 2003, it shall apply from the operative date as specified in the FRS.

14. Exposure drafts of new FRSs may be issued for comment and proposals contained therein may be subject to revision. Until the effective date of a new FRS, the requirements of any existing FRS that would be affected by proposals in an exposure draft will remain in force.

SECOND SCHEDULE

Regulation 2(b)

MODIFICATION OF CERTAIN TERMS USED IN INTERNATIONAL ACCOUNTING STANDARDS OR INTERNATIONAL FINANCIAL REPORTING STANDARDS

Any reference in an International Accounting Standard or International Financial Reporting Standard to —

- (a) “International Accounting Standard” or “International Financial Reporting Standard” shall be read as “Financial Reporting Standard”;
- (b) “IAS” or “IFRS” shall be read as “FRS”;
- (c) “Interpretation of the Standing Interpretations Committee” or “Interpretation of the International Financial Reporting Interpretations Committee” shall be read as “Interpretation of the Financial Reporting Standard”;
- (d) “SIC”, “SIC Interpretation” or “IFRIC Interpretation” shall be read as “INT FRS”;
- (e) “International Accounting Standards Committee Framework” or “International Accounting Standards Board Framework” shall be read as “Financial Reporting Standards Framework”;
and
- (f) “IASC Framework” or “IASB Framework” shall be read as “FRS Framework”.

THIRD SCHEDULE

Regulation 2(b)

ADOPTION AND MODIFICATION OF INTERNATIONAL ACCOUNTING STANDARDS OR INTERNATIONAL FINANCIAL REPORTING STANDARDS

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<i>Financial Reporting Standard (“FRS”)</i>	<i>International Accounting Standard/ International Financial Reporting Standard</i>	<i>Modification of International Accounting Standard/International Financial Reporting Standard for the purposes of FRS</i>
FRS 1 Presentation of Financial Statements	IAS 1 (revised 1997) Presentation of Financial Statements	Delete paragraphs 103 and 104 of IAS 1 and substitute the following paragraph: “103. FRS 1, Presentation of Financial Statements, is operative for financial statements covering periods

		beginning on or after <i>1st January 2000.</i> ”.
FRS 2 Inventories	IAS 2 (revised 1993) Inventories	<p>(i) Delete paragraphs 2, 23, 24 and 36 of IAS 2.</p> <p>(ii) Delete paragraph 41 of IAS 2 and substitute the following paragraph:</p> <p>“41. FRS 2, Inventories, is operative for financial statements covering periods beginning on or after <i>1st July 1997.</i>”.</p>
FRS 7 Cash Flow Statements	IAS 7 (revised 1992) Cash Flow Statements	<p>(i) Delete paragraph 2 of IAS 7.</p> <p>(ii) Delete paragraph 53 of IAS 7 and substitute the following paragraph:</p> <p>“53. FRS 7, Cash Flow Statements, is operative for financial statements covering periods beginning on or after <i>1st January 1995.</i>”.</p>
FRS 8 Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies	IAS 8 (revised 1993) Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies	<p>(i) Delete paragraph 2 of IAS 8.</p> <p>(ii) Delete paragraph 58 of IAS 8 and substitute the following paragraph:</p> <p>“58. FRS 8, Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies, is operative for financial statements covering periods beginning on or after <i>1st July</i></p>