ISCA INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

In collaboration with

SID SINGAPORE INSTITUTE OF DIRECTORS

IFRS Convergence 2018
Implementation Roadmap

Global Mindset, Asian Insights

About the Institute of Singapore Chartered Accountants

The Institute of Singapore Chartered Accountants (ISCA) is the national accountancy body of Singapore. ISCA's vision is to be a globally recognised professional accountancy body, bringing value to our members, the profession and wider community. There are over 32,000 ISCA members making their stride in businesses across industries in Singapore and around the world.

Established in 1963, ISCA is an advocate of the interests of the profession. Possessing a Global Mindset, with Asian Insights, ISCA leverages its regional expertise, knowledge, and networks with diverse stakeholders to contribute towards Singapore's transformation into a global accountancy hub.

ISCA is the Administrator of the Singapore CA Qualification and the Designated Entity to confer the Chartered Accountant of Singapore - CA (Singapore) - designation.

ISCA is a member of Chartered Accountants Worldwide (CAW). CAW brings together 11 chartered accountancy bodies connecting and representing the interests of over 1.6 million members and students globally.

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SID is the national association of company directors and was formed in 1998 to foster good governance and ethics in corporate leadership. SID's vision is to be the national association advancing the highest level of ethical values, governance, and professional development of directors. The SID's membership comprises mainly directors of commercial companies and non-profit organisations, as well as lawyers, accountants, academics and other professionals in the field of corporate governance.

SID provides thought leadership on corporate governance and directorship issues. It keeps its members apprised of the latest thinking and happenings through a quarterly Directors' Bulletin, Statements of Good Practices, boards and directorship surveys, research publications, and forums and seminars. SID has an unparalleled role in director training and education. Its comprehensive curriculum includes a track for nonprofit directors, provides for the full range of developmental needs for board members, from aspiring directors to board chairmen.

SID also provides other value-add services to its members including regular networking events and socials, board appointment services, and a one-stop information service on governance related matters.

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Foreword

The first IFRS compliant interim financial statements we will be seeing will be the quarterly announcements of companies (with December year-end) listed on the Singapore Exchange (SGX) for the first quarter of 2018 ending March 2018. That is less than 8 months away.

To complicate matters, the effective date for the adoption of the new IFRS financial reporting framework (hereinafter referred to as SG-IFRS) also coincides with the effective dates of two major accounting standards, SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments*.

What do the directors, Chief Financial Officers (CFOs) and their finance teams need to do now?

In collaboration with the Singapore Institute of Directors (SID), the Institute of Singapore Chartered Accountants (ISCA), through its Financial Reporting Committee's (FRC) Core Sub-Committee[1], has developed this publication to provide guidance on how to navigate the maze of accounting change that IFRS Convergence exercise requires. It also highlights key considerations for entities converging to SG-IFRS.

What do directors have to do now to ensure that management is adopting the right thought processes and action plans for IFRS Convergence?

Directors should peruse this document and appreciate the complexity, and potentially huge effort required to assert that their 2018 financial statements are in compliance with SG-IFRS. It is imperative for directors to put in place due processes to enable them to assert compliance with SG-IFRS. They should ensure that management go through the process of impact assessment, if they had not already done so, and report back regularly to the Audit Committee and the Board, on the challenges and status of the implementation exercise.

Consideration must be given as to the adequacy of resources within their organisations to implement this. Directors should also have continuous engagements with management and both the internal auditors and external auditors to understand the progress of their SG-IFRS implementation.

What do CFOs and their finance teams need to do now?

Actions which CFOs and their finance teams need to take include:
- Fully comprehend what IFRS Convergence entails;
- Formulate a strategy and a SG-IFRS implementation roadmap;
- Execute the SG-IFRS implementation roadmap with the required resources and people in place; and
- Assess and quantify the impact of the transitional provisions provided in SG-IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Members of ISCA's FRC Core Sub-Committee include Prof. Chua Kim Chiu (Chairman), Ms. Chan Yen San, Mr. Chen Voon Hoe, Ms. Cheng Ai Phing, Mr. Reinhard Klemmer, Ms. Kok Moi Lre, Ms. Ong Suat Ling, Ms. Soh Lin Leng, Mr. Tan Seng Choon and Mr. James Xu Jun.

ISCA gratefully acknowledge and thank these individuals for their contributions towards the development of this publication.

We trust that this publication would serve as a useful and practical guide to assist companies formulate and execute their SG-IFRS implementation roadmap, to achieve a smooth transition to the new IFRS financial reporting framework. If you have any queries on this publication, please contact Lim Ju May or Felicia Tay from ISCA's Corporate Reporting & Ethics (CoRE) Division at core@isca.org.sg.

Lee Fook Chiew
Chief Executive Officer
Institute of Singapore Chartered Accountants

Director Oversight of IFRS Convergence

Directors have a crucial oversight role in the IFRS Convergence exercise as they provide strategic direction and oversight to management. Hence, directors should be prepared to ask management and auditors specific questions on how IFRS Convergence will impact the entity and ensure that the entity is able to apply the requirements of SG-IFRS 1. Below is a non-exhaustive list of possible key questions:

1. Has management methodically reviewed the Financial Reporting Standards adopted for the company, and identified and documented:

    a. The differences between SFRS (or other Financial Reporting Standards) and SG-IFRS and what adjustments may be required to the affected balances?

    b. The transition to SG-IFRS framework under SG-IFRS 1 has been carefully reviewed and the following have been clearly documented:
        - First reporting period and date under SG-IFRS?
        - Comparatives which need to be restated?
        - Transitional provisions in SG-IFRS 1 which provide relief for the company from full restatement of financial statements, i.e. the mandatory exceptions and the optional exemptions?

    c. The tax implications on the adjustments have been made retrospectively?

    d. The impact on Group reporting has been identified, and appropriate adjustments in the carrying amounts, have been made for group entities that have adopted/will be adopting SG-IFRS at different dates from the parent company?

        (For example, entities with subsidiaries/associates/joint ventures, the holding company would have to communicate optional exemptions and new accounting policies where applicable, to the impacted subsidiaries/associates/joint ventures. In addition, reporting packs will have to be revised to have the subsidiaries/associates/ joint ventures report the required information to meet the disclosure requirements of SG-IFRS 1.)

2. Has management considered and documented the implications for distributable reserves and dividend payments?

3. Has management considered and documented the implications on compliance with loan covenants and remuneration arrangements?

4. Has a session been planned to communicate and discuss the impact of IFRS Convergence to the Audit Committee?

5. Has management identified all announcements issued by the relevant regulatory authorities (eg. SGX, MAS, ACRA) and taken the necessary compliance actions if they are applicable to the company?

6. Have the finance personnel responsible for financial reporting attended appropriate training or briefings on IFRS Convergence?

7. Have the specific roles and responsibilities of the various personnel responsible for financial reporting (eg. Audit Committee, Finance Director, CFO, Financial Controller) been clearly defined so that there is clear accountability for the successful implementation of the IFRS Convergence?

8. At every Audit Committee and Board meeting from now until the company has fully complied with SG-IFRS, include in agenda, a status report from management on the state of implementation of SG-IFRS. Include also new standards effective in 2018, i.e. SG-IFRS 9 and SG-IFRS 15.

   The status report from the CFO or equivalent, should set out the status of:
   a. Key issues/difficulties faced in the conversion process
   b. Potential impact on earnings in the year of implementation and prior years
   c. Status of audit of prior year’s restatement
   d. Any other relevant issues.

Management actions to implement SG-IFRS

1. Form a Task Force dedicated to adopting the new requirements – external help may be useful to support internal resources.

2. Develop a timeline and define milestones (for example, issue date of Q1 2018 results with comparative Q1 2017 numbers in April 2018).

3. Apply the requirements of all mandatory exceptions (please refer to **Section 3(A)**).

4. Determine the optional exemptions (please refer to **Section 3(B)** to be applied, and document**:**
   - the optional exemptions elected; and
   - the transactions, or individual/class of asset or liability type, that the optional exemptions would be applied to

   (If there is no mandatory exception and the optional exemptions are not applied, full retrospective application of SG-IFRS standards that are effective at the end of the first SG-IFRS reporting period would be required.)

5. For:
   - standards under SFRS / transitional provisions of SFRS that were applied prospectively; or
   - standards with GAAP differences between SFRS and SG-IFRS.

   for which there are no transitional provisions in SG-IFRS 1 to provide relief from full retrospective application, please refer to **Section 4** for a list of these standards / transitional provisions and differences between SFRS and SG-IFRS.

6. Re-elect or affirm current accounting policies as entities can take this opportunity to review and re-elect accounting policies that would result in reliable and relevant information.

7. Quantify transition adjustments arising from steps 1 to 6.

8. Assess the implications on consolidation and group reporting requirements (please refer to **Section 1(D)**)**.**

9. Identify and collate financial information to meet new disclosure requirements.

10. Revise current processes and internal controls over financial reporting where applicable.

    *(**Section 2** discusses a list of main differences between SFRSs and SG-IFRSs that will affect most entities and provides a step-by-step guide on the application of transitional exemptions on the areas that most entities would be impacted when applying SG-IFRS 1.)*

References

Notes

- Reference made to financial reporting standards (SFRS / SG-IFRS)

  References to specific paragraphs within a financial reporting standard (SFRS / SG-IFRS) will appear in brackets and indicate where the publication is quoting, directly or indirectly, from a financial reporting standard. References in brackets detail the specific standard and paragraph within that standard which is being referenced.

  For example:
  - a reference to paragraph 27 of SFRS 23 is displayed as [SFRS 23.27]
  - a reference to paragraph 11 of SG-IFRS 1 is displayed as [SG-IFRS 1.11]
  - a reference to paragraph 51 of SG-IAS 21 is displayed as [SG-IAS 21.51]

- Reference made to other sections / appendices in this publication

  General and specific references to other sections / appendices are provided within this publication.

  For example, a reference to part (A) of section 1 is displayed as "Section 1(A)".

Table of abbreviations

The following abbreviations are used often in this publication:

Abbreviations	Description
ASC	Accounting Standards Council
IFRS	International Financial Reporting Standards (as issued by International Accounting Standards Board)
MAS	Monetary Authority of Singapore
SFRS	Singapore Financial Reporting Standards
SG-IFRS	The new financial reporting framework that is identical to IFRS to be applied by listed companies for annual periods beginning on or after 1 January 2018 For references to the applicable IFRSs or IASs, it will be termed as "SG-IFRS" or "SG-IAS" within this publication to indicate IFRS as adopted in Singapore by ASC.
SGX	Singapore Exchange

Contents

1. Bird's eye view of IFRS Convergence

(A) Overview

In 2014, the Singapore Accounting Standards Council ("ASC") introduced a new financial reporting framework identical to IFRS (herein referred to as SG-IFRS). The table below summarises the types of entities that are/are not required to adopt this new framework come 1 January 2018:

	Type of entities	**Required to adopt SG-IFRS?**	
		Yes	**No**
1	Singapore and foreign companies listed on SGX currently reporting under SFRS	√	
2	Business Trusts listed on SGX currently reporting under SFRS	√	
3	Entities that would lodge prospectus with MAS on or after 1 January 2018 for the purposes of issuing equity or debt instruments for trading in SGX	√ (Please refer to Appendix A for transitional reliefs)	
4	Authorised Collective Investment Schemes (REITs, unit trusts)		√ Stays on RAP 7
5	All other entities[2]		√

Please refer to ISCA's website for a summary of the announcements in relation to converging to SG-IFRS.

In addition, there are two new major accounting standards, SG-IFRS 15 "*Revenue from Contracts with Customers*" and SG-IFRS 9 *"Financial Instruments"*, effective for annual periods beginning on or after 1 January 2018.

For listed entities with quarterly reporting obligations, transition adjustments and/or corresponding internal controls over the transition to new accounting standards may need to be audited or reviewed before the announcement of the first quarter's results.

[2] All other entities (for example, non-listed Singapore-incorporated companies) are not required to converge to SG-IFRS. Non-listed Singapore-incorporated companies may elect to voluntarily apply SG-IFRS.

As the annual financial statements for the year ending 31 December 2017 / 31 March 2018 / 30 June 2018 / 30 September 2018 would be published after the effective date of IFRS Convergence, stakeholders may expect entities to provide meaningful disclosures on the adoption of the new framework and new accounting standards in the financial statements or elsewhere in the annual report of the coming year-end e.g., quantitative assessment on the impact of the adoption of SG-IFRS.

(B) Is an entity SG-IFRS compliant if it has always been SFRS compliant?

Not necessarily. There are differences between SFRS and SG-IFRS arising from the following:

- certain SG-IFRS standards and interpretations were not previously adopted under SFRS (e.g. IFRIC 2 was not adopted in Singapore);
- different effective dates (e.g. consolidation suite – SFRS 110, SFRS 111, SFRS 112, SFRS 27 and SFRS 28); and
- different transitional provisions (e.g. SFRS 16 provides transitional reliefs for entities that revalued their PPE before 1 January 1984, or had performed a one-off revaluation of its PPE between 1 January 1984 and 31 December 1996 (both dates inclusive). SG-IAS 16 does not have such transitional provisions (please refer to **Section 4(D)**).

(C) Transiting to the SG-IFRS framework and general principles of SG-IFRS 1

Entities would be required to apply the Singapore-equivalent of IFRS 1 *First-time Adoption of International Financial Reporting Standards* (referred to as **SG-IFRS 1**) to transition to the SG-IFRS framework.

Important dates for first-time adopters

SG-IFRS 1 requires comparatives of an entity's first interim or annual financial statements prepared in accordance with SG-IFRS to be restated based on the specific requirements of SG-IFRS 1. The following table illustrates relevant dates for first-time adopters:

Financial year-end	**31 December**	**31 March**	**30 June**	**30 September**
Date of transition[3]	1 January 2017	1 April 2017	1 July 2017	1 October 2017
First interim reporting date under SG-IFRS	31 March 2018	30 June 2018	30 September 2018	31 December 2018
First annual reporting date under SG-IFRS	31 December 2018	31 March 2019	30 June 2019	30 September 2019

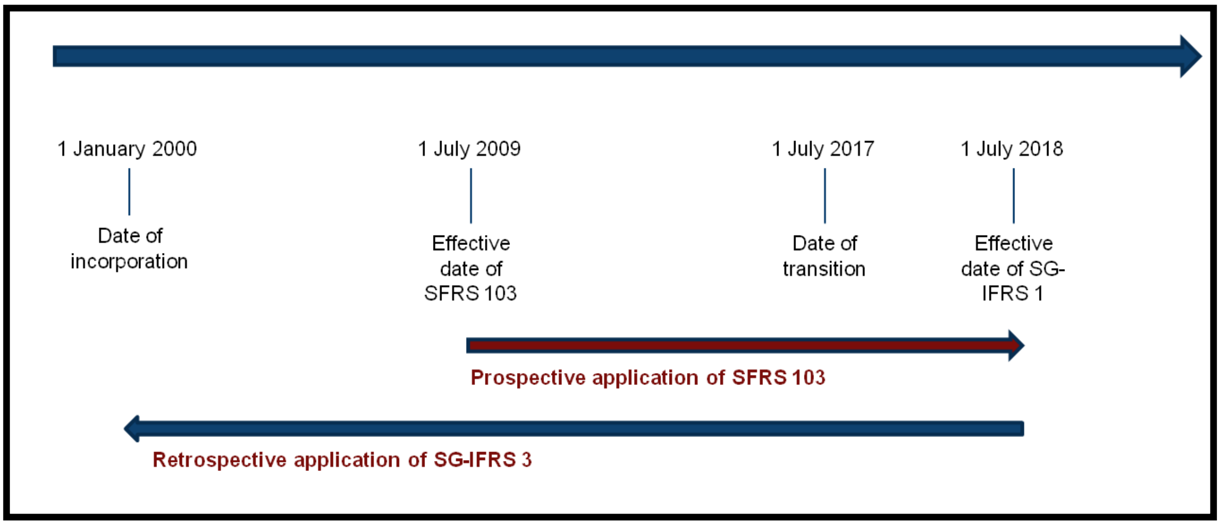
Retrospective application of SG-IFRS standards except when transitional provisions are applied

First-time adopters applying SG-IFRS 1 are required to apply all **effective** standards under SG-IFRS[4] **retrospectively** from date of incorporation, and in respect of subsidiaries, joint ventures (JVs) and associates, from the date where control, joint control or significant influence were obtained; unless mandatory exceptions or optional exemptions are applied. As such, entities who (i) had applied standards, or various transitional provisions of specific standards, under SFRS prospectively, and/or (ii) had applied SFRS which had different requirements from SG-IFRS, would now have to retrospectively apply the requirements of SG-IFRS as if the requirements had been applied since the date of incorporation.

For example, an entity incorporated on 1 January 2000 had applied SFRS 103 *Business Combinations*, effective for annual periods beginning on or after 1 July 2009, prospectively. The entity has a June year-end. As a first-time adopter, the entity would have to retrospectively apply SG-IFRS 3 (effective at the end of the first SG-IFRS reporting period i.e. 30 June 2019) to business combinations before 1 July 2009. This is illustrated in the time chart below.

[3] The 'date of transition' is the beginning of the earliest period for which an entity presents full comparative information under SG-IFRS in its first SG-IFRS financial statements. SG-IFRS 1 requires the opening balance sheet to be disclosed in the first set of SG-IFRS compliant financial statements. This table assumes one year of full comparative information is presented.

[4] SG-IFRS that are effective at the end of the first SG-IFRS reporting period (FYE 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019 respectively).



The only exception to this is when there are transitional provisions available in SG-IFRS 1 which provide relief from full retrospective restatement. The transitional provisions are known as mandatory exceptions and optional exemptions as described below:

Transition provisions	Description	Reference in this publication	SG-IFRS 1 reference
Mandatory exceptions	• First-time adopters are **required to apply** all mandatory exceptions.	**Section 3(A)**	SG-IFRS 1.14 to 17 and Appendix B
Optional exemptions	• First-time adopters are **generally allowed (but not mandated) to apply** the optional exemptions. • These optional exemptions are generally designed to provide relief from full retrospective application of SG-IFRS. • First-time adopters that do not apply the relief will need to apply the relevant SG-IFRS retrospectively.	**Section 3(B)**	SG-IFRS 1.18 and Appendices C to E

(Note that for business combination transactions, there is an optional exemption available to provide relief from full retrospective application of the standards (please refer to ***Section 4(A)****).*

Apply the transitional provisions of SG-IFRS 1, not those of the respective standards

First-time adopters do not apply the transitional provisions of individual SG-IFRS standards unless specifically required or permited to do so under SG-IFRS 1. What this means is that when adopting SG-IFRS 15, SG-IFRS 9 and other new/revised standards effective in 2018 (please refer to **Section 5**) a first-time adopter should refer to the transition provisions in SG-IFRS 1 instead of the respective standards.

For standards under SFRS or transitional provisions of SFRS that were applied prospectively, and standards under SFRS that had different requirements from SG-IFRS, for which there are no mandatory exceptions or optional exemptions available in SG-IFRS 1, full retrospective application of these standards/transitional provisions is required (please refer to **Section 4**).

Review accounting policy choices

As first-time adopters, entities also could take the opportunity to review the relevance of their accounting policy choices along with the application of SG-IFRS 1. [SG-IFRS 1.11]. However, entities should expect that such changes in accounting policy choices will be subject to increased scrutiny when facts and circumstances remain unchanged. This is emphasized in the IFRS Convergence Are You on Track publication jointly published by ASC and ISCA in November 2016.

An entity adopting SG-IFRSs does not apply SG-IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to any changes in accounting policies made upon transition to the SG-IFRS framework as it is a transition to an entire new framework.

Adjustments to financial statements

First-time adopters are also required to reflect the corresponding tax implications on the adjustments retrospectively. [SG-IFRS 1.10].

This means certain balances in the financial statements prepared under existing SFRS may be different under SG-IFRS.

(D) Group reporting

When preparing consolidated accounts, entities would have to consider the interaction between the different transition dates for their subsidiaries, associates and joint ventures (JVs).

Entities adopt SG-IFRS **later** than its subsidiaries / associates / JVs

Subsidiaries / associates / JVs that had adopted IFRS (as issued by the International Accounting Standards Board) could assert dual compliance with SG-IFRS and IFRS from 1 January 2018.

When preparing the first set of SG-IFRS consolidated financial statements using SG-IFRS 1, entities with subsidiaries / associates / JVs that had adopted IFRS (as issued by the International Accounting Standards Board) must measure assets and liabilities of subsidiaries / associates / JVs at the same carrying amounts as in the IFRS financial statements of the subsidiaries / associates / JVs, after adjusting for consolidation and equity accounting adjustments and for the effects of business combination in which the entity acquired the subsidiary (SG-IFRS 1.D17).

After taking into account the different transition dates, parents/investors would have to communicate the optional exemptions, and new accounting policies where applicable, to the impacted subsidiaries / associates / JVs.

Reporting packs would have to be revised to have subsidiaries / associates / JVs report the following information to meet the disclosure requirements of SG-IFRS 1:

(a) three years of statement of financial position, and two years of statement of profit or loss and other comprehensive income (OCI), reflecting current year's and prior year's restated financial information under SG-IFRS (*SG-IFRS 1.21*).

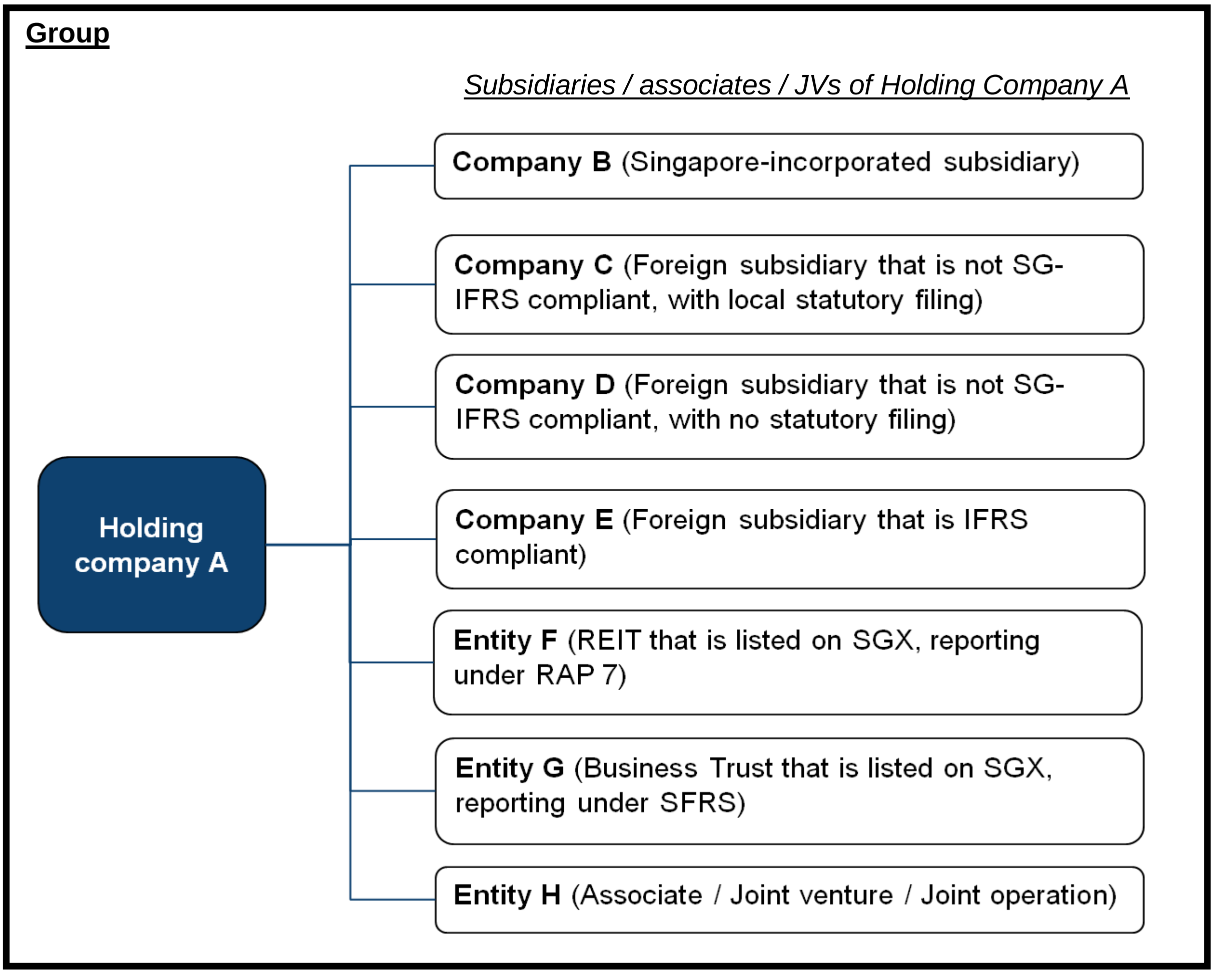
(b) explanations on how transition from SFRS to SG-IFRS affected the financial position, financial performance and cash flows (*SG-IFRS 1.23*).

(c) disclosures required if non-financial assets are impaired on date of transition, or if previously recognised impairment amounts are reversed on date of transition (*SG-IFRS 1.24c*).

(d) disclosures required if the deemed cost exemption is used (*SG-IFRS 1.30-31C*).

For Singapore-incorporated unlisted subsidiaries of listed parent companies, the group entities would also need to decide if they are to apply SG-IFRS for their separate accounts as the application is optional for non-listed companies.

For subsidiaries / associates / JVs that are not SG-IFRS compliant (as illustrated in the diagram below), including non-listed Singapore-incorporated subsidiaries / associates / JVs that opt to remain on the existing SFRS framework, two sets of accounting records would have to be maintained for the purposes of satisfying different financial reporting requirements.



Component	Holding Company A – SG-IFRS compliant	
	Statutory reporting	Group reporting
B	SFRS, SFRS for SE or SG-IFRS*	SG-IFRS
C	Local GAAP	SG-IFRS
D	N/A	SG-IFRS
E	IFRS	IFRS
F	RAP 7	SG-IFRS
G	SG-IFRS	SG-IFRS
H	Any of the above	IFRS / SG-IFRS

** Singapore-incorporated companies not listed on the SGX can choose to apply SG-IFRS or continue to apply the existing financial reporting frameworks, including SFRS and SFRS for Small Entities (SFRS for SE).*

If the holding entity of a listed company in Singapore is not a first time adopter, the listed company would be required to maintain another set of accounting records for group reporting.

Entities adopt SG-IFRS **later** than its parent (SG-IFRS 1.D16)

If an entity adopting SG-IFRS has a parent that had adopted IFRS (as issued by the International Accounting Standards Board), the entity shall measure, in its first set of SG-IFRS financial statements, its assets and liabilities at either:

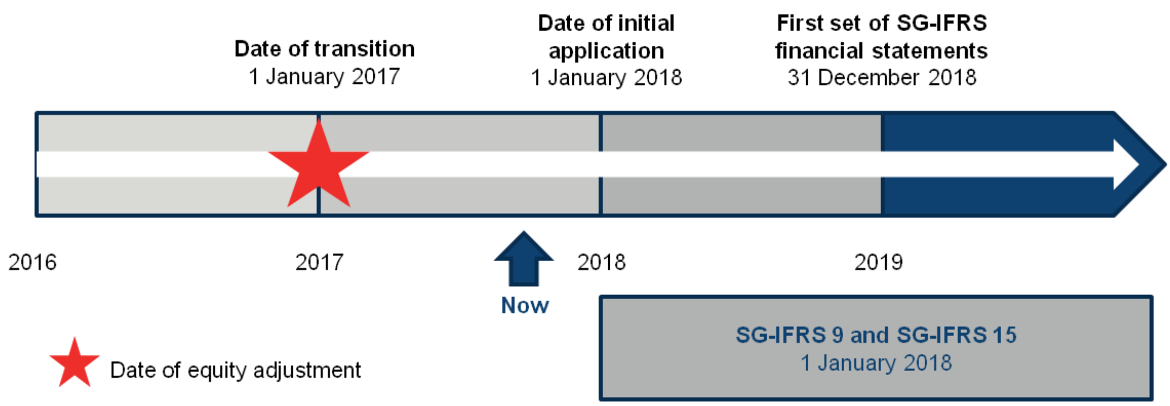
(a) The carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to SG-IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. Note that this election is not available to a subsidiary of an investment entity, as defined in SG-IFRS 10, that is required to be measured at fair value through profit or loss); or

(b) The carrying amounts required by SG-IFRS 1, based on the entity's date of transition to SG-IFRS. These carrying amounts could differ from those described in (a):

   i. when the exemptions in SG-IFRS 1 result in measurements that depend on the date of transition to SG-IFRSs.
   ii. when the accounting policies used in the entity's financial statements differ from those in the parent's consolidated financial statements. For example, the entity may use as its accounting policy the cost model in SG-IAS 16 *"Property, Plant and Equipment*", whereas the group may use the revaluation model.

(E) Implementation timeline

Affected entities are expected to apply SG-IFRS 1 when transitioning to SG-IFRS. In addition to applying SG-IFRS 1, affected entities would also be adopting SG-IFRS 15 "*Revenue from Contracts with Customers*" and SG-IFRS 9 "*Financial Instruments*" at the same time. As the transition provisions in SG-IFRS 1 override the transition provisions in SG-IFRS 15 and SG-IFRS 9, affected entities would need to consider the impact arising from applying SG-IFRS 1 instead of those contained in the respective new standards. It is important to note that some of the required financial information may not be readily available and affected entities need to plan early to facilitate the gathering of such information.



Companies with 31-December year-end: IFRS convergence is effective from 1 January 2018 and will be first applied in FY2018 Financial Statements

Companies with non-December year-end: FY2019 Financial Statements

(Note: This implementation timeline assumes that only 1 year of comparatives is presented. SG-IFRS 1 requires two years of comparative statement of financial position to be disclosed in the first set of SG-IFRS compliant financial statements.)

2. Step-by-step application guide of SG-IFRS 1

This section illustrates the impact of SG-IFRS 1, and where applicable, the application of the transitional exemptions on the following areas that would commonly impact entities the most when adopting SG-IFRS:

	Areas that would commonly impact entities the most when adopting SG-IFRS
(A)	Business combinations
(B)	Attribution of total comprehensive income, including deficit balances, to non-controlling interests
(C)	Goodwill and fair value adjustments arising on acquisition of foreign operations
(D)	Cumulative translation differences
(E)	Deemed cost exemption for property, plant and equipment and investment property
(F)	Capitalisation of borrowing costs on qualifying assets

(A) Business combinations

Brief overview of certain requirements of SG-IFRS 3 *"Business Combinations"*

- All items of consideration transferred by the acquirer are measured and recognised at fair value at the acquisition date, including contingent consideration. Subsequent changes in the fair value of contingent consideration classified as liabilities or assets are recognised in accordance with SG-IAS 39 or SG-IFRS 9, SG-IAS 37 or other SG-IFRSs, as appropriate (rather than by adjusting goodwill).

- Transaction costs incurred by the acquirer in connection with the business combination do not form part of the business combination. As such, they are expensed as incurred, unless they relate to the issuance of debt or equity securities, in which case they are accounted for under the financial instruments standards.

- The acquirer can elect to measure any 'ordinary' non-controlling interests (NCI) at fair value or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree on a transaction-by-transaction basis. Ordinary NCI is present ownership interest that entitles its holder to a proportionate share of the entity's net assets in liquidation. Other NCI are measured at fair value.

- When a business combination is achieved in stages (step-acquisition), the acquirer's previously held non-controlling equity interest in the acquiree is remeasured to fair value at the acquisition date, with any resulting gain or loss recognised in profit or loss.

SFRS 103	SG-IFRS 1
Effective date SFRS 103 shall be **<u>applied prospectively</u>** to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. [SFRS 103.64]	Effective date and transitional provisions in SFRS 103 are **<u>not applicable</u>** to a first-time adopter. Full retrospective application to all business combinations even before 1 July 2009.

Transition exemption under SG-IFRS 1

A first-time adopter may elect not to apply SG-IFRS 3 retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to SG-IFRS framework).

A first-time adopter may choose to restate business combinations that occurred at a particular date before the date of transition to comply with SG-IFRS 3. However, if a first-time adopter chooses to restate any business combinations that occurred at a particular date before the date of transition, it shall restate all later business combinations and shall also apply SG-IFRS 10 from that same date [SG-IFRS 1.C1].

Hence, a first-time adopter may:

a) elect to apply SG-IFRS 3 prospectively to business combinations that occurred after the date of transition to the SG-IFRS framework; or
b) elect to apply SG-IFRS 3 for all business combinations on or after 1 July 2009 as SFRS 103 is essentially equivalent to SG-IFRS 3. However, the entity would have to reassess its control over its investees under SG-IFRS 10 from the date for which SG-IFRS 3 was applied. As such, entities applying the optional exemption could consider applying SG-IFRS 3 prospectively from any date after 1 January 2014 when SFRS 110 is effective as SFRS 110 is essentially equivalent to SG-IFRS 10.

What it means for first-time adopters

No significant impact is expected as a first-time adopter **<u>may elect</u>** to apply the transition exemption to adopt SG-IFRS 3 prospectively from the date of transition to SG-IFRS. If this election is made, the purchase price allocation performed at the date(s) of acquisition need not be restated. However, for business combinations that are <u>not restated</u>, entities would be required to:

a) Determine if there are any intangible assets that are subsumed within goodwill that should be separately recognised in the statement of financial position of the acquiree under SG-IFRS and vice versa, and recognise/derecognise the unamortised amount of intangible assets (including any deferred tax and NCI adjustments) from goodwill. Intangible assets, like in-process research and development costs, would be recognised separately from goodwill only if:

    - It qualifies for recognition under SG-IAS 38 in the financial statements of the acquiree; and
    - The costs can be reliably measured (for example, records of historical development/research costs incurred are appropriately kept such that the acquirer could reliably measure the cost of these intangible assets).

    However, if the business combination took place years before transiting to SG-IFRS (i.e., those acquired before 2004 when SG-IAS 38 first became effective), intangible assets may have been amortised fully, or may have been impaired before the date of transition. Entities would have to reclassify the amortised or impaired amounts from goodwill to retained earnings. Intangible assets that are internally generated by the acquiree would typically also not be separately recognised.

b) Assess impairment of goodwill on the date of transition.

(B) Attribution of total comprehensive income, including deficit balances, to non-controlling interests

Brief overview of certain requirements of SG-IFRS 10 *"Consolidated Financial Statements"*

- Profit or loss and each component of comprehensive income should be attributed to the owners of the parent and the NCI, according to their respective interests, even if this results in the NCI having an overall deficit balance. There is no requirement for the NCI to be under a binding obligation to make good the losses before allocating the losses.

- Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. as transactions with owners in their capacity as owners). As a result, no gain or loss would be recognised in the group's profit or loss, for example, if a parent decreased its shareholding from 100 percent to 80 percent (or vice versa), provided that it retained control. Instead, all differences between the consideration transferred or received, and the change in the NCI's share of the consolidated net assets would be recognised in equity.

- Changes that result in a parent losing control over a subsidiary are accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest that has in fact been retained would be recognised at fair value as if re-acquired.

SFRS 110	SG-IFRS 1
Effective date The above requirements may be applied prospectively for annual reporting periods beginning on or after 1 July 2009[5].	Effective date and transitional provisions in SFRS 103 are **not applicable** to a first-time adopter.

[5] These requirements were originally amendments to SFRS 27 *"Consolidated and Separate Financial Statements"* made in 2009 that were carried forward to SFRS 110. The effective date of these amendments was for annual periods beginning on or after 1 July 2009.

Transition exception under SG-IFRS 1

SG-IFRS 1 provides a mandatory exception that requires first-time adopters to apply these amendments **prospectively** from the date of transition to SG-IFRS [SG-IFRS 1.B7], unless the first-time adopters retrospectively apply SG-IFRS 3, and correspondingly SG-IFRS 10.

Hence, a first-time adopter with business combination transactions that occurred in annual periods beginning before 1 July 2009, that elected to restate such transactions would need to assess and determine if:

a) such transactions contained NCI, of which the entity would have to retrospectively allocate the NCI's share of equity; and/or

b) control of subsidiaries were lost in annual periods prior to 1 July 2009, and if so, these requirements of accounting for loss of control of a subsidiary would need to be applied retrospectively to such transactions.

What it means for first-time adopters

No significant impact is expected as a first-time adopter **is required** to apply the transition exception to adopt SG-IFRS 3 prospectively from date of transition to SG-IFRS.

(C) Goodwill and fair value adjustments arising on acquisition of foreign operations

Translation of foreign operations	
SFRS 21	**SG-IFRS 1**
Effective date Assets and liabilities of foreign operations, including goodwill and fair value adjustments, are translated to presentation currency at closing rate at the end of reporting period. The above requirement may be applied prospectively to all acquisitions occurring after the beginning of the financial reporting period in which SFRS 21 is first applied. For an acquisition of a foreign operation that occurred before annual periods beginning 1 January 2005, which are reported using the historical rate at the date of acquisition, an entity may continue to use that historical rate to report the goodwill and fair value adjustments arising on that acquisition. [SFRS 21.59]	Effective date and transitional provision in SFRS 21 are **not applicable** to a first-time adopter.

Transition exemptions under SG-IFRS 1

SG-IFRS 1 provides optional exemptions [SG-IFRS 1.C2 and SG-IFRS 1.C3] whereby a first-time adopter may elect not to apply SG-IAS 21 retrospectively to goodwill and fair value adjustments arising from:

- business combinations that occurred before the date of transition to SG-IFRS; or
- business combinations that occurred from a designated date that the entity elects to comply with SG-IFRS 3, as discussed in **Section 2(A)** above.

What it means for first-time adopters

Should entities opt to apply the optional exemption, no restatement to foreign currency translation reserve is required. This means that for acquisition of foreign operations that occurred prior to 1 January 2005, for which goodwill and fair value adjustments are recorded at historical rate, entities will continue to use the historical rate to report the goodwill and fair value adjustments post transition to SG-IFRS.

For acquisition of foreign operations that occurred on or after 1 January 2005, the goodwill and fair value adjustments would have been translated at closing rate at the end of each reporting period in accordance with SFRS 21. On transition to SG-IFRS, the first-time adopters will continue to translate the goodwill and fair value adjustments at closing rate at the end of each reporting period in accordance with SG-IAS 21.

(D) Cumulative translation differences

SFRS 21	SG-IFRS 1
Effective date An entity is required to recognise translation differences in other comprehensive income and accumulate these in a separate component of equity. On disposal of a foreign operation, the entity is required to reclassify the cumulative translation differences for that foreign operation from equity to profit or loss when the gain or loss on disposal is recognised. The above requirement shall be **applied prospectively** for annual periods beginning on or after 1 July 2009. [SFRS 21.60B]	Effective date and transitional provisions in SFRS 21 are **not applicable** to a first-time adopter.

Transition exemption under SG-IFRS 1

SG-IFRS 1 provides an optional exemption [SG-IFRS 1.D13] whereby a first-time adopter need not comply with the requirement for cumulative translation differences that existed at the date of transition to SG-IFRS. If a first-time adopter uses this exemption:

a) the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to SG-IFRS; and

b) the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to SG-IFRS and shall include later translation differences.

Should entities opt to apply the optional exemption, no restatement to foreign currency translation reserve of the entity is required. However, the cumulative foreign currency translation reserve is reclassified to retained earnings and any disposals after the date of transition will not include foreign currency translation reserve prior to the date of transition.

In addition, this election has to be applied consistently to all foreign operations i.e. it cannot be elected on a foreign operation-by-foreign operation basis.

What it means for first-time adopters

A significant impact is expected as a first-time adopter may elect to apply the transitional exemption to adopt SG-IAS 21 prospectively and deem the cumulative translation differences to be zero. A reconciling item with explanation will have to be disclosed in the first SG-IFRS financial statements. The effort required will be limited.

(E) Deemed cost exemption for property, plant and equipment, and investment property

Property, plant and equipment (PPE)	
SFRS 16	**SG-IAS 16 and SG-IFRS 1**
Use of revalued amount as surrogate cost An entity that had not adopted a policy of revaluation is allowed to continue carrying the revalued amounts of property, plant and equipment (PPE) on the basis of their previous revaluations if the entity had revalued its PPE before 1 January 1984 or had performed a one-off revaluation between 1 January 1984 and 31 December 1996 (both dates inclusive) [SFRS 16.81]	*Use of either cost model or revaluation model* An entity shall choose either the cost model or the revaluation model in measuring its PPE. [SG-IAS 16.29] If a revaluation model is chosen, valuations should be kept sufficiently up to date such that the carrying amount does not differ materially from its fair value at the reporting date. [SG-IAS 16.31] The transition provision that allows revalued amounts to be carried as deemed cost in SFRS 16 is **not available** in SG-IAS 16 and is **not available** to a first-time adopter.

Investment property (IP)	
SFRS 40	**SG-IAS 40 and SG-IFRS 1**
Use of revalued amount as surrogate cost under cost model Under the cost model, an entity may have previously treated its investment property (IP) in accordance with SFRS 16 before the transition to SFRS 40 and carried the revalued amount of PPE (now the IP) on the basis of their previous revaluations as described above. The entity may carry the revalued amount as allowed under SFRS 16 as the cost for IP on transition to SFRS 40. [SFRS 40.56]	*Use of either cost model or fair value model* An entity shall choose either the cost model or the fair value model in measuring its IP. [SG-IAS 40.30] The transition provision that allows revalued amounts to be carried as deemed cost in SFRS 40 is **not available** in SG-IAS 40 and is **not available** to a first-time adopter.

Transition exemption under SG-IFRS 1

A first-time adopter who elects to measure its PPE or IP using the cost model may apply the "deemed cost" transition exemptions and therefore, has the following options:

a) Use of previous revaluation[6] as deemed cost

A first-time adopter may elect to use the previous revaluation of an item of PPE and IP at or before the date of transition to SG-IFRS as deemed cost at the date of the revaluation. The deemed cost becomes the new SG-IFRS cost basis at the date of the revaluation. [SG-IFRS 1.D6 and SG-IFRS 1.D7]

Any existing revaluation reserve at the date of transition is reclassified to retained earnings or as a separate component of equity. [SG-IFRS 1.11]

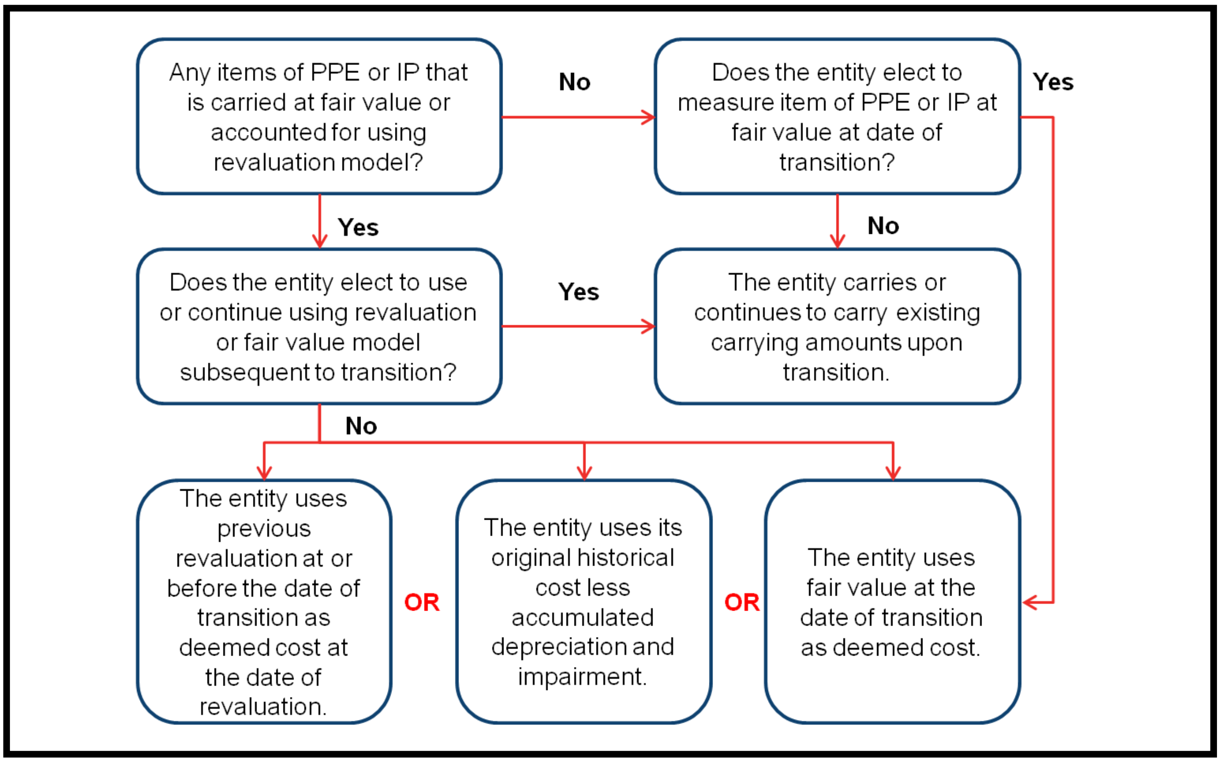
[6] A first-time adopter may elect to use the previous revaluation of an item of PPE and IP at or before the date of transition to SG-IFRS as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:
(a) Fair value; or
(b) Cost or depreciated cost in accordance with SG-IFRS, adjusted to reflect, for example, changes in a general or specific price index.
[SG-IFRS 1.D6]

b) Use of fair value at date of transition as deemed cost

An entity may also elect to measure an item of PPE and IP at the date of transition at its fair value and use that fair value as its deemed cost at that date. That item of PPE and IP will be measured using the cost model subsequent to the date of transition. The entity recognises the fair value adjustments directly in retained earnings or a separate component of equity. [SG-IFRS 1.11, SG-IFRS 1.D5 and SG-IFRS 1.D6]

Existing revaluation reserve, if any, relating to a previous revaluation of that item of PPE and IP is reclassified to retained earnings or a separate component of equity. [SG-IFRS 1.11]

The following decision tree outlines the deemed cost exemptions available for PPE and IP. [SG-IFRS 1.D5 and SG-IFRS 1.D6]



What it means for first-time adopters

We expect that most entities will use the transition exemptions in SG-IFRS 1. With the transition exemptions, no impact is expected upon transition to SG-IFRS, other than the reclassification of any existing revaluation reserve to retained earnings or as a separate component of equity, or fair value adjustments taken up directly in retained earnings or a separate component of equity if an entity elects to use the fair value at the date of transition as deemed cost.

It is unclear whether the reclassification of revaluation reserve or fair value adjustments taken up directly in retained earnings are considered as distributable profits in the context of the Companies Act. Legal advice should be sought where necessary.

Transition to SG-IFRS also gives an opportunity to entities within the same group to re-align their accounting policies in respect of measurement of PPE and IP. For example, prior to adoption of SG-IFRS, certain entities within the same group used the cost model to measure IP while other entities used the fair value model. Those entities using the fair value model will be able to change their accounting policy for IP to the cost model, if it better reflects the business model under which such assets are held.

It should also be noted that this deemed cost exemption can be applied on an asset-by-asset basis. Consistency of application across asset classes or all items of PPE or IP is not required for transition. The accounting policy applied subsequent to transition to SG-IFRS needs to be applied consistently.

For Property, Plant & Equipment

SFRS	SG-IFRS	At date of transition
At cost	Cost model	1) The entity continues to carry existing carrying amounts (based on cost) upon transition; or 2) The entity uses fair value at the date of transition as deemed cost.
	Revaluation model	The entity revalues entire class of PPE to which an asset belongs at their fair value at the date of transition and any revaluation surplus is adjusted directly in equity as revaluation reserve.
At revaluation	Cost model	1) The entity uses previous revaluation at or before the date of transition as deemed cost at the date of revaluation; or 2) The entity uses fair value at the date of transition as deemed cost; or 3) The entity uses its original historical cost less accumulated depreciation and impairment.
	Revaluation model	The entity continues to carry existing carrying amounts upon transition, provided the carrying amounts are not materially different from their fair value at the date of transition.

For Investment Property

SFRS	SG-IFRS	At date of transition
Cost model	Cost model	1) The entity continues to carry existing carrying amounts (based on cost) upon transition; or 2) The entity uses fair value at the date of transition as deemed cost; or 3) The entity uses previous revaluation at or before the date of transition as deemed cost at the date of revaluation.
	Fair value model	The entity measures IP at its fair value at the date of transition and any difference is adjusted in retained earnings (or, if appropriate, another category of equity).
Fair value model	Cost model	1) The entity uses fair value at the date of transition as deemed cost; or 2) The entity uses previous revaluation at or before the date of transition as deemed cost at the date of revaluation; or 3) The entity uses its original cost at date of acquisition of IP.
	Fair value model	The entity continues to carry existing carrying amounts upon transition.

(F) Capitalised borrowing costs on qualifying assets

Capitalisation of borrowing costs	
SFRS 23	**SG-IFRS 1**
Effective date and transitional provision Prior to the effective date of the revised SFRS 23 (i.e. 1 January 2009), an entity had an option to expense all borrowing costs in profit or loss. On adoption of the revised SFRS 23, the option to expense all borrowing costs in profit or loss has been removed and any change in this accounting policy may be applied prospectively. [SFRS 23.27 and SFRS 23.28]	Effective date and transitional provisions in SFRS 23 are **not applicable** to a first-time adopter.

Transition exemption under SG-IFRS 1

SG-IFRS 1 provides an optional exemption [SG-IFRS 1.D23] whereby a first-time adopter may elect to apply SG-IAS 23 prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the date of transition to SG-IFRS or from an earlier designated date.

Should entities opt to apply the optional exemption, no restatement to the borrowing costs of the entity would be required. However, this election has to be applied consistently across all qualifying assets i.e., it cannot be elected on an asset-by-asset basis.

Note that this optional exemption is not relevant if an entity had established a deemed cost for an asset. An entity would not capitalise borrowing costs incurred before the date of the measurement of the deemed cost.

What it means for first-time adopters

No significant impact is expected as a first-time adopter may elect to apply the transition exemption under SG-IFRS 1.

3. Transitional provisions in SG-IFRS 1

(A) Mandatory exceptions

	Mandatory exception	Applies to	Description	SG-IFRS 1 reference
1	Estimates	All estimates in the opening statement of financial position and SG-IFRS comparative period	Estimates made at the date of transition has to be consistent with those made in the previous GAAP (after adjustments to reflect any difference in accounting policies).	SG-IFRS 1.14 – 17
2	Derecognition of financial instruments	Financial assets and financial liabilities derecognised under SFRS before the date of transition	For financial instruments that are derecognised in accordance with SFRS, SG-IFRS 1 allows such instruments to be unadjusted if the transactions took place before the date of transition (i.e. 1 January 2017). However, a first-time adopter may elect to apply the derecognition requirements of SG-IFRS retrospectively from any date before the date of transition, provided that the information required was obtained at the time of initially accounting for those transactions.	SG-IFRS 1.B2 – B3
3	Government loans with a below-market rate of interest	Existing below-market interest rate government loans at the date of transition	First-time adopter may apply the requirements of the financial instrument standards and SG-IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* to a government loan with a below-market rate of interest retrospectively if the information needed to do so was obtained at the time of initially recognising the government loan. Otherwise, the requirements are to be applied prospectively. If the entity did not recognise and measure the government loan on a basis consistent with SG-IFRS, then it uses the existing carrying amount under SFRS on the date of transition and subsequently measures at amortised cost using an effective interest rate that is calculated at the date of transition.	SG-IFRS 1.B10 – B12

	Mandatory exception	Applies to	Description	SG-IFRS 1 reference
4	Hedge accounting	Hedging relationships accounted for as hedges under SFRS that still exist at the date of transition	At the date of transition, an entity shall: a) measure all derivatives at fair value; and b) eliminate all deferred losses and gains arising on derivatives that were reported in accordance with SFRS as if they were assets or liabilities An entity shall not reflect in its opening SG-IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with SG-IFRS 9 *Financial Instruments*. Transactions entered into before the date of transition shall not be retrospectively designated as hedges.	SG-IFRS 1.B4 – B6
5	Non-controlling interests (NCI)	All subsidiaries with NCI	A first-time adopter shall apply the following requirements of SG-IFRS 10 *Consolidated Financial Statements* prospectively from the date of transition to SG-IFRS: a) the requirement in SG-IFRS 10.B94 that total comprehensive income is attributed to the owners of the parent and to the NCI even if this results in the NCI having a deficit balance; b) the requirements in SG-IFRS 10.23 and B96 for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and c) the requirements in SG-IFRS 10.B97–B99 for accounting for a loss of control over a subsidiary, and the related requirements of SG-IFRS 5.8A *Non-current Assets Held for Sale and Discontinued Operations*. However, if a first-time adopter elects to apply SG-IFRS 3 *Business Combinations* retrospectively to past business combinations, it shall also apply SG-IFRS 10 in accordance with SG-IFRS 1.C1.	SG-IFRS 1.B7

	Mandatory exception	Applies to	Description	SG-IFRS 1 reference
6	SG-IFRS 9 *Financial Instruments* ***(Effective for periods beginning on / after 1 January 2018)***	All financial assets and financial liabilities	**Assessment of the business model and solely payments of principal and Interest (SPPI) criterion** Financial assets classified into amortised cost, fair value through other comprehensive income (FVOCI) or fair value to profit or loss based on the business model assessment and SPPI criterion are required to be assessed based on the facts and circumstances that exist at the date of transition. **The SPPI criterion - a modified time value of money element** Under SG-IFRS 9, a modified time value of money element of a financial asset is assessed to determine whether it meets the SPPI criterion. If it is impracticable to make such assessment based on the facts and circumstances that existed at the date of transition, then a first-time adopter is required to make the assessment of the SPPI criterion without taking into account the specific requirements for the modified time value of money element. **The SPPI criterion - a prepayment feature** Under SG-IFRS 9, a prepayment feature in a financial asset is assessed to determine whether the financial asset is eligible for classifying as amortised cost or FVOCI. If it is impracticable to assess whether the fair value of a prepayment feature was insignificant based on the facts and circumstances that existed at the date of transition, then a first-time adopter is required to make the classification assessment without taking into account the exception for certain prepayment features.	SG-IFRS 1.B8 – B9

	Mandatory exception	Applies to	Description	SG-IFRS 1 reference
			Effective interest method If it is impracticable to apply the effective interest method in SG-IFRS 9 retrospectively, then the fair value of the financial asset or financial liability at the date of transition is the new gross carrying amount of that financial asset or the new amortised cost of that liability at the date of transition. **Impairment - assessment of a significant increase in credit risk** At the date of transition, a first-time adopter uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date the financial instrument was initially recognised and compares that with the credit risk at the date of transition to assess whether there has been a significant increase in credit risk. In making this assessment, a first time adopter may apply: • The low credit risk exception; and • The rebuttable assumption for contractual payments that are more than 30 days past due for identifying significant increase in credit risk for those financial instruments based on past-due information. If the required information to determine the credit risk requires undue cost or effort, then the loss allowance is measured at an amount equal to lifetime expected credit loss at each reporting date until that financial instrument is derecognised. **Separation of an embedded derivative** A first-time adopter makes the assessment of whether an embedded derivative should be separated from the host contract and accounted for as a derivative based on the conditions that existed at the later of: • the date on which the first-time adopter first became a party to the contract; and • the date on which a reassessment of the embedded derivative is required.	

	Mandatory exception	Applies to	Description	SG-IFRS 1 reference
7	Assets and liabilities of subsidiaries, associates and joint ventures	Subsidiary, associate or joint venture that adopts SG-IFRS before the parent/investor	If an entity becomes a first-time adopter later than its subsidiary (or associate or joint venture) the entity shall, in its consolidated financial statements, measure the assets and liabilities of the subsidiary (or associate or joint venture) at the same carrying amounts as in the financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiary. Notwithstanding this requirement, a non-investment entity parent shall not apply the exception to consolidation that is used by any investment-entity subsidiaries. Similarly, if a parent becomes a first-time adopter for its separate financial statements earlier or later than for its consolidated financial statements, it shall measure its assets and liabilities at the same amounts in both financial statements, except for consolidation adjustments.	SG-IFRS 1.D17[7]

[7] Even though this transition provision is listed under Appendix D of SG-IFRS 1, “Exemptions from other SG-IFRSs”, it has been included under the list of mandatory exceptions. Rationale being that this exemption **must** be applied if the reporting entity becomes a first-time adopter later than its subsidiary or associate or joint venture.

(B) Optional exemptions

First-time adopters are allowed (but not mandated) to apply the optional exemptions. These optional exemptions are generally designed to provide relief from full retrospective application of SG-IFRS effective at the end of the first SG-IFRS annual reporting period. First-time adopters that do not apply the relief will need to apply the relevant SG-IFRS retrospectively. Entities should also document the optional exemptions that they elect when transiting to SG-IFRS.

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
1	Business combinations	A) All business combinations that occurred before the date of transition, or before an earlier date if so elected. Also applies to acquisitions of associates and interests in joint ventures and joint operations that constitute a business	For business combinations that occurred before the date of transition, entities have the following choices: • restate all of these business combinations; • restate all business combinations after a particular date; or • do not restate any of these business combinations. SG-IFRS 10 must be applied from the same date that business combination transactions were restated. If one business combination that is not required to be restated is voluntarily restated, then all subsequent business combinations and acquisitions are restated. If business combinations are not restated, then the previous acquisition accounting remains unchanged. However, some adjustments - e.g. to reclassify intangibles and goodwill - may be required. The exemption for past business combinations also applies to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in SG-IFRS 3. Furthermore, the date selected to restate business combination transactions applies equally for all such acquisitions as well.	SG-IFRS 1.C1, C4, C5

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
		B) Foreign currency translation differences arising from goodwill and fair value adjustments	An entity need not apply SG-IAS 21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to SG-IFRSs. If the entity does not apply SG-IAS 21 retrospectively to those fair value adjustments and goodwill, it shall treat them as assets and liabilities of the entity rather than as assets and liabilities of the acquiree. Therefore, those goodwill and fair value adjustments either are already expressed in the entity's functional currency or are non-monetary foreign currency items, which are reported using the exchange rate applied in accordance with SFRS. An entity may apply SG-IAS 21 retrospectively to fair value adjustments and goodwill arising in either: • all business combinations that occurred before the date of transition to SG-IFRSs; or • all business combinations that the entity elects to restate to comply with SG-IFRS 3, as permitted by the first optional exemption above.	SG-IFRS 1.C2 – C3

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
2	Share-based payment transactions	Equity instruments granted on or before 7 November 2002, equity instruments granted after 7 November 2002 that vested before the date of transition, and liabilities for cash-settled awards that were settled before the date of transition.	A first-time adopter is required to apply SG-IFRS 2 *Share-based Payment* to: • equity instruments granted after 7 November 2002 that will vest after the date of transition; • liabilities arising from cash-settled share-based payment transactions that will be settled after the date of transition; and • awards that are modified on or after the date of transition, even if the original grant of the award is not accounted for in accordance with SG-IFRS 2. For equity instruments that were granted on or before 7 November 2002, equity instruments that were granted after 7 November 2002 but vested before the date of transition, or liabilities arising from cash-settled share-based payment transactions that were settled before the date of transition, retrospective application of SG-IFRS 2 is encouraged but not required. Retrospective application for such transactions may be applied on a grant-by-grant basis, and may be applied only if: • The first-time adopter had disclosed publicly the fair value of those equity instruments, measured in a manner consistent with SG-IFRS 2; and • The fair value was determined at the measurement date, i.e., grant date or date goods and services were received.	SG-IFRS 1.D2 – D3
3	Insurance contracts	Insurance contracts and financial instruments with a discretionary participation feature, and claims development information	A first-time adopter is permitted to apply the transitional provisions of SG-IFRS 4 *Insurance Contracts*, which allows for prospective application of the standard to reporting periods beginning on or after 1 January 2005. In addition, transitional provisions in SG-IFRS 4 in respect of financial guarantee contracts may be applied prospectively to reporting periods beginning on or after 1 January 2006.	SG-IFRS 1.D4

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
4	Fair value or revaluation as deemed cost	Items of property, plant and equipment, certain intangible assets, and investment property measured under the cost model. Some or all assets and liabilities following a remeasurement event.	A first-time adopter may elect to measure an item of property, plant and equipment at: • its fair value at the date of transition and use that fair value as its deemed cost at that date; or • a previous accounting policy revaluation done at, or before, the date of transition as deemed cost at the date of the revaluation (if the revaluation was broadly comparable to fair value, or cost or depreciated cost in accordance with SG-IFRSs, adjusted to reflect, for example, changes in a general or specific price index). The above elections are also specifically available for: • investment property, if an entity elects to use the cost model in SG-IAS 40 Investment Property; and • intangible assets that meet the recognition and revaluation criteria set out in SG-IAS 38 Intangible Assets. This option can be exercised on an asset-by-asset basis on date of transition and not require an on-going accounting policy for revaluing the assets. A first-time adopter may have established a deemed cost in accordance with previous accounting policy for some or all of its assets and liabilities by measuring them at their fair value at one particular date because of an event such as a privatisation or initial public offering. • If the measurement date is at or before the date of transition to SG-IFRSs, the entity may use such event-driven fair value measurements as deemed cost for SG-IFRSs at the date of that measurement	SG-IFRS 1.D5 – D8

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
			• If the measurement date is after the date of transition to SG-IFRSs, but during the period covered by the first SG-IFRS financial statements, the event-driven fair value measurements may be used as deemed cost when the event occurs. An entity shall recognise the resulting adjustments directly in retained earnings (or if appropriate, another category of equity) at the measurement date. At the date of transition to SG-IFRSs, the entity shall either establish the deemed cost by applying the above elections set out for property, plant and equipment, investment property and intangible asset, or measure assets and liabilities in accordance with the other requirements in this SG-IFRS.	
5	Deemed cost for oil and gas assets	Oil and gas properties accounted for in cost centres that include all properties in a large geographic area	The optional exemption is only applicable to entities in the oil and gas industry that accounted for properties in the development or production phases in cost centres that included all properties in a large geographic area, also referred to as 'full cost accounting'. The optional exemption permits first-time adopters to measure: • exploration and evaluation assets at the carrying amount at the date of transition under previous accounting policy; and • assets in the development or production phases at amounts determined based on the related cost centre under previous accounting policy, which is then allocated on a pro rata basis to the cost centre's underlying assets using reserve volumes or reserve values at the date of transition. If a first-time adopter elects to apply the optional exemption, then an impairment test of the assets is required at the date of transition in accordance with SG-IFRS 6 *Exploration for and Evaluation of Mineral Resources*. For assets in the development or production phases, a first-time adopter performs the impairment test in accordance with SG-IAS 36 *Impairment of Assets*.	SG-IFRS 1.D8A

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
6	Deemed cost for rate regulated operations	Items of property, plant and equipment or intangible assets used in certain rate-regulated activities	SG-IFRS 1 includes an optional exemption that permits a first-time adopter to use the carrying amounts determined under previous accounting policy as deemed cost for items of property, plant and equipment and intangible assets used in certain rate-regulated operations, even though these carrying amounts may include amounts that do not qualify for capitalisation under SG-IFRS. This exemption may be applied on an item-by-item basis provided that each item to which it is applied is tested for impairment in accordance with SG-IAS 36 at the date of transition.	SG-IFRS 1.D8B
7	Arrangements containing a lease (applicable if the entity did not restate lease accounting)	All arrangements outstanding at the date of transition	A first-time adopter that assessed whether an arrangement contains a lease under previous accounting policy is exempted from reassessing such arrangements when it adopts SG-IFRS. Such exemption can only be applied only if the previous accounting policy contained the same requirements as SG-IFRIC 4 *Determining whether an Arrangement contains a Lease*.	SG-IFRS 1.D9 – D9A
8	Cumulative translation differences	All cumulative translation differences existing at the date of transition.	A first-time adopter may either: • apply SG-IAS 21 retrospectively to determine the cumulative foreign exchange differences for each foreign operation that is recognised as a separate component of equity at the date of transition; or • deem the cumulative translation differences to be zero at the date of transition, and reclassify any amounts recognised in accordance with previous accounting policy at that date to retained earnings.	SG-IFRS 1.D12 – D13

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
9	Investments in subsidiaries, associates and joint ventures	Separate financial statements of a parent/investor	In separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for either at cost, in accordance with SG-IFRS 9 or using the equity method in accordance with SG-IAS 28 *Investments in Associates and Joint Ventures*. Consistent accounting shall be applied to each category of investments. If a first-time adopter chooses to measure any of these categories of investments at cost, then it may choose to measure the carrying amount of any such investments at the date of transition at an amount equal to: • cost, determined in accordance with SG-IAS 27 Separate Financial Statements; or • deemed cost, which is either fair value at the entity's date of transition in its separate financial statements, or the previous accounting policy carrying amount of the investment. If a first-time adopter accounts for such an investment using the equity method procedures as described in SG-IAS 28: a) the first-time adopter applies the exemption for past business combinations to the acquisition of the investment. b) if the entity becomes a first-time adopter for its separate financial statements earlier than for its consolidated financial statements, and i. later than its parent, the entity shall apply the optional exemption listed in **Section 3(B)(10)** in its separate financial statements. ii. later than its subsidiary, the entity shall apply the transitional provision listed in **Section 3(A)(7)** in its separate financial statements.	SG-IFRS 1.D14 – D15A

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
10	Assets and liabilities of subsidiaries, associates and joint ventures	Subsidiary, associate or joint venture that adopts SG-IFRS after the parent/investor	If a subsidiary adopts SG-IFRS later than its parent, then the subsidiary may measure its assets and liabilities at either: • the amounts included in the consolidated financial statements of the parent, based on the parent's date of transition, excluding the effects of consolidation procedures and the business combination in which the parent acquired the subsidiary*; or • the carrying amounts required by SG-IFRS 1 based on the subsidiary's own date of transition. This guidance applies equally to associates and joint ventures. *This option is not available to a subsidiary of an investment entity.	SG-IFRS 1.D16
11	Compound financial instruments	All compound financial instruments in respect of which the liability component has been settled before the date of transition	For a compound instrument in which the liability component is still outstanding at the date of transition, a first-time adopter separately identifies the liability (cumulative interest on the liability portion is recognised in retained earnings) and equity components. The allocation between liabilities and equity is based on the circumstances at the date of issue of the instrument, and the subsequent interest expense on the liability component is calculated under the effective interest method required by SG-IFRS. If the liability component in a compound instrument is no longer outstanding at the date of transition, the optional exemption permits a first-time adopter not to separate the initial equity component of the instrument from the cumulative interest accreted on the liability component. This optional exemption may be applied on an instrument-by-instrument basis.	SG-IFRS 1.D18

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
12	Fair value measurement of financial assets and liabilities on initial recognition	Certain financial assets or financial liabilities arising from transactions entered into on or after the date of transition	SG-IFRS 1 provides relief from the retrospective application of the requirements in respect of the recognition of 'day one' gains or losses. Under the optional exemption, the criteria for the recognition of gains and losses after the initial recognition of a financial asset or liability only need to be applied prospectively to transactions entered into on or after the date of transition.	SG-IFRS 1.D20
13	Decommission-ing liabilities (including those related to oil and gas assets)	All decommissioning liabilities that will be included in the carrying amount of property, plant and equipment	The optional exemption allows a first-time adopter to calculate the amount of the provision capitalised in property, plant and equipment in its opening SG-IFRS statement of financial position using the following steps: • calculate the provision at the date of transition as if the obligation arose at that date, discounted using a current market-based discount rate; • discount the provision back to the date on which the obligation first arose, using the first time adopter's best estimate of the historical risk-adjusted discount rate(s) that would have applied between that date and the date of transition; and • depreciate the resulting present value from the date on which the obligation first arose to the date of transition. For a first-time adopter that uses the fair value of the property, plant and equipment as the deemed costs at the date of transition, the valuation is grossed up for any provision or decommissioning if the valuation reflect the price that a third party would pay for the asset and to assume the related obligation to decommission the asset. If the valuation does not reflect such price, the difference between the fair value of the asset and the previous accounting policy carrying amount is recognised as an adjustment to opening retained earnings. The decommissioning liability is measured in accordance with SG-IFRS and recognised in opening retained earnings.	SG-IFRS 1.D21 – D21A

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
			If a first-time adopter uses the deemed cost exemption for oil and gas assets in the development or production phases, then the amount of any adjustment required to measure decommissioning, restoration and similar liabilities in accordance with SG-IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* at the date of transition are recognised directly in retained earnings rather than adjusting the carrying amount of the underlying assets.	
14	Service concession arrangements	All service concession arrangements outstanding at the date of transition	If retrospective application of SG-IFRIC 12 *Service Concession Arrangements* at the date of transition is impracticable for any service concession arrangement, then the operator: • reclassifies assets previously recognised under the service concession arrangement as a financial asset or an intangible asset at the date of transition, measured at the carrying amount of the previous accounting policy; and • tests those assets for impairment at the date of transition or, if that is impracticable, then at the start of the current reporting period. (The impairment test is undertaken in accordance with either SG-IAS 36 or SG-IFRS 9.)	SG-IFRS 1.D22

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
15	Borrowing costs	Borrowing costs incurred on qualifying assets	A first-time adopter is permitted to apply the requirements of SG-IAS 23 *Borrowing Costs* from the date of transition or earlier. If a first-time adopter applies the optional exemption for borrowing costs, then: • it accounts for borrowing costs incurred on or after the chosen date of transition in accordance with SG-IAS 23, including those incurred on qualifying assets already under construction; and • it does not restate the borrowing costs capitalised under previous accounting policy before the date of initial application of SG-IAS 23. The optional exemption, if elected, is required to be applied consistently across all relevant qualifying assets.	SG-IFRS 1.D23

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
16	Extinguishing financial liabilities with equity instruments	All financial liabilities with equity instruments	When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognised initially, an entity shall measure them at the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured then the equity instruments shall be measured to reflect the fair value of the financial liability extinguished. If only part of the financial liability is extinguished, the entity shall assess whether some of the consideration paid relates to a modification of the terms of the liability that remains outstanding. When only part of the financial liability is extinguished, the consideration allocated to the remaining liability shall form part of the assessment of whether the terms of that remaining liability have been substantially modified. If the remaining liability has been substantially modified, the entity shall account for the modification as the extinguishment of the original liability and the recognition of a new liability as required by paragraph 3.3.2 of SG-IFRS 9. An entity shall disclose a gain or loss recognised as a separate line item in profit or loss or in the notes. A first time adopter may apply SG-IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* for extinguishments that occurred from the beginning of the earliest comparative period.	SG-IFRS 1.D25

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
17	Moving from severe hyperinflation	All assets and liabilities held before the functional currency normalisation date, which is on or before the date of transition	This exemption allows a first-time adopter to measure assets and liabilities, held before the functional currency normalisation date, at fair value on the date of transition and use that fair value as the deemed cost of those assets and liabilities in the opening SG-IFRS statement of financial position. When the functional currency normalisation date falls within a 12-month comparative period, the comparative period may be less than 12 months, provided that a complete set of financial statements (as required by paragraph 10 of SG-IAS 1 *Presentation of Financial Statements*) is provided for that shorter period.	SG-IFRS 1.D26 – D30
18	Joint arrangements	All joint arrangements	A first-time adopter may apply the transition provisions in SG-IFRS 11 *Joint Arrangements* with the following exceptions: a) When applying the transition provisions in SG-IFRS 11, a first-time adopter shall apply these provisions at the date of transition to SG-IFRS. b) When changing from proportionate consolidation to the equity method, a first-time adopter shall test for impairment the investment in accordance with SG-IAS 36 as at the date of transition to SG-IFRS, regardless of whether there is any indication that the investment may be impaired. Any resulting impairment shall be recognised as an adjustment to retained earnings at the date of transition to SG-IFRS.	SG-IFRS 1.D31
19	Stripping costs in the production phase of a surface mine	Stripping costs in the scope of SG-IFRIC 20	A first-time adopter may apply the transitional provisions set out in SG-IFRIC 20.A1-A4 *Stripping Costs in the Production Phase of a Surface Mine*. In that paragraph, reference to the effective date shall be interpreted as the beginning of the first SG-IFRS reporting period.	SG-IFRS 1.D32

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
20	Financial instruments ***Effective for periods beginning 1 January 2018)***	All financial instruments	No requirement to restate comparative information (including disclosures in SG-IFRS 7 *Financial Instruments: Disclosures*), to the extent that the disclosures relate to SG-IFRS 9 in first SG-IFRS financial statements. If an entity opts not to restate comparative information, the transition date for the purposes of applying SG-IFRS 9 is the beginning of the first SG-IFRS reporting period and not the date of transition to SG-IFRS. For e.g., if an entity's financial year end is 31 December and it chooses not to restate comparative information for SG-IFRS 9, its date of transition to SG-IFRS is 1 January 2017, but its transition date for SG-IFRS 9 is 1 January 2018. An entity that chooses to present comparative information that does not comply with SG-IFRS 7 and SG-IFRS 9 in its first year of transition shall: a) apply the requirements of SFRS in place of the requirements of SG-IFRS 9 to comparative information about items within the scope of SG-IFRS 9. b) disclose this fact together with the basis used to prepare this information. c) treat any adjustment between the statement of financial position at the comparative period's reporting date (i.e. the statement of financial position that includes comparative information under SFRS) and the statement of financial position at the start of the first SG-IFRS reporting period (i.e. the first period that includes information that complies with SG-IFRS 7 and the completed version of SG-IFRS 9) as arising from a change in accounting policy and give the disclosures required by SG-IAS 8.28(a)-(e) and (f)(i) *Accounting Policies, Changes in Accounting Estimates and Errors*. SG-IAS 8.28(f) (i) applies only to amounts presented in the statement of financial position at the comparative period's reporting date.	SG-IFRS 1.D19 – D19 C, D33, E1, E2

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
			d) apply SG-IAS 1.17(c) to provide additional disclosures when compliance with the specific requirements in SG-IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. The fair value option for financial assets and liabilities is re-opened based on facts and circumstances at date of transition. An entity may designate an investment in an equity instrument as at FVOCI by an irrevocable election (in accordance with paragraph 5.7.5 of SG-IFRS 9) on the basis of the facts and circumstances that exist at the date of transition. On transition, the entity assesses whether presenting the effects of changes in a financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The assessment is made based on facts and circumstances at the date of transition. SG-IFRS 9 permits some contracts to buy or sell a non-financial item to be designated at inception as measured at FVTPL (see paragraph 2.5 of SG-IFRS 9). Despite this requirement, an entity is permitted to designate, at the date of transition, contracts that already exist on that date as measured at FVTPL but only if they meet the requirements of paragraph 2.5 of SG-IFRS 9 at the date and the entity designates all similar contracts.	

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
21	Revenue from contracts with customers ***Effective for annual periods beginning 1 January 2018)***	All contracts prior to the date of transition	Contracts with customers that were completed before the earliest period presented need not be restated. A first-time adopter is also permitted to use one or more of the following practical expedients in accordance with the transitional provisions of SG-IFRS 15. For all reporting periods presented before the beginning of the first SG-IFRS annual reporting period, a first-time adopter is not required to disclose the amount of the transaction price allocated to any remaining performance obligations or an explanation of when it expects to recognise the amount as revenue.	SG-IFRS 1.D34 – D35
22	Leases ***Effective for annual periods beginning 1 January 2019)***	All leasing arrangements for entities that **early adopt** SG-IFRS 16 and apply it in the same financial year when SG-IFRS 1 is applied.	A first-time adopter may apply the new lease definition to contracts existing at the date of transition based on facts and circumstances at that date. If a first-time adopter is a lessee that recognises at the date of transition lease liabilities and right-of-use assets, then it is permitted to choose the following approaches to apply to all of its leases at the date of transition: • measure the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition; • measure a right-of-use asset, on a lease-by-lease basis, at either: - its carrying amount as if SG-IFRS 16 had been applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of transition to SG-IFRS; or - an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to SG-IFRS; or	SG-IFRS 1.D9 – D9D

	Optional exemption	Applies to	Description	SG-IFRS 1 reference
			• apply SG-IAS 36 to the right-of-use asset at the date of transition to SG-IFRS. A first-time adopter that is a lessee measures the right-of-use asset at fair value at the date of transition to SG-IFRS for leases that meet the definition of investment property in SG-IAS 40 and are measured using the fair value model in SG-IAS 40 from the date of transition. A first-time adopter that is a lessee is permitted to apply the following optional exemptions at the date of transition on a lease-by-lease basis: • apply a single discount rate to a portfolio of leases with reasonably similar characteristics; • elect not to apply the measurement requirements to leases for which the lease term ends within 12 months of the date of transition nor to leases for which the underlying asset is of low value. Instead, the first-time adopter recognises the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis; • exclude initial direct costs from the measurement of the right-of-use asset; and • use hindsight - e.g. in determining the lease term if the contract contains options to extend or terminate the lease.	

4. Standards/transitional provisions applied prospectively and SFRS/SG-IFRS differences with no transitional reliefs available in SG-IFRS 1

The table below lists standards under SFRS or transitional provisions of SFRS that were applied prospectively, and standards under SFRS that had different requirements from SG-IFRS, for which there are no mandatory exceptions or optional exemptions available to provide relief from full retrospective application.

Note: the list below is based on SFRS pronouncements that are effective as at 3 October 2017 for annual periods ending from 1 January 2017 to 31 December 2017.

Standards	Areas of impact
SFRS 17	Entities that did not apply SFRS 17 prior to annual periods beginning before 1 January 2005 would be required to apply SG-IAS 17 retrospectively to such lease arrangements. For example, entities may not account for certain lease arrangements as finance leases before 1 January 2005. On transition to SG-IFRS, entities would be required to account for such lease arrangements as finance leases in accordance with SG-IAS 17.
SFRS 20	Entities with existing government grants granted in annual periods beginning before 1 January 1985 that have not been amortised into profit or loss would be required to apply the requirements of SG-IAS 20 retrospectively to such grants.

Standards	Areas of impact
SFRS 32 SFRS 38[8] SFRS 103	Intangible assets that would have been recognised in accordance with SG-IAS 38 in the acquiree's financial statements at the date of transition acquired or assumed under business combination transactions (please refer to **Section 2(A)** for further guidance)
SFRS 38[8]	Entities that did not apply SFRS 38 prior to annual periods beginning before 1 July 2004 would be required to apply SG-IAS 38 retrospectively to account for such intangible assets. For example, entities may not have capitalised certain intangible assets before 1 July 2004. On transition to SG-IFRS, entities would be required to account for such intangible assets in accordance with SG-IAS 38.
SFRS 38[8] SFRS 103	Entities which have recognised reacquired rights in business combinations that took place in annual periods before 1 July 2009, and whose useful lives are not the contractual period of the contract, would be required to apply the requirements of SG-IAS 38 and SG-IFRS 3 retrospectively to such transactions (i.e. to amortise the reacquired assets over the contractual period of the contract).
SFRS 16 SFRS 38[8]	Entities which used a depreciation/amortisation method that is based on revenue generated by an activity that includes the use of an asset for annual periods before 1 January 2016, would be required to retrospectively account for the depreciation/amortisation of the asset using the depreciation/amortisation method allowed under SG-IAS 16/SG-IAS 38. Note: under SG-IAS 38, the presumption that revenue-based amortisation method is inappropriate is a rebuttable presumption, which could be overcome in limited circumstances (please refer to SG-IAS 38.98A).

[8] Entities may wish to note that the deemed cost exemption under SG-IFRS 1.D5 to D6 is available for intangible assets that meet:
(i) the recognition criteria in SG-IAS 38 (including reliable measurement of original cost); and
(ii) the criteria in SG-IAS 38 for revaluation (including the existence of an active market).
[SG-IFRS 1.D7(b)]

Standards	Areas of impact
SFRS 40	For investment properties under construction that were previously measured in accordance with SFRS 16, entities are required to reclassify revaluation surplus to retained earnings on date of transition.
SFRS 102	Entities that have issued share based payments on or after 7 November 2002 and have not vested are required to apply the requirements of SG-IFRS 2 to such share-based payments retrospectively. Note that there were amendments to SFRS 102 that were applied prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014. (The amendments amended the definitions of 'vesting conditions' and 'market condition', and added the definitions of 'performance condition' and 'service condition'). Entities with share-based payment transactions that have not vested on the date of transition to SG-IFRS would have to apply these amendments to such transactions retrospectively.
SFRS 110	Entities are required to apply the requirements of SG-IFRS 10 retrospectively to determine whether an entity is an investment entity.

The following interpretation had been issued but not adopted under SFRS:

- IFRIC 2 "*Members' Shares in Co-operative Entities and Similar Instruments*" is effective for annual periods beginning on or after 1 January 2005.

These lists do not include standards and amendments issued and effective on 1 January 2018. These new standards and amendments would have to be applied retrospectively as well when they are applied on the date of transition to SG-IFRS and there are no transition reliefs in SG-IFRS 1. Refer to **Section 5** for this list of standards and amendments issued and effective on 1 January 2018.

5. Standards and amendments issued and effective on 1 January 2018

The table below contains new standards and amendments which are effective for annual periods beginning on 1 January 2018. Note: this list is based on pronouncements that are issued as at 3 October 2017 and is intended for those entities which are converging to SG-IFRS on 1 January 2018, with no early adoption of other standards.

A first-time adopter disregards the transitional provisions within each standard / amendment. These standards / amendments are to be applied retrospectively if there are no transitional provisions available under SG-IFRS 1 that provide relief from full retrospective application of these standards / amendments.

Standards	Title	Remarks
SG-IFRS 2	Amendments to SG-IFRS 2: Classification and Measurement of Share-based Payment Transactions	**Note 1**
SG-IFRS 4	Amendments to SG-IFRS 4: Applying SG-IFRS 9 Financial Instruments with SG-IFRS 4 Insurance Contracts	**Note 1**
SG-IFRS 9	Financial Instruments	**Note 1** Please refer to the following for further guidance: - **Section 3(B)(20)**
SG-IFRS 15	Revenue from Contracts with Customers	Please refer to the following for further guidance: - **Section 3(B)(21)** - **Appendix B**
SG-IAS 28	Amendments to SG-IAS 28 Investments in Associates and Joint Ventures: Measuring an associate or joint venture at fair value	**Note 1**
SG-IAS 40	Amendments to SG-IAS 40: Transfers of Investment Property	**Note 1**
SG-IFRIC 22	Foreign Currency Transactions and Advance Consideration	**Note 1**

Note 1: ISCA will be issuing Technical Bites on the transitional requirements in these standards / amendments and their interaction with SG-IFRS 1 in due course.

Appendix A – Announcement by MAS on transitional relief from prospectus disclosure requirements (effective 1 January 2018) to prepare financial statements in accordance with the New Framework

On 19 January 2017, the Monetary Authority of Singapore announced that it will be providing transitional relief for historical financial statements in prospectuses lodged on or after 1 January 2018. In addition to restating up to three years of historical audited financial statements fully to SG-IFRS in the prospectus, issuers of shares, debentures and units in business trusts will also have the option of using the transitional relief provided by MAS.

Details of the transitional relief arrangements are as follows[9]:

1. MAS will be amending the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 and the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 to replace references to "FRS" with the New Framework[10]. The amendments are intended to take effect on 1 January 2018. On commencement, issuers lodging prospectuses on or after 1 January 2018 must prepare financial information that is prepared in accordance with, or restated to, one of the following accounting frameworks: (i) the New Framework; (ii) IFRS; or (iii) US Generally Accepted Accounting Principles (US GAAP).

2. MAS will provide transitional relief for issuers that currently use Singapore FRS (SFRS) and that lodge a prospectus from 1 January 2018, as set out in Table 1.

3. For the avoidance of doubt, issuers will have a choice of either restating up to three years of historical audited financial statements included in their prospectuses fully to the New Framework or use the transitional relief provided by MAS.

[9] Extracted from Appendix A in MAS' announcement titled "Financial Reporting for Business Trusts and Collective Investment Schemes"

http://www.mas.gov.sg/News-and-Publications/Media-Releases/2017/Financial-Reporting-for-Business-Trusts-and-Collective-Investment-Schemes.aspx

[10] The term "New Framework" used in MAS announcement refers to the new Singapore financial reporting framework that is identical to IFRS. The term "SG-IFRS" is used in other parts of this publication to refer to this new Singapore financial reporting framework.

Appendix A – Announcement by MAS on transitional relief from prospectus disclosure requirements (effective 1 January 2018) to prepare financial statements in accordance with SG-IFRS

Table 1: Applicable transitional relief for issuers making public offers from 1 January 2018[11]

	Issuers whose Track Record Period does not include annual periods beginning on or after 1 January 2017 ("Group A Issuers")[12]	**Issuers whose Track Record Period includes annual periods beginning on or after 1 January 2017 ("Group B Issuers")[13]**
Audited financial statements ("Track Record Period")	• Historical financial information prepared in SFRS • Qualitative information on the prospective changes in the accounting framework • Reconciliation of (a) net profit after tax and (b) net assets of the most recent financial year of the Track Record Period reported in accordance with SFRS, to the New Framework	• Historical financial information for the year(s) prior to the annual period beginning on or after 1 January 2017 prepared in SFRS • Historical financial information for the annual period beginning on or after 1 January 2017 prepared in SFRS, accompanied by: (a) a reconciliation of the four primary financial statements (i.e. statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows) reported in accordance with SFRS, to the New Framework[14]; and • notes to describe any differences between the financial figures prepared in SFRS and those in the New Framework

[11] The date of expiry of the transitional relief depends on the issuer's year end, as follows:
- for issuers with financial year ending on 31 December, by 31 March 2020 (if 2-year Track Record is presented) or by 31 March 2021 (if 3-year Track Record is presented);
- for issuers with financial year ending on 31 March, by 30 June 2020 (if 2-year Track Record is presented) or by 30 June 2021 (if 3-year Track Record is presented);
- for issuers with financial year ending on 30 June, by 30 September 2020 (if 2-year Track Record is presented) or by 30 September 2021 (if 3-year Track Record is presented);
- for issuers with financial year ending on 30 September, by 31 December 2020 (if 2-year Track Record is presented) or by 31 December 2021 (if 3-year Track Record is presented).

[12] For example, a Group A Issuer is a company whose financial year ends on 31 December and who lodges a prospectus for an offer of shares in February 2018. This issuer is required by legislation to disclose audited financial statements for annual periods ending 31 December 2014, 2015 and 2016.

[13] For example, a Group B Issuer is a company whose financial year ends on 31 December and who lodges a prospectus for an offer of shares in May 2018. This issuer is required by legislation to disclose audited financial statements for annual periods ending 31 December 2015, 2016 and 2017.

[14] 7 To comply with this requirement, the reconciliation should be presented in the format illustrated in Example 11 within Paragraph 63 of ASC's Illustrative Guidance on Implementing First-time Adoption of Financial Reporting Standards (FRS 101-IG), accessible at ASC's website (http://www.asc.gov.sg/2017volume, as of the date of this publication).

	Issuers whose Track Record Period does not include annual periods beginning on or after 1 January 2017 ("Group A Issuers")[15]	Issuers whose Track Record Period includes annual periods beginning on or after 1 January 2017 ("Group B Issuers")[16]
Audited financial statements ("Track Record Period")		• Historical financial information for the annual period beginning on or after 1 January 2018 (if any) prepared in the New Framework
Interim financial statements	• Financial statements for interim periods beginning on or after 1 January 2018, and for the comparative interim period, are to be prepared in the New Framework.	
Profit forecast disclosures (if any)	• Financial statements for profit forecast periods beginning on or after 1 January 2018, are to be prepared in the New Framework.	

[15] For example, a Group A Issuer is a company whose financial year ends on 31 December and who lodges a prospectus for an offer of shares in February 2018. This issuer is required by legislation to disclose audited financial statements for annual periods ending 31 December 2014, 2015 and 2016.

[16] For example, a Group B Issuer is a company whose financial year ends on 31 December and who lodges a prospectus for an offer of shares in May 2018. This issuer is required by legislation to disclose audited financial statements for annual periods ending 31 December 2015, 2016 and 2017.

Appendix B – Technical Bite [17]: What are the transitional requirements in FRS 115?

Note: This technical bite is also applicable to the revenue standard (that is equivalent to SG-IFRS 15) issued under the new financial reporting framework that is identical to IFRS. The new financial reporting framework is referred to as SG-IFRS in other parts of this publication.

For the purpose of FRS 115 transition requirements, the "date of initial application" is the start of the reporting period in which an entity first applies FRS 115 and a "completed contract" as a contract for which the entity has transferred all of the goods or services identified in accordance with FRS 11, FRS 18 and related interpretations.

FRS 115 allows the adoption of either one of the two following methods for transition to FRS 115:

1) Full retrospective application:

- Apply FRS 115 retrospectively to each prior reporting period in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, subject to the expedients listed in FRS 115 Appendix C paragraph C5 (a) – (d).
- Adjustment is to be made at the start of the earliest comparative period presented i.e. as at 1 January 2017 for financial statements for annual periods ended 31 December 2018.

2) Retrospective application with the cumulative effect recognised in the current period ('Cumulative catch-up' method):

- Recognise the cumulative effect of initially applying FRS 115 as an adjustment to the opening balance of retained earnings as at the date of initial application.
- Adjustment is at the date of initial application i.e. as at 1 January 2018 for financial statements for annual periods ended 31 December 2018.
- No restatement of prior period comparative information.
- May elect to apply FRS 115 retrospectively only to contracts that are not completed at the date of initial application.

<u>Interaction of IFRS 1 with IFRS 15 *Revenue from Contracts with Customers*</u>

Singapore-incorporated companies listed on Singapore Exchange ('SG listed companies') will apply a new IFRS-identical financial reporting framework for annual periods beginning on or after 1 January 2018. This coincides with IFRS 15's effective date of 1 January 2018 and SG listed companies will be required to apply IFRS 1 *First-time Adoption of Financial Reporting Standards* together with IFRS 15 in 2018.

IFRS 1 *First-time Adoption of Financial Reporting Standards* paragraph 9 states that the transitional provisions in other IFRSs do not apply to a first-time adopter's transition to IFRSs, except as specified in Appendices B-E.

[17] https://www.isca.org.sg/tkc/fr/techbites/#tab-1-3

SG listed companies that do not early adopt IFRS 15 and apply IFRS 1 in 2018 would not be able to apply the 'cumulative catch-up' transition method. In addition, these companies do not have the choice of applying FRS 115 only to uncompleted contracts at the date of initial application i.e. 1 January 2018. Therefore, only the full retrospective transition method is to be adopted in 2018 with the following provisions in IFRS 1 Paragraphs D34 & D35:

- All the practical expedients listed for the retrospective method are allowed for a first-time adopter's financial statements; and
- No restatement of contracts that were completed before the earliest period presented, i.e. 1 January 2017.

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As the national accountancy body, ISCA is committed in supporting our members in their careers as they progress and rise to challenges faced along the way. The Corporate Reporting & Ethics (CoRE) Division provides technical support in areas of financial reporting, sustainability reporting, ethics and specialised industries such as capital markets, banking and finance, insurance and insolvency; and communicates insights and views to our members and the wider accountancy community. Through our specialised technical committees that comprise representatives from various stakeholders in the corporate reporting eco-system, we hear issues from the ground and conceive initiatives to promote and enhance quality, consistency and best practices to uphold technical excellence.

About ISCA's Financial Reporting Committee

ISCA's Financial Reporting Committee (FRC) is chaired by Prof. Chua Kim Chiu and comprises representatives from legal and accounting firms, corporate, regulators and academia in the financial reporting eco-system. FRC's terms of reference include monitoring policy and implementation issues relating to the development of accounting standards internationally and in Singapore, and to identify, understand and address accounting issues faced by professional accountants in Singapore, and provide support through the issuance of guidances.

The terms of reference are executed through FRC with the support of two Sub-Committees, namely Core Sub-Committee and Valuation Sub-Committee. FRC Core Sub-Committee is the technical accounting arm of FRC and comprises various technical accounting subject matter experts from accounting firms. The Core Sub-Committee engages in technical deliberations on emerging accounting issues in Singapore and new or revised accounting developments proposed by the international accounting standards setter.

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