

Poll on Readiness Level of Listed Companies to issue IFRS compliant interim results in 2018 – Report Findings

A. Background

All Singapore-incorporated companies listed on the Singapore Exchange ('SGX') are required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ('IFRS') for annual periods beginning on or after 1 January 2018 ('IFRS Convergence').

To assist directors and chief financial officers of listed companies acquaint themselves with IFRS Convergence, key principles underpinning IFRS 1 *First-time Adoption of International Financial Reporting Standards* ('IFRS') and some potential implications, ISCA and the Accounting Standards Council ('ASC') jointly developed a publication titled ["IFRS Convergence: Are you on track?"](#) in November 2016. The ASC and SGX had also concurrently issued alerts to remind companies of IFRS Convergence and to take necessary steps to ensure that they are ready to implement the new framework.

B. Objective

Despite the issuance of the above publication and alerts by the various authorities on IFRS Convergence, ISCA has received feedback that many listed companies have not commenced preparation work for IFRS Convergence as they view this as a 'non-event'.

In order to get a general sense of how ready the listed companies are for IFRS Convergence, ISCA conducted a poll of audit partners from 8 public accounting firms on their assessment of their listed clients' readiness to issue their first IFRS compliant interim financial statements in 2018. For those listed companies with December year-ends, this would mean that May 2018 is the expected announcement date for their first IFRS compliant results.

C. Method

The poll was conducted in August-September 2017. The participants of the poll are audit partners from 8 public accounting firms, who are statutory auditors of listed companies.

For ease of conducting the poll, we have used Google Form to create the poll, and have created an unique username and default password for each participating public accounting firm. Each audit partner is asked to complete a poll form for each listed company that they are statutory auditor of.

Due to client confidentiality, we have requested that each participating public accounting firm (i) to change the default password before sending the poll form to their audit partners, and (ii) to submit to ISCA the collated responses of each participating public accounting firm.

The summary of the collated responses received from the participating public accounting firms can be found in the subsequent section titled "Poll results".

D. Poll questions (see Appendix 1 for the poll form)

The poll contains 7 questions which focus on various stages of preparedness for IFRS Convergence, starting with awareness of IFRS Convergence and ending with completion of the process and being ready to comply with IFRS.

Section A: Profile

- Name of partner¹
- Name of listed company which you are statutory auditor of¹
- For the listed company which you have indicated above, please select the range of market capitalisation (i.e. market value of the outstanding shares) that it falls within
 - ☐ S\$1 billion and above (Large cap²)
 - ☐ S\$300 million to S\$1 billion (Mid cap²)
 - ☐ Less than S\$300 million (Small cap²)

Section B: Poll questions

1. Has the listed company commenced preparation work or expressed interest in preparing for IFRS Convergence?
2. Has the listed company understood what entails IFRS Convergence - e.g. attended training, enquired with auditors, read up on publications relating to IFRS Convergence?
3. Has the listed company formulated a strategy and an implementation roadmap to prepare the company to be IFRS compliant ready for announcing its interim results in 2018 (quarterly/half-yearly)? For example, set up a task force, engaged external consultants' help, obtained Board of Directors' approval on the implementation plan and required resources
4. Has the listed company executed the implementation roadmap with the required resources and people in place?
5. Has the listed company substantially completed assessing and quantifying the impact of mandatory exceptions and optional exemptions to be applied?
6. Has the listed company completed the assessment and quantification of the transition adjustments to be put through?
7. Has the listed company completed the due process and able to assert compliance with IFRS? For example, reported to the Board of Directors and Audit Committee on the results

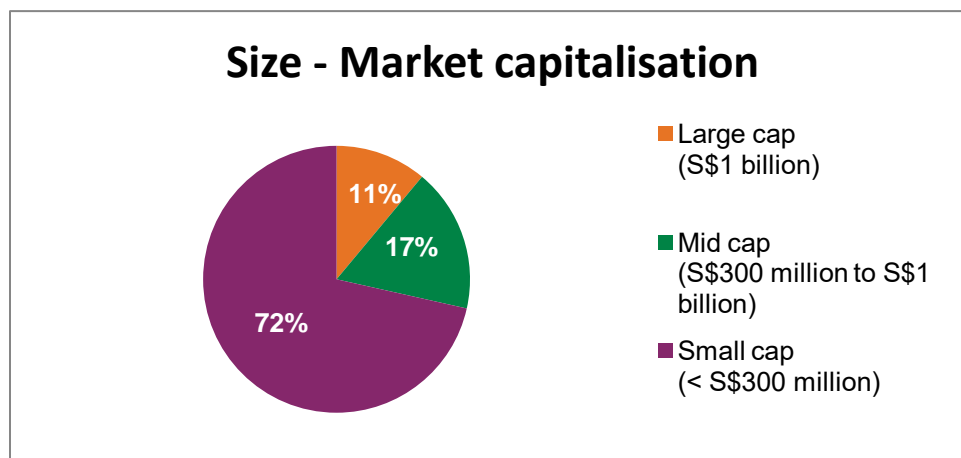
¹ The names of partners and names of listed companies are meant for each participating public accounting firm's internal tracking purposes and will not be shared with ISCA.

² This is the categorisation used in [Singapore Corporate Awards](#).

of the assessment; obtained Board of Directors' approval for the transition adjustments put through

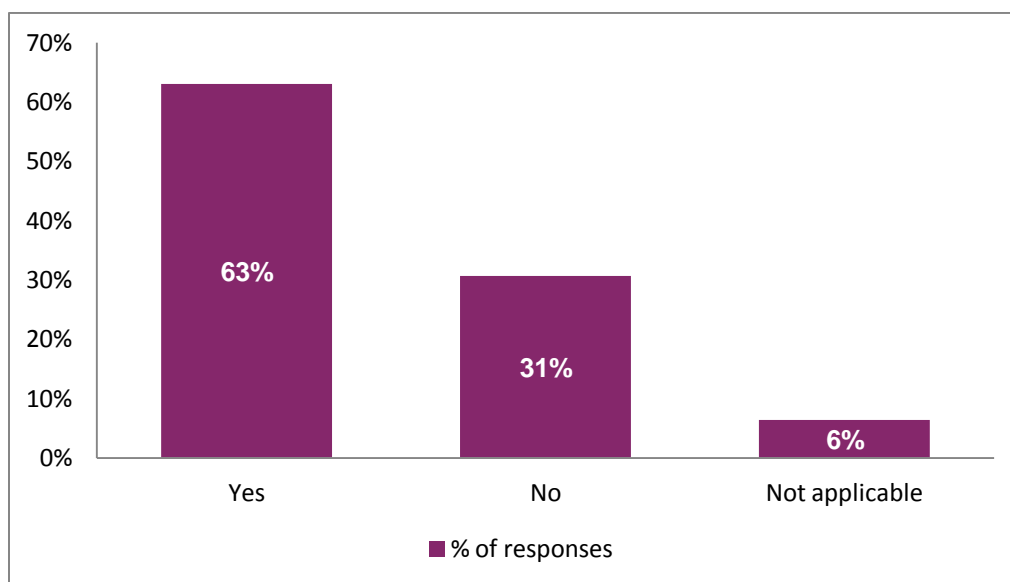
E. Profile

The total number of responses is 235, which represents 235 listed companies. Below is the profile of the listed companies by market capitalisation ("cap").

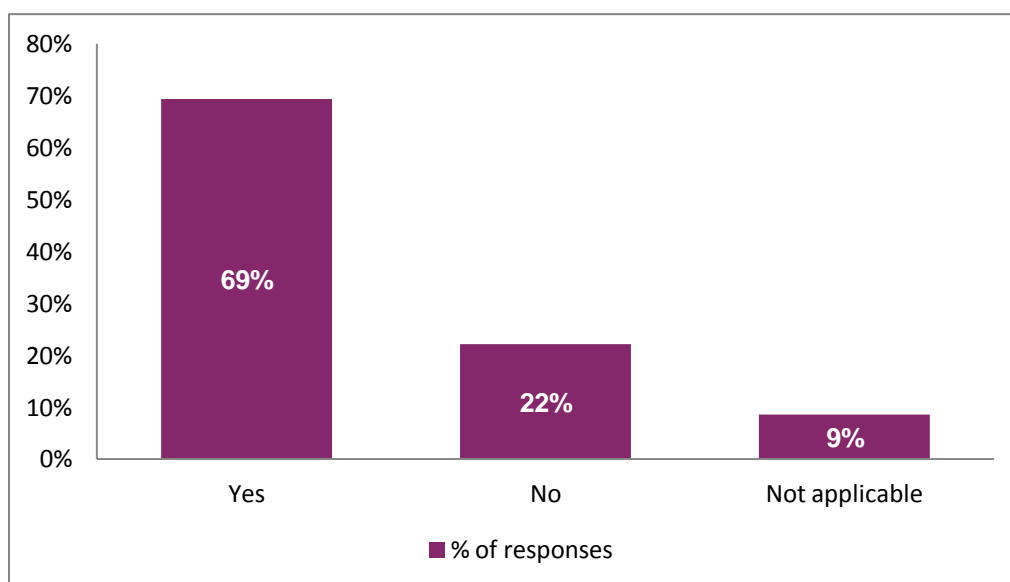


F. Poll results

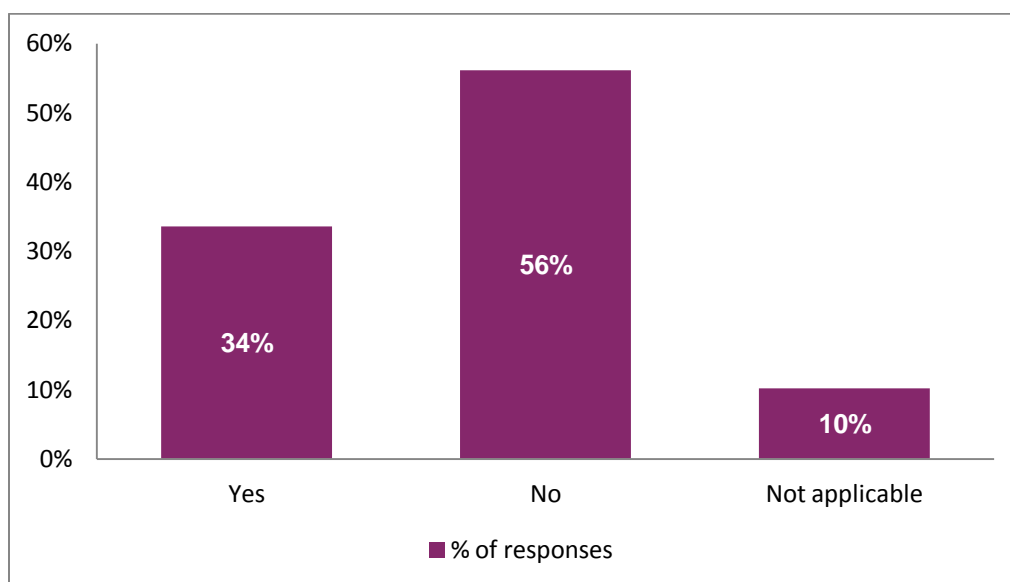
Q1) Has the listed company commenced preparation work or expressed interest in preparing for IFRS Convergence?



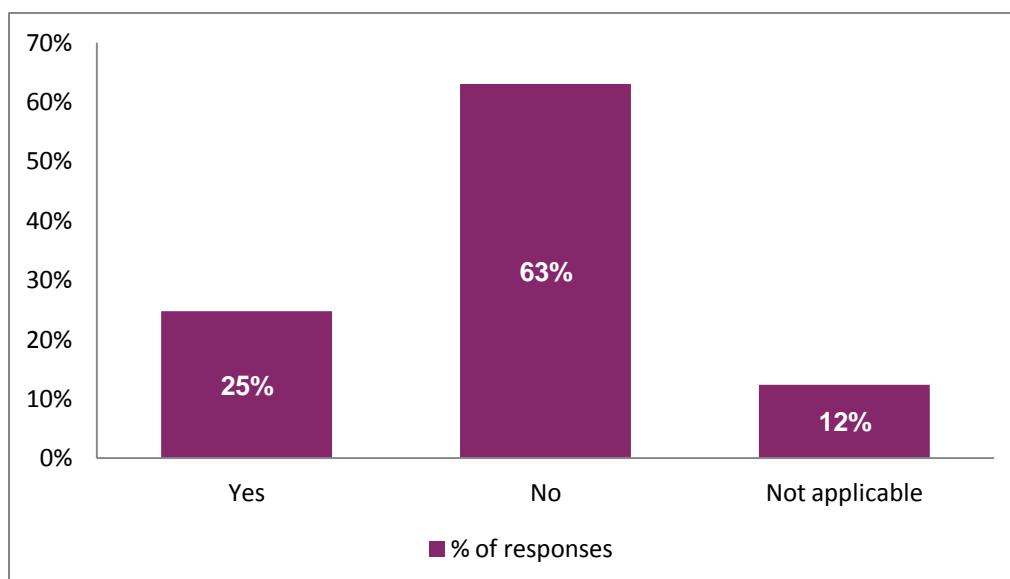
Q2) Has the listed company understood what entails IFRS Convergence - e.g. attended training, enquired with auditors, read up on publications relating to IFRS Convergence?



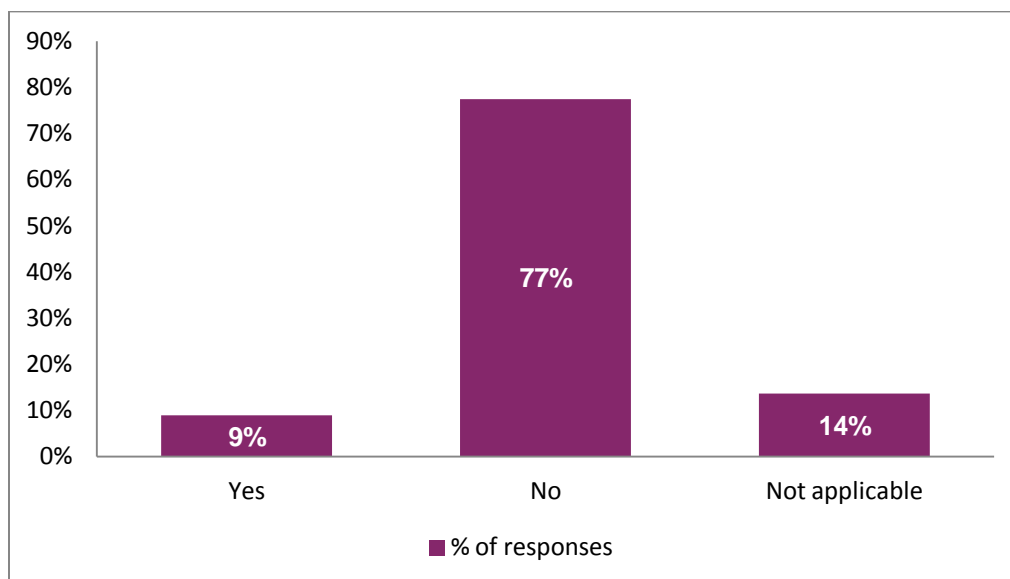
- Q3) Has the listed company formulated a strategy and an implementation roadmap to prepare the company to be IFRS compliant ready for announcing its interim results in 2018 (quarterly/half-yearly)? For example, set up a task force, engaged external consultants' help, obtained Board of Directors' approval on the implementation plan and required resources



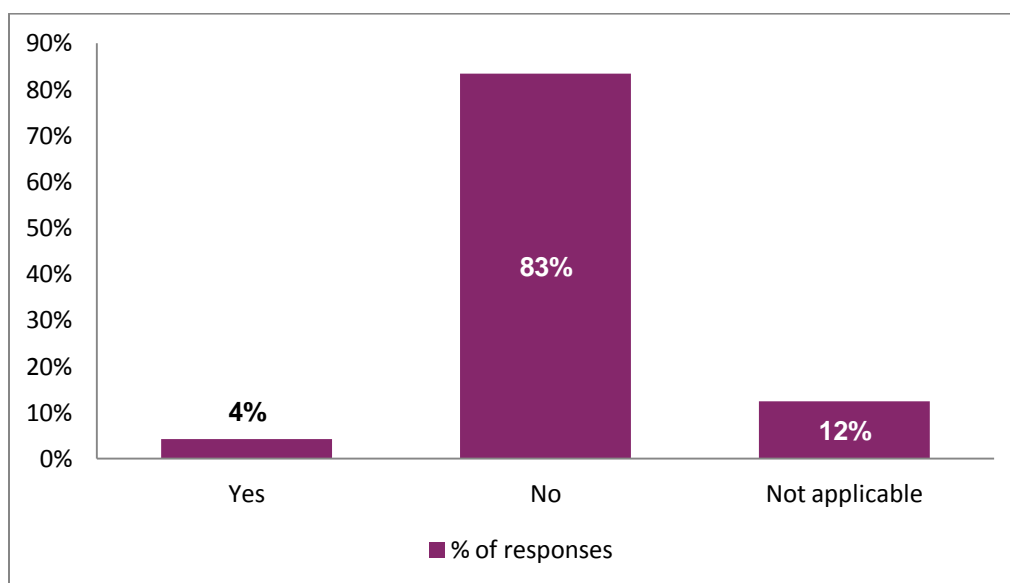
- Q4) Has the listed company executed the implementation roadmap with the required resources and people in place?



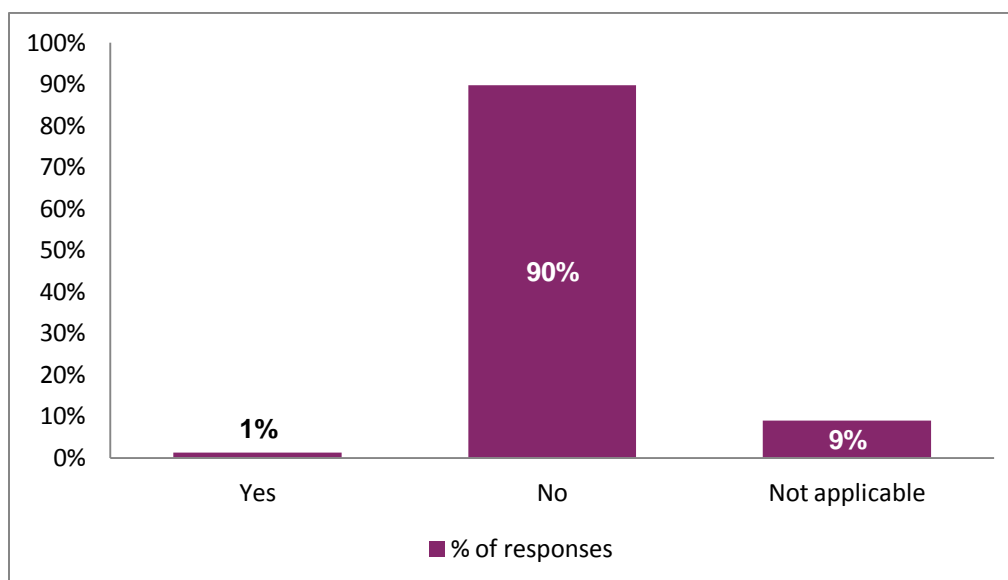
Q5) Has the listed company substantially completed assessing and quantifying the impact of mandatory exceptions and optional exemptions to be applied?



Q6) Has the listed company completed the assessment and quantification of the transition adjustments to be put through?



- Q7) Has the listed company completed the due process and able to assert compliance with IFRS? For example, reported to the Board of Directors and Audit Committee on the results of the assessment; obtained Board of Directors' approval for the transition adjustments put through



G. Key findings

Close to a third of the 235 listed companies polled have not commenced any preparation work for IFRS Convergence.

Approximately 25% of the 235 listed companies polled are only at the early stages of preparation work.

Of the 235 listed companies polled, 21 listed companies (9%) have substantially completed the impact assessment of IFRS 1. Of these 21 listed companies, only 3 have completed the due process and are able to assert compliance with IFRS.

Summary of findings:

This poll on the assessment of listed companies' preparedness for IFRS Convergence was conducted in August-September 2017. With less than 8 months to go before the first set of IFRS-compliant interim financial statements are due to be announced (May 2018), companies should have been at the stage where they have substantially completed the impact assessment of IFRS 1. However, as seen from the above findings, only 21 listed companies (9%) have substantially completed the impact assessment of IFRS 1.

Poll on readiness level of listed companies to issue IFRS compliant interim results in 2018

Thank you for taking time to participate in this poll.

* Required

Background

All Singapore-incorporated companies listed on the Singapore Exchange ('SGX') are required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ('IFRS') for annual periods beginning on or after 1 January 2018 ('IFRS Convergence').

To assist directors and chief financial officers of listed companies acquaint themselves with IFRS Convergence, key principles underpinning IFRS 1 First-time Adoption of IFRS and some potential implications, ISCA and the Accounting Standards Council ('ASC') jointly developed a publication titled "IFRS Convergence: Are you on track?" in November 2016. The ASC and SGX had also concurrently issued alerts to remind companies of IFRS Convergence and to take necessary steps to ensure that they are ready to implement the new framework.

Objective and outcome

Despite the issuance of the above publication and alerts by the various authorities on IFRS Convergence, ISCA has received feedback that many listed companies have not commenced preparation work for IFRS Convergence as they view this as a 'non-event'.

ISCA hopes to assess the general level of readiness of listed companies to issue IFRS compliant interim results in 2018. The objective of the poll is to understand listed companies' general level of preparedness for IFRS Convergence.

We would like all audit partners who are statutory auditors of listed companies to participate in this poll. Please be assured that all information provided in this poll will be kept strictly confidential, and the names of the partners and firms will not be disclosed.

Please note that each survey form is meant for one listed company. For audit partners who are statutory auditors of more than one listed company, kindly click on "submit another response" to complete a survey form for each of the other listed companies.

Once again, thank you.

Section A: Profile

1. Name of partner *

2. Name of listed company which you are statutory auditor of *

3. For the listed company which you have indicated above, please select the range of market capitalisation (i.e. market value of the outstanding shares) that it falls within *

Check all that apply.

- ☐ S\$1 billion and above (Large cap)
☐ S\$300 million to S\$1 billion (Mid cap)
☐ Less than S\$300 million (Small cap)

Section B: Poll Questions

Please answer the following questions in relation to the listed company that you have indicated above. If your response to any question is "not applicable", please select "other" and provide us with the reason for stating so.

4. 1) Has the listed company commenced preparation work or expressed interest in preparing for IFRS Convergence? *

Mark only one oval.

- ☐ Yes
☐ No
☐ Other: _____

5. 2) Has the listed company understood what entails IFRS Convergence - e.g. attended training, enquired with auditors, read up on publications relating to IFRS Convergence? *

Mark only one oval.

- ☐ Yes
☐ No
☐ Other: _____

6. 3) Has the listed company formulated a strategy and an implementation roadmap to prepare the company to be IFRS compliant ready for announcing its interim results in 2018 (quarterly / half-yearly)? For example, set up a task force, engaged external consultants' help, obtained Board of Directors' approval on the implementation plan and required resources *

Mark only one oval.

- ☐ Yes
☐ No
☐ Other: _____

7. 4) Has the listed company executed the implementation roadmap with the required resources and people in place? *

Mark only one oval.

- ☐ Yes
☐ No
☐ Other: _____

8. **5) Has the listed company substantially completed assessing and quantifying the impact of mandatory exceptions and optional exemptions to be applied? ***

Mark only one oval.

- ☐ Yes
- ☐ No
- ☐ Other: _____

9. **6) Has the listed company completed the assessment and quantification of the transition adjustments to be put through? ***

Mark only one oval.

- ☐ Yes
- ☐ No
- ☐ Other: _____

10. **7) Has the listed company completed the due process and able to assert compliance with IFRS? For example, reported to the Board of Directors and Audit Committee on the results of the assessment; obtained Board of Directors' approval for the transition adjustments put through ***

Mark only one oval.

- ☐ Yes
- ☐ No
- ☐ Other: _____

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