IS Chartered Accountant

October 2017

ISCA INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

MENTORING OTHERS, MENTORING YOURSELF
The Classical View Of Mentoring

AUTOMATION AND THE ACCOUNTING PROFESSION
How Young Accountants Can Add Value And Thrive

RESPONDING TO NON-COMPLIANCE WITH LAWS AND REGULATIONS
Understanding The Pains

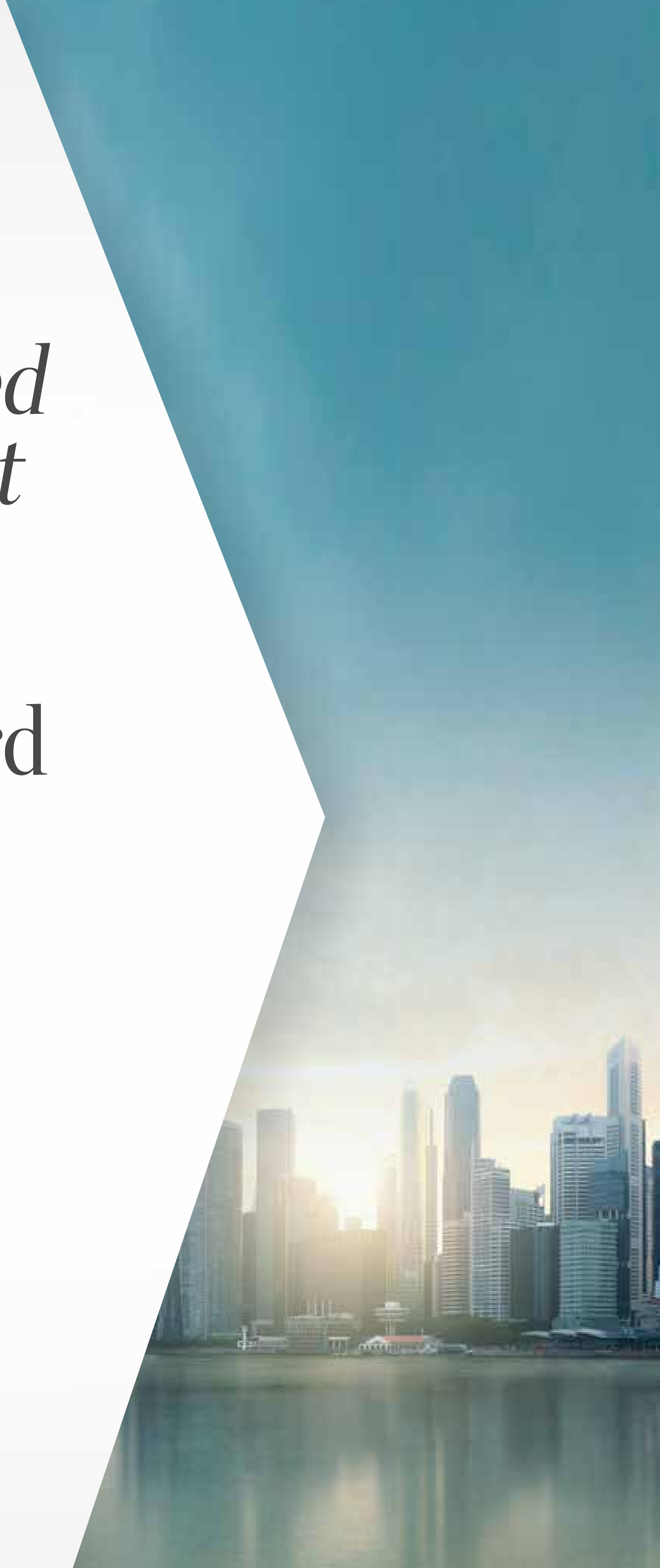
CASHLESS IN SINGAPORE
The Future Of Cashless Payments

***IS Chartered Accountant* Journal awarded APEX Award 2017**

AWARD OF EXCELLENCE

2017 APEX®
AWARDS FOR PUBLICATION EXCELLENCE

***IS C**hartered **A**ccountant journal* clinched the APEX 2017 Award of Excellence in the "Magazines, Journals & Tabloids - Print +32 Pages" category



AMID THE COMPLEX MAZE, A CLEAR PATH FORWARD

Dear members,

In recent years, we've experienced shifts in policies and regulations ranging from the tightening of internal controls to enhancement of corporate governance practices and new accounting standards. The impetus likely arose from the rash of financial scandals that had jolted the world – where ethics and integrity were blatantly ignored. The Lehman Brothers crisis, Bernard Madoff ponzi scheme and accounting irregularities at Fuji Xerox are but a few recent examples. Although they happened far away, the interconnectedness of today's economies meant that the fallouts were felt in other geographic regions.

Singapore too, has its share of accounting fraud cases, and the Institute has shared some of these case studies in the Ethics section of the ISCA website, with the aim for professional accountants to read and draw inferences, and move forward on the right path – the ethical path – to act in the public interest.

ISCA, as a member of IFAC, is required to closely align its ethics pronouncements with the ethics standard of IESBA, IFAC's ethics standard-setting board. Thus, the Institute's EP 100: Code of Professional Conduct and Ethics is largely aligned with IESBA's Code of Ethics for Professional Accountants, with local adaptations to serve the public interest in Singapore and to conform to Singapore's regulatory environment and statutory requirements.

A distinguishing mark of the accounting profession is the acceptance of the responsibility to act in the public interest. As a whole, the accounting profession recognises that ethics and integrity are central to the value that accountants bring to their respective organisations and to the clients that they serve. We do not have to look far to see evidence of this – Singapore's development into a trusted financial and business hub would not have been possible without the contributions of the accounting sector. This continues to be true today, as our ISCA members adhere to EP 100 in their professional endeavours.

For every new pronouncement issued by IESBA, the ISCA Ethics Committee assesses it for the purpose of adoption into EP 100. One of the ethics pronouncements currently being assessed is the IESBA ethics pronouncement on Responding to Non-compliance with Laws and Regulations (NOCLAR Pronouncement), which became effective from 15 July 2017.

As the national accountancy body, ISCA prepares the profession and our members for impending changes and regulatory updates. We continue to future-prepare our members with a cover story on the NOCLAR Pronouncement. It highlights the key "pain points" and clears a path through the maze of confusion surrounding NOCLAR. The Pronouncement is a step forward in the development of the Ethics Code as it provides a framework on how professional accountants should act to make things right, when encountering NOCLAR or suspected NOCLAR.

Emerging technologies are taking over some of the tasks that are traditionally performed by people. In the accounting industry, for example, advancements in cloud-based accounting software has made it easier for small businesses to easily and accurately enter and edit financial information on their own, without the input of accountants. Young accountants should embrace these new developments as opportunities for them to perform more value-added tasks, while freeing them from the more tedious, mundane activities.

Technology also underlies Singapore's progress towards becoming a Smart Nation, which was one of three key points of PM Lee Hsien Loong's National Day Rally speech. Technology has enabled many major Chinese cities to go cashless, which is where Singapore is also headed. Our article on PayNow, and the future of cashless payments in Singapore, explains why this interbank peer-to-peer fund transfer service is being positioned as more than just another cashless payment option.

Clearing yet another maze to achieve clarity – the theme of my message here – there is a misconception that only the mentee benefits in a mentor-mentee relationship when in fact, both parties will be enriched. In the first of a three-part series on mentoring, we provide an overview of mentoring and its origins. Look out for the next two articles where we expand on the hows and whys. In the meantime, have a good read.

Gerard Ee
FCA (Singapore)
president@isca.org.sg

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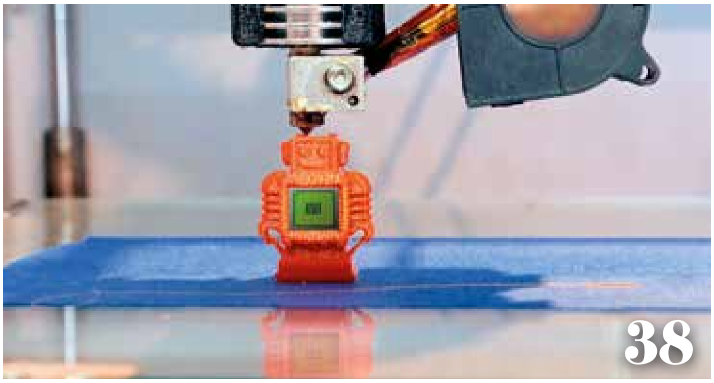

TECHNICAL EXCELLENCE

FIRST LOOK

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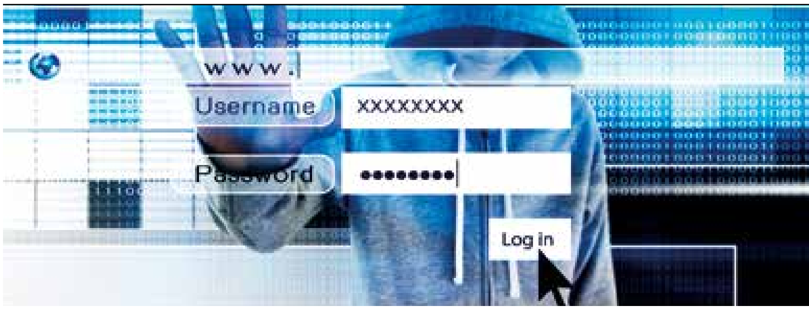

Regulator Concerns Grow over a Financial Cyber Crisis: Deloitte Report

Cyber attacks and data breaches are inevitable in the modern digital economy, and without proper regulatory and supervisory capabilities, some regulators in Asia Pacific believe the next financial crisis might be triggered by a cyber attack. According to Deloitte's "Cyber regulation in Asia Pacific" report released in mid-August, across the globe and within Asia Pacific, cyber attacks are increasing in frequency and sophistication. It is estimated that the cost of cyber crime can go up to US$575 billion per year[1], and the financial services sector is a key target.

"The financial system relies on confidentiality of data, protection of deposits, and provision of critical services, and all of these have come under threat in recent years as the frequency of cyber attacks has increased. Cyber risks are only set to increase as financial institutions become more data-driven digital businesses, and as more financial services are delivered online. If cyber risks and responses are not well managed, it could even threaten the stability of the financial system. Only those financial institutions that have robust cyber security and cyber risk management will be able to retain customers, maintain trust and enhance their competitive edge," said Kevin Nixon, Global & Asia-Pacific Leader, Centre for Regulatory Strategy, Deloitte.

In response to these risks, regulators are considering appropriate standards and supervisory tools, and are actively urging firms to enhance capabilities so as to address these emerging threats. The report outlines a number of existing challenges Asia Pacific faces in relation to cyber security and examines how regulators across the region are seeking to tackle these.

VARIED REGULATORY APPROACHES

Although cyber threats cut across borders, regulatory approaches to cyber risk in Asia Pacific are varied and localised, with no significant steps taken yet toward harmonised standards across the region. Financial institutions struggle to understand the regulatory differences at a country level, to be aware of emerging threats and to design cyber risk programmes that are coherent and robust across jurisdictions.

Despite that, there is a general consistency with regulatory approaches going beyond just security to focus on governance, vigilance and response.

OUTSOURCING OF WORK

The need to defend against outsourcing risk is an emerging and growing area of concern, in particular for those economies where IT services are widely contracted out to jurisdictions with weaker cyber security regimes.

LACK OF HR CAPABILITIES

Another challenge for financial institutions operating in Asia Pacific is that organisations have a shortage of dedicated IT security specialists and cyber professionals, meaning they may have difficulty staying up-to-date with the pace of change in the cyber landscape. Many financial institutions lack management recognition or understanding of the importance of cyber security and fail to adopt a coordinated approach across functions.

The report provides a framework for overcoming these challenges and for strengthening cyber resilience. "Strategies that enhance security, stay vigilant for emerging threats, ensure a flow of insights through to the cyber eco system and have senior support and oversight will be the ones that best position financial institutions to stay ahead of regulatory expectations," said James Nunn-Price, Asia-Pacific Cyber Risk Leader, Deloitte.

Beyond this, industry and regulators should work together to further the development of cyber skills and expertise, foster common standards and approaches, support information sharing and facilitate coordinated responses to incidents and attacks. In particular, involvement from the private sector is essential and Singapore provides a "prime example of how close cooperation between the public and private sectors can help create a robust and resilient cyberspace," said Thio Tse Gan, Southeast Asia Cyber Risk Leader, Deloitte.

[1] Symantec "Internet Security Threat Report", Volume 21 (April 2016); https://www.symantec.com/content/dam/symantec/docs/reports/istr-21-2016-en.pdf

PHOTO SHUTTERSTOCK

IN TUNE
INDUSTRY NEWS

Global Fintech Investment Rebounds in Q2: KPMG Report

Total global fintech investment more than doubled quarter-over-quarter in Q2 to US$8.4 billion, up from US$3.6 billion in Q1, according to the KPMG "Pulse of Fintech" report.[1] Global M&A investment helped drive the fintech market rebound, with US$5.9 billion in deal value for M&A for the quarter. Comparatively, global VC funding to fintech companies declined slightly, with just over US$2.5 billion in VC funding raised by fintechs in the quarter.

ASIA FUNDING HOLDS STEADY

Total fintech funding in Asia remained steady amid continued absence of mega deals, with US$760 million invested across 51 deals during Q2, compared to US$790 million across 56 deals in the quarter before. Asia's second-quarter fintech financing trends were characterised by geographic diversity and a lack of mega financings.

Corporate participation continues to soar in the region, with CVC investment growing from a strong 22.5% in Q1 to a record high of 36.6% in Q2, revealing a deep interest in fintech innovation from strategic players in Asia.

[1]Data for the "Pulse of Fintech" report provided by PitchBook.

FINTECH INVESTMENT IN SINGAPORE INCREASES

Investment into fintech in Singapore was up quarter-over-quarter, at US$61.5 million, although the volume of fintech deals continued to decline. Historical trends show that this is not totally out of the ordinary. The apparent decline may be a result of the move towards a more partnership-oriented fintech model in the country. By all counts, Singapore's 2017 performance cannot be judged just on volume; deal value is poised to show an impressive result.

The Monetary Authority of Singapore (MAS) continues to drive the majority of fintech activity in the country. During Q2, MAS began to shift its focus from education and innovation to promoting technology adoption and attracting companies to launch offerings in Singapore.

"Over the longer term, MAS hopes to see more fintechs using Singapore as a base to pilot and then deploy solutions into other countries within Southeast Asia, such as Indonesia and Thailand. The success of these cross-border solutions could prove the viability of using Singapore as a springboard for Asia-based expansion," said Chia Tek Yew, Head of Financial Services Advisory, KPMG in Singapore.

Key global 2Q2017 highlights

- Total fintech investment increased from US$3.6 billion in Q1 to US$8.4 billion in Q2;
- VC funding remained solid globally with US$2.5 billion invested across 227 deals;
- At mid-year, the global median VC fintech deal size of US$12 million for late-stage deals was substantially lower compared to the 2016 total of US$18 million; the median deal size was up for angel/seed-stage deals (US$1.3 million) and for early-stage rounds (US$6.2 million);
- Corporate VC investment in fintech is on pace to near 2015's total, with US$2.6 billion invested in deals with corporate participation by the end of 2Q2017, compared to US$9 billion in all of 2016, which was skewed by mega deals; corporate participation in fintech deals by volume is also up – with 21% participation in 2017 deals so far compared to 17% in 2016;
- Investment in regtech was up significantly in Q2, with US$591 million invested in the first half of 2017 already exceeding the US$583 million raised in all of 2015, and on pace to significantly exceed 2016's total by year-end;
- Business-to-business (B2B) fintech companies are getting a significant amount of attention, with three companies in the top 10 global fintech deals this quarter – CCH Tagetik (US$321 million), Pos Portal (US$158 million) and ITRS Group (US$140 million).

PHOTO SHUTTERSTOCK

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BUSINESS EMINENCE AWARDS 2017 SINGAPORE

IN TUNE
ISCA NEWS

ISCA SMP Business Study Mission to Thailand

The annual ISCA SMP Overseas Business Study Mission saw ISCA leading a delegation of 12 members to Bangkok, Thailand, with the support of SPRING Singapore. The three-day trip, from July 19 to 21, was led by Fann Kor, Director, Audit Quality & Standards Development, Continuing Professional Education and Industry Support, ISCA.

In line with both the government and ISCA's efforts to help small and medium-sized practices (SMPs) regionalise, this mission trip aimed to:

- Facilitate partnerships/business collaborations between Singapore and Thailand SMPs;
- Gain insights on the economic climate, accounting and legal implications, and
- Be a learning platform for Singapore businesses based in Thailand.

▼ **Rob Hurenkamp, Managing Partner, Mazars (Thailand) Ltd, sharing practical tips on doing business in Thailand**

▲ **Bonggot Anuroj, Senior Executive Advisor, Thailand's Board of Investment (centre), with Singapore SMPs**

The trip kicked off with a presentation from Rob Hurenkamp, Managing Partner, Mazars (Thailand), on doing business in Thailand. With over a decade of experience in the Thailand market, he shared practical tips on the cultural aspects of business collaborations with Thai executives and the authorities.

Bonggot Anuroj, Senior Executive Advisor, Thailand's Board of Investment, provided delegates with an insightful overview of Thailand's seven-year investment economic plan – Thailand 4.0. The plan would transform Thailand into a "value-based economy", with the goal of enhancing the country's competitive edge and sustaining growth. Starting with the Eastern Economic Corridor (EEC), Thailand plans to develop new growth hubs for technological manufacturing and services to achieve strong connectivity with its ASEAN neighbours. Ms Anuroj outlined Thailand's new investment policy, which offers a mix of tax incentives to attract foreign investment for its high-tech industries. In addition, the Thai government also awards zone and merit-based grants to these foreign companies. The EEC thus presents internationalisation opportunities for Singapore SMEs, in areas such as automotive and smart electronics, etc. With Singapore SMPs primarily serving

The delegation with the FAP, hosted by Supot Singhasaneh, Vice President and Chairman of Accounting Profession in Audit Committee (seated, centre)

these SMEs, our delegates gained useful knowledge to provide advisory to their clients if they wish to do business in Thailand.

During the meeting with the Federation of Accounting Professions of Thailand (FAP), the professional body for accountants in Thailand, FAP elaborated on the following key challenges faced by Thailand SMPs:

- Keeping up with new regulations and standards;
- Serving clients internationally;
- Competitor differentiation;
- Attracting and retaining staff, and
- Keeping up with new technology.

Currently, FAP has approximately 74,000 members, of whom close to 10,000 have practising licences. FAP provides their members with support in terms of providing continuing professional training, developing toolkits and guidance, technical enquiry helpdesk etc.

During the networking dinner with Thailand SMPs and Singapore businesses based in Thailand, Dr Robin Chia, Director, Robin Chia PAC, gave a presentation on doing business in Singapore. Fellow ISCA member Wilson Teo, Chief Financial Officer, SVOA Public Company Limited, who is based in Thailand, was also present at the event.

ISCA member Lim Fang Sung, Director, Unity Assurance PAC (right) meeting with two Thailand SMP counterparts at the one-on-one business-matching session

Dr Robin Chia, Director, Robin Chia PAC, giving a presentation on doing business in Singapore

(From left) Chew Chang Ching, Director, Teo Liang Chye PAC; Fann Kor, Director, ISCA; Wilson Teo, CFO, SVOA Public Company Limited; Mandy Ong, Director, CA Trust PAC

WHAT PARTICIPANTS SAY ...

"Very well organised. Meetings were well planned and well paced. ISCA and SPRING Singapore were well prepared and did a lot of research, which showed in the way the trip turned out."

CHEW CHANG CHING, Director,
Teo Liang Chye PAC

"The invitation to the networking dinner made me feel like I am part of an inclusive professional body. It gave me an opportunity to meet with Thailand and Singapore SMPs, and the ISCA representatives. Being an ISCA member based overseas, such events are useful for me to obtain the latest updates on the Singapore accountancy sector which may not be available online. I look forward to more of such events."

WILSON TEO, Director,
SVOA Public Co Ltd,
Business Online Public Co Ltd,
ARIP Public Co Ltd

"The business matching with Singapore accounting firms was very beneficial as it provided me the opportunity to interact with Singapore SMPs, and served as a platform for sharing of knowledge and best practices between the Thailand and Singapore SMPs. I look forward to more collaborations with the Singapore SMPs."

PREEDA METHAWASIN, Managing Director,
Simon Auditing House Co Ltd

Following the success of the previous one-on-one business-matching session in Vietnam, pre-scheduled meetings were arranged where Singapore SMPs met their counterparts in Thailand to explore opportunities for collaboration. The business-matching session was again very well received, with each Singapore SMP meeting up to six Thailand SMPs.

ISCA will continue to organise business study missions in 2018 for SMPs to establish links to component auditors in the regional countries and to learn best practices from progressive practitioners in advanced economies. If you are keen to find out more about future trips, please email us at smp@isca.org.sg.

▼ ACCA-ISCA JPP Orientation and Award Presentation, August 2: (front row, standing, from right) Soh Suat Lay, Director, Pathways Development & Qualifications, ISCA, and Sylvia Ong, Manager, Learning and Student Development, ACCA, with ACCA-ISCA JPP award winners for the ACCA March and June 2017 exam sessions

▲ Temasek Polytechnic (TP) School Talk and Scholarship Award Presentation, August 4: (from left) Hpu Pwint Wathan, Executive, Pathways Development & Qualifications; Siti Rozianti, Executive, Member Services and Marketing; Melissa Wu, Manager, Pathways Development & Qualifications, all from ISCA; Sylvia Ong, Manager, Learning and Student Development, ACCA; Caleb Tan, Lecturer, and Daniel Ng, Course Manager, both from Accounting & Finance, School of Business, TP

ACCA-ISCA Joint Pathway Programme: Award Presentation and Outreach Activities

July and August 2017 were busy months for ISCA and the Association of Chartered Certified Accountants (ACCA), which were involved in various student outreach activities as part of the ACCA-ISCA Joint Pathway Programme (JPP) initiative. The programme covers the Fundamentals Level of the ACCA Qualification, in which ISCA contributes its local expertise to the F4 Corporate and Business Law (SGP) and F6 Taxation (SGP) papers.

The ACCA–ISCA JPP Orientation and Award Presentation, jointly organised by ISCA and ACCA, was held at ISCA House on August 2. The session was attended by almost 70 students under the programme. Steve Lee, Head of Learning, ACCA, and Sylvia Ong, Manager, Learning and Student Development, ACCA, gave information-packed presentations to acquaint the students with various aspects of the programme as well as available examination support resources. At the Q&A session, Ellen Wong, Assistant Director, Member Services & Marketing, ISCA, responded to the students' queries on the various ISCA membership classes.

The evening ended with the presentation of 13 awards by Soh Suat Lay, Director, Pathways Development & Qualifications, ISCA, to students who had done well in F5 Performance Management, F6 Taxation (SGP), F7 Financial Reporting, F8 Audit and Assurance, F9 Financial Management, and two students who had achieved the highest overall results in each of the exam sessions held in March and June 2017. A networking session over refreshments allowed students to mingle with the award winners, who were more than happy to share their recipe for success.

At a career fair organised by the School of Business, Singapore Polytechnic on July 20, and a school talk organised by the School of Business, Temasek Polytechnic on August 4, ISCA and ACCA shared about the various qualifications and membership classes available to accountancy, finance and business students who are exploring a career in accountancy. Students seeking information about their progression options after obtaining their diploma also received relevant advice, such as exemptions in the ACCA-ISCA JPP, and other qualifications including the ISCA Accredited Accounting Technician and Singapore CA Qualification.

These outreach activities were aimed at providing accurate and updated information to students about the professional development and career paths awaiting them upon graduation. In addition to highlighting accountancy as an exciting profession with bright prospects, our outreach efforts can help them make better informed career decisions.

Get Closer | Get Connected

Get Closer
Get Clarity

It is always thriving to finally transform your idea into business after much perseverance and courage. We work with you to grow your business, get your business ripe for success and position it to reap the rewards. Leave the non-core task to us so that you can focus on growing your business!

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Technology Solutions

BUSINESS RANKING AWARDS BUSINESS 2016

(Front row, 4th to 6th from left, respectively) Lee Fook Chiew, ISCA CEO; Gerard Ee, ISCA President, and Andrew Harding, Chief Executive – Management Accounting, Association of International Certified Professional Accountants, with the attendees

Collaboration Opens Doors to More Activities for ISCA Members

ISCA recognises the importance of lifelong learning and continues to explore different ways to support the profession's development in terms of skills and capabilities. As such, the Institute continually expands our extensive range of programmes for members. Against this backdrop, on August 21, ISCA and the Association of International Certified Professional Accountants (the Association) entered into a Memorandum of Understanding (MoU) to provide members of both organisations reciprocal access to each organisation's continuous professional development (CPD) programmes and activities at preferential rates. In addition, under the MoU, eligible *Chartered Global Management Accountants* (*CGMAs*) will be granted Associate membership of ISCA. In 2015, ISCA and the Chartered Institute of Management Accountants (CIMA) had inked a Memorandum of Agreement (MoA) to establish the ISCA-CIMA Pathway for Singapore accounting professionals to fast-track eligible ISCA members to become CIMA members and be conferred *CGMA* designation.

CIMA and the American Institute of Certified Public Accountants (AICPA) formed the Association in January this year and has 650,000 members and students worldwide.

The MoU also lays down the expression of intent for ISCA and the Association to jointly set up a virtual Centre of Excellence with an ASEAN-centric focus to develop knowledge and resources. The Centre will help prepare members of both organisations for the future economy, which is aligned with the current national theme of Singapore.

Think Green, Live Green!

Go green by growing your own digital apple tree and win attractive prizes! Support us in creating a more sustainable world by going digital. Download the ISCA Journal App and help spread the word while playing our online game – Think Green, Live Green at **ThinkGreenLiveGreen.isca.org.sg**!

▲ Participants listening to PwC Singapore Partner See Hong Pek's explanation on the frameworks of crisis management and business continuity

ISCA BREAKFAST TALK

Beyond the Numbers: Your Role in Crisis Management

In an increasingly volatile business environment, organisations should look to build capabilities that allow them to respond and be resilient in the face of crises. To ensure business continuity in the event of a disaster, organisations will require a comprehensive and clear strategy for timely and coordinated response across the entire organisation. On September 13, See Hong Pek, Partner, PwC Singapore, shared with more than 80 participants the importance of having a crisis management and business continuity plan, and the roles of finance professionals and internal auditors during crisis recovery.

Business continuity management is a holistic management process that identifies potential threats to an organisation, and the impacts to business operations those threats, if realised, might cause. It provides a framework for building organisational resilience, with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. In the event of a crisis, a good business continuity plan will help the company manage the fallout, end the crisis quickly, restore credibility, and make a quick return to business-as-usual.

SUSS SCHOOL OF BUSINESS

At Singapore University of Social Sciences (formerly SIM University), we equip students with relevant business knowledge, real world skills and social awareness so that they will lead with a heart. The School of Business offers degree programmes in **Accountancy, Business Analytics, Business, Finance, Logistics and Supply Chain Management, Marketing, Security Studies and Visual Communication with Business.** In addition, we also offer graduate programmes: **Master of Business Administration**, **Master in Management [Urban Transportation], Master of IP and Innovation Management, Doctor of Business Administration in Management and Doctor of Business Administration in Finance.**

BACHELOR OF ACCOUNTANCY

Our Bachelor of Accountancy programme's curriculum provides comprehensive accounting knowledge and relevant industry skills to students who want to pursue a professional accountancy degree.

The programme provides training in general business skills, accounting, taxation, assurance, attestation, analytics and strategy. The programme is also mapped to SCAQ and other professional examination requirements.

All our full time accountancy students go through a substantive 6 months attachment at approved ATOs.

SUSS's **Bachelor of Accountancy** is recognised by ACRA as a qualification for registering public accountants under the Accountants Act. It has been granted accreditation by SAC for direct entry to the Singapore Chartered Accountant Qualification Professional Examinations.

Graduates also enjoy exemptions from **ACCA** and **CIMA** professional examinations.

For more information on the work attachment , please contact:
Office of Career Development at careerdev@suss.edu.sg

Find out more at suss.edu.sg/sbiz

▲ The Q&A segment, led by Yeo Khoon Hee, Director, Corporate Tax Division – Compliance, Clubs, Trusts & Gaming Branch (1st from left), was the ideal platform for the audience to provide direct feedback and have their queries answered by IRAS officers

SIATP Facilitates Harnessing Technology by the Tax Profession

Harnessing technology to access information on-the-go quickly and completely was exactly what accredited tax professionals and many tax agents were enlightened on by the Inland Revenue Authority of Singapore (IRAS). At a recent briefing organised by the Singapore Institute of Accredited Tax Professionals, IRAS officers were showcasing their Tax Agents e-Services. To further aid the use of e-Services, accredited tax professionals also had access to two exclusive hands-on workshop sessions to better understand the navigational tools.

The tax profession took time to celebrate the progress and role of tax. A two-day series of complimentary sessions celebrating 70 years of the Income Tax Act (ITA), organised by the Tax Academy of Singapore, offered a rare treat on various interesting facets of tax. SIATP's representative Leung Yew Kwong highlighted the colour, humour and fascinating facts in the evolution of the ITA through the years.

▲ Participants at the exclusive hands-on workshops had the opportunity of a guided navigation through IRAS's Tax Agents e-Services

To know more about the on-goings in tax, please email enquiry@siatp.org.sg.

IN TUNE
ISCA NEWS

▲ Celebrating ISCA Toastmasters Club's 30th anniversary

ISCA MINGLES

ISCA Toastmasters 30th Anniversary Dinner

Over 100 members and friends attended the ISCA Toastmasters Club 30th Anniversary Dinner on August 30 at Dragon Phoenix Restaurant in Clarke Quay.

Ho Nai Chuen, the keynote speaker for the evening and founding member of the club, shared his journey since the club's establishment in 1987. A testament to how he has benefited from his club membership, Mr Ho engaged the audience with his witty delivery as he waxed lyrical about overcoming his initial challenges, such as the common fear of public speaking. He has since acquired more self-confidence and leadership skills.

The highlights of the evening included the Long Service Awards to members who have served between 10 and 30 years, cake-cutting and a very enthusiastic rendition of "Happy Birthday" to mark the club's milestone 30 years.

▲ Ho Nai Chuen, Managing Director, On Cheong Jewellery, delivering the keynote address

ISCA CALENDAR OF EVENTS 2017

OCTOBER

Tuesday 03	**Singapore Accountancy and Audit Convention 2017** *Gearing Up for the Accountancy Futurescape*
Wednesday 11	**ISCA Breakfast Talk** *Building a Data-Enabled Business (Part 1 of Data Analytics Series)*
Thursday 12	**ISCA Mingles** *Watch Appreciation with a Swirl of Whiskey*

UPCOMING

November 08	**ISCA Breakfast Talk** *Part 2 of Data Analytics Series*
November 29	**Economic Outlook 2018**
November 30	**ISCA 7th SMP Dialogue**
December 13	**ISCA Breakfast Talk** *Part 3 of Data Analytics Series*

Dates and events are subjected to change without prior notice.
For more details, visit www.isca.org.sg

MEMBERS' PRIVILEGES

BMW
- Service packages and extended warranty for up to 5 years/200,000km
- Preferential finance rates offered by BMW Financial Services
- Discounts on products and Invitation to BMW launches and events

Singapore Marriott Tang Plaza
- Per room night stay from $380++, with 1 breakfast and internet. Valid till 31 Dec 2018
- 20% off F & B (excluding alcoholic beverages) at Wan Hao Restaurant. Valid till 31 Mar 2018

Asiamedic
Exclusive rates on Health Screening Packages

Savio Staff Travel
Exclusive prices on travel products for members all year round

For more details, go to ***Members Benefits and Privileges*** *at www.isca.org.sg*

KEY ADVANTAGES OF LEVERAGING CLOUD ACCOUNTING

Companies worldwide are increasingly embracing cloud accounting — accessing accounting applications hosted by service providers on remote servers over the internet — because it offers the key advantages of reducing costs, supporting business continuity, and improving efficiency, data security, financial management and collaboration.

REDUCED COSTS & GREATER EFFICIENCY

Cloud accounting involves the use of add-on apps that automate and streamline business processes, facilitating management of manpower costs as well as improving efficiency and performance. For instance, it reduces the time required to process staff salaries and payments to suppliers, and minimises the risk of payment errors.

BETTER DATA SECURITY & BUSINESS CONTINUITY

On-premise data backup and updating traditional accounting software can be costly, time-consuming and complicated. With cloud accounting, data backup and software updates are automated. This reduces IT support bills, and ensures that financial data remains secure and business owners always have the latest version of the cloud software. It also supports business continuity when unforeseen disasters such as power outages, floods or other natural calamities strike.

BETTER FINANCIAL MANAGEMENT

Cloud-based accounting systems have the ability to provide business owners with real-time information on their finances. A professional cloud accounting advisor can also help business owners to combine key financial and non-financial data, creating meaningful information for them to better manage their operations and cash flow. Financial and operational information will not be meaningful unless they are current, relevant and presented in a manner that is easily understood.

ENHANCE COLLABORATION

Sharing financial information with your business partners, accountants, managers and other staff based in different locations can be challenging with traditional accounting systems. Cloud-based software makes accessing such data and documents convenient. Information is stored and accessible at a single source through the web using desktops, laptops and mobile devices, making collaboration with others hassle-free. It also allows the provision of accounting advisory services to business owners in real time, enhancing their experience.

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RESPONDING TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

Understanding the Pains

By
ANG SOON LII AND LIM JU MAY

As a member of the International Federation of Accountants (IFAC), ISCA's ethics pronouncement is required to be closely aligned to the ethics standard of the International Ethics Standards Board for Accountants (IESBA). IESBA is the ethics standard-setting board of IFAC.

Thus, ISCA Ethics Pronouncement 100: Code of Professional Conduct and Ethics (EP 100) is largely aligned to the IESBA Code of Ethics for Professional Accountants (IESBA Code), with local adaptations to serve the public interest in Singapore and to conform to Singapore's regulatory environment and statutory requirements. For each new pronouncement issued by IESBA, the ISCA Ethics Committee is tasked with assessing it for the purpose of adoption into EP 100.

One of the ethics pronouncements currently assessed by the ISCA Ethics Committee is the IESBA ethics pronouncement on Responding to Non-compliance with Laws and Regulations (NOCLAR Pronouncement), which was issued by the IESBA in July 2016, and effective from 15 July 2017.

ABOUT THE NOCLAR PRONOUNCEMENT

The NOCLAR Pronouncement was issued with the purpose of setting out the professional accountant's responsibilities, and provides a framework for the professional accountant on how best to act in the public interest when he encounters or is made aware of NOCLAR or suspected NOCLAR during the course of providing professional services or during the course of employment (NOCLAR Framework). NOCLAR comprises acts of omission or commission, intentional or unintentional, committed by a client or by those charged with governance (TCWG), by management or by other individuals working for or under the direction of a client, which are contrary to the prevailing laws or regulations.

Under the NOCLAR Pronouncement, professional accountants are broadly categorised into professional accountants in public practice (PAPPs) and professional accountants in business (PAIBs). PAPPs are further segregated into those performing audits of financial statements (or auditors) and those who provide professional services other than audits of financial statements, while PAIBs are segregated into senior PAIBs and PAIBs who are other than senior PAIBs.

There are three basic steps required in the NOCLAR Framework, namely, (a) Obtaining an understanding of the matter; (b) Addressing the matter, and (c) Acting in the public interest.

While the three steps are applicable to all professional accountants, the NOCLAR Pronouncement imposes different levels of requirements on the different categories/ sub-categories of professional accountants.

More stringent requirements are placed on auditors as compared to PAPPs providing professional services other than audits of financial statements. Likewise, senior PAIBs would be subject to more stringent requirements as compared to PAIBs who are other than senior PAIBs.

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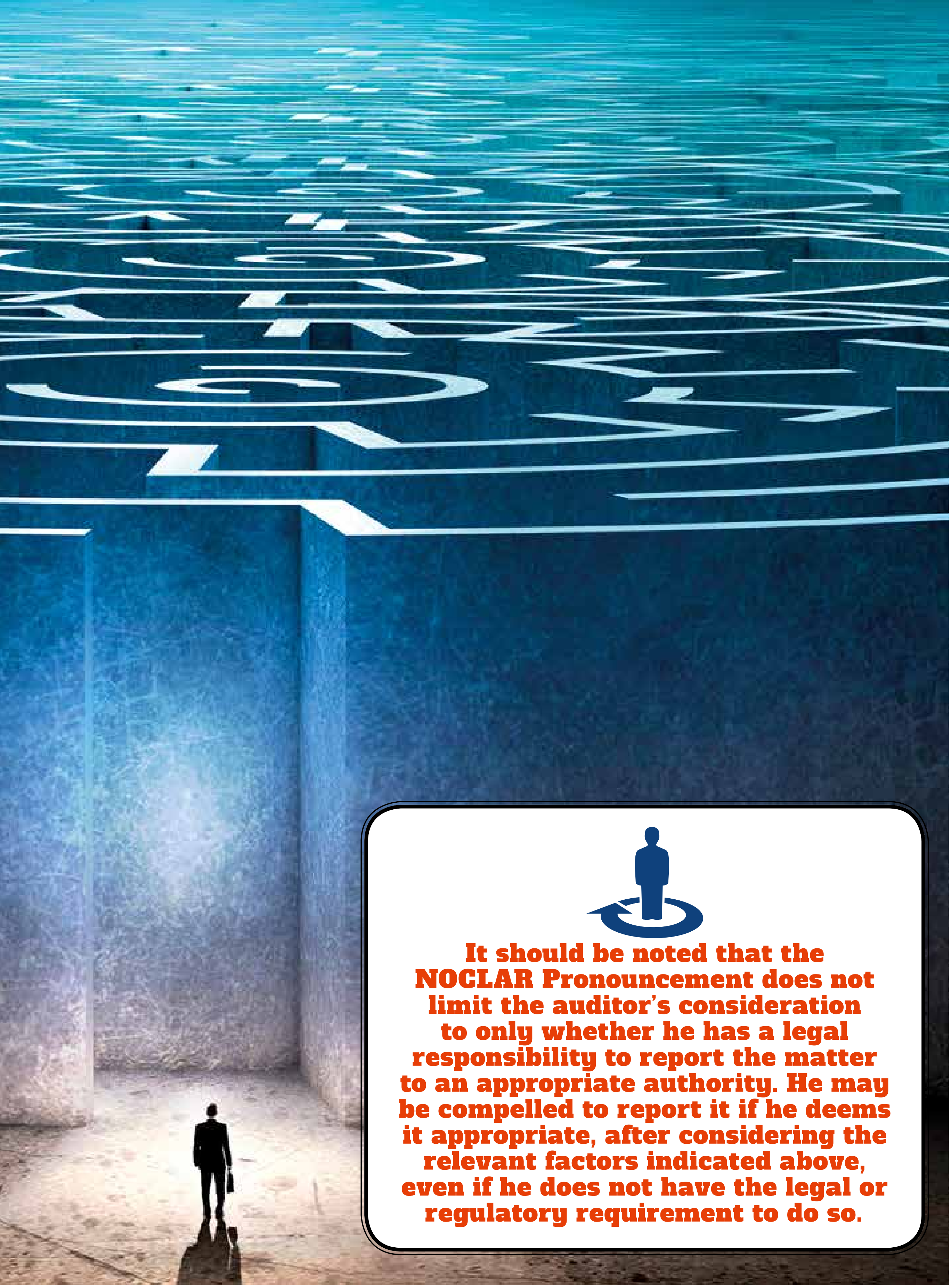

It should be noted that the NOCLAR Pronouncement does not limit the auditor's consideration to only whether he has a legal responsibility to report the matter to an appropriate authority. He may be compelled to report it if he deems it appropriate, after considering the relevant factors indicated above, even if he does not have the legal or regulatory requirement to do so.

Even prior to its issuance, it has been acknowledged that the NOCLAR Pronouncement would impact professional accountants significantly.

In this article, we will articulate in some detail, how the NOCLAR Pronouncement impacts professional accountants. For the purpose of more systematic organisation and clearer presentation of points, this article will focus on highlighting the impact (or pain points) on auditors, before branching out to touch on how these "pain points" would affect the other categories of professional accountants.

PAIN POINT 1: THE NOCLAR PRONOUNCEMENT AFFECTS HOW AN AUDITOR TAKES ACTION UPON BECOMING AWARE OF NOCLAR OR SUSPECTED NOCLAR

Auditors are required to conduct their audits in accordance with the Singapore Standards on Auditing (SSAs). Thus, auditors have responsibilities under SSA 250: Consideration of Laws and Regulations in an Audit of Financial Statements to consider laws and regulations in an audit of financial statements and to take certain actions upon becoming aware of NOCLAR or suspected NOCLAR.

SSA 250 is based on the International Standard on Auditing 250: Consideration of Laws and Regulations in an Audit of Financial Statements (ISA 250)[1] issued by the International Auditing and Assurance Standards Board (IAASB) for Accountants. Following the issuance of the NOCLAR Pronouncement, conforming amendments relating to the NOCLAR Pronouncement were incorporated into ISA 250. On the same note, SSA 250 would incorporate relevant conforming amendments should the NOCLAR Pronouncement be adopted into EP 100.

[1] On the international front, ISA 250 recently introduced conforming amendments requiring the auditor to determine whether law, regulation or ethical requirements (example, the Ethics Code) require the auditor to report to an appropriate authority. Should the NOCLAR Pronouncement be adopted in EP 100, SSA 250 would be required to be amended accordingly.

Notwithstanding the above, given that SSA 250's focus is on auditing while the NOCLAR Pronouncement's focus is on ethics, each standard would place emphasis on different areas.

In view of the above, we highlight some key areas in which the auditors would be affected, with reference to the three basic steps in the NOCLAR Response Framework and relevant requirements in SSA 250:

a) Basic Step 1: Obtaining an understanding of the matter

For auditors, the requirements in this step of the NOCLAR Framework are very much similar to that of SSA 250. Upon becoming aware of an instance of NOCLAR or suspected NOCLAR, and where the matter is clearly not inconsequential, the auditor is required to discuss the matter with the appropriate level of management or TCWG, or as appropriate. This would allow the auditor to obtain an understanding of the matter, including the nature of the act and the circumstances in which it has occurred, or may occur.

b) Basic Step 2: Addressing the matter

Both SSA 250 and the NOCLAR Pronouncement require auditors to communicate the matter to the appropriate level of management or TCWG.

Paragraph 24 of SSA 250 states that if the auditor suspects that management or TCWG are involved in non-compliance, the auditor shall communicate the matter to the next higher level of authority at the entity, if it exists, such as an audit committee or supervisory board. Where no higher authority exists, or if the auditor believes that the communication may not be acted upon or is unsure as to the person to whom to report, the auditor shall consider the need to obtain legal advice.

While SSA 250 does not provide further requirements apart from paragraph 24 (mentioned earlier), the

The auditor is also called upon to determine if there should be disclosure to an appropriate authority, even in instances whereby there is no legal or regulatory requirement to do so.

NOCLAR Pronouncement is clearer (and also imposes a heavier burden), because it places responsibility on the auditor to advise management or TCWG, to take the following appropriate and timely actions, if they have not already done so:

i. Rectify, remediate or mitigate the consequences of the NOCLAR;
ii. Deter the commission of the NOCLAR (or prevent the breach of laws and regulations) when it has not yet occurred, or
iii. Disclose the matter to an appropriate authority as required by law or regulation, where considered necessary in the public interest.

When doing so, the auditor shall also consider whether the client's management and TCWG understand their legal or regulatory responsibilities with respect to the NOCLAR or suspected NOCLAR. If no, the auditor may suggest appropriate sources of information or recommend that they obtain legal advice.

c) Basic Step 3: Acting in the public interest

SSA 250 does not provide detailed requirements on what should be the further action required to be taken by auditors upon identifying or suspecting NOCLAR. Apart from paragraph 24 (mentioned earlier), paragraph 28 requires the auditor,

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Three Basic Steps in NOCLAR Framework

Becomes aware of NOCLAR or suspected NOCLAR.

Step 1: Obtaining an understanding of the matter

Discuss matter with appropriate level of management/TCWG to clarify understanding.

Step 2: Addressing the matter

Communicate matter with appropriate level of management/TCWG and advise management/TCWG to take appropriate and timely action.

Step 3: Acting in the public interest

Assess appropriateness of management's/TCWG's response and determine if further action is needed in the public interest.

Withdrawal from engagement is not a substitute for other appropriate actions

Determine whether it is appropriate (example, has legal responsibility or acting in the public interest) to override confidentiality to report the matter to an appropriate authority.

Not a breach of confidentiality if reporting is appropriate and acting in good faith

in cases whereby he identifies or suspects NOCLAR, to determine whether he has a responsibility to report the identified or suspected NOCLAR to parties outside the entity.

In this regard, the NOCLAR Pronouncement is more onerous than SSA 250. Based on the NOCLAR Pronouncement, the auditor is required to assess the appropriateness of management/TCWG responses. Some factors to be considered while making his assessment of whether management/TCWG responses are appropriate would include factors such as the appropriateness and timeliness of management's responses, the urgency of the matter and the likelihood of substantial harm to relevant stakeholders.

The auditor is required to determine if further action is needed in the public interest. Further action by the auditor may include (a) reporting the matter to an appropriate authority even when there is no legal or regulatory requirement to report it, and (b) withdrawing from the engagement where permitted by law. In determining whether to report the matter to an appropriate authority, the auditor would be required to assess the nature and extent of the actual or potential harm that is or may be caused by the matter to investors, creditors, employees or the general public.

To add to the level of responsibility, the NOCLAR Pronouncement further indicates that withdrawal from the engagement is not a substitute for taking other actions that may be needed to achieve the auditor's objectives under the NOCLAR Pronouncement.

In the area of reporting to the appropriate authorities, SSA 250 currently requires the auditor to determine whether he has a legal responsibility to override confidentiality to report the matter to an appropriate authority. The NOCLAR Pronouncement further states that if the auditor determines that the reporting of the NOCLAR to an appropriate authority is an appropriate course of action in a particular circumstance, it would not

... the NOCLAR Pronouncement represents a step forward in the development of the Ethics Code, because it provides a clear framework on how professional accountants should act to make things right, when encountering NOCLAR or suspected NOCLAR.

be considered a breach of the duty of confidentiality under Section 140 of the IESBA Code. The auditor should act in good faith and exercise caution when making statements and assertions.

It should be noted that the NOCLAR Pronouncement does not limit the auditor's consideration to only whether he has a legal responsibility to report the matter to an appropriate authority. He may be compelled to report it if he deems it appropriate, after considering the relevant factors indicated above, even if he does not have the legal or regulatory requirement to do so.

PAIN POINT 2: WHISTLEBLOWING AND PROTECTION FOR WHISTLEBLOWERS

The above step 3 (of Pain Point 1) of the NOCLAR Framework requires auditors to determine whether or not to disclose the matter to an appropriate authority, or to *whistleblow*. The auditor is also called upon to determine if there should be disclosure to an appropriate authority, even in instances whereby there is no legal or regulatory requirement to do so.

The Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, Cap. 65A (CDSA) is an example of a legislation which requires the reporting of money laundering offences to the authorities. Under the CDSA, the whistleblower is accorded the same protection as an "informant". Other statutes may be different from the CDSA and may not require the reporting of relevant offences to the appropriate authorities. Likewise, they may not accord the same level of legal protection to whistleblowers as the CDSA.

This leads to the question of whistleblower protection: Would whistleblowers be accorded sufficient protection from criminal and civil suits, and be given the right to anonymity?

In this regard, the NOCLAR provides a reprieve. Apart from considering the nature and extent of the actual or potential harm that is or may be caused by the matter to investors when determining whether or not to report to the appropriate authorities, auditors may also consider the following external factors:

(a) Whether there is an appropriate authority that is able to receive the information, and cause the matter to be investigated and action to be taken;
(b) Whether there exists robust and credible protection from civil, criminal or professional liability or retaliation afforded by legislation or regulation, and
(c) Whether there are actual or potential threats to the physical safety of the auditor.

Given the potential legal implications, the whistleblowing aspect of the NOCLAR Pronouncement would likely pose practical implementation challenges to auditors in the implementation of the NOCLAR Pronouncement.

PAIN POINT 3: EXTENSION OF THE AUDITOR'S "PAIN" TO OTHER PROFESSIONAL ACCOUNTANTS

EP 100 does not currently prescribe a course of action for the professional accountants to take upon becoming aware of NOCLAR or suspected NOCLAR.

Thus, unlike auditors who have to comply with the requirements in SSA 250 to consider laws and regulations in an audit of financial statements and to take certain actions

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upon becoming aware of NOCLAR or suspected NOCLAR, the other three categories of professional accountants do not currently have a professional obligation to take action to address NOCLAR or suspected NOCLAR.

Because the NOCLAR Pronouncement is applicable to all professional accountants, if the NOCLAR Pronouncement is adopted into EP 100, PAPPs who are not auditors and PAIBs would be required to take the necessary actions in accordance with the NOCLAR Framework.

The added responsibilities which come with the above requirements could prove to be onerous to them.

GROUP AUDIT REQUIREMENTS

During group audits, there may be instances where the component auditor in Singapore is required by the group engagement team (which is from a jurisdiction that has already adopted the NOCLAR Pronouncement) to perform the component audit in accordance with the ethical requirements of the IESBA Code.

This is a complex issue, which requires further consideration by the component auditor in Singapore.

As a first step, the component auditor should have an in-depth understanding of the requirements of the NOCLAR Pronouncement, since he is now required to comply with the requirements of the NOCLAR Framework when he encounters NOCLAR or suspected NOCLAR, notwithstanding that the NOCLAR Pronouncement has yet to be adopted in Singapore. He should also ensure that the engagement members have adequate training and understand the requirements of the NOCLAR Pronouncement. There should also be adequate tailored audit procedures to address the requirements in the NOCLAR Pronouncement.

It is also important for the component auditor to understand the group reporting requirements which may require disclosure of NOCLAR or suspected NOCLAR to the group audit engagement team. This may be especially sensitive when the component is an associate instead of a subsidiary in the group.

One way to manage the risks could be through the terms of engagement. The engagement letter could communicate to the client the need to comply with the IESBA Code (and therefore the NOCLAR Pronouncement). It could also include a "hold harmless" clause which would hold the component auditor harmless if he discloses, in good faith, NOCLAR or suspected NOCLAR to the group audit engagement team in accordance with the group reporting requirements.

Ultimately, the acceptance of an audit engagement is a business decision. Depending on the NOCLAR risk of the audit client (for group reporting) and the risk management policy of his audit firm, the component auditor could conclude that the risks for complying with the NOCLAR Pronouncement (for group reporting) is too high, and decide to decline the audit engagement from the onset.

WHAT ISCA IS DOING NOW

The acceptance of the responsibility to act in the public interest has been instilled into professional accountants right from the onset, since EP 100 states that "the accountancy profession is distinguished by its acceptance of the responsibility to act in the public interest". This encompasses the acceptance to act in the public interest when encountering NOCLAR or suspected NOCLAR.

In this regard, the NOCLAR Pronouncement represents a step forward in the development of the Ethics Code, because it provides a clear framework on how professional accountants should act to make things right, when encountering NOCLAR or suspected NOCLAR. No longer can professional accountants turn a blind eye to NOCLAR (because they are unsure of the right course of action to take) because the NOCLAR Pronouncement requires certain actions to be taken when NOCLAR is encountered.

However, the NOCLAR Pronouncement presents a number of challenges to professional accountants. These would need to be considered and addressed where possible, before they are adopted into EP 100.

The ISCA Ethics Committee is in the process of examining the issues likely to be faced by professional accountants in the implementation of the NOCLAR Pronouncement. A thorough understanding of the issues facing professional accountants is required, before it makes its recommendations on how the NOCLAR Pronouncement would be adopted in Singapore.

To obtain a better understanding, inputs on the issues they have faced or may face have been obtained from PAPPs in small and medium-sized practices (SMPs) via the ISCA Public Accounting Practice Committee (PAPC). PAPC further conducted a survey on how the provisions in the NOCLAR Pronouncement would impact auditors, to seek inputs from ISCA members who are from SMPs. The ISCA Ethics Committee is in the process of obtaining further inputs on the implementation challenges faced in jurisdictions which have implemented the NOCLAR Pronouncement. Thereafter, it will finalise its assessment on the adoption of NOCLAR in EP 100.

The NOCLAR Pronouncement is not an easy ethics pronouncement to adopt, given its potential implications on the accountancy profession. Even so, it represents a necessary step forward for the profession. As members of a profession which is distinguished by its acceptance of the responsibility to act in the public interest, it is only a matter of time before *Chartered Accountants (Singapore)* take the next step forward.ISCA

Ang Soon Lii is Manager, and Lim Ju May is Deputy Director, Corporate Reporting and Ethics, ISCA.

DON'S COLUMN

AUTOMATION AND THE ACCOUNTING PROFESSION

How Young Accountants can Add Value and Thrive



BY
CLARENCE GOH, SEOW POH SUN AND GARY PAN

Automation poses a threat to many of the tasks that are performed by accountants today. Certainly, many emerging technologies have already begun to perform tasks that have traditionally been performed by accountants. For example, advancements in cloud-based accounting software now make it much easier for small businesses to easily and accurately enter and edit financial information on their own without the input of accountants. Looking further into the horizon, newer technologies can now turn hard-copy receipts into a machine-readable format, encrypt them, and allocate them to an account without any input from a human. Such developments will continue to reduce the reliance of businesses on accountants.

However, rather than fear the coming wave of automation in the accounting profession, young accountants should embrace these new developments as opportunities for them to perform more value-added tasks and to expand their sphere of influence within their companies. Indeed, this would echo the sentiments expressed by Prime Minister Lee Hsien Loong at the recent G-20 summit in Germany, where he said, "When it comes to digitalisation and jobs, we must not yield to our fears and anxieties. It is wiser for us to be optimistic and work hard to make our hopes come true."

FIVE PATHS TOWARDS EMPLOYABILITY

Experts have identified the augmentation strategy as something that employees in the modern economy could use to navigate the coming wave of automation in the workplace. Rather than fight automation, accountants should instead consider how their skill sets can augment automation. In this respect, the article "Beyond Automation", published in the June 2015

… while computers are likely to be able to handle mundane bookkeeping and accounting tasks like record-keeping and data entry, they are unlikely to ever be able to perform tasks (such as strategy and planning work) that involve higher levels of abstraction.

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issue of Harvard Business Review, identifies five perspectives that employees can take to realign their contributions in an environment of rapid automation.

First, employees can *step up*, to perform tasks that cannot be performed by computers. This is especially so given that while computers are likely to be able to handle mundane bookkeeping and accounting tasks like record-keeping and data entry, they are unlikely to ever be able to perform tasks (such as strategy and planning work) that involve higher levels of abstraction.

The second perspective – *step aside* – recognises that not every employee will have the opportunity to step up to perform higher-level strategy and planning work which is typically undertaken by senior managers. In such instances, however, it is possible for employees to identify tasks within their existing job scopes that cannot be substituted by automation and to focus on these tasks while stepping aside to allow technology to take over those tasks that can be automated.

Third, when automation processes break down or when changes in the business environment lead to changes in a company's automation needs, a human is required to *step in* to rectify the situation. We discuss how young accountants can embrace automation using the *step in* strategy in the next section.

The fourth perspective encourages employees to *step narrowly*. This approach involves finding a niche within the profession that would allow an employee to thrive amid ongoing automation.

Finally, the *step forward* perspective encourages employees to work towards developing the next generation of computing and automation tools. With rapid advancements in technology, many opportunities exist for employees to ride on these technological advancements to develop new tools.

HOW YOUNG ACCOUNTANTS CAN *STEP IN*

To thrive, young accountants must *step in* to use their skills to complement

	How you add value	Example
Step up	You may be senior management material – you're better at considering the big picture than any computer is.	The automation of mundane lower-level tasks frees up the accountant who can now use his or her creativity and experience to perform higher-level strategy and planning work, and use automation as a tool to achieving his or her goals more efficiently.
Step aside	You bring strengths to the table that aren't about purely rational, codifiable cognition.	The automation of many of the tasks traditionally performed by an accountant would allow him or her to *step aside* from those tasks, and to focus on other aspects of his or her job – such as stakeholder management, advisory, or other tasks that involve interpersonal interaction – which cannot be easily automated.
Step in	You understand how software makes routine decisions, so you monitor and modify its functions and outputs.	Even as automation becomes more widely adopted in accounting, computers are still going to need human input in order to meet the needs of the business. An accountant with the necessary skills can *step in* to rectify the situation when automation processes break down or when changes in the business environment lead to changes in a company's automation needs.
Step narrowly	You specialise in something for which no computer programme has yet been developed.	Mastery of XBRL, a financial reporting language, could help accountants develop a niche in an area that is poised to grow in importance as automation becomes more prevalent.
Step forward	You build the next generation or application of smart machines – perhaps for a vendor of such machines.	Emerging technologies in artificial intelligence and machine learning are particularly well-suited to developing tools and processes in emerging areas such as continuous auditing.

Adapted from "Beyond Automation", Harvard Business Review, June 2015

Young accountants who have the skills to facilitate the introduction and implementation of technology in accounting would play a valuable role in enhancing the efficiency of accounting processes and contribute in ways that are of strategic importance to their companies.

technology, and to add value to their companies. Young accountants who have the skills to facilitate the introduction and implementation of technology in accounting would play a valuable role in enhancing the efficiency of accounting processes and contribute in ways that are of strategic importance to their companies.

For example, continuous auditing – a new auditing concept which seeks to leverage on technology to proactively detect and look into exceptions as they occur (rather than react to them after they have occurred) – represents an area where auditors now have the opportunity to contribute by adopting the *step in* perspective.

With continuous auditing, technology is used to continuously and automatically monitor company transactions, compare their characteristics to benchmarks, and identify anomalous situations. When anomalous situations arise, alarms will be triggered and routed to accountants for evaluation and resolution. While the technologies used to monitor company transactions are already available, accountants will have a crucial role to play by *stepping in* and applying their judgement to select appropriate technologies to build robust continuous audit processes that meet audit objectives.

Another important feature of the continuous audit framework is its reliance on technology to identify exceptions in company transactions, and for auditors to certify the robustness of the continuous audit system. Here, auditors must understand the workings of the continuous audit system, and be ready to *step in* to ensure that continuous audit processes that have been put in place continue to provide the necessary level of assurance amid changing conditions.

Another area where young accountants have the opportunity to *step in* is in forensic analysis. As data analytics becomes more prevalent, the use of advanced analytical technologies to identify fraud is set to increase.

A recent article in *The Straits Times* reported on OCBC Bank's attempts to use artificial intelligence to detect fraud.[1] Working with two financial technology firms, the local bank plans to use artificial intelligence to combat illegal financing by searching for information on individual profiles and mapping suspicious transactions to examine how they are linked, and to determine if they are fraudulent or illegal. Forensic accountants with the relevant skills and experience can play a crucial role to *step in* to complement the artificial intelligence to complete the fraud investigation.

The areas of continuous audit and forensic analysis represent just two areas where young accountants can build a thriving career by adopting the *step in* perspective. Numerous other areas of accounting are similarly faced with the prospect of increasing automation, and accountants should proactively identify relevant areas where they can *step in*.

PREPARING ACCOUNTANTS FOR THE FUTURE

Automation will alter the work of accountants in the coming years. However, accountants will always have a central role to play in business. In order to continue to thrive, the profession will need to position itself to capitalise on the opportunities that automation will bring.

To equip young accountants with the skills to do so, universities will need to ensure that students possess skills that prepare them for accounting jobs of the future. In addition to providing a rigorous accounting-based education, universities should also teach skills that will allow students to navigate a future workplace where computers and technology are the norm.

Beyond that, employers must also continue to advocate and support their employees in upgrading their skills through regular training and education. This is especially important given that future developments in technology are likely to occur rapidly and require new skill sets to navigate.

Overall, young accountants have every reason to be positive about the automation that is occurring in the profession. Rather than fear automation, accountants should embrace it. They should see it as a positive development that frees them from performing many of the mundane tasks that they currently perform, and that allows them to redefine how they contribute to business. ISCA

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[1] "OCBC tests AI solutions that detect fraud", 21 July 2017, *The Straits Times* online; http://www.straitstimes.com/business/banking/ocbc-tests-ai-solutions-that-detect-fraud

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MENTORING OTHERS, MENTORING YOURSELF PART 1

The Classical View of Mentoring

BY
PATRICK O'BRIEN

If doing good meant benefiting not only others but ourselves as well, would we say no to the opportunity? After a successful first run, ISCA and the Singapore Accountancy Commission (SAC) have jointly rolled out the second run of the ISCA-SAC Mentoring Programme. To benefit a wider audience, we are publishing a series of three articles to provide readers with the tips and tricks to the art of mentoring. Contrary to popular belief that mentoring helps only the mentees, when we mentor others, one of the greatest gains is to ourselves.

Part 1 will provide you with a classical view of mentoring. From the origins of mentoring to the essential ingredients of being a good mentor, soft skills facilitator and author Patrick O'Brien establishes the fundamentals of the art of mentoring. Do check out these articles to gain insights on how to be a great mentor and the impact that mentoring has on future generations. - ISCA and SAC

THE ORIGINS OF MENTOR

In a world that craves effective Leadership, the word "Mentor" is nowadays ubiquitous – some people wish to become one, others want to have access to one.

Yet, Mentor is an ancient term that dates back to the time of the Trojan Wars, well over 3,000 years ago. In Homer's poem "Odyssey", one of the heroes, Odysseus, left his family to sail from the shores of Ithaca in Greece to the city of Troy in Turkey. He placed the future of his son Telemachus under the wing of his good friend, Mentor.

Mentor's role was to guard, guide and grow Telemachus, to keep him in his care while awaiting the safe return of his young protégé's father. Twenty years later, Odysseus returned home.

WHAT A MENTOR PROVIDES

The Odyssey crafted the classical view of the modern-day Mentor as a wise old man, who willingly, nobly, and over a long period of time, imparts knowledge

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... as a Mentor works to share their experiences, they cultivate deep relationships with their Mentee. They'll set time aside to build trust, deepen the dialogue, and bring their wisdom to bear. Providing personal support and guidance dominates their actions.

in the service of others. In this view, the Mentor performs differing roles for their Mentee, the person in their charge.

First, they act as guardian and protector, providing safety and security to enable their Mentee to countenance change. For instance, the Mentor may look out for the Mentee, raising awareness of possible issues to consider, such as changes in regulatory policies, or corporate strategies.

Next, a Mentor provides structure and accountability, providing shape to the track in which their Mentee wishes to head. For instance, they may act as a sounding board, helping their Mentee set broad direction, find appropriate headings, and choose relevant destinations.

Finally, they bring experience and connections, providing advice and guidance to help their Mentee grow. For instance, the Mentor may share specific skills and open specific doors, cultivating the competences the Mentee requires for the next stage of their life's journey.

MENTORING DIFFERS FROM MANAGING

Both aspects are important in effective leadership, yet each draws on different behaviours.

The focus of a Manager is to drive current business performance. It's the ends that matter, so they'll invariably lean more toward completion of the tasks than the perspectives of the people. The focus of a Mentor is to cultivate personal growth – the future means are more important. They'll therefore tend more toward people development than specific task achievement.

As a Manager works to ensure that desired results are delivered, they usually have direct line responsibility for a team. With their delegated authority, they'll plan, organise, direct, coordinate, and control. Providing direction and telling others dominates their actions.

In contrast, as a Mentor works to share their experiences, they cultivate deep relationships with their Mentee.

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Mentoring is less about positions, titles, tasks and roles, and more about creating a collaborative learning process for two individuals, who are both committed equally to personal growth.

They'll set time aside to build trust, deepen the dialogue, and bring their wisdom to bear. Providing personal support and guidance dominates their actions.

Finally, the efforts of a Manager are business-related and typically transactional. They ensure that jobs are executed well so the focus is on stability, process, and preservation of the status quo. Conversely, a Mentor is personal and transformational – they foster growth in others, so the focus is on enabling personal change, and the creation of a safe and motivating environment.

THREE ESSENTIAL CHARACTERISTICS OF A MENTOR

In order to provide guidance and cultivate growth, a Mentor needs to be able to curate strong, trusting relationships within which their Mentee can flourish. This requires a Mentor to hone their leadership skills in three critical areas.

First, they need strong communications skills. This allows them to build healthy dialogue with their Mentee. They'll be empathetic to the core, can naturally build rapport, have great listening skills, are able to ask good questions, are keen to probe where necessary, and are confident to provide real-time feedback to their Mentee.

Next, they require good EQ (also known as emotional quotient/intelligence). This allows them to relate well to situations as they manage themselves and others. They'll use social

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skills to build relationships that honour and respect differences, as well as garner trust. They'll also clarify responsibilities, encourage Mentee self-awareness, and keep Mentees accountable for their own growth actions.

Finally, they need relevant wisdom. This allows them to contribute positive accelerants to their Mentee's growth journey. They'll reflect on their own first-hand experiences, share life stories, package nuggets of wisdom, and suggest relevant options too. They may also be able to provide access to information,

bring their connections to bear on projects, and perhaps, open doors.

POSITIONING MENTORING AS A PROCESS

An effective Mentor wields influence; they have the ability to help their Mentee realise transformational change. They need to be able to build safe, trusting relationships that allow dialogue to flow. They need to treat their Mentee with respect, and feel comfortable to share.

An effective Mentee embraces change; they have a mindset that's open to learning. They need to set their desired direction, commit to the course, and invest the time required to realise their future successes. They need the courage to be a little vulnerable; attitude is important.

To achieve such fruitful outcomes, it does take two parties to act harmoniously and in concert. Mentoring is less about positions, titles, tasks and roles, and more about creating a collaborative learning process for two individuals, who are both committed equally to personal growth.

When the Mentoring process is constructed well, it's never a zero-sum game – both parties grow in substantial ways. The Mentor especially gains, as they strengthen core soft skills for their own leadership journey, in areas covering coaching and communications. They also gain deep satisfaction as they see their Mentee's growth. The value of a well-intended, heartfelt and personally-spoken "thank you" from their Mentee is truly priceless. ISCA

Patrick O'Brien is Managing Director, The Amanuenses Network Pte Ltd.


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CASHLESS IN SINGAPORE

The Future of Cashless Payments

BY
LOKE HOE YEONG

PayNow, the interbank peer-to-peer fund transfer service introduced in Singapore on July 10, is more than just another cashless payment option. "It is the first time consumers do not have to disclose their bank account numbers for payment," says Lee Wai Fai, Group Chief Financial Officer (CFO), United Overseas Bank Limited (UOB), one of the seven banks participating in PayNow. Mr Lee is also an ISCA Council member.

To receive payments under the PayNow system, users just have to link their mobile phone number or NRIC number to their bank accounts. The sender can then use either number to effect a fund transfer without having to key in the recipient's bank account number; nor would he have to remember yet another long strand of digits.

PayNow is the result of a concerted effort by the Association of Banks in Singapore (ABS) and the banking industry to make fund transfers more convenient and efficient for customers, in another

[1] "An Electronic Payments Society", Keynote Address by Ravi Menon, Managing Director, MAS, at the Sim Kee Boon Institute Conference on FinTech and Financial Inclusion, 19 August 2016; http://www.mas.gov.sg/News-and-Publications/Speeches-and-Monetary-Policy-Statements/Speeches/2016/An-Electronic-Payments-Society.aspx

big step towards a cashless society. This scheme rides on the existing FAST (Fast And Secure Transfers) system, which enables customers of participating banks to transfer funds from one bank to another almost instantly. FAST was launched in 2014.

WHY PAYNOW NOW?

The payments system is an important component of the government's Smart Nation vision, because it underpins Singapore's standing as an important financial centre.

Last August, Monetary Authority of Singapore (MAS) managing director Ravi Menon said that MAS's vision is to "make Singapore an electronic payments society. A society that spurs continuous innovation in payments technology, that gives consumers maximum convenience and confidence in making payments, that enables firms to increase productivity through payments integrated with business processes, and where swift, simple, and secure payments are a reality for everyone".[1]

"Managing cash is costly – the production and replacement of bank notes, collection, calculation and reconciliation of cash," explains Darren Tan, Executive Vice President and CFO, OCBC Bank, another participating bank in the PayNow system. Mr Tan is also an ISCA Council member. "This is a frictional cost to the

"(With PayNow), payments are made in real time, and the real-time data which those transactions generate can facilitate predictive analytics. This may help provide insights into the buying behaviour of consumers."

DARREN TAN
EVP and CFO, OCBC Bank

economy, and it is not particularly productive". This may mean that jobs that require the handling of physical cash – bank tellers and cashiers, for instance – and processes such as bank reconciliations, will one day disappear, as part of the technological disruption trend.

Moreover with PayNow, he adds, payments are made in real time, and the real-time data which those transactions generate can facilitate predictive analytics. This may help provide insights into the buying behaviour of consumers, which businesses can tap into to make alternative product suggestions and thereby enable cross-selling.

CASH: STILL KING FOR NOW?

Given this bonanza of benefits that comes with cashless payment options, why then – as Prime Minister Lee Hsien Loong observed at his National Day Rally speech this year – is Singapore trailing behind other cities such as in China in the adoption of electronic payment options?

"Ironically, the urban, well-connected landscape in Singapore, with its ubiquitous number of ATMs, provides little incentive to migrate to e-payments," says Leong Kok Keong, Partner and Head of Financial Services, KPMG in Singapore. Additionally, he cites low crime rates in Singapore as another factor as people carry cash without the fear of being robbed.

KPMG in Singapore was commissioned by MAS to examine the state of the payments eco system in Singapore. The resultant report, released in August 2016, found that cash was used in 60% of all transactions made by consumers in Singapore in the year 2015.

The lack of interoperability among the myriad of different payment methods in Singapore was identified as a key factor behind the limited adoption of cashless payment options. To address this, the report recommended the creation of the Payments Council, a single governance structure that will seek to simplify the regulatory and operational environment. The Payments Council, comprising representatives from banks, payment service providers, businesses and trade associations, was established by MAS in August this year.

Perhaps the private sector may have a solution to overcoming the interoperability problem too. In response to the Prime Minister's National Day Rally speech this year, Tan Min-Liang, CEO of gaming hardware company Razer, said that he has an idea for a unified e-payments system for Singapore that could be rolled out within 18 months.[2]

"Broader applicability beyond peer-to-peer payments would also be a factor," suggests KPMG's Mr Leong. "Merchant adoption, in turn, will depend on the speed of transaction processing at the point of sale as well as whether merchants are prepared to change the way they manage their receipts. Government agencies, which handle significant amounts of consumer payments, could take the lead."

"With PayNow, the next step is to encourage greater adoption," concurs OCBC's Mr Tan. "This means there is a need to increase the avenues, such as hawker centres and taxis, where you can use PayNow."

HOW SECURE ARE CASHLESS PAYMENTS?

"The actual uptake of cashless payments will depend on many factors, such as the security of the payment systems and the ease of rectifying payment errors," says KPMG's Mr Leong. With news of large-scale cyber attacks around the world making the news such as the WannaCry ransomware attack in May this year, consumers may be sceptical about the security of transferring money electronically.

However, OCBC's Mr Tan points out that even when buying small-ticket items with cash, fraud can still occur, so it is understandable that doubt continues to exist in the minds of consumers.

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[2] "'Make me a proposal': PM Lee to Razer CEO's offer on e-payments system", Channel NewsAsia online, 23 August 2017; http://www.channelnewsasia.com/news/singapore/make-me-a-proposal-pm-lee-to-razer-ceo-s-offer-on-e-payments-9150616

[3] "Cashless future? S'pore needs bolder, overarching plan", *The Business Times* online, 9 August 2017; http://www.businesstimes.com.sg/companies-markets/cashless-future-spore-needs-bolder-overarching-plan

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> **"The banking system in Singapore is very secure, within the banks… Banks have invested heavily in digital architecture. The number of security tests done is unbelievable."**
>
> **LEE WAI FAI**
> **Group CFO, UOB**

"Trust is key," he adds. "This is linked to the rate of adoption. Where trust is compromised, adoption rate will also be affected."

"The banking system in Singapore is very secure, within the banks," says UOB's Mr Lee, as he explains the checks, verification and monitoring processes that banks run, and the stringent standards which they have been held to by MAS. The banking system is robust no matter which electronic channel the transactions come from. Mobile apps like PayNow adopt the same high security standards as those established by Singapore's banking industry for funds transfer, including FAST; after all, they use the same underlying infrastructure. "Banks have invested heavily in digital architecture. The number of security tests done is unbelievable," he adds.

This and other factors lead KPMG's Mr Leong to believe that the lag in adoption of cashless payment in Singapore is not due to consumers favouring a safe, sound and secure operating environment. "Rather, it is partly due to the 'lack of disincentives' to change – cash and cheque payment options are readily available," he points out. "Cashless payments will be more readily adopted if the benefits are clear. For example, the ease of use, and having a 'cool' factor."

WHY SINGAPORE IS BEHIND CHINA

The Business Times recently observed that Singapore is "light years behind China", a country which is projected to be the first in the world to go fully cashless.[3]

"China leapfrogged the credit card stage, which requires the setting up of a different infrastructure, to the e-payments stage," according to OCBC's Mr Tan. "There is no established legacy or system that e-payment options have to compete with for the favour of consumers."

In the United States, he notes, consumers still typically pay in cash and even cheques, such as in supermarkets. This would further suggest that in countries with a pre-existing, highly-developed credit card and alternative payments infrastructure such as Singapore, there will be a natural resistance towards the adoption of new, cashless payment options.

UOB's Mr Lee agrees, and cites a few other reasons. "Banks are tightly regulated in Singapore, whereas in China, the 'alternate banking' or 'shadow banking' space is where money transfer systems like WeChat Pay have flourished. China's model for cashless payments is therefore not a plug-and-play model that can be used in Singapore."

THE NEXT STEPS

After the successful roll-out of PayNow, the next step for Singapore in its blueprint for cashless payments is to introduce PayNow for transactions between businesses and consumers. "It's the SMEs that we need to help in digitising their processes," highlights UOB's Mr Lee. This is because SMEs comprise 99% of Singapore's enterprises, provide two-thirds of jobs in Singapore, and account for about half of GDP. But, unlike large corporations which have abundant resources to invest in their technological needs, SMEs are more likely to require help in this area.

In the longer term, cashless payments may not even involve mobile devices. "With the progression of technology, especially in the area of biometrics for digital identities, we think the future of payments could increasingly be device- and card-free," predicts KPMG's Mr Leong.

Ultimately, developments like PayNow and cashless payments are about how transactions in daily life will be conducted in the future. "It is important to know the direction the world, economy and industry are heading towards and what is happening in society," says OCBC's Mr Tan.

"We read and talk a lot about the adoption of technology… it seems foreign to many people. PayNow is an opportunity to adopt some of the technology available, at a low cost and with minimal effort. If we want to learn about something, we need to overcome that bit of inertia and experience it firsthand. You will never know where that is going to take you," he adds. ISCA

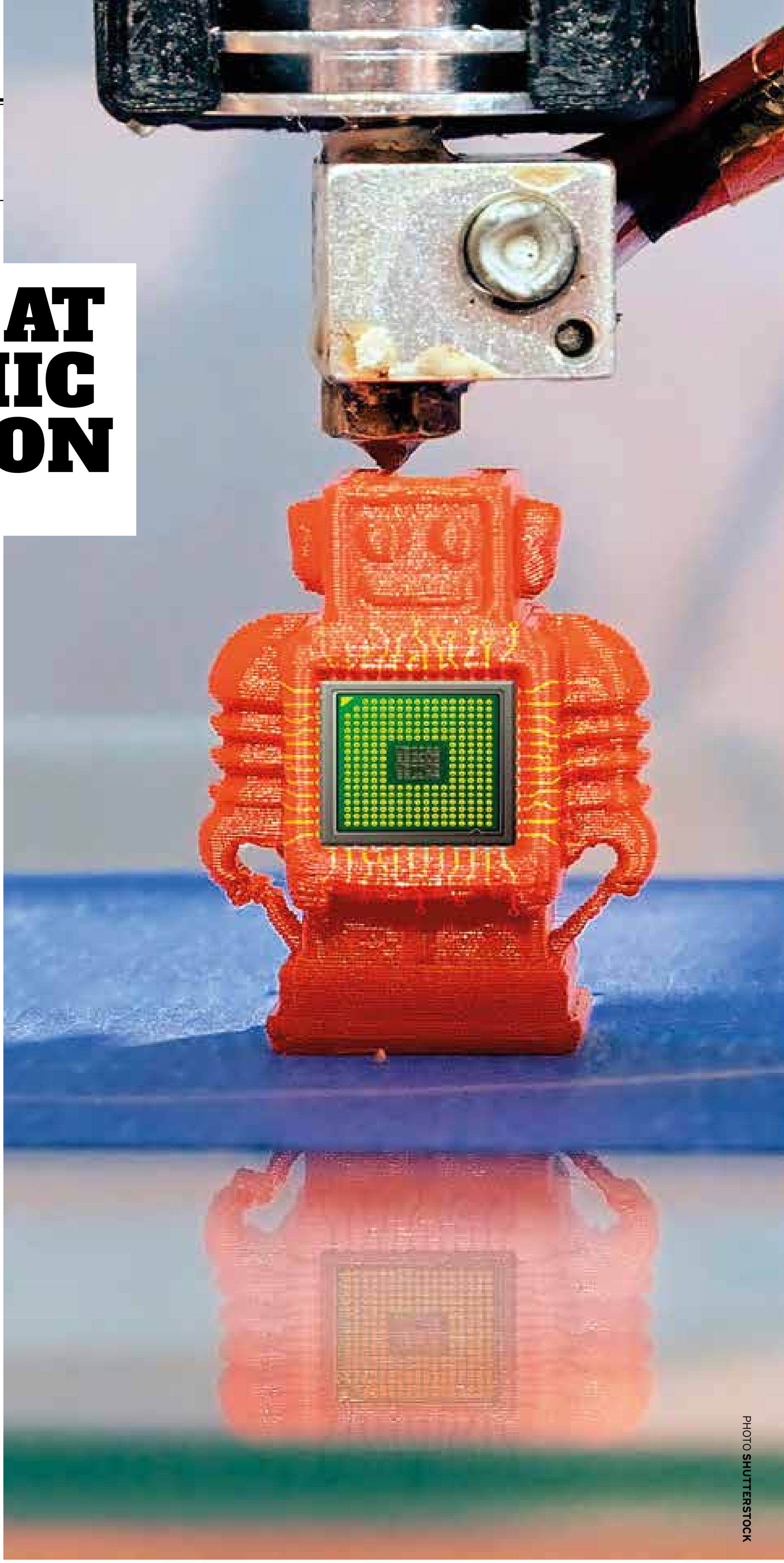
Loke Hoe Yeong is Manager, Insights & Intelligence, ISCA.

VIEWPOINT
INTANGIBLE ASSETS

THE GREAT ECONOMIC INVERSION PART 2

How Balance Sheets Have Been Tipped Upside Down

BY
PAUL ADAMS



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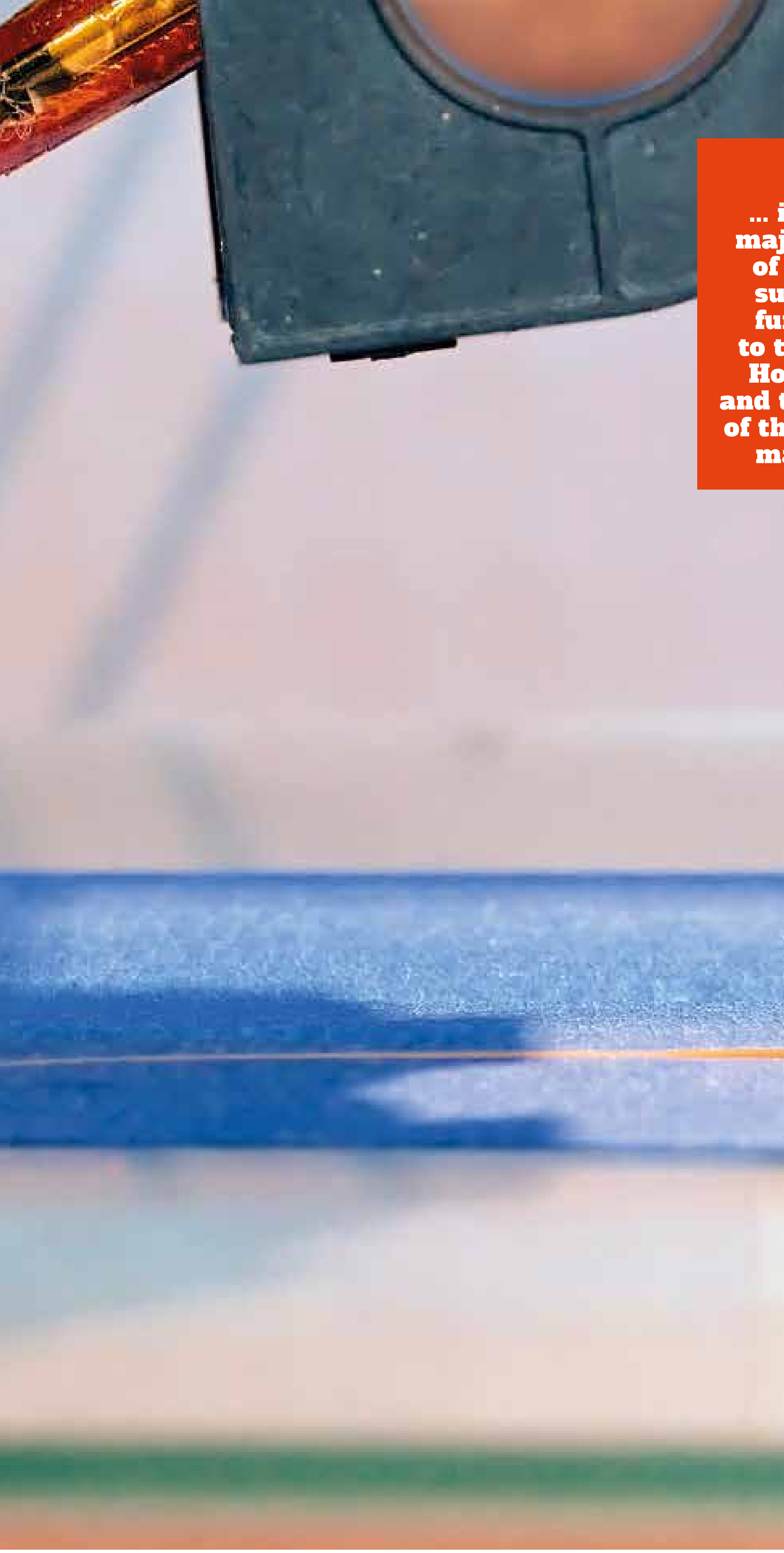
In this three-part series, Paul Adams, CEO of EverEdge Global, discusses one of the most important trends in accounting in the last four decades – the increasing recognition of the importance and value of the assets the profession discusses the least – intangible assets. Part 1, published in the September issue of ***IS** Chartered Accountant*, addressed why intangible assets are important. In this edition, we look at why intangible asset risks, though important, are often neglected.

PART 2 THE BIGGEST RISKS COMPANIES FACE COME FROM AN UNEXPECTED QUARTER: INTANGIBLE ASSETS

Intangible assets such as brand, content, data, software code, know-how, confidential information, design, inventions, domain names and regulatory approvals today represent over 87% of the value of most companies and are the primary driver of company performance. With that much value, intangible assets are also by definition a major and systemic



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... intangible assets are a major and systemic source of company risk and are subject to risks that are fundamentally different to tangible or fixed assets. However, few companies and their advisors are aware of these risks and fewer still manage them correctly.

source of company risk. Surprisingly however, few companies and their advisors are aware of these risks and fewer still manage them correctly. By way of example, in a recent Institute of Directors Audit & Risk Committee Course conducted over eight hours and including a 100-page course book, there was not a single mention of intangible assets nor their risks.

Intangible assets are subject to risks that are fundamentally different to tangible or fixed assets. Unlike real estate or plant and equipment where ownership, possession and the ability to use are relatively easy to establish, intangible assets can rapidly disappear or have their ownership and ability to use challenged in ways that cause catastrophic damage. These are risks that companies today are just beginning to understand, and which aren't going away.

Consider something as apparently simple as ownership – one well-known technology lawyer indicated that *every single deal* he had acted on involving intangible assets had major ownership issues. In short, one or both parties in a transaction involving their intangible assets could not definitively establish they owned those assets. Case in point, investors in a company raising $15 million in growth capital discovered (after the round closed) that the intangible assets, the core value of the company, did not actually belong to that company at all but were owned by a key staff member's previous employer.

Another area – the use of open source code is extremely common in software development today. Some companies are aware that using open source code with the wrong licence can

VIEWPOINT

INTANGIBLE ASSETS

Even if a company's board and senior management team don't believe that intangible assets are relevant to their business, you can guarantee someone else in that industry will be taking them *very seriously* and that creates *serious risks*...

effectively infect privately-developed code with highly non-commercial terms such as the requirement to make that code freely available to copy to any third party. What few people appreciate however, is that there is an even bigger risk. Open source code is an extremely effective tactic for introducing Trojans, backdoors and malicious code into software code. Such infected code represents a ticking time-bomb of cyber liability for anyone selling or buying that code or delivering services. The world's foremost open source code audit company, BlackDuck, has conducted over 13,000 audits of code bases – *every single one* found open source utilisation, many representing substantial security threats.

IT'S NOT JUST ABOUT YOUR INTANGIBLE ASSETS

Even if a company's board and senior management team don't believe that intangible assets are relevant to their business, you can guarantee someone else in that industry will be taking them *very seriously*. Here's a useful thought experiment. Companies exist to provide solutions to problems that people will pay money to solve. Does the company's solution solve a problem that is valuable to others? If so, there are almost certainly other companies trying to solve the same problem. In fact, the more serious or valuable the problem becomes, the more likely others are chasing the same dream. Consequently, there's a strong probability those other companies are building their own intangible assets. In Silicon Valley, for example, the general rule is that there are 20 to 30 teams working on the same "breakthrough" at any one time.

If just one of those companies beats you to the punch and develops, files or acquires earlier intangible assets, the company can rapidly find itself on the wrong end of an extremely expensive intellectual property (IP) infringement litigation. This means even if a company shows no interest in building and protecting its own intangible assets, it absolutely needs to ensure that the company's products have Freedom to Operate or FTO. FTO occurs when a company is *not* infringing third-party IP rights – in other words, you have *freedom to operate* your technology, product or service. If you do not have FTO, it means you are infringing someone else's intangible assets.

WHY FREEDOM TO OPERATE IS IMPORTANT

Just how serious is FTO? In August 2012, Samsung was ordered to pay Apple US$1 billion for infringing Apple's IP, and injuncted from selling its products. "But that's the US," I hear some saying, "this doesn't happen here!" Yes, it does – it may be less obvious but it's equally devastating. Here are some real-life cases:

- Well-known company sued three times in four weeks following acquisition by US company;
- Tech company spent $15 million defending infringement suit before settling and paying licence fees;

- Company forcibly acquired following patent litigation by offshore competitor;
- Tech company bankrupted by another company following litigation over disputed IP;
- Private equity (PE)-backed company forced into settlement by US patent troll day after announcing major capital transaction;
- PE-backed company sued by US competitor; in just two months of negotiations, the company had spent hundreds of thousands in legal fees;
- PE-backed company sued by supplier when switching to competitor supplier; backed down and accepted 20% increased pricing.

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All of these events involved a failure to understand intangible asset risk, resulting in a drastic loss of shareholder value. There are a few key points to keep in mind:

1. Ignorance is not a strategy. A "see-no-evil, hear-no-evil" approach to intangible assets is a major mistake. Given intangible assets comprise 87% of all company assets, you can guarantee there will be issues among those assets that need to be resolved.
2. Infringing third-party intangible assets is relevant to any business with innovative products or an export orientation. Directors can be directly liable to shareholders for failing to take infringement seriously.
3. Infringement is not just about patents – you can infringe any form of IP: copyright (software code, content), trademarks (brand), design rights (product designs), confidential information (processes and information).
4. Having your own patent does not grant you FTO.
5. Be wary of advisors who focus their intangible asset analysis primarily on your home market. Your greatest risks and threats will typically come from offshore – where the largest competitors, markets, manufacturing locations and potential exits are likely to be, and where intangible asset risks and problems will be most damaging.

The key point is, even if you don't think intangible assets are important, someone else does.

How can accountants help clients deal with intangible asset risks? It starts by acknowledging these risks exist, that they are important and relevant and need to be managed and mitigated just like any other risk. Here are some questions accountants as advisors can ask clients to get the conversation going on intangible asset risks:

- Have you identified any intangible asset risks to your company? If not, why not?
- For those risks identified, are you actively managing them as you would traditional risks?
- Do your the board/senior management/Audit & Risk Committee take these risks seriously?
- Are they on the risk register?
- Do you have a strategy to mitigate these risks? ISCA

Part 3 of this series, which will be published in the November issue of ***IS Chartered Accountant***, will look at why companies are beginning to understand that intangible assets – just like tangible assets – need to be managed as valuable assets.

Paul Adams is CEO of EverEdge Global (www.everedgeglobal.com), the world's leading intangible asset specialist.

MAXIMISING YOUR BUSINESS POTENTIAL

Four Ways Research is Critical to Your Strategic Plan

BY
RONIT
KOREN

Take a moment to consider a piece of the strategic puzzle that you may think is inconsequential to your business objectives – research. In this day and age, a comprehensive research strategy can make or break governments, politicians and yes, even established accounting firms.

There are a number of ways in which building out your marketing resources with research could direct your firm's business development plan and strategies to fuel opportunities. To start, we need to focus on the most relevant, top-of-mind considerations for any professional services firm – a targeted market research approach.

That said, there are four key areas where research can be integral to your ongoing business development efforts.

1 PREPAREDNESS

Time in front of prospects is precious – and yet firms waste much of it learning things they could have researched in advance. A go-to research tool such as *audit analytics* can help you reach the optimal level of preparedness for meetings, presentations and sponsored conferences/events.

For instance, when a firm sponsors a conference (a necessary evil at times),

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partners are the ones who need to attend. And the loss of billable time due to obligatory attendance can be significant. What if we created an opportunity for them to focus their time "in the field?"

For each conference, a good research strategy can identify who the presenting companies are, their executives, the company profile, who their auditors are, what the fees have been over the past few years, and their growth year-to-year from reviewing their 10-Ks, as well as identifying any recent activities. This information can inform the attendees of an opening in order to facilitate a meet-and-greet. Know the people you want to meet and, most importantly, have the marketing team and partners on the ground know who you want to meet. The result is a well-executed approach to sponsorship goals, which can significantly shift the outcome toward a tangible return on investment.

For our second example, let's consider a new business opportunity that involves an established public company looking for a new auditor. You will want to use research and strategic planning to prepare for the meeting with a tailored presentation that speaks to what the company history is, what it wants to achieve and how that aligns with your strengths. To achieve this, a well-thought-out strategy for preparing will be to review the executive suite, any recent changes, past auditors and

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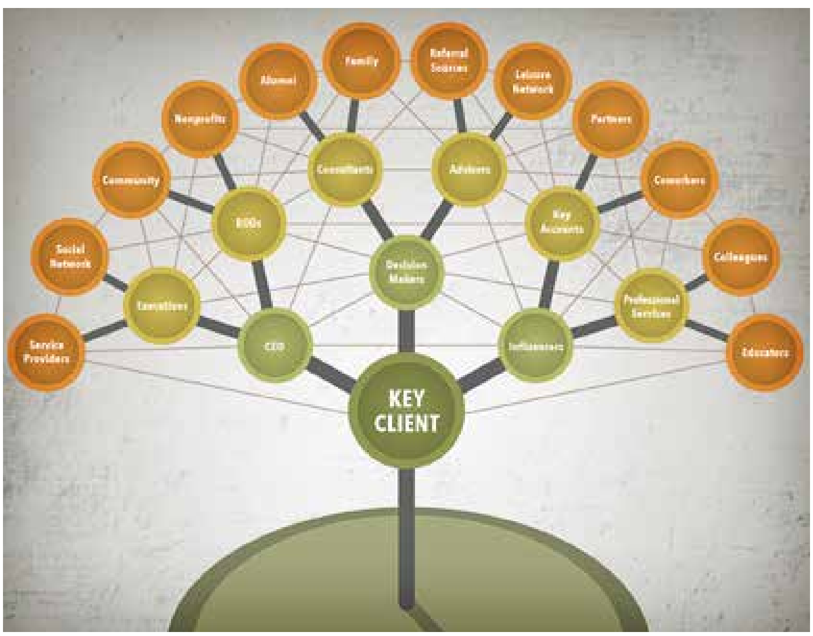
"When a door opens, walk through and then open some windows." By understanding your clients, their needs and business model, you can find ways to open windows to conversations for expanded services.

fees, and to read the transcripts of their most recent earnings call. The earnings call, accessed from a source such as Capital IQ, will be the crystal ball needed to best understand the goals of the company and the priorities of executive leadership. Once you have the necessary pieces, you will be able to complete your proposal by aligning your firm's strengths with the needs of the company.

2 EXPANDING OPPORTUNITIES, BOTH CURRENT AND NEW

I like to use the analogy, "When a door opens, walk through and then open some windows." By understanding your clients, their needs and business model, you can find ways to open windows to conversations for expanded services. Your marketing department can help you define the business model of current and new clients and help guide you to understand where the entry points are for more opportunities. If they are a tax client, do they also need assurance work, compliance services, forensic accounting? Are there opportunities for advisory services?

Figure 1 Network tree



What other partners or managers can you introduce them to in your firm that can set a wheel in motion for expanded services?

A good business development strategy will also consist of a key client "network tree" (Figure 1). Once you have identified your key clients, your marketing department's researchers can create a tree of their networks through a good scrub of LinkedIn or other social tools. You can then review and prioritise who you would like introductions to or from your key client. A good and trustful working relationship will be an invaluable way to open more windows to new opportunities.

Consider this scenario. Imagine that your West Coast firm has a new healthcare practice and your firm has identified a sweet spot with "smaller" healthcare companies (under $500 million in revenue). Being able to quickly

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★ **When you shift the way you think about your research potential and benefits to your strategic plan, you will find it easier to accept that committing to a well-thought-out approach can create greater potential for business development opportunities that close.**

identify them, and then build out an effective marketing outreach campaign, is a must if you want to expand this practice, and a robust research effort can help you do just that.

Here's another – Your New England-based firm just won a new audit engagement for a 401(k) plan. The plan is attached to a bank and currently has 375 participants. Your firm wants to identify similar opportunities. Being able to quickly identify all 401(k) plans in New England in the banking industry with 300 to 500 participants will significantly speed up your business development efforts.

3 REFERRAL SOURCES

Professional service firms live and die by referral sources. These key players are what make or break your standing in the marketplace – and appreciation is key. Many firms do, or should, host referral appreciation events, as they generate a significant return on investment. They offer thanks, a set time for referral sources to connect with key partners and contacts, a place for you to gain critical insights to changes and growth, and a way to gain access to their valued networks.

There are two ways to optimise these relationships. One is by gaining insight to your referral sources' trusted network, similar to the key client approach. Who within your referral sources' network would you like an introduction to? Where do the opportunities lie for an introduction? How can you leverage your referral appreciation event for expanded introductions? Before sending out the invites, research the network (again, LinkedIn is a great tool) and reach out to your referral sources to facilitate an invitation. Secondly, and perhaps obviously, it is a way for you to connect one-on-one with your referral sources – while researching new opportunities – to present a more genuine (rather than opportunistic) relationship.

4 TRACKING

Finally, the most important piece of your strategic plan's puzzle is tracking business development opportunities. Without a good, measured and consistent tracking method, your research and business development efforts will be as fruitful as spitting into the wind. A lot of effort and no direction. It is imperative that the partner and/or business development group have a monthly status report on all new opportunities that include date initiated, status (active, pending, lost, dead), size of opportunity, notes on research and relevant dates. With information changing and people constantly on the move, keeping track will be critical to closing.

BOTTOM LINE: RESEARCH + STRATEGY = MONEY

When you shift the way you think about your research potential and benefits to your strategic plan, you will find it easier to accept that committing to a well-thought-out approach can create greater potential for business development opportunities that close.

Period. ISCA

Ronit Koren is Founder, RoKo Marketing.
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RETAINING THE BEST TALENT

How Some Accountancy Firms Do It

FROM *"ECONOMIA"*

Your business is only as good as the people you employ, so it's no wonder that recruiting good staff has long been high up the list of major business priorities. But more recently, the challenge of retaining them has cranked up a notch, as the gig economy becomes a reality and the concept of employee loyalty – particularly among the most recent generation of recruits – becomes increasingly rare.

Social networks mean the time and effort of changing jobs is no longer the barrier it once was. The latest "Pay and Bonus" survey from recruiter Robert Walters warns that a third of accounting and finance professionals are actively searching for a new job, while a further 29% plan to change jobs in the next year. A similar survey, from the Global Accounting Network, suggests that 61% of UK-based qualified accountants plan on moving on in the next two years.

A certain level of employee churn is necessary for a business, freeing up career ladder-climbing opportunities for ambitious internal candidates and allowing you to inject all-important fresh blood into the fold. However, too much churn is damaging for morale, costly and disruptive. It's about striking a balance, and yet, all too many businesses are missing a trick when it comes to simple strategies for keeping existing high flyers happy, motivated and performing at their best.

NURTURE THEIR INITIATIVE

Any good employee will leave a workplace that stifles their initiative and gives them too little responsibility. Generation Y employees are much more reluctant to accept the hierarchy, layers and processes that limit their capacity to do things in their own way.

The best people want more of an equal relationship, says Isaac Getz, professor at business school ESCP Europe and author of the bestselling management book *Freedom Inc.* "Treat employees as responsible adults who can be trusted with their own initiative. When an employee brings up a problem or opportunity, never tell them what to do, instead say, 'You are in charge of this. I trust if you take a bit of time, you'll find a solution'."

Have outcome-based goals and be explicit about how individuals' goals link to the bigger picture at all levels of the business. "We want people to think it's their business and that they have a responsibility to support the business to grow," says Jenn Barnett, head of people experience at Grant Thornton UK.

DON'T LEAVE PEOPLE MANAGEMENT TO CHANCE

People join great organisations but leave bad managers; the quality of leadership is the biggest factor influencing staff motivation.

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When an employee brings up a problem or opportunity, never tell them what to do, instead say, 'You are in charge of this. I trust if you take a bit of time, you'll find a solution'."

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Have a clear personal development programme in place and empower individuals to drive their own careers.

"Companies that have higher levels of engagement are better performing, and do better at retaining staff," says Kevin Murray, author of *People with Purpose*.

Make sure that anyone promoted into a people management role has the right skills, and if not, develop them. "People managers need emotional intelligence," says Lucy Whitehall, a well-being expert at CABA. "It's about respect and connection, being optimistic, empathic and hopeful." To drive engagement, managers need to be good listeners and conversationalists.

"Good managers set clear goals, offer constructive feedback, make people feel valued and involve them in decision-making," says Ian Feaver, European director of employee recognition specialist OC Tanner. Getting line managers to think about the risk and implications of staff leaving allows them to focus on strategies to make top performers feel valued, Feaver adds.

GIVE THEM OPPORTUNITIES TO GROW AND SKILLS TO LEAVE

Good people don't leave their careers to chance. They are ambitious and know where they are heading. Have a clear personal development programme in place and empower individuals to drive their own careers.

"The talent pool is getting smaller. More open-minded organisations are being creative and moulding roles around people with potential rather than experience," says Susy Roberts, founder of people management consultancy Hunter Roberts. "Help people play to their strengths rather than focusing on what they don't do well, and support them accordingly." Give people choice and ownership about how they develop, whether it's formal training courses, interactive learning or coaching, Roberts adds.

DON'T LIMIT FEEDBACK TO AN ANNUAL APPRAISAL

In contrast to the annual appraisal, which many staff regard as an opportunity for their boss to tell them what they're doing wrong, timely and ongoing feedback makes them feel valued and helps them to constantly adapt to whatever opportunities are available.

Confidence-building feedback is a gift rather than a negative; see it as ongoing coaching for staff who want to leverage your experience. "It's about development, not performance," says Karen Hochrein, EY Global Assurance talent leader.

REALLY GET TO KNOW YOUR PEOPLE

Naming five key team members isn't hard. But would you know the names of their partners, their family circumstances and the things they do outside of work? What are their career aspirations and previous roles? "How can you possibly help to keep people engaged if you know nothing about them?" asks Dominic Irvine, founder of leadership and management consultancy Epiphanies.

To retain great people, understand what makes them tick, Irvine advises. Think about how you can help them progress in their career and be aware of the context in which they are working. "Reporting to someone who gives a damn, who is helping you succeed and who is empathic to your personal circumstances is not someone most people would want to leave in a hurry to work somewhere else."

CONSTANTLY RE-RECRUIT YOUR TOP PERFORMERS

Identify your top performers – the staff you'd be really lost without – and recognise that they need constant stimulation. "Typically, these people will need a new challenge at least every 18 months, so head them off the path,"

says CABA's Whitehall. "Be honest with them, say you don't want to lose them and ask what you can do to keep them."

The answer may lie in mentoring or a sideways move, the opportunity to lead a project or come up with a new idea for the business. "It's about giving people that same feeling of excitement they got when they first joined," Whitehall adds.

Grant Thornton's aim is to have 25% of available roles filled by internal candidates. "We actively target high performers and encourage that mobility. With flatter structures, you can't necessarily offer promotions to keep people," Barnett says. "People don't necessarily want more responsibility but they might want a different experience."

MAKE SURE YOUR STAFF ROOM MATCHES THE SHOPFRONT

Don't recruit turnover, warns Stephen Bevan, head of HR research development at the Institute for Employment Studies. "If you create a high expectation – for example, by over-promising work-life balance, career progression, and training and development – it will attract people, but if you don't deliver, they will leave. You need to be brave and authentic enough to say, this is the reality of the situation."

The greater the dissonance between the external brand and the internal brand, the less likely you will be able to retain the best people. "Stand by the sell that you used to entice them into your company and make sure that you deliver on the career progression that you promised," says Kyra Cordrey, a director of recruiter Michael Page Finance & Consultancy.

BUILD TRUSTING RELATIONSHIPS

Understand each other's drivers, motivations and preferences to build trust from the very start of your working relationship, says Nigel Purse, director at The Oxford Group. "It means employees are more likely to confide in their manager about any issues, rather than suffer in silence and then leave the company because they are unhappy with how things are."

Open discussions about expectations, purpose-build mutual accountability for success and contribute towards the end goal of forging a trusting relationship. "Employees are less likely to feel solely responsible for the inevitable pinch points and won't feel like they are being taken advantage of while other team members are not pulling their weight," says Purse.

TELL THEM HOW THEY ADD VALUE AND SHOW THEM GENUINE APPRECIATION

Having a purpose in life puts a spring in your step, a buzz in your soul and enthusiasm in your work. "One of the most important things is to keep people feeling involved in what's going on in the workplace and how they can contribute, and then making them feel as if their contribution is valued," says Sara Burks at Adaptis. "People perform when they feel good about themselves."

If employees do something that is culturally relevant, thank them and do it publicly if they are happy with that, Feaver suggests. And when an individual or a team achieves a great result or does a great piece of work, reward them with something tangible. "Celebrate careers and call out publicly how valuable staff are to the business at certain points in their career – make a presentation and say something positive that aligns their achievements with the values of the business. It will also motivate other staff and help to build trust."

Grant Thornton says its Shared Enterprise Model is about fairness and encouraging transparency about how their business is performing and allowing staff to share in the rewards. "It's about encouraging the employee voice," says Barnett.

GOODBYE FLEXIBLE WORKING, HELLO DYNAMIC/ AGILE WORKING

These days, flexibility in the way staff work is much more than a nice-to-have – it's a deal-breaker. Dynamic working is more than flexible working. "It's having more of a high-trust, high-performance work culture," explains Cordrey.

"If you have more autonomy and you're more in control, it gives you a boost of confidence and makes you happier," says Ian MacRae, the author of *Motivation and Performance*. Also have senior role models who visibly work flexibly.

It has to be a real commitment to offering agility about where and when they work. "This is about outcomes-based results and showing we trust our people to do the right thing and to do good work for our clients," says Barnett. ISCA

This article was first published in the June 2017 issue of "Economia", an ICAEW publication (http://economia.icaew.com/en/features/june-2017/how-accountancy-firms-can-retain-the-best-talent). Reproduced with permission.

TECHNICAL HIGHLIGHTS

SUSTAINABILITY REPORTING

ISCA ISSUES NEW "SUSTAINABILITY REPORTING IMPLEMENTATION ROADMAP"

ISCA's new publication, "Sustainability Reporting Implementation Roadmap", was developed through the Corporate Reporting Committee and Sustainability Reporting Quality Working Group. This publication seeks to help new or early-stage sustainability reporting (SR) adopters kick-start their SR journey by providing practical guidance on the SR process as well as key considerations for the entity's first Sustainability Report.

Please visit: http://isca.org.sg/documents/sr-implementation-roadmap/ to download the publication.

ISCA ISSUES "SUSTAINABILITY ROUNDTABLE REPORT: CHIEF FINANCIAL OFFICERS FOR SUSTAINABILITY REPORTING" REPORT

The report, "Chief Financial Officers (CFOs) for Sustainability Reporting", aims to share the key takeaways from the ISCA Sustainability Reporting Roundtable, which was held on July 28. The Roundtable was attended by participants from a diverse mix of organisations at different phases of their SR implementation, who discussed the role played by CFOs in spearheading sustainability within their organisations. Participants also discussed the challenges faced in spearheading sustainability and how these challenges could be overcome.

Please visit: http://isca.org.sg/documents/sr-roundtable-report2017 to download the Roundtable Report.

AUDITING AND ASSURANCE

IAASB WELCOMES PCAOB'S NEW ENHANCED AUDITOR REPORTING STANDARD

The IAASB welcomes the adoption by the US Public Company Accounting Oversight Board of a new auditing standard to enhance the auditor's reports by providing additional, relevant information to users, including critical audit matters. This new standard is comparable with the IAASB's new and revised Auditor Reporting Standards, which require the communication of key audit matters in the auditor's reports of listed entities and became effective for December 2016 year-end audits.

For more information, please visit www.ifac.org/news-events/2017-08/iaasb-welcomes-pcaobs-new-enhanced-auditor-reporting-standard

NEW PUBLICATION TO ENHANCE PROFESSIONAL SKEPTICISM

The publication, "Toward Enhanced Professional Skepticism", jointly produced by IAASB, IESBA and IAESB, outlines the observations about the current environment and sets out actions the global standard-setting boards will take, as well as the role that other stakeholders can play, in enhancing professional skepticism. The importance of professional skepticism – which lies at the heart of a quality audit – is underscored by the increasing complexity of business and financial reporting, including the greater use of estimates and management judgement, business model changes due to technological developments, and the fundamental reliance of the public on dependable financial reporting.

For more information, please visit www.ifac.org/news-events/2017-08/global-audit-ethics-and-education-standards-boards-outline-need-way-forward

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Stone Forest IT

Globally Connected RSM

Integrated Business Solutions for F&B Wholesale Distributors to Achieve Faster Speed to Market

CHALLENGE

In today's competitive global marketplace, F&B wholesale distributors are expected to work round the clock, with little or no tolerance for downtime. An increasing number of customers expect flawless deliveries, fast response times, lower costs, wider selections and more customisation options.

With outdated and highly manual processes, the traditional F&B wholesale distribution industry is often plagued by serious productivity challenges. Other issues include voluminous bookkeeping, high staff turnover as well as disjointed frontline and back-office processes.

SOLUTIONS

Stone Forest IT (SFIT) provides a range of integrated business solutions for F&B wholesale distributors to streamline processes and enhance profitability.

These include:

- **Mobility Services** to allow secure smartphone and tablet usage for employees on the move
- **Customised Digital Forms** such as the use of Microsoft Excel Mobile to facilitate digital ordering for busy F&B personnel
- **Enterprise Resource Planning (ERP) — Sage 300**, a robust accounting and operations system that supports sales order automation and integration with points of sale (POS)
- **Customer Relationship Management (CRM)** to understand customer buying behaviour for loyalty programmes and to support marketing promotions such as voucher redemptions
- **Inventory Management Tools** such as the SKU management module for stock level updates or lot tracking module to monitor food expiry dates
- **Business Intelligence Tools** to analyse outlet performance, track profit per square foot or get a predictive view of business operations

RESULTS

With SFIT's tailored solutions, F&B wholesale distributors will enjoy the following benefits:

- Greater productivity with secure file sharing and seamless access to real-time stock and pricing information on any device anytime, anywhere
- Greater customer satisfaction through online self-service digital ordering channels and e-commerce systems
- Improved business process efficiency through ERP and CRM integration
- Faster speed to market with better inventory management processes
- Smart, informed decision making with access to critical POS and supply chain data

SFIT's powerful combination of technical expertise and intimate understanding of F&B wholesale distributors' unique industry needs allows them to enhance business agility as well as customer acquisition and retention.

HIGHLIGHTS

Industry:
Food & Beverage — Wholesale Distribution

Location:
Singapore

Solutions:
Customised integrated business solutions

Results:

- Greater productivity
- Greater customer satisfaction
- Improved business process efficiency
- Faster speed to market
- Smart, informed decision making

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TAX MUST-KNOWS

Dissect the Region's Key Tax Issues

BY
FELIX WONG AND
ANGELINA TAN

From new anti-avoidance legislation to changes in documentation requirements, a plethora of tax developments have been occurring both in Singapore and our neighbouring countries, as well as the rest of the world. Against the backdrop of an ever-changing and increasingly complex international tax landscape, a technical session was specially crafted to shed light on the region's key tax developments and provide valuable insights on the corresponding business implications. Co-organised by the Singapore Institute of Accredited Tax Professionals (SIATP) and ISCA, the session was facilitated by Accredited Tax Advisor (Income Tax) Rohan Solapurkar, Tax Partner, Deloitte Singapore.

RECENT TAX DEVELOPMENTS IN SINGAPORE

Refinements to Finance and Treasury Centre Scheme

Under the Finance and Treasury Centre (FTC) scheme, an approved FTC may enjoy a concessionary tax rate of 8% on income derived from specific qualifying activities. To ease the administrative and compliance burden on approved FTCs, qualifying counterparties for certain transactions of approved FTCs have been streamlined (for example, approved FTCs will no longer need to obtain confirmation that the

Sydney, Australia

PHOTO SHUTTERSTOCK

Accredited Tax Advisor (Income Tax) Rohan Solapurkar, Tax Partner, Deloitte Singapore, provided participants with a snapshot of the recent tax developments in Singapore and Asia Pacific.

counterparties involved are qualifying counterparties for FTC purposes). The changes apply to (both new or renewal) incentive awards approved on or after 21 February 2017.

Enhancements to Global Trader Programme

Several enhancements were made to the Global Trader Programme (GTP) in Budget 2017, such as the expansion of the scope of qualifying income. Following the change, physical trading income attributable to storage in Singapore, or any activity carried out in Singapore which adds value to commodity by any physical alteration, addition or improvement (such as refining, blending, processing or bulk-breaking), will qualify for GTP.

It can be observed that tax authorities are progressively seeking more information on related party transactions; companies would be wise to focus their attention and resources in this area.

Another notable enhancement (which alleviates compliance burden) is the removal of the requirement for qualifying transactions to be carried out with qualifying counterparties. With this change, GTP companies would no longer need to segregate both buy and sell transactions with qualifying and non-qualifying parties from 21 February 2017.

New Reporting Requirement for Related Party Transactions

With effect from Year of Assessment 2018, companies will need to complete and submit a form for the reporting of related party transactions together with their income tax returns if the value of their related party transactions in the year exceeds S$15 million.

KEY TAX DEVELOPMENTS IN ASIA PACIFIC

Australia

Related Party Loans

In a recent transfer pricing (TP) case involving an Australian entity of the Chevron group (AusCo) and the Australia Taxation Office (ATO), the ATO challenged the rate of interest charged on a related party loan (from a US subsidiary) to AusCo.

The interest rate charged was based on standalone credit rating and TP analysis using actual terms and conditions, but did not consider the security (in the form of parent guarantee) that Chevron (the ultimate parent company) may have provided should AusCo borrow from external parties. On the basis that the AusCo had not shown that the interest paid was equal to or less than arm's length, and that the intent of the legislation and real-world commercial considerations should be taken into account, the Court ruled in favour of the ATO.

This judgement highlighted the importance for multinational companies (MNCs) to demonstrate the commercial context of their intercompany financing arrangements with supporting evidence.

★ Now more than ever, companies have to keep abreast of the latest tax happenings around the world and plan ahead.

Multinational Anti-Avoidance Law

As part of Australia's efforts to combat tax avoidance by MNCs operating in the country, the Multinational Anti-Avoidance Law (MAAL) was established to ensure that MNCs pay their "fair share of tax" on the profits earned in Australia.

Effective from 1 January 2016, the ATO has the power to cancel any tax benefits a significant global entity (SGE) (that is, an MNC with annual global income of more than A$1 billion) obtains from certain schemes. SGEs are also subject to increased penalties for tax shortfalls arising from the application of MAAL.

China

Cash Repatriation

A key issue that MNCs operating in China face is cash repatriation. While the dividend distribution process in China has been simplified in recent years, it is important for companies to ensure that they are able to fulfill the substance requirement in order to meet the limitation of benefit clause in tax treaties. This may be an issue for Chinese subsidiaries with investment holding parent companies (which have little substance). MNCs thus need to be mindful when setting up their business structures supporting their investments in China.

Transfer Pricing

On 1 April 2017, China's State Administration of Taxation issued Bulletin 6 which contains guidance on the application of the arm's length principle, including guidance

with respect to intangible property transactions, intercompany services transactions, location specific advantages and TP requirements. Bulletin 6 also provided detailed guidance on mutual agreement procedures.

The above complements Bulletin 42 which was introduced earlier to deal with the reporting of related party transactions and contemporaneous documentation. Bulletin 42 introduced a three-tier documentation framework (as set out in the OECD's final report on BEPS Action 13), enhanced the information disclosure requirements and updated the submission deadline of documentation. It should be noted that the bulletins have strengthened China's position in TP audits, increasing the risk of TP audits in China.

With the host of information provided in such documentation, it is vital for companies operating in China to review their operating models and their related party transactions vis-à-vis the substance in China relative to other countries.

India

Limitation on Interest Deduction

One of the key tax changes in Budget 2017


Shanghai, China

was to restrict deduction of interest paid or payable by an Indian entity to its associated enterprise to 30% of the entity's earnings before interest, taxes, depreciation and amortisation (EBITDA). This restriction will apply to Indian companies or permanent establishment (PE) of foreign companies in India which pays interest or similar consideration (exceeding INR10 million) in respect of any debt issued by a non-resident associated enterprise. Any excess interest expense can be carried forward for eight years, subject to the same restriction.

General Anti-Avoidance Rule

The General Anti-Avoidance Rule (GAAR) provisions, which empower the Indian tax authorities to deny tax benefits to any arrangements entered into with the main purpose of obtaining tax benefits and which lack commercial substance, will be effective from financial year 2017-18. The Indian authorities issued various clarifications on the implementation of GAAR following representations made by stakeholders. For example, it has been clarified that GAAR will not be invoked merely because the taxpayer is located in a tax-efficient jurisdiction.

Indonesia

Transfer Pricing Documentation Requirements

Since 30 December 2016, Indonesia has implemented a three-tier approach for its TP documentation requirement, consisting of the master file (to provide a broad overview of a business group's operations), local file (to provide information on the Indonesian taxpayer) and Country-by-Country report from 30 December 2016. The documentation has to be submitted in Bahasa Indonesia. It can be observed that tax authorities are progressively seeking more information on related party transactions; companies would be wise to focus their attention and resources in this area.

Malaysia

Withholding Tax on Offshore Services

The scope of the Malaysian withholding tax regulations has been expanded to include service fee paid to a non-resident for services performed overseas.

It should be noted that under the Avoidance of Double Taxation Agreement (DTA) between Singapore and Malaysia, technical fees (including consulting fees) would only be taxable in Malaysia if the services are performed in Malaysia. Hence, to the extent that a Singapore company which is tax resident in Singapore performs technical services for a Malaysia customer in Singapore, such technical fees in relation to the services should not be taxable in Malaysia under the DTA.

Thailand

Investment Promotion

To encourage investment in Thailand, the Thailand Board of Investment (BOI) announced a new seven-year investment promotion strategy for years 2015 to 2021. In granting the investment promotion to an applicant, the BOI would consider various criteria (for example, the new investment capital must exceed THB1 million, and the ratio of liabilities to registered capital must not exceed 3:1). Successful applicants may, depending on the type of investment activities, enjoy a variety of incentives (such as corporate income tax exemption, exemption of import duty, and others).

The tax landscape has changed drastically in the past few years. International tax developments, such as the 2017 signing of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (which essentially updates bilateral DTAs without the need for re-negotiation of individual DTAs), will continue to impact companies' tax positions. Now more than ever, companies have to keep abreast of the latest tax happenings around the world and plan ahead. ISCA

Felix Wong is Head of Tax, and Angelina Tan is Technical Specialist, SIATP. This article is based on a technical briefing jointly organised by SIATP and ISCA and facilitated by Accredited Tax Advisor (Income Tax) Rohan Solapurkar, Tax Partner, Deloitte Singapore. For more tax insights, please visit www.siatp.org.sg.

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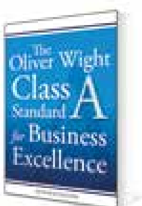
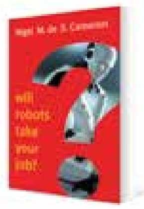


Oliver Wight International, Inc.
ISBN: 978-1-119-40447-7
S$67.36 including GST

Understand business maturity and how to drive increased maturity with corresponding sustainable business benefits. Using the Oliver Wight Proven Path, a journey of "milestones" focused on strategic priorities that bring you through a series of defined "maturity transitions", people, behaviour and processes all become more aligned and focused. The updated content includes new information on collaboration, segmentation, value chain, analytics, optimisation, and planning.

Will Robots Take Your Job?



Nigel M. de S. Cameron
ISBN: 978-1-5095-0956-0
S$19.21 including GST

The effects of automation on both the labour market and society as a whole is a current "hot button" topic extensively discussed – either lauded as ushering society into a utopia of leisure or condemning millions to unemployment and hardship. The author argues that the difference between these two extremes will be the level of preparation we make, as future upheaval following job losses is inevitable.

Blind Spots

R.J. Brideson
ISBN: 978-0-7303-4540-4
S$30.98 including GST

Women are the fastest-emerging "economy", with numbers exceeding the total population of India and China put together twice over. A guide on what industries need to do to improve their understanding of and connection to this most powerful and influential market, the book shows readers exactly how to tap into the modern female market and reap its numerous financial benefits. This is a practical framework for future-focused businesses that are ready for profit and action.

CONGRATULATIONS

SEPTEMBER QUIZ WINNERS:

Lim Chin Sing	Choo Ya Li	Yaw Shyy Yuan
Sxxxx947H	Sxxxx469G	Sxxxx719H

Answers for September quiz: (1) A, (2) A, (3) B

3 Prizes Up for Grabs

Stand to win the book of your choice! Simply email your answers to the quiz questions to journal@isca.org.sg by 24 October 2017. Please provide your full name, NRIC number, mailing address, contact number and the book you're interested in.

QUIZ

1 In "Cashless in Singapore", PayNow – the interbank peer-to-peer fund transfer service launched on July 10 – does not require consumers to disclose their bank account numbers for payment.

A True
B False

2 In "Automation and the Accounting Profession", young accountants should worry because many emerging technologies have already begun to perform tasks that are traditionally performed by them.

A True
B False

3 In "Maximising Your Business Potential", the most important piece of your strategic plan is tracking business development opportunities.

A True
B False

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