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POSITIONING SINGAPORE AS ASIA'S INFRASTRUCTURE HUB

Growth Of Asia's Infrastructure Industry







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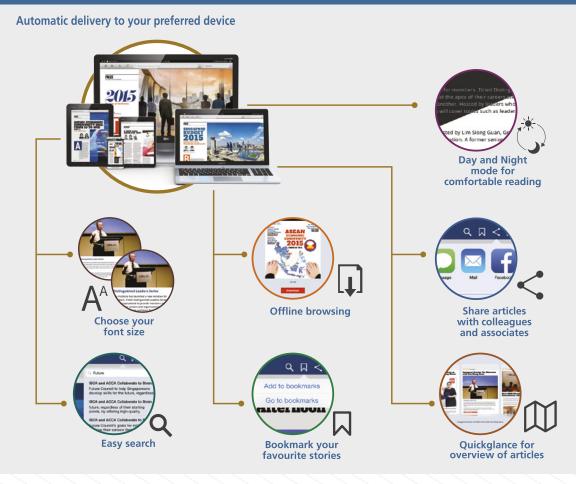
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Riding On Singapore's Strengths, Developing Our Competencies

Dear members,

ASIA WILL BE LEADING THE ECONOMIC GROWTH STORY TILL 2060, says a report by the Organisation for Economic Cooperation and Development. To support this development is the increasing demand for urban infrastructure and services, which is expected to see robust growth. According to Singapore's Report of the Committee on the Future Economy 2017, infrastructure investments in developing Asia is projected to be US\$20 trillion from 2016 to 2030. An Asian Development Bank report states that the annual spend of US\$900 billion on infrastructure in Asia is substantially lower than the estimated annual US\$1.7 trillion required for the region to keep pace with economic growth, which is expected to hit 6.3% annually from 2018 to 2023.

For the projects to be bankable, the infrastructure ecosystem must integrate the different players, which include multilateral development banks, private financiers, lawyers, accountants and other professional services, across the infrastructure value chain. Singapore has a strong ecosystem which is able to provide the expertise, financing and regulatory framework for the development of infrastructure projects in the region. To this end, the government's Infrastructure Asia has been set up as the definitive Asian "marketplace" to match the unique requirements of foreign firms and governments with the proven capabilities of the Singapore players.

Clearly, accounting skills are crucial throughout the ecosystem, and this spells exciting times for accounting professionals. Specialised skill sets will be required to meet the emerging business and investment opportunities, and I urge members to invest in your own professional development. Your accountancy training provides you with domain knowledge but more than that, the discipline and your experiences are the foundation on which you can build competences beyond accounting and financial reporting. Expand your skills and explore new areas of interest where you can create and add value. Read about the potential for your career growth as Singapore positions itself as Asia's infrastructure hub in this August cover story.

ISCA has rolled out many initiatives to prepare our members to navigate the future economy, including specialisation pathways which will enable accounting professionals to enter high-growth practice areas. The ISCA Financial Forensic Accounting (FFA) Qualification is one such pathway. Announced at the inaugural ISCA Financial Forensic Conference in September 2017, FFA is the first financial forensic accounting qualification offered by a professional body in Southeast Asia. Registration for the programme started earlier this year and response has been encouraging, with 107 applications to date.

Another specialisation pathway is the Business Analytics Certification Programme, which was jointly launched by the Institute and Singapore University of Social Sciences in the first quarter of this year. The programme aims to equip professional accountants with data analytics skills, which are in strong demand as corporations and governments alike seek to extract meaning and understanding from huge amounts of data, to gain a competitive edge and to guide policymaking.

In the pipeline is a specialisation pathway that is directly relevant to infrastructure development. With many ASEAN countries focusing on infrastructure development, this presents a new avenue with high growth potential. Project financing knowledge is in demand and ISCA is exploring with a Big Four firm to develop a specialisation pathway in this area.

The Institute has targeted initiatives to meet the needs of its different member segments. The ISCA Practitioners Conference, which took place on June 1, was organised for audit professionals and covered a vast array of topics pertinent to the audit profession. The conference is part of our flagship Singapore Accountancy and Audit Convention series which comprises five events this year. The next event is the 2018 TechCountx Conference, which takes place on August 30. As the event will be a showcase of the latest innovative solutions impacting the accounting and finance industry, do sign up for it to keep in tune with the recent developments.

While the 2018 TechCountx Conference will no doubt touch on how technologies are transforming industries and professions including ours, find out how artificial intelligence (AI) is already making its presence felt across various industries in the article "Artificial Intelligence Is Here To Stay".

AI can replace people in the more mundane, process-type tasks, but people will always be needed for higher-level, complex roles. Today, ISCA members are making strides beyond Singapore's borders and we expect the trend to continue as more regional opportunities beckon. As of May this year, more than 270 ISCA members have received the ASEAN Chartered Professional Accountant, or ASEAN CPA, designation, opening doors for them to practise in the ASEAN markets. To help ease the doubts about relocating to an unfamiliar place, our regular "Beyond Singapore" column shares the experiences of members who are based overseas or who have completed an overseas stint. Here, we feature CA (Singapore) Josiah Fang in Phnom Penh, Cambodia.

Singapore celebrates its 53rd birthday in August. On behalf of my fellow Council members, management and staff, I wish you a Happy National Day. My hope is that Singapore will continue to flourish, providing people and professions with a compelling environment in which to live, work and play.

Kon Yin Tong FCA (Singapore) president@isca.org.sg



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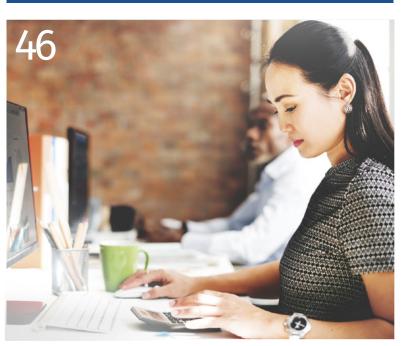
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New Megatrends Will Reshape The Future: EY Report

A RECENT EY REPORT REVEALS SEVERAL MEGATRENDS THAT WILL RESHAPE THE FUTURE. According to

"The upside of disruption: Megatrends shaping 2018 and beyond", we are entering "the era of human augmentation" which will transform many aspects of everyday and business life from work to human behaviour to the consumer experience, and will require fundamentally different approaches to regulation. The report also analyses the reinvention of urbanisation, healthcare, food production and manufacturing.

Authored by the EY global think tank EYQ, the megatrends report explores "what's after what's next?" by identifying emerging trends that should be on leaders' radars and the longer-term realignment of markets, society and the global order. It provides a framework for understanding where disruption comes from and where it's headed, giving leaders a way to anticipate, prepare and strategically respond.

"Today's corporate leaders almost universally see disruption as both an opportunity and an existential threat," says Uschi Schreiber, EY Global Vice Chair – Markets and Chair of Global Accounts Committee. "But to seize the opportunity and find the upside of disruption, leaders need to understand where disruption is coming from, where it's headed and what it means for them."

In the longer term, EY sees a broad reshaping of the political and economic landscape, in the following ways:

- **Rebalanced global system** The rules for the international order will be rewritten as rising economic powers create a multipolar global system, with new norms, institutions, networks and centres of influence;
- Renewed social contracts In an era of digital disruption and growing income inequality, the rules organising societies will be revised to strike a more



sustainable balance between the interests of individuals, institutions and governments; **Superfluid markets** The rules governing firms and markets will be refashioned as disruption eliminates market frictions and creates markets for everything, and produces lean, hyper-efficient companies.

AI. robotics. VR will remake society According to the report, the emergence of a new "era of human augmentation", such as artificial intelligence (AI), robotics, and augmented and virtual reality (AR and VR) will become increasingly lifelike and act autonomously on our behalf. This will drive an unprecedented reinvention of work, consumer behaviour and regulation. As AI and robotics enter more occupations, they will redefine the nature of work, with implications for everything from economic inequality to social contracts and education policy.

"Super consumers" will be empowered by technologies that enhance human decision-making and create more informed and richer consumer experiences. Companies will be challenged to meet the higher expectations of these consumers.

The report cites the rise of consumer concerns about AI and autonomous vehicles as technologies become more life-like, engendering fears and resistance. To boost adoption, companies will need to create new approaches to design, informed by psychology and behavioural economics. Technologies such as AI and autonomous vehicles will challenge existing regulations. But the report suggests that disruptive technologies could also enable new regulatory approaches that are built on open data, conducted in real time, and dynamically adapt to changing market conditions.

Megatrends will impact cities and healthcare

The report suggests a future of urbanisation where the convergence of climate change, aging populations, the future of mobility and the future of work will change where and how cities are built and how they are operated. Climate change could relocate city centres, while painless commutes and virtual work could lead to a more balanced, less congested, urban model.

In addition, the forces of disruption will help revive legacy and smaller cities that offer lower costs and higher quality of life. These cities could become hubs of innovation as technologies such as 3D printing, AR and VR, Internet of Things (IoT) and AI democratise and decentralise innovation and production.

Healthcare will also be disrupted by technologies and business models that are making health predictive, personalised, proactive and participatory. This will include everything from AI reinventing drug R&D to robotic caregivers and autonomous vehicles, enabling seniors to age independently. The report is available at the EY website.



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SMEs Expect Steady Growth For Second Half Of 2018: **SBF-DP SME Index**

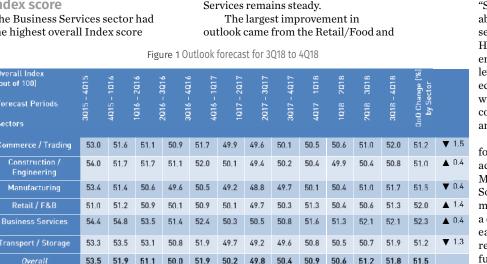
SINGAPORE'S SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) REMAIN UPBEAT ABOUT THEIR PROSPECTS FOR THE NEXT SIX MONTHS TILL END-2018, expecting a period of slow but steady growth, according to the latest SBF-DP SME Index. The Index remained relatively stable from the previous quarter, shifting marginally from 51.8 to 51.5, which indicates that SMEs continue to be optimistic.

The Index measures the business sentiment of SMEs for the next six months (July to December 2018) and is a joint initiative of the Singapore Business Federation (SBF) and DP Information Group (DP Info), part of the Experian Group. The findings are based on a survey of more than 3,600 SMEs in April and May this year.

The outlook for SME turnover and profits both remained in positive territory with minor movements from the previous quarter. The Turnover Expectations Score for all SMEs was the same as last quarter at 5.38, while the Profitability Expectations Score stayed positive from 5.28 to 5.29.

Business Services tops Index score The Business Services sector had

the highest overall Index score



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0.9 3.0 1.5 2.2 3.8 3.3 0.8 1.2 1.0 0.6 1.2 1.2 0.6



of 52.3. It also had the highest Turnover Expectations score (5.55) and Profitability Expectations score (5.51). Business Services is the most consistently optimistic industry in Singapore, never once recording a score indicating pessimism and contraction (that is, Overall Score below 50.0). This sector provides support to diversified industries and includes activities such as management consultancy, training and professional consultancy. While other sectors might experience seasonal or cyclical shifts in performance, the need for Business Services remains steady.

Beverage (F&B) sector, whose Overall Index Score rose from 51.3 to 52.0. In the last quarter, Retail/F&B SMEs were the most bullish on their business expansion and hiring expectations, a combination that indicated an intention to expand their operations. This quarter, they may be enjoying the rewards of their growth strategies, which have lifted their spirits and outlook with the approach of the year-end festivities.

Despite regional and international geopolitical tensions, as well as the ongoing US-China trade disputes, "SMEs remain cautiously optimistic about their business outlook for the second half of this year." comments Ho Meng Kit, CEO, SBF, as he encourages SMEs to "think long term, leverage the supportive government economic policies and continue with their efforts to transform their companies to be more innovative and competitive".

The Index indicates that "SMEs foresee stability, which is good news", according to James Gothard, General Manager, Credit Services & Strategy, Southeast Asia, Experian. "The more consistent and predictable a company's performance, the easier it is for managers to plan the resources and cash flow required to fund growth. Consistency breeds confidence in the mind of SME managers, whereas volatility makes them nervous and risk averse."



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"Happy 53" Birthday, Singapore! Take a brief moment to celebrate and marvel at our past achievements to invigorate us for the challenges ahead."

DR NG KAI TECK Deputy Head of Programme (Accountancy), Singapore University of Social Sciences



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"Happy 53" Birthday, Singapore! My wish is for us to grow together as one nation as we work towards a brighter future and a more prosperous nation."

> SERENA LOH Assistant Manager, Singapore Press Holdings





ISCA Practitioners Conference 2018

THE THEME OF THIS YEAR'S CONFERENCE, **"COMING TO THE FORE – INSPIRING QUALITY. CREATING VALUE".** reflects the two notions of quality and value which are close to the hearts of all the over-400 audit professionals in attendance. This flagship event also had the Accounting and Corporate Regulatory Authority (ACRA) and Singapore Accountancy Commission (SAC) coming onboard as strategic partners.

At the Conference, ISCA President Kon Yin Tong announced the launch of a publication titled "Cybersecurity Risk Considerations in a Financial Statements Audit". Produced by ISCA with contributions from PwC Singapore, this is the first publication in Southeast Asia that provides guidance for auditors on assessing cybersecurity risk in a financial statements audit. It guides how cybersecurity risk considerations can be incorporated as part of risk assessment during audit planning, as well as the appropriate audit responses to the cybersecurity risk identified and cyber incidents that have occurred.

Ms Indranee Rajah, Minister in the Prime Minister's Office and Second Minister for Law. Finance and Education, delivered the keynote address where she spoke about the need for transformation and how it Practitioners Conference



ISCA President Kon Yin Tong presented a token of appreciation to Ms Indranee Rajah, Minister in the Prime Minister's Office and Second Minister for Law. Finance and Education





ISCA CEO Lee Fook Chiew giving the welcome address

can help the audit profession and their clients in the upcoming industry 4.0 world. She announced the key initiatives developed under the accounting sector transformation roadmap aimed at helping and More than 400 supporting the profession in the audit professionals journey of transformation. A attended the ISCA key initiative is the new Digital Transformation for Accountancy programme, which will give small and medium-sized accounting practices funding support of up to S\$30,000 for adopting technology solutions. Another initiative is the launch of the Professional Conversion Programme for the Financial Forensic Professional that leverages on the ISCA Financial Forensic Accounting Qualification.

With the evolving business environment, escalating levels of regulatory governance and substantial changes in professional standards, it is imperative for the profession to stay abreast of the developments. The Conference hence brought to



NCE 2018

Minister Indranee learning more about ISCA Cares, the charity arm of ISCA

the forefront hot-button topics such as cybersecurity risk considerations, accounting for and auditing of cryptocurrencies, as well as the bread-and-butter financial reporting standards and ethical issues of antimoney laundering and corruption.

Ms Seah Li Yun and Mr Adam Gerrard, Partners, Ernst & Young LLP, helped the participants understand the issues surrounding the emerging topic of cryptocurrencies by discussing the much-debated accounting considerations and the unique audit risks that should be considered for this new and volatile type of asset.

Mr Ng Kian Hui, Partner, BDO LLP, touched on Financial Reporting Standard 116: Leases, focusing on the practical challenges and considerations for auditors. The industries most impacted by this new standard include retailers, food & beverage, transportation & logistics, travel & leisure, and all entities with significant real estate and equipment



A Participants checking out the sponsors' booths during the breaks

The ISCA Practitioners Conference is the second instalment of the 2018 Singapore Accountancy and Audit Convention (SAAC) series which comprises five events targeting different areas. The ISCA Budget Update Seminar is the first instalment of the SAAC series which was held in March 2018. The upcoming events are:

TechCountx Conference.

30 August 2018 Expect a showcase of the latest innovative solutions impacting the accounting and finance industry.

Professional Accountants in Business Conference, 28 September 2018 Rounding off the SAAC series, this Conference will be held in conjunction with the Singapore Accountancy Awards. It aims to provide participants ethics and technology topics, and is a platform for accountants from different industries to network and exchange ideas.

Singapore Accountancy Awards, 28 September 2018 and growth in the accountancy profession, the Singapore Accountancy Awards celebrate the

Keep a look out for ISCA's emails and check the ISCA website for



THE ACCOUNTANCY SECTOR ROADMAP

(From left) ISCA President Mr Kon; Samantha Khoo, Partner Consulting Manager, Asia, Xero; Tan Jenny, Partner, PwC Singapore; Seah Li Yun, Partner, Ernst & Young LLP; SAC CEO Mr Law; Ng Meow Ling, Director and Chief Inspector, ACRA

(From left) Ong Khiaw Hong, CEO, ACRA; ISCA President Mr Kon; Minister Indranee: Balasubramaniam Janamanchi, Treasurer, ISCA: ISCA CEO Mr Lee; Evan Law, CEO, Singapore Accountancy Commission



🔇 (From left) ISCA President Mr Kon; Lim Tong Lee, Deputy Director, Monetary Authority of Singapore; Lim Thian Chin, Deputy Director, Cyber Security Agency of Singapore; Martin Lim, Founder/Director, Ingenique Solutions; Jenny Koh, Deputy Director, Corrupt Practices Investigation Bureau

(From left) **ISCA** President Mr Kon; Ng Kian Hui, Partner, BDO LLP; Valeriane Toon, Senior Assistant Director. Info-Communications Media Development Authority





A Participant answering a question posed by the speaker

leases. Common types of leases include property, machinery and industrial equipment, passenger cars and light commercial vehicles, medium and heavy commercial vehicles, ICT, office and other equipment. Mr Ng provided an overview of the standard, including the key areas to note and emphasised the audit risks and considerations surrounding the identification of leases, determination of lease term, and measurement of lease liability and right-of-use asset.

ACRA shared key observations from their inspections on firms' antimoney laundering policies, procedures and controls. The late completion of customer due diligence measures, lack of verification of identities of beneficial owners, inadequate training and monitoring of staff attendance in trainings were some of the deficiencies shared. ACRA also clarified that the type and extent of measures taken shall take into consideration the risk of money laundering and terrorist financing, and the size and nature of the firms' business. The Corrupt Practices Investigation Bureau shared corruption-prevention measures, case studies as well as how auditors can do their part to eradicate corruption. Speakers from Cyber Security Agency of Singapore, Monetary Authority of Singapore and Info-Communications Media Development Authority were also present to give their perspectives on how auditors can contribute value in the respective areas under their care.

The Conference also saw Xero and Ingenique Solutions shedding light on how auditors can leverage technology by demonstrating the efficiencies and enhancements made possible by technology to the auditor's processes. Participants garnered valuable

insights as the Conference delved into an extensive range of topics pertinent to the audit professionals of today.

Unwavering Perseverance And Hope For The Future

"ATTITUDE IS A LITTLE THING THAT MAKES A BIG DIFFERENCE," says

Huang Po Hsiang, citing a quote by Winston Churchill that inspires and resonates with him. And it is this quote that underlies his own attitude, and saw him through his eventful growing-up years.

Po Hsiang, 25, graduated from Ngee Ann Polytechnic in May this year with a Diploma with Merit in Accountancy. He has set his sights on a university degree something he would not have dared contemplate a few years ago as up until recently, life had not been easy for him. He recalls that when he was a teenager growing up, he had to forgo many of the activities that his contemporaries took for granted, such as hanging out with friends, watching movies or going on school excursions. The eldest of three children from a low-income family, he had started working part-time at age 15 to alleviate the family's financial burden - washing dishes at a neighbourhood coffeeshop and later, as a retail assistant, putting in 50 hours a week. Yet, he maintained a positive outlook on life.

His predicament did not stop him from pursuing his dreams. In fact, it spurred him to strive for a better life for himself and his family. Po Hsiang studied hard and persevered to complete his secondary school education and studies at ITE. His efforts paid off when he qualified for the Accountancy course that he was aiming for at the polytechnic. In his first year at Ngee Ann Polytechnic, he attained a perfect Cumulative Grade Point Average (GPA) of 4.0 throughout both semesters. On this seemingly impossible feat, Po Hsiang recalls, "Sometimes, I felt left out as I did not have common topics to chat about with my classmates, who

However, I never gave up working, and I also continued to strive for the best in my studies as I knew it was necessary to better the life of my family." Keeping true to his goal to

were five years younger than me.

carve a better life for himself and his family, he continued his part -time work while grappling with the increasing demands of tertiary education. Not one to bemoan his lot in life, instead of begrudging the long working hours, he viewed them positively as "cherished life experiences". He goes on to say that he "truly enjoyed working and found it interesting and refreshing". Much like the quote he shared, having a positive attitude enabled Po Hsiang to rise above the odds.

A BURDEN LIFTED BY ISCA CARES

Po Hsiang received the ISCA Cares Bursary Award in his second and third years at the polytechnic. With the financial assistance, he could afford to set aside some time to spend with his family and friends, and engage in the activities he enjoyed without worrying about financing his school fees and living expenses. To save up for a university education, he worked as a swimming instructor. "I have managed to save enough for my first-year university fees, and that was when university truly became a viable option for me," shares Po Hsiang.

His face alight with the prospect of furthering his education, he expresses his heartfelt thanks for the bursary awards. "If not for ISCA Cares, I might have to forgo my dream of going to university."

A firm believer that education is the foundation of one's life, Po Hsiang had consistently worked hard in pursuit of academic excellence.



 Po Hsiang (centre) at the Internship Farewell Dinner with colleagues from RSM Chio Lim LLP
Po Hsiang with

students from his



At the polytechnic, for example, he would hit the books at 8am at the library before classes began, and again after school until the library closed at 9pm. "I spent a substantial amount of time at the library, to the extent that all the librarians knew me, so I was the only student who was allowed to eat in the library!" he says, laughing at the memory.

To complement his polytechnic education, in September 2017, Po Hsiang obtained a six-month internship at RSM Chio Lim LLP as an audit intern where he was exposed to audit fieldwork. He also had the opportunity to experience different corporate structures and cultures from among RSM's wide range of client portfolios. With the help of the firm's partners, managers, and senior staff who patiently guided him, Po Hsiang was able to acquire valuable practical skills, and apply concepts which he learnt in school.

As part of the ISCA Cares Education Programme, Po Hsiang received guidance from two experienced mentors - Mr Yeo Ek Khuan, a retired Senior Partner from BDO LLP who is currently an accountancy lecturer at the Singapore Institute of Technology, as well as Mrs Lim Hwee Hua, Executive Director of Tembusu Partners Pte Ltd and Chairman of ISCA Cares. "Mr Yeo and Mrs Lim generously shared their life lessons with me, and it was a privilege getting to know them." Hearing from Mr Yeo who shares similar experiences also gave Po Hsiang the added strength to chase his dreams. "Mr Yeo is living proof that anything is possible if you are willing to work for it."

EMBRACING THE FUTURE

With his dreams and aspirations now within reach, Po Hsiang hopes to read a Bachelor of Accountancy at a local university. "Ultimately, I aspire to take up a professional accountancy qualification and be part of the accounting community, and a Chartered Accountant of Singapore."

In a letter to the donors of ISCA Cares, Po Hsiang expresses his deep gratitude for their contributions. "Your sincere and selfless contributions to ISCA Cares have enabled underprivileged youths to strive and excel in our studies, which in turn provide us with the opportunity to give back to the profession and society upon graduation."

"Through my experiences, I seek to play a pivotal role in people's lives by helping the underprivileged overcome their challenges and broaden their perspectives. Once again, thank you for making a difference in my education journey."

Back To The Future For The Tax Profession

THE TAX PROFESSION WAS BROUGHT **ON A LA TIME TRAVEL** in the recent

months by the Singapore Institute of Accredited Tax Professionals (SIATP) and their partners with the aim of facilitating accredited tax practitioners and advisors to stay on top of the tax evolution curve.

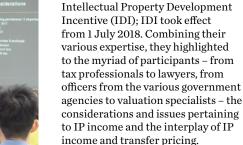
Much has been said about Singapore's impending implementation of the reverse charge as well as overseas vendor registration in the year 2020. Accredited Tax Advisor (GST) Richard Mackender, Deloitte Southeast Asia and Singapore's Indirect Tax Service Line Leader, took one step further with SIATP members as well as business and accounting executives as he brought the participants on a leap into the future to decode the published consultation papers and explore the business implications.

Separately, Ernst & Young Solutions LLP's Tan Bin Eng, Partner of ASEAN Business Incentives; Johanes Candra, Associate Director, and Stephen Lam, Transfer Pricing Partner, brought participants into the maze of the then-yet-to-commence









🔇 (From left) EY's Tan

Bin Eng, Partner of ASEAN

Business Incentives, and Johanes Candra, Associate

Director, anatomising the

new legislation on the

definition of IP income

These past few months have been exciting and fulfilling to say the least. To fortify and strengthen tax professionals' technical foundation to elevate their tax knowledge and progress in their professional development, SIATP also specially designed a dedicated session on Goods and Services Tax fundamentals to douse GST hotspots.

Tax professionals better grasped the business implications on the interplay of IP income and transfer pricing from EY's Stephen Lam, Transfer Pricing Partner

GST tips and best practices were shared to aid tax professionals in setting their processes and procedures right to minimise GST risks. Accredited Tax Advisor (Income Tax & GST) Tham Suit Fun, Director of International Tax, Pioneer Management Services Pte Ltd, echoed the sentiments of fellow participants when she said, "Accredited Tax Advisor (Income Tax & GST) Gan Hwee Leng explained the underlying rationale which helped me better understand the application of GST rules."

Email enquiry@siatp.org.sg to be updated on the latest and emerging developments in tax.

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READ & REAP

A NEW INTERACTIVE GAME FOR ALL

Taking on a new refreshing format in the Journal, we are excited to unveil the Read & Reap Game that will replace the First Look Quiz. Embark on this reading journey with us and be rewarded when you read the monthly issue of the Journal.

Against the backdrop of a bustling city, the interactive game consists of five questions which are categorised according to their level of difficulty. Based on the articles in the latest Journal issue, players who read them and answer the pitstop questions correctly will have a chance to spin the prize wheel, making their reading experience more rewarding.

With attractive prizes to be won every month, what are you waiting for? To play the game, check out our Read & Reap Game site at https://readandreap.isca.org.sg!





The first pitstop of your Read & Reap Journey, consists of two True/False questions.

Players who correctly answer both questions, can either:



Pitstop 2 comprises of two multiple choice questions.

Similar to Pitstop 1, players who answer these two questions correctly can either:



This is the final pitstop of your Read & Reap Journey.

Pitstop 3 consists of a fill-in-the-blank question. Players with the correct answer will spin the sure-win prize wheel.



Upon the completion of Pitstop 3, a bonus level consisting of a fill-in-the-blank question, will be presented.

Players who successfully conquer the bonus level, can skip Pitstop 1 and directly advance to Pitstop 2 in the next month when new questions in the latest Journal issue are released.

ISCA Reaches Out To Secondary School Students

ISCA PRESIDENT KON YIN TONG, on the invitation of Springfield Secondary School, spoke as part of its Career Guidance Series on July 3. Helming an intimate dialogue with a select group of graduating students who had expressed an interest in accounting, Mr Kon shared his professional experiences in the highly interactive session. He provided them with an understanding of the profession, the various career options within the sector and what it takes to succeed in the field.

When asked why one needed to take examinations on academic subjects such as History or Mathematics, Mr Kon cited a simplified accounting scenario using the concept of simultaneous equations. The students were pleasantly surprised that subjects they considered "stale" can be applied in an accountant's dayto-day work.



Mr Kon impressed upon them that while it is important to have a dream, an individual's attitude will also determine if one can ultimately achieve career success. To broaden and deepen the accountancy talent pipeline, ISCA

continues to engage future accounting professionals by partnering with secondary schools and institutions of higher learning to jointly organise Career Talks and Career Fairs, with the objective of promoting accountancy as a career of choice to students.

ISCA President

Kon Yin Tong cited an

accounting scenario

using the concept of

Mr Kon with some

School students

Springfield Secondary

imultaneous equations



MARK YOUR CALENDAR



Corporate Finance: Making better Financial Decisions

This seminar will explore the relationship between investment and financing decisions for short and long term with particular emphasis on the valuation of stocks and bonds, capital budgeting, portfolio diversification, capital structure, derivatives applications in managing corporate risk exposure, mergers and acquisitions and some special issues in international corporate finance.



ISCA Breakfast Talk -Dealing with Increased Economic Crime in Singapore

With Singapore's reported economic crime rate at an all time high, what can companies do to up the ante in the fight against fraud and economic crime? PwC Singapore will be sharing their findings of their Global Economic Crime and Fraud Survey 2018. The speaker will deep dive into three key themes that will help companies navigate the increasing threat: Taking the fight against bribery and corruption to new heights, Anti-money laundering and Dealing with threats.

04.11**ISCA** Toastmasters Speechcraft 2018 18&25

In our fast paced society, effective communication is crucial and essential. Conquer your fear of public speaking. Be a confident public speaker and a strong leader.

At Speech craft, you will find a supportive learn-by-day environment by giving speeches and receiving on the spot feedback. Join us where you can learn to speak and present compellingly and confidently as well as earn up to 8

TechCountx Conference 2018: Leveraging Exponential Technologies for the **Accounting Profession**

AUG

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Despite the hunger to tap into technologies, the availability of customised solutions is lacking due to the small size of the Singapore market.

To expose our Singapore and regional accounting profession to more technology solutions, we bring to the profession, an inaugural TechCountx, a technology conference to delve deeper into the latest technologies available in the market.

In collaboration with:

RSM

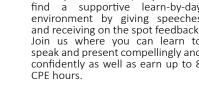
Comprehensive Guide to Taxation in Indonesia

Provides an in-depth view of the tax regime in Indonesia. Using practical case studies, our speakers will highlight the latest updates on tax reforms and advise attendees on issues like corporation taxes, individual income tax, transfer pricing and tax considerations for mergers and acquisitions in Indonesia.



This programme is for auditors to have a basic understanding of the different cyber security risks and best practices. It will also cover how cybersecurity risk considerations can be incorporated as part of risk assessment during audit planning, as well as the appropriate audit responses to the cybersecurity risk identified.

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



isca breakfast talk

The Challenges Of Modern Financial Reporting

THE ISCA BREAKFAST TALK ON JULY 11 was all about the challenges of modern financial reporting faced by finance teams today. Girish Muzumdar, Solutions Architect & Presales Director of CCH Tagetik, shared the results of a survey conducted by the firm to illustrate why many finance teams may face financial reporting challenges. These reasons include:

- The widespread adoption of narrative text in financial reporting which are difficult to manage, revise, and maintain;
- The need to integrate multiple data sources, and the accompanying challenges with data consistency and tracking;
- The need to collaborate with contributors and stakeholders throughout the reporting process while still relying on traditional communication vehicles such as emails, and
- A general lack of data, workflow and process control.

Mr Muzumdar recommended some tips to ease the financial reporting challenges, which include utilising tools to manage the enterprise-wide collaboration, having an office of finance-driven data management tool and using reporting



tools that can utilise Microsoft Excel but providing it with additional capabilities such as version control, large data volume management and auditing.

To reduce the time spent on the last mile of Finance – narrative reporting – Mr Muzumdar recommended the audience to explore disclosure management tools that enhance Microsoft Word and Girish Muzumdar, Solutions Architect & Presales Director of CCH Tagetik, recommending some tips to ease the financial reporting challenges

PowerPoint with collaboration capabilities and building templates that automatically refresh with data from a single source of truth every reporting period.

Disciplinary Findings

UPON FINDING THAT MR ABDUL GHANI BIN TAHIR, CA (Singapore), had contravened Rule 64.1 read with Section 65.2 of the Institute (Membership & Fees) Rules, in that he had been convicted by the State Courts of the Republic of Singapore of one charge of failing to use reasonable diligence in the discharge of his duties of his office as a director pursuant to Section 157(1) read with Section 157(3) of the Companies Act (Cap. 50); and six charges of acquiring, possessing, using concealing or transferring benefits of criminal conduct pursuant to Section 47(1)(b) read with Section 47(6)(a) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A) on 14 January 2016

and sentenced on 3 March 2016, and his sentence was subsequently revised to 12 months and fine of S\$50,000 on appeal to the High Court on 26 May 2017. The Disciplinary Committee ordered:

- That pursuant to Rule 137.1.1 of the Institute (Membership and Fees) Rules, his name be removed from the register and that he shall cease to be a Member of the Institute with immediate effect from 28 March 2018.
- 2) That pursuant to Rule 167 of the Institute (Membership and Fees) Rules, he shall pay to the Institute the sum of \$\$575.50 (inclusive of 7% GST), being the costs and expenses incurred by the Institute in connection with the investigation and disciplinary proceedings undertaken against him within 28 days from the date on which this order is served on him.

Membership Privileges

ISCA Members' Privileges Programme (MPP) is a platform where various merchants of different industries offer their respective services and products as a form of privilege to our esteemed members. Membership benefits now extend beyond signing up for CPE courses at members' rates and accessing the Technical Knowledge Centre as ISCA members can ride on and take advantage of the various discounts or deals that are offered throughout the year.

Our newly-revamped ISCA MPP allows our members to enjoy special deals and discounts from various merchant partners, enhancing our value to you as an esteemed member of the Institute.

You may also access your privileges online at http://bit.ly/memberssignup. *Terms and conditions apply.

Flash your membership e-card to enjoy these benefits as an ISCA member.



Singapore Marriott Tang Plaza Hotel

ISCA members enjoy:

Per room night stay from \$380++, with 1 breakfast and internet. Valid till 31 Dec 2018.

For room bookings, please email yingxin.chin@marriotthotels.com

*Advanced Booking is required

AXA Art

ISCA members enjoy:

• An exclusive 15% discount on AXA ArtPlus Home Lifestyle package, Jewellery / Watches or Fine Wines insurance through Ark Insurance Agency.

To find out more, kindly contact Ms Eva Yu at arkinsurance@hinlung.com.sg

Ingenique

ISCA members enjoy:

• 5% off SentroWeb packages for first-year subscription (first-time users only)

JUMBO Seafood

ISCA members enjoy: • Discount on Event and Catering services

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AXA ART



POSITIONING SINGAPORE AS ASIA'S INFRASTRUCTURE HUB Growth Of Asia's Infrastructure Industry

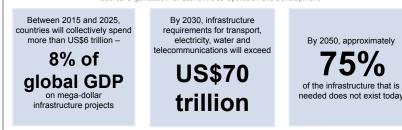
SIA IS DEVELOPING **RAPIDLY.** Demand for urban infrastructure and services is expected to grow strongly, with infrastructure investments in developing Asia projected to be US\$20 trillion (S\$28.5 trillion) from 2016 to 2030¹. The role of infrastructure is critical to promoting sustainable growth and improving connectivity. Growth in demand for infrastructure is driven by urbanisation, increasing demand for transportation to allow trade and the effective movement of goods, raw materials and people, technological advancements and shifts in global economic power.

As Asia develops, significant improvements in its transportation networks, electricity-generation capacity, telecommunications and water infrastructure have been made. Though nearly US\$900 billion² is spent a year on infrastructure in Asia, this is substantially less than the estimated US\$1.7 trillion that the

¹ Report of the Committee on the Future Economy, 2017 ² "What infrastructure does Asia need, and why?", Asian Development Bank, 2017 region requires annually to keep pace with economic growth. Energy and transport account for nearly 90% of total investment needs. The majority of infrastructure

The majority of infrastructure financing currently comes from the public sector and multilateral development banks. While private financing is gaining in popularity and can help access the skills and capabilities of private infrastructure developers, it is expected that public financing will continue to be important in meeting Asia's investment needs.

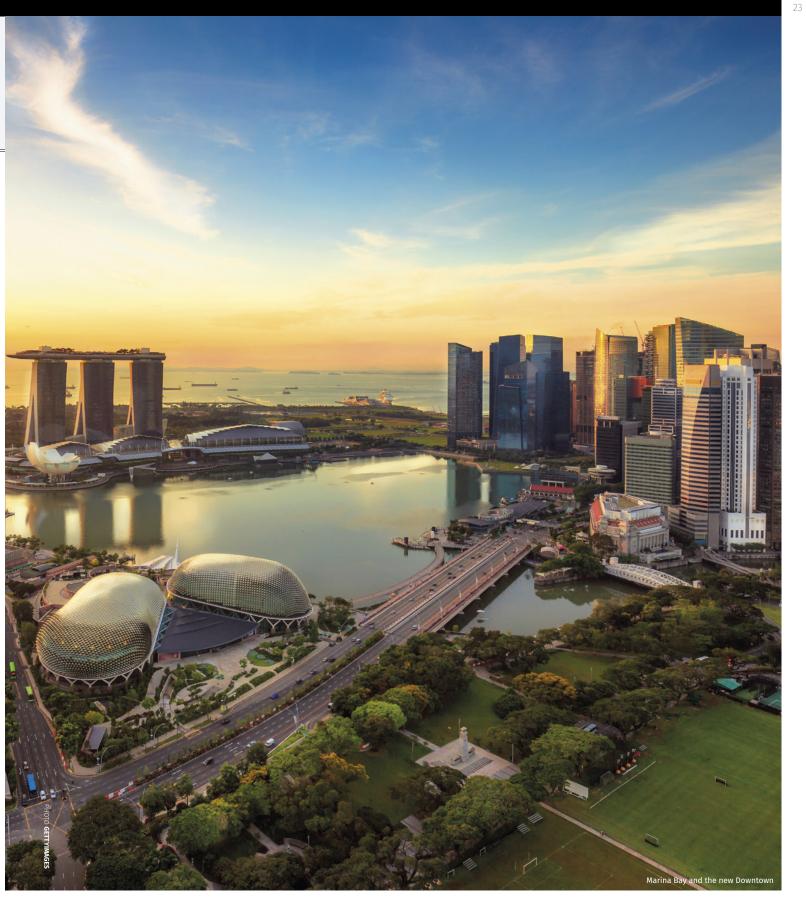
Figure 1 Projected global infrastructure spend



The Big Four accounting networks provide project advisory services to the region, helping organisations to develop business cases, structure

economically-viable, bankable projects and drive capital efficiency.





ROLE OF SINGAPORE AS AN INFRASTRUCTURE HUB

Recognising Asia's demand for infrastructure, and identifying the challenges to effective delivery and how to address them, Singapore is positioning itself as the region's infrastructure hub³. Earlier this year, Singapore set up a new infrastructure office, Infrastructure Asia, to support the development of the region by bringing together local and international partners across the infrastructure value chain, including developers, institutional investors, multilaterals, and legal, accounting and financial services providers. Infrastructure Asia will also provide a platform for exchanging information on infrastructure opportunities in Asia. It will facilitate infrastructure investments and financing, and enable infrastructure players in the region to tap on these opportunities.

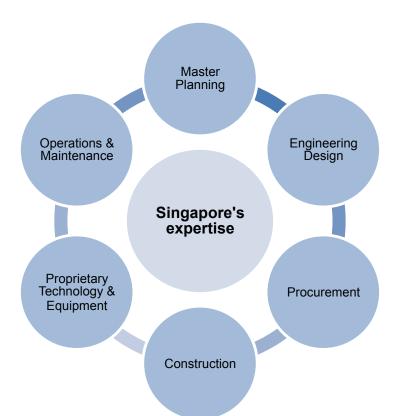
Singapore is strategically positioned at the heart of the region, and has a strong ecosystem of infrastructure development companies, financing and risk management institutions. consultancies and law firms (among others). These elements make Singapore well-placed to share its expertise with the region's stakeholders. Specifically, the key factors that will contribute to Singapore's position as an infrastructure hub are:

1) Expertise and track record across the infrastructure value chain Through its own nation-building,

Singapore has gained the necessary expertise and experience across different phases of the infrastructure value chain.

2) Major financial centre in the region Singapore is a major financial centre for the Asia-Pacific region, and up to 60% of project finance transactions

Figure 2 Singapore's expertise in the infrastructure value chain



are arranged by Singapore-based banks. The capital-intensive nature of infrastructure projects makes financing one of the key factors that project developers consider. Recognising Singapore's central role, many foreign banks have also set up their project finance offices here.

3) Professional services and expertise

Singapore's talent pool for professional services, across technical, legal and accounting disciplines, is widely recognised for its strong skills and knowledge. The Big Four accounting networks provide project advisory services to the region, helping organisations to develop business cases, structure economically-viable, bankable projects and drive capital efficiency.

Similarly, the complex nature of infrastructure projects requires strong legal support. With a trusted legal framework, Singapore is a preferred venue for dispute litigation and its law is often used in

³ With inputs from Enterprise Singapore ⁴ A PPP is an arrangement between a party from the public sector and a party from the private sector for the development and/or management of a public asset or service and is usually long term in nature



commercial contracts. Singapore's legal profession is recognised locally and overseas for its deep expertise across every facet of infrastructure development, from concession, construction and finance structuring and documentation, to arbitration, commercial litigation and other forms of dispute resolution.

There are also efforts to strengthen the debt-restructuring ecosystem by enhancing the legal framework for restructuring, creating a restructuring-friendly environment and increasing the availability of rescue financing.

4) Collaboration with multilaterals Multilateral development banks are important providers of infrastructure

To keep pace with the growing industry, there is a continuing requirement for project finance specialists. One path for developing these resources is to build the capabilities of accounting professionals who already have a good grounding in many of the issues involved.



finance and technical expertise. In

up its first Infrastructure & Urban

2015, the World Bank Group set

Development Hub in Singapore.

5) Presence of international and local engineering and consultancy firms

Singapore is home to both international and homegrown engineering and consultancy firms. Their expertise and commitment to driving growth in Singapore's infrastructure, including buildings, tunnels, highways, rails as well as the energy sector, has resulted in monumental developments of our nation's skyline. State-of-the-art projects like Singapore Changi Airport and green spaces like Gardens by the Bay clearly display Singapore firms' capabilities in urban planning and infrastructure engineering, and have contributed greatly to Singapore's reputation as a vibrant and beautiful business hub.

ICONIC INFRASTRUCTURE PROIECTS IN SINGAPORE

Singapore has seen remarkable development and transformation, evolving from a colonial backwater to a global city-state within a generation. This urban development is striking in the physical landscape of the nation, such as the sophisticated transport network and the green and blue spaces within our urban city. Singapore is home to many innovative infrastructure projects, including many developed under the PPP model. Here are some of them:

Water As an island-nation, Singapore's access to natural resources is limited. To complement the country's reservoir system, PUB - Singapore's national water agency - has successfully implemented PPPs for has successivity implementation of the supply up to
30% of Singapore's fresh water requirements from sea water, while maintaining one of the lowest water tariffs in the world.

Education Singapore implemented Asia's first successful social infrastructure PPP in 2007 with the ITE College West project, serving over 15,000 students.

Sports Singapore also implemented Asia's first successful sports and leisure PPP. The S\$1.3-billion Singapore Sports Hub, completed in 2014, is an iconic sporting facility for Singapore and the region.

Transport One prominent example of an infrastructure project that hugely contributed to Singapore's envied success in urban planning is the high-density, high-capacity Mass Rapid Transit (MRT). From a humble six-kilometre route serving five stations when it started operations in 1987, the MRT network has vastly expanded to consist of 228 kilometres of

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tracks connecting 157 stations at present. This extensive network has been a pillar of economic, infrastructural and societal growth in the country.



Project

initiation

One of the key strategies highlighted in the Committee for Future Economy report is for professionals to collaborate and leverage their core competencies, and tap on opportunities in the region and globally.

Due

diligence

Employers within the infrastructure industry are involved along the project value chain, from project initiation to capital recycling. These include advisory firms, banks, private equity firms, engineering and construction companies, and the public sector.

The accounting firms, particularly the Big Four firms, provide project advisory services on a range of projects across the region. The advisory services required vary between the government and private sectors, though there are some overlapping skills as well.

1) Risk identification and mitigation of risks Infrastructure projects are generally capital-intensive and long-term

projects of at least 15 years. They are subject to a wide range of risks, particularly during the construction phase and in the transition to operations. Design issues, management of interfaces, cost overruns and delays and demand risks must all be allocated and managed to ensure a successful outcome.

Investment

& lending

Dispute resolution

Figure 3 Life cycle of infrastructure projects

Deal

structuring

Capital

recycling

Different stakeholders are exposed to different risks within the project structure, commensurate with their appetite for risk. For example, specialist equity investors generally fund the initial construction and operations, when risks are high, before selling down to other investors (such as pension funds) to take over the ownership of the project when it is expected to deliver stable, long-term returns.

Advisors play an important role in these processes, by identifying risks and mitigations, advising on monitoring and ongoing management, and structuring transactions to allocate risks to parties most able and willing to efficiently bear them.

2) Financial modelling Throughout the end-to-end project life cycle, robust capital management is critical to the success of the project, and modelling plays an important part. Governments, investors, procurers and builders need to balance time, cost and quality with the availability of capital and competing projects, and this depends on detailed financial analysis. To help understand and mitigate risks. financial modelling is required to forecast the performance of a project under various scenarios. The model sets out financial estimates based on technical, economic, financial and other inputs, and provides income and cash flow projections, project returns, financing, economic analysis and other important information that will be used to help formulate the structures and terms of the project's equity and debt instruments.

3) Credit analysis and bankability

Project

Options

Options

Comme

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As infrastructure projects typically raise funding using limited recourse

Figure 4 Advisory services required by government and private sectors

Government Sector		Private Sector
feasibility and ic benefits for financing and for the packaging curement of works rolal principles and ion structuring tender processes t a partner	Full range of accounting skills, such as specialist accounting, tax and commercial advice	Support c developm Advise on purchase assets Support th bid or M& Develop fi pro forma Assess pro bid pricing Prepare p informatio project do Advise on debt finan

Risk management, financial modelling and forecasts, and credit analysis are familiar matters to many accountants.

project finance, credit analysis is another aspect of project development where advisors play a key role. Integrating the financial modelling, the project risk profile and an understanding of the commercial and contract terms and market dynamics, advisors help to develop and assess the credit risk in the transaction structure, develop indicative pricing assumptions and provide information to support the process of negotiations with lenders

BUILDING THE TALENT PIPELINE

To keep pace with the growing industry, there is a continuing requirement for project finance specialists. One path for developing these resources is to build the capabilities of accounting professionals who already have a good

and investors.



Risk management, financial modelling and forecasts, and credit analysis are familiar matters to many accountants. An internal auditor is trained to provide objective reviews of an organisation's risks and controls based on their financial and operational business activities. A financial planning analyst is trained to build dynamic financial budgets and forecasts, incorporating the use of metrics such as internal rate of return and net present values, for project appraisal exercises within the business. A credit analyst is trained to analyse the financial data of clients and business partners, and assess their credit worthiness.

In support of the government's call to building the talent in this space, ISCA and EY are exploring the development of a professional/experience pathway to deepen the skills of ISCA members in project finance. "As a leading advisor to infrastructure projects. EY is deeply invested in the continued growth of the sector and in Singapore's progress as the infrastructure hub for the ASEAN region. We are excited about the opportunity to collaborate with ISCA on this initiative to help accounting professionals develop the skills necessary for roles in this dynamic sector," expresses Lynn Tho, Partner-ASEAN Infrastructure Advisory Leader, Ernst & Young Solutions LLP. ISCA

Brendon Joyce is Director, Infrastructure Advisory, Ernst & Young Solutions LLP, and Lee Zhen Ni is Senior Manager, Pathways Development & Qualifications, ISCA. The writers express their gratitude to Enterprise Singapore and Infrastructure Asia for their inputs. The views reflected in this article are the views of the authors and do not pacesarily reflect the views authors and do not necessarily reflect the views of the global EY organisation or its member firms.



ARTIFICIAL INTELLIGENCE IS HERE TO STAYPART 2

Act Fast Or Be Left Behind

MID THE STAGNATING **PRODUCTIVITY** and growth rates that we have seen over the years among major economies, policymakers expect the fourth Industrial Revolution and its technologies, including artificial intelligence (AI) and robotics, to drive future expansion. We define AI as a technology that utilises machine learning and human-like thinking ability to process various data to make predictions, recommendations as well as decisions. We believe AI provides a solution to the slowing growth rates of late, and will play a key role in fostering economic development by driving productivity growth.

In Singapore, the Committee on the Future Economy (CFE) is one of the government's latest strategies focusing on technology as a top priority in encouraging growth. The government sees the importance of keeping up with trends and encouraging innovation as it steers the city-state towards its vision of attaining a "Smart Nation" status. As mentioned by Prime Minister Lee Hsien Loong as early as during his 2016 National Day Rally speech, "old models are not working, new models are coming thick and fast, and we're having to adjust and to keep up, because of technology and globalisation. And the disruption

will happen over and over again, relentlessly". This was reiterated in the 2018 Budget Speech where Finance Minister Heng Swee Keat highlighted three major trends in the coming decade that we should look out for, the emergence of new technologies being one of them. Encouragingly, when it comes to the degree of readiness to engage in digitalisation, Singapore emerges at or near the top of the leader board among many other major economies. The city-state, alongside Australia and Sweden, was recently ranked No.1 in the Economist Intelligence Unit's Technological Readiness Ranking for 2018-2022. Singapore moved up two spots from the same ranking list for 2013-2017. This only adds to the plethora of lists that Singapore has topped with regard to it being digitally-ready. Additionally, within the ASEAN region, the Lion City is a frontrunner in AI experimentation across multiple industries.

However, despite the various initiatives that have been pushed out by the government in trying to make Singapore the next digital powerhouse, the rise of AI has also seen the disruption of existing business practices, exposing incumbents to competition and



raising concerns about its impact on employment. According to research firm Gartner, AI is projected to create 2.3 million new jobs worldwide while eliminating 1.8 million traditional jobs. This topic was once again addressed in global forums such as the World Economic Forum (WEF), G7 Summit as well as in research papers by international bodies like the International Monetary Fund, Asian Development Bank and World Bank which highlighted that the development of technologies will disrupt jobs but usher in unprecedented new opportunities concurrently. While the technical development leads primarily to an efficiency enhancement in the production sectors, new creative and disruptive service models will revolutionise the services sector. We delve further into the potential impact of AI on Singapore and its various business sectors. In particular, we pay close attention to the city-state's manufacturing, retail and services, finance and hospitality sectors, as we believe that these industries could spearhead growth via leveraging AI's evergrowing potential.

INDUSTRY OVERVIEW Al and manufacturing

The manufacturing sector in Singapore continues to be a strong pillar of the economy. In 2017, manufacturing contributed 18% (S\$80.4 billion) of the Singapore economy. According to Accenture, the country's manufacturing sector is projected to grow by an additional US\$29.8 billion (S\$40.6 billion) with the application of AI in 2035. Historically, from the first wave of industrialisation leading up to the present, the manufacturing sector has always been on the frontier of technological advancements. Thus, it is an ideal place to realise the full potential of AI concepts.

... replaced

... jobs that are least likely to be replaced by AI include managerial roles, positions that require specific expertise and those that involve unpredictable physical work.

On the manufacturing floor for example, the automatic sorting of products is mainly based on size and density, but when it comes to quality control, a more rigorous system is required. According to Andrew Ng, the former head of AI for Chinese Internet giant Baidu, manufacturing will be the next frontier for AI. His new startup, Landing.AI, helps companies integrate AI into existing systems. Currently, Landing.AI is working with manufacturers including FoxConn, the world's largest contract manufacturer and maker of Apple's iPhones, to improve product vield and quality control. Spotting faulty items requires visual inspections, and the company has managed to develop an algorithm that has the potential to single out small electronic parts with imperfections after being trained with a small number of images.

As the field of electronic gadgets and semiconductors develops, more and more components are being crammed into an increasingly tiny space. As such, quality control in these two fields can be drastically improved by AI's image-recognition capability. In the same vein, should we adopt such a technology in Singapore, the strong semiconductor sector is most likely to benefit from the transformation in its workflows.

Predictive maintenance is another potential area where AI can be applied. By being able to forecast machinery failures from data received from various sensors, manufacturing companies can improve their competitiveness and productivity. As a case in point, some Singapore companies have already reduced their overall maintenance costs by up to 10%, thanks to predictive maintenance. A*STAR is already in collaboration with ROHM Semiconductor in a joint development of an AI chip to boost efficiency in predictive maintenance for smart factories.

Additionally, the optimisation of AI on the factory floor can boost

IS Chartered Accountant Journal

efficiency and cost reductions as well as improve the working conditions of employees, according to an Infosys report¹. Based on numerous studies, McKinsey² estimates that the digital transformation of manufacturing can boost efficiency by 15% to 20%. For instance, BMW in Germany has a self-driving Smart Transport Robot that travels the factory floor and sends out communication on any critical danger that it senses. Firms in Singapore can adopt the use of such technology to lower costs, increase profitability and improve efficiency. Similar to what BMW has implemented, a network of sensors or minibots embedded in factory floors would help firms to identify bottlenecks, reduce wastage and optimise production. Furthermore, given Singapore's status as a first-class shipping port, the deployment of sensors across the entire length of the supply chain to track shipments on a real-time basis would offer substantial benefits for manufacturing, export and logistics industries. In a survey by MIT Technology Review³, respondents were asked whether they felt AI would have a constructive or a destructive effect on several market

segments. Across industry sectors,

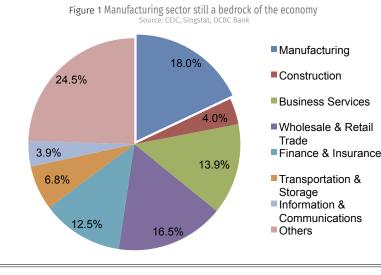
responses were mostly positive but they were higher in the more technology-dependent industries.

AI and retail and services

Looking towards the retail and services industry, we identify two levels of AI that have already been implemented abroad which we feel could be emulated in Singapore. The first is the automation of processes, and the second, the augmentation of the retail process. As many historical cases have reflected, AI is being integrated to improve the industry's ROI.

According to Softbanks Robotics America, a pilot programme of Pepper, a robot that can interact with customers and perceive human emotions, in California's b88ta stores yielded a 70% increase in foot traffic. Similarly in Singapore, AI can be positioned to rejuvenate the relatively soft retail industry by increasing foot traffic and customer interaction as it did for its western counterpart.

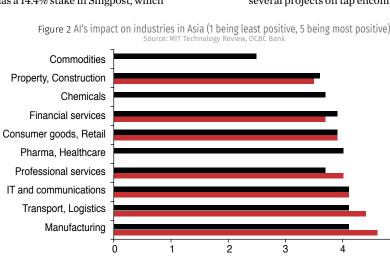
E-commerce giants are also adopting AI and conceptualising new delivery models. Given Singapore's high level of urbanisation as well as developed logistics resources, the country posits to be a great entry point for such projects. Amazon has been quick to recognise this,



delivery service in Singapore in July last year. High-tech systems adopted by Amazon Go completely automate the checkout process. As early as 2016, Amazon had also announced its plan to deliver small parcels via drones in the United Kingdom. It is forecasted to achieve a delivery time of less than 30 minutes. However, there is still no fixed date for any commercial application. Singapore, a city-state with a small land area, could be an ideal destination to pilot such a programme.

launching its Prime Now same-day

Besides automating and improving shopping processes. AI is also able to augment the whole shopping experience. Alibaba-backed Hema's automated grocery stores blend online and offline retail in one seamless experience. Customers simply pay for items with facial recognition, while bags of groceries that have been ordered online will "float" to them on an aerial conveyor. The combination of conveyor belts, a robotic arm and mobile carts guided by a software system that uses customer-submitted QR codes to configure seating, ordering and payment makes the whole grocery-buying experience extremely efficient and seamless. Similarly. Chinese e-commerce giant Alibaba has a 14.4% stake in Singpost, which



Average Respondents within the sector

offers dedicated logistics and delivery services across Southeast Asia, which posits to be a key area for expansion for the company. The collaboration provides the company with end-toend delivery support, helping to overcome significant logistical hurdles in regional peers such as Indonesia, Philippines and Thailand. In Singapore, Lazada is exploring similar concepts, where customers could physically browse in a store, make payments online, and have the items packed and delivered to them instantly.

Al and finance

Delving deeper into the financial sector, Singapore has been one of the first movers to adopt AI, primarily to improve customer experience. In a bid to accelerate the adoption of AI in the financial sector, Monetary Authority of Singapore (MAS), Economic Development Board, Info-Communications Media Development Authority and International Business Federation are in collaboration to facilitate research and development on this front. The MAS Artificial Intelligence and Data (AIDA) grant worth S\$27 million has attracted strong interest from the industry, with several projects on tap encompassing

various areas such as deep learning and natural language processing. OCBC has continued to delve into

the digital space by implementing several pilot programmes and initiatives to enhance customer experience as well as improve the functions of the bank. The bank is at the forefront of AI-powered voice banking in collaboration with Google, enabling customers to initiate a conversation about the bank's services via the Google Assistant. This recent development complements other self-service digital channels such as AI-powered chatbot Emma. which was launched in 2017: Emma specialises in answering home and renovation loan queries on the OCBC website. Furthermore, the bank recently rolled out OCBC 360, a digital instant account-opening service for customers, without customers having to visit a branch physically.

AI and hospitality

The hospitality industry has also taken steps towards utilising AI to enhance guest experience, lift productivity and save costs. Singapore's status as a key travel hub and the presence of a technologically-developed industry has seen the industry shifting towards a manpower-lean model, attracting many players to test their new initiatives in the city-state. It does this while simultaneously maintaining competitiveness against disruptors such as AirBnB and coworking spaces that infuse the idea of hostel living.

Visitor arrivals in Singapore reached a record high of 17.4 million in 2017, a 6.2% increase from 2016, and this number is expected to grow further. Hence, hotels have turned to AI in a bid to cope with the

¹ "Al: Bringing Smarter Automation to the Factory Floor", Infosys Limited 2017

² "Artificial Intelligence and Southeast Asia's Future", McKinsey Global Institute Discussion Paper, September 2017 ³ "Asia's Al Agenda: How Asia is speeding up global artificial intelligence adoption", MIT Technology Review, November 2016

August 2018

FOCUS ARTIFICIAL INTELLIGENCE



... when it comes to the degree of readiness to engage in digitalisation, Singapore emerges at or near the top of the leader board among many other major economies.

Figure 3 Visitor arrivals have been on an uptrend Source: CEIC, OCBC Bank

increasing tourist and guest demands. According to BlackBox Research⁴, 61% of Singaporeans are accepting of AI technology in the hospitality industry. For example, Yotel Singapore engages the use of AI to initiate a paperless check-in process, as well as for selfservice kiosks, smart beds as well as robots for housekeeping. Similarly, Hotel Jen Tanglin introduced Jeno and Jena in 2017, robo-butlers who can handle customer service and room service.

Moving forward, by including blended systems with the options for both digital and human interaction via AI, hotels will be better equipped to differentiate themselves with the right type of customisation to improve customer experience while remaining competitive.

CONCLUSION

On the flip side however, the rapid development of such technologies and their pervasiveness in everyday life has received mixed reactions among the public. There are legitimate concerns about the future of jobs given technology's impact – specifically, taking over roles which used to be performed by humans. In a 2013 study⁵ by professors Carl Frey and Michael Osborne from the University of Oxford, it was found that roles such as telemarketers, customer support staff. drivers. office clerks, retail salespersons and cashiers, among others, were most likely to be replaced by such technology. Furthermore, according to an analysis by World Economic Forum⁶ in 2017, automatic check-out technology could potentially replace 30% to 50% of the world's retail jobs. One should bear in mind that these roles have a few common underlying traits: 1) they are highly susceptible to automation; 2) the tasks involved are repetitive, and 3) there is a high focus on manual efforts compared to one's thought process. Thus, AI has so far taken over mostly well-defined

⁴ "YKA Special on Artificial Intelligence: Everyday robots", BlackBox Research, 2016 ⁵ "The Future of Employment: How susceptible are jobs to computerisation?", Carl Benedikt Frey and Michael A. Osborne, 17 September 2013 ⁶ "Shaping the Future of Retail for Consumer Industries", Insight Report. World Economic Forum with Accenture routine tasks. Meanwhile, jobs that are least likely to be replaced by AI include managerial roles, positions that require specific expertise and those that involve unpredictable physical work.

Even as some jobs are destroyed by the rise of the digital economy, new ones will always be created. Furthermore, many initiatives have been implemented to keep up with the increasing demand for tech skills. In 2018 alone, an additional S\$145 million was put aside for Tech Skills Accelerator (TeSA), an initiative by the government, industry and National Trades Union Congress. to strengthen the country's digital workforce and enhance employability among Singaporeans. At OCBC, a digital transformation programme called the Future Smart Programme was launched in May this year to equip employees with higher levels of digital proficiency to stay abreast with current trends.

With a thriving digital landscape, underpinned by its infrastructure and policy readiness, Singapore is fast becoming a hotspot for experimentation, innovation and growth. Strong investments in digital infrastructure, a growing pool of IT expertise and a growing population that is mostly connected digitally also suggest that the country is making significant gains in the technological realm, with huge potential ahead of us. It is pivotal to view AI as an enabler rather than a disruptor, even though the advent of AI has brought about great disruption to both producers and consumers alike. However, if one is able to look past such hurdles and leverage on the many opportunities that such technologies bring, we can position ourselves ahead of the curve. Besides, the potential and beauty of AI lie in doing things never done before. ISCA

Selena Ling is Head of Treasury Research & Strategy, OCBC Bank.



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BY CHIA SUAT NING

BEYOND SINGAPORE T H E VENT ABRO

AVING ACCUMULATED NUMEROUS OVERSEAS WORKING STINTS during his university days, it came as no surprise when Josiah Fang said yes to the opportunity to venture overseas early in his career, when he joined Crown Asia Pacific Holdings' operations in Phnom Penh, Cambodia.

Josiah Fang, CA (Singapore), Management Accountant, Crown Asia Pacific Holdings

Mr Fang had joined Ernst & Young as an Audit Associate upon graduation with a Bachelor of Accountancy degree from Singapore Management University (SMU). For a year-anda-half, he gained valuable overseas experiences through engagements such as IPO audits and International Financial Reporting Standards (IFRS) conversion projects in Myanmar. However, for someone with a penchant for expanding his horizons

¹ "ASEAN's Bright Future: Growth opportunities for corporates in the ASEAN region", J.P.Morgan ² "Understanding ASEAN: Seven things you need to know", McKinsey&Company

\square

At only 28 years of age, CA (Singapore) Josiah Fang,

Management Accountant at Crown Asia Pacific Holdings, is one of Singapore's young and driven accountants seizing his opportunity in Cambodia. Located in Southeast Asia, Cambodia is part of the Association of Southeast Asian Nations (ASEAN) that is fast becoming the destination for global investments and a major economic force in Asia¹. With the increasing opportunities available in the region, we are expanding our regular Member Profile column to include the personal experiences of ISCA members who are working in these ASEAN countries. \checkmark

beyond both physical and sectoral borders, he soon decided to move to a multinational corporation (MNC). "I was very much interested in venturing overseas to understand the workings of an MNC, particularly its financial and operational aspects," he explains. In 2017, Mr Fang made the switch to Management Accountant at Crown Asia Pacific Holdings. What drives him daily is that whatever he does "can directly impact the company's bottom line". He is also grateful to be "learning about the company's best practices under an experienced mentor".

"Being aware of the cultural differences and observing the local way of working help to establish amicable relations with my co-workers."

IOSIAH FANG, CA (Singapore), Management Accountant, **Crown Asia Pacific Holdings**

TAKING THE PERFECT LEAP

For Mr Fang, the passion to work overseas began during his university days. From a 10-week summer internship in Beijing, China, to a semester spent on a global exchange programme at ESSEC Business School in Cergy-Pontoise, France, independent living with the freedom to explore various cultures gradually became a lifelong aspiration. Projected to be the fourth-largest economy by 2050², ASEAN countries were the "to-go" workplaces for many of his friends and, given that it is closer to home, the relocation to Cambodia provided the perfect opportunity.



Undeterred by his family's preconceptions of Cambodia being less developed and unsafe, Mr Fang sought advice from his SMU lecturer, Professor Seow Poh Sun, whom he held in the highest regard. His desire to make the leap to Cambodia was reaffirmed when Prof Seow advised that "overseas exposures are beneficial for your career development, and this opportunity will provide the base to develop strong business acumen".

Currently living in Cambodia, Mr Fang strongly proclaims that the negative preconceived notions of Cambodia are "nowhere near the truth"; the locals actually have a "deep sense of pride and culture in doing good". In fact, the only accurate portraval of Cambodia is that local restaurants do serve fried tarantulas.

NEVER A DULL DAY

At Crown Asia Pacific Holdings, a leader in metal packaging technology, Mr Fang plays a key role in analysing the financial implications of business decisions to aid growth and profits of the operations in Cambodia's capital city of Phnom Penh. From the monthly profit and expenditure forecasts to the implementation of IFRS 15: Revenue from Contracts with Customers and the fulfilment of treasury requirements, the work days are never dull as Mr Fang is deeply immersed in the day-to-day operations.

Given the dynamic business landscape and evolving industry changes, Mr Fang's ISCA membership is instrumental in keeping him apprised of the latest developments as the Institute provides training courses on trending topics such as financial reporting and audit standards, coupled with e-learning courses on risk management and regulation & compliance. In addition to boosting his financial expertise and business acumen, "being an ISCA member also lends credibility and assurance to employers that we are well-trained

FOCUS BEYOND SINGAPORE



2015-2017 Audit Associate, EY Singapore 2017-Present

Management Accountant, Crown Asia Pacific Holdings

A Beautiful sunset view from his apartment



At Sora Bar, Rosewood in Phnom Penh, with fellow expats from Korea, Canada, Taiwan and Hon



From the magnificent architecture of the Angkor period to French colonial buildings. Cambodia is home to one of the richest cultures in Southeast Asia. Travelling out of Phnom Penh, Mr Fang has visited the Kep and Kampot provinces with his colleagues during their company trips. When asked about his insights during these trips, he enthuses, "Kampot province is progressing economically and gradually becoming an alternative city to Phnom Penh to live, work and play in." Speaking like a true Singaporean who loves his food, he points out that "the only difference lies in the type of local cuisine in these two cities". With the richness of the Cambodian landscape and the many experiences which await him, a glimpse of his schedule shows that Mr Fang already has Sihanoukville, Koh Rong Islands and Siem Reap listed as a

Chia Suat Ning is Executive, Membership Marketing, ISCA.

professionals who can provide up-todate business insights," says Mr Fang. Going beyond financial and

accounting-related work, Mr Fang also commits time and effort to learn about the information technology (IT) systems and human resources development, both significant areas that contribute towards his understanding of the company's best practices.

NAVIGATING CHALLENGES. DEEPENING CONNECTIONS With Khmer being the national

language of Cambodia, communication naturally is a key challenge when he converses with his local counterparts. This is especially the case when Mr Fang brings up more complex accounting information and processes during discussions. But adapting to the Cambodian work environment is made easier by his colleagues who are bilingual in Khmer and English. Mr Fang is grateful to his helpful colleagues who are ever willing to assume the role of translator.

A challenge Mr Fang faced early on was the paucity of his favourite Singaporean food such as wanton noodles, a problem every Singaporean understands. But with more and more Singaporeans and Malaysians moving to Cambodia to work, good chicken rice and nasi lemak can now be easily found.

A year on, "fulfilling and enriching" are words that Mr Fang uses to describe his journey as he expands both his skills and professional networks. "Being aware of the cultural differences and observing the local way of working help to establish amicable relations with my co-workers. It is important to understand that it is a different culture that you are venturing into and we cannot impose our way of working there," shares Mr Fang.

Priding themselves as polite and hardworking individuals, Cambodians strongly believe in treating people



Colleagues from the Finance team

"Possessing financial accounting knowledge safeguards your job but having sound management skills will ultimately set yourself apart from others and accelerate your career progression." Advice from Deputy CFO, Crown Asia Pacific Holdings

and Mr Fang's supervisor

graciously and value community cohesiveness. As such, it is a common sight for Mr Fang's team to work on weekends. "Cambodians are a very community-based people and even if I have already completed my work, I'm expected to join them as part of the team," explains Mr Fang, who stresses that understanding and assimilating into the culture that you are working is crucial. Communicating well during crosscultural engagements has also deepened his relationships with his co-workers on both a personal and professional level.

Aside from soft skills, knowledge and understanding of the Cambodian business landscape and tax regulations are of paramount importance in his role as Management Accountant. "Possessing financial accounting knowledge safeguards your job but having sound management skills will ultimately set yourself apart from others and accelerate your career progression." This advice from the Deputy Chief Financial Officer and Mr Fang's supervisor at the company is something he holds dear and tries

³ "Vietnam's middle class projected to double by 2020", VE Express Internation

to adhere to. Citing the example of asset classes having differing rates of duties imposed, Mr Fang had dedicated time and effort to understand the nature of transactions and payable tax amounts. "These tax amounts need to be documented as they are traceable and often serve as proof to the tax authorities. Without them, the company could potentially pay exorbitant taxes that are often based on the regulators' calculations,"

🔕 Josiah's favourite Cambodian food: Khmer noodles otherwise known as *num banh chok* in Khme

Mr Fang cautions. If given another opportunity to work in Southeast Asia, Mr Fang would choose Vietnam or Myanmar. He believes that with rapid urbanisation and a growing affluent middle class in both countries, global brands will be moving into these markets in droves3. "If fellow Singaporeans can bring their knowledge, expertise and networks to more ASEAN countries, there are plenty of business ventures and opportunities waiting to be uncovered."

SERVICE BEYOND SELF It's not all work and no play in

Cambodia. An avid volunteer since his undergraduate days, Mr Fang used to go beyond the stipulated volunteer and community service hours, and had felt most fulfilled when he could utilise his knowledge and expertise to help the needy. In Phnom Penh, he volunteers with multiple groups and communities. Being part of the International Christian Fellowship community, he typically hosts the local cell group and plays the violin during worship sessions. As a music lover, "these sessions keep my fingers nimble and prevent them from 'rusting'," he says jokingly. Even the local cultural exchange programmes benefit from Mr Fang's assistance. With the help of the Cambodians in Mr Fang's church group, many Cambodian university students have participated in these exchanges and gained a greater understanding of cultural diversity.

few of the upcoming places to explore. ISCA

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AND OH-SO-DELICIOUS

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Some Regional Varieties Of This Spice-Laden Gravy Dish

IGHTEENTH-CENTURY British colonials may have invented the word "curry", but people in Asian countries have been cooking and eating curries for eons. Recipes have evolved over



time and geography, but at the heart of each curry dish is a spice paste known as *rempah* in Malaysia and Indonesia, and *masala* in the Indian subcontinent. Spice pastes are concocted from a blend of herbs and spices, and come in either powdered or freshly-pounded form.

Curry avatars can be found in almost every Southeast Asian country, from Thailand's coconutsweetened curries to the fiery kinds found in the Malay Archipelago. A curry may be wet and soup-like or dry with minimal use of cooking liquids. The ingredients used range from meats and vegetables to shellfish and even eggs. Indeed, the variety is mind-boggling. Here, we take a look at the curries of the countries that dot the Southeast Asian spice route.

SINGAPORE'S KARI DEBAL

Associated with Singapore's Portuguese-Eurasian community, kari debal or devil's curry (the word "devil" denotes the spice quotient) is rumoured to have been invented the day after Christmas, when all the festive leftovers were cooked in a pot of fiery curry. Chicken and potatoes are mainstays of this dish, while other additions include sausages, bacon, carrots and a variety of chillies. The flavours intensify if kept for days, and usual accompaniments are rice or crusty bread. Since this is a curry made from leftovers, the recipe tends to differ among Eurasian families, with each household taking great pride in its own unique version. The homestyle dish is also offered at a handful of local restaurants.



MALAYSIA'S RENDANG DAGING

Rendang daging (beef rendang) may have originated from the Minangkabau region of Indonesia, but early settlers brought this dish to Malaysia and today, it is emblematic of Malay cuisine. It is a fixture at parties and celebrations, and on Malay restaurant menus. Truth be told, it is more of a spice-laden, braised stew than a curry. There are chicken and lamb versions of this dish, but *rendang daging* is most commonly served. A spice paste of chillies, shallots, ginger, garlic, galangal and lemongrass is slow-cooked with beef, whole spices, coconut milk and *kerisik* (slivers of toasted coconut). The result? – a full-bodied dish that is drier than typical curries, with flavours that develop over time as it can keep well for days or even weeks.

THAILAND'S KAENG KHIAO WAN

One of the most popular dishes in Thailand's curry repertoire is kaeng khiao wan (Thai green curry), so named for its green hue that comes from the various herbs pestled into its curry paste. A paste of green chillies, kaffir lime leaves, Thai basil, shallots, ginger, garlic and turmeric forms the base of the curry, which is sweetened with generous lashings of coconut milk. The curry may contain chicken, pork, seafood or a variety of vegetables. To provide a better balance of flavours, fish sauce, lime juice, shrimp paste and/or palm sugar is often added. Depending on which region of Thailand you are in, it could be served with rice or griddle-fried roti.



INDONESIA'S KARI KAMBING

There are several curries that represent Indonesia, most notably the rich *kari kambing* (mutton curry). Universally loved for its spice-rich flavours, this red-tinged curry uses whole bone-in pieces of mutton (goat), which are pressure-cooked with herbs, aromatics, spices and a few regional ingredients like ground candlenuts. The bone marrow adds depth of flavour to the curry. Sometimes, the curry gravy alone is served as an accompaniment to *roti* or *prata*.

ari deba

CAMBODIA'S FISH AMOK

A classic Khmer dish, fish amok is a thick curry and is considered the national dish of Cambodia. Fish, kroeung (curry paste) and rich coconut milk are steamed together in banana leaf baskets, infusing the fish with curry flavours and cooking it until it becomes fork-tender. It bears resemblance to otah (grilled fish cake), found locally and in neighbouring countries like Malaysia and Indonesia. The spice flavours are not fiery but aromatic with kaffir lime, ginger, garlic, galangal and shallots, as well as the scent of the banana leaves. Traditionally, the curry paste is pounded by hand using fresh ingredients, and the fish used is freshwater fish.





On The Side

Served alongside Southeast Asian curries, these side dishes provide a blank canvas to enjoy the curry's full flavours.



Rice is the most widely-accepted curry side dish not just in Asia but the world over. Thai jasmine rice provides an aromatic backdrop to pungent curries, while red, brown and unpolished rice varieties add flavour and texture to a curry meal. In Malaysia and Indonesia, *biryani* rice is often doused with curry. Coconut-laced *nasi lemak* also makes for an indulgent accompaniment to rendang-style curries.

NOODLES

RICE

Curries in Thailand are occasionally served over a bowl of rice noodles. Malaysia's *mi kari* (curry mee) is a bowl of yellow egg noodles soaking in chicken curry. Noodles are a more suitable accompaniment to wetter, thinner curries.

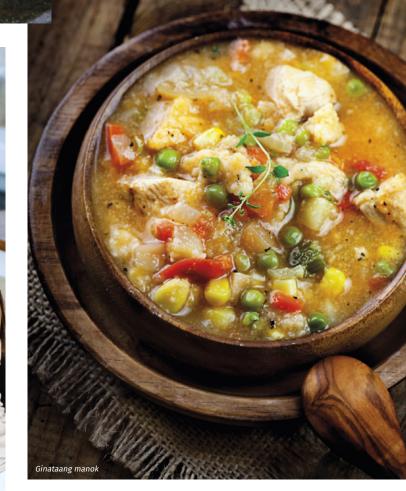


BREAD

The pairing of curries with *roti* (flatbread) has its roots in Indian and Middle-Eastern cuisine. *Roti* is made with either white or whole wheat flour and can be roasted, pan-fried or cooked on a hot griddle. A popular combination is *kari kambing* and *roti canai*, where griddle-fried *roti* is used to sop up the gravy. Flour batter may also be cooked on a griddle to form a web-like pattern; called *roti jala*, it makes a good accompaniment to chicken and mutton curries.

In Singapore, Malaysia, Indonesia and Vietnam, a bowl of coconut-rich chicken curry often comes with crusty baguettes. The bread soaks up all the curry gravy, and can even be used to wipe plates clean of the last remnants of curry.





VIETNAM'S CA RI GA

Vietnamese food is so much more than *pho* (rice noodle soup made with beef or chicken broth) and *banh mi* (baguette sandwich). The lesserknown *ca ri ga* is Vietnam's version of the humble chicken curry. Chicken parts, sweet and regular potatoes, and coconut milk are cooked together and flavoured with curry powder, lemongrass, ginger and shallots; lime leaves and cilantro may be added for extra flavour. The curry is stewed to full-bodied flavour and eaten with crusty baguettes.

PHILIPPINE'S GINATAANG MANOK

Called ginataang manok in Tagalog, curry in the Philippines is a hearty stew of chicken, potatoes and vegetables, simmered in a rich coconut broth. Unlike Malaysian, Thai and Indonesian curries, there is no fried spice paste. Instead, ginger and garlic are cooked along with the potatoes and chicken pieces; these are then stewed in coconut milk, curry powder and fish sauce. The resultant curry has a mild, flavourful and delicate taste. While chicken and potato are constant ingredients, some recipes may call for bell peppers and pineapples too. ISCA

<image>

As wine consumption grows in Southeast Asia, the region's vineyards are upping their game in order to cater to the increasing demand.

F YOU'RE A SINGAPORE-BASED OENOPHILE, you're in good company. While one wouldn't typically associate this region with moscato, rosé and sauvignon blanc, Southeast Asia's wine culture is in fact thriving, earmarked by global wine producers – thanks to the growing number of open-minded aficionados eager to sample "new"

vintages and explore grapes grown in



lesser-known regions.

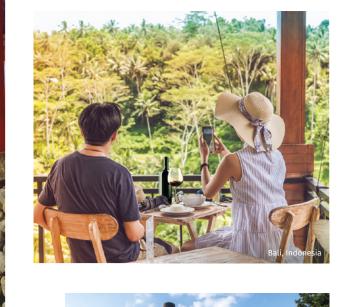
Singapore in particular has become a wine hub, with the presence of merchants like Berry Bros. & Rudd and Corney & Barrow setting up their headquarters here, thus ensuring that there is a diverse and readilyavailable selection of wines. Adding to the scene as well are a number of Southeast Asian winemakers who are quickly developing a name for themselves. Where once the tropical climate posed a challenge for vine growers, developments in viticultural practices have seen more vineyards set up in unexpected countries like Vietnam, Thailand and Indonesia. Here are a few Southeast Asian

vineyards worth keeping an eye on.

HATTEN WINES, BALI

No visit to Bali is complete without a glass of Hatten Wine's signature semi-dry rosé made from locallygrown Alphonse-Lavallée grapes. The

award-winning pioneer of Indonesia's wine industry - it recently picked up the 2017 Asia Wine Review Winery of the Year award - has been producing wine in the northern part of the island since 1994, and currently exports its wines to the Maldives, United Kingdom, Singapore, Holland and the United States of America. Overseen by chief winemaker James Kalleske. the range includes 19 different wines, including the signature aperitif Pino De Bali wine that's fortified prior to fermentation, a method champenoisestyle sparkling rosé called Jepun, and of late, the innovative Two Islands range, where selected premium grapes from Australia are imported frozen and vinified in Bali. Known to experiment (it has been working with the Mediterranean-style vitis vinifera since 2001), it makes the most of Bali's clear mountain water and rich volcanic soil to contribute to its unique terroir, producing grapes continuously in 120-day cycles. To visit the vineyard, where there's a private dining room and a dedicated wine classroom on-site, organise a tour through www.visitnorthbali.com. www.hattenwines.com





VANG DALAT, VIETNAM

While Vietnam is a former French colony, its association with wine and vineyards isn't immediate, but that's all about to change. Provinces like Dalat and Ninh Thuan have become home to a number of winemakers and, thanks to a switch in production and the adoption of aggressive pruning and pergolas trellising to combat humidity (and thus mildew) issues, they're able to produce wine year-round with three harvests. One vineyard, Vang Dalat (also Vietnam's biggest wine producer), uses grapes from the Phan Tang region, Vietnam's main grape-growing area, to make European-style wines that are found in almost every restaurant across Vietnam. Its signature wine to try is the medium-body Chateau Dalat Merlot made from 100% vitis vinifera grapes and holds a light French-oaked flavour of cherries, berries and plums. http://ladorawinery.vn/

SABABAY WINES, BALI

Bali's rich agriculture potential is nothing new to visitors of the island. Known for its lush rice terraces and world-class coffee beans, few realise there's also a thriving local wine industry. Established in 2010, Sababay Wines started as a way to help the local Balinese grape farmers establish a sustainable income. In 2014, it launched its first series of vino (the Velvet series) which consisted of the White Velvet (a fresh white wine with green-gold hues and melon aromas), Black Velvet (dry red wine with ripe berry flavours), and Pink Blossom (rosé wine with a crisp finish). It now produces seven wines from the Alphonse Lavallée and Muscat Saint Vallier grapes grown on the north coast under the guidance

of a former Hatten winemaker, and hopefully in the future, also from the slopes of Mount Agung, where it has set up a research station to test grape-growing at high altitudes. As of 2017, it has been producing 500,000 bottles of wine a month, and picked up a number of global accolades. The honours include the award-winning Moscato D'Bali being the first Asian wine to be displayed at the La Cite Du Vin museum in Bordeaux, and having its wines served at the 70th annual Cannes Film Festival. To bring home a little of the Sababay Wine magic, the semi-sweet sparkling Moscato D'Bali pairs perfectly with spicier food and the port-style Mascetti is recommended to be enjoyed with Indonesian chocolate. http://sababaywinery.com







MONSOON VALLEY, THAILAND

The Gulf of Thailand may be known for its islands like Koh Samui and Koh Tao but it's also where many of the country's vineyards are situated. While the country's chalky soil and tropical temperatures aren't ideal wine-growing conditions, it hasn't stopped Thailand's largest wine producer Siam Winery from producing multiple award winners under its Monsoon Valley label. Classed as new latitude wines -Thailand sits within the 13th parallel while France and Italy lie between the 30th and 50th parallel – and with vineyards located in the Prachuap Khiri Khan province (Hua Hin), a diverse range of grapes (chenin blanc, muscat, sauvignon blanc etc) is grown on the site of a former elephant corral. The team, led by German winemaker Kathrin Puff, produces 12 different wines across four categories, with signature bottles like the mediumbody Cuvee de Siam Rogue made from shiraz and sangiovese grapes picking up 90+ points from Jamesuckling. com, and the Monsoon Valley

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Signature Red (a blend of dornfelder, rondo and syrah) and Burgundy-style White awarded Bronze at the Japan Wine Challenge 2017. For a real feel of the whole grape-to-bottle process, organise a visit to the vineyard. It can be explored by four-wheel drive or bike, and you can include additional activities like elephant riding, bottle painting and wine safaris. https://www.monsoonvalley.com/





AYTHAYA VINEYARD, MYANMAR

Located close to Inle Lake is Myanmar's first vineyard estate Aythaya Vineyard, established by German entrepreneur Bert Morsbach



HOME BREW Strawberry Wine, The Philippines

Grapes may not grow in The Philippines but that hasn't stopped its people from coming up with their own quintessential vino – strawberry wine. Using fruits, preferably from the cooler La Trinidad Valley area (the country's prime producer of strawberries), the light pink wine is made from fermenting fresh strawberries with lemon, water and sugar – a simple concoction that explains why strawberry wine is found all around the country. To get a first-hand feel of the process, tourists can visit the town of La Trinidad between November and May to handpick strawberries, or plan a trip during the month of March when the town hosts a Strawberry Festival with numerous producers showcasing their wines.



FROM BUSINESSTHINK

ACROSS THE AGE DIVIDE

Top Tips For Managing The Best From Generation X

WHATEVER BECAME OF GENERATION X?

In all the talk about juggling the values and needs of different age groups in the same workplace, the focus has been on cashed-up baby boomers requiring respect for having put in the hard yards, and tech-savvy millennials who want it all now, lest they flit off to a better offer.

But sandwiched in between is another layer of workers – those born between 1965 and 1980 – the so-called Generation X.

The descriptor was popularised by Canadian writer Douglas Coupland in his 1991 novel about disaffected youth, *Generation X: Tales for an Accelerated Culture.* These days, Coupland seems less convinced of his subject's exceptionalism. "In as much as there is a Gen X, it's paying for school bills for their kids and nursing care for their parents. There's not much free time to be either pro- or anti-establishment," he says in a BBC interview. It suggests that the characteristics ascribed to particular generations are like shifting sands. Are demographic definitions mostly marketing spin?

Julie Cogin, a professor and director of AGSM@UNSW Business School, admits she set out to debunk the notion of generational differences when she applied rigour to what began as "hobby research". "I conducted the study across five different countries and collected data over different years to see how changes emerged," she says.

"I thought generation differences were explained by life cycles. As you acquired a mortgage and had children, you would adopt the characteristics of the next generation, and as you reduced work and retired, you would shift again. I was proven right in some ways, but also proven wrong in other ways."

And the key finding?

"There are distinct characteristics that belong to age groups which don't change over time as their life cycles alter."



"One of the worst things you can do is micro-manage a Gen X employee. **They are** used to working towards agreed goals with limited supervision."

of AGSM@UNSW Business School

So, who, or what, is Generation X? "Before you can identify the characteristics, you should consider the influences on the generation. That includes everything from pop culture to political changes, financial unrest, family upbringing and more," Cogin says.

"Gen Xers were really the first to experience both parents working, and were often called the latchkey kids – getting themselves home from school and waiting until their parents came home. They've also seen their parents work very hard and face a number of challenges in the workplace, particularly in the 1980s and '90s, with radical increases in redundancies, downsizing and rightsizing," she adds.

"In many cases, they've perceived their parents to have been treated poorly by employers, so you'll find there are reduced levels of trust between corporations and Gen X. That's a really important influence on their lives."

Gen X has embraced the peripheral workforce, with contract-type arrangements, part-time roles and the gig economy, whereas for their babyboomer parents, working was more about job security and loyalty to one employer.

"It's also important to note that economic circumstances have shaped the attributes of Gen X," notes Cogin. "They grew up with a floating dollar, financial deregulation and globalisation, and they've suffered and experienced several economic downturns."

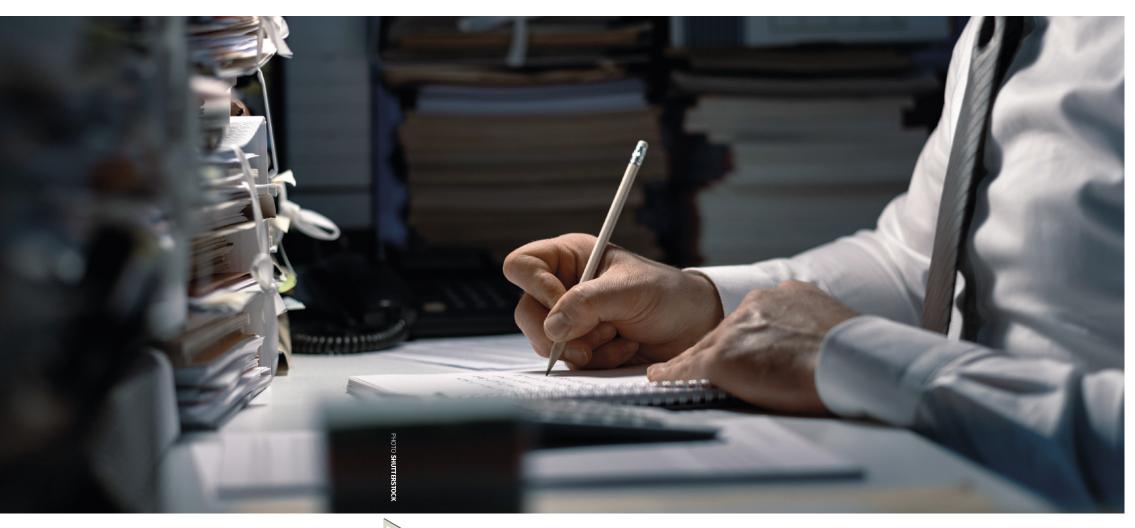
"Even with halts on growth and income, Gen X has not altered spending patterns. They have very low saving rates and are not well prepared for retirement. More Gen Xers rent than previous generations, and those that have home loans have a higher prevalence of borrowing 100% of a house price with negative equity in their homes."

Adding to the challenges of living beyond their means is an increase in the average child-bearing age, with women in their 30s and even 40s having babies. It means that Gen X's children are younger – and need more attention – than for previous generations at this point in their lives.

THE NITTY GRITTY

If we can see where Gen X has come from, what should employers consider when hoping to engage, retain and harness their strengths?

"Gen Xers are very pragmatic and competent, and independence is important," advises Cogin. "They prefer to self-manage and be self-directed. One of the worst things you can do is micro-manage a Gen X employee. They are used to working towards agreed goals with limited supervision. It's essential to create relationships that foster trust with Gen X, to emphasise accomplishments and results. They are problem-solvers and expect discretion and autonomy in doing their job."



Generation X has embraced the peripheral workforce, with contract-type arrangements, part-time roles and the gig economy, whereas for their baby-boomer parents, working was more about job security and loyalty to one employer. According to Cogin's research, Gen X wants access to their boss. "They want to have a voice. They want to be heard, in a subtler way than younger people who may be more demanding about this. Gen X likes to get into the actual details of the work and then prove themselves in that way. There's more substance to the work that they are doing."

Gen Xers are used to changing jobs – typically, every three to five years. It doesn't create the concern it can cause for those who are older. "So if you want to retain Gen Xers, you've got to keep the work interesting," Cogin says. "Project-based work is where they really thrive. They are collegial, good at building teams and involving others in work."

Everyone wants to be paid fairly, but for Gen Xers – sometimes living beyond their means and carrying a lot of debt – attractive remuneration and financial incentives are a necessity. And having younger children and older parents makes a work-life balance more pressing.

"If their kids don't need them, their parents do. Having flexible work practices and options for different work arrangements – a condensed work week, working from home, job share – are quite important to them as well," Cogin says.

FEELING YOUR AGE

Gen Xers, mostly in their 40s and early 50s, are at the mid-career point where if they were going to step up to the C-suite, now would be the time to make a move. Cogin agrees that "the 40s are typically the time for career reflection, and the elevation".

But this generation can expect to face some age discrimination. "As they get to 50 – and some of them are already past 50 – and organisations have outsourced work to developing countries, and there has been automation of roles, use of artificial intelligence and so on, people may view Gen Xers as a lot older or out of touch with technology and automation. It's not all about having the opportunity to revitalise a career; they are facing a number of stereotypes associated with their age."

But there is a heartening fact about Gen X and age – they can expect to live 10 years longer than baby boomers. "Their life expectancy is around 82. Whereas for a 50-year-old back in 1965, it was about 72," says Cogin. ISCA

This article was first published in "BusinessThink", the online journal of UNSW Business School. Reproduced with permission.

TECHNICAL HIGHLIGHTS

FINANCIAL REPORTING

PREPARING THE MARKET FOR IFRS 17

IASB posted an article "Preparing the market for IFRS 17", in which financial journalist Liz Fisher discusses how the new Standard affects the investor community.

For more information, please visit www.ifrs.org/news-and-events/2018/06/preparing-the-market-

for-ifrs-17/

IASB POSTS WEBCAST ON ED: ACCOUNTING POLICY CHANGES

This webcast provides an overview of the Exposure Draft: Accounting Policy Changes (Proposed amendments to IAS 8) and its intended application. It also provides answers to many commonly-asked questions about the proposed amendments. For more information, please visit

www.ifrs.org/news-and-events/2018/05/webcast-accountingpolicy-changes-proposed-amendments-to-ias-8/

IASB PUBLISHES JUNE 2018 IASB UPDATE

The June 2018 IASB Update highlights preliminary decisions of the IASB during the June 2018 meeting on topics such as Disclosure Initiative, Dynamic Risk Management, Research programme update, Interbank offered rate (IBOR) reform research project proposal, Primary Financial Statements, Insurance Contracts, Islamic Finance Consultative Group Update. and Business Combinations under Common Control. The work plan of IASB has also been updated.

For more information, please visit https://www.ifrs.org/news-and-events/2018/06/june-2018iasb-update-published-and-work-plan-updated/

IASB JUNE PODCAST NOW AVAILABLE

IASB Vice-Chair Sue Lloyd joins Education Director Matt Tilling for the June podcast. Some of the topics covered include the overview of the recent IFRS Foundation conference, IASB's consultation on Financial Instruments with the Characteristics of Equity, and a summary of the joint FASB-IASB meeting in June.

For more information, please visit https://www.ifrs.org/news-and-events/2018/07/june-iasbpodcast-now-available/



AUDITING AND ASSURANCE

IAASB INVITES STAKEHOLDERS TO DISCUSS **EERASSURANCE**

The global discussions will cover the guidance that the IAASB is developing to address key challenges arising from assurance engagements over emerging forms of external reporting (EER) using ISAE 3000 (Revised), implications of the guidance as well as assurance issues faced in the region. The discussion in Singapore will be held on 26 October 2018.

For more information. please visit

www.ifac.org/news-events/2018-06/iaasb-invites-stakeholdershelp-shape-future-eer-assurance

IESBA RECEIVES UPDATE FROM IAASB

This webcast shows the IAASB sharing highlights of key projects of interest to the IESBA. These include proposed Quality Control at a Firm Level (ISQC 1), Quality Control at the Engagement Level (ISA 220), the proposed new Engagement Quality Control Standard (ISQC 2) and the proposed revisions to the Agreed-Upon Procedures International Standard on Related Services (ISRS 4400).

For more information, please visit www.ifac.org/news-events/2018-06/webcast-iesba-receives-



IS Chartered Accountant. Journa

Stone Forest IT

Automated Stocktaking Enhances Productivity and Inventory Management



HIGHLIGHTS

CHALLENGE

Annual stocktaking was a manual, time-consuming process for a leading writing instrument manufacturer given its sizeable stationery inventory. Warehouse staff had to manually unpack, count, check and repack a multitude of inventory items, presenting a high risk of human error. During stocktaking, all stock movement had to be suspended, negatively affecting operational efficiency. Seeking a way to achieve rapid and accurate stocktaking, the company turned to Stone Forest IT (SFIT) for a solution.

SOLUTION

After assessing the client's requirements, SFIT proposed a customised Stocktake utility that would be integrated into its Sage 300 system with the following capabilities:

- · Rapidly count and track inventory items with barcodes through PDAs
- View and automatically update inventory information in real time
- Automate generation of stocktake report

RESULTS

After implementation, the client achieved the following:

- Easier stocktake planning and preparation
- · Fast stocktaking and improved inventory management efficiency with barcodes and smart devices
- Free up resources to focus on the core business
- Eliminate risk of manual data entry error

Businesses leverage SFIT's customised Sage 300 solutions to enhance productivity and meet their diverse needs with ease.

Location:

Industry:

Products

Solution:

F&B, Retail and Consumer

Results:

planning and preparation Focus on the core

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update-iaasb



BY FELIX WONG AND ANGELINA TAN

DOUSE THE GST HOTSPOTS

Unravelling GST Knots And Avoiding GST Errors

> OVER THE YEARS, THE GOODS AND SERVICES TAX (GST) HAS STEADILY **CREPT UP** as the second largest contributor of Singapore's tax revenue. As one of the nation's key revenue pillars, GST will inevitably attract the tax authority's scrutiny, particularly in the area of GST compliance. Coupled with the changes to business models and new international trends for indirect tax, it is vital for companies to be aware and stay on top of GST developments to minimise risks and avoid adverse impact on their businesses. Against this backdrop, Accredited Tax Advisor (Income Tax & GST) Gan Hwee Leng, Indirect Tax Partner, KPMG in Singapore, provided a timely update on key GST developments in Singapore and shared her insights on the potential GST hotspots at a recent Tax Excellence Decoded (TED) session

by the Singapore Institute of Accredited

Tax Professionals (SIATP).

Reverse charge will affect all GST-registered persons who are not entitled to \pounds \pounds full input tax credits, or who belong to a GST group that is not entitled to full \overrightarrow{x} | $\overrightarrow{0}$ input tax credits.





Accredited Tax Advisor (Income Tax & GST) Gan Hwee Leng, Indirect Tax Partner, KPMG in Singapore, shared her take on the recent GST developments and potential hotspots

RECENT GST DEVELOPMENTS GST RATE HIKE

Budget 2018 announced an increase in the GST rate from the current 7% to 9%. The proposed increase will take place sometime between years 2021 to 2025, depending on the state of Singapore's economy, the increase in Singapore's expenditures and the buoyancy of existing taxes.

While businesses are unlikely to be enthusiastic about the impending GST hike, the early announcement would allow businesses time to plan ahead in anticipation of the potential transitional challenges. Business executives need to critically evaluate their companies' readiness and question their companies' existing business processes – Are my company's accounting and invoicing systems robust enough to seamlessly handle the rate hike? How should my company negotiate long-term contracts that may straddle both GST rates?

GST ON IMPORTED SERVICES

Currently, a supply of services (other than an exempt supply) by a supplier who belongs in Singapore is subject to GST while the same supply by a supplier who belongs outside Singapore is not. To ensure that the same GST treatment will apply irrespective of whether the taxable service consumed in Singapore is procured locally or from overseas, a reverse charge mechanism and an overseas vendor registration (OVR) regime will be implemented on 1 January 2020 to tax business-to-business (B2B) imported services and businessto-consumer (B2C) imported digital services respectively.

Reverse Charge

Under reverse charge, a GST-registered recipient of imported services must account for GST on the value of his imported services (as if he was the supplier). He may then claim the GST accounted for on the imported services as his input tax (subject to normal input tax recovery rules). This is applicable to all imported services, unless they are exempt, zero-rated, or fully attributable to taxable supplies.

Reverse charge will affect all GST-registered persons who are not entitled to full input tax credits, or who belong to a GST group that is not entitled to full input tax credits. Such partially-exempt businesses subject to reverse charge would typically include banks, insurance companies, developers of mixed-use properties and charities.

Non-GST registered persons who procure imported services exceeding \$\$1 million in a 12-month period (and who would not be entitled to full input tax credit if they are GST-registered) would be liable for GST registration, and accordingly be subject to reverse charge.

Overseas Vendor Registration

Under the OVR regime, overseas suppliers with annual global turnover exceeding S\$1 million and making supplies of digital services (including digital products, subscription-based and licensed content, as well as support services via electronic means) to customers in Singapore exceeding S\$100,000 are required to register for GST, under a simplified registration regime. Once registered, these overseas suppliers are required to charge and account for GST on supplies of digital services made to non-GST registered customers in Singapore.

Local or overseas operators of electronic marketplaces may also be regarded as the suppliers of the digital services under certain conditions. In such cases, the operators are required to register, charge and account for GST on supplies of digital services made on behalf of the overseas suppliers listed on their platforms to non-GST registered customers in Singapore.

GST HOTSPOTS ZERO-RATING OF INTERNATIONAL SERVICES

It is a common misconception that all services provided to overseas customers can be zero-rated. Instead, services can only be zero-rated if they fall within the description of international services under Section 21(3) of the GST Act.

Under certain zero-rating provisions (for example, sections 21(3)(j) and (k) of the GST Act), the belonging status of the customer (whether the customer belongs to a country outside Singapore) must first be determined for zero-



rating to apply for services that are not directly in connection with land or goods. Generally, the customer's belonging status depends on the location of his business establishment or fixed establishment, the location of the specific establishment which most directly uses the service, or his usual place of residence. To determine the establishment that most directly uses the services provided, the supplier may ascertain the flow of benefits through the contracts, invoices, correspondences or other documents with the customer.

As the onus is on the supplier to verify the belonging status of his customer to adopt the correct GST treatment, zero-rating should not be applied unless the customer can prove that he belongs outside Singapore. Some ways that suppliers can adopt to determine a customer's belonging status include obtaining a written declaration from the customer or checking if the customer has a Singapore address.

REIMBURSEMENTS AND DISBURSEMENTS

The difference between reimbursements and disbursements hinges on the principal-agent concept. For the purposes of GST, reimbursements

It is a common misconception that all services provided to overseas customers can be zero-rated. refer to the recovery of an expense that you incurred as a principal, while disbursements refer to the recovery of a payment made on behalf of another person as an agent.

It is important to determine whether a recovery of expenses is a reimbursement or disbursement as they have different GST treatments. A reimbursement may be subject to GST if it is consideration for a supply of goods or services, while a disbursement does not constitute a supply and is therefore not subject to GST.

• Reimbursements Amounting to a Supply

Where the recovery of expenses is ancillary to (or forms inputs to the primary supply) to the customer, the GST treatment will generally follow that of the primary supply of goods or services. This is unless the expenses are subject to specific exclusion under the GST legislation, such as in the case of hotel accommodation and entertainment expenses. As these expenses are specifically excluded from zero-rating relief provided under section 21(3) of the GST Act, such recoveries will have to be standard-rated and taxed at the prevailing rate of 7%.

Conversely, where the recovery of expenses is separate from the primary supply of goods or services (such that they are not provided to enhance or facilitate a primary supply), such reimbursement will be treated as a separate recovery of expenses and the GST treatment will depend on whether the expenses are recovered at cost or with a mark-up. Generally, the GST treatment on the cost recovery will follow that of the goods or services originally procured, and the GST treatment for the mark-up will be based on the separate supply of service.

REPAYMENT OF INPUT TAX

As input tax is claimed according to the date of the tax invoice or import permit, companies may not have paid their suppliers at the point of claiming input tax. It should be noted that companies are now required to repay the Comptroller of GST the input tax previously claimed if payment has not been made to the supplier within 12 months from the due date of payment. Notwithstanding this, companies may still claim the input tax repaid to the Comptroller if payment is subsequently made to the suppliers within five years (from the end of the prescribed accounting period during which the input tax was first claimed).

GST NOT ACCOUNTED FOR ON LOCAL SALES OF BUSINESS ASSETS

Companies tend to overlook charging GST when they sell or trade-in their business assets, such as motor vehicles, used office furniture, computers, and non-residential properties. Although companies are not allowed to claim input tax at the point of purchase (such as motor vehicles), they are still required to charge GST when they sell such business assets.

INCORRECT OR LACK OF DOCUMENTS FOR ZERO-RATED SUPPLIES OF GOODS

Companies must ensure they maintain the relevant export documents to substantiate the zero-rating of exports. As the tax authorities are very particular on this area, companies risk being subjected to GST at 7% (despite not collecting GST from their customer) should they fail to maintain adequate export documents.

With so much going on in the GST landscape, it is timely for businesses to review their strategies and processes to stay on top of all the new requirements and developments. As a start, businesses could also look to available tools like the Assisted Self-Help Kit (ASK) and the Assisted Compliance Assurance Programme (ACAP), which are designed to aid businesses in reviewing their GST submissions and proactively selfmanage their GST risks. ISCA

Felix Wong is Head of Tax, and Angelina Tan is Technical Specialist, SIATP. This article is based on SIATP's *Tax Excellence Decoded* session facilitated by Accredited Tax Advisor (Income Tax & GST) Gan Hwee Leng, Indirect Tax Partner, KPMG in Singapore. For more tax insights, please visit www.siatp.org.sg.

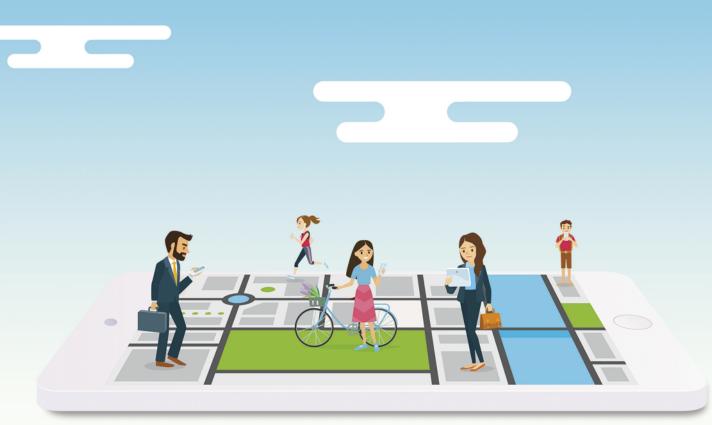






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Taking on a new refreshing format in the Journal, we are proud to unveil the Read & Reap Game that is replacing the First Look Quiz, starting from the August 2018 issue.

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