

# IS Chartered Accountant Journal

DECEMBER 2019







**THE PRODUCTIVITY MYTH**

How Modern Companies Are Getting Work Wrong

● focus

## The All-Rounder

Recipient of the ISCA Rising Star (PAIB) Award 2018, Chan Ying Jian, Group CFO and Group CIO, BreadTalk Group, explains how he manages to alternate between multiple roles at work

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# ISCA CARES CHARITY GOLF 2020

*A fund raising Golf Event in support of ISCA Cares*



**FRIDAY, 27 MARCH 2020  
11:00 AM to 9:00 PM  
ORCHID COUNTRY CLUB**

**Registration  
is now  
open!**

## Right Pace, Right Time; Doing Things Right

Dear members,

**WE ARE IN THE LAST LAP** of the Institute's 10-year strategic roadmap which commenced in 2010. With your support, we have kept the pace, building on the momentum of each transformation phase. I am pleased to say that we are on track to achieve our 2020 vision.

As a membership body, our programmes serve to advance members' career mobility and professional recognition, equip them with the skills to venture into emerging business areas, and prepare them for Industry 4.0. In this December issue, we look back at the key member-centric initiatives in the article, "2019: Year In Review".

Many of you attended our signature Singapore Accountancy and Audit Convention (SAAC) Series. Featuring different events tailored to the unique needs of our various member segments, it continued to resonate with the finance and business communities, attracting a strong line-up of presenters as well as delegate attendance. Technology, with its ubiquitous presence and disruptive nature, was a trending topic at many ISCA events where expert speakers and panellists deliberated the opportunities and challenges afforded by technology, including how it is reshaping the finance function, and what finance professionals and organisations need to do to harness its benefits.

The slowing global economy has dampened business sentiment but there are nascent business areas that offer promising prospects. To help members benefit from emerging opportunities and prepare for Industry 4.0, ISCA launched the ISCA Infrastructure & Project Finance Qualification and ISCA Professional Business Accountant Programme during the year. If these are your areas of professional interest, now is the time to start acquiring new knowledge to fuel your career.

Another ISCA initiative I want to mention are the recently introduced ISCA Digital Badges and Chartered Accountants Worldwide Network Member Logo. Digital Badges are secure, web-enabled credentials containing verified information about our members' professional accomplishments. They can be shared online where people will recognise them as a mark of professional excellence, which heightens your professional standing. The Chartered Accountants Worldwide Network Member Logo shows that our members who are Chartered Accountants are part of a wider global network of leading professional accountancy institutes; this lends credence to our members and the Institute they belong to. The full details are on the ISCA website.

The ISCA Practitioners Conference, the flagship event for the audit profession, is the last instalment of the SAAC Series. Technology, shifting trends and maintaining the public trust were on the agenda, among other topics. As Guest-of-Honour, Permanent Secretary for Finance Mrs Tan Ching Yee, said of the evolving audit landscape, "We will need our own forward-looking responses to changes around us – as a system and as individual practitioners." Find out what transpired at the event in "ISCA Practitioners Conference 2019: New Frontiers For Tomorrow's Practice".

Technology again took centre stage in ISCA's thought leadership collaboration with The Institute of Chartered

Accountants in England and Wales. The research report, "Digital Transformation In Finance Functions: ASEAN And UK Perspectives", presented the insights of professional accountants and other experts who were involved in the digital transformation of finance functions across ASEAN and the United Kingdom. We share the three key themes that underpin a successful digital transformation.

Our cover story, "The Productivity Myth", questions the notion that faster is better as it equates to higher productivity. However, through its research with knowledge workers in the United States, Dropbox determined that the right pace, and doing things right, are most important to workers. Learn which conditions actually lead people to produce their best work.

Doing things right is crucial for the charity sector as it is largely funded by public monies. "The Future Of Charities" looks at the Commissioner of Charities' journey as it guides stakeholders to do things right, pacing its approach from Regulation to Co-Regulation; the time is now right for its transition to One Community. Read about how the charity sector is operating as an ecosystem through a 3Cs method.

The featured member in the Member Profile column is the embodiment of the theme of my message. Chan Ying Jian, Group Chief Financial Officer (CFO) and Group Chief Investment Officer (CIO) of BreadTalk Group, is an all-rounder who at the early age of 32, was promoted to Group CFO. This year, he added Group CIO to his name, assuming even more responsibility to an already diverse portfolio. Ying Jian embraces the fast pace of work and acknowledges that being kept on his toes goes some way to ensure that things are done right. While he does not advocate this pace for everyone, he urges finance professionals to establish their own credibility and reputation within the organisation so that they become the go-to person that other stakeholders approach for advice when making business decisions.

Concluding on a cheery note, a new year is all about clean slates and fresh resolutions. Do give a thought to how you want to grow as a professional and plan the right pace and time so that you can progress in your career; the Institute stands ready to support you in your professional pursuits.

On behalf of the ISCA Council, management team and staff, Happy 2020!



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



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# Singapore Ranks First In Inaugural IMD Smart City Index 2019

**BEING A GLOBALLY-RECOGNISED “SMART” CITY IS CRITICAL** for attracting investment and talent from overseas, and domestically, a smart city must also bring benefits to its citizens. Singapore has been successful on both counts, having been ranked first in the first edition of the IMD Smart City Index 2019.

This is not the first time that Singapore has earned accolades for being a smart city. It was also the global number one in the Global Smart City Performance Index 2017, after topping all four areas of assessment – Mobility, Health, Safety and Productivity. The findings were shared in Intel’s “Smart Cities – What’s In It For Citizens” report.

IMD Smart City Index 2019, the only global index of its kind, uniquely focuses on how citizens perceive the scope and impact of efforts to make their cities “smart”, balancing “economic and technological aspects” with “humane dimensions”, according to Professor Arturo Bris, Director of IMD World Competitiveness Center. “Smart cities are growing and blossoming in all parts of the world. Economic realities cannot be ignored – cities in poorer countries face disadvantages, which will require specific actions to correct along the path towards smartness,” he says. The Index, which ranks 102 cities worldwide, was created by the Center’s Smart City Observatory in partnership with Singapore University of Technology and Design.

**Top 10 smartest cities**  
Source: IMD Smart City Index 2019

Rank	City
1	Singapore
2	Zurich
3	Oslo
4	Geneva
5	Copenhagen
6	Auckland
7	Taipei City
8	Helsinki
9	Bilbao
10	Dusseldorf



**Benefiting the people**

Rather than assessing the quality of the technology that underlies how smart a city is, the researchers attempted to ascertain people’s perceptions of technology and how it is contributing positively to their lives. In a nod to Singapore’s Smart Nation vision, the city-state’s smart traffic cameras, for example, restrict traffic depending on volume, and ease the commute of thousands of passengers every day. In Kaunas, Lithuania, the cost of parking is automatically deducted from the bank accounts of drivers when they park their cars. In many cities, the timing of public buses is announced at each stop with almost perfect accuracy. Connectivity has improved and free WiFi is now accessible across entire cities, including Buenos Aires, Argentina and Ramallah, Palestine. “Only to the extent that digital technologies make a meaningful difference to people’s lives, can cities efficiently become smart,” says Prof Bris.

Not all cities which are well known globally for their adoption of new technology made it to the top of the ranking. This was the case for several cities in China which have received intensive investment from the Chinese government to increase their access to technology; they include Nanjin (ranked 55th), Guangzhou (57th) and Shanghai (59th). Likewise, Tokyo shows up in 62nd position, New York City in 38th and Tel Aviv in 46th.

**Smaller and smarter**

It seems that large cities and mega cities find it difficult to become smart, given their sheer size. The cities at

the top of the ranking comprise mid-sized ones. In all likelihood, it is easier to extend the benefits of technology to people in San Francisco (ranked 12th, with a population of 884,000) and Bilbao (ninth, with a population of 350,000), but much more difficult to do the same in Los Angeles (35th, population of four million) and Barcelona (48th, population of 5.5 million).

**Singapore: A Smart Nation**

Singapore envisions a Smart Nation that is a leading economy powered by digital innovation, and a world-class city with a government that gives its citizens the best home possible and responds to their different and changing needs. To share this end, the government has published the Digital Government Blueprint to chart its path.

Since Prime Minister Lee Hsien Loong launched the Smart Nation initiative in 2014, the public and private sectors have powered ahead with a slew of initiatives and projects. These span the enhanced MyTransport app with Journey Planner and real-time bus arrival timings to online FAST (acronym for fast and secure transfers) payment transfers; Wireless@SG – a free public WiFi system available at hotspots across the island; self-driving vehicles, and smart lamp-posts and traffic lights, to name a few.

The government has since unveiled the six Strategic National Projects For Smart Nation, namely, National Digital Identity framework, e-Payments drive, Smart National Sensor Platform; Smart Urban Mobility, Moments of Life, and CODEX (Core Operations, Development Environment, and e-Xchange).

PHOTO SHUTTERSTOCK

# MARK YOUR CALENDAR

11 DEC

**ISCA Breakfast Talk – Sustainability Reporting**

The importance of sustainability reporting and ESG disclosures is increasing across the globe. Investors, NGOs and other key stakeholders are requesting greater transparency and disclosure on both current and future impacts. With the SGX regulation on Sustainability reporting, companies in Singapore have achieved varying degree of maturity and value in developing these reports. This session will explore the opportunities and challenges faced by companies in preparing the sustainability reports and the role CFOs can play in driving the sustainable finance agenda.

12 DEC

**Steps to Develop an Effective Cyber Security Strategy**

SkillsFuture Credit & UTAP approved

This programme discusses how to apply actions into policies for the development of a cyber security risk management process.

Also, focuses on key features increasing the business’ ability to protect assets, intellectual property (IP), employees and customers.

17 DEC

**Corporate Treasury Management & Strategies in Volatile Market Conditions**

SkillsFuture Credit approved

The programme highlights the important roles for corporate treasury in managing cash flow, liquidity, working capital, accessing debt financing and managing capital.

11 DEC

**WSQ Apply Basic Negotiation Skills and Techniques**

SkillsFuture Credit & SSG approved

Negotiation is about making adjustments to timelines, priorities, resources and deliverables to help things run smoothly.

This programme equips you with the key negotiation skills which can significantly improve both the individual and business performance and ultimately meeting the needs of the participating parties.

13 DEC

**Presentation Skills - Bring the Numbers Alive!**

UTAP approved

A presentation that address the management’s concerns, share opportunity and being able to turn a negative standing to a positive note needs careful strategic planning. This is a much needed skill that would steer the interest of management and business leaders.

This programme equips key skills in making impactful presentation that is logical, attention grabbing and convincing.

27 DEC

**Understanding SFRS for SEs in a Nutshell**

This programme highlights the key considerations for SMEs which are eligible to switch over to use the SFRS for Small Entities. It covers on the measurement and presentation requirements of this FRS for SEs as well as the comparison with the full IFRS.

# Joint Dinner Talk Series

(January - June 2020)

Enjoy early bird savings\* when you register by 3 January 2020!

Do you know the latest hot business topics such as equity investments, accounting for cryptocurrencies, treasury operations and insolvency? What is Singapore’s economic outlook for 2020 and how will Budget 2020 impact you and your business? Join us at this popular dinner talk series to hear experts share their insights on the latest business issues.

This series is jointly presented by CPA Australia and the Institute of Singapore Chartered Accountants (ISCA).

Dates and events are subjected to change without prior notice.  
For more details, visit [www.isca.org.sg](http://www.isca.org.sg)



# ISCA Organises Video Contest To Foster Interest In Accountancy Among Youths



**IN THE AGE OF INDUSTRY 4.0**, many professions and industries are undergoing revolutionary change. A plethora of new fields of study related to the digital economy has emerged. Similarly, the accountancy profession is in the process of transformation. Today's accountancy graduates work in diverse roles such as business analyst, financial forensic professional, investment professional, chief transformation officer, chief financial officer and auditor.

To showcase the diverse roles of accountants and foster the younger generation's interest in accountancy, ISCA organised the "Why Accountancy?" Video Contest. In August and September, accountancy students from National

(From left) Winners Daniel Yap and Olivia Chua (absent: Wang Siru), NUS; 2nd runner-up Tiffany Cheng (absent: Leong Kai Yuan, Louisa Tay, Phua Jia Hao), NUS; 1st runner-up Natale Tan, SMU; ISCA CEO Lee Fook Chiew, who presented the prizes

University of Singapore (NUS), Nanyang Technological University (NTU), Singapore Management University (SMU), Singapore University of Social Sciences (SUSS), Singapore Institute of Technology (SIT), and SIM Global Education (SIM-GE) were invited to participate in the contest. Contestants had to submit a 30-second video explaining why accountancy should be the top choice of study in university, and why accountants need the support of ISCA, the national accountancy body.

The contest ended on September 16. The winning entries were selected by a panel of judges, and the top three winners were awarded cash prizes of \$1,500, \$800, and \$500 respectively. They were:

- Top prize: Wang Siru, Olivia Chua, Daniel Yap from NUS
- 1st runner-up: Natale Tan from SMU
- 2nd runner-up: The Truth Seekers (Tiffany Cheng, Leong Kai Yuan, Louisa Tay, Phua Jia Hao) from NUS

The top submission has been adapted into a professionally produced commercial which will be aired in Golden Village theatres in December.



## Enjoy privileges from our Merchant Partners

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**ISCA Members' Privileges Programme (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.

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# Chartered Accountants Go China

**ELEVEN PRACTITIONERS FROM SMALL AND MEDIUM-SIZED PRACTICES (SMPS)** were part of the minister-led delegation of 120 individuals who went on the Singapore Professional Services Business Mission to the People's Republic of China (Shanghai, Suzhou and Nanjing) from September 24 to 27. The ISCA delegation led by Fann Kor, Director of Member Support & Services, landed in Shanghai one day ahead to understand the local SMP landscape, learn the digitalisation journey of China accountancy practices and explore the numerous opportunities Singapore firms can tap on in China.

ISCA delegates had the privilege to visit EY wavespace Shanghai where Grace Guo, EY's Greater China Talent Development Leader, gave an interesting anecdote on how to retain talent in such a competitive country, with strategies such as investing in technology and training. She shared how leveraging technology had helped EY in attracting young talents to join the firm. In addition, the firm appropriately applied the correlation of "Suits + Jeans" to develop all-rounded talent. Delegates were also given an eye-opening tour around the EY wavespace to witness the latest technology developed by EY Shanghai to alleviate laborious manual processes such as stock counts and retail management.

## WHAT DELEGATES SAY...

**"It was a great eye-opener for me as it was my first time attending an ISCA-organised mission trip. Not only did it give me the opportunity for networking with potential Chinese business partners, it provided me with an excellent platform to meet fellow professionals from Singapore."**  
**DUNCAN KOW**, Partner, Crowe Horwath First Trust LLP

**"The key message from the China Mission Trip was that SMPs must adopt technologies to allow us to improve our internal processes. We can then scale up and eventually expand the practice overseas. Throughout the trip, we learnt about the overall market conditions, gained insights into the China market, and met with key government agencies, industry group and trade associations."**  
**CLIFF GOH**, Partner, Assurance Partners LLP



ISCA delegates with Ministers Indranee Rajah (10th from left) and Dr Koh Poh Koon (9th from left)



EY's Greater China Talent Development Leader explaining the concept of "Suits + Jeans"

To kick-start the series of networking opportunities, the China office of The Institute of Chartered Accountants in England and Wales (ICAEW) generously hosted the ISCA delegation to a networking lunch, where the Singapore accountants established connections with their local counterparts who are ICAEW members.

With much anticipation, the interactive, professional exchanges with a local SMP, Shanghai Linfang Certified Public Accountants, a medium-sized accountancy firm in Shanghai, did not

disappoint. The Deputy Director of Accountancy shared their digitalisation journey and how the development of an in-house audit software and data analytics tool helped the practice grow. The ISCA delegates were inspired by the sophistication of their Chinese counterparts, and were motivated to keep up.

The day ended on a high note with a welcome networking dinner hosted by Indranee Rajah, Minister in the Prime Minister's Office, and Second Minister for Finance and Education,



Proceedings of the 13th SJCC meeting

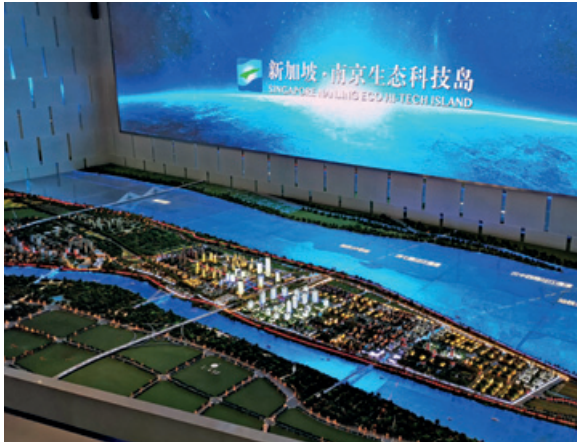


ISCA delegates toured the EY wavespace and saw the latest technology developed by EY Shanghai

Delegates learning about investment opportunities at the Singapore-Jiangsu Professional Service Industry Cross-Border Investment Cooperation Forum



Sharing session by Patsnap Founder Jeffrey Tiong



Model of the Singapore-Nanjing Eco Hi-tech Island



Singapore Professional Services Business Mission delegates with Ministers Indranee and Dr Koh at the Singapore-Nanjing Eco Hi-tech Island



Accountants and lawyers at the Singapore-Jiangsu Professional Services Cooperation Seminar

and Dr Koh Poh Koon, Senior Minister of State for Trade and Industry. Together with ISCA President Kon Yin Tong, the ISCA delegates joined the rest of the Singapore delegation for the start of the minister-led Singapore Professional Services Business Mission.

The highlight of the Professional Services Business Mission was the 13th Singapore-Jiangsu Cooperation Council (SJCC) meeting, which was co-chaired by Minister Indranee and Wu Zhenglong, Governor of Jiangsu Province. At the meeting,

16 Memoranda of Understanding (MOUs) between Singapore and Chinese companies were signed, involving deals which range from the set-up of a pre-school to research in membrane technology and the building of an industrial park. With such collaborations, Singapore professional services firms can leverage on the Belt and Road Initiative to render their advisory services in areas including infrastructure planning and development, project structuring and intellectual property protection. Firms can also share their expertise and networks in Southeast Asia with Jiangsu firms looking to internationalise.

The Singapore delegation visited InnovFest Suzhou to find out more about Chinese technology companies and Patsnap, a home-grown intellectual property (IP) intelligence platform. Delegates had the privilege to hear and interact with Patsnap Founder Jeffrey Tiong, who grew Patsnap from a patent search tool into a provider of global IP intelligence with a global headcount of about 800 staff.

Delegates also participated in the Singapore-Jiangsu Professional Services Cooperation Seminar and Singapore-Jiangsu Professional Service Industry Cross-Border Investment Cooperation Forum, where the investment opportunities under the Belt and Road Initiative were shared. The Singapore Exchange representative also enlightened the delegates on start-up financing for IPO prospects. "The mission trip provides an important entry point into the Chinese markets. The Chinese businesses will typically rely on their Chinese professionals to advise them on cross-border issues and, knowing the Chinese professionals through the mission trip, we can assist the Chinese companies to grow their footprint outside China. Singapore has a reputation for reliability and quality among the Chinese community, which are critical components in building trust and relationships. These offer us an advantage in bridging the business relationships and growing the global businesses through partnerships," says Lee Eng Kian, Partner, PKF-CAP LLP.

The trip ended with a visit to the Singapore-Nanjing Eco Hi-tech Island (SNEHTI), a township development modelled on sustainability, innovation, and city-industry integration. It is a collaborative project between Singapore's Yanlord Land and Sembcorp Development, and the Nanjing government.

The China trip marked the fruitful completion of the 10th business study mission where ISCA delegates had the opportunity to establish connections with business representatives specialising in legal, accountancy, IP and financial services.



● isca practitioners conference 2019

# New Frontiers For Tomorrow's Practice

**CLOSE TO 500 PRACTITIONERS AND AUDIT PROFESSIONALS** attended the ISCA Practitioners Conference on October 29 at Marina Bay Sands Expo and Convention Centre. This event marked the final instalment of ISCA's signature Singapore Accountancy and Audit Convention Series for the year. The Accounting and Corporate Regulatory Authority (ACRA) and Singapore Accountancy Commission were the strategic partners for this flagship event for the audit profession.

In his welcome address, ISCA President Kon Yin Tong highlighted the importance for the audit profession to break new ground to push boundaries, to ensure that the profession thrives as a modern and forward-looking one. He spoke about the strong emphasis on fair value measurements in today's financial reporting environment and introduced the Business Valuation Best Practices for SMPs Programme. The Programme, jointly developed by Nanyang Technological University, Savills Southeast Asia and ISCA, is specially curated to equip audit professionals with the skill sets to better support their existing audit processes and possibly offer a new business valuation advisory service to businesses.



▲ ISCA President Kon Yin Tong welcomed delegates to the event



▲ Close to 500 practitioners and audit professionals attended the ISCA Practitioners Conference



▲ Guest-of-Honour, Permanent Secretary for Finance Tan Ching Yee, delivered the keynote address

Delivering the keynote address was Permanent Secretary for Finance Tan Ching Yee. "Many companies and professions are also at risk of being disrupted by technology. Accountancy and accountants are not exempted from this tide of change. Besides new technologies, there have also been conversations globally on the roles and responsibilities of auditors as the safeguards to financial statement quality. We will need our own forward-looking responses to changes around us – as a system and as individual practitioners." One such response

is the upcoming amendments to the Accountants Act to update and refresh the regulatory regime which is crucial to maintaining public trust in the work of the accountancy profession. Mrs Tan shared the proposed widening of scope of ACRA's inspection programme to cover statutory inspections of public accounting entities, where the focus of the inspections will be on compliance with quality control standards, among other proposed changes. She also shared encouraging moves by the profession in the area of digitalisation, innovation and upskilling to remain competitive. The first panel discussion bore the same name as the Conference theme,



▲ James Xu, Deputy Chairman of ISCA Auditing and Assurance Standards Committee, sharing on the future of standard-setting



▲ "New Frontiers for Tomorrow's Practice" panellists (from left) Mark Holton, Managing Director, Dynamic Taxation and Training Services; Olwyn Connolly, Chief Customer Officer, Inflo Limited; Max Loh, Managing Partner, Singapore & Brunei, Ernst & Young LLP

"New Frontiers For Tomorrow's Practice". Panellists provided insights into the shifting trends for the profession and what it takes to be the practice of the future. Max Loh, Managing Partner, Singapore & Brunei, Ernst & Young LLP, stressed the importance of trust as fundamental to the continuing value of the profession. He encouraged practitioners to think about what they could bring to the table that businesses could not do, and provide services that can help their clients grow. He opined that the profession of the future needs to be flexible, responsive and stay ahead of businesses in order to maintain its relevance.



▲ "Audit: Where Do We Go From Here?" panellists (from left) Julia Tay, Partner, Asia-Pacific Public Policy Leader, Ernst & Young Solutions LLP; Shariq Barmaky, Audit Partner, Deloitte & Touche LLP; Yap Chee Keong, Director, Olam International; Tan Boon Gin, CEO, Singapore Exchange Regulation, and Ashutosh Sharma, Associate Director, S&P Global Ratings

The second panel discussion, titled "Audit: Where Do We Go From Here?", saw investor, director, regulator and auditor representatives debate the future of audit, its value and whether it needs to evolve to meet stakeholders' needs. Panellists also discussed corporate failure and accountability, and the role of each stakeholder in the financial reporting ecosystem. To the poll question, "Should the current audit scope be expanded?", more than half of the respondents (54.8%) answered no, but supported improving communication to reduce the expectation gap; 40.5% expressed the need to expand the scope to other areas such as going concern, fraud and internal control; only less than 5% opined that audit scope need not be expanded.

During the lunch break, a tech talk panel involving auditors and lawyers shared experiences of their firms' digital transformation journey with the delegates. At the Conference, ACRA shared key observations from their firm-level as well as engagement inspections. The

- key messages delivered included:
- Firm commitment to create a strong and sustainable foundation of quality control;
  - Involvement of senior audit personnel throughout the audit;
  - Emphasis on comprehensive root cause analysis and effective remediation actions;
  - Firms to devote adequate time and resources to develop and implement effective guidance for engagement teams;
  - Ensure sufficient audit procedures performed and adequate audit evidence obtained and lockdown of audit documentation, and
  - Embrace new technologies to improve audit effectiveness

This year's Conference also brought to the forefront other hot-button topics impacting the profession such as valuation, the future of standard-setting, money-laundering trends, artificial intelligence, client service delivery, as well as the bread-and-butter updates to financial reporting standards and auditing requirements. There were two parallel tracks in the afternoon, allowing practitioners to choose topics tailored to their needs. The Conference delved into an extensive range of topics pertinent to the audit professionals of today and provided a platform for the profession to connect.



# Rousing Close To Inter-Professional Games 2019

FOR MANY YEARS, THE INTER-PROFESSIONAL GAMES (IPG) has been a platform for members of the different professions to mingle and have fun while pursuing sporting excellence. We are pleased that IPG continues to draw enthusiastic participation from members of the professional bodies.

ISCA hosted IPG 2019 and together with the other five professional bodies, namely, Singapore Institute of Architects (SIA), Singapore Medical

ISCA Treasurer Roger Tay (centre), together with Fann Kor (1st from right), Director for Member Support & Services, receiving the Championship Trophy from Dr Chia Yih Woei, SMA Sports and Games Chairman

A close-up view of the Championship and individual games' trophies



IPG 2019 Closing Ceremony at KPMG Clubhouse

Association (SMA), The Institution of Engineers Singapore (IES), The Law Society of Singapore (LSS) and The Singapore Institute of Surveyors and Valuers (SISV), came together on Friday evening, November 1, to conclude, celebrate and recap the outstanding moments of IPG 2019.



Team ISCA - Table Tennis



Team ISCA - Volleyball



Team ISCA - Overall Champion for IPG 2019

Team ISCA - Basketball

Around 100 representatives from participating professional bodies gathered at the KPMG Clubhouse to mark the occasion.

This year, a total of 46 teams participated across 11 sports – Badminton, Basketball, Bowling, Chess, Floorball, Golf, Soccer (Ladies), Squash, Table Tennis, Tennis and Volleyball. For the first time, Soccer (Ladies) was converted into a competitive game from a novelty game last year.

IPG 2019: ISCA's placing

Champion	1st Runner-Up
Basketball	Badminton
Floorball	Chess
Soccer (Ladies)	Tennis
Squash	Volleyball
Table Tennis	

The ISCA players played their hearts out in their respective sports and emerged as the Overall Champion for IPG 2019; LSS came in first runner-up while SMA was second runner-up.

The Closing Ceremony saw players, friends and staff from the different professional bodies in friendly exchanges as they reminisced the high points of their respective matches. While the highlight of the event was the prize presentation ceremony, everyone present was equally excited about the lucky draws, where attractive prizes awaited the lucky winners.

IPG 2019 came to a close that evening. We look forward to another round of friendly competition among the professions next year, when SMA will take over as the host.

For more information or if you are interested to be part of IPG 2020, do drop us an email at [ipg@isca.org.sg](mailto:ipg@isca.org.sg).



● isca breakfast talk

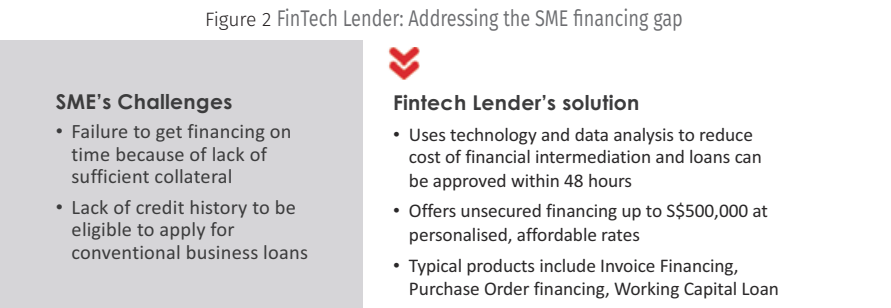
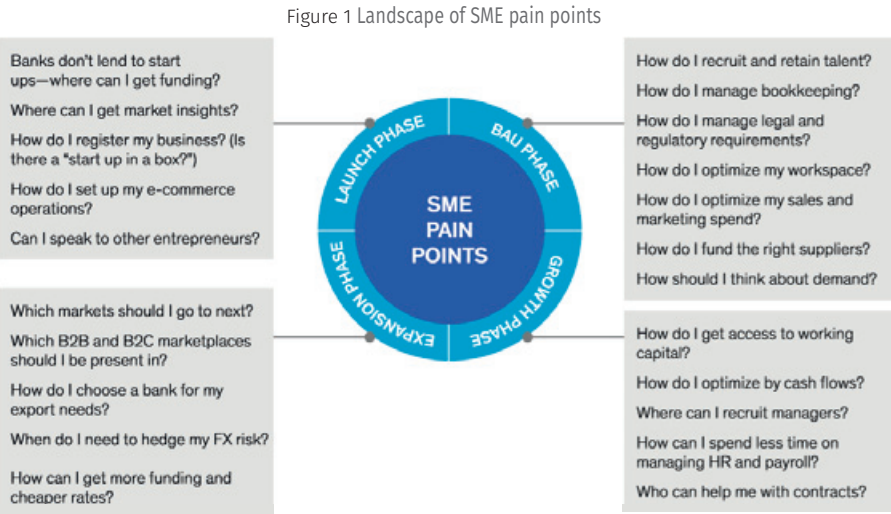
# Leveraging FinTech Partnerships To Fuel SME Growth

**FINANCIAL TECHNOLOGY (FINTECH)** describes a business that aims to provide financial services through the use of software and modern technology. At the ISCA Breakfast Talk titled “Leveraging FinTech Partnerships to Fuel SME Growth” on November 6, Anand Periwal, Head of Partnerships at Validus Capital, shared more about how it has evolved to become a main driver for financial inclusion for growing small and medium-sized enterprises (SMEs) today.

SMEs are the backbone of Singapore’s economy and workforce, having contributed 48% to Singapore’s GDP and employing 72% of the country’s workforce in 2018. However, over 40% of these businesses do not have access to either financing nor the right amount of financing to fund their growth, leaving an unmet financing gap of an estimated S\$20 billion. FinTech, Mr Periwal shared, can help to mitigate this financing gap.

“Taking a loan is not for a business in debt,” he emphasised. However, a smart business loan can help in several ways:

- ➕ Operational expenses and supplies
- ➕ Purchase or upgrade of equipment to support the business
- ➕ Upskill staff, upgrade or maintain their processes or services
- ➕ Capitalise on growth opportunities, example, taking advantage of increased demand, take on new projects and expand operations



Concluding the session, Mr Periwal shared that accountants can play a pivotal role in helping SMEs to harness FinTech to their advantage. The right financing can help address an SME’s growing need for capital and, being the first point of contact for SMEs, accountants would

have a better understanding of their clients’ finances and can advise on the best ways to address their needs. In turn, their clients can focus on their core business growth and keep their worries about payment and cash flow issues at bay.

## Disciplinary Findings

**UPON FINDING THAT MR YEO TIAM CHYE, CA (Singapore),** had contravened Rule 64.1 read with Rule 65.2, of the Membership and Fees Rules, in that he has been convicted by the State Courts of the Republic of Singapore on 28 June 2019 of two offences under Section 61(a) of the Goods and Services Tax Act (Cap. 117A, 2001 Rev Ed) (the Act) and punishable under section 61(a)(i) and (ii) of the Act, pursuant to which he was sentenced to a total fine of S\$7,000 and total penalty of S\$76,177.43 on 28 June 2019.

- The Disciplinary Committee ordered:
- 1) That pursuant to Rule 137.1.2 of the Institute (Membership and Fees) Rules, he be suspended for a period of three months with effect from 21 October 2019.
  - 2) That pursuant to Rule 167 of the Institute (Membership and Fees) Rules, he shall pay to the Institute the sum of S\$882.75 (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 of the date on which this order is served on him.

# FCA (Singapore): A Mark Of Distinction

The Fellow Chartered Accountant of Singapore or FCA (Singapore) designation is a recognition accorded to long-standing senior CA (Singapore) members. A mark of distinction that signifies the epitome of professional achievement for accountancy professionals, it is the highest level of membership conferred by the Institute.

This prestigious designation is awarded to CA (Singapore) who have achieved 10 years of membership and five years of senior management experience.

In the second and third quarter of 2019, 23 members were conferred the FCA (Singapore) status. They are established leaders with extensive experience across various industries in the accountancy profession.

## Heartiest congratulations on attaining this prestigious title!

- Arthur Tan Kuan Thim
- Ben Ee
- Cassandra Lim Pui San
- Gail Shan Xunan
- Heng Su-Ling, Mae
- Hia Shan Shan
- Ho Kuen Loon
- Ho Tze Cheng, Martin
- Hong Soo Hoon
- Kan Shiu Lin, Glenda
- Kevin Lee Hien-Weng
- Lai Yun Chong
- Lee Chi Him
- Lee Theng Ngee
- Ng Kim Chew
- Pauline Lee
- Tan Eng Soon
- Tan Kuang Hui
- Tan Pheng Leong
- Teoh Pei Yean
- Tew Bee Leng, Meryl
- Vivian Wei Hua
- Wong Yau Chow

“The ISCA Fellowship is a credential that enables members to be recognised in the international arena, as it ranks right up there with other acclaimed accounting certification.”

BEN EE

“Receiving the ISCA Fellowship is a milestone of my professional journey of the social contract accorded to us as a profession for society’s greater good, doing what we profess, building the trust we need to possess. I am privileged to be part of the Profession.”

HO TZE CHENG, MARTIN

“This professional recognition gives me the opportunity and credibility to bridge the understanding gap between the public and our profession which is essential for the evolution of our industry and how the public perceives our role in society.”

KAN SHIU LIN, GLENDA

“Achieving the Fellow designation is a testament of my ongoing commitment towards professionalism without fear or favour.”

TAN ENG SOON



# The Many Pillars For A Sturdy Boost In Tax

**GREATER PARTNERSHIPS.** More initiatives. Advancing to higher levels. These all describe the tax profession's journey towards tax excellence through a steadfast focus on technical competency.

Tax professionals across a myriad of industries continued to book up the many *Tax Excellence Decoded* (TED) sessions organised by the Singapore Institute of Accredited Tax Professionals (SIATP) throughout the year; this is a reflection of the popularity of SIATP's TEDs and the overall interest in seeking a deeper understanding of the various ongoing tax developments that have increased in pace and diversity.

Delegates were also provided with more opportunities this year to come up close and personal with various teams from the Inland Revenue Authority of Singapore (IRAS), with robust Q&A sessions in the jointly organised S.U.R.E. events by SIATP and IRAS. These sessions are designed for members to seek clarity, understand various e-Tax guides published by IRAS, reaffirm their understanding and on a macro level, enrich the tax profession. Key topics that were included were tax compliance, transfer pricing compliance and the soon-to-be-implemented reverse charge and overseas vendor registration.



▲ A record number of TEDs since the launch of SIATP almost a decade ago reflects the popularity of SIATP's sessions among tax professionals

▶ Participants mingled, exchanged ideas and caught up with peers during a tea break



The partnerships did not stop with the tax authority. Members also had the opportunity to gain insights into Singapore's tax incentives from the team at EDB Singapore. Besides the government, SIATP also partnered with major established conference organisers. Accredited tax professionals had the benefit of increasing their network and tax intel at various signature tax events such as the annual TP Minds Asia, Asia Tax Forum and IP Academy's annual tax seminar.

The tax technical knowledge of accredited tax professionals was also supported, with members having greater access to OECD tax resources and publications by the International Bureau of Fiscal Documentation at special privileged rates. These were much appreciated, especially amid rising

costs and the increased need to seek clarity on a wider range of tax issues.

More than the technical aspect, SIATP's partnerships were also about enlarging the tax profession and facilitating the journeys of those who have chosen the tax professional pathway. A fully-packed Tax Peek networking session drew various anecdotes and insights into the secrets behind a successful tax career, particularly one in Transfer Pricing – a hotly recruited area in tax. Students in the various tertiary institutions were also given a glimpse into the excitement and thrills of a tax career through members' willingness to share their personal journeys and passion for tax.

Email enquiry@siatp.org.sg today if you, too, wish to get a boost in tax and journey towards tax excellence.

▲ Technical sessions jointly organised with IRAS provided SIATP members and fellow tax professionals the opportunity to come up close and personal with IRAS officers, to gain a deeper understanding of the tax authority's position on various tax issues

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BY DROPBOX EDITORIAL TEAM

# THE PRODUCTIVITY MYTH

How Modern Companies Are Getting Work Wrong

*This content series originally appeared on Work in Progress, a blog from Dropbox. It proposes that the productivity calculus which dates back to the Industrial Revolution may not be the right measurement for today's knowledge work, including professional services work such as accounting and auditing.*

**WHEN DID WE ALL GET SO OBSESSED WITH PRODUCTIVITY?**

We see a daily deluge of ads about getting more work done. Software companies say their tools will help customers work faster. We go to workshops and seminars to increase our efficiency. But is relentlessly pursuing productivity actually good for business? And is it really how people want to work?

Despite our obsession with moving faster and doing more, productivity growth rates have stalled significantly in the last decade. In the US, according to the Bureau of Labor Statistics,

we're only getting about 1.4% more productive per year, the lowest growth rate in 30 years, and the second lowest since the middle of the last century. We're producing more productivity tools than ever, but we have less and less to show for it.

Perhaps even more problematic, it turns out a "do more, faster" mindset isn't actually how people want to work in the first place. In a survey of American knowledge workers conducted by Dropbox, 61% say they want to "slow down to get things right", while only 41%<sup>1</sup> say they want to "go fast to achieve more".

**Today's most popular tools and ways of working overwhelmingly prioritise always-on communication, where you can reach a colleague at any time, on any day. Our research suggests workers want better balance here, with more opportunities to disconnect and recharge – or even just time to focus on a single task for an extended period.**



<sup>1</sup> Methodology notes: Survey was developed in partnership with research consulting firm August and conducted by Qualtrics. We asked respondents to rank their agreement across a range of values which were not mutually exclusive. Contrasting values such as "slow down to get things right" and "go fast to achieve more" do not necessarily add up to 100% because the choice was not binary. Survey included a nationally representative sample of 500 knowledge workers.







So why are so many companies so focused on increasing productivity at all costs?

One problem is precedent. Traditional industries like manufacturing have concrete ways to measure efficiency. If you can produce more goods over time with fewer resources, you’ve increased your productivity. It’s a mindset that dates back to at least the Industrial Revolution, and it’s a tempting blueprint for any modern-day business.

But the productivity calculus is much murkier when it comes to knowledge work – work that mostly involves dealing with information. Indeed, the Bureau of Labor Statistics cautions that productivity stats “for non-manufacturing industries are often difficult to measure” and that “customers should be cautious when interpreting the data”. Do more lines of code per hour lead to better products? Would doubling the number of brainstormers per week make designers more creative?

Even in the face of inconclusive data, the desire to do more with less persists, particularly among upper management. At many companies, an IT decision-maker or manager picks the team’s tools and sets the working cadence. But for the rank-and-file workers, these tools and timelines can create as many problems as opportunities.

In its 2018 Human Capital Trends report, Deloitte found that 47% of business and HR leaders were concerned that modern collaboration tools weren’t actually helping businesses achieve their goals. Between chat windows, project management tools, meeting alerts and emails, workers find themselves in a constant state of reactive busyness – rather than proactively focusing on meaningful work.

But to truly design a better way of working, we need to take a closer look at how the workplace is changing. We



PHOTO SHUTTERSTOCK

have to understand how people work, when they work, and why. Instead of hyper-productivity, which conditions actually lead to people doing their best work?

**HOW MODERN TEAMS ACTUALLY WANT TO WORK**

Is pursuing productivity at all costs really better for business? Is it actually what people want?

When we first set out to learn more about the state of modern work, we had a few simple questions. What was most important to knowledge workers when picking a job? Which tasks were the most satisfying? The least? How happy were employees, and why?

After receiving diary studies from 70 workers – and following up with 10 in-depth interviews with knowledge workers from across the globe – it became clear that there was more

nuance to the work experience than our questions had first assumed. In reality, every worker we interviewed was busy navigating a series of tensions, and these tensions were central to how happy they were at work. For example, many of these workers were struggling to find the right balance between autonomy and interdependence, and some felt stuck with too much of one or the other.

With these discoveries in mind, we set out to learn more on a broader, more representative scale. We followed up our one-on-one interviews with a statistically significant sample of more than 500 knowledge workers across the US. We asked questions about all kinds of workplace tensions ranging from working style to values, from collaboration to ethics. The results were eye-opening.



**Doing more and going faster isn’t getting us any closer to the answer. Our research indicates the answers lie in a new paradigm of work – one that focuses more on meaningful work, and less on an outmoded quest for productivity.**



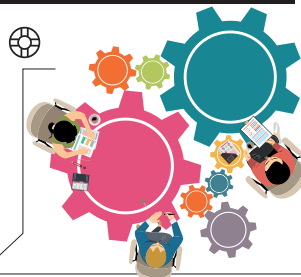
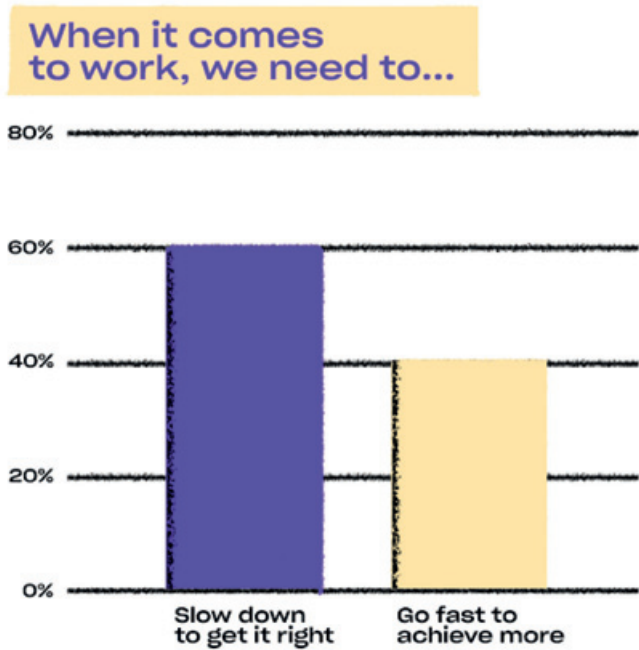


Figure 1



**Lesson #1: More workers want to slow down to get things right**

The relentless stream of productivity marketing tells us to go faster, to do more. We send and receive as many as 140 emails per day on average, scrambling to get everything checked off as quickly as we can. But this isn't how people actually want to work. In reality, 61% of workers said they wanted to "slow down to get things right" while only 41% wanted to "go fast to achieve more" (Figure 1). The divide was even starker among older workers.

What's more, 38% of respondents were outright uncomfortable with the idea of going fast to achieve more – the highest level of discomfort from among dozens of ideals we polled (ex: 19% were uncomfortable with "exerting authority"; 33% with "engaging co-workers just to get what I need"). By contrast, 76% valued

"making sure work is done right" and 71% prioritised "quality of work".

The preference for slowing down had also emerged as a theme in our original interviews. Take Ana, who works at a government agency in Brazil. "We have to be all the time producing. I don't feel productive. I can't write and I can't work well. I feel like, 'Oh my god, I'm a terrible person.'" No. People have feelings. People have parts of life that aren't just being producing. I think we have too much information, too many thoughts all at the same time. We have to slow down.

Anecdotally, when we polled our Twitter community in a closely related question, the results were similar to those of our nationally representative survey of US knowledge workers: about 60% said "doing one job right" was a bigger challenge than simply "getting more done".

**Lesson #2: Workers strongly value uninterrupted focus at work, but most will make an exception to help others**

Staying in "flow" was a popular value in our initial interviews, and our survey results backed it up. Among all workers polled, 59% said they valued "making time for uninterrupted flow". Older generations valued such focus even more highly (67% for Gen X; 71% for Boomers).

Still, 55% of respondents said they valued "helping others, even if it means breaking my own flow" (about the same across all generations).

The results suggest we need to be more thoughtful about when we break our concentration, or ask others to do so. When people know they are helping others in a meaningful way, they tend to be okay with some distraction. But the busy work of meetings, alerts, and emails can quickly disrupt a person's flow – one of the most important values we polled.

Modern technology hasn't done a great job respecting this tension. Today's most popular tools and ways of working overwhelmingly prioritise always-on communication, where you can reach a colleague at any time, on any day. Our research suggests workers want better balance here, with more opportunities to disconnect and recharge – or even just time to focus on a single task for an extended period.

**Lesson #3: Most workers have slightly more trust in people closest to the work, rather than people in upper management**

Over the past couple of decades, we've seen information and processes at many organisations become less centralised. But there's a tension here. How do companies maintain cohesive leadership while also

experimenting with flatter structures and less hierarchy? With this question in mind, we asked workers who they trust most in the workplace.

Among all respondents, 53% trusted people "closest to the work", while only 45% trusted "upper management". You might assume that younger workers would be the most likely to trust peers over management, but in fact, the opposite was true. Millennials trusted those closest to the work only marginally more than upper management (49% vs 45%), while the older workers were significantly more likely to favour the rank-and-file perspective (ex: 61% vs 44% for Boomers).

The findings here underscored a theme from our one-on-one interviews: workers tend to look to their rank-and-file colleagues when it comes to new tools or processes, while being more sceptical of solutions mandated from the top down. Moreover, workers with

**... workers tend to look to their rank-and-file colleagues when it comes to new tools or processes, while being more sceptical of solutions mandated from the top down. Moreover, workers with more career experience tend to feel this way even more strongly.**

more career experience tend to feel this way even more strongly.

This disconnect – an instinct to look to upper management mixed with a general scepticism – seemed to show up in our anecdotal Instagram polling as well. Users were torn on relying on "every team member" versus "the guidance of a few key leaders".

**Lesson #4: Workers are torn between idealism and pragmatism**

Most workers (58%) want to fix societal problems in the workplace, like racism,

sexism and homophobia. Still, 46% said they wanted to get their work done first, then turn to the bigger societal issues. This tension – between prioritising wider societal problems or just getting the work done – was a consistent theme in both our one-on-one interviews and the wider survey.

It's tempting to assume that addressing just one piece – like taking a stand on societal issues – will necessarily get in the way of the work itself. But our research suggests we can begin to solve the two in tandem, as more equality, inclusion, and diversity tend to come hand-in-hand with a healthier mindset about work.

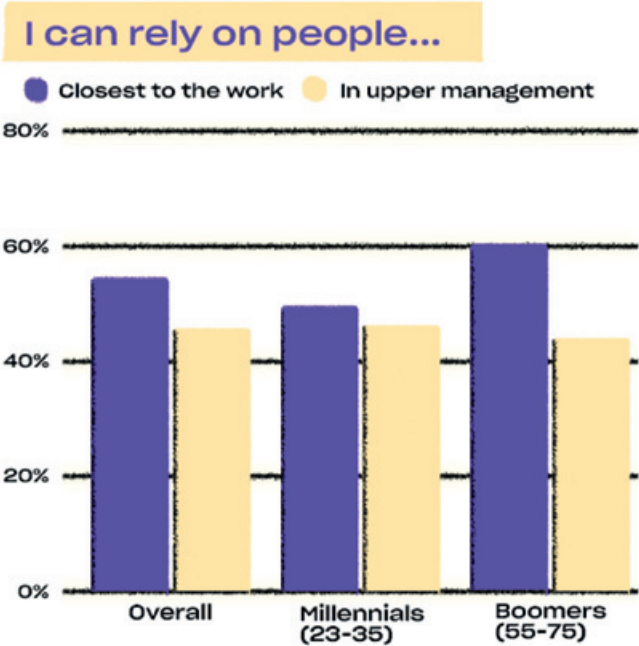
**WHAT'S AT STAKE**

The deeper question behind each of these issues is *what's at stake* for workers when they try to navigate these tensions. When workers have to make a compromise between two competing values – like idealism vs pragmatism – they experience tension. But when they can successfully navigate those tensions, they feel more fulfilled, more included, and more capable.

Our survey data suggests workers are still struggling with a variety of workplace tensions and, in many cases, burning out as they fail to navigate them. Doing more and going faster isn't getting us any closer to the answer. Our research indicates the answers lie in a new paradigm of work – one that focuses more on meaningful work, and less on an outmoded quest for productivity. ISCA

This article was written by the Dropbox Editorial Team.

Figure 2







# 2019: YEAR IN REVIEW

Forging Steadily Ahead

THE YEAR 2019 marked the first year of ISCA's fourth transformation phase (2019-2020 Achieving Recognition) and the last lap of the Institute's 10-year strategic roadmap from 2010 to 2020. Over the last 12 months, our strategies have been aligned to the six strategic priorities designed to map ISCA's route to 2020 and beyond. Broadly, the strategic priorities are: enable members to achieve their professional

aspirations, serve the public interest by upholding professional conduct and ethical standards, share business insights and uphold technical excellence, be a major influencer of key components of the ecosystem, elevate the ISCA brand, and raise ISCA's global prominence. The Institute's programmes serve to advance our members' career mobility and professional recognition, equip them with the skills to venture into emerging business areas, and prepare them for Industry 4.0. Here is a look at some of our key initiatives this past year.

## SINGAPORE ACCOUNTANCY AND AUDIT CONVENTION SERIES 2019

The Singapore Accountancy and Audit Convention (SAAC) Series 2019 featured events tailored to the unique needs of our different member segments. Covering the most significant topics from Budget 2019 and tax developments to the evolving roles of finance professionals, business innovation, sustainability, digitalisation and more, the SAAC Series delivered thought leadership,

Over 500 delegates attended the PAIB Conference in July



business insights, technical excellence and the latest changes relevant to finance, business and different segments of the profession.

Budget 2019, when unveiled, was variously called "a long-haul budget", "a tax budget" and "a future-ready budget". Consequently, tax-related topics were a highlight at the sell-out Budget Update Seminar in March, themed "In It To Ace It". Also discussed were the economic outlook and initiatives to help small and medium-sized practices (SMPs) improve their productivity, as well as gain a foothold outside Singapore.

The Professional Accountants In Business (PAIB) Conference in July, themed "Opportunities Amidst Transformations", aimed to inspire finance professionals to ride on industry transformations to turn challenges into opportunities. Curated for PAIBs in both the private and public sectors, it covered pertinent topics including how new technologies are radically reshaping the finance function, and the resultant need for agility and adaptability at the individual as well as organisational levels. To help members differentiate themselves in a fast-changing business landscape, two new programmes were announced at the PAIB Conference:

ISCA Infrastructure & Project Finance Qualification (ISCA IPFQ), and ISCA Professional Business Accountant (PBA) Programme (which was launched in October).

"Enhancing Resilience In The Digital Era" was the theme of the ISCA Financial Forensic And Cybersecurity Conference, which was held back-to-back with the ISCA PAIB Conference in July. While technologies open doors to new

Panellists deliberated on the theme, "Keeping Your Business Clean", at the Financial Forensic and Cybersecurity Conference



Delegates heard from the experts at the panel discussion, "New Frontiers for Tomorrow's Practice", at the ISCA Practitioners Conference

possibilities, they also amplify the risk and sophistication of cybercrime. Delegates received useful advice on how to enhance cyber resilience, including strengthening corporate governance and compliance to improve cybersecurity.

The ISCA Practitioners Conference in October was organised with our strategic partners, Accounting and Corporate Regulatory Authority (ACRA) and Singapore Accountancy Commission (SAC). As the flagship event for the audit profession, it was designed to inspire the audit profession to continuously build capabilities and innovate processes and service delivery so as to provide higher-quality audits and insights to businesses. Themed "New Frontiers For Tomorrow's Practice", the event also aimed to get the profession to rethink its business strategy to stay competitive and be future-ready.

The SAAC Series 2019 was aligned with our strategic priorities by enabling members to progress in their careers with domain and technical knowledge, and also reinforced that accountants must serve the public interest by acting professionally and upholding ethics standards in everything they do.



ADVANCING TECHNICAL EXCELLENCE

Technical competencies are fundamental for members in their profession. As the national accountancy body, ISCA enhances members' know-how, such as priming them for impending changes and their implications, and guiding them through the challenges of implementation. A case in point is auditor reporting. In June 2013, when the International Auditing and Assurance Standards Board unanimously approved for exposure a set of proposed International Standards on Auditing (ISAs) which aims to improve the existing auditor's report, the Institute began preparing members for the upcoming sea change in auditor reporting. Since 2013, at our conventions and seminars and through our various publications including this Journal, we have walked members through the proposed ISAs and new requirements, paving the way for a smooth transition. We have been similarly thorough in guiding members for revisions in International Financial Reporting Standards (IFRS) and in other areas like sustainability reporting, big data and business analytics.

In the past year, a significant development for the audit profession was the Brydon Review, a landmark review into the quality and effectiveness of audit, as a direct response to the perceived widening of the audit expectations gap. Although the Review was an appraisal of the state of audit in the United Kingdom (UK), developments in the UK will have influence around the world where capital markets, including Singapore's, rely on robust, high-quality audits. In May, the Institute hosted a roundtable in Singapore to provide views on the Brydon Review from a Singapore and ASEAN perspective. The event was co-chaired by ISCA President Kon Yin Tong and Global Public Policy



▲ Panellists sharing their insights into "Serving the Public Interest – Narrowing the Expectation Gap" at the ISCA Ethics Seminar

▼ ISCA's on-going programmes like the ISCA Breakfast Talk series provide members with regular, relevant updates



Committee (GPCC) representative Julia Tay of EY. The key discussion points were forwarded to the Brydon Review committee through the GPCC. ISCA also kept members updated through an article in the October issue of this Journal.

A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Professional accountants need to conduct themselves with the utmost care when rendering professional services. This goes beyond service excellence because acting in the public interest requires ethical behaviour and, sometimes, hard decisions contrary to business interest. With this in mind, the ISCA Ethics Seminar in August was themed "Serving The Public Interest – Narrowing The Expectation Gap". It looked at the general understanding of audit, and reiterated the need for accountants to serve the public interest by upholding professional conduct and ethical standards. Also geared towards this objective is the International Ethics Standards Board for Accountants' (IESBA) ongoing project, Promoting The Role And Mindset Expected Of Professional Accountants, which IESBA shared at the Seminar. Non-compliance with laws and regulations (NOCLAR), a trending

topic, was also deliberated.

The subject of NOCLAR is not new to our members. In April, ISCA had issued, for public consultation, the proposed pronouncement addressing professional accountants' response to non-compliance or suspected NOCLAR. The Institute will issue EP 100 IG 3 in 2020. The Guidance, which comprises clarifications to frequently asked questions on NOCLAR adoption in Singapore, aims to provide further help to accountants in upholding high ethical standards and acting in the public interest during their course of work.

In October, the Institute and Accounting Standards Council jointly hosted a stakeholder outreach session in Singapore with International Accounting Standards Board (IASB) board member Darrel Scott. In attendance were representatives from IASB and Singapore's banking and insurance industry, as well as accountancy firms. Delegates received updates on IASB's Dynamic Risk Management project, and the proposed amendments to IFRS 17; they also exchanged views on the implementation of IFRS 17.

The Institute's programmes continued to enable members to navigate the evolving financial reporting landscape. In November, the Institute's Financial Reporting



▲ Events such as the quarterly ISCA Mingles sessions, jointly organised with The Institute of Chartered Accountants in England and Wales, Chartered Accountants Australia and New Zealand, are another platform for networking while picking up pertinent information

Committee (FRC) and ASEAN Federation of Accountants (AFA) jointly hosted the ISCA FRC-AFA Financial Reporting & Business Conference 2019, bringing together delegates and business leaders from the 10 member-states of ASEAN, as well as senior members of Singapore's accountancy profession. In addition to updates on the latest developments in financial reporting such as IFRS 9 and IFRS 16, the Conference also deliberated strategies to harness the potential that ASEAN presents as an economic bloc. ISCA announced its new Financial Reporting Codification Framework at the Conference. The Framework – a formal structure for the Institute's technical content development – provides assurance that our technical content is of high quality, consistent and in line with best practices, and supports the upholding of technical excellence. The Institute also issued Financial Reporting Guidance (FRG) 1: Real Property Valuation For Financial Reporting – Best Practices When Engaging Valuers: Considerations For Scope Of Work And Valuation Report. This Guidance bridges the expectation gaps among the valuer, client and auditor for real property valuation, to facilitate a smooth valuation process. In December, ISCA issued FRG 2 to provide guidance on accounting for the holdings of cryptoassets. As cryptoassets are currently not clearly addressed by any IFRS, FRG 2 plugs the gap for preparers of financial statements who need to ensure that the accounting and disclosures for such transactions are appropriate and adequate. ISCA will make available a separate FRG from the issuer's perspective at a later date.

This year, the Institute commenced a series of sector-specific roundtables to further aid companies in their sustainability journey and uplift the quality of sustainability reporting in Singapore. The financial services sector benefited from the inaugural roundtable, where industry participants shared their organisations' sustainability efforts, including the challenges they encountered and how they overcame them. We will continue this initiative for other sectors next year.

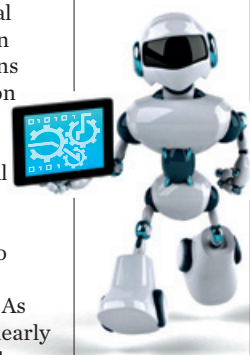
● ISCA and ICAEW again collaborated on a thought leadership study



EQUIPPING MEMBERS FOR INDUSTRY 4.0

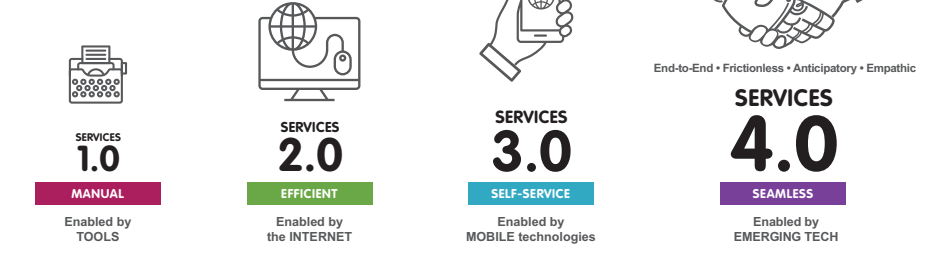
ISCA strives to prepare members for the future economy, and this includes conducting research on important areas that have a bearing on the profession. Through our publications, which cover a plethora of topics, we provide members with intelligence that adds value to their work.

For the fourth consecutive year, ISCA and The Institute of Chartered Accountants in England and Wales collaborated on a thought leadership study. This year, it revolved around new technologies and digitalisation, including the challenges and opportunities for finance functions as companies embark on their digital transformation journey. The report, "Digital Transformation In Finance Functions: ASEAN And UK Perspectives", was launched in October. At the launch event panel



▼ Guiding the accountancy profession towards Services 4.0

SERVICES 4.0 AN EVOLUTIONARY JOURNEY



discussion, business leaders and transformation experts shared their real-world experiences and perspectives, and identified the essential skill sets for accountancy professionals in Industry 4.0. The joint publication and launch event supported ISCA's strategic priorities to elevate the ISCA brand, and shared relevant business and professional insights with our members.

Given the prominence and ubiquity of technological changes, the services sector is moving towards a new paradigm termed Services 4.0. The accountancy sector, as part of the services sector, will need to think more deeply about its future. To support members, ISCA joined hands with Infocomm Media Development Authority and SAC to develop a series of four articles on Services 4.0. The articles were published in the July to October issues of this Journal. The first three articles explored how companies are leveraging emerging technologies and paving the way for the delivery of seamless services that can anticipate customer needs; in what ways Services 4.0 has enabled workforce augmentation, and how the Accountancy Industry Digital Plan (IDP) aims to boost the digitalisation efforts of SMPs. The fourth article focused on the human element, which is often the deciding factor in whether an organisation weathers disruption and emerges stronger and ready for the future. ISCA is aware of the urgent need for individuals and organisations alike to be ready for the new business reality, and we have dedicated initiatives to support members in this area.



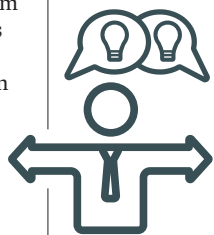


## ADVOCATE FOR THE PROFESSION AND BUSINESS COMMUNITY

The Institute, as an advocate for members and the profession, ensures that our views are heard by the relevant authorities through our feedback and commentaries. Such actions also add to our global prominence. In January, ISCA organised the Pre-Budget Roundtable for the 10th consecutive year. Themed “Progressing With A Vibrant And Innovative Economy”, the event gathered representatives from the accountancy profession, and trade associations and chambers, to seek their insights and views for Singapore’s Budget 2019. The suggestions from this Roundtable, together with those from the pre-Budget focus group sessions held in October 2018, were sent to the government for its consideration in its preparation of Budget 2019. After Budget 2019 was unveiled, ISCA conducted a focus group discussion in February and again forwarded our feedback to the government. These discussions were aligned with the Institute’s strategic priority to be a major influencer of key components in the ecosystem as we played our advocacy role to share the concerns of the finance and business communities with the government.

In the areas of financial reporting, auditing and assurance, and ethics, the Institute also advocates the views of our stakeholders via comment letters to the respective international standard-setting bodies. Such communications ensure that our perspectives and concerns are heard.

▲ The Institute’s Pre-Budget Roundtable is a key platform to gather the views and insights of business leaders on the Singapore Budget



▼ The new ISCA PBA Programme is tailored to enhance members’ competencies for Industry 4.0, and aligned to the ISCA PAIB Framework

## SPECIALISATION PATHWAYS

As the external environment evolves, there are emerging areas of potential for professionals with the right qualifications. ISCA’s specialisation pathways are designed to help them gain entry into these nascent, non-traditional areas.

### ISCA IPFQ and ISCA IPFP Credentials

Despite a slump in the global economy, Asia is expected to continue its rapid growth. According to the report by The Committee on the Future Economy (2017), infrastructure investments in developing Asia is projected to increase to US\$20 trillion (S\$27.18 trillion) from 2016 to 2030. To equip our members with the skills to participate in the booming infrastructure sector, the Institute launched the ISCA IPFQ in July, in collaboration with EY Singapore. The inaugural ISCA IPFQ workshops began in October for the first batch of candidates. Upon satisfying all the criteria, candidates will be conferred the ISCA IPFP Credential. That this is the first such credential in Asia to be offered by a professional body bears testimony to the Institute’s leadership in fulfilling the industry’s needs, underpinned by our understanding of the region. This is also an example of how ISCA helps members to achieve their professional aspirations.

### ISCA PBA Programme

Finance professionals must constantly upskill to stay competitive. With the aim to help PAIBs succeed in today’s workspace, the Institute launched the ISCA Professional Business Accountant (PBA) Programme in October. This Programme is tailored for members to enhance their competencies and arm them with the relevant skill sets for Industry

4.0. Aligned to the ISCA Professional Accountants In Business (PAIB) Framework, the Programme provides a comprehensive coverage of the five key DNAs in the Framework, comprising topics in the areas of Future Finance, Business Acumen, Professional Values and Ethics, Technical Excellence, and Leadership and Personal Empowerment. Upon completion of the Programme, participants will be awarded the Professional Certificate in Business Accounting and can get onboard an enhanced Associate membership pathway. ISCA Associate members who have successfully completed the PBA Programme will be conferred the ISCA PBA designation, subject to fulfilling three years of post-qualification relevant working experience and other eligibility requirements.

### SUPPORTING SMP DEVELOPMENT

ISCA has many initiatives aimed at helping SMPs build capabilities and enhance efficiency, especially in this era of digitalisation.

Launched in August, IDP is a guide to digitally transform the accountancy sector and help SMPs adopt technology for greater productivity and competitiveness. A structured roadmap provides step-by-step guidance to SMPs in their digital journey. IDP is aligned to the Professional Services Industry Transformation Map and Accountancy Roadmap launched in 2018, and is part of the SMEs Go Digital Programme. A virtual SMP website was launched alongside IDP as a one-stop portal with information to assist SMPs on their digitalisation journey. Such resources give SMPs a much-needed leg-up in harnessing the advantages of technology to heighten competitiveness and boost productivity.

ISCA continues to support our members’ overseas ambitions through our business study mission trips. There were two trips this year – to Myanmar in May, and to China in September.

### Accountancy Future Leaders Programme

Today’s complex business environment requires new skill sets and inspired leadership from the top. To help SMPs develop the staff members who have been identified as having the potential, commitment

and ability to take on leadership roles in the areas of advisory, talent management and technology, the Institute’s Accountancy Future Leaders Programme, developed in partnership with SAC, provides a structured and formalised professional development pathway to gear up future accountancy sector leaders. The first run of the Programme commenced in October.

### ELEVATING THE ISCA BRAND

The Institute has been proactive in engaging the accountancy undergraduates from our local universities, including through the newly launched student membership called ISCA Youth Associate Student Membership. This membership class comes with a variety of benefits for young members, such as company tours and access to industry events, to introduce them to and get familiarised with ISCA, as well as to learn more about the various career pathways. It is also a platform for us to heighten awareness of the ISCA brand among university accountancy students and build a pipeline of future accountancy professionals.

Also targeting the younger generation was ISCA’s “Why Accountancy?” Video Contest. Held in August and September, it invited accountancy undergraduates from our local universities to submit a short video explaining why accountancy should be the top choice of study in university, and how ISCA, the national accountancy body, supports the profession. In addition to raising the ISCA brand, the contest showcased participants’ understanding of the diverse roles that accountancy graduates can undertake when they enter the workforce. The top submission was adapted into a professionally produced commercial which was aired in Golden Village theatres in December, further



▲ Company tours provide ISCA Youth Associate members with insights into the working world



▲ ISCA President Kon Yin Tong, in his role as AFA President, was the voice of the regional accountancy profession

heightening the profile of the Institute and the profession.

The recently introduced ISCA Digital Badges and Chartered Accountants Worldwide Network Member Logo are new ways for us to raise visibility of our members’ credentials in an increasingly online world. Digital Badges are secure, web-enabled credentials containing verified information about our members’ professional accomplishments. As the Digital Badges can be shared online and on social media networks, digital resumes, name cards and email signatures, people will recognise them as a mark of professional excellence, heightening their regard for the Badge owners. The Chartered Accountants Worldwide Network Member Logo shows that our members who are Chartered Accountants are part of a wider global network of leading professional accountancy institutes, lending credence to our members and the Institute they belong to.

### INTENSIFYING REGIONAL AND GLOBAL RECOGNITION

The Institute works hard to elevate the ISCA brand beyond Singapore’s shores so that our members’ professional credentials are recognised wherever they go. Increasing the Institute’s overseas standing also advances our vision to be a globally recognised professional accountancy body.

ISCA President Mr Kon has a deep understanding of the regional accountancy profession and, as AFA President, he is the Federation’s representative voice on the global stage.

▼ A delegation from Lao PDR was in Singapore for a five-day leadership programme organised by ISCA



In April, Mr Kon shared his insights about how disruptions change the way we do business and the way we live, including how accountants are providing their services, at the IAI-AFA-IAESB International Conference in Bali; he also attended the 128th AFA Council Meeting and IAESB Meeting where discussions included the implementation of the ASEAN Mutual Recognition Arrangements for accountancy and finance professionals to practise in ASEAN. Mr Kon also visited Hanoi, where he made a presentation titled “Development Trends Of The Accounting Profession In ASEAN” at the Vietnam Association of Accountants and Auditors Conference.

### Leading change in the region

Closer to home, ISCA has been actively sharing our expertise with emerging markets such as Lao PDR and Myanmar. Our leadership role in improving the collective standard of the accountancy profession enhances the Institute’s profile as well as the reputation of our members as possessing outstanding competencies and knowledge. By helping to bridge the developmental gap and improving professional accountancy standards in ASEAN, we also support the larger objective of facilitating trade and investments in the region, and contribute to the shared prosperity of the ASEAN Economic Community. This year, we continued with our capability development programmes with Lao PDR and Myanmar, and signed a new Memorandum of Understanding for capacity building with the Vietnam Association of Certified Public Accountants.

### CONCLUSION

December brings us to the cusp of our 2020 vision. With the continued support of our members and stakeholders, the Institute is confident that we can forge ahead towards our goal to become a globally recognised professional accountancy body, bringing value to our members, the profession and the wider community. As we head into the new year, ISCA will continue to develop initiatives that empower our members to achieve their professional aspirations, be the voice of our members and the profession, and advance and promote the accountancy profession on the global stage. ISCA



▲ ISCA supports SMPs’ overseas ambitions through our study mission trips, such as this September trip to China





MEMBER PROFILE

# THE ALL-ROUNDER

**IT IS NO EASY FEAT JUGGLING** between being Group Chief Financial Officer (CFO) and Group Chief Investment Officer (CIO) of a listed company, the country manager of its North China business, and head of the company’s information technology efforts. For Chan Ying Jian, 36, it is all in a day’s work at BreadTalk Group. We caught up with him at the BreadTalk HQ to find out more, only to realise that the answer isn’t a simple one. Mr Chan does not have a pithy quote to describe his capabilities and time management skills, except to admit that the work can take its toll.

“Outside of work, there’s not much time left,” says Mr Chan, with a rueful smile. He is quite self-effacing when it comes to his impressive CV, even going so far as to suggest that the food and beverage industry is not the most appealing sector, in terms of attracting and retaining talent. That said, Mr Chan asserts that it is the scope of his role that keeps him coming back for more. “No two days are the same for me. My current roles allow me to contribute directly to the P&L, and

this keeps me excited. I can literally see the fruits of my labour translating into profitability,” shares Mr Chan. “I spend 20% of my time keeping the books in order; 80% of my time is spent running alongside my other colleagues. This is where my personal input makes an impact on the organisation in the long term.” He cites the example of an investment into a new factory in China, where he not only played a part on the financial aspects – as one would expect of a CFO – but also operationally, in his country manager role.

On the flipside, Mr Chan admits that he sometimes cannot get to sleep at night because of the very things that motivate him. “We are exposed to a lot of risks (in many markets). Besides regulatory challenges in the markets that we are in, such as China where we have committed significant

**Chan Ying Jian**, CA (Singapore),  
Group CFO and Group CIO,  
BreadTalk Group



**“It is one thing to perform analysis, and another thing to understand strategic intent. True understanding of a business cannot happen in an ivory tower. You have to form partnerships and have good communications (with your operational) colleagues. You should go to the ground – roll up your sleeves – to get an appreciation of the business, in order to help with decision-making.”**





## CAREER HIGHLIGHTS

- 2008**  
Graduated from Singapore Management University  
Joined J.P. Morgan
- 2012**  
Vice President, Equity Research (ASEAN Agri-Commodities and Consumer Staples), J.P. Morgan
- 2015**  
Group Chief Financial Officer, BreadTalk Group
- 2019**  
Group Chief Financial Officer & Group Chief Investment Officer, BreadTalk Group

**“I’ve observed that over time, as the credibility and reputation of the finance professional is established within the organisation, he will eventually become the go-to person that other stakeholders approach for advice when making business decisions.”**

investments that constantly keep me on my toes, there are also social media platforms which are critical for business. BreadTalk has had its fair share of setbacks in the past, and we strive to learn from each of them.”

### UP TO THE CHALLENGE

Perhaps it is Mr Chan’s humility and wisdom that distinguish him in the current role, and he certainly displays this in his acute awareness of his professional standing. For example, even in his role as Group CFO and Group CIO, Mr Chan registers as a bit of an anomaly, largely because of his age; Mr Chan was 32 when he was promoted to Group CFO in 2015. While you would expect a person in this position to credit his own drive, Mr Chan demurs, taking a more measured stance. He cited his Chartered Accountant (CA) credential and his ISCA membership as a key benefit in his professional development. “I give myself a pat on the back for doing my pre-admission course while working at J.P. Morgan Securities Singapore, so as to get my CA designation. This subsequently paid off when the BreadTalk Board had to decide whether a 32-year-old could be their CFO. The CA accreditation definitely helped earn their confidence!” says Mr Chan. He also asserts that the opportunity to participate in the Young Finance Leaders Network (YFLN), organised by ISCA, helped him to learn from his peers. Mr Chan was the recipient of the

ISCA Rising Star (PAIB) Award at the Singapore Accountancy Awards 2018.

As for his other roles, Mr Chan credits his bosses at BreadTalk. “I’m fortunate to have very supportive bosses who trust me and feel comfortable giving me challenging tasks,” he says. When it comes to establishing trust, Mr Chan feels strongly that professionalism and integrity are key attributes for finance professionals and CAs in general. “When we work with our operational colleagues, it is important to maintain a level head, be objective and neutral. We should not be afraid to speak up or to do the right thing. I’ve observed that over time, as the credibility and reputation of the finance professional is established within the organisation, he will eventually become the go-to person that other stakeholders approach for advice when making business decisions,” he shares.

### VERSATILITY COUNTS

In the case of his own career, Mr Chan has clearly demonstrated an ability to go beyond professionalism and integrity, and this is what enabled him to make his mark across diverse areas at BreadTalk. In allowing the numbers to tell the story of the business, Mr Chan also gained an understanding of the commercial decisions that drove those numbers. In turn, he has used that understanding to build an appreciation of the strategic intent of the business leaders. Tellingly, Mr Chan believes that understanding

the business is key to long-term success, and that involves more than following the numbers. “It is one thing to perform analysis, and another thing to understand strategic intent. True understanding of a business cannot happen in an ivory tower. You have to form partnerships and have good communications (with your operational) colleagues. You should go to the ground – roll up your sleeves – to get an appreciation of the business, in order to help with decision-making. For me, this includes working on outlet openings,” he says.

An example of this at BreadTalk, according to Mr Chan, was when he had to look into whether buying back the Group’s stake in its joint venture firm (BTM Thailand) in Thailand was worth it. In the end, the Group CFO not only determined that it was worth doing, but actually got the deal done at just above one time the book value. This represented great value for BreadTalk as the joint venture firm’s business had grown strongly since the initial phase.

Mr Chan’s interest in the inner workings of companies and doing deals began early, when he was serving National Service. He was learning how to trade stocks, and would receive company annual reports. He enjoyed analysing the numbers so much that he decided to read a double degree in business management and accounting. He would go on to graduate summa cum laude from Singapore Management University.

When he is not enjoying learning about the business by being both on the frontline and backend, Mr Chan would be enjoying time with his family. This includes cooking for his wife and two young kids, or spending quality time together on their annual vacation. Even in his personal life, he continues to learn new things. “On weekends, I visit the wet markets, buy ingredients, and try out new recipes; it’s always great when I see my family enjoying the dishes I have prepared.” **ISCA**





BY MARIA TEO

# ONE YOUNG WORLD SUMMIT 2019

An Illuminating Experience



It made me realise that in our positions as the financial gatekeepers and moderators of our companies, we can also be the enablers of “green finance”, better waste management processes and also ensuring that we maximise the use of our resources.

THE YEAR 2019 MARKED THE 10TH ANNIVERSARY OF ONE YOUNG WORLD (OYW), a gathering of young leaders that Canada Prime Minister Justin Trudeau called “an unparalleled network of leaders from every corner of the world”. In support of OYW, Chartered Accountants Worldwide invites delegates from its network of accountancy institutes to attend the annual OYW Summit. ISCA had selected its OYW representative through a #CharteredStar competition, and I am honoured to have been declared the winner. I attended the Summit from October 22 to 25 in London, United Kingdom.

**OPENING CEREMONY; CHARTERED ACCOUNTANTS WORLDWIDE DELEGATION**  
The Chartered Accountants Worldwide delegates first met at Chartered Accountants’ Hall, home of Chartered Accountants Worldwide. OYW’s theme of sustainability began here, with meaningful ingredients such as forgotten leaves and Cumbrian beef, gracing the dinner table. At my table, Michael Izza, Chairman of Chartered Accountants Worldwide; Ruth Hidalgo, Head of Operations at Chartered

- Delegate speakers and founders of OYW in Westminster Hall
- Our welcome dinner at the Chartered Accountants’ Hall



- UN Envoy for Youth, Jayathma Withramayake
- Opening ceremony of OYW Summit at Royal Albert Hall
- Kumi Naidoo at the Q&A session on climate change



Young Leaders Alliance Forum  
Mohammed Amersi (1st from right, behind podium) and faith leaders  
heads of states and conglomerates, and activists. We ended the ceremony with a “night at the museum” – the world-famous Natural History Museum. I marvelled at the openness of everyone to start a conversation, and was surprised to realise that one of the people I had just exchanged Instagram handles with was a Leading Scholarship awardee who had won one of 36 scholarships, from among 25,000 applicants, to represent Cambodia at OYW.

**UN SUSTAINABLE DEVELOPMENT GOALS**  
Underlying the entire conference was a message of global urgency and initiative to make our planet sustainable, as described in The 2030 Agenda for Sustainable Development and manifested by the 17 Sustainable Development Goals (SDGs). To date, SDG projects launched by OYW Ambassadors have positively impacted over 20 million people.

UN Envoy for Youth, Jayathma Withramayake, exhorted us to “make the UN young again”, while CEO of DSM, Feike Sijbesma, shared DSM’s transformation from a coal-mining outfit to a science-based company specifically addressing sustainability. Mr Sijbesma also emphasised that with the power of youth, young people have to responsibly use that power for the improvement of our environment and society.  
A key plenary topic was poverty alleviation, where sectors of people feel excluded from the current unequal economic model. In a heart-warming inter-faith discussion between Mohammed Amersi, Founder and Chairman of Amersi Foundation, and eight different faith leaders, the key message was that no matter what faith one practises, the essential values of humanity underscore all religious teachings. Just as bricks can be used to build isolating walls, they can also be used to build bridges to unite people.





Chairman and CEO of The Coca-Cola Company James Quincey

The relationship between climate change and human rights – two key SDGs – was also discussed. Amnesty International Secretary-General Kumi Naidoo starkly illustrated that “nature does not negotiate” and “the ones paying the highest tax for climate change are the ones who have done the least”. The frequency and ferocity of natural disasters have increased exponentially even as the Paris climate change treaty came into force, which led Mr Naidoo to state unequivocally to stop playing “political poker with the future of our planet”.

HIGHLIGHTS FROM PLENARY, BREAKOUT AND PANEL SESSIONS

Some of the speaker highlights included the Young Leaders Alliance Forum, where Mete Coban, Chief Executive of My Life My Say and youngest elected Councillor in Hackney, London; Kostis Giannidis, President of the Erasmus Student Network in Belgium, and Sara Vida



Disability activist Oscar Anderson speaking up for those with special needs

sense was further reinforced by the delegate-speakers on the plenary topic of Planetary Health, who came from countries such as Nigeria, India and Laos. We tend to think that an individual lacks the power to effect change. However, individuals have stood up and advocated for issues ranging from deforestation and plastic waste to rising sea levels threatening to consume their hometowns. Their projects also strongly focused on empowering the local citizens to take charge of their environment, creating a sustainable model for the planet and its inhabitants. I found that Singapore shows its support in the form of grants and subsidies to promote zero waste and net-zero emissions, which I hope can promote actions such as reducing single-use plastic and reducing carbon emissions.

No OYW sharing would be complete without mentioning Nobel Peace Prize Laureate Professor Muhammad Yunus and long-time OYW Counsellor. He had conceptualised a micro-finance bank by observing what “conventional banks were doing, and did the opposite”. Professor Yunus maintained that social enterprises must be sustainable, as opposed to the current state of wealth concentration. He founded Grameen Bank (the “Village Bank”), which focuses on financing entrepreneurs with “high default risk” and also vulnerable demographics such as women. Based on his life principles, his motto – Making money is happiness. Making other people happy is Super Happiness – shows why he is largely known as the father of both social business and micro-finance.

From a developed country’s perspective, I felt the issue of inclusion was very relevant. My impression of “free economies” and “open societies” was quickly disabused when Counsellors

Professor Muhammad Yunus sharing on social business



A privileged visit to the Foreign & Commonwealth Office

and speakers came forward to speak on modern slavery, oppression and bigotry in the workplace. I learnt that “blindness” covered afflictions such as retinitis pigmentosa and oculus albinism, and people suffering from “invisible” disabilities like vision impairments and mental illnesses were perceived as not “truly” disabled. The creativity of the disabled in modifying their life and actions to suit the “able bodied”, and their perseverance and tenacity in finding their own way in life would make them valued contributors and employees in any society and company. It is now normal to ask about dietary requirements when planning an event; it would be easy to take it a step further and ask for accessibility requirements.

One speaker, Future Generations Commissioner of Wales, Sophie Howe, piqued my interest. Under her advocacy, Wales has taken

Closing ceremony at Westminster Hall



revolutionary action to safeguard the interests and challenges facing the generations to come and to assess long-term impacts of policies made today. As a society, Wales has bonded together to ensure the generations that follow us have access to the best of our world, which I found a very forward-thinking and admirable task. As an Asian society, our legacy to our children is of great importance to us, but largely consists of estate and financial assets. Perhaps we can also include our environment, culture and country in that legacy to ensure Singapore celebrates many more centennial birthdays. The grave statement that “there are no jobs on a dead planet” bolstered the importance of preserving the environment and also ensuring it can regenerate its resources, in order for everyone to benefit.

DELEGATE DINNERS AND CLOSING CEREMONY

The OYW committee planned networking and entertaining activities for the delegates, in the form of high-profile dinners every night. After the rousing opening dinner, 13 venues

Some Singapore representatives at OYW Summit 2019

opened their doors to the delegates for the Square Mile Delegate dinners. The Chartered Accountants Worldwide delegation hosted other delegates at the Chartered Accountants’ Hall, including playing an engaging bingo game involving SDGs as well as discussing the Chartered Accountants’ roles in sustainability.

The next night, we were hosted by the Foreign & Commonwealth Office at its beautiful and historic building – a venue frequently used to host foreign trade delegations. Minister for Asia and the Pacific, Heather Wheeler, greeted us with an inspiring keynote speech on the international programmes UK has enacted with several other countries.

The OYW Closing Ceremony is a decade-long ritual of memorialising the delegates’ graduation to Ambassadors. Each delegate penned his/her resolution on a piece of ribbon which was then joined to the ribbon ball that gathered every preceding OYW delegate’s ribbon, to seal our promises and hopes for the future. To conclude the ceremony and Summit 2019, the ribbon ball, reminiscent of the proverbial baton, was passed to Munich, the host city of the OYW Summit 2020.

I left the Summit, and London, musing on the challenge of how to realise positive change in our own home. What would be a feasible course of action in safe and peaceful Singapore? I resolved to start doing what I can to reduce my own negative impact on the environment. Each of us can review our lifestyle and habits and make choices that benefit our world’s future. By making these choices and having conversations with people around us, we can raise awareness and understanding about the SDGs and the future that our children will inherit. ISCA

Maria Teo was ISCA’s representative at OYW Summit 2019. She is Associate Director of Nexia TS Public Corporation.







Jakarta, Indonesia

PHOTO SHUTTERSTOCK

# TOOLS OF THE REGIONAL TRADE

Opportunities And Challenges In ASEAN

**SOUTHEAST ASIA** is arguably *the* place to be for professional accountants in search of exciting career opportunities. Collectively, the 10-member ASEAN bloc has a youthful, growing population of 650 million, representing the third largest market in the world (next to China and India). Internet access is rapidly spreading across the region, which helps lift people out of poverty and drives consumer spending. Big multinational companies as well as startups are increasingly basing themselves in ASEAN countries, and in August 2019, *The Straits Times* reported the emergence of the 11th and newest “unicorn” (a privately-held startup with a valuation of over US\$1 billion) in Southeast Asia. With a combined GDP of US\$3 trillion in 2018, ASEAN is projected to become the world’s fourth largest economy by 2030.

At the same time, however, doing business in Southeast Asia is no walk in the park. “Unlike the European Union, ASEAN is not an economic and monetary union. It is a heterogeneous market with many countries, each having different cultural traditions, legal and regulatory frameworks, and levels of market maturity,” says Liew Nam Soon, ASEAN Regional Managing Partner, EY. “Any firm looking to expand regionally or to operate in an ASEAN cross-border environment must be culturally attuned to the traditions and customs of that country. They must also consider the tax, business financing and other implications specific to that country.”

Having been appointed to his current role in July 2019, Mr Liew is responsible for business performance and client services in advisory,



Liew Nam Soon, ASEAN Regional Managing Partner, EY, speaks about opportunities and challenges in ASEAN

assurance, tax and transactions across all 14 geographic markets in the ASEAN region. He shares his industry expertise with *IS Chartered Accountant Journal* and opines on the opportunities and challenges facing companies and professionals that are interested in ASEAN.

## INDUSTRIES, AND SKILLS, ARE CONVERGING

Notwithstanding the ASEAN motto of One Vision, One Identity, One Community, no two ASEAN member-states are alike. Some countries, especially Singapore, are more developed than others. “Singapore is the most mature market in ASEAN, both in terms of the sophistication of regulatory requirements and the financial services provided. Singapore also has many established players in the professional services industry, so it’s hard for new entrants to break into this space,” says Mr Liew.

Compare this with the situation in the fast-growing emerging markets of Indonesia,



**“Any firm looking to expand regionally or to operate in an ASEAN cross-border environment must be culturally attuned to the traditions and customs of that country. They must also consider the tax, business financing and other implications specific to that country.”**



Thailand and Vietnam. The three countries have a young, tech-savvy demographic base and together, account for more than half of ASEAN's 650-million population. Most of the region's Series A, B and C funding from venture capitalists goes to startups based in these three countries, facilitating a wave of new entrants which are disrupting traditional industries and competing with established firms in new sectors like fintech and healthtech.

Such industry convergence is a global phenomenon, but Mr Liew observes that the pace of change may be faster in some ASEAN countries than in advanced markets like the US and Europe. "This is partly because emerging markets are not encumbered by legacy infrastructure. There is no established industry player in that space, so it is easier for new entrants to disrupt the industry," he explains. For example, ride-sharing companies such as Gojek (headquartered in Indonesia) and Grab (headquartered in Singapore) – both unicorns – now offer financial services in the form of e-payments, pitting themselves against incumbent banks. "When expanding regionally, people must have an open mindset, be comfortable working in different cultures and business environments, and be willing to adapt," says Mr Liew. "Due to industry convergence, skills are also converging. People are expected to expand their skills so that they have business know-how as well as the ability to leverage on technology. Instead of being just a business person or a tech person, you now have to be both."

**TO IMPROVE IS TO CHANGE**

The professional services sector has been hit hard by digital disruption and industry convergence in recent years, forcing firms to rethink and transform their business model. Changes have been undertaken across all aspects of the business including:

**+ Service offering**

By tapping on technology to deliver actionable insights for clients, EY is shifting from short-term, discrete projects to projects that have longer-tail, multi-year revenue. For example, EY has specialist staff in Singapore involved in data and analytics-related projects such as conducting portfolio analysis for supply chain optimisation, and monitoring and identifying suspicious transactions. Another burgeoning field is utilising data analytics to improve tax compliance and reporting, cybersecurity monitoring and incident response, and other functions for clients. The company has even entered the agri-business practice in markets like Indonesia, where data-driven agriculture is used to help local farmers maximise crop yields.



Bangkok, Thailand



**“For traditional professional services firms to remain competitive, we have to give more value to clients.** That means technical or domain expertise is no longer enough. Demand is growing for people who have a broader and deeper understanding of the impact of market disruptions and other technology trends on business.”

**+ Client engagement**

EY operates as a single region across all its service lines. This enables the firm to pool all its services together and provide holistic advice to clients. From a relationship management perspective, Global Client Service Partners are appointed to handle priority client accounts. They serve as a single point of contact for these clients, all of whom operate regionally or even globally.

**+ Talent acquisition**

Several strategies are employed to capture talent in regional markets, including hiring local people with overseas training or work experience (such as in Silicon Valley); a hub-and-spoke model where subject matter experts in one location are sent to overseas markets, so as to build up and train the local teams to fulfil client requests; engaging the gig economy workforce in overseas markets by recruiting a mix of full-time permanent staff and short-term or contract workers, and hiring offshore talent to work remotely.

**DEVELOPING THE RIGHT TALENT**

“For traditional professional services firms to remain competitive, we have to give more value to clients. That means technical or domain expertise is no longer enough. Demand is growing for people who have a broader and deeper understanding of the impact of market disruptions and other technology trends on business,” says Mr Liew. Besides giving tax advice and preparing financial statements, professional accountants must also be well-versed in issues beyond the accounting function, such as trade volatility, new competitors coming in and data analytics.

The problem is that such quality talent is hard to come by in regional emerging markets. Even in Singapore, there is a shortage of people with the necessary tech skills, although the national SkillsFuture movement and the Industry Transformation Maps (ITMs) are helping to address this issue. Under the ITMs and SkillsFuture, people can refresh their skills and

build new ones, particularly for in-demand jobs like technology specialists, engineers and data scientists. “We are quite fortunate in Singapore as the government, regulators and statutory boards including the Monetary Authority of Singapore and Economic Development Board have been very proactive in supporting firms to grow regionally through financial and non-financial incentives,” acknowledges Mr Liew. “However, this cannot be solely the government’s responsibility. The government can give a firm money for regional expansion, but it’s still up to the firm to use that money judiciously, for instance, to train and build the capabilities of the local workforce in that country.”

**WITH TRANSPARENCY COMES TRUST**

As important as it is for professional services firms to embrace change, and to create new ways of curating and monetising data, none of this should come at the expense of trust. “While using digital data can reduce human error and make audits more secure, the digital economy also gives more opportunities for people to commit corporate fraud, hacks and data theft or breach,” notes Mr Liew. This in turn will damage the firm’s reputation – not just in the country where the breach occurred but across the entire region.

Trust is a crucial element of the audit process, digital or otherwise. More and more professional services firms are turning to digital platforms with robotic process automation and artificial intelligence capabilities to enhance audit efficiency and generate better-quality, deeper insights to clients. Greater transparency is also achieved as clients are able to communicate directly with the audit team, monitor the progress of audit requests in real time, and see global audit findings as they arise. User access rights and other controls have been put in place to make these online platforms secure. “Here, we operate on the basis of trust. This is even more important in the digital space. We must always be vigilant in our work to give our clients assurance about the security of their data, as well as transparency in our handling of data,” says Mr Liew. ISCA





BY DR ANG HAK SENG

# THE FUTURE OF CHARITIES

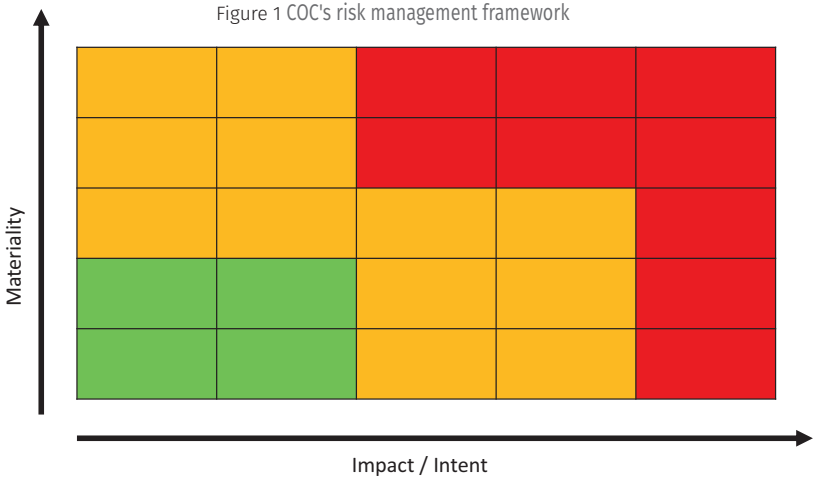
Uplifting The Charity Sector

IT HAS BEEN MORE THAN A DECADE since the establishment of the Commissioner of Charities (COC). This article looks at the journey that COC has taken over the years, painting the picture of the past, present as well as the future of charities.

**REGULATION: MOVING FROM DETERRENCE TO PROBLEM-SOLVING**  
COC has a reputation for being the watchdog. It ensures compliance of charities through a range of penalties from issuance of a letter of advice to suspension and prohibition orders and, where necessary, COC will take the person responsible to court. However, the above approach is only a deterrence.

Since 2017, COC has shifted beyond compliance to problem-solving. This is a proactive approach which requires connecting with the people through engagements.

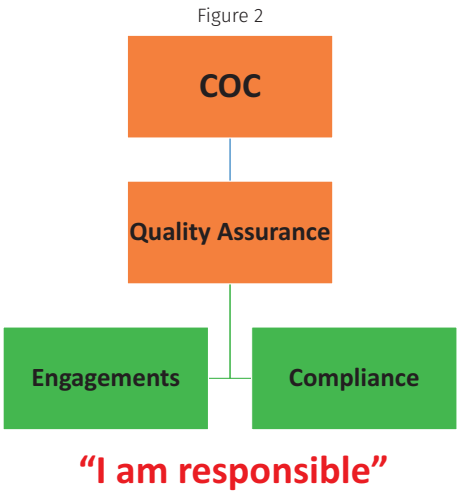
From past years' experience, an estimated 90% of the charities that did not comply with the regulations fall under the category "do not know". This group of charities tends to be unaware of how to meet the regulatory requirements. Another 9% are charities that "know but are unable" to achieve compliance due to a lack of resources or capabilities. Only a small minority of 1% acted in bad faith and a heavier penalty had to be imposed on them. COC recognises that there is no one-size-fits-all solution and usually there is a trade-off. Hence, a risk management



The first batch of 55 participants who graduated from the COC-SUSS course

framework based on factors like materiality, impact and intent, is used to solve the problem at its root cause (Figure 1).

Should COC only take the deterrence approach, the passion of the charity sector will be dampened. People who wish to volunteer will be discouraged and the sector will lose its share of talent. Thus, the focus of COC is to enable the 99% to improve through regular engagements and education. This will encourage greater responsibility, transparency and accountability.



## Responsibility – through professionalism

Many of the charities have the best intent for the community. However, more can be done to uplift compliance and governance capabilities. COC has worked with the Singapore University of Social Sciences (SUSS) on a structured curriculum based on the seven disciplines of high performing charities (published in the October issue of *IS Chartered Accountant Journal*.) The first run of the course saw 55 participants who promised to continue learning through their organically formed learning circles.

## Transparency – through visibility

It is recognised that documented policies and procedures are foundational pieces. As the saying goes, "What gets measured gets done; what gets measured wrongly, gets done wrongly". Many charities may have routine practices but these are not documented. Others may have the policy, however, they are unsure of how to implement or are unaware of the existence of the policy. Hence, using the Visibility Guide's PARENT framework (published in the May issue of this Journal), charities could turn their "invisible" policies "visible", and ensure proper communication to all stakeholders.

Minister for Culture, Community and Youth Grace Fu and Commissioner of Charities meeting the board members and staff of charities to discuss more about the co-regulation approach

## Accountability – through co-regulation

Accountability is a cornerstone for all organisations, and is even more pertinent in the charity sector. This is why COC has formed the suite of Shared Services, with the tagline "Charity for Charities", to provide a range of services at a low or pro bono rate. An agreement has been signed with each of the shared services partners that requires them to provide efficiency and quality in their respective services. It is a shift beyond efficiency to better overall governance for the sector.

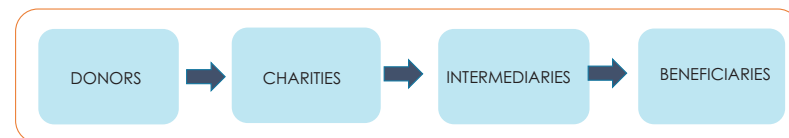
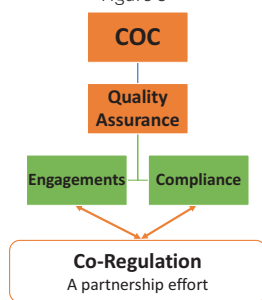




### CO-REGULATION: QUALITY ASSURANCE THROUGH PARTNERSHIP EFFORT

The vision of COC is to achieve a thriving and trusted charity sector. However, to ensure that the charity sector thrives and is sustainable for the future years to come, regulation only is not enough. Since 2018, COC's approach has shifted from regulation to co-regulation (Figure 3).

Figure 3



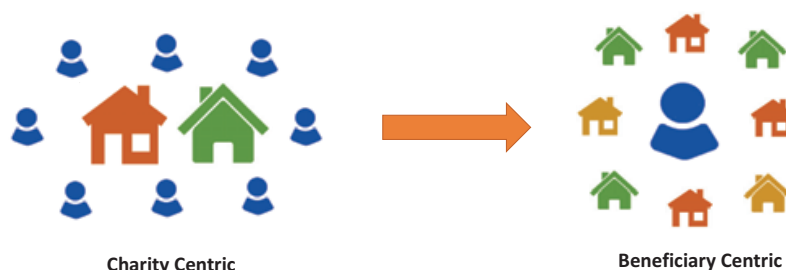
### “We are responsible”

With the co-regulation approach, COC works closely and empowers the stakeholders to play their role in the charity sector. Some new initiatives of COC's co-regulation approach since the last update published in the October issue of this Journal are as follows:

- + **Donors:** With the increasing trend of online giving, as part of the ongoing Safer Giving Campaign with the tagline “Ask, Check, Give”, additional efforts will be made to increase donors' awareness on safer giving through online platforms. Donors will be educated to ask and check for (a) legitimacy of the appeal, (b) donation process, (c) regular updates on the disbursement of funds and (d) full transparency on administrative fees or credit card charges. Once these are in place, donors can then give with peace of mind.

Figure 4

### Regulation → Co-Regulation → One Community



- + **Charities:** Empower charities to practise self-discipline through the Code of Governance for IPCs and Charities. There will be plans for the Code to be simplified with the focus on ethics-based principles through a balance of mandatory guidelines that must be complied with and best practices that should be implemented.
- + **Intermediaries:** For the suite of seven shared services that COC provides, COC also recognises that the issues faced by charities are getting more complex. Hence, a partner that will provide the one-stop solution will also streamline and coordinate the process when charities approach shared services for advice.
- + **Beneficiaries:** Under the Singapore Cares (SG Cares) movement, charities will be trained to restructure some of the work that could be handled by beneficiaries with sufficient support and training. This allows beneficiaries to be a giver in their own ways, thus providing them a sense of achievement and dignity.

### THE WAY FORWARD: “ONE COMMUNITY”

COC is looking forward to shift from regulation to co-regulation, and now to one community (Figure 4). One community is the charity sector working as an ecosystem, and shifting from a charity-centric mindset to a beneficiary-centric mindset (Figure 5).

However, the current sector landscape is that each organisation works mostly on its own and hence, a beneficiary may have to seek assistance from across various charity organisations. This way of servicing the beneficiaries and the community is only solving the symptoms of the problem and not the problem itself.

Using the analogy of building blocks, the future of charities operating as one community can be broken down into three stages, namely, collecting the blocks, connecting the blocks to form shapes, and combining the shapes through collaboration to build an ecosystem.

### Input: Collect

Drawing similarity between a charity's resources – such as money and people – to individual building blocks, each charity has a limited collection which confines the amount of impact it can bring to the community. Hence, one push towards a future-ready charity would be the sharing of own collection through the idea of shared resources by geolocation.

For example, different charities may target different festive seasons for their food distribution drives. This means that the group of volunteers from each individual charity may not be engaged throughout the year. Therefore, with a sharing of volunteers, it enables other charities to tap on this resource when required. From the volunteers' perspective, they can engage and serve the beneficiaries in a more regular and continuous manner.

In the same vein, with the advancement of technology as well as the nation's push for cashless payment, charities should adapt and embrace the use of online crowdfunding platforms as a less labour-intensive alternative to raising funds. This is the reason why COC has worked with four crowdfunding platforms – Giving.sg, Give.Asia, SimplyGiving and Ray of Hope Initiative – as subscribers to the Code of Practice for Online Charitable Fund-Raising Appeals.

### Process: Connect

Like building blocks, shapes are formed when the blocks are connected to each other. Similarly, each charity may have its own expertise but the real power is unleashed when each charity comes forward to share knowledge, capabilities and best practices with the rest of the charities.

To enable charities to connect the dots, COC has plans to professionalise the charity sector. COC believes that for people to work together, they must first come to *learn* together. A more advanced course for key officers of charities will be developed soon. The advanced course is a platform to impart the overarching strategic vision of one community. Through the learning process, trust will be built and collaboration among the people will be organically formed.

Another opportunity to connect is the sharing of data of the charities in one common secured system, accessible by all charities. An idea that is in the works under the SG Cares movement is sharing and visualising of data by geolocation, to show which areas of Singapore are overserved versus areas that are underserved, and require more volunteer assistance. Leveraging technology, it also enables

volunteers and corporates to know where to focus on so as to maximise impact to the community that requires the most assistance.

### Output: Collaborate

With the above two stages of inputs – collect and process, and connect – it is necessary to measure the outputs. Collaboration pushes the boundaries of a traditional charity, where each works on its own set of beneficiaries. However, the future of charities is putting the beneficiaries in the centre.

Our nation's elderly population is increasing. There is a more urgent need for charities that provide elderly services to come together to provide holistic care for them to age in place. Taking the example of a hospital pathway, after an elderly patient is discharged, sometimes, home rehabilitation is required till full recovery. During this stage, a charity that provides services such as medical escorts and home visits will be engaged. However, one must not neglect the other important aspects of recovery such as eating right, keeping an active lifestyle, and having continued social interaction to prevent isolation. These tasks may be undertaken by different charities. Although each charity may have a different focus on the elderly patient, they work together towards the common goal of ensuring that the elderly patient recovers fast and well. Pushing this idea a little further, perhaps this elderly could even be engaged as a potential volunteer to teach other senior citizens in the community light exercises for a healthier lifestyle. The pathway depicted requires a collaborative effort between multiple charity organisations.

To achieve this, the idea of a shared key performance indicator that focuses on an ecosystemic outlook for the charity sector could be mooted. With this structural shift, it will be slowly ingrained in organisations and their key management team to go beyond leading the charity organisation, to being stewards for the charity sector.

This vision of one community is championed by the Volunteer Centres which enable the collaboration between the charities, corporates and the government. The model of the Volunteer Centres is under the SG Cares movement's strategic vision and will be expanded to all 24 towns nationwide in time soon to come.

### CONCLUSION

The future of charities cannot be realised without the support and efforts of all stakeholders, collaboration with the corporates and support from the government.

The future of charities is One Community and the future is “better, better-er, better-est”. ISCA

Dr Ang Hak Seng is Deputy Secretary (Singapore Cares), Ministry of Culture, Community and Youth; Commissioner of Charities, and Adjunct Professor, Nanyang Technological University.

Figure 5 One Community, a charity ecosystem







BY INSIGHTS & PUBLICATIONS, ISCA

# DIGITAL TRANSFORMATION IN FINANCE FUNCTIONS

ASEAN And UK Perspectives

**ISCA AND THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES (ICAEW)** jointly launched a thought leadership report, “Digital Transformation In Finance Functions: ASEAN And UK Perspectives” on 8 October 2019. This marks the fourth consecutive year that the two chartered accountancy bodies have collaborated to provide thought leadership on key topics impacting the accountancy profession.

The report presents findings gathered from individual interviews of professional accountants and other experts who are involved in the digital transformation of finance functions across the Association of Southeast Asian Nations (ASEAN) and the United Kingdom (UK).

It aims to share practical insights with those who are starting or already on their digital transformation journey, and reflects on the challenges and opportunities for the profession as a result of technological changes.

The report highlights three key themes that underpin successful digital transformation, namely:

time doing accounting and finance processes and more time working closely with business functions to provide financial insight. This is to retain relevance and avoid lagging behind other business functions, given the rapid pace of technological change.

**+ People as key to digital transformation**

Besides the need to reskill people to be able to perform new tasks, transformation requires a significant change in behaviour and culture. This shift emphasises learning, change and experimentation, which is quite different from the traditional ways of thinking in finance.

Strong leadership is also important – to communicate a vision, inspire and empower professional accountants at all levels to play their part in the transformation.

**+ Small steps matter**

Successful digital transformations often take an iterative approach, which emphasises small and continuous improvements over “big bang”-style change. This approach provides greater agility to respond to changes in technology and encourages constant learning about successes and failures in practice.

To read more about the findings, please visit <https://www.isca.org.sg/fintransformation>.

**+ The pressing need to move to business partnering**

While the concept of business partnering is not new, there is a relative urgency in the digital age for finance professionals to spend less

▲ The huge turnout affirmed the belief among accountancy professionals that the finance function can do more to reinvent itself

**While good practices and frameworks can play a role in supporting change in finance functions,** exposure to other real-world experiences and different perspectives can also be helpful in overcoming practical challenges.

► A fruitful collaboration: (From left) Kon Yin Tong, President, ISCA; Kirstin Gillon, Global Tech Research Lead, ICAEW; Sinuhe Arroyo, CEO and Founder, TAIGER; John Harvie, CFO, SC Ventures, Standard Chartered Bank; Charles Loh, Consulting Lead, PwC Singapore, and Mark Billington, Regional Director, Greater China & South East Asia, ICAEW





### TRANSFORMING FINANCE FOR THE DIGITAL AGE – GETTING STARTED AND NAVIGATING PITFALLS

The report was launched at an event with the theme: “Finance Transformation In The Digital Age – Perspectives From ASEAN And The UK”. Kirstin Gillon, Global Tech Research Lead, ICAEW, presented a summary of the research findings while Charles Loh, Consulting Lead, PwC Singapore, shared with the audience on the topic of finance transformation strategy. The event closed off with a panel comprising Ms Gillon, Mr Loh, Sinuhe Arroyo, CEO and Founder, TAIGER, and John Harvie, CFO, SC Ventures of Standard Chartered Bank, who discussed how companies and the finance function can navigate common pitfalls pertaining to transformation projects.

The event was attended by more than 170 mid- to senior-management finance professionals. According to a live poll at the event, 56% of the poll participants were involved in an on-going digital transformation project for their finance function (Figure 1).

This was in line with the observation from change management experts that many companies have already started on a path to digital transformation. However, it was also noted that there has been a generally mixed success rate, with complete failure in some cases. While good practices and frameworks can play a role in supporting change in finance functions, exposure to other real-world experiences and different perspectives can also be helpful in overcoming practical challenges.

The following are learning points from top-voted questions raised by the attendees during the panel discussion on “Lessons From The Ground – Getting Started And Navigating Pitfalls”.

#### On change management

Companies implementing change management tend to need help with human-related factors.

- **Changing people’s mindsets is a key aspect and there are challenges in change management.** Having consistent messages from the top being cascaded to all staff in the organisation is critical in driving change down to the individuals who are performing the day-to-day processes. There must also be clear messages and communication channels for people within and outside of the transformation project.
- **User education to manage expectations and address misconceptions.** End-users should understand the benefits and limitations of various digital tools, in order to match the most suitable tool to the problem the company faces. Unfortunately, this knowledge gap is more prevalent than it should be.
- **Having a targeted cost-benefit analysis when justifying the finance transformation project.** The exercise needs to be laser-focused

on specific intended deliverables, whether it be providing more insights or delivering greater transaction volume support. This observation was corroborated in the live poll where 46% of the participants highlighted justifying the cost and return of investment as the biggest stumbling block in starting a digital transformation project in their finance function (Figure 2).

#### On transformation for SMEs

Small and medium-sized enterprises (SMEs) should not feel that digital transformation is out of their reach.

- Today, SMEs benefit from more market resources as the costs of software are more affordable and price-competitive than before. For example, cloud services now come pre-delivered with standard best practices, which SMEs can adopt. There are also many applications in the market with subscription-based models that will allow SMEs to tap on plug-and-play solutions, without needing major reconfigurations.



▲ Panellists sharing their experiences on getting started, and navigating common pitfalls in finance transformation projects

▼ Experts sharing their views and experiences in the panel session, “Lessons From The Ground – Getting Started And Navigating Pitfalls”

Figure 1

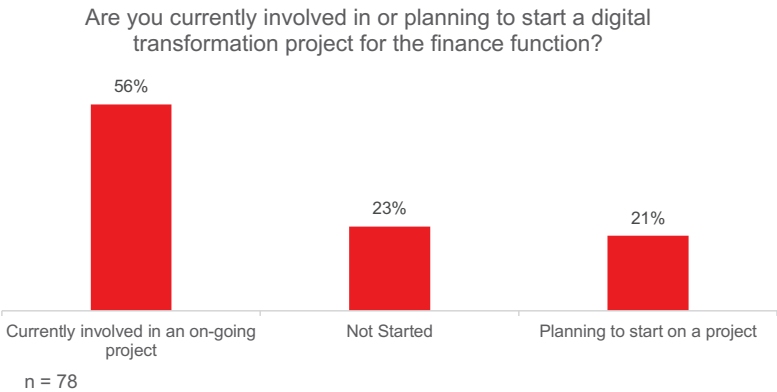
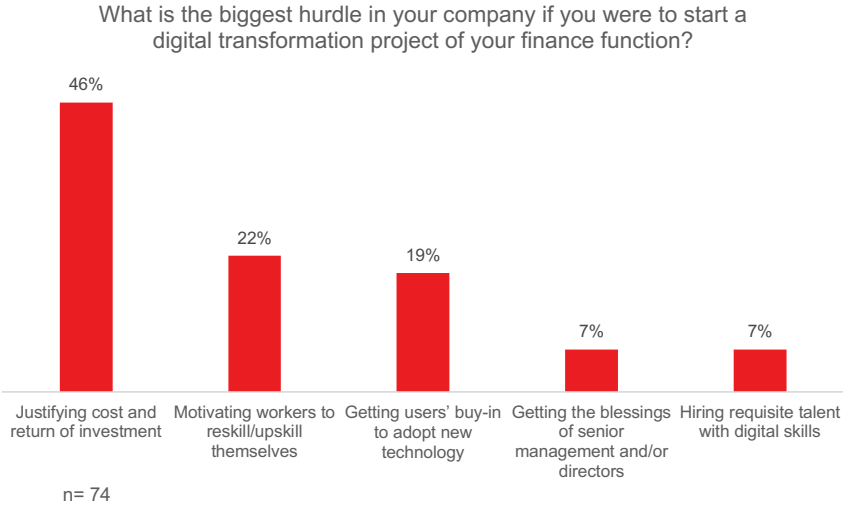


Figure 2



- Forward-thinking SMEs can have the advantage of being nimbler compared to their larger counterparts when it comes to innovating, given their flatter operating structure.
- More importantly, so long as finance functions stay aligned with their vision or objective for engaging in digital finance transformation, transformation can happen in any organisation, whether it is a startup or an established multinational corporation.

#### On outsourcing

Despite the potential risks, outsourcing can be a viable approach to supporting finance digital transformation.

- It can be a legitimate alternative to automation by taking over labour-intensive tasks and freeing up time for higher-level tasks.
- While companies can outsource platforms and processes, they cannot outsource ownership and risk. However, they can use technology to improve their engagement with subcontractors and minimise risk, for example, to allow greater visibility and prompt interactions with their subcontractors, instead of periodically. This allows for more agile operations and enables functions to better manage the subcontractor’s performance.
- Transformation is not always about adopting new technology; it can involve using current technology to improve processes, so that companies can outsource more smartly in a digital age.

#### On data governance

Leaders should focus on intended outcomes to determine what constitutes meaningful data.

- Data itself does not have any intrinsic value and derives its meaning from the context in which it is being interpreted. Thus, it is not about having lots of data, but having meaningful data. For example, there has been hype around big data, but companies should evaluate what they can derive from it, and how data is needed. The more data there is to manage, the more costly it becomes.
- Leaders should set the data governance tone from the top. In such projects, be clear of the key regulatory requirements that must be complied with, and which others that can be managed through other means. This is because every additional set of governance rules that is input into a framework will cost money and effort during implementation and also in future day-to-day data management.
- As with transformation projects, leaders should focus on the intended outcomes of data governance exercises, whether it be to achieve better reporting, better insights, or enhance efficiency.

#### On people

Accountants can hone specific skill sets to better undertake transformation and understand technology.

- They can benefit from skills in analytics and coding. They might not need to be technical experts at coding, but it is useful for them to know and understand some fundamental concepts so that they can contribute in conversations with technologists and software vendors, when discussing digital transformation projects.
- Beyond interpreting data, accountants need to get their point across succinctly. Having soft skills, such as good communication skills in delivering key messages quickly and clearly, is still crucial.

Be mindful about project fatigue.

- Transformation is about incremental and small gains. Thus, it is essential to set benchmarks and move the needle steadily towards the goal.
- Try not to set multi-year transformation projects. Create objective-based phases of work to move towards the intended outcome.
- Appoint the right people to drive each specific scope of work.
- Remember to celebrate success. Articulate clear milestones and make them visible to senior management, so that they can also celebrate milestones and encourage the team towards completion of the goal. ICAEW



This article was written by Insights & Publications, ICAEW.



# TECHNICAL HIGHLIGHTS

## AUDITING AND ASSURANCE

### ISCA ISSUES UPDATED AGS 9 ILLUSTRATION 2 ON GROUP AUDITS

In a group audit of a statutory board with subsidiaries, there is no requirement under the Public Sector (Governance) Act 2018 for the auditor to report on whether the accounting and other records of the subsidiaries audited by the same auditor have been properly kept. The relevant illustration has been updated to remove this requirement.

For more information, please visit <https://isca.org.sg/tkc/aa/current-issues/standards-alert/standards-alert/2019/november/updated-audit-guidance-statement-ags-9-illustration-2-on-group-audits-1/>

### IAASB SEEKS PUBLIC COMMENT ON EXPOSURE DRAFT OF CONFORMING AMENDMENTS TO THE INTERNATIONAL STANDARDS AS A RESULT OF THE REVISED IESBA CODE

Revisions are made to align the extant wording with the revised IESBA Code, which was effective from 15 June 2019, to ensure that the International Standards continue to be applied effectively together with the revised code. Please submit comments to [technical@isca.org.sg](mailto:technical@isca.org.sg) by 18 December 2019.

For more information, please visit <https://isca.org.sg/tkc/aa/current-issues/standards-alert/standards-alert/2019/november/comments-sought-on-conforming-amendments-to-the-iaasb-international-standards-as-a-result-of-the-revised-iesba-code/>

### IFAC REPORT HIGHLIGHTS ACCOUNTANCY PROFESSION AS KEY DRIVER OF PROGRESS IN ADOPTION OF INTERNATIONAL STANDARDS

The IFAC report details how and where international accountancy standards – which focus on audit and assurance, ethics, education, and private and public sector accounting – are being adopted and implemented globally.

For more information, please visit <https://www.ifac.org/news-events/2019-10/new-report-highlights-accountancy-profession-key-driver-progress-adoption>



IS Chartered Accountant Journal

## ETHICS

### ISCA COMMENTS ON IESBA'S PROPOSED REVISIONS TO THE CODE TO PROMOTE THE ROLE AND MINDSET EXPECTED OF PROFESSIONAL ACCOUNTANTS

We support IESBA's proposals to introduce the concept of an "inquiring mind" and the enhancements to the fundamental principles of integrity, objectivity and professional behaviour. Given the interplay between ethical requirements and public interest, we are of the view that having a "public interest" framework for the accountancy profession would greatly enhance its clarity.

For more information, please visit <https://isca.org.sg/media/2823547/isca-comment-letter-on-iesbas-ed-promotes-the-role-and-mindset-expected-of-professional-accountants.pdf>

## FINANCIAL REPORTING

### ISCA ISSUES FINANCIAL REPORTING CODIFICATION FRAMEWORK AND TWO GUIDANCES

At the ISCA-FRC AFA Financial Reporting & Business Conference on 26 November 2019, ISCA issued its Financial Reporting Codification Framework, which establishes formalised categorisations, degrees of authority and due process for future issuance of technical content by ISCA. With the Codification Framework in place, members of the public would have the opportunity to provide comments and feedback upon exposure of technical contents.

For more information, please visit <https://isca.org.sg/tkc/fr/financial-reporting-codification-framework/> Two guidances were also issued under the Codification Framework at the same conference.

Financial Reporting Guidance 1 (FRG 1) "Real Property Valuation for Financial Reporting – Best practices when engaging valuers: Considerations for Scope of Work and Valuation Report" sets out best practices when engaging valuers for financial reporting purposes to facilitate the valuation process among the valuer, client and auditor.

The Exposure Draft, ED FRG 2 "Accounting for Cryptoassets: From a Holder's Perspective", provides an understanding of the nature of the various cryptoassets and provides guidance to fill the gap in accounting for cryptoassets which is currently not addressed by accounting standards. The comment period for the Exposure Draft closes on 23 December 2019.

For more information, please visit <https://isca.org.sg/tkc/fr/financial-reporting-guidances/> and <https://isca.org.sg/tkc/fr/current-issues/financial-reporting-headlines/financial-reporting-headlines/2019/november/invitation-for-comments-on-ed-frg-2/>

## REGULATORY

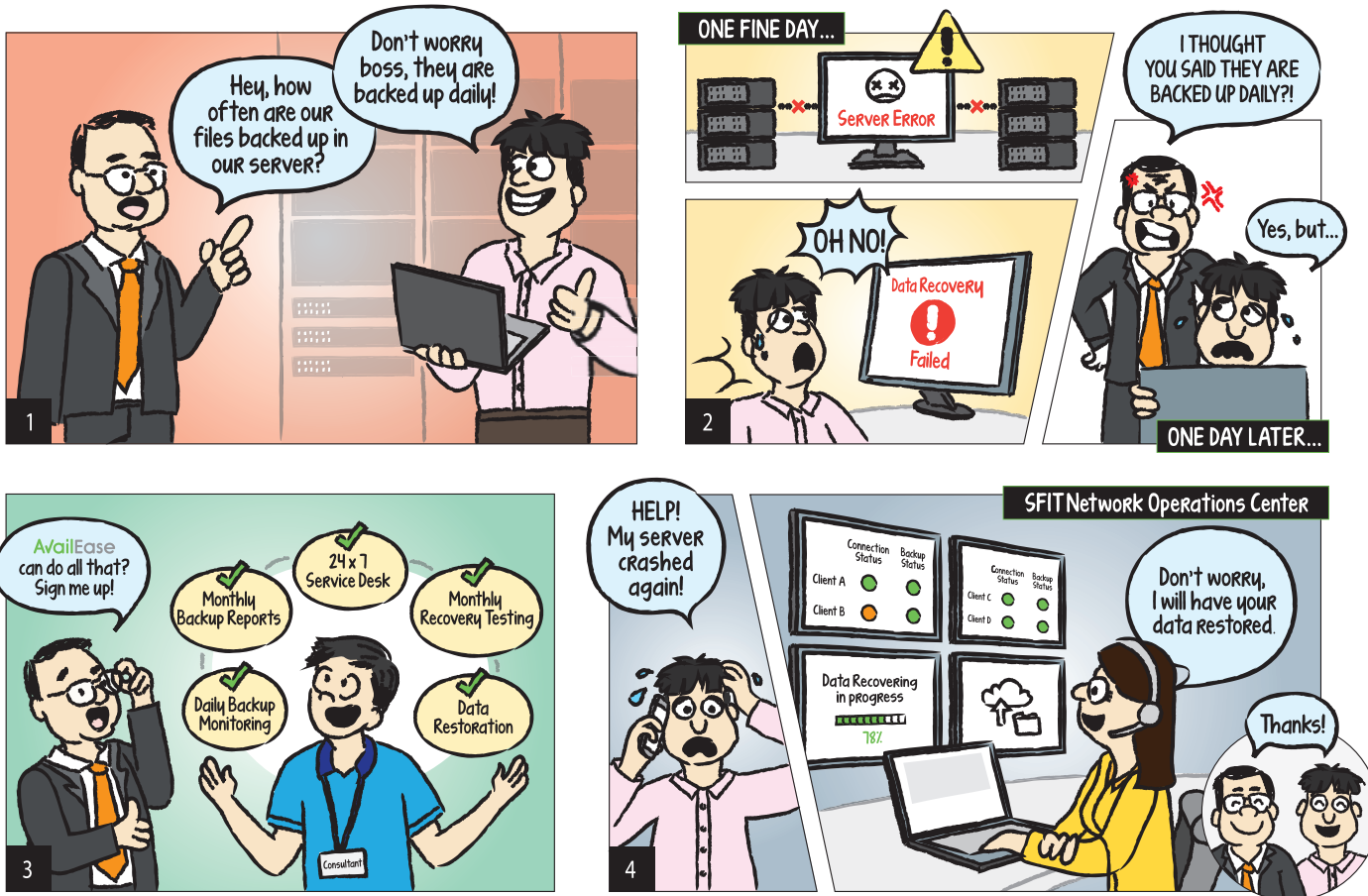
### ACRA ISSUES PRACTICE GUIDANCE NO. 2 OF 2019

ACRA issued Financial Reporting Practice Guidance No. 2 of 2019 on 21 November 2019.

For more information, please visit <https://www.acra.gov.sg/news-events/news-details/id/523>

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BY FELIX WONG AND ANGELINA TAN

# TRANSFER PRICING DOCUMENTATION

Navigating The Region

**MANY COUNTRIES** have introduced new transfer pricing (TP) compliance requirements into their respective domestic legislations in the past few years. Likewise, in Singapore, the requirement for eligible taxpayers to prepare TP documentation has been legislated under Section 34F of the Income Tax Act (ITA) and takes effect from the year of assessment (YA) 2019.

The increasing TP documentation requirements around the globe have been cited by some businesses as the driver behind the obligation to comply with the arm's length principle. "While TP compliance costs have certainly gone up in recent years, it is incorrect to say that the obligation to comply with the arm's length principle has been driven by the increasing TP documentation requirements," explained Adriana Calderon, Director, Transfer Pricing Solutions Asia, shared at a *Tax Excellence Decoded* session



**Adriana Calderon, Director, Transfer Pricing Solutions Asia, provided participants with a snapshot of the transfer pricing documentation requirements in Singapore and the region**

organised by the Singapore Institute of Accredited Tax Professionals (SIATP).

"Businesses need to recognise that the arm's length principle applies to any taxpayers that entered into controlled transactions, that is, transactions between two or more associated enterprises, regardless of whether the company is required to prepare TP documentation," she said.

The arm's length principle applies to any taxpayers that entered into controlled transactions, that is, transactions between two or more associated enterprises, regardless of whether the company is required to prepare TP documentation.



PHOTO SHUTTERSTOCK



TP COMPLIANCE FRAMEWORK IN THE REGION

TP compliance requirements implemented by regional countries generally comprises tax return forms and TP documentation.

Tax return forms

Tax return forms serve to provide basic information on related party transactions to tax authorities. For example, the Malaysia Inland Revenue Board uses Form MNE to collect information from certain taxpayers relating to their cross-border transactions for TP risk assessment purposes. Other regional countries, such as Australia, China and Vietnam, have also adopted tax return forms.

In Singapore, from Year of Assessment (YA) 2018, companies are required to complete a form for the reporting of related party transactions (RPT Form) if the value of related party transactions disclosed in their audited financial statements for the financial period exceeds S\$15 million. The RPT Form provides the Inland Revenue Authority of Singapore (IRAS) with relevant information to assess companies' TP risks and enhances IRAS' ability to enforce the arm's length requirement in Singapore.

TP documentation

The Organisation for Economic Co-operation and Development (OECD)'s three-tiered standardised approach to TP documentation consisting of a master file, a local file and a country-by-country (CbC) report is widely adopted in the region. Essentially, the master file provides a high-level overview of a multinational enterprise (MNE) group's global business structure and activities, the local file provides a more detailed overview of the specific taxpayer's business and its transactions with related parties, and the CbC report provides details on large MNEs' global allocation of income, taxes paid, and business activity for each tax jurisdiction of large MNEs.

While the OECD threshold for CbC reporting (consolidated group revenue exceeding €750 million or near equivalent in domestic currency) is generally applied consistently in most countries, it is noted that the threshold to prepare master file and local file tends to vary from country to country.



Depending on the country's domestic legislation, other local documents may also be required.

One of the common practical issues that MNEs face is the requirement to prepare TP documentation in local languages in some countries (such as China, Indonesia and Vietnam). To reduce TP risks and ensure consistency between TP documentation filed in each country, MNEs should consider preparing TP documentation in dual languages or alternatively, preparing it in English before translating to local languages.

TP DOCUMENTATION REQUIREMENTS IN SINGAPORE AND THE REGION

**Singapore**  
Singapore's TP documentation requirement is largely similar to the OECD's master file and local file requirements. Specifically, it covers group-level information, entity-level information, industry analysis, overview of the international related party transactions, functional analysis and characterisation of entities, selection of TP methods, and application of the TP methodology. Large MNEs with group revenue exceeding S\$1.125 billion and whose ultimate parent company is located in Singapore are also required to prepare a CbC report.

Australia

The preparation of TP documentation is recommended (but not compulsory) in Australia. Taxpayers that do not prepare TP documentation face higher penalties if they receive a TP adjustment that increases their tax liabilities in Australia.

The Australian Taxation Office (ATO) has released a series of Practical Compliance Guideline that sets out its risk assessment framework and outlines its compliance approach to TP issues. MNEs with an Australian presence should go through the guidelines to find out their risk profiles in the eyes of the ATO. MNEs that are identified to be in the amber or red zone (that is, the moderate risk or high-risk zone) would be more likely to be scrutinised and challenged by the ATO.

China

Bulletin 42 issued by the China's State Administration of Taxation (SAT) introduces a three-tier documentation framework. While largely based on the OECD's final report on BEPS Action 13, it also includes certain concepts that are familiar to the China market – for example, the impact of location-specific savings on pricing arrangements.

Companies are required to prepare contemporaneous TP documentation annually, including a master file, a local

file and a special issue file. Specifically, companies must prepare a local file if their tangible asset transfers exceed RMB200 million, financial asset transfers or intangible asset transfers exceed RMB100 million, or if the aggregate amount of other types of related party transactions exceed RMB40 million.

Comparable searches are expected to be refreshed annually, and the TP documentation is expected to be fully performed every three years. It is a requirement to prepare the TP documentation in Chinese.

Notably, the SAT requires intra-group services to be beneficial in nature; otherwise, the company paying the service fee for the non-beneficial service would not be allowed a deduction from its taxable income. In practice, the SAT may conduct six specific tests to determine if a service is beneficial in nature (namely the benefit test, necessity test, duplication test, value creation test, remuneration test and authenticity test). Any service that fails one of the tests typically cannot be charged among related parties.

Indonesia

Under Indonesia's new TP reporting compliance requirements (PMK-213), companies are required to prepare contemporaneous TP documentation annually and submit it in Bahasa Indonesia. A fresh benchmarking has to be performed every year.

Indonesia requires the preparation of a master file, a local file and a CbC report. Specifically, companies are required to prepare a master file and local file if they have conducted related party transactions in the current fiscal year, and have in the previous fiscal year:

- gross revenue exceeding IDR50 billion,
- related party transactions for tangible goods exceeding IDR20 billion,
- related party transactions for any class of non-tangible goods (such as interest, royalties or services) exceeding IDR5 billion, or
- related party transactions of any amount with a related party in a jurisdiction which has a corporate tax rate lower than Indonesia's corporate tax rate of 25%.

While a related party transaction may not trigger TP documentation requirement in Singapore, it may not be the case in the counterparty's home country.



Effectively, this means that all related party transactions, however small, between Indonesia and countries with a lower headline tax rate (such as Singapore) would trigger a need to prepare TP documentation in Indonesia.

Malaysia

Under the Malaysian TP Guidelines, contemporaneous TP documentation must be prepared by companies annually and submitted in Bahasa Malaysia or English. Similar to China, comparable searches should be refreshed annually, and the TP documentation should be fully performed every three years.

Malaysia has adopted the three-tiered approach for TP documentation effective from 1 January 2017. Specifically, companies have to prepare a local file if their gross income exceeds RM25 million and total amount of related party transactions exceeds RM15 million, or if the provision of financial assistance exceeds RM50 million (excluding financial institutions). Companies that fall outside these thresholds may opt to prepare a simplified TP documentation.

In practice, it is noted that the Malaysia tax authority generally requires businesses to use local comparable companies in their benchmarking analyses.

PRACTICAL TIPS ON MANAGING TP RISKS Lack of substance

Perhaps one of the biggest challenges that TP practitioners face is to be asked to manage the TP risks of transactions without substance. Businesses must recognise that

TP documentation cannot arbitrarily create substance. Instead, TP documentation is to be used to provide evidential support, based on actual facts and circumstances, to assure tax authorities that profits are taxed where value is created and that there is an alignment of substance and form.

Recurrent loss makers

Most tax authorities would generally consider companies that are consistently loss-making to be of high risk. To the extent that such losses were not contributed by the related party transactions, businesses should proactively explain to the tax authorities the genuine business reasons which may have contributed to the losses (for example, an industry-wide cyclical downturn).

Comparables and arm's length range

Tax authorities generally prefer local comparables over regional comparables in a benchmarking analysis. Where regional comparables are used, businesses should try to demonstrate that no suitable local comparables can be found.

In respect of the arm's length range, tax authorities generally prefer the median point, and deviations from the median should be explained.

In the current environment with heightened TP focus, it is important for MNEs to keep abreast of the TP requirements in all the countries where they operate. While a related party transaction may not trigger TP documentation requirement in Singapore, it may not be the case in the counterparty's home country. ISCA

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BY LAU CHEW KING, LOW KIN YEW AND TONG YEN HEE

DON'S COLUMN

# IFRIC UPDATE ON CAPITALISATION OF BORROWING COSTS

## PART 2

A Revised Definition Of Qualifying Asset In IAS 23?

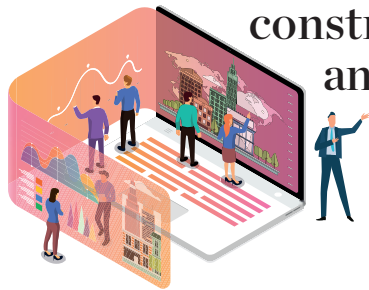
IN THE FIRST OF THIS TWO-PART ARTICLE published in the November issue of *IS Chartered Accountant Journal*, we examined the conceptual support for the IFRS Interpretations Committee's (Committee) conclusion on non-capitalisation of borrowing costs for a good or an asset that is being constructed and transferred over time to customers. We previously concluded that the Committee's conclusion is incongruent with the general principle underlying the measurement of asset cost as espoused in the IFRS Conceptual Framework and several financial reporting standards (for example, IAS 2, IAS 16 and IAS 38). This incongruence can lead to an unfaithful representation of an asset cost in a real estate developer's statement of financial position. In this article,

we examine the implications of the Committee's conclusion on a real estate developer's statement of comprehensive income and recommend a revised definition of qualifying asset in IAS 23.

### GOOD CONSTRUCTED AND TRANSFERRED TO CUSTOMERS OVER TIME UNDER IFRS 15

Under IFRS 15 *Revenue from Contracts with Customers*, revenue is recognised when an entity satisfies a performance obligation by transferring control of a promised good or service to a customer. When a real estate developer constructs a multi-unit building and sells some of the individual units to customers before commencement of or during the construction, the developer has to recognise revenue over time for units that have been sold to customers if the over-time recognition criterion

If all expenses incurred (including eligible borrowing costs) in the acquisition, construction or production of an asset are not capitalised, a mismatch may arise between revenue and costs of revenue.





in IFRS 15 para 35(c) is fulfilled. Specifically, a developer can enter into a contract that details the payment obligations of a customer for the purchase of a specific unit in a building prior to or during the building construction. Under such a contract, an asset of no alternate use to the developer is created (example, the unit cannot be resold to another customer) and control of the asset is transferred to the customer over time. Consequently, the developer recognises revenue from that unit over the construction period. In this case, the developer can account for the construction of the building as follows:

- a) Expenditures incurred in relation to the building construction will be capitalised as construction-in-progress (CIP), which can be a contract asset for sold units or an inventory for unsold units;
- b) Billings for units sold to customers will be debited to accounts receivable and credited to progress billings;
- c) Payments received from billed customers will be deducted from accounts receivable;
- d) Construction revenue is recognised based on the (change in) percentage of completion for the sold units at the end of the current period, and construction costs are expensed. The corresponding difference (either a profit or a loss) is adjusted against the CIP.

The non-capitalisation introduces volatility in developers’ contract and profit margins, which can distort their comparison across time and firms. Non-capitalisation of borrowing costs is also likely to be inconsistent with how developers manage and monitor their construction projects internally.

During ongoing construction, the developer will present the accounts receivable balance, an amount owing by or to customers (depending on whether the CIP balance for sold units is more or less than the progress billings balance respectively), and CIP for unsold units (inventory) in its statement of financial position at the end of the financial period. Concurrently, the developer will present the construction revenue and expense for sold units in its statement of comprehensive income for the financial period.

REVENUE AND EXPENSE

If all expenses incurred (including eligible borrowing costs) in the acquisition, construction or production of an asset are not

capitalised, a mismatch may arise between revenue and costs of revenue. The simple numerical illustration in Table 1 highlights how non-capitalisation of eligible borrowing costs can lead to such a mismatch and result in overstatement of contract margin.

Assume a firm with a single two-year construction project at a transaction price of \$500. The only expenditures are borrowing costs of \$25 per year, and other construction costs of \$100 and \$150 in Years 1 and 2 respectively (assume all amounts are accurately estimated). Using the input method based on costs to recognise revenue over time, Table 1 shows the percentage of completion, contract revenue, contract costs, contract margin and profit margin in each year.

Table 1 Impact of non-capitalisation of borrowing costs on the statement of comprehensive income

	Transaction price = \$500					
	Year 1		Year 2		Total (over 2 years)	
	Borrowing costs	Other costs	Borrowing costs	Other costs	Borrowing costs	Other costs
	\$25	\$100	\$25	\$150	\$50	\$250
	Capitalised	Non-capitalised	Capitalised	Non-capitalised	Capitalised	Non-capitalised
% of completion	42%	40%	100%	100%	100%	100%
Contract revenue	\$210	\$200	\$290	\$300	\$500	\$500
Contract costs	\$125	\$100	\$175	\$150	\$300	\$250
Contract profit	\$85	\$100	\$115	\$150	\$200	\$250
Contract margin	40%	50%	40%	50%	40%	50%
Profit after financing costs	\$85	\$75	\$115	\$125	\$200	\$200
Profit margin	40%	38%	40%	42%	40%	40%







As seen in the table, relative to capitalisation, non-capitalisation of borrowing costs will overstate contract margin in each of the two years by 10%. In addition, because of the front loading of borrowing costs under non-capitalisation, the annual profit margin is 38% and 42% in Years 1 and 2 respectively. In contrast, the annual profit margin is consistently 40% in both years when borrowing costs are capitalised. Thus, non-capitalisation creates relatively more volatility in profit margins over time (although the overall profit margin over the two-year period is the same in both cases). Note that if a firm undertakes the same project but markets and sells it only after project completion, it will recognise revenue at the point of sale under IFRS 15. The firm will also report a contract margin of 40% [calculated as  $(\$500 - \$300) / \$500$ ] because it will capitalise borrowing costs as part of asset cost.

CONCLUSION AND RECOMMENDATION

In summary, we believe that the Committee’s conclusion of non-capitalisation of borrowing costs when a developer recognises revenue over time for a multi-unit building is not only inconsistent with the general principle underlying the measurement of an asset cost but also creates a mismatch between revenue and expenses. The non-capitalisation introduces volatility in developers’ contract and profit margins, which can distort their comparison across time and firms. Non-capitalisation of borrowing costs is also likely to be inconsistent with how developers manage and monitor their construction projects internally. It is worthwhile to note that the Committee’s conclusion may extend beyond the specific scenario – real estate developers of multi-unit properties for sale prior to completion – being considered.

This is because the Committee’s conclusion basis is that the asset in question is not a qualifying asset since it is either sold or ready for sale despite being not fully constructed or produced. By extension, any entity that concurrently recognises revenue and assets over time under IFRS 15 para 35 cannot capitalise borrowing costs incurred in financing the assets’ ongoing construction or production.

The underlying premise for revenue recognition over time by an entity is that the entity will eventually satisfy its contractual performance obligation(s). That is, the entity has the intention to fully complete the construction or production of an asset so that the asset can be fully functional, otherwise, there will be a breach of contract with customers. While a sale may have already taken place, the recognition of revenue over time implies that the sale is an ongoing process and not fully completed until all performance obligations(s) are fulfilled.

The Committee should revisit its conclusion on non-capitalisation of borrowing costs for a good or an asset that is being constructed and transferred over time to customers. A possible rectification is to redefine a qualifying asset in IAS 23 as “an asset that necessarily takes a substantial period of time to *be fully acquired, constructed or produced*”. This revised definition will make it clearer that all eligible borrowing expenses required for the asset to be fully acquired, constructed or produced should be included in the asset cost even when it is ready for sale in its incomplete form, or a sale has taken place before its completion that results in recognition of revenue over time. That is, whether the sale of the asset continues while it is being acquired, constructed or produced should not impede the capitalisation of eligible borrowing costs until the asset is fully completed. This suggested change and resulting accounting will ensure a more faithful representation of asset cost in the statement of financial position, and a more relevant statement of comprehensive income that matches revenue to the associated costs. ISCA

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