
PREFACE TO FINANCIAL REPORTING STANDARDS

1. The Council on Corporate Disclosure and Governance (CCDG) was established on 16 August 2002 to prescribe accounting standards for Singapore-incorporated companies, and to review and recommend corporate governance and disclosure practices on a continuing basis. The accounting standards prescribed by the CCDG are known as Financial Reporting Standards (FRSs), which are closely modelled after the International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. FRSs include both Financial Reporting Standards and Interpretations of Financial Reporting Standards.
2. With the enactment of the Accounting Standards Act 2007 and the dissolution of the CCDG on 1 November 2007, the Accounting Standards Council (the Council) took over the task of making or formulating accounting standards from the CCDG. In addition to making or formulating accounting standards for companies, the Council was also responsible for the making or formulation of accounting standards for charities, co-operative societies and societies.
3. The passing of the Accountancy Functions (Consolidation) Act 2022 conferred the function of making or formulation of accounting standards for companies, charities, co-operative societies and societies on the Accounting and Corporate Regulatory Authority (ACRA) and reconstituted the Council as the Accounting Standards Committee (ASC) under ACRA, to continue performing the function of making or formulation of accounting standards in the same way as the Council had done.
4. The Act also provided for any accounting standards made or formulated or deemed to have been made or formulated, and any practice directions issued or deemed to have been issued, by the Council before 1 April 2023, and which have not been revoked before that date, to continue in force after that date as if made or formulated or issued by the ASC after that date.
5. FRSs set out recognition, measurement, presentation and disclosure requirements dealing with transactions and events that are important in general purpose financial statements. They may also set out such requirements for transactions and events that arise mainly in specific industries. FRSs are based on the *Conceptual Framework*, which addresses the concepts underlying the information presented in general purpose financial statements. The objective of the *Conceptual Framework* is to facilitate the consistent and logical formulation of FRSs. The *Conceptual Framework* also provides a basis for the use of judgment in resolving accounting issues.
6. FRSs apply to all general purpose financial statements. Such financial statements are intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs. The objective of financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to those users in making economic decisions.
7. A complete set of financial statements includes a statement of financial position, statement of comprehensive income, a statement of changes in equity, a statement of cash flows, and accounting policies and explanatory notes. In the interest of timeliness and cost considerations and to avoid repeating information previously reported, an entity may provide less information in its interim financial statements than in its annual financial statements. FRS 34 *Interim Financial Reporting* prescribes the minimum content of complete or condensed financial statements for an interim period. The term 'financial statements' includes a complete set of financial statements prepared for an interim or annual period, and condensed financial statements for an interim period.

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8. The ASC's objective is to require like transactions and events to be accounted for and reported in a like way and unlike transactions and events to be accounted for and reported differently, both within an entity over time and among entities. The ASC may reconsider those transactions and events for which FRSs permit a choice of accounting treatment, with the objective of reducing the number of those choices.
9. Standards include paragraphs in bold type and plain type, which have equal authority. Paragraphs in bold type indicate the main principles. An individual standard should be read in the context of the objective stated in that standard and this Preface.
10. Interpretations of FRSs give authoritative guidance on issues that are likely to receive divergent or unacceptable treatment, in the absence of such guidance.
11. Any limitation of the scope of an FRS is made clear in the standard.

Timing of Application of Financial Reporting Standards

Companies

12. The FRSs are applicable¹ to financial statements covering periods beginning on or after 1 January 2003 of:
 - (a) companies incorporated under the Companies Act (Cap. 50) or pursuant to any corresponding previous written law in Singapore; and
 - (b) foreign companies defined in the Companies Act (Cap. 50) in respect of their operations in Singapore.
13. Where the operative date of an FRS is before 1 January 2003, the FRS and any relevant transitional provision contained therein shall apply in relation to periods before 1 January 2003 only to determine the carried forward balances of financial statements covering periods beginning on or after 1 January 2003.
14. In respect of an FRS which becomes operative for financial statements covering periods beginning on or after 1 January 2003, it shall apply from the operative date as specified in the FRS. New or revised FRSs set out transitional provisions to be applied on their initial application.

Charities

15. The FRSs are applicable² to all charities registered under the Charities Act when preparing their financial statements covering periods beginning on or after 1 July 2011.
16. Where the operative date of an FRS is before 1 July 2011, the FRS and any relevant transitional provision contained therein shall apply in relation to periods before 1 July 2011 only to determine the carried forward balances of financial statements covering periods beginning on or after 1 July 2011.
17. In respect of an FRS which becomes operative for financial statements covering periods beginning on or after 1 July 2011, it shall apply from the operative date as specified in the FRS. New or revised FRSs set out transitional provisions to be applied on their initial application.

¹ For the provisions requiring compliance with the FRSs by a specific entity, please refer to the relevant legislation, for example, the Companies Act or the Charities Act, and subsidiary legislation made thereunder.

² See footnote 1.

Exposure Drafts of New FRSs

18. Exposure drafts of new FRSs may be issued for comment and proposals contained therein may be subject to revision. Until the effective date of a new FRS, the requirements of any existing FRS that would be affected by proposals in an exposure draft will remain in force.

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