

MEDIA RELEASE

GEARING UP AUDIT COMMITTEES FOR 2016 – RAISING THE BAR IN FINANCIAL REPORTING AND AUDIT

Singapore, 12 January 2016 – Over 400 audit committee and board members gathered at the annual Audit Committee Seminar today to hear first-hand from corporate regulators on their key areas of focus for 2016.

2 During the seminar, the Accounting and Corporate Regulatory Authority of Singapore (ACRA) shared the key learning lessons from companies found to be non-compliant with the accounting standards and whose directors were issued advisory or warning letters under ACRA's Financial Reporting Surveillance Programme (FRSP). This follows the release in October 2015 of ACRA's inaugural report¹ on the state of financial reporting by Singapore-incorporated listed companies. Audit committee and board members were also briefed on the key review areas of the FRSP for 2015 financial statements². These areas include impairments of assets and goodwill, which are similar to the key audit matters highlighted by auditors in the United Kingdom (UK).

3 The UK is an early adopter of the enhanced auditor reporting standards whereby auditor's reports of listed entities are now more transparent and contain more information on the key audit matters. These standards are slated for global adoption by 2017 and ACRA had previously announced that the enhanced standards will be effective in Singapore for audits of financial statements for the periods ending on or after 15 December 2016. Mr Paul George, Executive Director of the UK's Financial Reporting Council³, who was a guest speaker at today's seminar, shared the UK's experience and highlighted how the enhanced auditor's reports had provided greater insights for investors to engage with audit committees and auditors with regards to the companies.

¹ The 2015 inaugural report on ACRA's FRSP is available at the following link:
[https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/reports/financial-reporting-surveillance-programme-reports/acra_frsp_a4_mr-\(a3\).pdf](https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/reports/financial-reporting-surveillance-programme-reports/acra_frsp_a4_mr-(a3).pdf)

² ACRA's Financial Reporting Practice Guidance No. 2 of 2015 includes details on the areas of review focus for FY2015 financial statements under the FRSP and is available at the following link:
https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/practice-guidance/PracticeGuidance_AreasofReviewFocus2015.pdf

³ The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment. Its functions include monitoring the quality of the audits of listed companies and reviewing accounts of public and large private companies for compliance with the law and relevant accounting requirements.

4 This annual Audit Committee Seminar is in its second year, and is targeted at directors of listed companies who serve on the audit committees. The responsibilities of directors on audit committees include ensuring the integrity of the company's financial statements, the qualifications and independence of the company's independent auditor and the company's compliance with laws and regulations. ACRA, together with Singapore Exchange (SGX) and the Singapore Institute of Directors (SID) are joint organisers of the seminar.

5 During the seminar, SGX briefed directors on key regulatory considerations for 2016. SGX presented case studies highlighting the importance of a robust and effective internal control system to safeguard the assets of companies, the concerns about governance, and the recommended practices when undertaking corporate transactions.

6 A mini-guidebook for audit committees was also launched at the seminar. The guidebook details the latest regulatory developments, providing practical information on the enhanced auditor's report, ACRA's FRSP and the new ACRA's Audit Quality Indicators (AQIs) disclosure framework⁴ that audit committees can use from January 2016 onwards, and lists the upcoming revisions to the Singapore Financial Reporting Standards (SFRS).

7 In his keynote address, Mr Loh Boon Chye, CEO of SGX said, "Investors rely on the boards of companies they invest in, in particular the audit committees, to govern crucial areas including the safeguarding of assets and the reporting of financials. SGX looks forward to working with audit committee members and board directors in ensuring ever higher governance standards as they grow their companies' businesses."

8 In his welcome speech, ACRA's Chief Executive, Mr Kenneth Yap noted the pivotal role that audit committee members play as they steered the company through an increasingly complex corporate governance landscape. Highlighting the unique position they were placed in, which enabled them to oversee both the management's role in corporate governance and financial reporting and the external auditor's role, he urged audit committees "to draw out key lessons from the findings of ACRA's Financial Reporting Surveillance Report and work with management to improve the quality of financial statements whilst also tapping on the AQI framework to ensure the selection of the right auditor to deliver high quality audits."

⁴ ACRA has introduced an AQI Disclosure Framework, comprising a set of eight audit quality markers, to provide audit committees of listed companies with a set of comparable indicators on the auditors' ability and commitment to deliver quality audits.

9 SID's Chairman, Mr Willie Cheng said that "Audit committees continue to be challenged by new rules and standards, and relentless regulatory scrutiny. 2016 will see more new developments such as AQIs, enhanced auditor's report, and revised SFRS. This seminar, the mini-guide and other forums by SID and the regulators will hopefully help audit committee members keep pace with developments in an increasingly complex world of financial reporting and disclosures."

- End -

For media enquiries, please contact:

Karen Lee
Senior Manager, Corporate Communications
Accounting and Corporate Regulatory Authority
Email: karen_lee@acra.gov.sg

Carolyn Lim
Marketing & Communications
Singapore Exchange
Email: Carolyn.lim@sgx.com

Joyce Koh
Executive Director
Singapore Institute of Directors
Email: joyce@sid.org.sg

About ACRA

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession.

The mission of ACRA is to provide a responsive and trusted regulatory environment for businesses and public accountants. As at 31 December 2015, 479,275 business entities and 1,089 public accountants practising in public accounting firms, accounting limited liability partnerships and accounting corporations are registered with ACRA.

For more information, please visit www.acra.gov.sg.

About Singapore Exchange (SGX)

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to corporate issuers in search of global capital. SGX represents the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with more than 40% of companies listed on SGX originating outside of Singapore. SGX offers its clients the world's biggest offshore market for Asian equity futures, centred on Asia's three largest economies – China, India and Japan.

For more information, please visit www.sgx.com

About Singapore Institute of Directors

The Singapore Institute of Directors (SID) is the national association of company directors. SID promotes the professional development of directors and corporate leaders. It works closely with the authorities and regulators, its network of members and professionals, such as accountants and lawyers, to identify ways to uphold and enhance the highest standards of corporate governance and ethical conduct.

For more information, please visit www.sid.org.sg