

MEDIA RELEASE

MORE COMPANIES COME UNDER ACRA'S SURVEILLANCE FOR FINANCIAL REPORTING WITH NEW ACRA-ISCA COLLABORATION

Singapore, 16 Jan 2014 – The Accounting and Corporate Regulatory Authority (ACRA) and the Institute of Singapore Chartered Accountants (ISCA) today announced the signing of a Memorandum of Understanding (MOU) that will see a public-private collaboration to strengthen the quality of financial reporting by companies.

2 Accurate and reliable financial information remains a crucial growth enabler for capital markets. As financial reporting standards become increasingly complex and require more professional judgement on the part of preparers of financial statements, it is essential that the market remains confident in the level of transparency, integrity and quality of financial reporting. More than ever, investors are asking for reliable and timely information in order to obtain a more accurate picture of the business, whether in terms of generating value or understanding the risks involved.

Memorandum of Understanding

3 The MOU between ACRA and ISCA sees both sides combining resources and sharing expertise to increase the breadth and depth of the financial reporting surveillance regime in Singapore. Under the MOU, ISCA will share its observations on potential non-compliances in financial statements with ACRA, which will deliberate and take enforcement action against directors under the Companies Act, if necessary.

4 This collaboration will allow ACRA to expand its financial reporting surveillance programme to the following areas:

- (a) ***Financial statements with “clean” audit reports of listed companies, as well as non-listed companies that are of public interest.*** Since its establishment in 2011, ACRA's financial reporting surveillance programme has focused primarily on financial statements of listed companies with *modified* audit reports. Audit reports are modified when auditors detect material uncertainties in the financial

statements, including non-compliance(s) with accounting standards. However, financial statements with “clean” audit reports can also contain financial reporting deficiencies that may impair the reliability of the financial statements.

- (b) ***Financial statements with modified audit reports of non-listed companies that are of public interest***, as accounting failures in such statements may have significant public impact on stakeholders such as creditors, lenders, customers and employees.

5 Reflecting on the expanded scope of ACRA’s surveillance programme, Mr Kenneth Yap, Chief Executive of ACRA noted that: “While we have a robust system in place to oversee the work of auditors, the duty to provide reliable financial reports lies ultimately with directors. This duty can be more meaningfully enforced if we combine efforts with ISCA to pro-actively monitor a broader scope of financial statements, giving investors greater confidence in financial information received from companies.”

6 The stepping up of ACRA’s financial reporting surveillance programme is part of ACRA’s strategic plans to further strengthen the quality of financial reporting in Singapore, as first announced at ACRA’s Public Accountants Conference in August 2013. In planning the expanded scope of its surveillance regime, ACRA consulted various stakeholders in the financial reporting eco-system including company directors, chairmen of audit committees, public accountants and representatives from professional bodies including the Association of Small and Medium Enterprises, Institute of Singapore Chartered Accountants, Singapore Business Federation, Singapore Institute of Directors, Singapore International Chamber of Commerce and the Securities Investors Association (Singapore).

ISCA-FSRC

7 Expanding the scope of surveillance will require more resources, and the MOU enables ACRA to tap on the efforts and resources of ISCA’s Financial Statements Review Committee (ISCA-FSRC) which currently reviews financial statements as part of industry self-regulation efforts.

8 The ISCA-FSRC members comprise some 30 senior experienced practitioners from the accountancy sector. The ISCA-FSRC has been reviewing financial statements with clean and modified audit reports of listed and private companies for more than 40 years. In areas where non-compliance with accounting standards are detected, constructive feedback and counselling are provided to members who audited the statements in an effort to maintain a high standard of financial reporting within the profession.

9 On the importance of reaching out to directors as well as in raising the quality of financial reporting in Singapore, Dr Ernest Kan, ISCA President said, “The directors, being experts in their respective industries and businesses, are well placed to ensure the veracity, robustness and clarity of their financial statements. By having a better understanding of their role in the financial reporting process, and in working collaboratively with the auditors, benefits such as improved levels of corporate governance and stakeholder confidence could be reaped. In addition to the directors, ISCA will continue to promote the quality of financial reporting by its members, through technical seminars to share the findings and, when necessary, also counsel the auditors”.

10 Commenting on the collaboration between ACRA and ISCA, Mr Yap said, “As a regulator, we are mindful not to duplicate resources. We are therefore taking a practical approach and working hand-in-hand with ISCA-FSRC to tap on their expertise and experience in reviewing financial statements.”

11 Sharing his thoughts on the partnership, Dr Kan said, “As the national accountancy body, ISCA is pleased to work with ACRA in enhancing Singapore’s financial reporting eco-system and contribute towards the strengthening of Singapore’s reputation as a reliable and trusted business and investment centre.”

12 The MOU shall commence from the date of signing and shall apply to the review of Financial Statements with the financial year ended from 1 January 2013.

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For media enquiries, please contact:

Karen Lee
Senior Manager, Corporate Communications
Accounting and Corporate Regulatory Authority
DID: 6325 6738
Email: karen_lee@acra.gov.sg

Low Xiao Jing
Executive, Corporate Communications
Institute of Singapore Chartered Accountants
DID: 6597 5609
Email: xiaojing.low@isca.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 Dec 2013, 427,188 business entities and 1,006 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 ISCA

Formerly the Institute of Certified Public Accountants of Singapore, the Institute of Singapore Chartered Accountants (ISCA) is the national accountancy body of Singapore. ISCA's vision is to be a globally recognised professional accountancy body, bringing value to our members, the profession and wider community.

Established in 1963, ISCA shapes the regional accountancy landscape through advocating the interests of the profession. Possessing a Global Mindset, with Asian Insights, ISCA leverages its regional expertise, knowledge, and networks with diverse stakeholders to contribute towards Singapore's transformation into a global accountancy hub. Our stakeholders include government and industry bodies, employers, educators, and the public.

ISCA is the Administrator of the Singapore Qualification Programme (Singapore QP) and the Designated Entity to confer the Chartered Accountant of Singapore - CA (Singapore) - designation.

It aims to raise the international profile of the Singapore QP, a post-university professional accountancy qualification programme and promote it as the educational pathway of choice for professional accountants seeking to achieve the CA (Singapore) designation, a prestigious title that is expected attain global recognition and portability.

There are currently about 28,000 ISCA members making their stride in businesses across industries in Singapore and around the world.

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