2 February 2026

Exposure Draft ISCA Financial Reporting Guidance 6

ED FRG 6: RAP 7 to SFRS(I) Implementation Roadmap

Comments to be received by 30 April 2026

REQUEST FOR COMMENTS

Exposure Draft Financial Reporting Guidance 6 (ED FRG 6) *RAP 7 to SFRS(I) Implementation Roadmap* is published by the Institute of Singapore Chartered Accountants (ISCA) for comment only. The proposals may be modified in light of any comments received before being issued in their final form. All comments will be considered a matter of public record. Comments need to be received by 30 April 2026 and should be submitted in writing to ISCA, by email to: professionalstandards@isca.org.sg.

About the Institute of Singapore Chartered Accountants

The Institute of Singapore Chartered Accountants (ISCA) is the national accountancy body of Singapore with over 38,000 ISCA members making their stride in businesses across industries in Singapore and around the world. ISCA members can be found in over 40 countries and members based out of Singapore are supported through 12 overseas chapters in 10 countries.

Established in 1963, ISCA is an advocate of the interests of the profession. Complementing its global mindset with Asian insights, ISCA leverages its regional expertise, knowledge, and networks with diverse stakeholders to contribute towards the advancement of the accountancy profession.

ISCA administers the Singapore Chartered Accountant Qualification programme and is the Designated Entity to confer the Chartered Accountant of Singapore – CA (Singapore) – designation.

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ISCA's Financial Reporting Committee (FRC) comprises representatives from legal and accounting firms, corporate, regulators and academia in the financial reporting eco-system.

FRC's terms of reference include monitoring policy and implementation issues relating to the development of accounting standards internationally and in Singapore, and to identify, understand and address accounting issues faced by professional accountants in Singapore, and provide support through the issuance of guidances.

The terms of reference are executed through FRC with the support of two Sub-Committees, namely the Core Sub-Committee and the Valuation Sub-Committee.

About ISCA's Banking and Finance Committee

ISCA's Banking and Finance Committee (BFC) comprises practitioners with significant experience in the field of banking and finance. BFC's terms of reference include dealing with accounting standards and auditing standards which impact the banking and finance industry, as well as related laws and regulations pertaining to the banking and finance industry.

Important note:

- References made to publicly available information are accurate as at the issuance of this FRG.
- This FRG focuses on the accounting considerations under Singapore Financial Reporting Standards (International) (SFRS(I)s).
- Authorised Schemes should monitor developments in SFRS(I) up to the end of the first SFRS(I) reporting period as SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* requires compliance with each SFRS(I) which is effective at the end of the reporting period.
- This FRG has incorporated the requirements of SFRS(I) 18 *Presentation and Disclosure in Financial Statements* and any consequential amendments to other SFRS(I)s.
- The fact patterns and examples presented in this FRG are illustrative in nature. The appropriate accounting depends on the facts and circumstances of the Authorised Scheme. Significant judgement may be required, and auditors or professional advisors should be consulted as needed.

Preface

Under the Code on Collective Investment Schemes ("CIS Code"), the manager of an authorised collective investment scheme[1] ("Authorised Scheme") is required to prepare the financial statements relating to the scheme in the manner prescribed by the Statement of Recommended Accounting Practice 7: Reporting Framework for Investment Funds ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

What has changed?

On 28 November 2025, the Monetary Authority of Singapore ("MAS") amended the above requirement for the preparation of financial statements and reports under the CIS Code[2]. Under the amendment, financial statements relating to an Authorised Scheme should be prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") instead of RAP 7.

The CIS Code has also been amended to incorporate certain additional disclosures previously required by RAP 7 (see Section 1.3 and 5). The amended CIS Code will be referred to as "Revised CIS Code" in this FRG.

As a result of the above changes, Authorised Schemes (including Property Funds) whose financial statements are currently prepared under RAP 7 will be impacted.

Authorised Schemes (including Property Funds) are required to comply with the Revised CIS Code with effect from the financial year ending on or after 31 December 2028[3].

Purpose and scope of this FRG

To support a smooth transition to SFRS(I), working with the MAS, ISCA, through its RAP 7 to SFRS(I) Transition Working Group[4] (joint working group by Financial Reporting Committee (FRC) and Banking and Finance Committee (BFC)), has developed this FRG to provide guidance for impacted entities to navigate through the transition from RAP 7 to SFRS(I), which entails the application of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* (see Section 2).

Section 3 sets out key requirements and considerations under SFRS(I) 1-32 *Financial Instruments: Presentation* relating to the classification of units and component parts; Section 4 sets out key requirements and considerations under SFRS(I) 1-34 *Interim Financial Reporting*; and Section 5 sets out additional disclosures previously required by RAP 7 that are now incorporated into the Revised CIS Code. Authorised Schemes should read this FRG in conjunction with the relevant SFRS(I)s.

Accounting standards considered in this FRG

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[1] Refers to a collective investment scheme that is constituted in Singapore and authorised by the MAS under Section 286 of the Securities and Futures Act 2001.

[2] Refers to [Consultation Paper on Proposed Amendments to Requirements for Preparation of Financial Statements and Reports under the Code on Collective Investment Schemes] published by MAS on 15 August 2024.

[3] For example, the amendments to the CIS Code will apply to the financial statements and reports for the financial year ended 31 December 2028 for an Authorised Scheme with financial year ending 31 December.

[4] ISCA gratefully acknowledge and thank the following members of the RAP 7 to SFRS(I) Transition Working Group for their contributions towards the development of this publication:

- Ms Venetia Lau (Chairperson)
- Ms Chan Yen San
- Mr Aylwin How
- Mr Jeremy Phua
- Mr Senthilnathan Sampath
- Mr Gajendran Vyapuri
- Mr Eric Yeo

This FRG considers SFRS(I)s that have been issued as at 31 December 2025.

The new accounting standard, SFRS(I) 18 *Presentation and Disclosure in Financial Statements* and consequential amendments, is effective for period beginning on or after 1 January 2027. **This FRG has incorporated the requirements of SFRS(I) 18 and any consequential amendments to other SFRS(I)s**, as SFRS(I) 18 will already be effective when Authorised Schemes prepare the first SFRS(I) financial statements as required by the Revised CIS Code.

As there may be other developments in SFRS(I)s subsequent to the issuance of this FRG, Authorised Schemes are reminded to monitor the developments in SFRS(I) up to the end of the first SFRS(I) reporting period as SFRS(I) 1 requires compliance with each SFRS(I) which is effective at the end of the reporting period.

Assertion of dual compliance with SFRS(I) and IFRS

Authorised Schemes applying SFRS(I) that wish to also assert compliance with International Financial Reporting Standards Accounting Standards ("IFRS") are permitted, but not required, to simultaneously include an explicit and unreserved statement of compliance with IFRS in its SFRS(I) general-purpose financial statements[5].

Authorised Schemes applying IFRS should apply SFRS(I) and may do so without having to apply SFRS(I) 1 since IFRS and SFRS(I) are identical financial reporting frameworks.

What should those responsible for the financial statements of impacted Authorised Schemes do now to ensure compliance with SFRS(I)?

Responsible parties should:

- Review this FRG to understand the scope and complexity of the transition from RAP 7 to SFRS(I)
- Oversee the transition process, ensuring robust procedures and resources are in place to support compliance
- Engage proactively with auditors and professional advisors to monitor progress and address challenges early

We trust that this FRG would serve as a useful and practical guide to assist impacted Authorised Schemes formulate and execute their SFRS(I) implementation roadmap, to achieve a smooth transition from RAP 7 to SFRS(I) financial reporting framework.

[5] Paragraph 8 of the SFRS(I) Statement of Applicability states "an entity applying SFRS(I)s to its general-purpose financial statements shall make an explicit and unreserved statement of compliance with SFRS(I)s in those financial statements. An entity applying SFRS(I)s is permitted, but not required, to simultaneously include an explicit and unreserved statement of compliance with IFRS Accounting Standards".

Contents

1. Overview of the regulatory change

RAP 7 is an industry-specific reporting framework for investment funds which was first issued in March 2002 by ISCA in consultation with the Investment Management Association of Singapore ("IMAS"). It sets out recommendations on the way in which the financial statements of investment funds should be prepared. Financial statements that are prepared in accordance with RAP 7 are generally required to comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("SFRS") issued by the Accounting Standards Committee ("ASC"), unless prescribed otherwise by RAP 7.

1.1 Why the change?

While RAP 7 is a financial reporting framework that is tailored specifically to the needs of local fund investors, it might not necessarily take into account the differing needs of global investors. Instead, such investors may be more familiar with the practice in other major fund jurisdictions, which have mandated the use of IFRS-identical standards or permitted the use of IFRS.

In contrast, SFRS(I) is a financial reporting framework that is identical to the IFRS issued by the International Accounting Standards Board ("IASB"). An entity complying with SFRS(I) can elect to simultaneously include an explicit and unreserved statement of compliance with IFRS. Therefore, by harmonising the preparation of financial statements with international practices, there could be potential cost savings for managers of Authorised Schemes that offer international funds. For managers that exclusively manage Authorised Schemes, the alignment with international standards would also promote better comparability of financial statements of Authorised Schemes with those of other major fund jurisdictions. Further, the adoption of SFRS(I) by Authorised Schemes would also promote comparability of financial statements across different types of capital market issuers in Singapore.

The CIS Code has also been amended to incorporate certain additional disclosures previously required by RAP 7 (see Section 1.3 and 5). The amended CIS Code will be referred to as "Revised CIS Code" in this FRG.

1.2 Effective date of the change

Authorised Schemes (including Property Funds) are required to comply with the Revised CIS Code with effect from the financial year ending on or after 31 December 2028. Authorised Schemes may adopt SFRS(I) earlier if they choose to do so.

1.3 Valuation of real estate assets

An important update in the Revised CIS Code is the new guidance note added under paragraph 8.1 of Appendix 6 (see extract below), which highlights that property valuations conducted for the purpose of paragraph 8.1 may not, on their own, be sufficient to comply with the relevant accounting standards.

8.1 A full valuation of each of the property fund's real estate assets should be conducted by a valuer at least once a financial year, in accordance with any applicable code of practice for such valuations. *Guidance* *For the avoidance of doubt, valuations conducted for the purpose of paragraph 8.1 may not, on their own, be sufficient to comply with relevant accounting standards.*

In view of the above, Authorised Schemes are reminded that for financial reporting purposes, they are to ensure that property valuations comply with the requirements of SFRS(I) 13 *Fair Value Measurement*. To aid Authorised Schemes in this, further guidance could be found in the following ISCA technical guidance:

	Guidance	Description
1	**FRG 1** *Real Property Valuation for Financial Reporting – Best practices when engaging valuers: Considerations for Scope of Work ("SOW") and Valuation Report ("VR")*	Generally, valuation for financial reporting purposes will involve the valuer as the professional service provider, the reporting entity as the client and the auditor as the reviewer for audit purposes. Hence, it will be beneficial for all involved parties to have a clear understanding of the valuation process and the requirements of the relevant accounting standards. To facilitate the valuation process amongst the valuer, client and auditor for real property valuation, FRG 1 sets out best practices when engaging valuers for financial reporting purposes
2	**FRB 10** *Real Property Valuation for Financial Reporting – Fair Value Based on the Highest and Best Use*	Is the 'market value' of a property the same as its 'fair value'? FRB 10 explains both concepts and provides guidance on what management should do in assessing the appropriateness of the reported value for financial reporting purposes. This FRB also includes an example to illustrate the application of highest and best use as the valuation premise.

1.4 Key differences between RAP 7 and SFRS(I) and additional disclosures prescribed in Revised CIS Code

The table below highlights key differences between RAP 7 and SFRS(I). The additional disclosures previously required by RAP 7 are now incorporated into the Revised CIS Code as highlighted in the table below. These apply to all Authorised Schemes unless specified otherwise.

An important update in the Revised CIS Code is the addition of a new guidance note under paragraph 5.1.1 (see extract below). This note clarifies that if there are any differences between the SFRS(I) and the Revised CIS Code regarding the preparation of financial statements, the SFRS(I) requirements will take precedence.

> 5.1.1
> The manager (or the VCC, in the case of a scheme constituted as a VCC or is a sub-fund thereof) should prepare the half-yearly financial statements and the annual audited financial statements, for the semi-annual report and annual report respectively, in accordance with SFRS(I).
>
> *Guidance 2*
> *In the event of a difference between SFRS(I) and the CIS Code in relation to the preparation of financial statements, the requirements under SFRS(I) shall prevail.*

Area	Under RAP 7	Under SFRS(I)	Additional disclosures prescribed in Revised CIS Code that were previously required by RAP 7 (See Section 5 for more information)
Industry specific	RAP 7 is specific to Authorised Schemes	SFRS(I) is generally more principle-based and industry agnostic.	-
Application of amendments to accounting standards / new accounting standards	RAP 7 does not take into account any amendments to the accounting standards or new accounting standards that become effective after the last review date.	SFRS(I) requires application of all amendments to SFRS(I) and new SFRS(I) which are effective for the reporting period.	-
First-time adoption	No specific requirement	Requires application of SFRS(I) 1 for transition.	-

Area	Under RAP 7	Under SFRS(I)	Additional disclosures prescribed in Revised CIS Code that were previously required by RAP 7 (See Section 5 for more information)
		See Section 2 for more information.	
Authorisation of financial statements	No specific disclosure requirement for date of authorisation of financial statements	SFRS(I) requires disclosure of the date when the financial statements were authorised for issue and who gave that authorisation.	-
Interim reporting	RAP 7 requires interim report to be prepared using the same accounting policies and format as the annual financial statements and specifies statements to be included in the interim report.	SFRS(I) 1-34 allows preparation of either a complete set or condensed set of financial statements. SFRS(I) 1-34 specifies disclosure requirements for interim financial reports including: • Segment reporting information; • Related party transactions; and • Commentary on seasonal operations. See Section 4 for more information.	-
Primary statements to be presented in the financial statements	• Statement of Total Return • Statement of Financial Position • Statement of Movement of Unitholders/shareholders Funds • Statement of Cash Flows (only for Property Funds)	• Statement of Financial Position • Statement (or Statements) of Financial Performance • Statement of Changes in Equity/net assets attributable to redeemable unitholders/participating shareholders • Statement of Cash Flows Note: the titles of the above statements may not necessarily be the same as that in SFRS(I) 18 and are commonly seen in the financial statements of Authorised Schemes.	-
Reconciliation of components of equity	RAP 7 does not require Authorised Schemes to disclose the reconciliation of each component of	SFRS(I) requires reconciliation of each component of equity at the start and end of the reporting period, with changes resulting from specific items being required to be presented separately.	-

Area	Under RAP 7	Under SFRS(I)	Additional disclosures prescribed in Revised CIS Code that were previously required by RAP 7 (See Section 5 for more information)
	equity at the start and end of the reporting period.		
Distribution (for Property Funds)	Requires disclosure of amount of distribution attributable to each class for reporting period	Distributions for units/shares classified as financial liabilities as per SFRS(I)1-32 would be presented in the Statement Of Financial Performance, otherwise would be presented in the Statement of Changes in Equity for those units/shares classified as Equity as per SFRS(I)1-32.	Movement of distributions required to be disclosed in the notes to the financial statements
Portfolio of Investments	RAP 7 requires statement of portfolio to be presented, and for it to be presented based on key segment considerations – primary and secondary segment reporting.	No specific disclosure requirement.	Portfolio holdings to be disclosed in the notes to the financial statements
Format of Statement of Financial Position	Illustration of the presentation format is set out in Appendix 1 of RAP 7. For non-Property Funds, assets and liabilities are typically presented in the order of their liquidity and there is no split between current and non-current.	SFRS(I) 18 requires presentation of current and non-current assets, and current and non-current liabilities, as separate classifications in the Statement of Financial Position, except when a presentation based on liquidity provides a more useful structured summary. In which case, all assets and liabilities are presented in order of liquidity.	-
Format of Statement of Comprehensive Income/Statement of Financial Performance	Known as Statement of Total Return which should show: - Income - Expenses - Net income/expense	SFRS(I) 18 allows the presentation of statement of financial performance as either: (a) a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections—if this option is chosen, an entity shall present the profit or loss section first followed directly by the other comprehensive income section; or	Certain expenses are required to be disclosed in the financial statements

Area	Under RAP 7	Under SFRS(I)	Additional disclosures prescribed in Revised CIS Code that were previously required by RAP 7 (See Section 5 for more information)
	- Net gains or losses on the value of investments and financial derivatives Illustration of the presentation format is set out in Appendix 1 of RAP 7. Certain expenses are required to be disclosed (e.g. management fee, performance fee, trustee fee, director fee).	(b) a statement of profit or loss and a separate statement presenting comprehensive income that shall begin with profit or loss—if this option is chosen, the statement of profit or loss shall immediately precede the statement presenting comprehensive income. Under SFRS(I) 18, Authorised Scheme's expenses can be presented by function and/or nature, or both in a manner that provides the most useful structured summary of expenses. Under SFRS(I) 18, there are prescribed line items to be presented in the statement of profit or loss or otherwise in the notes if is material information but does not provide a useful structured summary of income and expenses in the face of profit or loss. See Section 2.2 for more information.	
Investments in securities	RAP 7 requires investments in securities to be measured at fair value at reporting date, but there is no specific requirement on the classification.	SFRS(I) 9 sets out requirements on the classification and measurement of financial assets. Authorised Schemes transitioning to SFRS(I) would need to assess the classification of investments in securities. Note: Section 19(1)(c) of the Variable Capital Companies Act 2018 requires that property of variable capital company (VCC) must be measured on a fair value basis. As property includes financial assets, VCC should ensure that its business model is not held-to-collect for solely payments of principal and interest (SPPI) financial assets.	-
Debt/Equity classification of units/shares	All units are classified as equity.	SFRS(I) 1-32 requires Authorised Schemes to assess the classification of their units/shares, or its component parts, as a financial liability or as equity in accordance with the substance of the contractual arrangement and definitions of a financial liability and an equity instrument.	-

Area	Under RAP 7	Under SFRS(I)	Additional disclosures prescribed in Revised CIS Code that were previously required by RAP 7 (See Section 5 for more information)
		Authorised Schemes transitioning to SFRS(I) may see a change in the classification, associated measurement, presentation and disclosure of the units/shares issued. See Section 3 for more information.	
Related party disclosures	RAP 7 requires related party transactions to be disclosed in accordance with FRS 24 *Related Party Disclosures* and the related parties will include the manager and trustee and parties by reason of their relationship with the manager and trustee.	SFRS(I) 1-24 requires Authorised Scheme to assess if the manager and trustee and parties by reason of their relationship with the manager and trustee meet the definition of 'related party'. For interim reporting, Authorised Scheme is required under SFRS(I) 1-34 to disclose significant related party transactions.	Disclosure of amount of transactions for the reporting period and balances with trustees to be included in the notes to the financial statements Disclosure of fees and charges paid to the manager and trustee to be included in the financial statements
Valuation of immovable property (for Property Funds)	RAP 7 requires immovable property to be valued at fair value.	SFRS(I) 1-16 allows Authorised Schemes to apply either the cost model or the revaluation model to property, plant and equipment. SFRS(I) 1-40 allows Authorised Schemes to apply with the cost model or the fair value model to investment property. Note: Section 19(1)(c) of the Variable Capital Companies Act 2018 requires that property of variable capital company (VCC) must be measured on a fair value basis. As property includes non-financial assets (e.g. real estate assets), VCC should ensure that for real estate assets, VCC should elect the revaluation model under SFRS(I) 1-16 or fair value model under SFRS(I) 1-40.	-

Area	Under RAP 7	Under SFRS(I)	Additional disclosures prescribed in Revised CIS Code that were previously required by RAP 7 (See Section 5 for more information)
NAV per unit/share	RAP 7 requires NAV per share to be presented in annual report. [For non-Property Funds] Reconciliation required of material differences between NAV per units for issuing and redeeming of units and the scheme's NAV per unit per financial statements.	No specific disclosure requirement.	Required to be disclosed in the notes to the financial statements
Net gains/(losses) on investments and financial derivatives	RAP 7 requires net gains/(losses) on investments and financial derivatives to be presented in the statement of total return	No specific disclosure requirement but SFRS(I) 18 may require different line items or additional sub-totals to be disclosed.	Required to be disclosed in the semi-annual and annual report
Information about valuers (for Property Funds)	RAP 7 requires disclosure of name and qualification of valuers.	No specific disclosure requirement.	Required to be disclosed in the notes to the financial statements
Earnings per share	No specific disclosure requirement.	SFRS(I) 1-33 requires the calculation and disclosure of earnings per share. SFRS(I) 1-33 is only applicable to Authorised Schemes that meet the criteria set out in paragraph 2 of SFRS(I) 1-33.	-
Segment reporting	No specific disclosure requirement.	SFRS(I) 8 requires disclosure of information about segments.	-

Area	Under RAP 7	Under SFRS(I)	Additional disclosures prescribed in Revised CIS Code that were previously required by RAP 7 (See Section 5 for more information)
		SFRS(I) 8 is only applicable to Authorised Schemes that meet the criteria set out in paragraph 2 of SFRS(I) 8. SFRS(I) 8 requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Authorised Schemes shall disclose factors used to identify its reportable segments, including the basis of organisation, and types of investments from which each reportable segment derives its revenues. They must also disclose the judgments made by the those responsible for financial statements in applying the aggregation criteria of the standard, including a description of the aggregated segments and the economic indicators that have been assessed in determining that the aggregated segments share similar economic characteristics [paragraph 22(aa) of SFRS(I) 8]. **Example** For management purpose, the Authorised Scheme is organised into one main operating segment, which is to invests in equity securities, debts instruments and related derivatives. All of the Authorised Scheme's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Authorised Scheme as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole. If the Authorised Scheme has a larger and more diversified operations that have well defined lines of business and operating units for which discrete financial information is available and is used by the chief operating decision maker, it will likely be required to report more than one segment in its financial statements.	

2. Application of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

When SFRS(I) is first applied, Authorised Schemes which are currently applying RAP 7, are required to apply the transition requirements in SFRS(I) 1.

2.1 Key requirements in SFRS(I) 1

Key implications

SFRS(I) 1 requires the retrospective application of SFRS(I) standards to the first interim or annual financial statements, unless specific transitional provisions (as set out in SFRS(I) 1) are applied. **This means that certain balances previously reported in the financial statements prepared under RAP 7 might be different under SFRS(I). Authorised Schemes are also required to prepare the comparative SFRS(I) financial statements and the opening SFRS(I) Statement of Financial Position of the comparative period.**

Relevant dates for first-time adopters

Financial year-end	31 December 2028	31 March 2029	30 June 2029	30 September 2029
Date of transition*	1 January 2027	1 April 2027	1 July 2027	1 October 2027
First interim reporting date under SFRS(I)	30 June 2028	30 September 2028	31 December 2028	31 March 2029
First annual reporting date under SFRS(I)	31 December 2028	31 March 2029	30 June 2029	30 September 2029

**The 'date of transition' is the beginning of the earliest period for which an entity presents full comparative information under SFRS(I) in its first SFRS(I) financial statements. SFRS(I) 1 requires the opening statement of financial position to be disclosed in the first SFRS(I) financial statements. This table assumes one year of full comparative information is presented.*

Retrospective application of SFRS(I) standards except when transitional provisions are applied

First-time adopters applying SFRS(I) 1 are required to apply all effective standards under SFRS(I) <u>retrospectively</u> from date of incorporation unless mandatory exceptions or optional exemptions (as described below) are applied.

Transition provisions	Description	Reference in SFRS(I) 1
Mandatory exceptions	• First-time adopters are <u>required to apply</u> all mandatory exceptions.	Paragraphs 14 to 17 and Appendix B of SFRS(I) 1
Optional exemptions	• First-time adopters are <u>generally allowed (but not mandated) to apply</u> the optional exemptions. • These optional exemptions are generally designed to provide relief from full retrospective application of SFRS(I). • First-time adopters that do not apply the relief will need to apply the relevant SFRS(I) retrospectively.	Paragraph 18 and Appendices C to E of SFRS(I) 1

Appendix 1 sets out the impacts of mandatory exceptions and optional exemption that is assessed based on most common scenarios observed. Authorised Schemes should read the Appendix 1 to understand how these mandatory exceptions and optional exemption should be applied and how these would impact the application of SFRS(I) at transition. Authorised Schemes should assess whether the optional exemptions are applicable to its fact and circumstances and prepare its own analysis of which optional exemption should be applied and its impact to the financial statements at the transition.

Apply the transitional provisions of SFRS(I) 1, not those of the respective standards

First-time adopters do not apply the transitional provisions of individual SFRS(I) standards unless specifically required or permitted to do so under SFRS(I) 1. What this means is that when adopting SFRS(I) 18 and other new/revised standards effective in 2028 a first-time adopter should refer to the transition provisions in SFRS(I) 1 instead of the respective standards.

Adjustments to financial statements

First-time adopters are also required to reflect the corresponding tax implications on the adjustments retrospectively [paragraph 10 of SFRS(I) 1].

2.2 New accounting standard – SFRS(I) 18

Key changes under SFRS(I) 18

SFRS(I) 18 introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. These new requirements include:

- Requirements to classify all income and expenses included in the statement of comprehensive income into one of five categories (three being new) and to present two new mandatory subtotals.

- Required disclosures about certain non-GAAP measures ('management defined performance measures' or 'MPMs'), in a single note to the financial statements.

- Enhanced guidance on the aggregation and disaggregation of information across all the primary financial statements and the notes.

To implement these requirements, it is expected that entities will need to make changes to their data collection processes, information systems and their financial statement close process. The focus of this FRG is on the new requirements. The requirements carried forward from SFRS(I) 1-1 substantially unchanged will only be addressed if necessary to explain the context of the new requirements.

SFRS(I) 18, will also have narrow scope, but widely applicable, consequential amendments to other standards including:

- SFRS(I) 1-7 Statement of Cash Flows, which will both:
    - Require the use of 'operating profit or loss' as the mandatory starting point for entities using the indirect method
    - Largely remove the current optionality for classifying cash flows from interest and dividends

- SFRS(I) 1- 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which will contain some requirements currently included within SFRS(I) 1-1.

- SFRS(I) 1-33 *Earnings per Share*, which will expand the types of additional earnings per share measures that entities are permitted to disclose.

- SFRS(I) 1-34 *Interim Financial Statements*, which will require the same MPM-related disclosures in interim financial statements as required in annual financial statements

3. Application of SFRS(I) 1-32 *Financial Instruments: Presentation* relating to the classification of units and component parts

Currently under RAP 7, all redeemable units/participating shares are classified as equity. However, under SFRS(I) 1-32, an assessment needs to be made.

3.1 Key requirements in SFRS(I) 1-32

Determination of the classification of the units/participating shares requires careful assessment of the terms of the units/participating shares issued, including assessing:

- whether there is any contractual obligation to deliver cash or another financial asset, including under contingent settlement provisions;

- whether there can be settlement by its own equity instruments (i.e. units or shares) that are not "fixed for fixed"[6] (or a variable number of its own equity instruments), unless it has all the features and meets the conditions in paragraphs 16A and 16B of SFRS(I) 1-32 or paragraphs 16C and 16D of SFRS(I) 1-32 (see Example 3 below for how paragraphs 16A to 16D of SFRS(I) 1-32 could affect the classification); and

- whether distributions are mandatory or discretionary.

Generally, the **key determination** of whether the units/shares are financial liabilities or equity is whether the unitholder/shareholder has an option to redeem the instruments (units/participating shares) back to the Authorised Scheme for cash or another financial asset, resulting in the Authorised Scheme having a contractual obligation to deliver cash or another financial asset to the holder of the units/participating shares, thereby requiring recognition as a financial liability rather than equity.

3.2 Considerations for non-Property Funds

For instance, units/participating shares of a fund that is not a limited life fund (i.e. liquidation date is not fixed and not at the discretion of the holders) are classified as equity when:
- the units/participating shares are not redeemable at the option of the holder,
- the class of units/shares is subordinate to all other classes, and
- the distributions* to holders either cumulative or non-cumulative are at the discretion of the Authorised Scheme.

Generally, open-ended Authorised Scheme provides their unitholders/shareholders with rights to redeem their interests at any time or on specific date for cash, which will result in the unitholders/shareholders' interests being classified as financial liabilities. However, classification as a financial liability does not preclude the use of descriptors such as 'net asset value attributable to unitholders' and 'change in net asset value attributable to unitholders' in the financial statements of an Authorised Scheme that has no contributed equity [paragraph 18(b) of SFRS(I) 1-32].

**Note: Paragraph AG12 of SFRS(I) 1-32 states "liabilities or assets that are not contractual (such as income taxes that are created as a result of statutory requirements imposed by governments) are not financial liabilities or financial assets. Accounting for income taxes is dealt with in SFRS(I) 1-12. Similarly, constructive obligations, as defined in SFRS(I) 1-37, do not arise from contracts and are not financial liabilities". An example would be a legal requirement to pay dividends to maintain the property fund's tax status may not impact the classification of its units.*

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[6] "Fixed for fixed" under SFRS(I) 1-32 requires that for a contract that will be settled by the entity issuing "a **fixed** number of its own equity instruments", it will be classified as equity if "in exchange for a **fixed** amount of cash or another financial asset".

An option of the Authorised Scheme to redeem the shares for cash does not satisfy the definition of a financial liability because the Authorised Scheme does not have a present obligation to transfer financial assets to the unitholders/shareholders. In this case, redemption of the units/shares is solely at the discretion of the Authorised Scheme.

It should be noted that the legal form (of the Authorised Scheme) does not automatically determine the classification of the units/shares. There needs to be consideration of the interaction between the legal form and other elements of the legal environment, such as income tax considerations.

Classification of units/participating shares

The examples below illustrate how accounting principles are applied to determine the appropriate classification for units/participating shares.

Example 1 – Units/participating shares are classified as financial liabilities	
Fact pattern	**Analysis**
An open-ended Authorised Scheme issues two classes of redeemable participating units/shares, Class A and Class B, which are redeemable at the holder's option but do not have identical rights, i.e. Class A units/shares are subject to management fees at a rate of 1.5% per annum, while Class B units/shares are subject to management fees at a rate of 2% per annum. Other than the difference in management fees, the two share classes have identical rights in all other aspects. The units/shares can be redeemed or put back to the Authorised Scheme at any dealing date for cash equal to the proportionate share of the Authorised Scheme's net asset value attributable to the unit/share class. The units/share are redeemable daily.	Since the Class A and Class B units/shares are subject to different management fees, they do not have identical rights (i.e. both share class are equally subordinated). In addition, with the unitholder/shareholder having option to redeem or put the units/shares back to the Authorised Scheme for cash, this results in the Authorised Scheme having a contractual obligation to deliver cash or other financial assets to the unitholders/shareholders. As the units/shares do not meet the definition of equity instrument and do not have the features nor meet the conditions in paragraphs 16A to 16D of SFRS(I) 1-32, the units/shares are classified as financial liabilities.

Example 2 – Units/participating shares are classified as equity	
Fact pattern	**Analysis**
A close-ended Authorised Scheme issues one class of units/shares and the holder has no option to redeem (non-puttable units/shares). Although the Authorised Scheme has the right to redeem the units/shares for cash, it has no contractual obligation to deliver cash.	Since the Authorised Scheme has no contractual obligation to deliver cash and it has only one class of units/shares, that class of units/shares is treated to be subordinate to all other classes. Hence, the units/shares are classified as equity.

Example 3 – Units/participating shares are classified as equity	
Fact pattern	**Analysis**
Investment fund A is an open-ended mutual fund. There is only one class of shares, and the only shares in issue are redeemable participating shares. These shares are puttable, and they impose an obligation on investment fund A to deliver to the holder of the shares a pro rata share of the net assets of the fund on liquidation.	Although the redeemable participating shares of investment fund A meet the definition of a financial liability, they are classified as equity, because: • the shares entitle the holder to a pro rata share of the fund's net assets on liquidation [paragraph 16A(a) of SFRS(I) 1-32]; • there are no other financial instruments in issue that have total cash flows based substantially on the profit or loss, the changes in the recognised net assets, or the changes in the fair value of the recognised and unrecognised net assets of the fund that would restrict or fix the residual return of the puttable instruments [paragraph 16B of SFRS(I) 1-32]; and • the shares meet all of the remaining conditions in paragraph 16A of SFRS(I) 1-32 (for example, the instrument is most subordinated to all other classes of instrument, all instruments in the most subordinated class have identical features, and no other features require liability classification).

Umbrella Funds

Where an Authorised Scheme is a sub-fund of an umbrella Variable Capital Company[7] (VCC), each sub-fund constitutes a distinct fund with different investors investing into it and different prospectus/offering documents issued. Additionally, the assets and liabilities of each sub-fund are segregated from those of other sub-funds under the same umbrella VCC. Hence, the classification of the units/participating shares is determined at each sub-fund level.

[7] A corporate structure for investment funds constituted under the Variable Capital Companies Act.

3.3 Considerations for Property Funds

Classification of typical Singapore-listed REIT unit

<table>
<tr><th colspan="2">Example 4 – Units are classified as equity</th></tr>
<tr><th>Fact pattern</th><th>Analysis</th></tr>
<tr><td><u>Fact pattern</u>
Property Fund A (“the Fund”) is a perpetual trust and has issued one class of units listed on the Singapore Exchange. The Fund is not obligated to make distributions. Holders of units are entitled to its pro-rata share of the Fund’s net assets upon liquidation. The units are not redeemable if the Fund is listed. Delisting of the Fund requires approval by an extraordinary resolution of holders of units. Upon delisting, holders of the units, including the Fund Manager itself holding units, may request redemption of units not more than once a year. The Fund Manager has the discretion to decide whether to redeem the units out of the Fund Manager’s fund, out of the Fund’s assets or facilitate third party buyers. As prescribed in the trust deed, the Fund manager has the right to liquidate the Fund if a law is passed making the Fund’s existence illegal or impractical in the Fund Manager’s opinion, the net asset value falls below a certain threshold or if the Fund becomes unlisted after being listed.</td><td>The issued units of Property Fund A are classified as equity as they evidence a residual interest in the assets of the Fund after deducting all of the Fund’s liabilities. [paragraph 11 of SFRS(I) 1-32]

In addition, the following are considered:
Liquidation is within the control of the Fund Manager and not the holders of units.
Distributions are at the discretion of the Fund Manager.
Upon delisting, redemption of units out of the Fund’s assets is at the discretion of the Fund Manager.
Considering the Fund Manager is acting on behalf of the Fund, the above clauses do not result in the financial liability classification. [paragraph 25 of SFRS(I) 1-32]

Important notice

However, in Singapore, Real Estate Property Trusts are constituted under the Trustees Act 1967. Under section 89 of the Trustees Act 1967 which refers to section 32 of the Civil Law Act 1909, the perpetuity period of a trust shall be 100 years or such shorter period as may be specified by the trust deed. Where a Property Fund determines that liquidation is certain to occur due to the limited perpetuity period imposed by the Trustees Act 1967, the units will still be equity classified as:
the holders of the units are entitled to a pro-rate share of the Property Fund’s net assets in the event of the termination [paragraph 16C(a) of SFRS(I) 1-32];
the units are in the class of instruments that is subordinate to all other classes of instruments and have an identical contractual obligation for the Property Fund to deliver a pro-rata share of its net assets on liquidation [paragraph 16C(b) and (c) of SFRS(I) 1-32]; and
the units meet all of the remaining conditions in paragraph 16D of SFRS(I) 1-32 (for example, there are no other financial instrument in issue that has total cash flows based substantially on the profit or loss, the changes in the recognised net assets, or the changes in the fair value of the recognised and unrecognised net assets of the Property Fund that would restrict or fix the residual return to the holders of the units).</td></tr>
</table>

Example 4 – Units are classified as equity	
Fact pattern	**Analysis**
	For such limited life Property Funds, only the units that are the most subordinated to all other classes of instruments qualify as equity. All other classes of funding instruments, such as perpetual securities and convertible bonds, are classified as financial liability. Property Funds should assess whether they are subject to the limited perpetuity period imposed by the Trustees Act 1967. ***Extracts*** Section 89 of Trustees Act 1967 - For the purposes of the rule against perpetuities, the provisions of sections 32, 33 and 34 of the Civil Law Act 1909 apply to trusts created on or after 15 December 2004. Section 32(1) of Civil Law Act 1909 - In the rule against perpetuities as is applicable to any settlement or disposition of property, the perpetuity period shall be 100 years or such shorter period as may be specified in the instrument by which the settlement or disposition is made.

4. Application of SFRS(I) 1-34 *Interim Financial Reporting*

4.1 Key requirements in SFRS(I) 1-34 and implications for Authorised Schemes

The list of key requirements in SFRS(I) 1-34 are set out in Section 2 of **FRG 3** *Preparation of Interim Financial Statements under SFRS(I) 1-34 Interim Financial Reporting (in compliance with the SGX Listing Rule 705(3A))*. Section 5 of this FRG sets out additional disclosures required by the Revised CIS Code.

Implications for Authorised Schemes transitioning from RAP 7 to SFRS(I)

- the basis of preparation of an interim financial report is SFRS(I) 1-34, and this fact shall be disclosed in that set of interim financial statements. It should be noted that a set of interim financial statements shall not be described as complying with SFRS(I)s unless it complies with all the requirements of SFRS(I)s.
- SFRS(I) 1-34 allows preparation of either a complete set or condensed set of financial statements.
- SFRS(I) 1-34 requires additional disclosures which are not required under RAP 7, such as (but not limited to):

	Paragraph in SFRS(I) 1-34	Applicability of disclosure requirement
Segment information	Paragraph 16A(g)	Applicable only if SFRS(I) 8 requires the Authorised Scheme to disclose segment information in its annual financial statements
Related party transactions	Paragraph 15B(j)	Applicable if related party transactions are significant.
Explanatory comments about the seasonality or cyclicity of interim operations	Paragraph 16A(b)	Applicable to all Authorised Schemes preparing interim financial reports

5. Additional disclosures as set out in the Revised CIS Code

The Revised CIS Code sets out additional disclosures previously required by RAP 7 that are now incorporated into the Revised CIS Code. These requirements are in addition to requirements under SFRS(I). A set of financial statements, both half-yearly and annual, that is prepared in compliance with SFRS(I) should concurrently meet the requirements of the Revised CIS Code if it provides those additional disclosures prescribed by the revised CIS Code.

5.1 Additional disclosures for Authorised Schemes

S/N	Paragraph in Revised CIS Code	Description	Disclosed in: Annual financial statements	Disclosed in: Interim financial statements
1	5.2.2(a)	Portfolio holdings of the scheme: (i) as primary reporting, the value of each holding at fair value and as a percentage of the scheme's NAV as at the end of the reporting period. The holdings should be broken down into quoted and unquoted investments. Percentages of the aggregate value of the holdings by the primary category for the reporting period and the comparative period should be disclosed. (ii) as secondary reporting, the aggregate value of the holdings at fair value and as a percentage of the scheme's NAV by the other category as at the end of the reporting period. Percentages of the aggregate value of the holdings by the secondary category for the reporting period and the comparative period should be disclosed. *Guidance* *The primary reporting of the scheme should be determined based on the primary investment objectives of the scheme. For example, a predominantly single-country scheme should report by industry, and a scheme that invests predominantly in a particular industry should report by geography. For secondary reporting, the scheme should disclose in tabular form the aggregated value of the holdings (i) by geography where the primary reporting is by industry, and (ii) by industry where primary reporting is by geography.*	√	√
2	5.2.2(b)	Each of the following expenses for the reporting period and the comparative period: (i) Management fee (with gross amount less rebate, if any); (ii) Performance fee; (iii) Trustee fee; (iv) Directors' fee; (v) Valuation fee;	√	√

S/N	Paragraph in Revised CIS Code	Description	Disclosed in: Annual financial statements	Disclosed in: Interim financial statements
		(vi) Custodian fee; and (vii) Audit fee.		
3	5.2.2(c)	(i) Amount of transactions with the trustee for the reporting period and balances with the trustee as at the end of the reporting period and the comparative period; (ii) a reconciliation of any material differences between the NAV per unit used for issuing and redeeming of units and the scheme's NAV per unit per the financial statements as at the end of the reporting period and the comparative period; and (iii) where a scheme has different classes of units: A. NAV per unit of each class at the beginning and the end of both the reporting period and the comparative period; B. amount of distributions attributable to each class for the reporting period and the comparative period; and C. a description of the different rights and terms attached to each class, including the rights on winding-up and the policy for allocating taxation and distributable income.	√	-

5.2 Additional disclosures for Property Funds

S/N	Paragraph in Revised CIS Code	Description	Disclosed in: Annual financial statements	Disclosed in: Interim financial statements (only for Property Funds that are listed on an approved exchange)[8]
1	Appendix 6 – 11.2(a)	Portfolio holdings of the scheme: (i) as primary reporting, the value of each holding at fair value and as a percentage of the property fund's NAV as at the end of the reporting period. Percentages of the aggregate value of the holdings by the primary category for the reporting period and the comparative period should be disclosed. (ii) as secondary reporting, the aggregate value of the holdings at fair value and as a percentage of the property fund's NAV by the other category as at the end of the reporting period. Percentages of the aggregate value of the holdings by the secondary category for the reporting period and the comparative period should be disclosed. *Guidance* *The primary reporting of the property fund should be determined based on the primary investment objectives of the property fund. For example, a predominantly single-country property fund should report by industry, and a property fund that invests predominantly in a particular industry should report by geography. For secondary reporting, the property fund should disclose in tabular form the aggregated value of the holdings (i) by geography where the primary reporting is by industry, and (ii) by industry where primary reporting is by geography.*	√	√
2	Appendix 6 – 11.2(b)	Each of the following expenses for the reporting period and the comparative period: (i) Management fee (with gross amount less rebate, if any); (ii) Performance fee; (iii) Trustee fee; (iv) Directors' fee;	√	√

[8] Guidance 1 under paragraph 11.2 of the Revised CIS Code

S/N	Paragraph in Revised CIS Code	Description	Disclosed in: Annual financial statements	Interim financial statements (only for Property Funds that are listed on an approved exchange)[8]
		(v) Valuation fee; (vi) Custodian fee; and (vii) Audit fee.		
3	Appendix 6 – 11.2(c)	amount of transaction with the trustee for the reporting period and balances with the trustee as at the end of the reporting period;	√	√
4	Appendix 6 – 11.2(d)	the names of the valuer of each of the real estate assets held by the property fund together with details of the basis of valuation, and the date of the most recent full valuation of each asset, and a statement stating that each of the valuers comply with paragraph 8.3 of this Appendix; and	√	√
5	Appendix 6 – 11.2(e)	details of distribution of the property fund as at the end of the reporting period and the comparative period. An illustration on the details of distribution is set out in Illustration 6.	√	√

Appendix A – Transitional provisions in SFRS(I) 1

1. Mandatory exceptions

	Mandatory exception	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
1	Estimates	All estimates in the opening statement of financial position and SFRS(I) comparative period	Estimates made at the date of transition has to be consistent with those made in the previous GAAP (after adjustments to reflect any difference in accounting policies).	14 to 17	In general, no impact is expected if there is no change in the Authorised Scheme's accounting policies on the transition to SFRS(I).
2	Derecognition of financial instruments	Financial assets and financial liabilities derecognised under SFRS before the date of transition	For financial instruments that are derecognised in accordance with RAP 7, SFRS(I) 1 allows such instruments to be unadjusted if the transactions took place before the date of transition (i.e. 1 January 2027). However, a first-time adopter may elect to apply the derecognition requirements of SFRS(I) retrospectively from any date before the date of transition, provided that the information required was obtained at the time of initially accounting for those transactions.	B2 to B3	In general, no impact is expected if the Authorised Scheme has complied with the derecognition requirements under FRS 109 that was issued and effective before the date of transition.
3	Government loans with a below-market rate of interest	Existing below-market interest rate government loans at the date of transition	First-time adopter may apply the requirements of the financial instrument standards and SFRS(I)1- 20 *Accounting for Government Grants and Disclosure of Government Assistance* to a government loan with a below-market rate of interest retrospectively if the information needed to do so was obtained at the time of initially recognising the government loan. Otherwise, the requirements are to be applied prospectively. If the entity did not recognise and measure the government loan on a basis consistent with SFRS(I), then it uses the existing carrying amount under SFRS on the date of	B10 to B12	In general, no impact is expected if the Authorised Scheme has complied with the recognition requirements under FRS 20 *Accounting for Government Grants and Disclosure of Government Assistance* that was issued and effective before the date of transition.

	Mandatory exception	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			transition and subsequently measures at amortised cost using an effective interest rate that is calculated at the date of transition.		
4	Hedge accounting	Hedging relationships accounted for as hedges under SFRS that still exist at the date of transition	At the date of transition, an entity shall: a) measure all derivatives at fair value; and b) eliminate all deferred losses and gains arising on derivatives that were reported in accordance with SFRS as if they were assets or liabilities An entity shall not reflect in its opening SFRS(I) statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with SFRS(I) 9 *Financial Instruments*. Transactions entered into before the date of transition shall not be retrospectively designated as hedges.	B4 to B6	In general, no impact is expected if the Authorised Scheme has complied with the measurement and hedge accounting requirements under FRS 109 that was issued and effective before the date of transition.
5	Non-controlling interests (NCI)	All subsidiaries with NCI	A first-time adopter shall apply the following requirements of SFRS(I) 10 *Consolidated Financial Statements* prospectively from the date of transition to SFRS(I): a) the requirement in SFRS(I) 10.B94 that total comprehensive income is attributed to the owners of the parent and to the NCI even if this results in the NCI having a deficit balance; b) the requirements in SFRS(I) 10.23 and B96 for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and	B7	In general, no impact is expected if the Authorised Scheme opts not to restate any past business combination occurred prior to the date of transition to SFRS(I). (See optional exemption of paragraphs C1, C4 and C5 of SFRS(I) 1-1)

	Mandatory exception	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			c) the requirements in SFRS(I) 10.B97–B99 for accounting for a loss of control over a subsidiary, and the related requirements of SFRS(I) 5.8A *Non-current Assets Held for Sale and Discontinued Operations*. However, if a first-time adopter elects to apply SFRS(I) 3 *Business Combinations* retrospectively to past business combinations, it shall also apply SFRS(I) 10 in accordance with SFRS(I) 1.C1.		
6	SFRS(I) 9 *Financial Instruments*	All financial assets and financial liabilities	**Assessment of the business model and solely payments of principal and Interest (SPPI) criteria** Financial assets classified into amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss based on the business model assessment and SPPI criterion are required to be assessed based on the facts and circumstances that exist at the date of transition. **The SPPI criterion - a modified time value of money element** Under SFRS(I) 9, a modified time value of money element of a financial asset is assessed to determine whether it meets the SPPI criterion. If it is impracticable to make such assessment based on the facts and circumstances that existed at the date of transition, then a first-time adopter is required to make the assessment of	B8 to B9	**Assessment of the business model and solely payments of principal and interest (SPPI) criteria** In general, no impact is expected if a financial asset measured at amortised cost continues to meet the SPPI criteria at the date of transition to SFRS(I). Authorised Schemes should perform a reassessment on the SPPI criteria at the date of transition to SFRS(I). Note: Section 19(1)(c) of the Variable Capital Companies Act 2018 requires that property of variable capital company (VCC) must be measured on a fair value basis. As property includes financial assets, VCC should ensure that its business model is not held-to-collect for SPPI financial assets.

	Mandatory exception	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			the SPPI criterion without taking into account the specific requirements for the modified time value of money element. **The SPPI criterion - a prepayment feature** Under SFRS(I) 9, a prepayment feature in a financial asset is assessed to determine whether the financial asset is eligible for classifying as amortised cost or FVOCI. If it is impracticable to assess whether the fair value of a prepayment feature was insignificant based on the facts and circumstances that existed at the date of transition, then a first-time adopter is required to make the classification assessment without taking into account the exception for certain prepayment features. **Effective interest method** If it is impracticable to apply the effective interest method in SFRS(I) 9 retrospectively, then the fair value of the financial asset or financial liability at the date of transition is the new gross carrying amount of that financial asset or the new amortised cost of that liability at the date of transition. **Impairment - assessment of a significant increase in credit risk** At the date of transition, a first-time adopter uses reasonable and supportable information that is		**Impairment - assessment of a significant increase in credit risk** In general, no impact is expected if the Authorised Scheme has complied with the impairment requirements under the FRS 109 that was issued and effective at the date of transition to SFRS(I). **Separation of an embedded derivative** In general, no impact is expected if the Authorised Scheme has complied with the separation requirement under the SFRS(I) 9 that was issued and effective at the date of transition to SFRS(I).

	Mandatory exception	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			available without undue cost or effort to determine the credit risk at the date the financial instrument was initially recognised and compares that with the credit risk at the date of transition to assess whether there has been a significant increase in credit risk. In making this assessment, a first time adopter may apply: • The low credit risk exception; and • The rebuttable presumption for contractual payments that are more than 30 days past due for identifying significant increase in credit risk for those financial instruments based on past-due information. If the required information to determine the credit risk requires undue cost or effort, then the loss allowance is measured at an amount equal to lifetime expected credit loss at each reporting date until that financial instrument is derecognised. **Separation of an embedded derivative** A first-time adopter makes the assessment of whether an embedded derivative should be separated from the host contract and accounted for as a derivative based on the conditions that existed at the later of: • the date on which the first-time adopter first became a party to the contract; and		

	Mandatory exception	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			• the date on which a reassessment of the embedded derivative is required.		
7	Assets and liabilities of subsidiaries, associates and joint ventures	Subsidiary, associate or joint venture that adopts SFRS(I) before the parent/investor	If an entity becomes a first-time adopter later than its subsidiary (or associate or joint venture) the entity shall, in its consolidated financial statements, measure the assets and liabilities of the subsidiary (or associate or joint venture) at the same carrying amounts as in the financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiary. Notwithstanding this requirement, a non-investment entity parent shall not apply the exception to consolidation that is used by any investment-entity subsidiaries. Similarly, if a parent becomes a first-time adopter for its separate financial statements earlier or later than for its consolidated financial statements, it shall measure its assets and liabilities at the same amounts in both financial statements, except for consolidation adjustments.	D17[9]	[More likely to be relevant only to Property Funds] In general, no impact is expected unless the Property Fund's subsidiary, associate or joint venture has its carrying amount of assets and liabilities in its IFRS compliant financial statements differs from the carrying amounts, except for adjusting for the fair value adjustment on consolidation and equity accounting adjustments, in the Property Fund's consolidated financial statements.
8	Insurance contracts	All insurance contracts	An entity shall apply the transition provisions in paragraphs C1–C24 and C28 in Appendix C of SFRS(I) 17 to contracts within the scope of	B13	In general, no impact is expected unless the Authorised Scheme with insurance contracts accounted for

[9] Even though this transition provision is listed under Appendix D of SFRS(I) 1, "Exemptions from other SFRS(I)s", it has been included under the list of mandatory exceptions. Rationale being that this exemption **must** be applied if the reporting entity becomes a first-time adopter later than its subsidiary or associate or joint venture.

	Mandatory exception	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			SFRS(I) 17. The references in those paragraphs in SFRS(I) 17 to the transition date shall be read as the date of transition to SFRS(I)s.		under SFRS(I) 17 *Insurance Contracts* that has previously adopted the modified retrospective approach or fair value approach at the initial application of SFRS(I) 17 needs to assess the impact at the date of transition to SFRS(I).
9	Deferred tax related to leases and decommissioning, restoration and similar liabilities	Deferred tax on leases and decommissioning, restoration and similar liabilities	Paragraphs 15 and 24 of SFRS(I) 1-12 Income Taxes exempt an entity from recognising a deferred tax asset or liability in particular circumstances. Despite this exemption, at the date of transition to SFRS(I)s, a first-time adopter shall recognise a deferred tax asset—to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised—and a deferred tax liability for all deductible and taxable temporary differences associated with: (a) right-of-use assets and lease liabilities; and (b) decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.	B14	In general, no impact is expected if the Authorised Scheme has complied with the requirements under FRS 12 *Income Taxes* that was issued and effective before the date of transition.

2. Optional exemptions

SFRS(I) 1 also states that first-time adopters are allowed (but not mandated) to apply the optional exemptions. These optional exemptions are generally designed to provide relief from full retrospective application of SFRS(I) effective at the end of the first SFRS(I) annual reporting period. First-time adopters that do not apply the relief will need to apply the relevant SFRS(I) retrospectively. Authorised Schemes should also document the optional exemptions that they elect when transiting to SFRS(I).

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
1	Business combinations	A) All business combinations that occurred before the date of transition, or before an earlier date if so elected. Also applies to acquisitions of associates and interests in joint ventures and joint operations that constitute a business	For business combinations that occurred before the date of transition, entities have the following choices: • restate all of these business combinations; • restate all business combinations after a particular date; or • do not restate any of these business combinations. SFRS(I) 10 must be applied from the same date that business combination transactions were restated. If one business combination that is not required to be restated is voluntarily restated, then all subsequent business combinations and acquisitions are restated. If business combinations are not restated, then the previous acquisition accounting remains unchanged. However, some adjustments - e.g. to reclassify intangibles and goodwill - may be required. The exemption for past business combinations also applies to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in SFRS(I) 3. Furthermore, the date selected to restate business combination transactions applies equally for all such acquisitions as well.	C1, C4, C5	In general, no impact is expected if the Authorised Scheme elects to apply this optional exemption.
		B) Foreign currency translation differences arising	An entity need not apply SFRS(I)1- 21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before	C2 to C3	If the Authorised Scheme elects to apply this optional exemption, it will use the historical

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
		from goodwill and fair value adjustments	the date of transition to SFRS(I)s. If the entity does not apply SFRS(I)1- 21 retrospectively to those fair value adjustments and goodwill, it shall treat them as assets and liabilities of the entity rather than as assets and liabilities of the acquiree. Therefore, those goodwill and fair value adjustments either are already expressed in the entity's functional currency or are non-monetary foreign currency items, which are reported using the exchange rate applied in accordance with SFRS. An entity may apply SFRS(I)1- 21 retrospectively to fair value adjustments and goodwill arising in either: • all business combinations that occurred before the date of transition to SFRS(I)s; or • all business combinations that the entity elects to restate to comply with SFRS(I) 3, as permitted by the first optional exemption above.		exchange rate under RAP 7 before the transition to SFRS(I) to report the fair value adjustments and goodwill arising from business combination that occurred before the date of transition to SFRS(I), unless the Authorised Scheme elects to retrospectively apply SFRS(I) 3 *Business Combinations* to past business combinations.
2	Share-based payment transactions	Equity instruments granted on or before 7 November 2002, equity instruments granted after 7 November 2002 that vested before the date of transition, and liabilities for cash-settled awards that were settled before the date of transition.	A first-time adopter is required to apply SFRS(I) 2 *Share-based Payment* to: • equity instruments granted after 7 November 2002 that will vest after the date of transition; • liabilities arising from cash-settled share-based payment transactions that will be settled after the date of transition; and • awards that are modified on or after the date of transition, even if the original grant of the award is not accounted for in accordance with SFRS(I) 2. For equity instruments that were granted on or before 7 November 2002, equity instruments that were granted after 7 November 2002 but vested before the date of transition, or liabilities arising from cash-settled share-based payment transactions that were settled before the date of transition, retrospective application of SFRS(I) 2 is encouraged but not required.	D2 to D3	In general, no impact is expected if the Authorised Scheme elects to apply this optional exemption and has complied with the requirements under FRS 102 *Shared-based Payment* that was issued and effective before the date of transition.

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
3	Fair value or revaluation as deemed cost	Items of property, plant and equipment, certain intangible assets, and investment property measured under the cost model. Some or all assets and liabilities following a remeasurement event.	A first-time adopter may elect to measure an item of property, plant and equipment at: • its fair value at the date of transition and use that fair value as its deemed cost at that date; or • a previous GAAP revaluation done at, or before, the date of transition as deemed cost at the date of the revaluation (if the revaluation was broadly comparable to fair value, or cost or depreciated cost in accordance with SFRS(I)s, adjusted to reflect, for example, changes in a general or specific price index). The above elections are also specifically available for: • investment property, if an entity elects to use the cost model in SFRS(I) 1-40 *Investment Property;* • right-of-use assets (SFRS(I) 16 *Leases)* and • intangible assets that meet the recognition and revaluation criteria set out in SFRS(I)1- 38 *Intangible Assets*. A first-time adopter may have established a deemed cost in accordance with previous accounting policy for some or all of its assets and liabilities by measuring them at their fair value at one particular date because of an event such as a privatisation or initial public offering. • If the measurement date is at or before the date of transition to SFRS(I)s, the entity may use such event-driven fair value measurements as deemed cost for SFRS(I)s at the date of that measurement • If the measurement date is after the date of transition to SFRS(I)s, but during the period covered by the first SFRS(I) financial statements, the event-driven fair value measurements	D5 to D8	If the Authorised Scheme elects to apply this deemed cost exemption, it shall assess the impact based on its specific circumstances. In general, no impact is expected for the Authorised Scheme that does not elect to apply this exemption if it has complied with the requirements under FRS 16 *Property, plant and equipment* that was issued and effective before the date of transition.

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			may be used as deemed cost when the event occurs. An entity shall recognise the resulting adjustments directly in retained earnings (or if appropriate, another category of equity) at the measurement date. At the date of transition to SFRS(I)s, the entity shall either establish the deemed cost by applying the above elections set out for property, plant and equipment, investment property, right-of-use asset and intangible asset, or measure assets and liabilities in accordance with the other requirements in this SFRS(I)		
4	Deemed cost for oil and gas assets	Oil and gas properties accounted for in cost centres that include all properties in a large geographic area	The optional exemption is only applicable to entities in the oil and gas industry that accounted for properties in the development or production phases in cost centres that included all properties in a large geographic area, also referred to as 'full cost accounting'. The optional exemption permits first-time adopters to measure: • exploration and evaluation assets at the carrying amount at the date of transition under previous GAAP; and • assets in the development or production phases at amounts determined based on the related cost centre under previous accounting policy, which is then allocated on a pro rata basis to the cost centre's underlying assets using reserve volumes or reserve values at the date of transition. If a first-time adopter elects to apply the optional exemption, then an impairment test of the assets is required at the date of transition in accordance with SFRS(I) 6 *Exploration for and Evaluation of Mineral Resources*. For assets in the development or production phases, a first-time adopter performs the impairment test in accordance with SFRS(I)1- 36 *Impairment of Assets*.	D8A	In general, this optional exemption is likely not relevant to Authorised Schemes. However, the Authorised Scheme should assess the impact if this is relevant to its specific circumstances.
5	Deemed cost for rate regulated operations	Items of property, plant and equipment or intangible assets used in certain	SFRS(I) 1 includes an optional exemption that permits a first-time adopter to use the carrying amounts determined under previous accounting policy as deemed cost for items of property, plant and equipment and intangible assets used in certain rate-regulated	D8B	In general, this optional exemption is likely not relevant to Authorised Schemes. However, the Authorised Scheme

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
		rate-regulated activities	operations, even though these carrying amounts may include amounts that do not qualify for capitalisation under SFRS(I). This exemption may be applied on an item-by-item basis provided that each item to which it is applied is tested for impairment in accordance with SFRS(I) 1-36 at the date of transition.		should assess the impact if this is relevant to its specific circumstances
6	Cumulative translation differences	All cumulative translation differences existing at the date of transition.	A first-time adopter may either: • apply SFRS(I)1-21 retrospectively to determine the cumulative foreign exchange differences for each foreign operation that is recognised as a separate component of equity at the date of transition; or • deem the cumulative translation differences to be zero at the date of transition, and reclassify any amounts recognised in accordance with previous accounting policy at that date to retained earnings.	D12 to D13	If the Authorised Scheme elects to apply this optional exemption, it shall reset all the cumulative translation differences for all foreign operations that existed at the date of transition to SFRS(I) to zero and reclassify that cumulative amount to retained earnings. The Authorised Scheme that elected to apply the optional exemption under SFRS(I) 1.C2 and 3 should also elect to apply this optional exemption.
7	Investments in subsidiaries, associates and joint ventures	Separate financial statements of a parent/investor	In separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for either at cost, in accordance with SFRS(I) 9 or using the equity method in accordance with SFRS(I)1- 28 *Investments in Associates and Joint Ventures*. Consistent accounting shall be applied to each category of investments. If a first-time adopter chooses to measure any of these categories of investments at cost, then it may choose to measure the carrying	D14 to D15A	[More likely to be relevant only to Property Funds] In general, no impact is expected if the Property Fund elects to apply this optional exemption as the Property Fund can elect to measure the

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			amount of any such investments at the date of transition at an amount equal to: • cost, determined in accordance with SFRS(I)1- 27 Separate Financial Statements; or • deemed cost, which is either fair value at the entity's date of transition in its separate financial statements, or the previous GAAP carrying amount of the investment. If a first-time adopter accounts for such an investment using the equity method procedures as described in SFRS(I)1- 28: a) the first-time adopter applies the exemption for past business combinations to the acquisition of the investment. b) if the entity becomes a first-time adopter for its separate financial statements earlier than for its consolidated financial statements, and i. later than its parent, the entity shall apply the optional exemption in its separate financial statements. later than its subsidiary, the entity shall apply the transitional provision in its separate financial statements.		deemed cost using the carrying amount under RAP 7 at the date of transition to SFRS(I) in its separate financial statements.
8	Assets and liabilities of subsidiaries, associates and joint ventures	Subsidiary, associate or joint venture that adopts SFRS(I) after the parent/investor	If a subsidiary adopts SFRS(I) later than its parent, then the subsidiary may measure its assets and liabilities at either: • the amounts included in the consolidated financial statements of the parent, based on the parent's date of transition, excluding the effects of consolidation procedures and the business combination in which the parent acquired the subsidiary*; or • the carrying amounts required by SFRS(I) 1 based on the subsidiary's own date of transition. This guidance applies equally to associates and joint ventures. *This option is not available to a subsidiary of an investment entity.	D16	[More likely to be relevant only to Property Funds] An Authorised Scheme that elects this option exemption needs to assess the impact based on its selected option under this optional exemption and its specific circumstances.

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
9	Compound financial instruments	All compound financial instruments in respect of which the liability component has been settled before the date of transition	For a compound instrument in which the liability component is still outstanding at the date of transition, a first-time adopter separately identifies the liability (cumulative interest on the liability portion is recognised in retained earnings) and equity components. The allocation between liabilities and equity is based on the circumstances at the date of issue of the instrument, and the subsequent interest expense on the liability component is calculated under the effective interest method required by SFRS(I). If the liability component in a compound instrument is no longer outstanding at the date of transition, the optional exemption permits a first-time adopter not to separate the initial equity component of the instrument from the cumulative interest accreted on the liability component.	D18	In general, no impact is expected if the Authorised Scheme elects to apply this optional exemption and has complied with the requirements under FRS 32 that was issued and effective before the date of transition.
10	Fair value measurement of financial assets and liabilities on initial recognition	Certain financial assets or financial liabilities arising from transactions entered into on or after the date of transition	SFRS(I) 1 provides relief from the retrospective application of the requirements in respect of the recognition of 'day one' gains or losses. Under the optional exemption, the criteria for the recognition of gains and losses after the initial recognition of a financial asset or liability only need to be applied prospectively to transactions entered into on or after the date of transition.	D20	In general, no impact is expected if the Authorised Scheme elects to apply this optional exemption and has complied with the recognition and measurement requirements under FRS 109 that was issued and effective before the date of transition.
11	Decommission-ing liabilities (including those related to oil and gas assets)	All decommissioning liabilities that will be included in the carrying amount of property, plant and equipment	The optional exemption allows a first-time adopter to calculate the amount of the provision capitalised in property, plant and equipment in its opening SFRS(I) statement of financial position using the following steps: • calculate the provision at the date of transition as if the obligation arose at that date, discounted using a current market-based discount rate;	D21 to D21A	[More likely to be relevant only to Property Funds] In general, no impact is expected if the Authorised Scheme does not elect to apply this optional exemption

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			• discount the provision back to the date on which the obligation first arose, using the first time adopter's best estimate of the historical risk-adjusted discount rate(s) that would have applied between that date and the date of transition; and • depreciate the resulting present value from the date on which the obligation first arose to the date of transition. If a first-time adopter uses the deemed cost exemption for oil and gas assets in the development or production phases, then the amount of any adjustment required to measure decommissioning, restoration and similar liabilities in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* at the date of transition are recognised directly in retained earnings rather than adjusting the carrying amount of the underlying liabilities.		and has complied with the measurement requirement under FRS 37 *Provision, Contingent Liabilities and Contingent Assets* that was issued and effective before the date of transition to account for the decommissioning provision and capitalised in the related assets.
12	Service concession arrangements	All service concession arrangements outstanding at the date of transition	If retrospective application of SFRS(I) INT 12 *Service Concession Arrangements* at the date of transition is impracticable for any service concession arrangement, then the operator: • reclassifies assets previously recognised under the service concession arrangement as a financial asset or an intangible asset at the date of transition, measured at the carrying amount of the previous accounting policy; and • tests those assets for impairment at the date of transition or, if that is impracticable, then at the start of the current reporting period. (The impairment test is undertaken in accordance with either SFRS(I) 1-36 or SFRS(I) 9.)	D22	In general, this optional exemption is likely not relevant to Authorised Schemes. However, the Authorised Scheme should assess the impact if this is relevant to its specific circumstances
13	Borrowing costs	Borrowing costs incurred on qualifying assets	A first-time adopter is permitted to apply the requirements of SFRS(I)1-23 *Borrowing Costs* from the date of transition or earlier. If a first-time adopter applies the optional exemption for borrowing costs, then: • it accounts for borrowing costs incurred on or after the chosen date of transition in accordance with SFRS(I) 1-23, including	D23	[More likely to be relevant only to Property Funds] In general, no impact is expected if the Authorised Scheme elects to apply this optional exemption and

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			those incurred on qualifying assets already under construction; and • it does not restate the borrowing costs capitalised under previous accounting policy before the date of initial application of SFRS(I)1-23.		hence it is not required to restate borrowing costs that were capitalised under RAP 7 before the date of transition to SFRS(I).
14	Extinguishing financial liabilities with equity instruments	All financial liabilities with equity instruments	When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognised initially, an entity shall measure them at the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured then the equity instruments shall be measured to reflect the fair value of the financial liability extinguished. If only part of the financial liability is extinguished, the entity shall assess whether some of the consideration paid relates to a modification of the terms of the liability that remains outstanding. When only part of the financial liability is extinguished, the consideration allocated to the remaining liability shall form part of the assessment of whether the terms of that remaining liability have been substantially modified. If the remaining liability has been substantially modified, the entity shall account for the modification as the extinguishment of the original liability and the recognition of a new liability as required by paragraph 3.3.2 of SFRS(I) 9. An entity shall disclose a gain or loss recognised as a separate line item in profit or loss or in the notes. A first time adopter may apply SFRS(I) INT 19 *Extinguishing Financial Liabilities with Equity Instruments* for extinguishments that occurred from the beginning of the earliest comparative period.	D25	In general, no impacted is expected if the Authorised Scheme elects this optional exemption and has complied with INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments* that was issued and effective before the date of transition.
15	Moving from severe	All assets and liabilities held	This exemption allows a first-time adopter to measure assets and liabilities, held before the functional currency normalisation date, at	D26 to D30	In general, this optional exemption is likely not relevant to Authorised

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
	hyperinflation	before the functional currency normalisation date, which is on or before the date of transition	fair value on the date of transition and use that fair value as the deemed cost of those assets and liabilities in the opening SFRS(I) statement of financial position. When the functional currency normalisation date falls within a 12-month comparative period, the comparative period may be less than 12 months, provided that a complete set of financial statements (as required by paragraph 10 of SFRS(I) 18) is provided for that shorter period.		Schemes. However, the Authorised Scheme should assess the impact if this is relevant to its specific circumstances.
16	Joint arrangements	All joint arrangements	A first-time adopter may apply the transition provisions in SFRS(I) 11 *Joint Arrangements* with the following exceptions: a) When applying the transition provisions in SFRS(I) 11, a first-time adopter shall apply these provisions at the date of transition to SFRS(I). b) When changing from proportionate consolidation to the equity method, a first-time adopter shall test for impairment the investment in accordance with SFRS(I)1- 36 as at the date of transition to SFRS(I), regardless of whether there is any indication that the investment may be impaired. Any resulting impairment shall be recognised as an adjustment to retained earnings at the date of transition to SFRS(I).	D31	[More likely to be relevant only to Property Funds] In general, no impact is expected if the Authorised Scheme does not elect to apply this optional exemption if the Authorised Scheme has complied with the recognition and measurement requirement under FRS 111 *Joint Arrangements* and FRS 28 *Investment in Associates and Joint Ventures* that were issued and effective before the date of transition.
17	Stripping costs in the production phase of a surface mine	Stripping costs in the scope of SFRS(I) INT 20	A first-time adopter may apply the transitional provisions set out in SFRS(I) INT 20.A1-A4 *Stripping Costs in the Production Phase of a Surface Mine*. In that paragraph, reference to the effective date shall be interpreted as the beginning of the first SFRS(I) reporting period.	D32	In general, this optional exemption is likely not relevant to Authorised Schemes. However, the Authorised Scheme should assess the

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
					impact if this is relevant to its specific circumstances
18	Financial instruments	All financial instruments	No requirement to restate comparative information (including disclosures in SFRS(I) 7 *Financial Instruments: Disclosures*), to the extent that the disclosures relate to SFRS(I) 9 in the first SFRS(I) financial statements. If an entity opts not to restate comparative information, the transition date for the purposes of applying SFRS(I) 9 is the beginning of the first SFRS(I) reporting period and not the date of transition to SFRS(I). For e.g., if an entity's financial year end is 31 December and it chooses not to restate comparative information for SFRS(I) 9, its date of transition to SFRS(I) is 1 January 2017, but its transition date for SFRS(I) 9 is 1 January 2018. An entity that chooses to present comparative information that does not comply with SFRS(I) 7 and SFRS(I) 9 in its first year of transition shall: a) apply the requirements of SFRS in place of the requirements of SFRS(I) 9 to comparative information about items within the scope of SFRS(I) 9. b) disclose this fact together with the basis used to prepare this information. • treat any adjustment between the statement of financial position at the comparative period's reporting date (i.e. the statement of financial position that includes comparative information under SFRS) and the statement of financial position at the start of the first SFRS(I) reporting period (i.e. the first period that includes information that complies with SFRS(I) 7 and the completed version of SFRS(I) 9) as arising from a change in accounting policy and give the disclosures required by SFRS(I)1- 8.28(a)-(e) and (f)(i) *Accounting Policies, Changes in Accounting Estimates and Errors*. SFRS(I)1- 8.28(f) (i) applies only to	D19 to D19, D33, E1, E2	In general, no impact is expected if the Authorised Scheme elects to apply this optional exemption and elects not to re-designate a financial asset, financial liability or contract to buy or sell a non-financial item and has been complied with the recognition and measurement requirements under FRS 39 that were issued and effective before the date of transition.

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			amounts presented in the statement of financial position at the comparative period's reporting date. d) apply paragraph 6C(c) of SFRS(I) 1-8 to provide additional disclosures when compliance with the specific requirements in SFRS(I)s is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. The fair value option for financial assets and liabilities is re-opened based on facts and circumstances at date of transition. An entity may designate an investment in an equity instrument as at FVOCI by an irrevocable election (in accordance with paragraph 5.7.5 of SFRS(I) 9) on the basis of the facts and circumstances that exist at the date of transition. On transition, the entity assesses whether presenting the effects of changes in a financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The assessment is made based on facts and circumstances at the date of transition. SFRS(I) 9 permits some contracts to buy or sell a non-financial item to be designated at inception as measured at FVTPL (see paragraph 2.5 of SFRS(I) 9). Despite this requirement, an entity is permitted to designate, at the date of transition, contracts that already exist on that date as measured at FVTPL but only if they meet the requirements of paragraph 2.5 of SFRS(I) 9 at the date and the entity designates all similar contracts.		
19	Revenue from contracts with customers	All contracts prior to the date of transition	Contracts with customers that were completed before the earliest period presented need not be restated. A first-time adopter is also permitted to use one or more practical expedients in accordance with the transitional provisions of paragraph C5 of SFRS(I) 15.	D34 to D35	In general, no impact is expected if the Authorised Scheme elects to apply this optional exemption and the Authorised Scheme has complied with the

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			For all reporting periods presented before the beginning of the first SFRS(I) annual reporting period, a first-time adopter is not required to disclose the amount of the transaction price allocated to any remaining performance obligations or an explanation of when it expects to recognise the amount as revenue.		requirements under FRS 115 *Revenue from Contracts with Customers* that was issued and effective before the date of transition. If the Authorised Scheme elects to apply this optional exemption, it is not required to disclose the amount of the transaction price allocated to any remaining performance obligations or an explanation of when it expects to recognise the amount as revenue for all reporting periods presented before the beginning of the first SFRS(I) annual reporting period.
20	Leases	All leasing arrangements	A first-time adopter may assess whether a contract existing at the date of transition to SFRS(I)s contains a lease by applying paragraphs 9-11 of SFRS(I) 16 to those contracts on the basis of facts and circumstances existing at that date. If a first-time adopter is a lessee that recognises at the date of transition lease liabilities and right-of-use assets, then it is permitted to choose the following approaches to apply to all of its leases at the date of transition:	D9 to D9D	[More likely to be relevant only to Property Funds] The Authorised Scheme with leased assets at the date of transition to SFRS(I) should consider electing this optional exemption and assess the impact.

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			• measure the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition; • measure a right-of-use asset, on a lease-by-lease basis, at either: - its carrying amount as if SFRS(I) 16 had been applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of transition to SFRS(I); or - an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to SFRS(I); or • apply SFRS(I)1- 36 to the right-of-use asset at the date of transition to SFRS(I). A first-time adopter that is a lessee measures the right-of-use asset at fair value at the date of transition to SFRS(I) for leases that meet the definition of investment property in SFRS(I)1- 40 and are measured using the fair value model in SFRS(I)1- 40 from the date of transition. A first-time adopter that is a lessee is permitted to apply the following optional exemptions at the date of transition on a lease-by-lease basis: • apply a single discount rate to a portfolio of leases with reasonably similar characteristics; • elect not to apply the measurement requirements to leases for which the lease term ends within 12 months of the date of transition nor to leases for which the underlying asset is of low value. Instead, the first-time adopter recognises the lease payments associated with those leases as an expense on either		

	Optional exemption	Applies to	Description	Paragraph in SFRS(I) 1	What it means for Authorised Schemes
			a straight-line basis over the lease term or another systematic basis; • exclude initial direct costs from the measurement of the right-of-use asset; and • use hindsight - e.g. in determining the lease term if the contract contains options to extend or terminate the lease.		
21	Foreign currency transactions and advance consideration	Foreign currency transaction when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration	A first-time adopter need not apply SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration* to assets, expenses and income in the scope of that Interpretation initially recognised before the date of transition to SFRS(I) Standards.	D36	In general, no impact is expected if the Authorised Scheme elects to apply this optional exemption as no restatement is required for assets, expenses and income in the scope of INT FRS 122 *Foreign Currency Transactions and Advance Consideration* initially recognised before the date of transition to SFRS(I).

For reference: ISCA Financial Reporting Codification Framework

In November 2019, ISCA issued the ISCA Financial Reporting Codification Framework (Framework). The Framework establishes a formalised categorisation, degrees of authority and a due process for future issuance of ISCA's technical documents. It provides credence to ISCA's technical content, promulgates ISCA's views on the application of accounting standards as well as promotes quality, consistency and best practices in financial reporting.

The Framework is summarised in the table below.

Category	Nature	Degree of authority	Due Process	Highest level of approval
1. Financial Reporting Practice (**FRP**)	Recommended best practices for financial reporting for specific industries, sectors or transactions	Expected to apply	Public consultation required	ISCA Council
2. Financial Reporting Guidance (**FRG**)	Technical guidance, views and insights on specific financial reporting issues for specific industries, sectors or transactions	Expected to follow or explain departures	Public consultation required	ISCA Financial Reporting Committee (FRC), with authority delegated by the ISCA Council
3. Financial Reporting Bulletin (**FRB**)	Technical bulletin containing discussions and highlight of emerging topical financial reporting issues	For information and educational purposes	Public consultation not required	ISCA FRC

For more details on the Framework and the guidance issued under the Framework, please refer to the following:

- Framework [link]
- FRG [link]
- FRB [link]