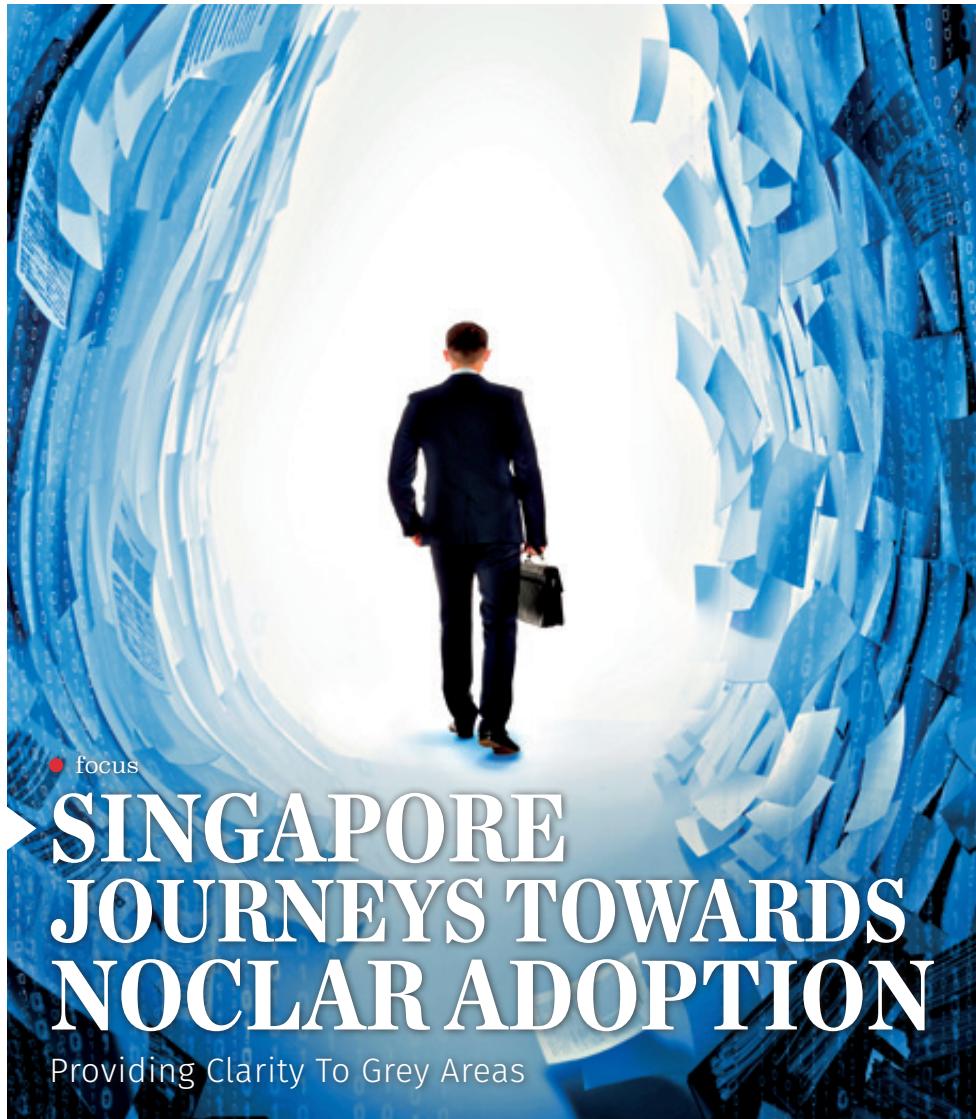


IS Chartered Accountant Journal

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DISCOVER
YOUR
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OWN THE
FUTURE



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Staying On The Right Path, “Accountants Tell The Truth”

Dear members,

LAST MONTH, I WAS INTERVIEWED BY LOCAL RADIO STATION MONEY FM 89.3. If you were tuned to that channel on April 8, you might have heard me say, “Accountants tell the truth.” Although it was in relation to what first drew me to accountancy, I think it has a strong bearing on the role we play – the public holds accountants to high standards of ethics and professionalism, and we are viewed as the purveyors of “truth”.

But sometimes, telling the “truth” – in compliance with laws and regulations – is not that straightforward. There are grey areas where judgement is required, such as in the interpretation of a standard or when concepts, processes or terms are not clearly defined. The sheer number of standards can also be perplexing. Today, professional accountants are faced with around 40 standards which, together with peripheral guidance, number over 3,000 pages. When I first started my accountancy career some 30 years ago, there were only about 10 standards totalling 250 pages. Increasingly, the spotlight has been shining on compliance, and it is crucial for members to be in tune with such professional developments.

Members must adhere to ISCA’s Ethics Pronouncements (EPs), which set out high quality ethical standards, including the fundamental principles of ethics, for professional accountants. EPs are updated to align with global developments as they evolve. In July 2017, the Non-Compliance with Laws and Regulations (NOCLAR) Pronouncement by the International Ethics Standards Board for Accountants became effective, and to address some of the implementation challenges and pain points, we bring you the cover story, “Singapore Journeys Towards NOCLAR Adoption”.

The Institute has also issued a NOCLAR Exposure Draft for public consultation, and we invite your comments and feedback by May 24. We expect to adopt the NOCLAR Pronouncement into EP 100 in July 2019, with an effective date of January 2020. There will be further discussion on NOCLAR at the annual ISCA Ethics Seminar on August 15, where experts from the legal and accountancy fields will be sharing their insights. Do keep an eye out as registration will open in June 2019.

Regulations and guidances are designed to get at the “truth”, and in the charity sector where many small charities are volunteer-driven, codes and frameworks assist them to do their work better and to do it right. But doing things right internally is becoming insufficient – the “truth” should be shared as discerning donors want to know that their monies are being responsibly used for the benefit of the beneficiaries. This is what the PARENT framework (Purpose, Alignment, Results, Evidence, Navigate, Transparent) aims to do. The article, “Visibility Guide For Charities”, shows how the PARENT framework can steer charities in a meaningful show-and-tell that reflects the relationship between the dollars and cents, and the impact they have on the lives of the beneficiaries. The framework is a relevant guide in the production of the annual report as it

strengthens stakeholder communication and enhances trust in the charity space.

The accountancy profession may be stressful at times, and it is important to know when to step back, de-stress and come back fit and ready to go on. In our Fun Accountants series, we feature three members who seek a work-life harmony in totally different ways. One is an avowed motorcycle fanatic whose willingness to try new things has served him well in both his career and personal life; the second is a familiar face in Singapore’s volunteer scene, who volunteers through his company’s corporate social responsibility platform as well as his own involvement in various organisations; the third is an active yoga practitioner who recently started a new job role that incorporates her love of yoga. What is your passion? If it’s travel or the movies, you would enjoy our “Cinematic Getaways” article.

Coming back to my radio interview, when I was asked about the challenges facing accountancy, I had identified attracting bright, young professionals to join the profession as the biggest challenge. We need smart people to ensure that our role as one of the guardians of public trust is not eroded.

The accountancy profession offers excellent prospects, which I had shared in my radio interview. After all, “accountants tell the truth”, and there is always demand for the “truth”.

Kon Yin Tong

FCA (Singapore)
president@isca.org.sg



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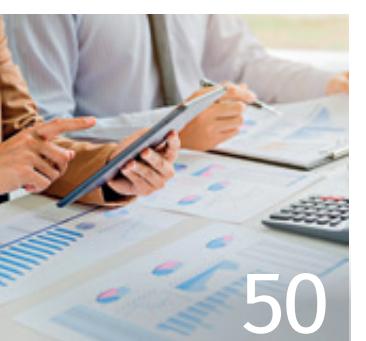
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Transparency, Smart Tech, New Skills Look Set To Transform Corporate Reporting

THE ORGANISATIONAL ABILITY TO CREATE LONG-TERM VALUE based on reporting transparency, embracing smart technologies and innovative approaches to talent are set to take centrestage in the future of corporate reporting, reveals the findings of a survey from EY Financial Accounting and Advisory Services (FAAS). The fifth annual global survey, titled “How can the digital transformation of reporting build the bridge between trust and long-term value?”, reveals that transparent value-driven reporting, which will increase the public trust in the business and includes non-financial data, is a key challenge amid failings of corporate ethics and other controversies.

Globally, only 58% of finance leaders surveyed say that businesses are highly trusted by the public, with transparency in reporting being a key driver to gain trust. Regionally, respondents in Japan are slightly more bullish (68%) than their counterparts in the Americas (63%); Asia Pacific (59%) and Europe, and the Middle East, India and Africa (EMEIA) (55%). In Singapore, 61% of finance leaders share similar sentiments.

Reporting non-financial data is gaining prominence with 80% of Singapore finance leaders (global: 72%), indicating that non-financial information is being increasingly used in investors' decision-making. This means that finance teams need to manage non-financial information with the same rigour and assurance as financial information. The survey highlights that 19% of global respondents say that non-financial information is not independently verified today.

“Investors are shifting from relying on historical financial information to looking for more contemporaneous indicators of future performance. Non-financial information such as those that

indicate alignment with significant social issues like climate sustainability and diversity play a greater role in influencing investor decisions,” says Joon-Arn Chiang, EY Asia-Pacific FAAS Leader. “Having comparable and dependable non-financial information builds greater trust in the capital system and enables more discerning choices. Assurance over this non-financial information will be key to the way finance functions evolve in the future with the infusion of technology such as artificial intelligence (AI).”

Using smart data to uncover value-added insights

The vast amount of data collected by finance teams is not being utilised to full advantage, according to the survey. In fact, the sheer variety and volume of data is overwhelming many reporting teams – 68% of those surveyed in Singapore (global: 49%) say they spend more time gathering and processing data than analysing it. “Finance leaders should balance the need for complete information, which can take a long time to gather, and having ‘sufficient’ data to make decisions faster or better than competitors,” says Mr Chiang. This ability to glean “sufficient” insights from the organisation’s data pool will be a coveted skill.

The survey identifies two priorities – exploiting rapid technological advances in automation, AI and blockchain, and building trust into data

“HAVING COMPARABLE AND DEPENDABLE NON-FINANCIAL INFORMATION BUILDS GREATER TRUST IN THE CAPITAL SYSTEM AND ENABLES MORE DISCERNING CHOICES. ASSURANCE OVER THIS NON-FINANCIAL INFORMATION WILL BE KEY TO THE WAY FINANCE FUNCTIONS EVOLVE IN THE FUTURE WITH THE INFUSION OF TECHNOLOGY SUCH AS ARTIFICIAL INTELLIGENCE.”

analytics – to make the most of the smart technologies in corporate reporting. As such, AI will be the most important technology in five years' time, according to 44% of global respondents, followed by robotic process automation (32%), and tools based on blockchain (24%).

However, data risk remains the number one challenge facing corporate reporting teams, with 54% of global respondents citing it a top concern.

“Technological advances will drive greater use of existing data, and with that, efficiency in data collection and organisation. Leveraging technological solutions to assist in collecting, transforming and analysing data will allow the finance person to move on to perform higher-value tasks. This would drive greater organisational value as well as performance efficiency,” explains Mr Chiang.

Hiring requirements for the future

As the corporate reporting function adopts smart technology and new ways of sharing information, it will require a different talent profile and skill sets,

with 90% of Singapore respondents (global: 74%) saying that there is an urgent need for finance to recruit new skills.

In addition, a significant majority of respondents (Singapore and global: 76%) say there is an urgent need to recruit talent with non-traditional backgrounds. And while finance teams recognise the urgency of transforming the workforce, they also note the obstacles – especially when it comes to technological innovation. Two-thirds of respondents (Singapore: 66%, global: 63%) say that resistance and cultural differences within teams are barriers to digital innovation.

The survey identifies priorities for corporate reporting teams to address the workforce challenges – hire creatively and use an innovative

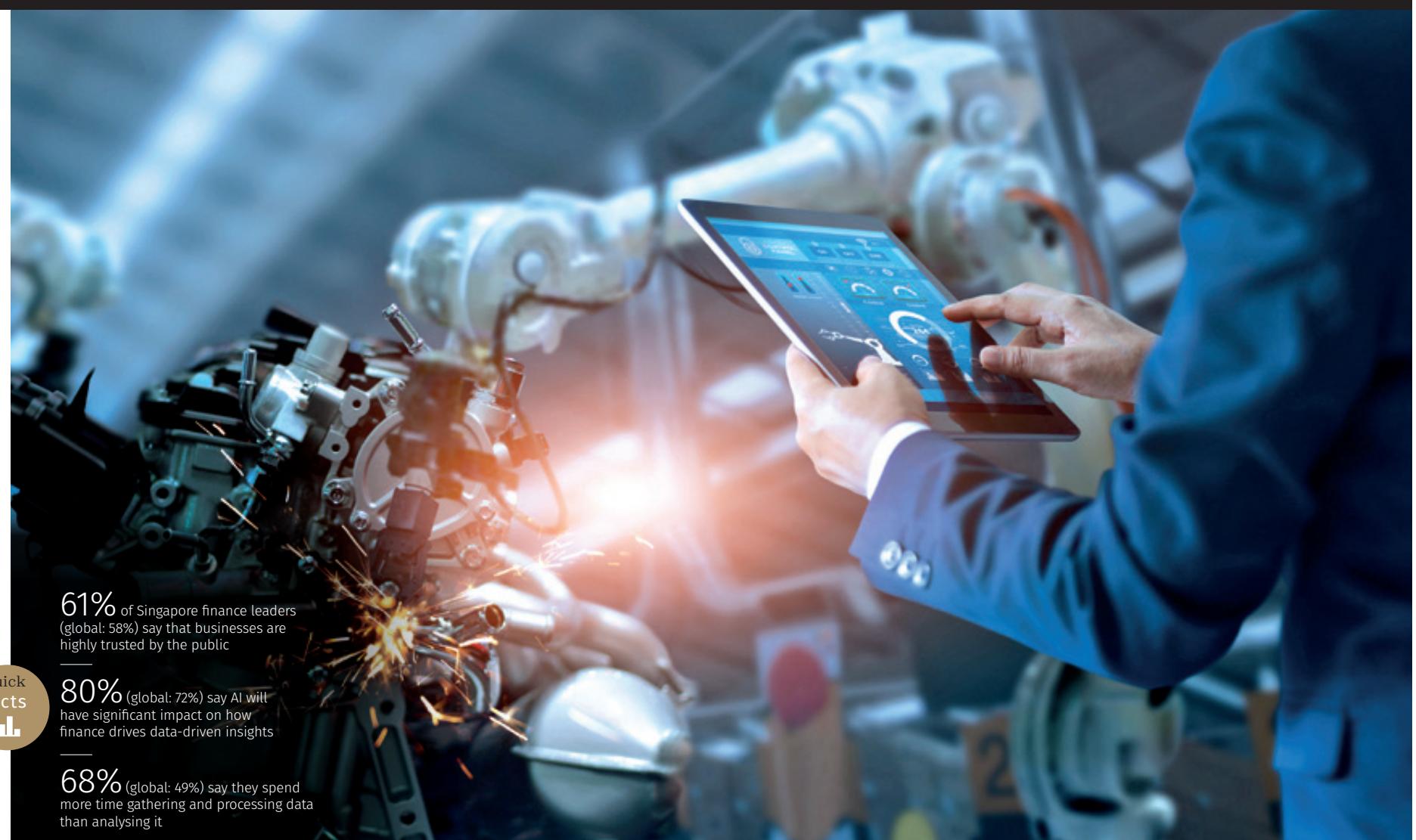


PHOTO: GETTY IMAGES

Women's Role Essential In Boosting Corporate Profits Amid East Asia's Aging Populations



A WHITE PAPER SPONSORED BY RECRUITMENT AGENCY HAYS and published by The Economist Corporate Network (ECN) highlights the need for companies to take concrete steps to boost women's role in their organisations to meet demographic challenges. Acting now will prepare companies for tighter workforce conditions as the labour force gets older across East Asia and in the major business hubs of Hong Kong and Singapore.

"Companies that don't act to make the workplace more flexible and friendly to employees facing the burdens of caring for children and elderly parents will face increasingly tough competition for talent as labour forces shrink more rapidly in the region in coming years," says Rachel Morarjee, Director, ECN Beijing. "Diversity is not a zero-sum game. Many changes that make a company more family- and female-friendly will help managers to retain millennial and male staff as well," she adds.

The report, "Demographics, Diversity And Corporate Destiny", explains that to succeed in building diverse teams of different genders and cultures, every level of the business – from the C-Suite to entry-level recruits – needs to be engaged.

But middle management holds the key to success and efforts cannot be driven by HR departments alone. To measure the progress in promoting diversity, it is necessary to set targets, but quotas might provoke a backlash from existing managers, especially if it wasn't clear how diversity would boost bottom-line growth.

"Managers need to see the clear business case for diversity. In East Asia, demographics make the case quite clear-cut. Many of the issues Japanese companies are grappling with will soon become more apparent in mainland China, Singapore and Hong Kong," said Ms Morarjee.

Increasing number of women in Singapore's labour force

The labour force participation rate of women in Singapore has been increasing over the years. According to the International Labour Organisation, the percentage of females in the labour force (as a percentage of total female population aged 15 to 64 years) grew from 51.4% in 1990 to 56.8% in 2000, 63.4% in 2010, and 68.9% in 2018. This augurs well for a country that is facing a rapidly-aging population. There is also an economic basis for getting more women to work. A 2018 report by the McKinsey Global Institute

suggests that the Singapore economy stands to gain by S\$26 billion by 2025 (or 5% above the expected GDP rate) simply by boosting female participation in the workforce.

On its part, to encourage more women to work or to re-join the workforce, the government has been taking steps to tackle the perennial issue of "balance", such as in dual-income households where married working women tend to shoulder more of the caregiving and household load than married working men. To this end, the Ministry of Manpower has put in place strategies for work-life harmony, broadly grouped under three categories – flexible work arrangements, leave schemes and employee support schemes.

Companies can apply for funding from the enhanced Work-Life Grant under the WorkPro Programme. The Work-Life Grant incentivises companies to sustain the use of flexible work arrangements for all employees, to create work-life harmony at the workplace. Other schemes and industry efforts that directly or indirectly promote work-life harmony include the enhanced maternity and paternity benefits and leave schemes, and flexible work arrangements such as unplanned time off, telecommuting and part-time work.

PHOTO SHUTTERSTOCK

Digital Technology Both A Risk And A Mechanism To Gain Competitive Advantage

AS DIGITAL TECHNOLOGIES CONTINUE TO REINVENT how businesses grow and operate, the associated risks and opportunities are prompting companies to expand their cost management strategies, according to Deloitte's second biennial global cost survey, released in late April. The report, "Save-to-transform as a Catalyst for Embracing Digital Disruption", shows that while traditional cost reduction methods are still crucial, many organisations are also investing heavily in transformative digital technologies to improve operational efficiency and cost savings while boosting overall performance and competitiveness in an increasingly digital world.

Concurrently, as digital disruption emerges as an impetus for change, cost management remains a strong imperative globally. Among the more than 1,200 global executives and business leaders surveyed, 71% are planning to undertake cost reduction initiatives over the next 24 months. Some 68% reported total reductions of 10% or higher, and 31% have cost improvement targets above 20%. However, 81% reported being unable to meet fully their cost reduction goals during the past year, 18 percentage points worse than in 2017, due to implementation challenges, lack of effective systems, and infeasible targets.

Digital disruption and cybersecurity: leading external risks

Demonstrating the significant role technology is playing in shaping cost management strategies, digital disruption soared to the top of the list as the biggest external risk at 61%, up from just 6% in 2017. Digital disruption was surpassed only by another technology-related risk, cybersecurity, which at 62%, ranks at or near the top of the risk list globally and in all regions except



Latin America. Internally, reliability and functionality of information systems was identified as a top risk.

"Digital disruption is changing how companies view every aspect of their business, including cost management practices," says Omar Aguilar, Principal and Global Strategic Cost Transformation Leader, Deloitte Consulting LLP, and the study shows that "businesses are now recognising they must save-to-transform, using investments in digital infrastructure to drive dramatic improvements in future performance, efficiency and market position".

Digital risks are spurring organisations to use cost reduction as a mechanism to fund technological transformation. Globally, the survey found that application of artificial intelligence and machine learning is expected to more than double from 25% to 63%. Findings also show similar growth is expected for automation (25% to 62%) and business intelligence (35% to 59%).

the survey are expected to be implemented at a level of 47% or higher over the next 24 months, signalling the widespread business impact of technology innovation.

Revenue growth is on the rise, but companies are cautious

The survey also found that companies are well-positioned to undergo this type of transformation, with 86% reporting increased revenue over the past two years. But forward-thinking organisations are taking a cautionary stance as economic patterns are cyclical, and potential warning signs are starting to emerge. The study recorded a 97% increase among global respondents who are concerned about the macroeconomic risk over the next two years.

"Cost management practices and approaches have grown increasingly sophisticated over time and digital solutions, although still maturing, now represent the most advanced level of cost management," says Mr Aguilar. "By harnessing the power of digital technology to streamline their cost structures and generate cost savings, companies can take full advantage of the latest digital innovations, becoming the disruptors, rather than the disrupted."

ISCA Budget Update Seminar: A Sell-out Event

"A LONG-HAUL BUDGET"; "A TAX BUDGET"; "A future-ready budget to build a strong, united Singapore", among others, were some examples of what Singapore Budget 2019 has been called.

As with previous years, ISCA organised the Budget Update Seminar, and this year, with the theme "In It To Ace It". The first instalment of the Institute's Singapore Accountancy and Audit Convention (SAAC) series, the March 15 event attracted 800 professional accountants in business and practice.

Kicking off the Budget Update Seminar, ISCA President Kon Yin Tong reiterated the key thrusts of the Budget, and provided insights into ISCA's new initiatives on developing the Industry Digital Plan (IDP) for Small and Medium-sized Practices (SMPs). He also brought the delegates



up-to-date about the ISCA-SUSS Business Analytics Certification Programme (BACP), a collaboration between ISCA and Singapore University of Social Sciences (SUSS).

The BACP enables ISCA members to future-proof and deepen their skill sets in data analytics. Data analytics skills have been identified in the Skills Framework in Accountancy as one of the skill sets in demand now and in the future, as the accountancy sector continues to transform.

As the national accountancy body, ISCA has also been exploring ways to



Some 800 participants attended the full-capacity event

Prof Sum Yee Loong, Professor of Accounting (Practice), SMU, offered insights on the tax implications of Budget 2019

Song Seng Wun, Director, CIMB Private Banking, Singapore shared his views about the economic outlook

Delegates visiting sponsors' booths during refreshment break



help SMPs improve their productivity and regionalise. We are working closely with the Info-communications Media Development Authority and Singapore Accountancy Commission to develop the Accountancy IDP, which will be launched this year. The IDP will help SMPs assess their digital readiness in different stages and support them in their digitalisation journey.

Prof Sum Yee Loong, Professor of Accounting (Practice) at Singapore Management University (SMU), led the delegates through the salient features of Budget 2019 in an engaging presentation filled with comprehensive illustrations. While the corporate income tax rate remains unchanged at 17%, Prof Sum believes it is still competitive compared to other jurisdictions such as the United States and Hong Kong, especially when Singapore's partial tax exemption scheme is taken into account.

Prof Sum reminded the delegates that the Productivity and Innovation Credit (PIC) Scheme has expired after year of assessment 2018. On the other hand, the income tax concessions for Singapore-listed real estate investment trusts (S-REITS) and S-REITS exchange-traded funds (ETFs) will be extended to 31 December 2025. This move is positive for the growth of the REITS sector and will strengthen Singapore's status as a REITS listing hub.

Song Seng Wun, CIMB's Director of Private Banking, shared his views about the economic outlook. Considering the global trends such as GDP growth, job markets and various indices, he provided insights on how Budget 2019 has incentivised our knowledge economy and modern services.

An engaging panel discussion brought the Budget Update Seminar



Panel discussion: (From left) Moderator Chiu Wu Hong, Tax Partner, KPMG Advisory LLP, with panellists Chew Mok Lee, Assistant CEO, ESG; Prof Sum; Ang Yuit, Vice President, ASME, and Mr Song

ISCA CEO Lee Fook Chiew (extreme left) with the panellists and moderator of the panel discussion

to a close. Moderated by Chiu Wu Hong, Board member, Singapore Institute of Accredited Tax Professionals and Tax Partner, KPMG Advisory LLP, the panel comprised Prof Sum; Mr Song; Ang Yuit, Vice President, The Association of Small & Medium Enterprises (ASME), and Chew Mok Lee, Assistant Chief Executive Officer, Enterprise Singapore (ESG). A wide range of topics was discussed, including how ESG is engaging the ground in helping SMEs to be more productive and gain share in the global arena. Also discussed were the challenges faced by SMEs and some possible solutions.

The second instalment of the SAAC series – Professional Accountants in Business (PAIB) Conference – is themed "Opportunities Amidst Transformations". More information can be viewed at the Institute's website.

● isca breakfast talk

Learning How To Position Your Business To Attract Investors



TOP ASIAN INVESTORS from private equity to family offices have been showing interest in investing in growing private companies. However, with many firms looking for investments, only the one with the highest potential will get the deal. In 2018, the average investment rate was about 2%, that is, only one in 52 companies may be invested in. How, then, can businesses tell a good story and position their businesses

Kevin Lee, Managing Consultant, Light Bulb Advisory, emphasising the importance of highlighting the strengths and value proposition of the business

to successfully attract investors? Kevin Lee, Managing Consultant, Light Bulb Advisory, shared some strategies with participants at the ISCA Breakfast Talk on April 10, including what professional investors look at when evaluating an investment opportunity. This includes:

- Type of industry the company is in;
- Strengths and communication skills of management;

- Edge that the company has over other competitors;
- Future plans and sustainability of the company.

Key takeaways for participants included frameworks that they can use to evaluate their own businesses and minimise their risks and weaknesses, thus making them more attractive to potential investors.

Disciplinary Findings

UPON FINDING THAT MR CHENG JUN HONG PAUL, CA (Singapore), had contravened Rule 64.1 read with Rule 65.2 of the Institute (Membership & Fees) Rules, in that he had been convicted by the State Courts of the Republic of Singapore on 26 July 2018 of one charge of use of criminal force with intent to outrage the modesty of a woman, which is an offence punishable under Section 354(1) of the Penal Code (Cap. 224), and he was sentenced to five months imprisonment on 26 July 2018. The

Disciplinary Committee ordered:

- 1) That pursuant to Rule 137.1 of the Institute (Membership and Fees) Rules, his name be removed from the register and that he shall cease to be a Member of the Institute with effect from 21 February 2019.
- 2) That pursuant to Rule 167 of the Institute (Membership and Fees) Rules, he shall pay to the Institute the sum of S\$243.55 (inclusive of 7% GST), being the costs and expenses incurred by the Institute in connection with the investigation and disciplinary proceedings undertaken against him within 28 days from the date on which this order is served on him.

MARK YOUR CALENDAR

**08
MAY**



ISCA Breakfast Talk: Lessons Learnt from the COI findings on the Singhealth Cyber Attacks

A look back at the SingHealth Cyber Attacks and hear the critical lessons learnt from the recent Singhealth COI findings.

Learn from a PwC expert on how to step up the company's cyber defence action plan.

**15
& 16
MAY**



Internal Auditing Fundamentals - Risk Assessment

Learn to understand the key process that will allow participants to properly prepare for and conduct a successful audit, using preliminary surveys and evidence-gathering techniques.

SkillsFuture Credit approved

**22
MAY**



Group Audits

This programme provides audit professionals with guidance on performing audits of group financial statements, including special considerations for dealing with components and component auditors.

SkillsFuture Credit & UTAP Funding approved

**23
MAY**



Income Tax Perspective: Business Losses

This programme intends to ensure participants are aware of tax planning related to business losses to maximize tax benefits in Singapore.

**24
MAY**



Preparation of Financial Statements: Essential FRSs

This programme provides guidance to help participants prepare financial statements using key Financial Reporting Standards (FRS). It focuses on existing financial reporting standards that are widely applicable to a broad spectrum of industries. In addition, it also examines the practical issues and challenges associated with the more complex topics on comprehensive income, impairment of assets, accounting for business combinations, consolidated financial statements and accounting for financial instruments and derivatives.

SkillsFuture Credit & UTAP Funding approved

**29
& 30
MAY**



Accounting Ethics: Understanding & Detecting Creative Accounting Practices

Learn the environmental factors, situations and motivations behind creative accounting to help you gauge the believability and reliability of financial reports. The common accounting cycles prone to creative accounting, as well as real-life case studies will also be highlighted for discussion.

SkillsFuture Credit & UTAP Funding approved

Dates and events are subjected to change without prior notice.

For more details, visit www.isca.org.sg

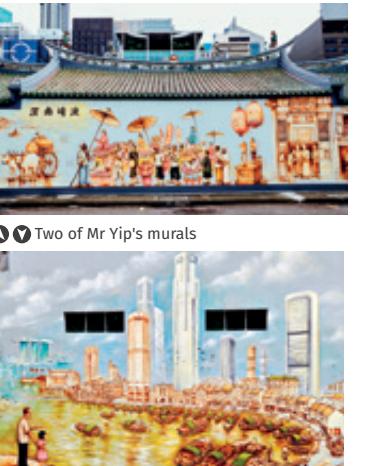
ISCA Members Recognition Ceremony: Celebrating Outstanding Achievements

THE FIRST MEMBERS RECOGNITION CEREMONY of the year celebrated the contributions and successes of more than 300 newly minted Chartered Accountants of Singapore or CAs (Singapore). These new members joined the ranks of more than 32,000 accountancy professionals working in a variety of industries.

Sharing the limelight on March 21 were five senior ISCA members who received the Fellow Chartered Accountant of Singapore or FCA (Singapore) designation, and 11 ISCA members who earned the ISCA Financial Forensic Professional (ISCA FFP) credential. For the first time, Financial Forensic Accounting (FFA) Qualification Awards were presented to two top-performing candidates of the Qualification. "The first of its kind in Southeast Asia, the ISCA FFA Qualification provides a pathway for accountancy professionals to specialise in the



ISCA President Mr Kon Yin Tong delivering the welcome address



Two of Mr Yip's murals



ISCA Financial Forensic Accounting Qualification Awards



"Taking up the ISCA Financial Forensic Accounting Qualification has enhanced my knowledge in forensic accounting and broadened my professional perspective on how white-collar crimes can be better investigated. Obtaining the top module award for Digital Forensics encourages me to share the expertise that I have gained with my fellow colleagues, to deal with the growing complexity in financial crime investigations."

I look forward to getting the ISCA Financial Forensic Professional credential, which would allow me to stay relevant by keeping abreast of the developments in this industry."

ONG TA-HONG, Top in Digital Forensics, Pioneer batch graduate, ISCA FFA Qualification 2019



Singapore Chartered Accountant Qualification Awards

ISCA Vice President Ms Chan (extreme right) presented the Singapore CA (Singapore) Qualification Awards to the top scorers of each examination module; (from left) Ng Si Jia, Seah Yi Ru, Soh Wei Lin, Natalie Seah Jianwen and Tam Joey

ISCA Achievement Awards



ISCA Vice President Ms Chan (6th from right) presented the ISCA Achievement Awards to accountancy undergraduates from the five local universities; (from left) Lim Feng Xian Johnson (SMU), Leon Koh Kok Jun (NUS), Yew Jun Wei Nicholas (NUS), Lee Rong Jie Leslie (NTU), Chua Sue Yu (NUS), Low Wei Ming Kendrick (SMU), Kwan Kin Hoh Perry (SMU), Wang JunFeng (SIT), Lau HongHui Stanley (SUSS), Yeo Min Qian Cassandra (NUS), Mark Teoh Joo Pin (SMU), Chan Zhi Qing (NTU), Teh Wen Qi (NTU), Lee Wai Kit (NTU)



ISCA President Mr Kon presented the ISCA FFP certificates to (from left) Poh Tze Li, Hajjar Mary Rose Adelaida Alim, Lim Seok Tiang Melissa, Richard Mark Hayler, Tan Sang Thai, Lum Hong Ching Felix, Ong Heng Yuong, Tan Kian Wei Eric, Oon Su Sun and Ng Kian Kiat



ISCA President Mr Kon presented the FCA (Singapore) certificates to (from left) Dr Seow Poh Sun, Ang Siew Geok, Lau Poh Peng Jaslin, Goh Yin Shian and Kwan Anthony @ Kwan Kok Hing

growing field of financial forensics," said ISCA President Kon Yin Tong in his welcome address. He added that ISCA has admitted more than 100 candidates for the ISCA FFA Qualification, with 25 in the pioneer batch of graduates and nine members who were conferred the ISCA FFP credential via a grandfathering scheme.

Celebrating academic excellence in accountancy, 14 local university students who have attained stellar academic achievements and demonstrated exceptional leadership qualities and community involvement, were recognised with the ISCA Achievement Awards. Top performers of the Singapore CA Qualification were also recognised for their outstanding accomplishments.

To Singaporeans, Mr Yip might be better known as an artist, because his works – murals featuring scenes of everyday life in Singapore's history



"Volunteering my time at the Nature Society was really fulfilling because I could tap on my accounting skills. At the end of the day, when the Board of Directors told me that they understood the value of internal controls and the financial statements, it brought me tremendous satisfaction and joy."

YIP YEW CHONG, Full-time Artist, Former Director of Asia Shared Services, Informa Group PLC

– currently grace several streets here; he had painted the first mural in 2015. He described how he dedicated blocks of his time – going so far as to use his annual leave – to fuel this passion of his, even as he pressed on in his accountancy career. He iterated that there are many details in his murals, attributing them to his "accountant's eye".

Mr Yip's remarks were followed by the taking of the ISCA Oath by the new ISCA members. Leading them was Goh Yin Shian, Group Financial Controller, Teckwah Industrial Corporation Limited, himself an FCA (Singapore).

As we marked an end to the first Members Recognition Ceremony in 2019, we would like to thank all members who made the time to join us for the event. More photos of the ceremony are available at the ISCA Facebook page.

"I would like to thank ISCA for this recognition and Nanyang Business School for believing in my capabilities and for nominating me. My achievements in my academic work as well as my co-curricular activities would not have been possible without my family and peers who have helped me thus far in my education journey."

I co-founded Project Snapshots to use photography as a powerful means of storytelling, with the aim to expose more youths to this avenue for self-expression. Hence, Project Snapshots was conceptualised as a photo trail. We started off with Culture and Heritage as the theme to engage youths on a photo trail to learn more about Singapore's rich culture and heritage through an immersive storytelling experience.

I learnt many things, such as how to pitch a project, communication skills and how to work with people. These are life skills that I believe will be beneficial when I work with others in school and at work."

CHAN ZHI QING, Recipient, ISCA Achievement Award, NTU

Lauding Academic Accomplishments

For the first time, the ISCA FFA Qualification Awards were introduced to accord recognition to the top-performing candidates of the ISCA FFA Qualification.

There was a strong showing of girl power as ladies made a clean sweep of the Top Scorer Awards for the Singapore CA Qualification.

The ISCA Achievement Awards were presented to 14 students enrolled in accountancy-related degrees at Nanyang Technological University (NTU), National University of Singapore (NUS), Singapore Management University (SMU), Singapore Institute of Technology (SIT) and Singapore University of Social Sciences (SUSS).

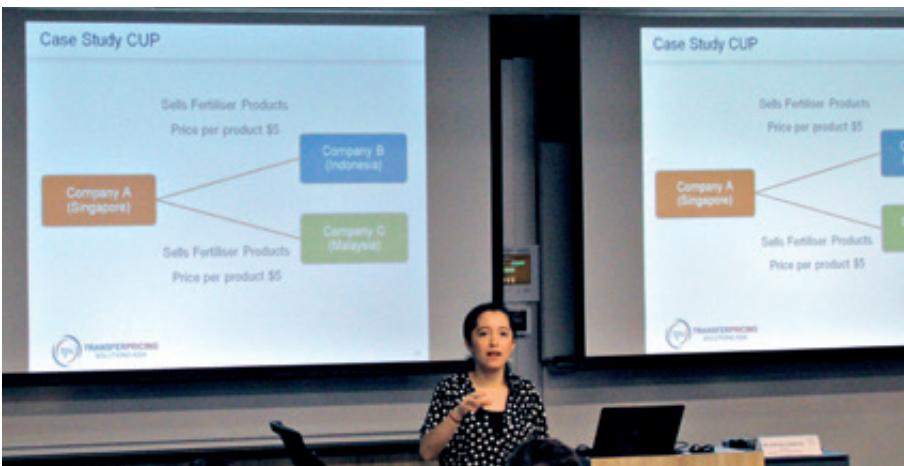
Congratulations to all award recipients. We hope that you continue to demonstrate the drive to scale greater heights in your studies and careers!

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to manage the complexities, it is also very much about having a strong grasp of fundamentals to ensure a strong foundation. It always helps to have a refresher on these fundamentals to solidify the foundations and be set for greater heights of achievements.

This was exactly what the Singapore Institute of Accredited Tax Professionals (SIATP) set out to do in the recent months as its technical sessions covered both the essentials and various tax complexities coupled with discussions on emerging tax issues the digitalised age brings.



▲ Participants gained 360-degree insights from panellists representing academia, commerce and consultancy



▲ Participants interacting with Accredited Tax Advisor (Income Tax) Grace Huang (1st from left) and Riduan B. Mohd Nasri (2nd from right), both from PwC International Assignment Services (Singapore)

Adriana Calderon, Director, Transfer Pricing Solutions Asia, shared her extensive expertise and insights on a key area of transfer pricing (TP) – TP methods. Tax professionals had the opportunity, through various case studies, to jolt their memories on the five methods and pick up tips on applying the method that best suits the related party transaction.

Leapfrogging from the fundamentals to the future, a *Tax Excellence Decoded* session was also organised on the TP-related ongoing and future developments in both Singapore and India. Focusing on the interplay between digitalisation and TP by a panel from academia, commerce and consultancy, the session highlighted the permeating impact of digitalisation on the operations of businesses across a myriad of sectors. The discussion also drew attention to the possible implications that evolving

Adriana Calderon, Director, Transfer Pricing Solutions Asia, sharing her extensive international experiences with participants

developments in digitalisation has on TP management.

Moving on to another area of complexity, the session on employment tax aimed to connect the dots among the payroll, accounting, tax and employee experience. Facilitated by Accredited Tax Advisor (Income Tax) Grace Huang, Director for Global Mobility Services, PwC International Assignment Services (Singapore) Pte Ltd, the session was well received by both the tax and non-tax professionals, with many giving positive feedback. Participants lauded the practical examples which covered various areas beyond tax, but were still relevant to the discussion.

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**Rates are valid from 1 January 2019 (Kuala Lumpur) and 1 April 2019 (Sentosa) till 30 December 2019.
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ACCOUNTANTS

Providing Insights

Our conventions, publications, dialogues and discussions provide insights on key issues impacting the accountancy landscape and create conversations around thought-provoking topics. As the voice of the profession, we solicit and contribute views on key issues impacting the profession, and help bring the profession's interests to the attention of stakeholders.



Global Mindset, Asian Insights



ISCA President Kon Yin Tong (right) with Money FM 89.3's Elliott Danker

ISCA President In “The Hot Seat”, With Money FM 89.3

ISCA PRESIDENT KON YIN TONG WAS INTERVIEWED BY LOCAL RADIO STATION MONEY FM 89.3 on April 8. Put in “The Hot Seat”, a segment of the “The Breakfast Huddle”, Mr Kon spoke about the career prospects of accountants, the impact of technology on the profession and how ISCA is helping accountants be “future fit” through courses and certifications in areas such as cybersecurity and financial forensics. He also commented on issues facing the accountancy profession, such as the proposal to break up the Big Four firms in the UK.

The podcast is available at <https://omny.fm/shows/money-fm-893/the-hot-seat-accounting-and-sports>, and we present the transcript here.

ELLIOTT DANKER As a kid, I remember there was always a case of one being more of a “numbers” person, or a “sports” person. Today’s guest in the Hot Seat can do both. We welcome into the studio Kon Yin Tong, President of the Institute of Singapore Chartered Accountants, or ISCA. He is also Chairman of Sport Singapore (SportSG), formerly called the Singapore Sports Council, and Managing Partner of Foo Kon Tan LLP. Yin Tong, welcome to the studio.

KON YIN TONG Thank you, Elliott; it’s a pleasure to be here.

ELLIOTT You are a man of many hats. I don’t know how you manage your time with that! I’m sure there is a lot to learn from you. But let us put the spotlight on one of your first hats – accountancy. You’ve been in the public accounting profession for about 25 years and now, you’re President of ISCA. I’d like to ask, what drew you into this industry?

YIN TONG Well, accountants tell the truth, and if truth be told, I didn’t know what I wanted to do. Accountancy gave me a way out, in the sense that

you could do accountancy for three years and decide what you wanted to do after that. So that got me in, and I’ve enjoyed it ever since. My wife tells me I’m one of the lucky ones who get paid for pursuing their passion and it has been great so far.

ELLIOTT Pursuing your passion! I’m sure it came with a lot of challenges over the past three decades. There has been a lot of changes. I’m a law graduate and I have seen those changes with technology coming in, and with that, you see resistance. As an old-timer of the game, what are some of the challenges that you’ve seen?

YIN TONG Some of the challenges haven’t changed; a lot of the challenges have. For example, when I started out in the late ‘80s as an accountant in London, three companies went bust within a year. There were issues with their accounting, there was fraud and so on. Has that changed today? Probably not. The challenges regarding compliance with ethics and fraud prevention still remain.

When I was studying accountancy, there were probably only about 10 standards, totalling about 250 pages. Today, we have more than 40 (standards). The core standards alone are 1,500 pages. If you add up peripheral guidance, it’s probably more than 3,000 pages of standards. It has become a lot more compliance focused, as opposed to exercising your judgement, doing what is right. In the past, when we made a mistake, we could laugh over it. Today, if you make a mistake, you’re in trouble.

If you ask me what’s the biggest challenge today, it is attracting bright, young professionals to join the accountancy profession. We need these top guys, these smart guys to be accountants, to ensure that our role as one of the guardians of public trust is not eroded. If not, we will have a problem maybe 25 to 30 years down the road, and it is going to be difficult to reverse that. That is the biggest challenge accountancy faces today.



ELLIOTT While we are on the topic of people joining the profession, and this one's for the parents – in terms of the starting pay of an accountant, has that changed over the years? Is it more lucrative, more attractive now? If a parent has a kid who wants to pursue a career like you, would you encourage it?

YIN TONG Certainly, starting pay has increased over the years. But don't just look at the starting pay alone. If you look at the structure of accounting firms, as well as the accountancy profession, you may start at approximately \$3,000 a month. Additionally, the progression is pretty rapid. Perhaps after four years, you could be earning \$5,000 a month. That's not bad, unlike some of the other professions where you start at \$3,000 and next year, you're at \$3,200, and \$3,500 and so on. So, it's a bit different. Accounting firms, my firm included, put a lot of money into training. We make sure you are "future fit", in that sense. You need to look at the overall package. To the parents, I think accountancy is still a trusted profession in many senses of the word and it's a good profession to be in. I've enjoyed it for close to 30 years.

ELLIOTT You're talking about embracing the future, training to be fit to handle the future. Then there's the talk of technology. How much of an impact is technology to accountancy? Are robots threatening the jobs of accountants, so to speak?

YIN TONG Yes and no. With robotics, with artificial intelligence (AI), with computerisation, there will probably be a lot of skills displacement, in the sense that your old skills are no longer sort of valued, or valid. There is certainly some job displacement at the bookkeeper's level. Bookkeepers are not really professional accountants. However, if you look at bookkeepers

as part of the ecosystem, then computerisation and AI will threaten to wipe off jobs that have been outsourced. Bookkeeping roles that have been outsourced to India and Philippines, for example.

The key is to be resilient, to make yourself a bit more useful. You can do that in two ways. One, you deepen your expertise, you go into niche areas and make sure you're good at it. Or, you have a range of skills and upskill accordingly. Those are two ways to be resilient. I like the latter option in the sense that if you have more skills, you are more likely to be adaptable. You are more likely to be able to respond to different situations a lot better.

In fact, technology helps the profession. Let me share with you an example on productivity. If you have counted sheep before – and I'm not talking about those you count before you sleep – in the old days, when we used to count sheep, what did we do?

We would shepherd the sheep into the pen, then we release the sheep one by one and we would count them. Literally, count them.

ELLIOTT School teachers can relate to you right now.

YIN TONG So that was what you did, at least in my days when I counted sheep. But today, we use drones to count sheep. You just take a snapshot; there you are! Over five hectares, 10 hectares – you get the full picture, just like that. Technology has improved the life of accountants in that sense.

ELLIOTT Yin Tong, you talked earlier about diversifying, to go into niche areas. What are these niche areas where accountancy is concerned? Any examples?

YIN TONG If you look at what's happening in Singapore today, and certainly around the world, we've got cybersecurity being a big issue, right? We've got financial crime. We need to police that. If you go

PHOTO: GETTY IMAGE

into cybersecurity, into financial forensics, ISCA is helping our accountants to upskill in those areas, in terms of courses and certifications. If you go into these areas, then you're more likely to be "future fit". If you use Singapore as a trend, projecting what's going to happen around the region, if you are the first mover, you've got the first foot in the door, you're more likely to succeed. Obviously, there are other areas, like data analytics. The future is bright, I would say.

ELLIOTT It's time for that Hot Seat question that we ask every guest. In the UK, there are discussions about breaking up the Big Four accounting firms. The idea is to reduce conflict of interest between the audit and other businesses. The sector is under a lot of scrutiny because of its role in several audit scandals in recent years. This morning, there was news about KPMG deciding to go ahead to create this independent audit firm

in the UK, regardless of whether the regulators decide to force break up the four accounting firms. President of ISCA, I've got to get your thoughts on this. What's your view?

YIN TONG The devil is in the details. I'll see what's coming up later when KPMG announces more details. However, if you go back one step and ask, "Why do we need to break up the Big Four? Why do we need to break up anybody?" In the UK, the debate focuses on three main areas – competition, conflict of interest and audit quality. My standard response for any reaction to an action or non-action is, "Let our response be specific and commensurate."

If you look at breaking up the Big Four, for example, or creating independent audit firms for reasons of competition, I think there's probably a good case for that. The Big Four certainly, in terms of power, wield a lot of market share. Governments, as a matter of policy, may not want that.

That is probably a good reason.

If you look at conflict of interest, the Big Four firms in the UK have announced that they are not going to provide consultancy services to their largest audit clients (not all audit clients). That is a specific and commensurate response. If you think about breaking up the Big Four in terms of addressing audit quality, I think then, the reasons are a bit weaker. Sometimes to invest in technology; to invest in quality; to invest in people, processes, systems and so on, you need the size. You need the financial muscle to do that. I suppose even if you break up KPMG in the UK to audit firms plus the other firms, they've still got the size to do that. But really, let us be specific and commensurate about it. I look forward to the details on KPMG's plans. Maybe I can come back on it again next time.

ELLIOTT Oh, you're definitely welcome to come back on. We've talked about accountancy. Now we turn our attention to sport. I guess the very Singaporean thing to say is "Don't play play" because Yin Tong holds a world rugby level one coaching certificate. You're a volunteer coach as well. Do you find that there are transferrable skills between being President of ISCA in this world full of numbers and sport?

YIN TONG Certainly. In fact, in one of my slides which I regularly present in career talks, I talk about sport and accountancy in the same slide. There are many similarities. Obviously in terms of sport, it's not just about team work, it's not just about collaborating, it's not just about picking yourselves up after defeat, or winning properly. There is a lot to learn from sport in terms of finding out about yourself. Same thing with accountancy; we do the teaming, we do the collaboration, obviously because we can't do everything ourselves. We work with

partners, and we work with other people – the same with sport. In sport, you need the diligence to do well, you need the perseverance and resilience to do well – the same with accountancy. In sport, it is not a zero-sum game. If one wins, maybe the other loses, but it is not a zero-sum game in the sense that everybody can win because you learn more. You learn to improve yourself.

In accountancy, we are in competition with everyone. You learn how to compete properly, how to compete effectively. You learn to modify your strategies. Your tactics are the same in business, the same as in sport. There are a lot of commonalities.

ELLIOTT How much do you push this philosophy, this value system, to people who work for you, and your family?

YIN TONG One of my philosophies is centred around innovation. I always tell that to my people, my clients, my firm. If you continue to do the same thing over and over again, under the

same circumstances, you're going to get the same results. We need to improve all the time because if you don't improve, even if we maintain our position, it means we are going to get behind. Other people will keep on improving.

The philosophy of sport applies in business, it applies in family life. My kids are in university now and they pick themselves up very well. They play sports. I always encourage them, I try not to say a bad word about them.

That's one of the philosophies in terms of sport, of being a coach, a mentor. I have this philosophy that goes something like, "I comfort the troubled, but I trouble the comfortable."

ELLIOTT I like that. Always stay out of your comfort zone.

YIN TONG That's right. You need to keep on pushing yourself, in family, in business and in sport. That has worked so far. I hope it keeps on working. I suppose these are some of the universal values that won't get out of date.



PHOTOS GETTY IMAGE



(the) past six months is to really go down to the ground, attend as many dinners and functions, open days, matches, as much as possible. To talk to the people running sport in Singapore, at the NSA level.

I've found two things, really. One, not all NSAs are well run. Some NSAs are pretty well run, others not so. And they have various reasons for that. So that is one of the things I've found. The other thing which I found is, regardless of your size, the NSAs, or how well they are run or not, they've always got good ideas coming on. And I don't think the NSAs talk to each other enough, I don't think that is shared enough.

Take the Singapore Golf Association for example. If you look at their programme to bring the young golfers into the fold, I think as young as maybe nine or 12, they've got a plan for them. They want to put them through to university. They want to give them a career beyond sport. They want to give them a career after their golfing days or competitive golfing days. They got a plan to make sure these guys are educated and so on.

If you look at Netball Singapore, one of the things they want to do is to develop a pipeline for the future, the future national athletes. They've introduced a rule last year when the tournament started in Q4 2018

to make sure that every team that competes in the premier league has at least two under-21 players on the court playing time, so they get the exposure.

If you look at Singapore Rugby Union, I think they felt that the level of competition in Singapore could be better, and they needed to synchronise their training calendar, their competition calendar, with the rest of the unions in the region. They are talking to the other unions in the region just to make sure that everyone is in sync, everyone converges and comes together and plays the competition at the same time. If you are on the "sevens" programme, then everyone who is on the "sevens" programme will go for the "sevens" competition. And this is the same with the "15s" programme.

There is a lot of thought leadership around the NSAs which is not being shared. That's a pity. But I hope NSAs do come together to improve the sporting landscape in Singapore.

ELLIOTT It ties into your methodology of constantly trying to innovate and not be comfortable. I've got a million more questions that I would love to ask you about sport. Unfortunately, we are running out of time. So very quickly, just to wrap things up, Yin Tong. Could you tell us a little bit more about vision 2030, and where we are in terms of reaching our targets?

YIN TONG Vision 2030 was launched in 2012 as a collective effort between stakeholders in the sport ecosystem to use the power of sport to strengthen Singapore as a nation. To make sure that we serve Singapore in the coming decades. Vision 2030 in 2012 really looked at two main issues – one was health and wellness, and the other was social cohesion.

In terms of health and wellness, our healthcare spend is expected to be about 3% of GDP pretty soon, which is pretty high. The population aged 65 and above is expected to double to 15% of the population in the next decade. If we can curb the health issues, it is better than cure. Curb is less costly than cure. We are going to do that, in conjunction with the MOH and HPB.

In terms of social cohesion, sport has the ability to cut across race and religion, and if I can say, socio-economic strata. And it is a vehicle to inspire the Singapore spirit, to uplift and empower fellow citizens.

We embarked on a review of Vision 2030 late last year. The results should be out in the second half of this year. If you want to truly enable Singapore to become a sporting nation that is built upon the bedrock of caring, confident, conducive people, I think more can be done in sport. And it is with this aspiration that we decided to embark on a review of Vision 2030. I don't have the details of what's going to come up, but I would be a bit disappointed if there's not more narrative around the business and industry of sport.

ELLIOTT And just based on that, it's reason for us to get you back to the studio once those results are out. It has been a pleasure speaking with you, President of ISCA and Chairman of SportSG. Thank you so much for your time.

YIN TONG Thank you, Elliott. ISCA



BY LIM JU MAY, ALICE TAN AND EVA NG

SINGAPORE JOURNEYS TOWARDS NOCLAR ADOPTION



Providing Clarity To Grey Areas

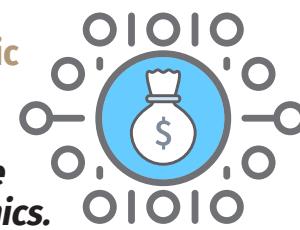
ISCA ISSUES NOCLAR EXPOSURE DRAFT FOR PUBLIC CONSULTATION

SCA, THROUGH ITS ETHICS COMMITTEE (EC), has issued the ISCA Exposure Draft *Responding to Non-Compliance with Laws and Regulations* (ISCA ED on NOCLAR Pronouncement, or ISCA ED) for public consultation. The ISCA ED is based on the final pronouncement issued by International Ethics Standards Board for Accountants (IESBA, or the Board) in July 2016 which became effective in July 2017. The effective date proposed in the ISCA ED is 1 January 2020. If the ISCA ED is adopted, ISCA's Ethics Pronouncement 100 *Code of*

Professional Conduct and Ethics (EP 100, or the Code) would contain new sections 225 and 360 addressing the responsibilities of professional accountants (PAs) when they become aware of NOCLAR committed by a client or employer. Consequential and conforming changes would be made to sections 100, 140, 150, 210 and 270 of EP 100.

WHY THE NEED FOR A NOCLAR PRONOUNCEMENT?
A PA's responsibility is not exclusive to satisfying the needs of an individual client or employer. A PA has a responsibility to act in the public interest, and in doing so, shall observe and comply with the Code.

A professional accountant has a responsibility to act in the public interest, and in doing so, shall observe and comply with ISCA's Ethics Pronouncement 100 *Code of Professional Conduct and Ethics*.



Complying with the fundamental principles is the overarching objective of the Code and when encountering an act or suspected act of NOCLAR, the fundamental principles of integrity and professional behaviour need to be complied with.

However, the Board noted that the Code currently lacks guidance for PAs on how to respond to NOCLAR or suspected NOCLAR. Accordingly, complying with the Code as it stands will likely not assist PAs in fulfilling their responsibility to act in the public interest in such circumstances.

The NOCLAR Pronouncement provides enhancements to the Code to guide the PA in dealing with the situation and in deciding how best to act in the public interest.

ISCA's article "Responding to Non-Compliance with Laws and Regulations" in *IS Chartered Accountant Journal*, October 2017, deep-dived into the requirements of the NOCLAR Pronouncement and its impact (or pain points) to PAs. This article discusses the issues relating to NOCLAR adoption which have been brought to our attention through our various outreach initiatives.

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ADDRESSING THE CHALLENGES OF NOCLAR ADOPTION

ISCA has deliberated Singapore's adoption of NOCLAR at the ISCA EC, ISCA Public Accounting Practice Committee and the Ethics Sub-Committee (EC) of the Public Accountants Oversight Committee. We have also sought feedback from small and medium-sized practices via a targeted survey. Following this, ISCA EC examined the various implementation challenges and concerns/comments raised and deliberated on how best to address them.

Below are some of the challenges raised and ISCA EC's responses.

Q1 Laws and regulations – If there are conflicts between the requirements in the NOCLAR Pronouncement and existing legal or regulatory provisions governing how the PA should address the non-compliance or suspected non-compliance, which one should the PA comply with?

A precondition to complying with the NOCLAR Pronouncement is that PAs first observe and comply with all applicable laws and regulations, including any requirement to report the matter to an appropriate authority and any prohibition on alerting the client prior to making any disclosure, for example, pursuant to anti-money laundering legislation.

Q2 Clearly inconsequential matters – How to define if a matter is “clearly inconsequential”?

Paragraphs 225.8¹ and 360.8 state that “a professional accountant who encounters or is made aware of matters that are clearly inconsequential, judged by their nature and their impact, financial or otherwise, on the client, its stakeholders and the general public, is not required to comply with this section with respect to such matters.”

¹Paragraphs referred to in this article are in respect of the ISCA ED on NOCLAR Pronouncement



PHOTO GETTY IMAGE

As the NOCLAR Pronouncement does not define or provide examples of matters which are “clearly inconsequential”, a PA should exercise professional judgement and take into account whether a reasonable and informed third party, weighing all the specific facts and circumstances available to the PA at the time, would determine if a matter is “clearly inconsequential”.

If a PA is in doubt on whether a matter is “clearly inconsequential”, he or she should consider consulting internally with appropriate persons, for example, the professional firm’s risk management or independence partner, the company’s risk management committee or internal legal department.

If after consulting with the appropriate persons and further clarification is still needed, the PA can write to the ISCA Technical Enquiry Service for clarification and/or seek independent legal advice. Notwithstanding this, given that the consideration of NOCLAR matters would be subject to specific facts and circumstances, the final decision on whether a matter is “clearly inconsequential” and the responsibility of the decision rests with the PA.

A PA is encouraged to document the matter, the results of discussion with appropriate persons and the judgements made when concluding that the matter is clearly inconsequential, in their assessment.

Q3 What is the concept of “public interest”?

The NOCLAR Pronouncement requires PAs to act or take further action as appropriate in the “public interest”. While EP 100 and the NOCLAR Pronouncement do not define the concept of “public interest”, reference is drawn from The Institute of Chartered Accountants of Scotland Code of Ethics (ICAS) and the Public Interest Oversight Board (PIOB) which clarify the concept of “public interest” as follows:

ICAS “Acting in the public interest involves having regard to the legitimate interests of clients, government, financial institutions, employers, employees, investors, the business and financial community and others who rely upon the objectivity and integrity of the accounting profession to support the propriety and orderly functioning of commerce. This reliance imposes a public interest responsibility on the profession.”

PIOB “The accountancy profession can best contribute to the public interest by providing account-related information in which the public has confidence. This information will be most helpful if it is relevant to the users and is trusted by them as a faithful representation of the performance of the reported activities. Audits and other assurance services play an important role in meeting these criteria, by providing an objective and professional view in which users may have confidence.”

PAs can consider applying the above to enhance their understanding of the concept of “public interest”.

Q4 Change of audit appointment – Post-NOCLAR requirements

(i) Predecessor auditor

There is no change in the requirements for the predecessor auditor if the change of audit appointment is due to reasons other than NOCLAR matters such as audit tender or mandatory firm rotation. [paragraph 210.14]

If the change of audit appointment is a result of NOCLAR matters, client consent is not required for the predecessor auditor to provide information concerning the NOCLAR with the proposed successor auditor, if the disclosure is not prohibited by law or regulation. [paragraphs 210.14 and 225.31]

(ii) Proposed successor auditor

There is no change in the requirements for the proposed successor auditor. [paragraphs 225.31 and SG210.14B]

However, the proposed successor auditor is advised not to disclose, to the audit client, any information provided by the predecessor auditor in responding to the inquiry of the proposed successor auditor on whether there is any professional or other reason as to why the proposed successor auditor should not accept the appointment.

In addition, the predecessor auditor is advised to stipulate in the professional clearance letter to the proposed successor auditor that the contents of the professional clearance letter are not to be shared with the audit client.

Q4.1 Is withdrawal from the audit engagement the only available course of action by the auditor if there is an identified or suspected NOCLAR?

No, the auditor shall exercise professional judgement, weighing all the specific facts and circumstances available to the auditor, to determine whether withdrawal from the audit engagement is an appropriate course of action. Paragraph 225.30 also explains that withdrawal from audit engagement is not a substitute for taking other actions that are needed to achieve the auditor’s objectives under the NOCLAR Pronouncement.

Q4.2 If the change of audit appointment is a result of an identified or suspected NOCLAR matter, does the NOCLAR Pronouncement require that the client consent be obtained before the predecessor auditor can share information concerning the NOCLAR with a proposed successor auditor?

No, client consent is not required. Paragraph 225.31 states that the predecessor auditor shall share information concerning the NOCLAR with the proposed successor auditor without the client consent if the disclosure is not prohibited by law or regulation. As consideration of NOCLAR matters would be subject to different facts and circumstances, the predecessor auditor should also consider obtaining legal advice to take the appropriate course of action.

Auditors are advised to communicate their professional obligation to comply with the NOCLAR Pronouncement to their clients. They are also advised to include a clause in the audit engagement letter to make it clear that a confidentiality clause (if included in the engagement letter) would be subject to the auditors’ obligation to comply with the NOCLAR Pronouncement from 1 January 2020, regardless of the financial reporting period.

Q4.3 If the change of audit appointment is a result of an identified or suspected NOCLAR matter, would the predecessor auditor be subject to any lawsuits if he or she communicates the identified or suspected NOCLAR to the proposed successor auditor even without the client consent?

No, if the predecessor auditor provides information concerning the NOCLAR to the proposed successor auditor in the absence of malice and the disclosure is

The NOCLAR Pronouncement provides enhancements to the Code to guide the professional accountant in dealing with the situation and in deciding how best to act in the public interest.



not being prohibited by law or regulation. The predecessor auditor is reasonably protected by the statutory defence under section 208(1)² of the Companies Act and the common law defence of qualified privilege. Accordingly, the predecessor auditor has strong protection from liability in lawsuits if he or she provides relevant information without malice to the proposed successor auditor to comply with paragraph 225.31.

Q4.4 How should the predecessor auditor respond to the inquiry of the proposed successor auditor if the change of audit appointment is a result of an identified or suspected NOCLAR matter and the disclosure of such information would result in a tipping-off offence?

Tipping-off refers to the offence of disclosing any information to

any person when doing so is likely to prejudice an investigation or proposed investigation under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, Cap. 65A (CDSA) and Terrorism (Suppression of Financing) Act, Cap. 325 (TSFA). Accordingly, both the predecessor and proposed auditors should be mindful whenever they are disclosing information to avoid committing any tipping-off offence.

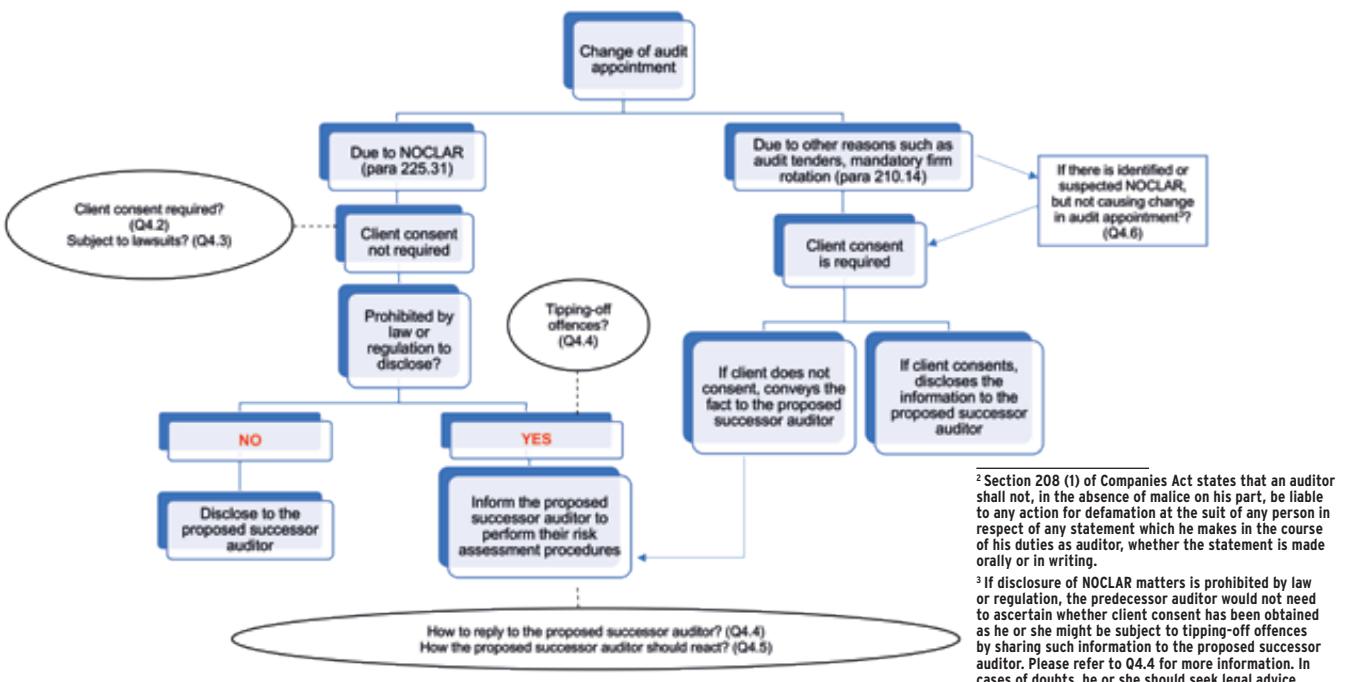
The predecessor auditor should not disclose the identified or suspected money laundering or terrorist activities to the proposed successor auditor or make other disclosures that could amount to tipping-off as the information may be discussed with the client or former client. This is to ensure that the perpetrator does not become

aware that the matter has been brought to the attention of the law enforcement agencies.

As indicated in Q4.1, the predecessor auditor shall share information concerning the NOCLAR matter with the proposed successor auditor if the disclosure is not prohibited by law or regulation, for example, CDSA or TSFA.

If provision of such facts and other information relating to the non-compliance to the proposed successor auditor is prohibited by law or regulation, the predecessor auditor should inform the proposed successor auditor to perform his own risk assessment procedures. In cases of doubt, the predecessor auditor should seek legal advice to understand the professional or legal implications before responding to the proposed successor auditor.

Figure 1 Decision tree on the change of audit appointment from the perspective of predecessor auditor



As consideration of NOCLAR matters would be subject to different facts and circumstances, the professional accountants should consider obtaining legal advice to understand the professional or legal implications of taking any particular course of action.



auditor shall ensure that he or she is satisfied that there are no exceptional circumstances surrounding the proposed change in appointment before accepting the appointment.

Q4.6 If the change of auditor is a result of an audit tender or mandatory firm rotation and the predecessor auditor is also aware of an act or suspected act of NOCLAR, does the NOCLAR Pronouncement require the predecessor auditor to communicate information concerning the NOCLAR to a proposed auditor?

In this situation, the predecessor auditor did not withdraw from the client relationship as a result of a NOCLAR matter. Hence, client consent is required to provide facts or other information that the proposed successor auditor needs to be aware of before deciding whether to accept the audit engagement. Examples of such procedures include inquiries with third parties such as legal counsel or industry peers or background investigations of management or those charged with governance via regulators' website or general Internet search.

In addition, the proposed successor auditor should also take into consideration why he or she is unable to obtain a reply from the predecessor auditor or to communicate with the predecessor auditor when determining whether or not to accept the appointment.

Professional judgement is essential as the proposed successor

to PAs. In addition, the following legislations in Singapore also offer statutory protection to whistle-blowers if the PAs are to whistle-blow on matters specified under the following acts:

- ⊕ Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act
- ⊕ Prevention of Corruption Act
- ⊕ Workplace Safety and Health Act
- ⊕ Terrorism (Suppression of Financing) Act
- ⊕ Competition Act
- ⊕ Penal Code

As consideration of NOCLAR matters would be subject to different facts and circumstances, the PAs should consider obtaining legal advice to understand the professional or legal implications of taking any particular course of action.

In exceptional circumstances where the protection is adjudged not to be the case, the PAs should exercise professional judgement to determine if the disclosure of the NOCLAR to an authority is an appropriate course of action.

A PA should also comply with documentation requirements in accordance with the NOCLAR Pronouncement.

Note that the above whistle-blower protection does not accord protection for tipping-off offence. Please refer to Q1 and Q4.4 for guidance on tipping-off offence. ISCA

NEXT STEPS

ISCA's ED on NOCLAR Pronouncement is open for public consultation until 24 May 2019 and we welcome comments and feedback. We expect to adopt the NOCLAR Pronouncement into EP 100 in July 2019, with an effective date of 1 January 2020.

ISCA will also be holding its annual Ethics Seminar on 15 August 2019 at Carlton Hotel. We will have experts in the legal and accounting fields who will share more on the topic of NOCLAR. The registration for the Ethics Seminar will open in June 2019, so please save the date!

Lim Ju May is Deputy Director, Alice Tan is Senior Manager, and Eva Ng is Manager, Technical, ISCA.

A FUN BUNCH

Three ISCA Members Show That There Is More To Life Than Work

LAST JUNE, *IS Chartered Accountant* Journal profiled three ISCA members who go beyond being adept at ticking and tying numbers. In fact, the profession has no shortage of individuals whose lives outside the workplace are fun and fulfilling – as highlighted once again in this instalment of the Fun Accountants series.

In the following pages, we feature three members who, through their respective passions, have achieved the ideal work-life harmony. The first is an avowed motorbike fanatic whose willingness to take risks and try new things has served him well in both his career and personal life. The second is a familiar face in Singapore's volunteer scene, in particular, advancing education for youths, both through his company's corporate social responsibility platform and his own involvement in various organisations. The third is an active yoga practitioner who recently started a new job role that incorporates her love of yoga.

There's a saying that goes, "All work and no play makes Jack a dull boy (or Jane a dull girl)." These three individuals are certainly proving the old adage true.



WILLY TAI
CA (Singapore), Business Analyst,
Hong Leong Finance

SARAVANAN PANNIR SELVAM
CA (Singapore), Senior Associate,
Transaction Advisory Services,
Ernst & Young LLP

CYNTHIA LAU
Associate (ISCA), City Sport Leader,
Decathlon Singapore



"Work is just one part of life; everyone needs a hobby or interest to help them relax and unwind. A hobby can come in many different shapes and forms, but it's paramount that we engage in something, so that we can have a healthy and positive mind that allows us to live a more satisfying life."

COOL RIDER

FEW THINGS SCREAM "FREEDOM" OR "ADVENTURE" more than hopping on a motorcycle and following the road, wherever it leads. This easygoing, happy-go-lucky behaviour may sound far removed from the image of a desk-bound, risk-averse accountant, but Willy Tai is one of those who is breaking the mould. He normally spends his Sunday mornings taking his TMX motorcycle for a solo spin up towards the northern part of Johor, Malaysia, and down again, often making short detours to traverse the rural roads and soak up the bucolic, laidback atmosphere.

**Willy Tai, CA (Singapore),
Business Analyst,
Hong Leong Finance**

"Motorcycling gives me a sense of freedom that I can't get any other way, and it helps me de-stress after a long work week," says the 29-year-old. He occasionally goes on longer road trips with his motorcycling buddies, such as the one they took last year to Langkawi, Malaysia. Indeed, Willy is a fan of all types of two-wheelers, and even spent one holiday bicycling around the Netherlands for two weeks. "I had a sore butt after that, but it was all worth it!" he says with a laugh.

An avid biker since his university days, Willy does not brush aside his family's

CAREER HIGHLIGHTS

- 2015**
Graduated from Singapore Management University;
Joined Schroder Investment Management as a Graduate Trainee
- 2016**
Business Management Analyst,
Schroder Investment Management
- 2018**
Financial Services Consultant, Protiviti
- May 2019**
Business Analyst, Hong Leong Finance



concerns that riding a motorcycle can be dangerous. Rather, he makes a distinction between ignoring the risks by throwing caution to the wind and taking steps to manage those risks to ride safely. This is a lesson that he believes can be extended to the accountancy profession too. "Our profession tends to be risk-averse, with many people focused on risk mitigation or risk avoidance. Instead, accountants need to embrace risk and uncertainty, and apply what they have learnt about risk management to exploit that opportunity for optimum benefit," he explains. "Without risk, there is no reward."

NOT YOUR TYPICAL ACCOUNTANCY CAREER

Such willingness to take risks has aided Willy's upward career trajectory, following his graduation with a Bachelor of Accountancy from Singapore Management University (SMU) in 2015. Unlike many of his peers who pursued the audit route straight out of university, Willy became a Business Management Analyst at asset management company Schroders, where he was involved in a wide range of activities including management reporting, digital transformation and financial control. "It was not a typical accountant's role, but my training had equipped me with greater sensitivity to numbers and accounting schedules," he shares. "Because of this, I can present ratios and trends more clearly in management reports and conduct a better cost-benefit analysis when proposing a solution."

The industry-agnostic skills acquired through his accountancy degree also allowed him to subsequently take on varied roles – as a Financial Services Consultant at consulting firm Protiviti and, since early May, as a Business Analyst at Hong Leong Finance. "Instead of serving multiple clients, I am now working in-house to support Hong Leong Finance's future growth and development," says Willy about his new job. "I will also be able to gain a holistic understanding of the financing business, covering the front-, middle- and back-end functions from product purchase and customer service all the way to processing and documentation."

A key factor contributing to his professional success so far is becoming a qualified Chartered Accountant with ISCA. "The CA (Singapore) accreditation, as well as ISCA's array of Continuing Professional Education (CPE) training programmes, places accountants at a sweet spot for reskilling and upskilling to meet new demands and changing job responsibilities," says Willy, who sits on ISCA's Young Professionals Advisory Committee.

To help fellow ISCA members stay relevant and employable, Willy has collaborated with one of his former professors at SMU to develop a new CPE course titled "A Hands-on Introduction to Data Analytics for Accountants and Analysts". Set to launch on June 27, the one-day course will provide foundational knowledge and skills of the entire data analytics process from project planning and data extraction to data analysis using specialised software and data visualisation.

BEYOND TWO WHEELS

Despite being busy with work, Willy has managed to find time for other activities in addition to motorcycling. A long-time volunteer since his undergraduate days, he currently volunteers with the charity Food from the Heart, delivering bread in his car every Friday night from a local bakery to beneficiary organisations. He is also a semi-regular volunteer with the Chinese Development Assistance Council, for whom he lends a hand about once a month at events organised by the group to support the less privileged.

Willy's latest hobby, which started a few months ago, is collecting limited-edition pens and mechanical pencils that feature exquisitely hand-crafted designs or are made using special materials such as wood from whisky barrels. It is a rather esoteric hobby but as he explains, "There is a sense of pleasure in having a piece of art that you can use on a daily basis, as opposed to owning a painting that is just displayed on a wall."

Whether doing his bit to help the needy, cruising on his motorcycle or ordering custom-made pens online, the one thing these activities all have in common is the joy Willy derives from them. "Work is just one part of life; everyone needs a hobby or interest to help them relax and unwind," he notes. "A hobby can come in many different shapes and forms, but it's paramount that we engage in something, so that we can have a healthy and positive mind that allows us to live a more satisfying life."

AN AGENT OF CHANGE

WITH HIS MOTHER AND SISTER BOTH WORKING IN THE EDUCATION SECTOR, one could surmise that a passion for education and youths runs in Saravanan Pannir Selvam's family. Saravanan himself has wondered about this, given his volunteer involvement through his company's corporate social responsibility (CSR) activities, as well as in his personal life.

The 29-year-old is a member of Ernst & Young (EY)'s Corporate Responsibility Committee, where the bulk of his efforts are directed towards career guidance talks in schools across Singapore. "Three or four times a year, I visit secondary schools and junior colleges island-wide and speak to their graduating batch," says Saravanan. "I share with them the expectations of a career in accountancy – sure, number-crunching and long hours are part of the job, but it comes with a lot of fun as well – and introduce EY and its various service lines. I also talk about my own background, such as the reasons for choosing accountancy as a career and what my day-to-day work looks like."

Together with the rest of the Committee and EY staff, he participates in other CSR projects on an ad hoc basis. These include the Walk for Rice programme, an annual walkathon by the South East Community Development Council and NTUC FairPrice to donate rice to needy residents living in the South East District, and the National Reading Movement, during which Saravanan helped pack the books to be sent to underprivileged households and also led a children's storytelling session at the National Library.

Much of his free time is likewise spent volunteering at organisations whose objectives are aligned with his interests. Every Friday after work, he gives Mathematics tuition to a small group of students at a secondary school near his home, as part of the Singapore Indian Development Association's Tutorials for Enhanced Performance scheme. He is also involved with the Hindu Endowments Board (HEB)'s Project Bhakti programme, under which he teaches Hindu culture and values to young children

on Sundays. Saravanan also provides pro bono accountancy services as Assistant Treasurer of the Singapore Indian Education Trust, which grants bursaries and study loans to exemplary students.

FROM MENTOR TO FRIEND

Volunteering is such a huge part of Saravanan's life that it is somewhat surprising to discover that he "fell into it by chance". It all started after he had completed National Service and briefly served as a relief teacher at his alma mater, Millennia Institute, prior to joining Nanyang Technological University (NTU). "While at Millennia Institute, I got roped in to become an informal mentor to some students who, like me, had come from the Normal stream in secondary school," he recalls. "I would meet them for lunch and answer any exam-related or life questions that they had. I think it helped that I wasn't much older than them, so they found it easier to relate to me."

That period left an indelible mark on him. "Being an informal mentor made me realise how much I like interacting with young people and helping to shape their future just by being there for them," he enthuses. He continued to stay in touch with those students throughout his university days, and eventually, they came to regard him as a friend rather than a mentor. Today, Saravanan counts them among his closest friends.

Perhaps most significantly, Saravanan met his now-fiancée, also an HEB volunteer, when he first got involved with Project Bhakti five years ago, during his final semester at NTU. "We are both passionate about supporting youths and expanding educational opportunities, and we've even toyed with the idea of opening a pre-school together one day," he shares.

FULFILLED IN ALL AREAS

"It's a bit cliché, but my personal motto is the same as EY's tagline, which is 'Building a Better Working World,'" says Saravanan. "This is what I try to do every day. Whether at work or through my volunteer efforts, I hope to build meaningful relationships that will last a lifetime."

Saravanan made up his mind to become an accountant after taking the Principles of Accounts subject in secondary school. "My interest was sparked by a line in the textbook, that accountants are 'stewards of business'. Businesses are evaluated through their financial performance. As accountants, it is our responsibility to make sure that everything is in order, and to give assurance that fraudulent activities are not occurring." He adds, "There is a certain level of credibility that comes with being a Chartered Accountant, especially in the volunteering space where funds are quite often misused."

Saravanan Pannir Selvam,
CA (Singapore), Senior Associate,
Transaction Advisory Services,
Ernst & Young LLP

Besides enjoying the flexibility to experience different facets of the commercial world – he moved from EY's Audit line to Transaction Advisory Services last year – Saravanan is very appreciative of the support shown by his company towards his volunteer work. Last September, he won the EY Building a Better Working World – Strengthening Communities Award in recognition of his volunteer work in EY as well as in his personal life. "It's nice to know that my employer supports what I'm doing in the community, even though it may sometimes take me away from the office."

Over the course of his volunteering journey, Saravanan has helped scores of young people stay on the straight and narrow. However, the learning goes both ways. "Being around kids has brought so much fun into my life. They constantly remind me that there are other things in life that matter, apart from my career," he reflects. "Work should not take control of our lives; rather, we should take control of it."

CAREER HIGHLIGHTS

- 2015**
Graduated from Nanyang Technological University;
- Joined Ernst & Young (EY) as an Audit Assistant
- 2017**
Audit Senior, EY
- 2018**
Senior Associate, Transaction Advisory Services, EY



"Being around kids has brought so much fun into my life. They constantly remind me that there are other things in life that matter, apart from my career. Work should not take control of our lives; rather, we should take control of it."



"Continue to love yourself and invest in yourself by pursuing your passions and interests. This will motivate you to improve and become a better version of yourself, and also help you get through tough times."

SELF CHECKOUT
CASHLESS PAYMENT

STRIKE A POSE

MOTIVATIONAL SPEAKERS AND SELF-HELP GURUS ARE OFTEN HEARD SAYING, "If you love what you do, you'll never work a day in your life." In a way, this sums up Cynthia Lau's latest career transition at sporting goods retailer Decathlon, where she was appointed City Sport Leader early this year. "It's similar to a brand manager's role, but instead of promoting a specific brand to potential customers, my focus is to promote the sport that I love – yoga – as a lifestyle for Singaporeans," explains Cynthia, 27.

Cynthia Lau, Associate (ISCA),
City Sport Leader,
Decathlon Singapore

The new role is a marked departure from her previous accounting jobs, but one that Cynthia is excited to embark on. "What I have learnt as a Financial Controller allows me to make financially-sound investment decisions to improve Decathlon's reach of yoga products sold in Singapore," she notes. "I aim to use finance as a platform to drive our yoga business, which means thinking of different strategies to grow the yoga community island-wide in a manner that makes good business sense. Just recently, we initiated collaborations with several yoga studios that will have a beneficial impact on our profit and loss account."

+ CAREER HIGHLIGHTS

- 2015**
Graduated from Singapore Management University; Joined PwC Singapore as an Audit Associate
- 2016**
Accountant, Decathlon Singapore
- 2017**
Financial Controller & HR, Decathlon Singapore
- Feb 2019**
City Sport Leader, Decathlon Singapore



MIND AND BODY

Although Cynthia had attended a handful of yoga classes before, it never really stuck with her until one-and-a-half years ago, when her Finance team tagged along for a session with a co-worker from Decathlon's Communications department. "Compared to the other sessions in the past that seemed to focus on the physical side of things, the instructor of this particular session brought in the mental, or emotional, aspects of yoga," Cynthia recalls. "She took the time to introduce yoga beliefs and values, such as the importance of loving yourself."

This mind-body integration is the very reason why she has become a dedicated yoga practitioner, or a yogi. Cynthia goes to yoga classes two or three times a week after work, together with the Finance team, and also practises alone at home whenever she can. "Ever since I started doing yoga regularly, I feel physically stronger and have a more toned body. Yoga also helps to relieve tension when I feel stressed. At the end of a session, I always feel more relaxed, like I've just had a massage," she explains.

In addition, the emphasis on mindfulness in yoga has improved her ability to stay in the present moment and be more aware of her words and actions. This has been very useful in the workplace setting. Cynthia notes that she is now able to concentrate better at work instead of being distracted by other issues. She has also adopted a more compassionate leadership style when interacting with colleagues – for example, recognising that sometimes people make mistakes – thus cultivating a happier work environment.

The fact that Cynthia attends yoga sessions with the rest of the Finance team, as well as a few others from different departments, further contributes to the workplace camaraderie. "Doing yoga together has enabled us to bond and trust each other more. Within the Finance team, for instance, one of the most stressful periods is when we have to close the company's books, yet, everyone pitches in to help one another and to finish the task on time."

THE ROUTE TO HAPPINESS

When asked what her life motto is, Cynthia readily trots out a couple of yoga mantras. One of them is ascribed to the American yoga teacher and author, Judith Hanson Lasater, "Yoga is not about touching your toes, it's about what you learn on the way down." For Cynthia, this is a call to believe in one's capacity to continuously learn and grow, and to never give up in the face of challenges, be it mastering a difficult yoga pose or adjusting to a new job.

Cynthia admits that being a City Sport Leader is a huge step out of her comfort zone, but she is confident that the comprehensive business knowledge gained through her accounting background will help her settle in.

"Accounting has equipped me with a holistic view of business and taught me to always consider all aspects of decision making and their impact on the bottom line," she says. As an ISCA member, she also views the requisite Continuing Professional Education hours as an opportunity to keep up-to-date with new technical accounting skills and ethical business standards.

The second yoga mantra from which she draws inspiration is *Lokah samastah sukhino bhavantu*, a Sanskrit prayer which translates to, "May all beings everywhere be happy and free, and may the thoughts, words and actions of my own life contribute in some way to that happiness and to that freedom for all." To this end, she has encouraged her family and friends – including her two sisters, husband, church mates and her colleagues in other departments at Decathlon – to pick up yoga. Through her new role, she hopes yoga (and its benefits) will catch on among the rest of Singapore too.

Ultimately, Cynthia would like to see her fellow ISCA members doing what makes them happy, whether that is practising yoga or engaging in other hobbies outside of work. "Continue to love yourself and invest in yourself by pursuing your passions and interests. This will motivate you to improve and become a better version of yourself, and also help you get through tough times," she advises. ISCA

CINEMATIC GETAWAYS

Make the locales of these iconic movies and TV shows the backdrop of your next family vacation



Vatnajökull, Iceland

THE JUNE HOLIDAYS ARE JUST AROUND THE CORNER, but instead of the usual shopping trips and beach stops, why not embark on a family adventure at a place with a dash of Hollywood history? After all, a little cinematic magic always makes a place more interesting. From castle-like compounds with a brush of magic to beaches with a splash of '70s pop music, here are seven famous movie locations to explore. Invoking a famous line of dialogue from your favourite hero or villain when you are there is entirely optional!



On the site of Game of Thrones at Commonwealth Farm, Iceland

TV SHOW: GAME OF THRONES

Where: Iceland

Despite Game of Thrones' infamous gore and violence, the fictitious continent of Westeros, where much of the show is set, is actually a peaceful place to live in, in real life. That's because the TV series is shot in the serene expanse of the Iceland countryside. **Öxarárfoss** is a waterfall in the Nordic nation's Þingvellir National Park. While much of the park is breathtaking in its own right, the sight of this icy-cold plunge is sure to thrill Game of Thrones fans in particular, since it's here that the Bloody Gate starts. This rocky path was the site of one of Season 4's most memorable moments – Arya's maniacal laughter as she learnt of her aunt's death.

Another place fans will find familiar is **Vatnajökull** – a seemingly boundless space of glaciers which is home to the largest ice cap in Europe. Scenes from North of the Wall were primarily



PHOTOS: GETTY IMAGES; SHUTTERSTOCK

filmed on those harsh-looking icy landscapes. However, don't expect the overwhelming amount of snowfall as seen in the show; much of it was created using computer-generated imagery.

Finally, for those looking for a cosier, warmer and secluded place, **Grjotagja** is a gorgeous cave formed by centuries of volcanic activity. The cave also features a geothermally-heated pool. No prizes for figuring out the exact spot Jon Snow and Ygritte consummated their marriage. But careful, if you're no nightwatcher or free folk of the north, the waters may be too hot for you.



On the site of Game of Thrones at Commonwealth Farm, Iceland

MOVIE: AVENGERS: INFINITY WARS

Where: Banaue Rice Terrace, Philippines
Carved into a mountainside in North-Central Luzon, Philippines, the **Banaue Rice Terrace** is a verdant, picturesque paradise. It's no wonder that Avengers super-villain Thanos sought respite at this cosy, idyllic spot after "cleaning up" the world. Unfortunately – as you may have seen from Endgame, the latest instalment of the movie series – his "retirement" was frustratingly short-lived (for him anyway).

The terraces in Banaue are, and have been for the last 2,000 years, home to the Ifugao people, for whom rice cultivation has been integral to their survival. However, with more and more younger villagers migrating to the cities, many fields and terraces have been left abandoned and the culture risks dissolution. The terrace fields themselves are massive and can go up to thousands of feet in height, which make them popular among hikers. If you're not comfortable navigating the slopes of greens by yourself, you can hire a guide, tell him what you want to see, and he'll piece together a scenic trail for you.

Do visit the village of **Batad**, which sits in the middle of the terraces. It's only accessible by foot, but the determined traveller will find that the village is a great base at which to spend a day or two. That's because it's surrounded by breathtaking waterfalls and vantage points that provide sweeping views of the terraces. For a truly Ifugao experience, keep an eye out for wooden carved statues of **The Bulol**, the native god of rice.



FUN FACT The park is featured on the reverse side of the 2010 series of the Philippine 20 Peso note.



On the set of Avengers: Infinity Wars at Banaue Rice Terrace, Philippines



Statues of The Bulol, Batad, Philippines

MOVIE: THE MAN WITH THE GOLDEN GUN

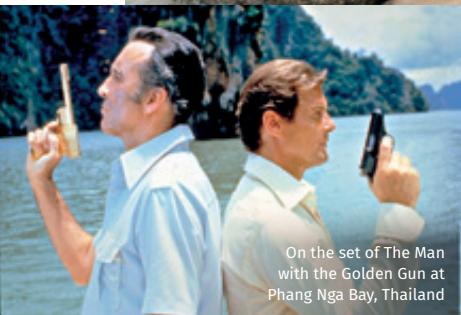
Where: Phang Nga Bay, Thailand

Phang Nga Bay's towering limestone, moss-covered karsts make the bay one of the most recognisable in the world. The bay comprises a number of islands, among which is the famous **Khao Phing Kan**, or "James Bond" Island. It was on the sandy shore of this very island that British superspy James Bond faced off with the villainous "man with the golden gun" – the assassin Scaramanga – in the 1974 film. Both had their backs to each other in that classic pistol duel scene, and the rock formation in the background can still be seen today. So if you're keen on replicating the scene, all you'll need is perhaps a nice, Bond-looking suit – and a shiny golden gun, of course.

The James Bond site is not the only one worth visiting in the area, however. Nearby islands like **Koh Panyee** and **Ko Yao Yai** offer crystal-clear emerald waters, coral-clustered lagoons and massive caves. You can either take a boat tour or paddle around the bay yourself in a rented kayak.



Khao Phing Kan, Thailand



On the set of The Man with the Golden Gun at Phang Nga Bay, Thailand



Ko Yao Yai, Thailand

LIGHTS! CAMERA! TRAVEL!

Top 10 most popular destinations for filming (and the number of films shot there):

1		UNITED STATES (139,506)
2		UNITED KINGDOM (25,768)
3		CANADA (21,088)
4		GERMANY (12,567)
5		FRANCE (10,338)
6		SPAIN (10,333)
7		MEXICO (9,053)
8		AUSTRALIA (8,860)
9		ITALY (8,004)
10		INDIA (5,944)

Source: Lonely Planet

MOVIE: INFERNAL AFFAIRS

Where: Hong Kong

The backdrop of this celebrated crime thriller (which spawned its own Leonardo DiCaprio-starring Hollywood adaptation in the form of *The Departed*) is none other than the hectic streets of Hong Kong. The action-packed drama follows two “moles”, or informants, one in the police force and the other in a local gang. How they attempt to discover each other’s identity forms the crux of the 2002 must-watch movie.

Relive the show’s violent chase through the crowded streets of Hong Kong. In Sheung Wan district, a tall building has the gilded words **Guangdong Investment Tower** embossed on its cold metallic front. At its entrance is precisely where Superintendent Wong – the American counterpart of whom is Captain Queenan – landed after being thrown off the building by mobsters.

In 2003’s *Infernal Affairs 2*, an epic police-triad showdown takes place at the ever-bustling **Lai Yip Street Cooked Food Hawker Bazaar** in Kwun Tong district. As you’re indulging in authentic Hong Kong delicacies, maybe stretch your mind and imagine your meal being rudely interrupted by a boisterous clash between the police and mobsters.



Bailong Elevator,
Zhangjiajie, China



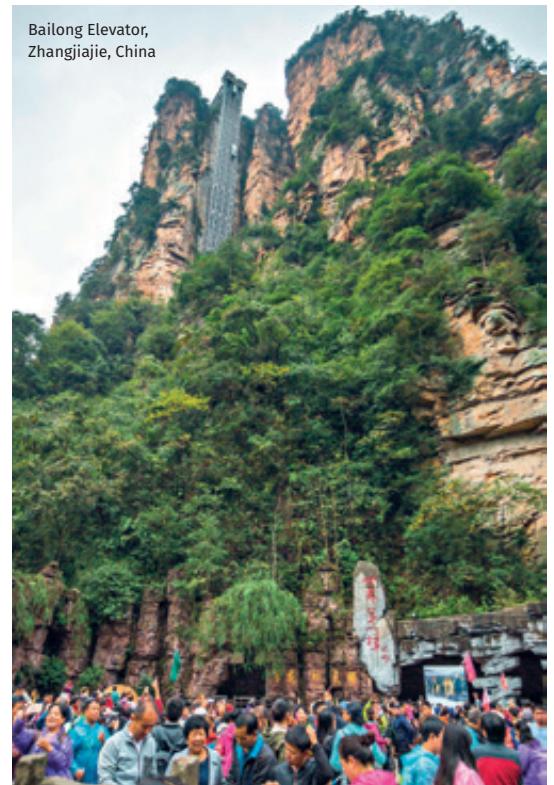
MOVIE: AVATAR

Where: Zhangjiajie, China

Unlike the mountains in Pandora, home of Avatar’s Na’vi tribe, the ones in Zhangjiajie National Park do not actually float. Nevertheless, the colossal sandstone pillars are still a marvellous sight.

Because of the weather, the pinnacles are perpetually shrouded in a thin layer of fog, lending a supernatural feel to the entire park.

The hike to the peak is treacherous. You may therefore prefer to ride the 326-metre-tall **Bailong Elevator**, or the Hundred Dragons Elevator, to the top.



MOVIE: HARRY POTTER

Where: Oxford, United Kingdom

If the magical academy of Hogwarts were an actual place, it would most likely be at **Christ Church College** in Oxford. After all, much of the set pieces drew inspiration from the archaic-looking institution. Stepping into the dining hall of the college, you’ll immediately notice its resemblance to the Great Hall in Hogwarts, with its long wooden tables and rows of table lamps.

A short distance away sits the **Bodleian Library**. The dark, eerie air that runs through the shelves of the old library makes it a perfect choice for the Restricted Section of Hogwarts Library. Just like its fictional counterpart, the Bodleian Library is a non-lending library, which means you can’t take the books out. In *Goblet of Fire*, the fourth instalment of the series, Mad-Eye Moody turns a recalcitrant Draco Malfoy into a harmless ferret. The scene takes place in **New College**’s courtyard around a giant oak tree. Surrounding the courtyard are cloisters characteristic of the castle-like appearance of the college.

Once Harry Potter’s charms have worn off, take some time to tour Oxford town itself. Its **Pitt Rivers Museum**

is a collector’s heaven, with more than 18,000 exotic exhibits, among them blowpipes, “magical” charms, cloaks and animal heads. Also swing by the **Oxford Botanic Garden & Arboretum**, the United Kingdom’s oldest. Walled in in the centre of the city, it’s said to hold one of the most diverse collection of plants in the world.



MOVIE: MAMMA MIA!

Where: Skopelos, Greece

Matching the timeless tunes of ABBA in *Mamma Mia! The Movie* is the pretty seaside town of **Skopelos**, Greece. Arriving on a ferry – the only way to get to the island – you’ll immediately notice the unique architecture of the town with its whitewashed houses and terracotta rooftop tiles.

One of the more memorable scenes from the movie is Sophie’s wedding. It took place in **Agios Ioannis Chapel**, a picturesque church that sits atop a small, outlying hill. But the good views from above don’t come easy – you’ll have to climb about 200 steps that zig-zag up the rocky hill. Skopelos is also home to some of the most immaculate beaches. Among them is the **Kastani Beach** where Sophie and Sky sang “Lay All Your Love On Me”. The clear, glistening sea waters and the surrounding cliffs and pine trees make the beach the perfect place for a relaxing evening. **ISCA**



On the set of *Mamma Mia!*
Skopelos, Greece



Agios Ioannis Chapel, Greece



Kastani Beach, Greece



BY ANG HAK SENG

VISIBILITY GUIDE FOR CHARITIES

Better Reporting, Higher Trust, Increase In Donations

ACCOUNTABILITY AND TRANSPARENCY ARE KEY FOUNDATIONS to any organisation's governance. This is even more pertinent in the charity sector as charities are dependent on public monies and thus subject to higher scrutiny. Donors are also increasingly discerning and require updates and information on where their donations are going.

With our expectations for accountability increasing, the capabilities of our charities to communicate their impact and governance to donors and stakeholders must also be enhanced.

The charity sector in Singapore comprises charities of all forms, championing varied causes and at various stages of reporting maturity. There are some charities that may over-report, which leads to thick annual reports and an overload of information. These charities lose focus, and their readers are unable to comprehend them. On the other hand, there are charities that under-report, unsure of their regulatory compliance. Having too little information may be perceived as a lack of transparency.

This is where the "Visibility Guide for Charities" hopes to assist and build capability in the charity sector. By adopting the Visibility Guide's PARENT framework (PARENT stands for **P**urpose, **A**lignment, **R**esults, **E**vidence, **N**avigate, **T**ransparent), charities can help to build trust in the giving space through more transparent and responsible practices.

P – Purpose

It is crucial for charities to state their purpose and start with the "why". By stating the "why", we speak right to the heart, and tug at our readers' heartstrings. For example, SPD, a charity that benefits persons with physical disabilities, states, "Our mission is to work in partnership with people with disabilities to develop their potential to the fullest so that they can be self-reliant and independent." National Kidney Foundation's vision and mission is "Giving life and hope through affordable, sustainable and quality renal care, education and prevention of kidney disease in partnership with the community." Their purpose starts with the "why", and helps to show how their strategic directions drive impact on their beneficiaries.



Commissioner of Charities addressing 500 charity representatives at the "In Conversation with the Commissioner" event on April 5

One avenue to help readers navigate a financial report is through infographics.

Infographics should not be complex but should put across important information in the most understandable way possible.



Visibility Guide for Charities the PARENT framework



This guide is a framework for charities to effectively communicate impact, governance and accountability to their donors. By adopting it, charities can help to build trust in our giving sector, by promoting transparency and responsible practices.



Commissioner of Charities
Ang Hak Seng



Purpose



Be clear on your purpose and state it.

Having a clear purpose drives strategic direction and intended impact for your beneficiaries.

Alignment



Show alignment of activities with your purpose.

Your charity may conduct various activities catered to your beneficiaries' needs. Show that these activities achieve your charitable purpose.

Results



State results to account for effective use of resources.

Statistical information on outreach efforts, funds raised and donations received are possible examples. Your charity can go beyond to show Inputs, Process and Outputs KPIs.

Evidence



Provide evidence through testimonials.

Your charity's positive impact can be demonstrated through testimonials from beneficiaries and their family members. Videos and pictures are also viable options.

Navigate



Ensure ease of navigation within the annual report.

Allow readers to have a quick overview of the good work done by starting the report with an infographic on key information.

Transparent



Be transparent.

Let your stakeholders know your charity's areas for improvement and plans for the year ahead.

A – Alignment

Charities may have numerous activities and programmes to cater to their beneficiaries. However, with an array of activities, the charity should also show how these activities or programmes are aligned to achieve their charitable purpose. For example, MINDSET Care Limited shared in its annual report how its efforts are focused in the following five areas – Awareness & Outreach, Back to the Workforce, Social Enterprise, Fund Raising, and Fund Allocation – all contributing back to the larger vision to “change people’s attitudes by raising awareness and understanding of mental health issues, as well as providing direct and tangible assistance for individuals, families and organisations in need of help”. Charities can also illustrate such alignment through “tree” diagrams.

R – Results

Donors would want to know where their donations are going, and the good they have created in the community. Most charities would display their financial information but may fail to show the relationship between the dollars and cents, and the impact they have on the lives of the beneficiaries. Other information that could be presented are outreach efforts, number of beneficiaries impacted and funds raised. For example, Club Rainbow (Singapore), a charity that works with children with chronic illnesses, provides information on their programmes and the support given not only to the child but to the entire family in a holistic way (Figure 1).

E – Evidence

Evidence demonstrates results with a more personal touch through storytelling. Charities should provide glimpses into their beneficiaries’ lives. For example, a charity that works with youths and the elderly beneficiaries can share their personal stories to provide readers with snippets of how the beneficiaries’ lives positively changed after receiving support assistance such as counselling, to better integrate into school or age in place. Other than the voice of the beneficiaries, some charities may also reach out to their family members and partnering agencies for testimonials. One such charity is HCA Hospice Care, which showcases quotes from their healthcare partners on the work done for the elderly who seek dignity and closure in their final lap (Figure 2). Through these sharing of stories and personal accounts, readers are reassured that the impact of donations is truly felt by the community.

Figure 1 Support is provided in a holistic way, involving the family

Source: “Celebrating Your Imaginations”, Annual Report 2017, Club Rainbow (Singapore)

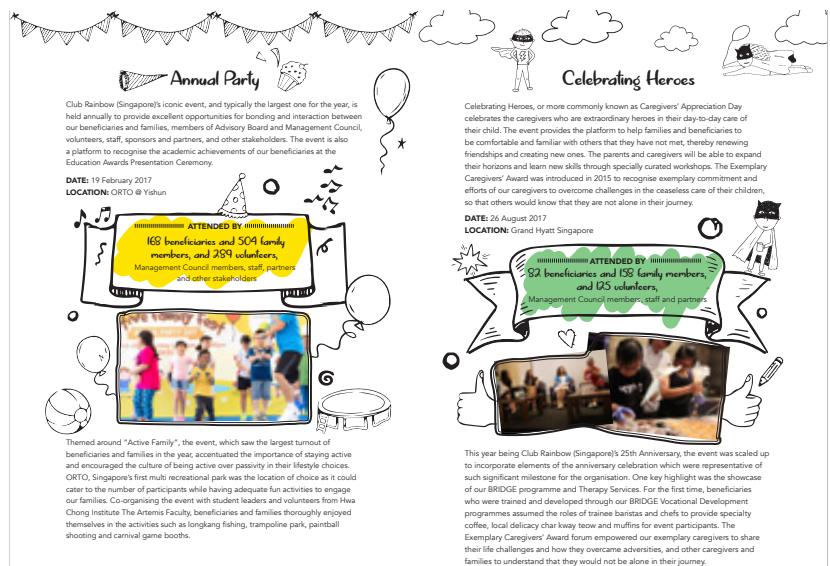


Figure 2 Sharing of stories reassure donors of the impact of their contributions

Source: “Hand in Hand, Adding Heart to Days”, Annual Report for Year Ending 31 March 2018, HCA Hospice Care

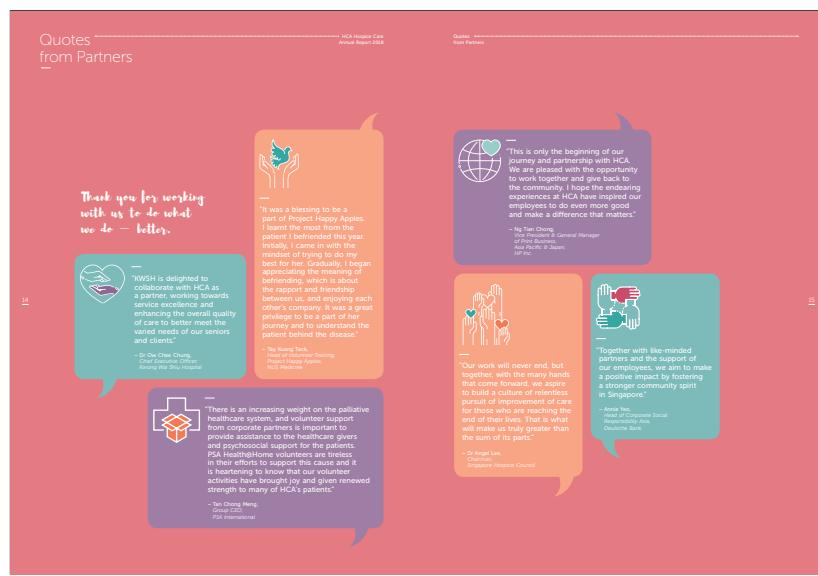


Figure 3 Infographics and charts convey important information clearly

Source: “The Heart of Connection”, Annual Report FY 2017/18, Methodist Welfare Services



N – Navigate

An annual report hosts much information and may be daunting for a reader who has little accounting or financial knowledge to read the financial statements in depth and understand the impact the charity has on the community. Moreover, in this day and age where we are over-loaded with information, donors appreciate snapshots of critical information that would help them make informed decisions. One avenue to help readers navigate a report is through infographics.

Infographics should not be complex but should put across important information in the most understandable way possible. The use of visuals such as charts and graphs helps readers as well. Methodist Welfare Services illustrated its key statistics on the number of clients and beneficiaries, as well as programme outcomes, using simple icons and pictures. It also uses a simple pie chart with numbers to show their fundraising income and operating expenditure for the financial year, and this helps readers identify critical information (Figure 3).

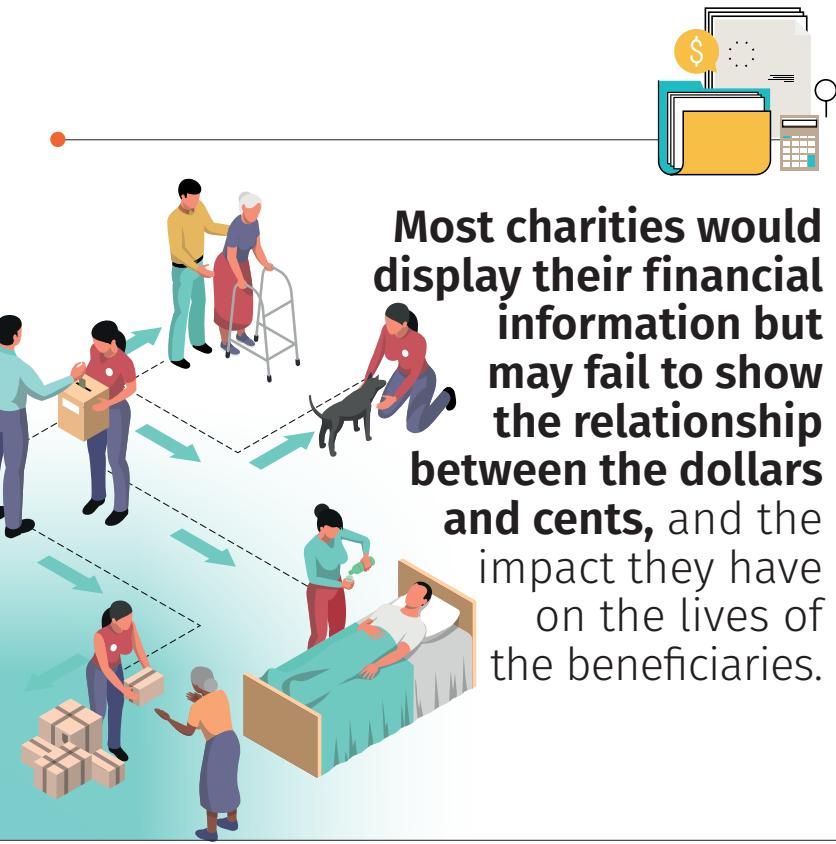
T – Transparent

The annual report is an avenue for charities to disclose information and promote transparency. Charities could also let stakeholders know their areas for improvement as well as their future plans. Such information indicates to donors that the charity is forward-looking and has concrete plans to further its charitable objectives. For instance, SATA CommHealth is forthcoming in disclosing its plans for the future, even as it looks back and celebrates its 70th anniversary. Its broad future plans include expanding community services outreach to other regions of Singapore, forming partnerships to provide integrated care to the community, as well as growing and improving internally in terms of capacity and capability building.

CONCLUSION

The Visibility Guide’s PARENT framework helps charities frame the information required for accountability and transparency to the public. It guides charities to sieve out crucial information such as financial statistics, governance matters, and evidence of the work done in fulfilling the charitable cause.

With this framework, charities can provide greater assurance to the public that their organisation is well governed and can be trusted with more donations. **ISCA**



Most charities would display their financial information but may fail to show the relationship between the dollars and cents, and the impact they have on the lives of the beneficiaries.

Dr Ang Hak Seng, FCA (Singapore), is Commissioner of Charities.

BY LINDA BRIMM

SKILLS THAT GLOBAL COSMOPOLITANS BRING TO THE TABLE

A Tool Kit Of Relevant Life And Work Experiences

WE WOULD ALL AGREE THAT THE REPUTATION OF GLOBALISATION HAS SEEN BETTER DAYS.

As nationalist movements emerge in more and more countries, there is mounting scepticism towards global professionals whose cultural affiliations cut across borders, even continents. However, global business is here to stay, whether proud nationalists like it or not. There are simply too many opportunities to be captured outside the corporate home base. And, the technology that enables our increasingly networked world is only becoming more advanced and accessible.

As I explore in my new book, *The Global Cosmopolitan Mindset*, professionals versed in several cultures – whom I call “Global Cosmopolitans” – possess a rare, tremendously valuable perspective. Well-practised at integrating ideas and behavioural norms from their various home cultures, they are natural learners and opportunity spotters. Global Cosmopolitans are also proficient at building bridges between contexts, which includes helping organisations adapt to new markets. But even

after they have slaked their wanderlust and decided to settle down in one place, the learning-oriented mindset they have developed will stand them (and their organisations) in good stead. This is because their life and work experiences, played out against a backdrop of uncommon complexity and change, have left them with an array of highly applicable skills. Their skill set, or “tool kit”, acts as an ideal complement to the mindset mentioned above. The mindset directs their attention and orientation to problems; the skill set defines their problem-solving approach.

Below, I list 10 of the most characteristic skills in the Global Cosmopolitan tool kit. Keep in mind that it is not a checklist; capacities will vary in proportion from person to person and very few professionals will have all of them. Further, I am not arguing that these skills are restricted to Global Cosmopolitans, but Global Cosmopolitans are more likely to excel at one or several of them than the average mono-cultural professional.

... professionals versed in several cultures – whom I call “Global Cosmopolitans”

- possess a rare, tremendously valuable perspective. Well-practised at integrating ideas and behavioural norms from their various home cultures, they are natural learners and opportunity spotters.



1 Cognitive flexibility

Research in neuroscience supports the idea that operating in different languages and cultures increases cognitive complexity. This is key to generate creative solutions to challenging problems.

Global Cosmopolitans have greater cognitive flexibility, which allows them to alter their previous beliefs, thoughts or habits to address radically changing situations. Their ability to draw on knowledge learnt in a different context enables them to see new patterns and solutions and to develop strategies in the face of new and unexpected conditions. In short, they understand that truth is not an absolute – it changes depending on the cultural context.

2 Adaptive capacity

Global Cosmopolitans have a better understanding of their own resilience. Having been through major transitions, they develop the ability to adapt. They trust their own competence in turning a crisis into an opportunity.

The danger here, particularly for those who started their global journey very young, is that the process of adapting to new environments becomes too seamless. When this happens, they may fail to see or articulate what they have learnt so others can benefit. They may also become so reliant on their power of adaptation that they downplay their uniqueness.

3 Knowing what they don't know, and how to find out

While Global Cosmopolitans understand how destabilising change can be, they become skilled at assessing what they know, what they thought they knew but no longer do, and what they need to find out. This capacity is invaluable not only for personal development but also for helping others cope with uncertainty.

4 Reinvention

Global Cosmopolitans are not only flexible, they are capable of reinvention. This ability gives them a can-do attitude when driving change and can help them guide their colleagues or mentees to think outside the box. A Romanian general manager I spoke to during my research told me, "I have a history of reinventing myself when I move countries and work environments. I am a pro at knowing who I need to be to feel grounded and what can change. This gives me an opportunity to see myself evolve and stretches my sense of what I think I can do."

5 Cross-border collaboration

When managing multiple cross-country networks, Global Cosmopolitans learn to collaborate and maintain relationships with diverse people in different time zones and cultures. They pick up the art of nurturing remote relationships, and know when a phone call, email, Skype session or in-person visit is needed.



... Global Cosmopolitans are not always the best at telling their story.

They often need well-networked mentors and advocates to aid their climb within the organisation.



9 Risk taking

Global Cosmopolitans are risk takers. Their experiences give them greater confidence in their capacity to cope with and understand any situation. Their optimism overcomes their sense of fear, which allows them to look at change through the lens of possibility rather than challenge.

10 Complex decision making and change management

Having led lives of uncommon complexity and built a CV full of international professional experiences, Global Cosmopolitans can make difficult decisions and manage circumstances of great uncertainty.

THE STORYTELLING CHALLENGES OF GLOBAL COSMOPOLITANS

Again, the above list is not meant to be comprehensive. It is a mere sampling of the skills Global Cosmopolitans use to navigate the challenges that they so often transform into personal and professional opportunities.

A difficulty arises, however, when they are called upon to verbalise their strengths as their skill set has become as much a part of them as the experiences that formed it. That is why Global Cosmopolitans are not always the best at telling their story. They often need well-networked mentors and advocates to aid their climb within the organisation. Companies that make this effort will be better able to retain Global Cosmopolitans and benefit from their immensely valuable gifts. *ISCA*

8 Inside-out and outside-in vision

Being simultaneously insiders and outsiders, Global Cosmopolitans learn to fully engage in a given context while retaining the ability to step back and observe the situation in a dispassionate manner.

In the workplace, they interpret – literally and figuratively – the needs of both home and foreign operations. They know whom to ask to get answers and master the finer points of doing business. This dual vision is becoming more significant as organisations recognise the important role these "boundary spanners" play in global organisations.

Linda Brimm is Emeritus Professor of Organisational Behaviour, INSEAD, and the author of *Global Cosmopolitans* and *The Global Cosmopolitan Mindset*. This article was first published in "INSEAD Knowledge". Reproduced with permission.

TECHNICAL HIGHLIGHTS



ETHICS

ISCA INVITES COMMENTS ON EXPOSURE DRAFT OF PROPOSED NOCLAR PRONOUNCEMENT

The proposed NOCLAR Pronouncement in the exposure draft (ED) sets out a new framework to guide professional accountants in deciding how to act in the public interest when they become aware of NOCLAR, committed by a client or employer. Please send comments to technical@isca.org.sg by 24 May 2019.

For more information, please visit
<https://isca.org.sg/ethics/ethics-headlines/ethics-headlines/2019/april/isca-invites-comments-on-exposure-draft-on-proposed-changes-to-ep-100-responding-to-non-compliance-with-laws-and-regulations/>

IESBA PROPOSES REVISIONS TO PART 4B OF THE CODE TO ALIGN WITH TERMS AND CONCEPTS USED IN ISAE 3000 (REVISED)

IESBA's proposed revision fulfils a pre-commitment announced in its proposed Strategy and Work Plan 2019-2023, to review Part 4B of the Code for any changes needed to make the provisions in that Part consistent with the revised assurance terms and concepts in IAASB's ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

For more information, please visit
<https://www.ifac.org/news-events/2019-03/iesba-proposes-revisions-part-4b-code-align-terms-and-concepts-used-isae-3000>

FINANCIAL REPORTING

ISCA COMMENTS ON IASB'S ED ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

We highlighted that as the proposed amendments cover all contracts within the scope of IAS 37, this would be a significant change from current market practice. It could even adversely impact companies' decision making. We have recommended for IASB to reconsider the proposed amendments and further assess the expected impact of the proposals.

For more information, please visit
<https://isca.org.sg/media/2822834/isca-comment-letter-onerous-contract.pdf>

ISCA ISSUES TECHNICAL BITE-SIZE GUIDANCE ON IFRIC'S FINALISED AGENDA DECISION

The IFRS Interpretations Committee (IFRIC) has issued an Agenda Decision relating to the capitalisation of borrowing costs for the construction of a residential multi-unit estate development in March 2019. ISCA has issued a Technical Bite on this Agenda Decision due to its significance to the real estate developers in Singapore.

IFRIC has also stated that entities are entitled to "sufficient time" to implement accounting policy changes resulting from agenda decisions. In this Technical Bite, we have shared our view on what is meant by "sufficient time".

For more information, please visit
<https://isca.org.sg/tkc/fr/techbites/#tab-1-4>

AUDITING AND ASSURANCE

IAASB PUBLISHES PROFESSIONAL SCEPTICISM COMMUNIQUÉ

This communiqué provides updates on IAASB's efforts to appropriately reflect professional scepticism in its standards, together with other relevant news and information.

For more information, please visit
<http://www.ifac.org/news-events/2019-02/focus-professional-skepticism>

IAASB PROPOSES CHANGES TO QUALITY MANAGEMENT AT FIRM AND ENGAGEMENT LEVEL

IAASB issued EDs on three interrelated standards that address quality management. Among the proposals is a new risk-based approach that firms are required to use in managing engagement quality. The new approach will compel firms to be proactive, responsive and thoughtful about the nature and circumstances of the firm and the engagements it performs in designing, implementing and operating its system of quality management. IAASB has also issued practical examples and guidance to demonstrate how the proposed standards may be applied, and to provide support for understanding certain aspects of the standards.

For more information, please visit
<http://www.ifac.org/publications-resources/iaasb-s-exposure-drafts-quality-management-firm-and-engagement-level>

Stone Forest IT

Boosting Productivity with Automated Order Data Management



CHALLENGE

A multinational cosmetics and fragrance retailer in Singapore had to manually enter numerous orders in different formats from in-flight services and duty-free stores (collectively called "operators") into its Sage 300 accounting system. New order data was manually recorded on Excel order forms, which had to be submitted to its overseas HQ by a given deadline to enable timely invoicing and stock replenishment. Another challenge was the need to manually reconcile order confirmations from the HQ with the corresponding order entries captured earlier in Sage 300 to prepare invoices. These tedious processes were not only time-consuming, but also presented a high risk of human error in order data entry and invoicing.

SOLUTION

Stone Forest IT (SFIT) assessed the client's pain points and proposed a customised utility for Sage 300 with the following capabilities:

- Automatically convert operators' orders into a format recognised by Sage 300
- Populate the Excel order forms for submission to the client's HQ within minutes
- Instantly reconcile order confirmations from the HQ with corresponding order entries in Sage 300 and update local stock quantity records
- Rapid consolidation of orders into a packing list and invoice generation

RESULTS

After implementation, the client enjoyed the following:

- Greater productivity, with 50% reduction in man-hours required for order data management
- Eliminate risk of human error in order data entry and invoicing
- Facilitate management of manpower cost

SFIT brings together expertise and vast experience in customising Sage 300 solutions to meet the diverse needs of businesses and enhance their productivity.

PHOTO SOURCE: STONE FOREST IT

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HIGHLIGHTS

Industry:
F&B, Retail and Consumer Products

Location:
Singapore

Solution:
Customised utility for Sage 300

Results:

- Greater productivity
- Eliminate risk of human error
- Facilitate management of manpower cost





BY FELIX WONG AND ANGELINA TAN

GET PERSONAL WITH EMPLOYMENT TAX

Understanding Challenges And Blind Spots

IN RECENT YEARS, amid an environment of increased information sharing between government agencies and regulators using technology and data analytics to assess compliance, greater focus is required for employees' remuneration and Central Provident Fund (CPF) reporting, collectively referred to as Employment Tax.

Against this backdrop, Accredited Tax Advisor (Income Tax) Grace Huang, Director, and Muhammad Ridzuan, Manager, Global Mobility Services, PwC International Assignment Services (Singapore), provided a timely update at a recent *Tax Excellence Decoded* session organised by the Singapore Institute of Accredited Tax Professionals (SIATP). They also shared best practices that can be taken by organisations to not only strengthen compliance but also become "audit ready".



Accredited Tax Advisor (Income Tax) Grace Huang, Director, and Muhammad Ridzuan, Manager, Global Mobility Services, PwC International Assignment Services (Singapore), shared their insights on the intricacies and common pitfalls of employment tax

KEY LEGISLATIVE CHANGES IMPACTING EMPLOYERS Budget 2019 Individual Tax Announcements

As part of the bicentennial bonus, a personal income tax rebate of 50% of tax payable, capped at \$200, will be granted to all tax resident individuals for Year of Assessment (YA) 2019. Companies with


It would be advisable for employers to consider their resourcing needs now as expatriate moves commencing in year 2020 may result in higher tax costs as the NOR scheme lapses.



tax-equalised employees may need to consider the possible impact of the newly-announced tax rebate.

Separately, the long-standing Not Ordinarily Resident (NOR) scheme, which allows an individual granted NOR status a five-year period to receive tax concessions (subject to meeting conditions), will lapse after YA 2020. It would be advisable for employers to consider their resourcing needs now as expatriate moves commencing in year 2020 may result in higher tax costs as the NOR scheme lapses.

Legislative Changes to Compensation Reporting Simplifying Reporting for Employer-provided Car Benefit and Accommodation Benefits

The Inland Revenue Authority of Singapore (IRAS) announced that the prescribed formula for computing the taxable value of employer-provided car benefit will be revised from YA 2020. While employees' private mileage no longer needs to be tracked, the revised formula takes into account the actual running expenses borne by employers and aligns with the Land Transport Authority (LTA) regulations on how residual value is calculated.

The basis for computing employer-provided accommodation benefit is also simplified such that the taxable value will be based on the actual rent paid by the employer (less any rent paid by the employee), with effect from YA 2020, unless the property is owned by the employer.

Tightening of "Cost-plus Mark-up" Basis of Assessment

Clarifications provided by IRAS regarding the "cost-plus mark-up" (CM) basis of assessment for corporate income tax restrict the assessment basis only to service companies that provide routine support services to related parties, and adopt a 5% mark-up on costs as the arm's length charge for such services. Service companies that do not qualify for the CM basis (but have been adopting the CM basis) are required to transit to the normal trading company (NTC) basis of assessment by YA 2020.

Transitioning from the CM basis to the NTC basis may impact reporting of employees' remuneration. For example, group insurance premiums



PHOTO SHUTTERSTOCK

A common reporting error often made by employers is the failure to declare taxable off-payroll benefits.

(which are taxable in the hands of employees of a company adopting the CM basis) may become exempt when the company transits to NTC basis (provided it forgoes the corporate tax deduction on the expense).

Following the revisions, employers will need to evaluate and communicate the impact to their employees, and ensure requisite information is captured for remuneration reporting. In addition, the shift in how such benefits are captured for tax reporting purposes presents an opportunity for employers to assess their compensation and benefits policies.

BEST PRACTICES IN MANAGING EMPLOYERS' OBLIGATIONS

In managing their obligations, employers need to appreciate the intricacies of the rules and regulations governing the different aspects of employment issues.

Statutory Limits

For example, employers should be mindful that while there is a statutory time limit of four years for the Comptroller of Income Tax to raise any additional assessment (unless fraud is involved), no statutory limits exist for the CPF Board to require employers to make good any non-compliance given their role as trustees for CPF members' savings unless separately agreed.

Managing Tax Reporting

Income from employment exercised in Singapore is subject to tax (unless it is specifically exempt or is covered by an administrative concession). This is regardless of where the employment



contract is signed, where the employee is paid, and who pays the employee.

A common reporting error often made by employers is the failure to declare taxable off-payroll benefits (for example, employee equity awards or flexible benefits). This happens when the income does not flow through payroll or is administered by another team within the organisation.

Employers often incorrectly report the gains from employee equity awards, either from obtaining the wrong information from overseas equity administrators or not having a clear understanding of how share-based plans should be reported. One example is how share-based plans are sourced differently in Singapore vis-à-vis countries adopting the Organisation for Economic Co-operation and Development (OECD) model.

Equity awards granted while an employee is exercising employment in Singapore are considered entirely Singapore-sourced and subject to Singapore tax in full, irrespective of the date or place of vesting of those share awards. Conversely, share awards granted while an employee is exercising employment outside Singapore are considered entirely foreign-sourced and would not be taxed in Singapore, even if they vest while the individual is exercising Singapore employment.

Any unvested equity awards which remain unvested or restricted when a non-Singapore citizen employee ceases Singapore employment will be subject to the "deemed exercise rule". In such an event, the point of taxation for those shares are accelerated to one month prior to cessation/departure or date of grant, whichever is later. The deemed exercise rule is also applicable to Singapore Permanent Residents posted to work overseas or leaving Singapore permanently.



Managing CPF Reporting

There are four main areas which employers can focus on for CPF reporting, namely:

1. Classification of wages

Incorrect classification of wages (for example, overtime that does not fall under the definition of Ordinary Wages) will result in under-contribution of CPF where the monthly Ordinary Wage ceiling cap is applied when computing CPF contributions, instead of the Additional Wage ceiling.

2. Timing of payments

Employers are required to pay both the employer's and employees' share of CPF contribution at the end of every month (with a grace period of 14 days) to the CPF Board, with the employees' share to be recovered from their wages.

3. Applying the correct rate/threshold

Incorrect rates are often applied when employees move into a different age group or when a foreign employee first obtains Singapore Permanent Residence and becomes subject to CPF contributions.

4. Benefits attracting CPF contributions

The CPF Board has recently focused on whether

employers have been collecting CPF on employee benefits for which CPF should have been applied, such as private gym membership reimbursements.

It is critical for employers to revisit how CPF reporting is currently managed in their organisations to avoid errors arising from the above areas.

CONNECTING THE “DOTS”

Remuneration reporting errors most commonly occur when there is incorrect or insufficient data that flows through to payroll from business units, or inadequate measures taken by payroll teams to keep up-to-date with legislative changes.

There is urgency for companies to re-evaluate their end-to-end payroll operations to ensure that all the “dots” are connected. This means that all relevant functions and teams dealing with employment issues (including payroll, human resource, human mobility, tax and finance) must be in sync with one another. Not doing so may expose an organisation to unnecessary compliance and operational risks, and may ultimately result in significant financial (that is, through interest and penalties) and reputational consequences for the organisation.

Gone are the days where the payroll function is perceived to be straightforward and treated as a simple back office function whose only concern is about paying salaries on time. The modern payroll function has evolved to become a critical business partner performing a myriad of vital corporate roles, such as ensuring compliance to statutory requirements, administering tax-efficient schemes, liaising with regulators as well as supporting internal and external audits.

Essentially, companies aiming to be “audit ready” can start by systematically consulting each relevant function and team, creating an accountability framework, mapping end-to-end processes, and reviewing service level agreements with vendors to put in place accountability and engagement with stakeholders.

Achieving “audit readiness” does not stop there – it is best practice to perform annual implementation reviews to ensure that the systems, processes and especially the competencies of employees are able to meet compliance standards. This will allow the company to uncover potential issues and identify new key risk areas on a timely basis. **ISCA**

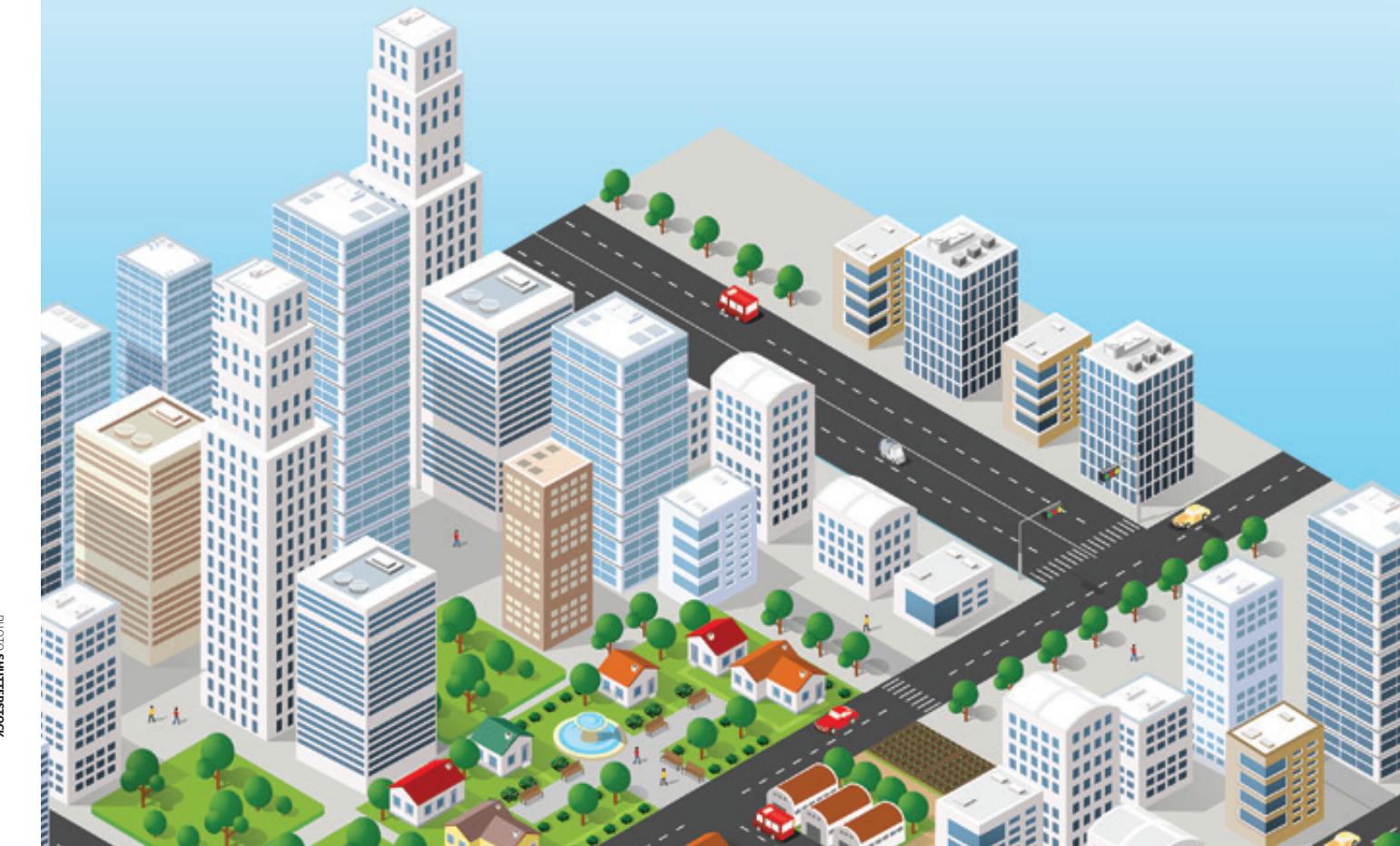
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