

FRS 117 Insurance Contracts Vs MAS' Risk-Based Capital 2 46

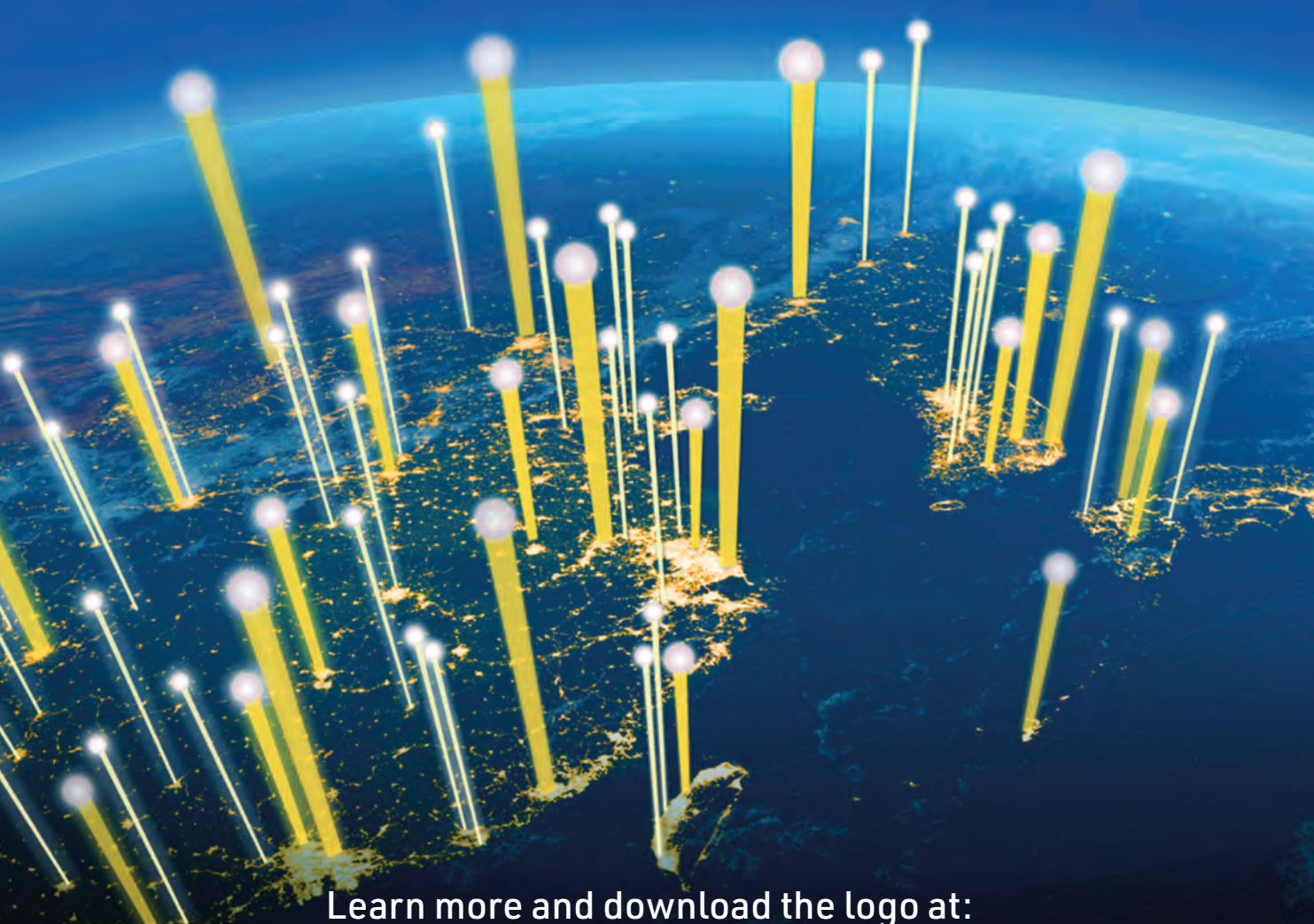
A vibrant blue illustration featuring a central white robot with a blue 'A' on its chest. The robot is surrounded by various 3D icons, including a star, a lightbulb, a bar chart, a pie chart, and speech bubbles. Thick black wavy lines connect these elements, creating a sense of flow and connectivity. The background is a solid blue color.

Unlock The Value Of Data; Glean Strategic Insights



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FROM THE
ISCA COUNCIL

FROM DISCORD TO HARMONY



Yiong Yim Ming
FCA (Singapore)
ISCA Vice President

Dear members,

I SOMETIMES THINK OF ACCOUNTANTS AS SKILLED CONDUCTORS WHO CAN DRAW BEAUTIFUL MELODIES FROM THE FINANCIAL FIGURES. With help from technologies such as data analytics to churn huge data sets, these harmonies can bring tremendous value to management for their timely, compelling content to develop strategies and inform business decisions. As accountancy professionals, we have what it takes to discern disparate data and extract meaningful information that qualifies corporate data as a critical asset. Just as a podium-master works with the musicians to elicit new possibilities from the score, an accountant draws a wealth of relevant information from the data sets.

Moving from the concert hall to business, companies that have jumped on the technology bandwagon will tell you that it is an iterative journey that requires strong leadership commitment. Like a musical maestro, the leader's role is to drive change, set the direction and establish the required (data-driven) culture. The tech-adopters will likely also share that when properly integrated, intelligent automation can unlock huge business potential. Our cover story, "Analytics Automation For Accounting And Finance", shows you how.

When I think of music and harmony, I think of diversity and inclusivity, a trending business topic. Research has consistently shown that diverse leadership is a competitive advantage that strengthens a company over time. Have a look at the article, "Diversity & Inclusivity: Women Of Substance", which shows the benefits that three women leaders, with different backgrounds and perspectives, bring to their respective organisations.

It's alright to be different because, with the right input both human and tech, discord can be tuned to become harmony.

ABOUT YIONG YIM MING

Ms Yiong is a Fellow Chartered Accountant of Singapore. She serves as Vice President on the ISCA Council and is a member of the ISCA Investment Committee. She was previously a member of the ISCA Continuing Professional Education Committee, as well as a mentor in the ISCA Mentoring Programme for Aspiring CFOs in 2017.

Ms Yiong is a member of the United Nations Global Compact's CFO Taskforce for Sustainable Development Goals, as well as a member of the Board of Trustees of the Singapore University of Social Sciences.

She joined City Developments Limited (CDL) in 2007 as an executive and was appointed as Chief Financial Officer in April 2016. She was redesignated as Group Chief Financial Officer on 1 February 2018. Ms Yiong has extensive knowledge of the Group's financial and operation matters both domestically and overseas, covering the Group's operations in property development, investment properties and hotels.

Ms Yiong has strong technical competencies specialising in the real estate sector, harnessed through 12 years of audit experience. Prior to joining CDL, she served a 10-year stint at KPMG Singapore, and was with Ernst & Young Singapore for two years.

Ms Yiong holds a Bachelor of Accountancy from Nanyang Technological University.



Teo Ser Luck
FCA (Singapore)
ISCA President

THOUGHTS

It seems Accountancy is declining in its appeal as a course of study.

Articles, statistics, anecdotes, hearsay, kopi chats... wherever the topic may arise, what we see or hear appears to be validating it. The decreasing Accountancy faculty intake and low retention in related job roles are affecting the pipeline to feed the demands in the market. This is not a problem of the future but a concern for the here and now.

It's a fundamental issue.

In market terms, the "product" hasn't changed much but it has become less attractive compared to other "products". This has resulted in the perception that an accountancy career is less flexible and mobile.

Yah, I hear you, I hear you – the salary level needs to go up, and it's market-driven. Therein lies the vicious cycle – if the demand is not paying enough, the supply will not be enough.

We're not going to sit here like lame ducks 🦆. We have to work on the fundamentals and strengthen the foundation. We need to change, and that requires a mindset shift in addressing the issues, which range from SCAQ (Singapore Chartered Accountant Qualification) to membership structure, linking up with schools, industry outreach, innovation and research and more... listing them also can be exhausting 😓.

This could be a long-term effort but for sure, it's worth the effort. We've got to start somewhere and there're no quick fixes. But rest assured – it can only get better, even if a tiny bit of work, targeting the right focus areas, is done.

But, we won't stop at a tiny bit for sure!

JULY 2022

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Data is a corporate asset that all businesses can tap on. Accountancy professionals, leveraging technology, can help companies extract meaningful insights from the data to inform strategy. Here's how to kickstart the data analytics journey.

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Research shows that diverse leadership is a competitive advantage that strengthens a company over time. Three female ISCA members show how their gender, experiences and perspectives bring a different approach to leadership to benefit their organisations, as well as fulfil their own aspirations.

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Accountants are among the PMETs who work in highly charged environments. Focusing on the overall wellness of accountants, ISCA organised two events that focused on eating mindfully and creating mindfulness at the workplace, to improve members' mental wellbeing.

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New And Enhanced Measures To Support Local Enterprises

AMID THE GLOBAL INFLATIONARY PRESSURES AND OTHER CHALLENGES, the Singapore government has announced measures to extend more help to local companies. Here are some of the new and enhanced schemes for local businesses.



Energy Efficiency Grant NEW



- This new Energy Efficiency Grant will provide local SMEs in the Food Services, Food Manufacturing, and Retail sectors with up to 70% support to adopt energy-efficient equipment in pre-approved categories.
- These are sectors that have been significantly affected by higher electricity prices, in terms of the impact on their overall business costs.
- The grant will support such firms to improve their energy efficiency and alleviate increasing business costs due to increased energy prices.
- This grant complements other energy efficiency initiatives such as NEA's Energy Efficiency Fund, which supports businesses in the manufacturing sector, as well as BCA's Green Mark Incentive Scheme for Existing Buildings 2.0.



Progressive Wage Credit Scheme ENHANCED



- As announced on 21 June 2022, the Progressive Wage Credit Scheme for 2022 will be enhanced.
- The government's co-funding share will be increased while all other parameters are maintained:
 - > First tier: from 50% to 75% for wages up to S\$2,500
 - > Second tier: from 30% to 45% for wages above S\$2,500 up to S\$3,000



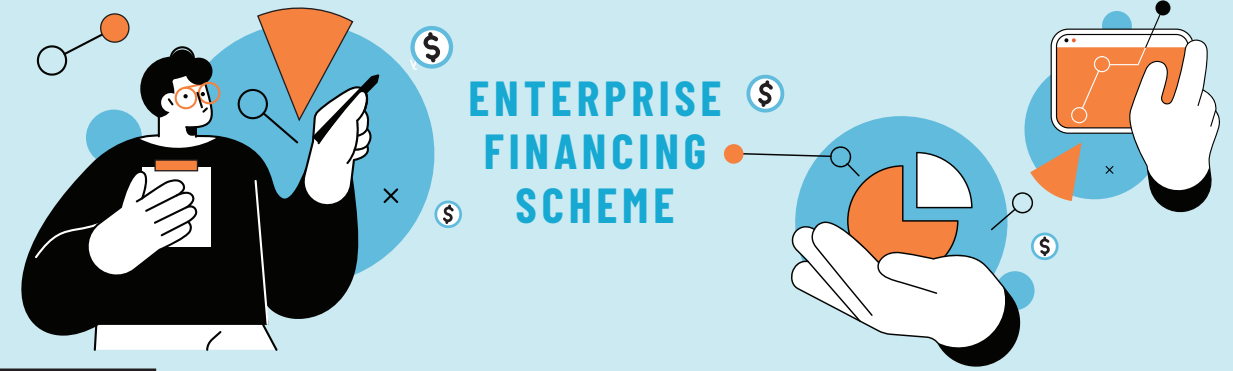
Jobs Growth Incentive EXTENDED



- The Jobs Growth Incentive (JGI) scheme will be extended for another six months to March 2023 to sustain support for employers of vulnerable workers.
- To be eligible for Phase 4, all employers must make timely mandatory CPF contributions and achieve specified increases in their local workforce between April 2022 and September 2022 (inclusive), compared to the March 2022 local workforce.
- More details will be announced in September 2022.



PHOTOS SHUTTERSTOCK



Enterprise Financing Scheme - Trade Loan ENHANCED



- The Enterprise Financing Scheme - Trade Loan (EFS-TL Loan) has been enhanced from 1 July 2022 to 31 March 2023.
- The maximum loan quantum is increased from S\$5 million to S\$10 million.
- The government will continue to provide 70% risk-share for the scheme during this period.
- Borrowers are subject to an overall borrower group limit of S\$20 million for EFS-TL. In addition, there is an overall loan exposure limit of S\$50 million per borrower group across all facilities.
- Enterprises that had previously taken out an EFS-TL Loan can apply for a new loan under the extended programme, subject to stated total exposure caps.



Temporary Bridging Loan Programme ENHANCED



- The Temporary Bridging Loan Programme (TBLP) has been further extended from 1 April 2022 to 30 September 2022, with revised parameters.
- The government's risk-share on the loan remains at 70% while the maximum loan quantum is lowered to S\$1 million per borrower.
- Under the extension, borrowers are subject to an overall borrower group limit of S\$20 million for TBLP. In addition, there is an overall loan exposure limit of S\$50 million per borrower group across all facilities.
- Enterprises that had previously taken a TBLP loan can still apply for a new loan under the extended programme, provided its total exposure to the TBLP is capped at the maximum amount of S\$1 million per borrower.



Enterprise Financing Scheme - SME Working Capital Loan ENHANCED



- The Enterprise Financing Scheme - SME Working Capital Loan (EFS-WCL) has been enhanced from 1 October 2022 to 31 March 2023, with revised parameters (after the TBLP expires on 30 September 2022).
- The government will provide 50% risk-share for the scheme, and up to 70% risk-share for young enterprises.
- The maximum loan quantum is increased from S\$300,000 to S\$500,000 per borrower.
- Borrowers are subject to an overall borrower group limit of S\$5 million for EFS-WCL. In addition, there is an overall loan exposure limit of S\$50 million per borrower group across all facilities.



Off To London For CAW Meeting And Members Engagement

FANN KOR, IN HER CAPACITY AS BOTH ISCA CEO AND CAW BOARD MEMBER, ATTENDED CHARTERED ACCOUNTANTS WORLDWIDE (CAW)'S FIRST PHYSICAL MEETING IN LONDON SINCE THE COVID-19 PANDEMIC STARTED, after more than two years of virtual meetings.

It was a very fruitful meeting with discussions on a wide range of topics. These included the latest developments in the accountancy profession, the progress of CAW initiatives, as well as other matters on governance and budgeting. The Board meets on a quarterly basis and is responsible for the supervision and management of CAW.

CAW is a group of globally recognised Chartered Accountancy bodies, with a community of over 1.8 million Chartered Accountants and students in more than 190 countries, committed to supporting, developing, and promoting the role of accountants as business leaders, decision makers, and trusted advisors. Its member institutes comprise five Founding Members from Scotland, UK, South Africa, Ireland and Australia & New Zealand; one Full Member from Singapore (ISCA), and nine Associate Members from Bangladesh, India,

CAW Board members came together for their first face-to-face meeting in London after two years of virtual meetings



Indonesia, Malawi, Nigeria, Pakistan, Sri Lanka, Zambia and Zimbabwe.

ISCA is the first professional accountancy body in Asia Pacific, and the only body other than the Founding Members of CAW, to be accorded full membership status. Being conferred the CAW full membership is an endorsement that ISCA fulfils the highest professional, technical and ethical standards required of a professional accountancy body, bringing us on par with other leading chartered accountancy bodies around the world. It also helps Chartered Accountants of Singapore connect to a global network and enhances their professional stature and employability in a globalised business world.

During the trip, Ms Kor also met up with our London-based members at the Members' Networking event hosted by CAW on May 24, at Chartered Accountants' Hall, London.

As more countries ease restrictions and reopen their borders to travellers, ISCA looks forward to engaging our members more frequently at face-to-face events in the near future.

ISCA CEO met members at a Members' Networking event hosted by CAW; (from left) Ramute Bagdonaite-Marciukoniene, Senior Manager, Acclime Singapore Pte Ltd; Kenneth Leong, Deputy Director, Monetary Authority of Singapore; Germaine Chia, Director, Firth Investment Management Pte Ltd; ISCA CEO Fann Kor; Dominic Nixon, Chair of the Board of Governors, Tanglin Trust School; Lai Meng Low, Former Director, KPMG IFRG Limited; Ng Kah Wai, Former Head of Finance, Sesto Robotics Pte Ltd; Tran Vu Thuy An, Manager, Revolut Ltd



MARK YOUR CALENDAR



In partnership with SAC Capital, this Sustainability E-Training for Directors programme is designed for listed company directors to be equipped with an overview of sustainability and highlights the relevance of sustainability reporting for listed issuers on the Singapore Exchange (SGX).



17 & 18 AUG

Robotic Process Automation (RPA) for Auditors (Code: DGT040)

This course aims to equip participants with the skills to easily create useful RPA scripts to automate the audit, accounting, tax and corporate secretarial processes, without any coding or programming knowledge.

18 AUG

Navigating Tax Audits and Tax Investigations (Code: TAX269v)

This workshop aims to provide the participants with an understanding of the legal and practical issues in relation to tax audits and tax investigations.

23 AUG

Business Ethics – Real World Applications – Recommended Solutions (Code: E135v)

This seminar is designed to provide an analysis and examination of significant business ethical issues and challenges existing throughout the professional business arena.



Emphasis will be placed upon the manager's social and environmental responsibilities to a wide variety of stakeholders, including employees, customers and the public.

24 AUG

Coaching for Performance Improvement (Code: MP031v)

Upon completion of this workshop, participants will:

- Improve people management skills
- Handle difficult staff at work
- Carry out systematic performance management and coaching
- Discuss performance strengths, deficiencies and areas to improve with staff
- Guide subordinates towards improved work performance



We are bringing PAIB Conference back at MBS this August! Join the flagship Conference in-person or virtually on **Thursday, 25 August 2022**.

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Virtual Conference



Physical Conference



This programme is designed to:

- **Equip** participants with essential financial reporting requirements to strengthen the overall quality of financial reporting disclosures
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- **Strengthen** best practices in corporate governance and risk management

Dates and events are subjected to change without prior notice.

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

DATA. ANALYTICS. These two words are easy to read but professional accountants will understand the significance of integrating data and analytics into a business to achieve real-time insights to support business operations and strategic decisions.

Titled “Data & Analytics”, this second virtual session in the new Mini Conference Series, led by the Continuing Professional Development (CPD) team in collaboration with Alteryx, was live-streamed from ISCA House to a great turnout of more than 700 delegates on May 11. The attendees benefitted from the sharing by industry experts as they received updates on the latest trends in data and analytics. This would in turn help them drive digital transformation in their own organisations and discover new forms of value creation.

ISCA Mini Conference Series: Data & Analytics

Keynote Presentation: The Role Of Democratising Analytics In Data Modernisation

In his keynote presentation, Philip Madgwick, Regional Director of ASEAN and Greater China, Alteryx, pointed out that previously, analytics was performed solely by data scientists as a unique function within a company. However, analytics is becoming democratised with digital transformation as various business units have created the analyst function within their own departments, for more timely analysis to optimise data-driven insights.

According to the International Institute of Analytics, the average companies today are in stage 2: Localised Analytics, of the Stages of Analytic Maturity (Figure 1), and likely using the Excel spreadsheet for visualisation as part of their data analytics journey. They might not have started embracing other tools and technologies to move up the maturity curve. A Forbes survey¹



Philip Madgwick, Regional Director of ASEAN and Greater China, Alteryx



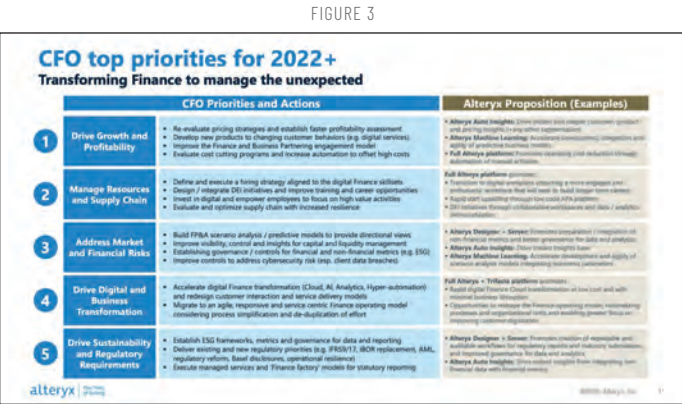
Subho Banerjee, Former Solution Engineering Leader APJ, Alteryx



revealed that many companies are investing significantly in data transformation and big technologies such as big data, artificial intelligence and robotic process automation, but only 24% of companies report being data-driven as the results are too slow, and the data scientist teams are consumed by low-level tasks presented by the business units (Figure 2).

With the growing divide between people and technology, and limited resources, Mr Madgwick advised the steps that companies who were effective in their digital transformation typically took:

1. **Leverage data scientist teams:** Give them critical, high-value and complex projects which require urgent attention to tap on their capability in data analytics.
2. **Upscale knowledge workers:** Give them appropriate platforms to drive the incremental opportunities and projects; provide access to the data scientists when they want to go deeper. The knowledge workers would have performed the mundane data analytics tasks, so the data scientists can focus on the more complex areas.



Mr Madgwick then presented the four steps that companies can incorporate in their data strategies to maximise their returns and accelerate digital transformation:

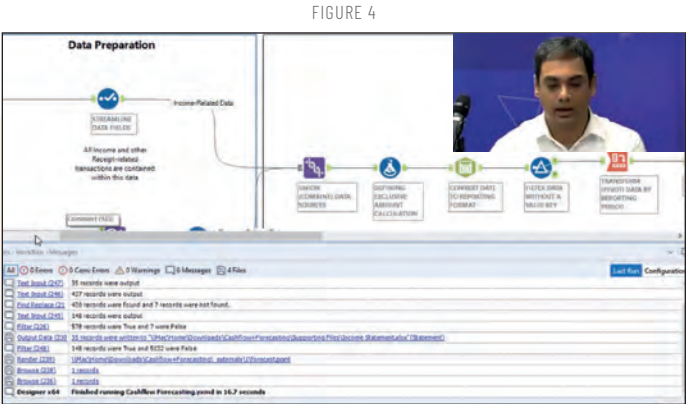
1. Make analytics **easy**: Make the same platform available to everyone.
2. Cover **everything**: Enable employees to upscale and leverage the tools in the same platform, to drive the answers they are looking for.
3. Be **everywhere**: Connect the platform to data warehouses and cloud servers so that knowledge workers have access to the data.
4. Enable **everyone**: The most important “e” is everyone. Address the needs of individual knowledge workers who have spent much time on the Excel spreadsheets or are wary of analytics, by helping them move to new tools.

Delegates were urged to explore the framework of COE², comprising Center of Excellence (representing data scientists) and Center of Enablement (representing knowledge workers), and merge these two functions to drive a data analytics strategy.

The insightful session encouraged delegates to think deeper about the motivations and best practices for building the right analytics culture, and identify why it is critical to overcome data silos and leverage the right tools and knowledge to simplify analytics.

Transformation In The Office Of Finance

In response to the challenges and priorities arising from market risks, changing business circumstances and the need for more finance agility, the office of finance has experienced changes, said Subho Banerjee, then-Solution Engineering Leader APJ, Alteryx, as he presented on the recent trends in digital transformation. Mr Banerjee, who has since left the company, continued with meaningful examples (Figure 3) to illustrate how analytics, data science and process automation could enhance productivity and cost savings in human efforts for key processes in the Office of Finance, chiefly, in FP&A (financial



planning and analysis), tax and audit.

Applying an Alteryx tool on use cases comprising manufacturing and telecom companies, Mr Banerjee demonstrated how the tool can churn data and provide insights through visualisations to support various purposes (Figure 4); these include reconciliation of assets and liabilities, audit of purchase orders, cashflow forecasting and revenue analysis for reporting to the Board.

Fireside Chat: Pivoting Your Business: How CFOs Can Leverage Data And Analytics To Lead Their Organisations To Greater Heights

The highlight of the Mini Conference was a fireside chat moderated by Suganthi Shivkumar, Vice President of Asia, Alteryx, and featuring Mark Jansen, Partner of PwC Singapore, and Dawn Duong, Senior Director of Alvarez & Marsal. They exchanged practical views and experiences on how CFOs could leverage data and analytics to lead their organisations to greater heights. The delegates peppered the panel with pertinent questions such as where to source for analytics use cases for finance, how an SME could kickstart its data analytics journey, and how to balance between the high costs of data transformation and the Board's expectations.

One of the key messages for delegates is that real-time data and insights is the way forward. Businesses that fail to transform may fail to exist, and large-scale capability building is certainly possible in the digital age we live in. It is therefore critical for organisations to upskill their finance teams to leverage the opportunities that data analytics brings.



(From left) Moderator Suganthi Shivkumar, Vice President of Asia, Alteryx, with Dawn Duong, Senior Director of Alvarez & Marsal, and Mark Jansen, Partner of PwC Singapore



Find out more about the upcoming topics in our Mini Conference Series by scanning the QR code:



¹ <https://www.forbes.com/sites/gilpress/2020/01/13/ai-stats-news-only-146-of-firms-have-deployed-ai-capabilities-in-production/?sh=6cde42c52650>

● isca breakfast talk

Delivering Successful Finance Transformation With Data As An Asset

IN THE ISCA BREAKFAST TALK SESSION ON JUNE 15, a speaker from BlackLine explored practical insights on how finance organisations can manage and succeed in their finance transformation efforts to achieve optimised data analytics capabilities for business operations and strategic decisions.



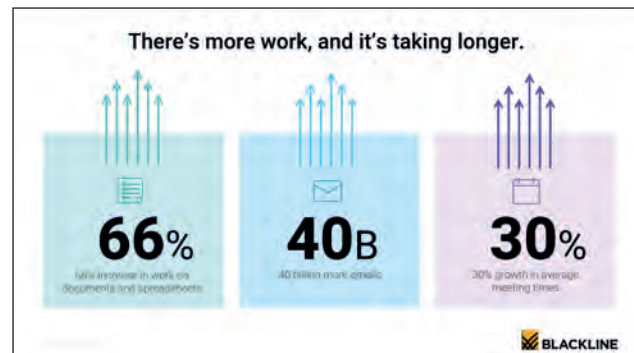
Ceci Tai,
Senior Solutions
Consultant,
BlackLine

Ceci Tai, Senior Solutions Consultant, BlackLine, highlighted that the finance and accounting world today relies heavily on data insights to make business decisions. Therefore, it is important to assess the challenges finance and accounting teams face so organisations can achieve successful digital transformation.

BlackLine and IDG Market Pulse research¹ found that, in 2021, 82% of finance teams reported that the pandemic had intensified the need to modernise accounting processes. It was no longer sustainable to continue working the way they did before – with manual processes. Also, evolving business models are driving complex report requirements that only digital processes can handle.



Many finance and accounting organisations face challenges that negatively impact business costs, time, talent retention, and partnerships. There is a need to automate data across numerous sources, streamline complex processes, and address the lack of internal resources and expertise.



When it comes to digital transformation within finance organisations, the main objectives are to improve efficiency, effectiveness, and enterprise agility for a futureproof and sustainable model. The solution is a digital end-to-end finance and accounting model with optimised data. This type of model should include solutions in areas such as data consumption, data harmonisation, and data integrity. Within those areas are four key solutions to focus on:

- 1. Analytics:** For more optimised planning and agility and leveraged integrated data;
- 2. Group reporting:** To collect and validate data at a group level and use powerful consolidation tools;
- 3. Close automation:** For clear open items, match transactions, and to monitor variances;
- 4. Intercompany management:** In support of process governance, complex balancing and reconciliation, and advanced netting, clearing, and settlement.



¹ <https://www.blackline.com/resources/whitepapers/modernizing-key-financial-processes-through-accounting/>

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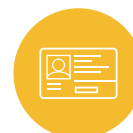
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Gari Johnson

Analytics Automation For Accounting And Finance

Unlock The Value Of Data; Glean Strategic Insights



- Analytics automation removes the tedium of repetitive manual work, enhances efficiency, and unlocks the value in data.
- Implementing data analytics is an iterative process.
- Data analytics via self-service technologies does not require deep tech expertise; this addresses issues like shortage of data-literate and/or confident tech talent.

DATA ANALYTICS AND EMERGING TECHNOLOGIES ARE REVOLUTIONISING AND REINVENTING THE ACCOUNTING AND FINANCE INDUSTRY.

An international survey of accountants conducted by Sage in 2019¹ found that 90% of respondents believed there has been a cultural shift in accountancy for the next decade, driving changes in hiring practices, business services and attitudes towards emerging technologies.

While accounting plays a critical role in running a business by ensuring statutory compliance and helping companies evaluate business performance through quality financial reports, advances in data analytics and artificial intelligence (AI)/machine learning (ML) technologies² have brought about rapid changes in how businesses operate.

In this age of rapid digital transformation, how can accountants and financial professionals take advantage of AI, ML, and analytics automation to unlock the full potential of data and help drive transformative business outcomes?

TRENDS, BENEFITS, AND OPPORTUNITIES: THE ANALYTICS REVOLUTION

Data is the lifeblood of digital transformation, with more than 90% of Asia-Pacific leaders agreeing that data analytics is important for their organisations to stay performant, according to a 2021 Alteryx-commissioned IDC survey³. Data is now a critical corporate asset, with its value tied to its ultimate use.

Beyond the fundamental processes of bookkeeping and production of financial statements, accounting is also increasingly playing a strategic role in businesses. Management accountants can help lead businesses in setting financial goals, conducting risk assessments to inform critical business decisions and forecasting financial planning with predictive analytics. To do so, accountants and financial professionals need to be data-literate and equipped with the necessary knowhow to utilise existing data effectively – translating raw data into actionable insights.

For instance, the use of accrual accounts can



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¹ <https://www.sage.com/en-gb/news/press-releases/2019/05/sage-research-reveals-accountants-beliefs-of-cultural-shift-in-accountancy-profession/>
² <https://www.alteryx.com/input/blog/how-accounting-and-finance-professionals-can-use-data-to-gain-superpowers>
³ <https://www.alteryx.com/resources/whitepaper/toward-analytics-automation-in-asia-pacific>

greatly increase the amount of information on accounting statements and impact the final reports and numbers. As the information often comes from different sources, locating and understanding the right data can be time-consuming.

Modern technologies, like AI, are capable of automating repetitive and tedious manual accounting tasks, such as basic data entry, bookkeeping, payroll and bank reconciliation. These technologies can empower accountants and financial professionals to focus on delivering higher-value work and supporting mission-

critical business functions, as analytics automation significantly reduces human error and accelerates analytic insights. In the example of accrual accounts, accruals can be automated to be posted monthly instead of quarterly, improving the quality of financial information. This provides accountants with a clearer view of revenue based on credit and future liabilities.

While most companies can recognise the irresistible benefits of data analytics in their finance and accounting departments, they face many roadblocks during the actual implementation.

(Modern technologies like AI) can empower accountants and financial professionals to focus on delivering higher-value work and supporting mission-critical business functions, as analytics automation significantly reduces human error and accelerates analytic insights.

DEPLOYMENT OF DATA ANALYTICS: A REALITY CHECK

If there's one thing finance and accounting departments have in abundance, it is data. Yet these vast amounts of data, in their raw and unstructured state, are not usable until they have been processed and analysed. Furthermore, viewing data in spreadsheets can be nerve-racking, making it nearly impossible to uncover critical business insights or enable more efficient processes. An Alteryx report⁴ revealed that only 13% of data science models get deployed while tax professionals spent more than 50% of their time gathering tax data and less than 30% on strategic tax analysis.

The current reality of most companies' data analytics journey is fraught with fragmented processes and analytic chokepoints between teams, technologies, and data sources. Time is often burnt on trying to clean, prepare and analyse data, rather than delivering meaningful financial insights and implementing changes based on what the data reveals. As a result, these vast amounts of data owned by companies are sometimes a source of liability rather than a super-powered asset.

ROADBLOCKS AHEAD IN THE DEPLOYMENT OF DATA ANALYTICS

Businesses have been making the push towards becoming more digitally ready and data-driven for years, yielding vastly mixed results due to roadblocks and analytic inefficiencies. In the data analytics revolution for accounting and finance



industries, there are some common pitfalls: (i) the lack of simple tools to boost workforce data literacy; (ii) shortage of data-literate and data-confident talent, and (iii) failure to cultivate the right data-driven culture.



⁴ <https://www.alteryx.com/-/media/project/alteryx/e-book/a-blueprint-for-analytics-transformation-in-finance-en.pdf>
⁵ <https://www.alteryx.com/resources/report/data-and-analytics-in-a-digital-first-world>
⁶ <https://www.sage.com/en-gb/news/press-releases/2019/05/sage-research-reveals-accountants-beliefs-of-cultural-shift-in-accountancy-profession/>
⁷ <https://www.ntuclearinghub.com/data-skills-2020>
⁸ <https://www.straitstimes.com/business/economy/singapore-workers-see-urgent-need-to-reskill-upskill-in-uncertain-job-market-survey>
⁹ <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/memo-to-the-cfo-get-in-front-of-digital-finance-or-get-left-back>

An Alteryx-commissioned IDC Infobrief titled "Data and Analytics in a Digital-First World"⁵ revealed that 91% of organisations report some areas of skills gaps in data and analytics, illustrating the need for data and analytics simplicity across on- and off-premises data sources, formats, and qualities.

Furthermore, 62% of accountants surveyed believe that today's accounting training programmes will be insufficient in running a successful practice by 2030⁶, with the increase in demand in skill sets such as technological and data literacy.

Exacerbating the lack of data literacy in a company is the lack of the right talent pool that can support businesses' data analytics and digital

transformation efforts. Eighty-nine per cent of Singaporeans say they face challenges at work as a result of not understanding data⁷. For those entering the workforce, a mere one in 10 graduates stated that they are prepared to deal with data at a workplace⁸.

Beyond the absence of simple tools to boost workforce data literacy and shortage of desired talent, businesses should focus on building a stronger data culture across the enterprise. Isolated data analytics initiatives can result in siloed operations and data lakes, hindering many organisations' ability to access the right data and interpret it in a fast manner. Building an innovation data culture extends data analytics beyond technology and IT teams to include design, engineering and, in this case, finance teams.

Leading this change and creating a thriving data culture requires strong leadership at the top. According to McKinsey, many CFOs have declared a desire to spend more time on digital initiatives but fell short in execution, finding themselves focusing on more traditional finance activities instead⁹. Many finance executives struggle to find a starting point, preferring to lean on colleagues in IT to deploy digital technologies such as data analytics. However, it is important for CFOs to take the charge in helping data analytics initiatives, developing clear objectives and vision that trickle down and encourage cross-functional collaboration between technology teams and the wider business operations.

BEGINNING YOUR DATA ANALYTICS JOURNEY

Ready to join the data analytics revolution to empower your accounting and finance teams? Despite the aforementioned challenges, every



... it is important for CFOs to take the charge in helming data analytics initiatives, developing clear objectives and vision that trickle down and encourage cross-functional collaboration between technology teams and the wider business operations.

journey begins with a single step. To help integrate data analytics into accounting and finance functions in a seamless and efficient manner, businesses should work on building best practices through the following steps¹⁰:

1. Begin wherever you are

Taking the first step in operationalising data analytics can be daunting for many businesses. Implementing data analytics will not be a linear process and businesses should embrace the process of learning, iterating, failing, and repeating until they figure it out.

2. Empower your best people

Companies that have seen the most success have moved away from labour-intensive processes as they are prone to fragmentation and operational inefficiencies. With a modern analytics automation platform, the accounting and financial teams are empowered to carry out processes with greater repeatability, consistency, and predictable outcomes.

3. Consider the risks and charge ahead

In considering the approach to take for data analytics, businesses should evaluate all perceived risks and get into the habit of performing regular monitoring and quality checks.

4. Evolve your analytics processes

Rather than reinventing the wheel completely, businesses should work on building on existing foundations and processes. Cutting-edge solutions that package open-source AI and ML and self-service analytics applications can solve data issues through automated augmented capabilities. Self-service analytics refers to intuitive, drag-and-drop interfaces and code-free/code-friendly platforms that provide a deeper understanding of financial processes.

5. Put analytic harmony into action with a modern platform

Self-service analytics is key to speed, democratising data analytics, and putting the power of data in the hands of hundreds of business domain experts, not just one. When



financial professionals no longer have to rely on data scientists for analysis and results, finance teams are empowered to derive data-driven insights that drive better business decisions.

6. Drill down into financial operations

With operational analytics, time-consuming manual hours can be reduced significantly with process automation. Data quality checks can be automated, with a final human approving and posting step, if required. Rather than performing hundreds of hours of manual data extraction and accrual calculations from multiple departments, deploy modern analytics that integrate different processes into a single unified platform.

PHOTO GETTY IMAGES



¹⁰ <https://www.alteryx.com/-/media/project/alteryx/e-book/a-blueprint-for-analytics-transformation-in-finance-en.pdf>

7. Build new capabilities through utilities

Modern analytics processes also allow businesses to create brand new capabilities through innovation programmes. This allows for the delivery of products and services to be brought closer to the last-mile stage of the project and supports your needs and those of your customers.

8. Embrace the possibilities

Data analytics offers boundless and unlimited value. Look at companies that have successfully integrated data analytics into accounting and finance. For example, audit, assurance, and tax services companies have

created automated tax engines to supplant mundane and laborious processes such as tax validation and calculation, saving thousands of man-hours, and vastly improving the level of comfort and assurance of teams working with data. The key capabilities of automation and augmentation are constantly evolving and driving smarter transformation in finance.

SELF-SERVICE ANALYTICS: POWERING THE FINANCE AND ACCOUNTING INDUSTRY WITH THE RIGHT TOOLS

For a time, only trained data scientists and analysts could provide answers, limiting data analytics to businesses' technology and IT units.

The democratisation of data analytics via self-service technologies has cleared the path for accountants and financial professionals, without deep expertise in technology and analytics, to enter the picture.

Businesses can explore no-code/code-friendly analytics platforms which allow technical and non-technical people to share work and collaborate to achieve data breakthroughs faster than ever before. Today's modern analytics automation platforms provide a deeper understanding of the auditing process, making it easier to close the books more accurately, automate taxes and drive regulatory compliance. As a result, accountants and auditors are now equipped with the ability to engage with data, identify anomalies, and classify potential irregularities in financial processes through simple-to-use and intuitive drag-and-drop interfaces, regardless of their skill and comfort level.

Modern and smart enterprises looking to unlock value from data at the scale and speed in today's digital-first world are increasingly seeking to remove complexities associated with creating analytic outcomes. Self-service data analytics unlocks the potential of current finance teams and cutting-edge technologies, including automation, AI/ML and analytics automation, to easily unleash the value of data and deliver strategic insights that weren't previously possible. ISCA

Gari Johnson is Senior Vice President, Asia Pacific and Japan, Alteryx.




The public, investors and stakeholders now expect higher standards of tax governance and compliance from companies, and greater transparency about the way they approach taxation.

Enhancing Tax Governance And Controls

Two New IRAS Frameworks: TGF And CTRM

- TAKE AWAYS**


- TGF and CTRM are voluntary compliance programmes.
 - They guide companies to establish and maintain good standards of tax governance and tax risk management.
 - Companies awarded TGF and/or CTRM enjoy benefits from IRAS.
 - Three main building blocks of good tax governance – compliance with tax laws, governance structure for managing tax risks, and relationship with tax authorities.

THE FOCUS ON FAIR TAX CONTRIBUTIONS BY COMPANIES HAS INTENSIFIED IN RECENT YEARS. The public, investors and stakeholders now expect higher standards of tax governance and compliance from companies, and greater transparency about the way they approach taxation.

The Inland Revenue Authority of Singapore (IRAS) recognises that tax governance and tax risk management are essential to sound corporate governance, and actively partners businesses in Singapore to incorporate both elements into their corporate governance framework. Its two recently launched voluntary compliance programmes offer guidance for companies to attain and maintain good standards of tax governance and tax risk management. In the long run, a company that has put in place good tax governance and controls will be better placed to proactively identify key tax risks, respond to new tax requirements and meet its ongoing tax obligations.

TAX GOVERNANCE FRAMEWORK (TGF)
TGF features a set of broad principles and key

practices which a company should incorporate in its tax governance policy to demonstrate that it adopts good tax governance for Corporate Income Tax (CIT) and Goods and Services Tax (GST). It is centred around three main building blocks of good tax governance – compliance with tax laws, governance structure for managing tax risks, and relationship with tax authorities.

Under the programme, a company must publish its tax governance policy on a publicly accessible domain such as the company’s corporate website or annual report. Upon obtaining IRAS’ endorsement, the company can enjoy these benefits:

- i. A **one-time extended grace period of two years** for voluntary disclosure of **Corporate Income Tax and Withholding Tax** errors; and
- ii. A **one-time extended grace period of two years (or three years for GST ACAP companies)** for voluntary disclosure of **GST** errors.

TGF status awarded to a company will last for as long as the company continues to adhere to the framework, without a need for renewal.



PHOTOSHUTTERSTOCK

Frequently asked questions about TGF

1. Will IRAS review and verify a company’s published tax governance policy and practices?

Prior to TGF application, the company should already put in place a tax governance structure and should have documentation to demonstrate that the key practices under TGF are met. Generally, IRAS will take a company’s declaration in good faith and does not seek further verification of the tax governance practices implemented. Notwithstanding, the TGF application is still

subject to IRAS’ review and acceptance. IRAS may also request a reconfirmation, after a subsequent interval, from the company that its tax governance policy continues to adhere to the TGF.

2. If a company already adheres to its group/ global tax governance policy published by the parent company, does it still have to publish its own tax governance policy to apply for TGF?

Companies of a corporate group or foreign group are generally expected to adhere to the same tax

... the entire team (tax associate, tax senior, tax manager, tax director and tax partner) from the PAE or its tax affiliate involved in the preparation or review of the CIT return must not be involved in the CTRM Review.



governance policy set by the parent company. The company can still apply for TGF if the group/global tax governance policy is in line with TGF and the company has put in place a tax governance structure and practices which adhere to TGF. In lieu of publishing its own tax governance policy, the company could specify on its corporate website that it adheres to the group/global tax governance policy and provide a link to its group/global tax governance policy.

It should also supplement its TGF application by providing more details on how it meets the three key building blocks under TGF if these are not fully reflected in the group/global tax governance policy.

3. Will the TGF benefit for GST be affected if a company's GST ACAP status has expired at the time the voluntary disclosure of GST errors is submitted to IRAS?

The TGF benefit will not be affected. The company can still enjoy a one-time extended grace period of three years for voluntary disclosure of GST errors that is submitted within two years from the date of IRAS' approval of its TGF application.

4. Will IRAS have to be informed of any changes to a company's tax governance policy?

There is no need to inform IRAS of any changes as long as the company's tax governance policy continues to adhere to the three main building blocks of TGF.

If the company makes significant changes to its tax governance policy such that it no longer meets the requirements of TGF, the company should inform IRAS in writing.

TAX RISK MANAGEMENT AND CONTROL FRAMEWORK FOR CORPORATE INCOME TAX (CTRM)

CTRM is a framework to promote the adoption of good tax governance and tax risk management practices among large companies with complex structures and business models, particularly the public-listed companies and multinational corporations. It is designed to help these companies perform a self-review on the robustness and effectiveness of the internal control processes put in place to manage Corporate Income Tax (CIT) compliance risks.

The framework comprises a self-review checklist featuring processes and measures that would demonstrate that sound controls – such as tax governance structure, entity-level controls and tax reporting controls – are in place to manage CIT risks.

A company is considered to have an effective CTRM if it has implemented 60% or more of the control features of each key control listed in the checklist for all three levels of controls.

The CTRM status is awarded for a period of three years and is renewable every three years provided the requirements are met.

Eligible companies that attain the CTRM status will enjoy these benefits:

- A **one-time waiver of penalties for voluntary disclosure** of prior years' CIT, withholding tax errors, or both. This excludes any non-compliance involving deliberate tax evasion or serious tax avoidance, and all the qualifying conditions of the voluntary disclosure programme continue to apply.
- Step-down on CIT compliance audit** for three consecutive years of assessment from the date IRAS awards the CTRM status. This excludes new CIT issues which may emerge due to exceptional circumstances such as award of a new tax incentive, once-off transaction which gives rise to significant gain or loss, or merger and acquisition, etc.

Frequently asked questions on CTRM

1. Does the one-time waiver of penalties for voluntary disclosure cover more than one basis period?

The one-time waiver of penalties for voluntary disclosure covers multiple years but can only be applied once for voluntary disclosure of prior years' CIT errors and once for voluntary disclosure of prior years' withholding tax errors within the three-year CTRM period.

2. Will the one-time waiver of penalties be forfeited if it is not applied during the three-year CTRM period?

If the one-time waiver of penalties is not applied within the three-year CTRM period, it will continue to be applied to any non-compliance disclosed within a further three-year period upon the renewal of CTRM (if applicable). The one-time waiver of penalties will not be available after the extended period.

3. Are there any post-award review requirements for CTRM?

There are no post-award review requirements. However, IRAS may raise queries on control-related issues if gaps are found in IRAS' review of tax returns for the years covered by the CTRM period. This is to ensure that CTRM companies continue to maintain an adequate and effective corporate tax risk and management control system after the award.

4. Section 2.1 of the CTRM checklist indicates that "The designated person or team lead is an accredited tax practitioner or advisor (Income Tax) of the Singapore Chartered Tax Professionals (SCTP)." Can there be flexibility?

IRAS regards the requirement for the designated person or team lead to be accredited with SCTP a good control practice. However, if the designated person or team lead has any other tax accreditation from other professional accounting or auditing bodies¹, the company may state these details in the "Remarks" tab of the self-review checklist.

5. Can a Public Accounting Entity (PAE) that helps to prepare or review a company's CIT return be engaged as the CTRM Reviewer?

Generally, the 12-month CTRM Period should not coincide with the same period for which the CIT return is prepared or reviewed by the tax team.

If the periods coincide, the entire team (tax associate, tax senior, tax manager, tax director and tax partner) from the PAE or its tax affiliate involved in the preparation or review of the CIT return must not be involved in the CTRM Review.

However, an entirely different team from the PAE or its tax affiliate with proper "China Wall" established can be engaged to conduct the CTRM Review. [ISCA](#)

This article was contributed by the Inland Revenue Authority of Singapore.



¹ Examples of other professional accounting or auditing bodies include the Institute of Singapore Chartered Accountants (ISCA), Association of Chartered Certified Accountants (ACCA) and Institute of Internal Auditors (IIA).



Fann Kor



... I strongly believe that investing time and resources in CPD will go a long way. All of us should constantly work towards a better version of ourselves.

Updates From The CEO

Lifelong Learning: Key To Thriving In A Volatile World



- CPD is important because skills and knowledge become quickly outdated in today's rapidly evolving business environment.
- CPD is not about clocking x number of hours a year but acquiring the relevant skills and knowledge throughout one's career.
- There are different ways of garnering new skills and knowledge, in addition to attending seminars and courses.
- ISCA is cognisant of the preferences of our over-33,000 members and strives to curate our offerings to meet their diverse expectations.

"The more I live, the more I learn. The more I learn, the more I realise the less I know." I was reminded of this quote by Michel Legrand about continuous learning as I pen this second instalment of the "Updates From The CEO" column. Continuous Professional Development, or CPD, is a subject I am deeply passionate about. As a leader of a small organisation, I strongly believe that investing time and resources in CPD will go a long way. All of us should constantly work towards a better version of ourselves.

I would like to draw reference to an analogy closer to the hearts of my fellow Chartered Accountants (CAs), to illustrate the importance of upskilling and what motivates me to keep learning. Just look at the number of accounting standards over the past 20 years, which has grown from 34 standards before 2003 to 41 standards today. The additional seven standards may not sound alarming but in reality, the number of pages within the existing and new standards has expanded multifold to thousands of pages in totality. For example, the commonly used revenue standard has grown from a 20-paragraph document in Financial Reporting Standard (FRS) 18 *Revenue* into a 129-paragraph version in FRS 115 *Revenue from Contracts with Customers*. This sheer increase in length suggests the need for the profession to engage in CPD to

keep pace with the everchanging requirements or be left behind.

With the evolving global happenings over the last three decades, all of which have an impact on the profession, I cannot emphasise enough the power of CPD. Imagine applying the same old knowledge and concepts we acquired back in school decades ago in today's environment – it will be challenging to even convince ourselves of their relevance, let alone convince our key stakeholders, business partners and clients. Undoubtably, the foundational knowledge learnt in school is critical to set the stage for a professional accounting career, but I am sure you would agree with me that the role of CPD cannot be undermined.

Beyond compliance, CPD enables us to explore different pastures and opportunely jump onto the relevant bandwagons. As we navigate from the "great resignation wave" to the "great renegotiation", training has emerged as one of the top three priorities of Singaporean employees alongside flexible work arrangements and high pay. It is now common practice for all employers to take a bigger step to focus on providing more learning opportunities to make it a win-win for all.



PHOTOSHUTTERSTOCK

CHALLENGES IN THE CURRENT TRAINING LANDSCAPE

As much as we dislike using COVID-19 as a reason, the pandemic has definitely played a huge role in changing the behaviours of individuals. The world is now used to attending virtual meetings, flexible working hours, and leveraging technology to get things done. This in turn has led to a shift in attitudes towards remote learning, whereby many training participants now prefer affordable, quick and easy access to content anytime, anywhere. There are three key laments we hear from members over the years (and are still hearing) – "too busy", "too expensive" and "too many choices". You could well belong to at least one of these groups, if not more.

The past two years have been challenging as ISCA pivoted our CPD business model from 100% on-site classes pre-COVID-19 to 80% virtual classes during the COVID-19 days. This shift has compelled us to re-evaluate our offerings and continue to enhance them to cater to the changing expectations of learning. We have since moved many of our in-person training courses to online or hybrid modes while maintaining several workshop-style physical classes for members who prefer face-to-face engagement and networking with fellow members.

While going digital has made training more accessible to a wider audience, some members have shared with me that cost aside, it is still a challenge

As the late Steve Jobs once said, “Learn continually – there is always ‘one more thing’ to learn.” I encourage all ISCA members to adopt the *fear of missing out* (FOMO) mentality when it comes to learning.

Useful links

ISCA eServices portal

IS Chartered Accountant Journal

Business Insights

Standards & Guidance

Singapore Accountancy and Audit Series

Web-Bitez Learning Series

ISCA Mini Conference Series

to attend training sessions due to work and family commitments. In particular, many members are preoccupied with the business changes arising from COVID-19 and, as a result, training has become a second priority.

Some members, on the other hand, are overwhelmed by Zoom fatigue as they grapple with daily back-to-back online meetings; these members have expressed their preference for face-to-face learning. Other members also find it difficult to concentrate on learning technical content via virtual platforms in the absence of interactions with trainers and classmates.

Hence, to address the challenges and new expectations of learning, the Institute aims to make digital learning easy and seamless so that members can have the latest industry updates at their fingertips.

CPD can happen in various forms, and it should not mean having to pay hefty sums to a training provider to simply clock the hours. The journey can be made less formidable, more fun, and completely flexible. Let me share with you how and why.

ISCA SUPPORTS MEMBERS IN THEIR CPD JOURNEY

With a big family of over 33,000 members from diverse backgrounds with differing needs, ISCA seeks to cater to the different learning preferences via its suite of CPD initiatives, which includes:

- > **Weekly Insights:** This is a weekly summary (Figure 1) sent to members via email to share the key updates of the week. Content includes headline news, technical updates, exposure drafts, and the Institute's upcoming activities. Members can subscribe to Insights via the ISCA eServices portal.
- > **Monthly IS Chartered Accountant Journal:** The journal (Figure 2) is designed to cater to different interests with a balance of content covering business and technical insights, the Institute's activities, industry news, as well as member profiles that showcase the varied and interesting career trajectories that accountancy training can bring.

The journal is available for viewing online. It has an independent mobile app and is also embedded within the ISCA mobile app; members can download both apps from the Google Play and Apple App stores



State of Play of Intelligent Automation in the Finance Function

ISCA, AI Singapore and NUS Business School have collaborated to produce a report titled, “The State of Play of Intelligent Automation in the Finance Function”. The project seeks to discover the risks and benefits for an organisation in implementing intelligent automation (IA) solutions; provide insights into the prevalence of IA adoption; uncover the expectations of the C-suite when implementing IA in the Finance function, and provide recommendations for organisations considering the adoption of IA solutions.



Redefining the Finance Function with Job Redesign

ISCA, Lee Kuan Yew Centre for Innovative Cities at the Singapore University of Technology and Design and Ernst & Young Advisory collaborated in a study to investigate how job roles in finance functions in Singapore can evolve to optimise collaboration between humans and machines and what new skill sets accountants may need going forward.

- > **Publications & Resources:** ISCA's publications (Figure 3) contain business insights and foresight into future trends affecting the profession. As the national accountancy body, ISCA works with international and local stakeholders to draw implications from such trends and subsequently share the insights with members. Topics include digitalisation, finance transformation, future of the profession, corporate governance and risk management. Important announcements such as the Singapore Budget and their implications on the accountancy profession are also featured.
- > **Standards & Guidance:** The Institute issues standards, guidance and bulletins (Figure 4) to empower members with technical knowledge by highlighting pertinent topical issues in audit and assurance, ethics, financial reporting and sustainability, and more.

- More ISCA publications can be found at the ISCA website under “Business Insights”
- Find these useful resources at the ISCA website under “Standards & Guidance”

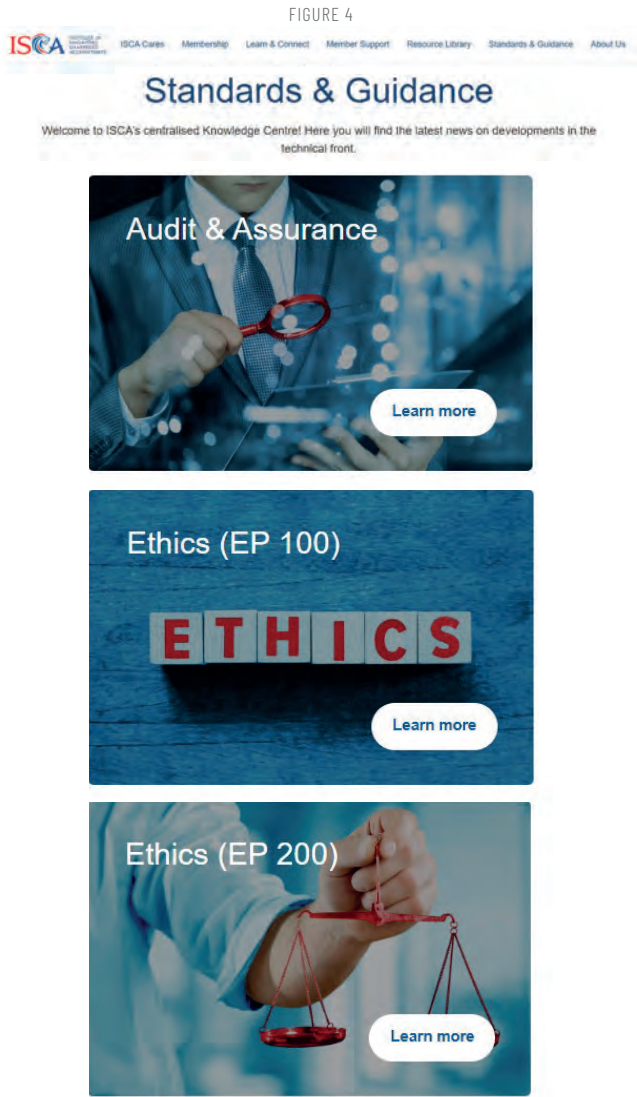


FIGURE 5 NETWORKING EVENTS



(From left) Members networking at ISCA Mingles and PAIB Conference (photographs were taken prior to COVID-19)

- **Networking Events:** Members can also meet fellow CAs and peers when attending ISCA events (Figure 5), such as the conferences in our signature Singapore Accountancy and Audit Convention (SAAC) Series and ISCA Mingles, to network and learn from like-minded finance professionals.
- **Training:** With members' needs and preferences in mind, the Institute has revised the CPD training model (Figure 6), refreshing the mode and nature in which CPD contents are delivered. There are now multiple formats which cater largely to the three groups of members I mentioned earlier – the “no-time”, “no-budget” and “don’t-know-what-to-do”. These include e-learning, physical classes, live webinars, and hybrid classes. From the feedback in our most recent membership survey, e-learning courses has emerged as one of the Top 3 expectations from members who are Professional Accountants in Business (PAIBs) and members below the age of 35. In fact, we are quite heartened by the findings as this is the direction we are heading towards – e-learning, bite-sized, anytime, anywhere.

While the current focus is to develop more materials for our digital content

📌 CPD offerings that are available to ISCA members in 2022

FIGURE 6 CPD MODELS



E-Learning
51 topics



Physical Classes
104 courses



Live Webinars
275 webinars

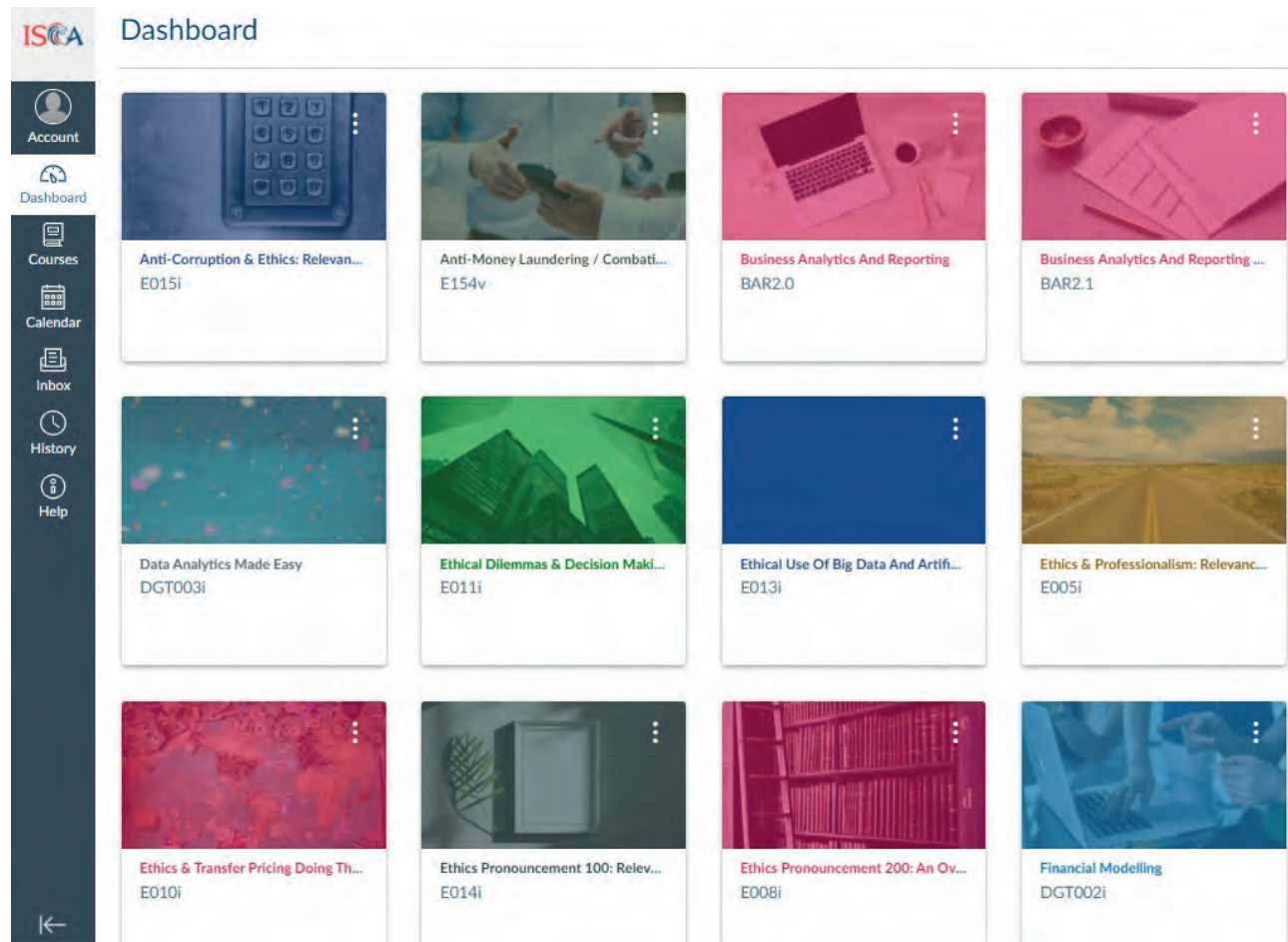


Hybrid Classes
30 courses



Undoubtrably, the foundational knowledge learnt in school is critical to set the stage for a professional accounting career, but I am sure you would agree with me that the role of CPD cannot be undermined.

FIGURE 7 ISCA'S E-LEARNING SYSTEM INTERFACE



- **Enhancing ISCA's e-learning infrastructure:** As part of our digital transformation journey, the Institute has also enhanced our Learning Management System (LMS), which is designed to be mobile-friendly with a modern and intuitive user interface (Figure 7). Members can look forward to more new and exciting online learning offerings, including access to webinar recordings and playbacks and tracking of CPD hours, all housed under one roof. All related course materials are also available on the LMS, allowing members to access them anytime, anywhere, without the need to print or carry bulky training materials.

CONCLUSION

For many, CPD can feel like a chore to be put off until it is time to clock the hours for compliance. How can we look at CPD through a different lens and take this as a motivation to create a better version of ourselves daily, weekly, yearly? As the late Steve Jobs once said, “Learn continually – there is always ‘one more thing’ to learn”. I encourage all ISCA members to adopt the *fear of missing out* (FOMO) mentality when it comes to learning. In today's day and age, we should embrace the spirit of learning, be comfortable with learning on the go and ensure that our knowledge and skills are up to date such that we will remain relevant tomorrow. ISCA

Fann Kor, CA (Singapore), is Chief Executive Officer, ISCA.



Web-Bitez Learning Series



ISCA launched the Web-Bitez Learning Series in December 2021, with its inaugural session held on 11 March 2022. The Series is specially curated for audit professionals, finance leaders and public sector finance teams through 10 two-hourly sessions delivered monthly via bite-sized webinars. Members can fulfil 20 hours of CPD requirements online, including two verifiable ethics hours. Courses include wide-ranging topics such as accounting and auditing implications from the Russia-Ukraine conflict, practical legal implications for audit professionals, quality management, green and sustainable investments, building enterprise risk management for the public sector and updates to the Goods and Services Tax.

Mini Conference Series



The Mini Conference Series, which was launched on 8 March 2022, provides thought-provoking content on business issues and megatrends from thought leaders and industry experts, and is championed by ISCA Committees. The Series offers at least two hours of interactive presentations and panel discussions. In addition, members can gain first-hand access to sustainability publication launches, hot-button issues relating to financial reporting, the financial statements surveillance programme, ethics, corporate governance & risk management, and the latest technological trends on data and analytics to drive their organisation's digital efforts.

Diversity & Inclusivity: Women Of Substance

Three female ISCA members share their perspectives on success, the growing importance of diversity and inclusivity on the accountancy profession – and what motivates them to reach for greater heights in their field

YIONG YIM MING
FCA (Singapore)
Group Chief
Financial Officer
City Developments
Limited



JOCELYN GOH
FCA (Singapore)
Partner, Audit
& Assurance
& HR Partner
BDO Singapore



JUDY NG
CA (Singapore)
Chief Financial Officer
Institutional Banking
Group
DBS Bank



- Young women should dream big, set realistic goals and work towards them.
- Women need to be bolder, and step up to embrace opportunities that align with their career objectives.
- Women leaders bring different, beneficial perspectives to their organisations.

MORE THAN A CENTURY HAS PASSED SINCE MARY HARRIS SMITH, AT THE AGE OF 75, BECAME THE WORLD'S FIRST FEMALE CHARTERED ACCOUNTANT IN MAY 1920. Today, women are a formidable force in all industries, at all levels of their respective organisations. The White Paper on Singapore Women's Development¹ states that "the employment rate of women between the ages of 25 and 64 years increased

from 53% in 1994 to 75% in 2021". Indeed, much has been done to bring gender diversity and inclusivity within the workforce. Statistics from the Council for Board Diversity (the Board)² shows that women participation on the boards of the top 100 listed companies in Singapore increased from 15.2% in 2018 to 19.7% on 1 January 2022, bringing the numbers closer to the Board's targets of 25% by end-2025, and 30%



¹ <https://www.reach.gov.sg/participate/conversations-on-singapore-womens-development>
² <https://www.councilforboarddiversity.sg/latest-statistics/>
³ <https://stats.mom.gov.sg/Pages/a-gender-inclusive-workforce.aspx>
⁴ <https://stats.mom.gov.sg/Pages/a-gender-inclusive-workforce.aspx>

by end-2030. In other aspects, 59% of employed women in Singapore held PMET (professionals, managers, executives, and technicians) roles in 2020 – an increase from the 50% in 2010³. According to statistics from the Ministry of Manpower⁴, flexible working arrangements have also boosted the labour force participation rate among women, bringing it to 68.1%. It is clear that the workforce has matured to understand

that different social expectations and family commitments can guide an individual onto different career tracks, and that men and women alike can contribute and bring value to both work and society in a number of ways. Here, three women leaders share their career journeys: the different priorities, perspectives and approaches they have as women, and how others like them can attain success – as they define it.

Making Room For Everyone

Yiong Yim Ming, FCA (Singapore), Group Chief Financial Officer, City Developments Limited

TODAY, WHEN A WOMAN IS PREGNANT, HER COMPANY IS LIKELY TO ASK HOW SHE WOULD LIKE TO STRUCTURE HER MATERNITY LEAVE AND WORK OUT AN ARRANGEMENT ACCORDINGLY. However, when Yiong Yim Ming was expecting her second child during the early stages of her career, one of her bosses said, "You are pregnant? Really? Again?" It was certainly not something that would be tolerated in the corporate world today. However, according to Ms Yiong, "I won't say that it is the right way to think but, if I were to put myself in the shoes of an employer, I can see where the bias may have come from." Having a staff member on maternity leave can be disruptive to the workflow, and it could mean that other members on the team would have to take on a heavier load to cover her. "There aren't such considerations when it comes to the male staff as they don't have to deal with childbirth. Paternity leave isn't quite the same as there is some flexibility."

The Group Chief Financial Officer of City Developments Limited (CDL) is one who promotes diversity and inclusivity, while recognising the differences between men and women. "There are different social perceptions and expectations of men and women. They have different roles in society and within the family," she states plainly. For women who want to start a family, the biological clock,

in a way, affects the timespan they have to get to the peak of their career. "Women carry more multifaceted roles, and have different priorities in their life journey. You want to date, settle down and have kids within a certain time period. This gives women limited time to complete their career journey," she says. "I would say that men and women both share the same running track, but men get to run on it for a longer, uninterrupted period. Women can run the same distance, but they need more time to get to the finish line if they persevere."

RECOGNISING WOMEN FOR THEIR CAPABILITIES

However, such differences should not prevent a company from embracing gender diversity and inclusivity. Men and women think and work differently too, and an organisation can benefit from those differences. "I personally don't like a team where all the members are like peas in a pod. This doesn't mean that we have a hotchpotch of people who cannot communicate with one another; instead, we want a group with diverse views connecting on the same level, so that issues can be examined through different lenses and the best solutions found," she says.

Apart from avoiding the echo chamber effect a homogenous team could have, Ms Yiong also highlights that every team needs members to perform different functions, and having gender diversity helps the smooth running of processes within an organisation.



"We see more women in leadership today, and I think that is driven not so much by policies but by societal changes. Women these days enjoy equal educational and job opportunities as their male counterparts, and they are very powerful."

"Women are like the glue in a team," she explains. "They seem to have the natural ability, the EQ, to pull everything and everybody together. We are often penalised for being emotional at work, but even as one who works and thinks more like my male counterparts, I, too, see the benefits of being able to tap into the softer side when it comes to managing a team."

Ms Yiong stresses, however, that companies should hire female talent in recognition of their skills, rather than to meet diversity and inclusivity quotas. "As a woman, I want to be admired for my capabilities rather than be put on a board just for them to meet the D&I quota. We see more women in leadership today, and I think that is driven not so much by policies but by societal changes. Women these days enjoy equal educational and job opportunities as their male counterparts, and they are very powerful." The power also lies in their autonomy over their path in life. "The younger generation thinks differently and women today can choose to take a bigger role at work and smaller role at home, or vice versa. The choice is theirs to make."

INDIVIDUAL PATHWAYS TO SUCCESS

Ms Yiong points out that each woman has her own life and own decisions to make. "There are many female leaders who simply do not understand why any woman would turn down career opportunities. But people should realise that however many opportunities are presented to you, the right one has to be one that you want," she says. "There are so many types of women in the world, and you don't have to all want the same thing." She cites the example of a team member who chose to focus on family rather than step into Ms Yiong's shoes as her successor. "I look at capabilities rather than gender and don't rule out young ladies (who are likely to get married or start a family) or those with young kids for leadership roles. However, whether the talent wants to take up the opportunity is a matter of personal priorities." She highlights that CDL is an organisation that has the bandwidth to accommodate members with different career

ambitions. "It's like a hand with fingers long and short – each is different but they come together to work perfectly," she explains. "We embrace that difference and offer flexible work arrangements and career progression tracks. If you are comfortable with a smaller portfolio and are happy where you are for now, that's fine too."

Ms Yiong emphasises that the flexible work arrangements that have been put in place allow women to fulfil their duties at home without having to leave their job. "We don't probe for a reason if you need to work from home, be it to look after sick children or to help your kids prepare for PSLE," she says. "These are not formalised policies but, having proven that we can effectively work from home during the pandemic, we can legitimately offer that flexibility to our staff." This is part of CDL's efforts to support women within their workforce, and to nurture them at a pace that suits them. "I feel that success is when a person has no regrets even if he or she should disappear tomorrow," says Ms Yiong. "I am greedy – I want a career, leadership and recognition. I also want a happy family and open communication with my children. I work hard to get them all." But she recognises that everybody has a different matrix for measuring success, and "it should not be measured against that of others and certainly not by the number of board seats one holds".

To her 15-year-old daughter and other young women, Ms Yiong has this to say, "Dream big, but take baby steps."

"You won't stretch yourself if you don't dream big. But you also need to set achievable milestones so that you don't get discouraged along the way," she elucidates. "Remember to check with yourself along the way: is this still your dream? Life is a constant evolution and it is important to have the fluidity – especially in the constantly changing world today – to adapt and work according to circumstances. Whether your dream is to become Superwoman at work or Wonder Woman at home, to overcome obstacles and not lose faith in yourself is, in itself, a success."



• Gender diversity helps the smooth running of processes within an organisation

• Women are like the glue in a team, pulling everything and everyone together

Advice to young women:

- Dream big but take baby steps
- Set achievable milestones
- "Check in" with yourself constantly

“I feel successful when those whom I coach benefit from my advice and go on to achieve their own goals; this is perhaps reflective of my nurturing nature as a woman.”

Redefining Success

Jocelyn Goh, FCA (Singapore), Partner, Audit & Assurance & HR Partner, BDO Singapore

IT IS NOT JUST THE HARD AND TOUGH WHO RISE IN THE CORPORATE WORLD.

With a soft touch, a nurturing stance and a clear view of what she is striving for, Jocelyn Goh has proven that women can make it to the top, with the right attitude and self-belief. “Despite being a middle child with two brothers – and having a father who belongs to a generation which thinks that boys should naturally succeed the business – I never felt ‘second class’ because of my gender,” shares Ms Goh candidly. To be sure, parts of her life journey were steered by old-fashioned gender stereotypes and expectations especially when her grandmother favours boys over girls. However, the Audit & Assurance & HR Partner for public accounting, tax, consulting and business advisory firm BDO Singapore has always charted her journey with her own goals in sight.

“My father operates a small hardware business, which is still run by my family. When I was a teenager, he told me to help in the accounting department, ‘because that’s what women usually do’,” she says. He was not exactly wrong; most accountants at that time were women. “But just keeping the books or doing what was routine bored me; I much preferred negotiating with suppliers, bankers and other partners on operational and financial matters! The ironic thing is, he patiently taught me all the aspects of running a business too.” At that time, she was still studying for her accountancy qualifications. “A few years after having completed my qualifications and worked as an accountant, I told him, ‘Sorry, I am going to work as an auditor to expand my horizon, instead of just being an accountant for the family business!’,” she recalls with a laugh.

When the patriarch approached Ms Goh a few years later to rejoin the family business,

she wasn’t afraid to negotiate for what she wanted. “We spoke candidly and I told him that I want to be made the Chief Operations Officer, as well as receive a share of the business. He was silent but that’s okay. Just as I understood how traditional his thinking is, I also wanted him to appreciate the fact that I want to take control of my life and goals,” she explains. “And let’s not forget that it is thanks to the exposure my father gave me that I’ve honed my skills in running a business.”

Since then, Ms Goh’s 27-year professional journey has taken her from public accounting to various other functions. Today, as part of BDO’s leadership team, she is involved in the strategic development of the firm, and is also a talent partner who is actively involved in its talent acquisition and development, quality management, and learning and development.

LIVING BY HER PRINCIPLES

Being in charge of her own life and making her own decisions is something important to Ms Goh, and it has worked to her advantage when it comes to her career progression. She remembers repeatedly challenging the decision of a senior partner, despite having to bear with the unpleasantness. “Most people wouldn’t have persisted for fear of offending their bosses. However, I feel that it is my job as a gatekeeper to protect my partners from risk, rather than to make people happy,” she says. “Doing what I feel is right – rather than what I have been told – has always been important for me.” In most organisations, people would unquestioningly defer to hierarchy, but Ms Goh credits BDO’s managing partner



for always giving her the support and assurance that doing the right thing is the right thing to do. “Frankie’s mentorship over the years has been invaluable to my development as a leader. His coaching and role modelling of leadership principles such as ownership, accountability, and inclusion shaped my perspectives and success.” Frankie Chia is Managing Partner, BDO Singapore.

However, no man – or woman – is an island, and Ms Goh highlights that support from the people closest to her has been crucial in her journey to success. “We all have roles and responsibilities outside of work, and it is vital to discuss our goals and dreams with the most important people in our life: our family,” she attests. “If you have their support, ask yourself what is at stake in your pursuit of success; think about how things can be done differently in order for you to achieve your goals and, most of all, be cautious but bold.”

Despite going beyond her self-imposed goal of semi-retiring when she reaches her mid-40s, Ms Goh sees herself as a successful person. “I am happy where I am today and I will continue to do more of what I enjoy,” she says. Rather than associating success with her own achievements, Ms Goh ties it to the achievements of others. “I feel successful when those whom I coach benefit from my advice and go on to achieve their own goals; this is perhaps reflective of my nurturing nature as a woman,” says Ms Goh, who served as a mentor to many internally and externally. “I see the nurturing qualities in many women. We often define success based on what we give, rather than what we get. Therein lies the intrinsic difference between men and women, I think.”

UNVEILING TALENT THROUGH DIVERSITY

As one who facilitates the training and development of emerging leaders in her firm, Ms Goh is a strong proponent of diversity and inclusivity. “Frankie had the great foresight to complete the firm’s digital transformation in 2019, just ahead of the pandemic, and it has allowed us to change the way we work and hire,” relates Ms Goh. She looked at global tech giants and thought to herself: if they can have employees across the globe, so can BDO when it is digitally ready. She went on to expand her talent net beyond geographical boundaries, and opened up positions to the best talents from all around the world, which in turn improved cultural diversity within the firm.

The agile work arrangement has also allowed the firm to activate talents who previously had stepped away from the workforce. BDO offers agile work arrangements as long as the role expectations

can be fulfilled. For example, the firm has staff members who work mostly from home; it also offers foreign employees an arrangement where, for a few months each year, they work in their home country rather than in Singapore. This allows them to spend time with their families without having to take leave. “These arrangements have been very appealing to women who often shoulder the responsibility of caring for their children or the elderly,” explains Ms Goh.

On top of the agile work arrangements, Ms Goh has also redesigned the roles. “When COVID-19 hit, reformulating the nature of work became critical. We started to rethink the work process. One was to distil the work previously done by a single person so that he or she can concentrate on the core of it, and let the other aspects be taken care of by those with different skill sets,” she explains. “This allows us to draw back female talents who have been away from the workforce for a while due to family commitments, and who might be apprehensive about diving straight back in.”

While these efforts allow BDO to tap into qualified talents who previously might have been missed and, in turn, improve diversity and inclusivity in the firm, implementing them has not been without challenges. “Innovating for diversity and inclusivity is certainly a disruption, but it is the only way to betterment,” she opines. In her view, a strong belief in the benefits of diversity and authenticity within the leadership also drives such notions forward.

Ms Goh sees inclusivity as a journey that cannot be forced, and highlights that quotas and ratios do not necessarily equate to true diversity and inclusivity. “Some companies may say they have diversity and inclusivity policies. However, carrying out the policies is different from living by the core values. Here at BDO, our ‘why’ is ‘People helping people to achieve dreams’ – diversity and inclusivity are part of our authentic values and they are something we will continue to promote even without external push or pull factors,” shares Ms Goh. In an industry characterised by older men in suits, BDO walks the talk and stands out for its healthy partner-staff ratio and a 50-50 gender ratio among partners and across the firm. “If an organisation or a leader keeps to some sort of ‘old boys’ club’ mentality or outmoded ways of doing things, they would ultimately be the ones who lose out due to evolving talent needs,” she emphasises. “Everyone must be given an equal chance to shine and women today are as educated, skilled, vocal, resourceful and ambitious as men. Times have changed.”



Women are more nurturing: they often define success based on what they give, not what they receive

Benefits of digitisation & flexi-work arrangements:

- Activate talents beyond geography

- Tap on those who have stepped away from the workforce

Bringing Out The Best In Others

Judy Ng, CA (Singapore), Chief Financial Officer, Institutional Banking Group, DBS Bank

JUDY NG PLAYS AN INSTRUMENTAL ROLE AT THE INSTITUTIONAL BANKING BUSINESS GROUP (IBG) AT DBS BANK,

providing strategic recommendations, leadership, direction and management of the financial goals, objectives and planning as Chief Financial Officer (CFO). She also sits on the advisory board of Singapore Management University's School of Accountancy. Looking at her leadership appointments, it might be difficult to imagine Ms Ng as a hardworking but soft-spoken young mother who once almost faded into the background amid peers who spoke out and pounced on overseas opportunities. She recalls the time when she was working at Credit Suisse, where she felt out of place as a local graduate with no global exposure. Further, she was reluctant to go for overseas postings as her spouse was required to be in Singapore, and she felt it her duty to stay with her young family. "Even though I progressed through the ranks in my 10 years at the company, I felt I was professionally overlooked as I was putting my family first and not going after the same things as my peers," she shares.

However, that made her work harder at proving herself in other ways – something the diligent worker is not averse to. "My parents were less educated and had to work hard to make ends meet," she reveals. "Similarly, the decisions I made were very much guided by a survival mentality. I studied accountancy

because KPMG offered me a scholarship. I had no idea what accountancy or even KPMG was, at that point!" Just as she did internships during the school holidays to gain on-the-job experience, she challenged herself to speak up and put herself out there. "I trained myself to ask questions at every townhall session with the global bosses. I would be stammering on the spot despite having rehearsed the lines over and over but I told myself that I needed to learn how to communicate with the bosses."

Ms Ng also pushed herself to grow professionally by enrolling in a part-time masters programme in applied finance, just after giving birth to her third child. "Everybody around me said I was crazy. But I was into my eighth year with the organisation and I felt that I was stagnating. Anyway, the kids will always need my attention no matter how old they get, so there was really no 'better time' as such," she says. While her weekends and whatever free time she had were spent studying, Ms Ng says that the masters programme equipped her with a new field of knowledge: "it broadened my perspective and I could connect the dots in ways I never could at work".

Today, Ms Ng, besides her role as CFO, is an elected member of the 2022 ISCA Council where she serves as Secretary. Anybody looking at her would say that she is a successful woman in business. But, as one who has had to



Young women should have an internal compass to determine what is important to them

• Think bigger, act boldly; put yourself out there

• Keep an open mind; see the big picture



"Grooming team members and bringing out the best in them in ways that work for them is essential for a leader to build a resilient team and, to be able to do that, to me, is success."

juggle different priorities along her professional journey, Ms Ng fully respects the different pathways her team members might choose.

"I think my success is in being able to spot talent at different levels and help them to grow in the direction that they genuinely want to go," says Ms Ng. Just as she is not afraid to promote an ambitious young person into a senior position, she also respects those who have a smaller appetite for change or different priorities outside of their career. "Grooming team members and bringing out the best in them in ways that work for them is essential for a leader to build a resilient team and, to be able to do that, to me, is success," she says.

WORKING FOR WHAT YOU WANT

Although Ms Ng sets priorities for different phases in life for herself, she recognises that it might be challenging for the younger generation today to do the same. "I look at my three grown-up children and feel very lucky: life was much simpler then. Today, with multiple information influences and choices presented to them, life has become very complex," she observes. Women today are often told that they can have it all, and that they should strive for it, but Ms Ng feels otherwise. "I had a super diligent staff member who was promoted to a team lead role and she started pulling even longer hours because of the bigger responsibilities and the steeper learning curve. Even though she was not my direct report, I made it a point to speak to her about how her work was impacting other areas of her life," shares Ms Ng, a nurturing leader who believes in personal, face-to-face conversations with her staff. "I strongly feel that if your family life is unhappy, your work will be affected as well. Spouses have to agree on the boundaries and stick to them as a family unit."

People also sometimes forget that their choices have consequences, says Ms Ng. Rather than try to compare one's achievements with those of others, she advises young women to have an internal compass to determine what is

important to them. "After setting your personal goals, you have to put in the effort and work towards them," she says.

Ms Ng also encourages women to think bigger, and to act more boldly. "In hindsight, I could have been more daring in breaking the glass ceiling I experienced earlier in my career." That said, she also thinks that women sometimes stymie their own growth. "In the past, we faced the challenges associated with the so-called 'old boys' club', where male leaders hired from within their own networks. However, these days, the glass ceiling could very well be self-imposed. Women tend to stick to the 'safe' way of doing things, and they always feel that they need to be more qualified before they ask to take on something. Men generally put up their hands for opportunities even when they are less ready for the position. If you've set your professional growth as your first priority, push yourself out of the comfort zone to seize the opportunity when it comes. Dream big."

Apart from dreaming big, Ms Ng also highlights the importance of being able to see the big picture. "I used to be a very task-oriented perfectionist who just wanted to check everything off the list. But I have come to realise that things don't work like that in real life," she shares. "You have to keep your eyes on the big things that are important, rather than fret over the minor issues. This could mean changing your perspective to get aligned with your bosses' or your team's, or even just gritting your teeth and getting through hurdles in your journey towards your destination. The key thing is to keep an open mind, but always taking ownership of your own career."

"Friends that you make along your career journey will be there for you even if you have moved to a different stage. You know you can count on each other – friends are your valuable asset." ISCA



TEXT BY 

WILLY LEOW

EVERYONE LOVES A SUCCESSFUL MOONSHOT. In Singapore, some tech startups have been reaching the skies, with more than 10 home-grown startups achieving unicorn status. Fashion tech startup Zilingo could have been another sterling example if not for a series of incidents which exposed its corporate governance lapses.

Things were going well and reportedly, Zilingo was negotiating a new funding round earlier this year which, if successful, would have elevated it to unicorn status. However, complaints of alleged financial irregularities led to a forensic investigation that eventually saw the termination of Co-Founder and CEO Ankiti Bose in May 2022.

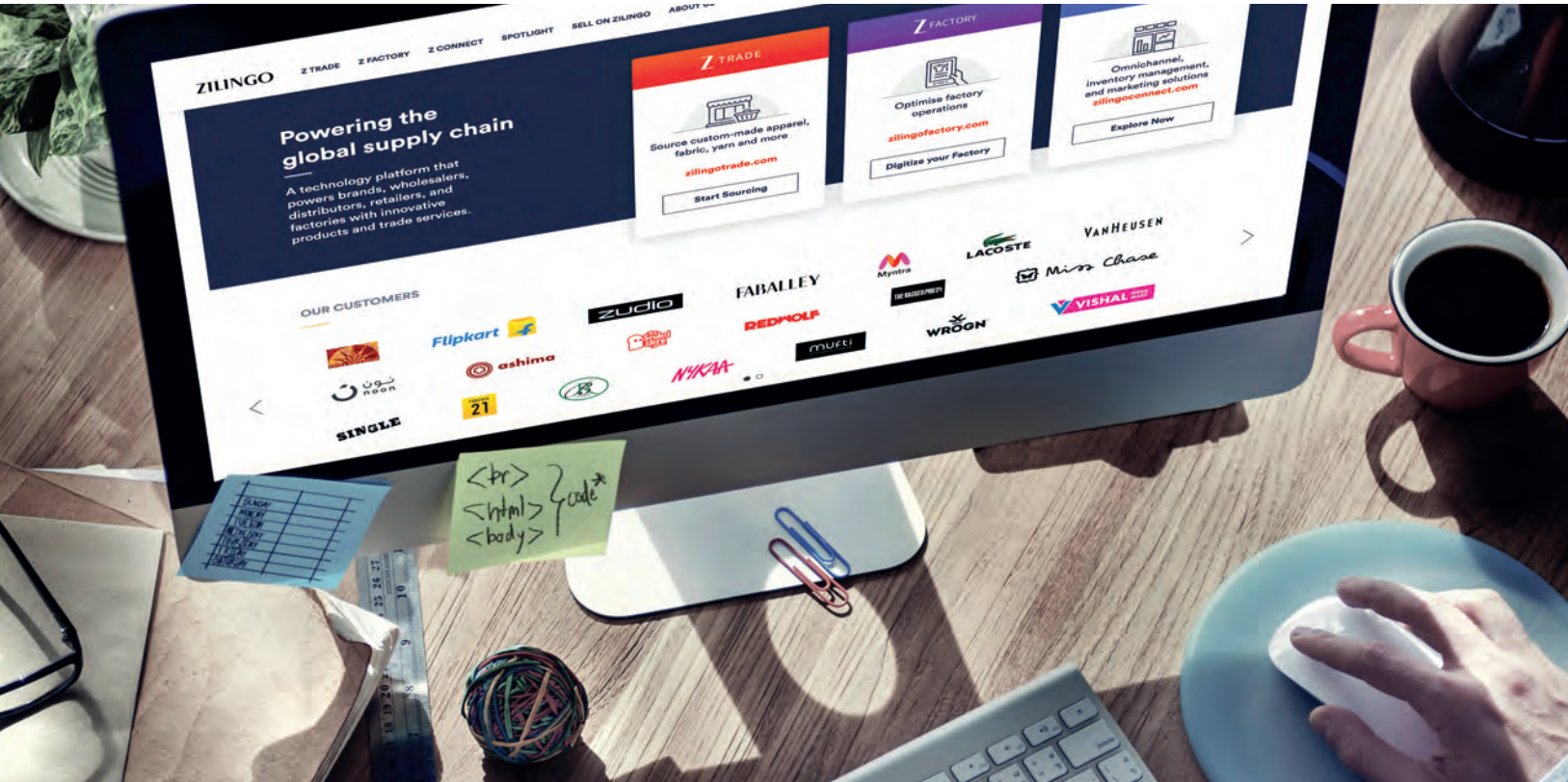
Corporate Governance: The Cornerstone Of Tech Startups

Chartered Accountants Can Play A Crucial Role



- Chartered Accountants can help startups internalise a culture of stewardship that emphasises responsibility to a wider audience.
- Internal controls safeguard against errors and wrongdoings.
- A clear tone from the top fosters the right mindset and control culture.

PHOTO SHUTTERSTOCK



At the heart of corporate governance is a clear tone at the top to foster the right mindset and control culture, with clear expectations on the management of activities.

Denying any financial shenanigans, Ms Bose had said when interviewed that she was waiting for advice from her auditor and adviser, and “couldn’t touch the accounts since I’m not a qualified Chartered Accountant”.

STARTUPS MUST ESTABLISH A CORPORATE GOVERNANCE FRAMEWORK

While Chartered Accountants (CAs) should be more familiar with accounting concepts – as Ms Bose has pointed out – the profession has also evolved to provide wider corporate contributions. In Singapore, the “Chartered Accountant” is a professional designation accorded to accountants who have fulfilled ethical and professional requirements and have been acquiring continuous

professional education (CPE) hours annually to keep their skills and knowledge up to date.

CAs play an instrumental role in corporate governance: from informing decision making and assessing investment scenarios to designing internal controls, measuring performance, reporting and providing assurance. CAs can help startups internalise a culture of stewardship that emphasises responsibility to a wider audience than those sitting in the corner offices.

A properly designed financial system with clear accountability for financial reporting is also critical for startups to impress both existing and new investors. Additionally, well-prepared performance forecasts and project reports can help tech startups ace their funding reviews by presenting business prospects in a grounded yet compelling way without fear of getting called out on inaccurate data or unintended errors.

INTERNAL CONTROLS ARE A SAFEGUARD AGAINST ERRORS, IRREGULARITIES AND ABUSE

At the heart of corporate governance is a clear tone at the top to foster the right mindset and control culture, with clear expectations on the management of activities. A strong corporate governance framework communicates clear and consistent rules, which is a necessary condition to foster personal ownership across the company and reflect the company’s ability to deliver on promises.

When a company’s CEO and management begin to distance themselves from financial information, more often than not, it is a red flag.

For a CEO to lead, internal controls are especially important when managing employees with multiple responsibilities and reporting lines. Hastily thought-out

internal controls or a shabby control system might create blind spots in the corporate leadership and result in a high potential for financial leakages, poor control of resources, and other irregularities to go unnoticed.

Among startups, where being quick and nimble is an existential skill, there sometimes exists a misconception that corporate governance creates onerous, annoying roadblocks that slow them down. But, rather than thinking of corporate governance as just increasing the number of traffic lights that will painfully disrupt the journey, effective corporate governance strives to ensure that the traffic lights are strategically placed, with synchronised green lights, to enable a vehicle to arrive quickly at its destination without accidents or traffic tickets along the way.

FAST BUT STEADY WINS THE RACE

Today, Singapore is home to a thriving startup scene. With an increasing number of startup accelerators offering access to a gamut of financial assistance and business loans, and more than 1,000 Singapore-based fintech companies, the city-state has the top startup ecosystem in Asia Pacific¹.

As these startups speed off in search of fame and fortune, they should plan for the quickest route but without any illegal short cuts or running any red lights. That might just win them the race and more importantly, ensure they have the time to enjoy the after-party. **ISCA**

Willy Leow, CA (Singapore), is a member of the ISCA Corporate Governance & Risk Management Committee, and Partner, Head of Risk Advisory Services, BDO. An edited version of this article was first published in The Edge on 6 July 2022.



¹ <https://www.straitstimes.com/business/spore-tops-asia-pacific-in-ranking-for-start-ups-7th-in-the-world#:~:text=SINGAPORE%20%2D%20Singapore%20has%20overtaken%20China,%2C%20Canada%2C%20Sweden%20and%20Germany>

Healthy Eating And Mindfulness For Busy Professionals

Enhancing Mental Wellbeing



- TAKE AWAYS**
- Accountants are often identified as having high stress levels.
 - Mindful eating can help optimise health and wellbeing.
 - Webinar participants want to apply mindfulness in three priority areas: personal, immediate family and workplace.
 - Scientific concept of mindfulness is to observe and just watch, without passing judgement.

PROFESSIONALS LEAD INCREASINGLY STRESSFUL AND HECTIC LIVES, juggling a myriad of commitments and responsibilities in their respective capacities as an employer or employee, a parent, child, and so on. With the growing pace of change brought about by the shorter economic cycles, advancement in technology and drastic climate shifts etc, professionals have to also ensure that they constantly upgrade their skills to align with prevailing mega trends in order to sustain their livelihoods. There are other stress triggers, such as those caused by inflationary pressures on the economy.

Accountants are among a group of professionals, managers and executives (PMEs) who are often identified as having high stress levels. These are caused by a mix of factors including tight reporting deadlines and a shortage of manpower, which result in long working hours. According to an annual study conducted by tech company Kisi, the Global Work-

Life Balance Index 2021¹ revealed Singapore to be the second most overworked city in the world (Figure 1), standing just a few

percentage points behind Hong Kong in the top spot. Based on the same study, the country's ranking for work-life balance was at number 18.

FIGURE 1 GLOBAL WORK-LIFE BALANCE INDEX 2021



PHOTO: GETTY IMAGES

As a whole, the index considered four key factors, namely, work intensity, society and institutions, city liveability, and COVID-19.

Of these four factors, COVID-19 was notably the newest addition. It has catalysed massive and prolonged periods of work-from-home and social isolation due to lockdowns and safe management measures. As the pandemic extended beyond its two-year mark, the spotlight was also shone on mental wellness of populations. A World Economic Forum article in August 2020² reported people across 10 high-income countries experiencing stress, anxiety or sadness, which they had difficulty coping with alone. Based on a survey published by the Commonwealth Fund and research firm SSRS, approximately a third of respondents from the United States, and around a quarter of respondents in Canada, the United Kingdom and France, reported suffering challenges with mental health due to the pandemic.

Greater scrutiny was also placed on the mental wellness of professionals, resulting in numerous initiatives developed and launched in recent years by governments, social enterprises, employers and industry stakeholders, to address different facets of mental health for different groups of impacted individuals.

As the national accountancy body of Singapore, ISCA is committed to supporting our members and the accountancy community at large in enhancing mental wellness for holistic wellbeing that contributes towards a vibrant, healthy and productive accountancy sector.



¹ Kisi (2021). Work-Life Balance: Best Cities Worldwide 2021. <https://www.getkisi.com/work-life-balance-2021>

² Niall McCarthy. (13 Aug 2020). Covid-19: The countries reporting the greatest mental health declines. <https://www.weforum.org/agenda/2020/08/covid-19-coronavirus-mental-health-well-being-countries>



Benefits of mindful eating:

Be in tune with the body's hunger and satiety signals
→ make sensible decisions about eating → feel good physically and mentally → perform at optimal level

Snacking is not always bad:

Keeps hunger at bay till meal time → need to make the right snack choices

MINDFUL EATING TO OPTIMISE HEALTH & WELLBEING

In April 2022, an expert speaker from Pure International was invited to share on nutritional eating for optimising wellbeing. A group of more than 300 participants tuned in virtually for the session. A trained nutritionist, Maya Rolston premised her sharing on the fundamentals of nutritional eating. She wove in techniques to build awareness and infuse intention into the process of eating and snacking so that each individual can achieve his/her own health goals.

By juxtaposing examples of mindless eating with mindful eating, she discussed the benefits of the latter, which included the ability to tune in to the body's hunger and satiety signals that support us in making sensible decisions to avoid stress eating, overeating and mindless snacking. This would in turn help us in sustaining our energy levels and cognitive function to avoid burnout. Mindful eating thus enables us to draw out the best in ourselves both mentally and physically for optimal performance.

Through The Hunger Scale (Figure 2), Ms Rolston delved deeper into the various stages of hunger so that participants got a better idea of how to identify the different zones of hunger when practising mindful eating.

She recommended pausing and checking the Hunger Scale to assess how we feel before, during and after a meal, and savouring food by paying attention to the tastes and textures. These actions would help to sustain our bodies longer and minimise the need for snacks. While snacking has often attracted a bad reputation, participants learnt that it is not always bad. Snacking can be a good tool to keep hunger at bay – it tides us over to the next meal and prevents us from becoming overly hungry, which

may result in poor food choices at the next meal. The key thing to note when snacking is to determine the trigger for snacking, and then make the right snack choices to address the trigger.

Ms Rolston introduced the specifics of nutrition and discussed the elements that constitute a balanced diet. She provided practical tips on how this can be achieved for busy professionals, who may not always have the time to prepare homecooked meals and who may encounter challenges in making healthy choices when eating out.

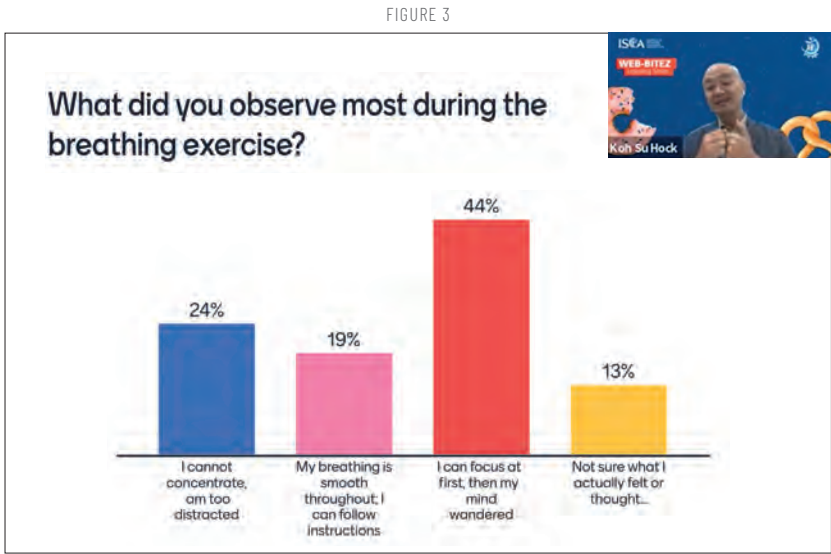
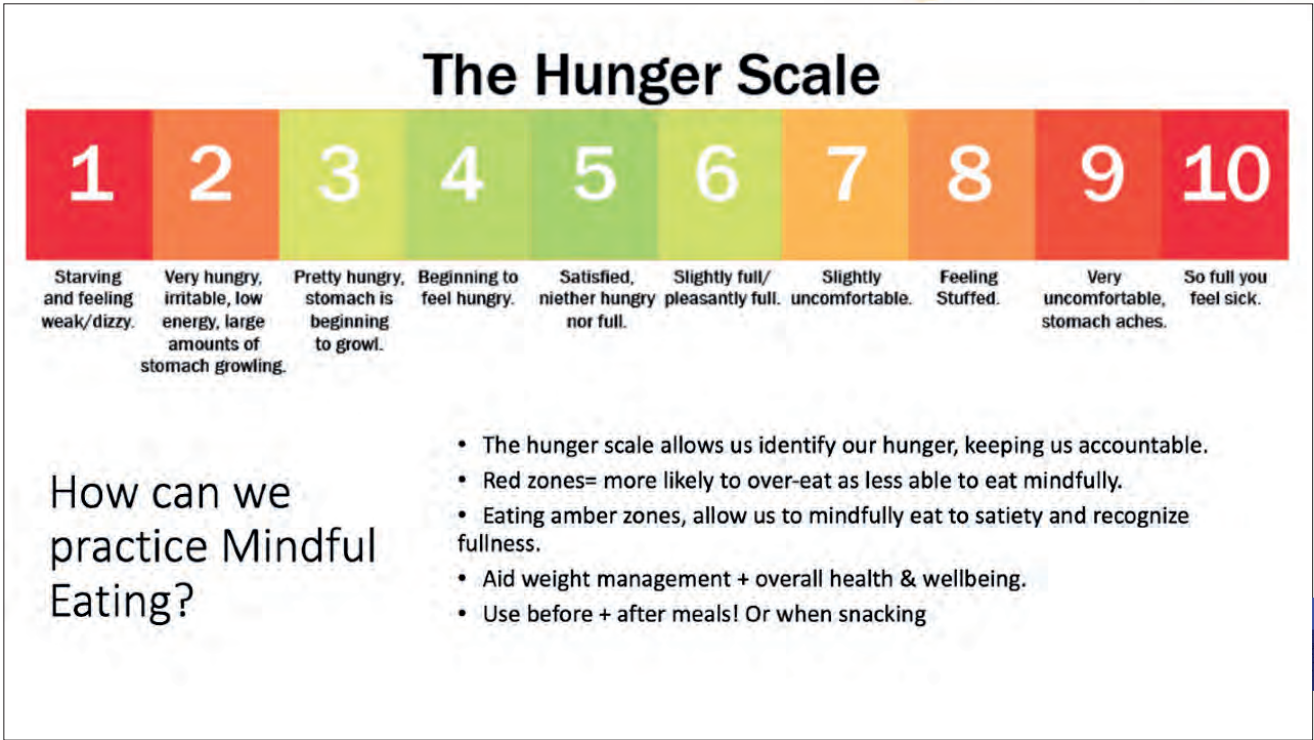
This was evidently a part that resonated with many participants, who seized the opportunity during the question-and-answer segment to clarify their doubts about the different kinds of fad diets

and their benefits and effectiveness, food myths, as well as how they can make better food choices. They also asked about the ways to take small but intentional steps towards eating more nutritionally while balancing a busy work and social life.

With this awareness of the benefits of mindful eating, we may start to wonder, “What exactly is mindfulness and how do we go about practising mindfulness?”



FIGURE 2



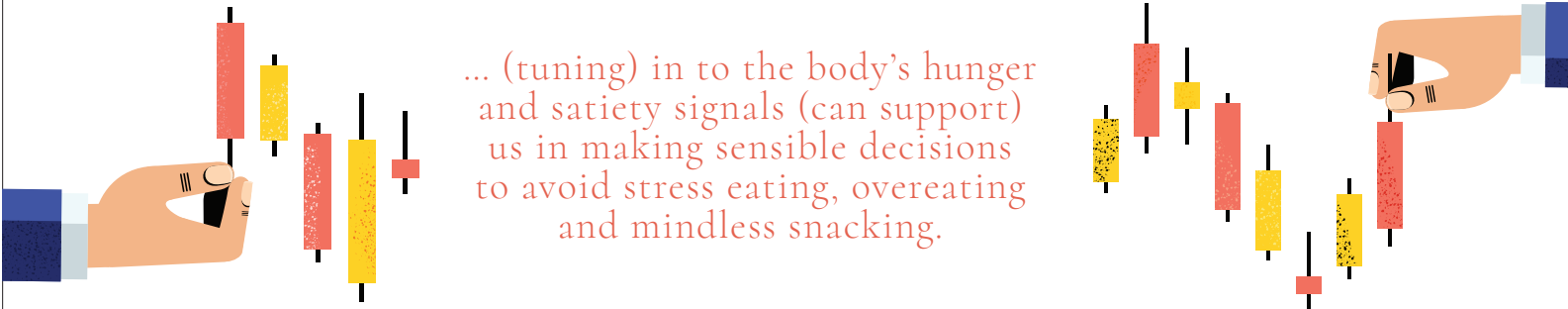
CULTIVATING MINDFULNESS AT THE WORKPLACE

In a separate webinar that continued the focus on wellness, also held in April 2022, mindfulness took centre stage as yoga coach and telemedicine provider Koh Su Hock guided participants through both the conceptual framework and construct of modern mindfulness practice first popularised by Jon Kabat Zinn.

The webinar began with a series of breathing exercises to help participants get in touch with their breath as well as observe their sensations and thoughts; cues were provided to guide them towards the initial “grounding” activity.

Based on a quick poll of the participants after the activity, those who reported facing difficulties with maintaining concentration formed the largest group (44%)(Figure 3).

Among the priority areas where participants would like to apply mindfulness to are: personal, immediate family and workplace, respectively (Figure 4). Mindfulness techniques, as Mr Koh explained, can apply in different areas of our lives including something as routine and simple as having a meal. The techniques just need to be contextualised for the appropriate area. Given how it can benefit us, mindfulness is a good life skill to acquire and practise.



... (tuning) in to the body’s hunger and satiety signals (can support) us in making sensible decisions to avoid stress eating, overeating and mindless snacking.

Mr Koh dove deeper into the concept of mindfulness – what it is and is not – illustrating through relatable day-to-day examples and sharing simple steps on how we can become more aware and attuned to our thoughts and emotions. He invited participants to mull over the statement, “Typically, reaction tends to escalate any situation we are in, whereas responding, especially a

mindful response, can often diffuse or help to mitigate a situation and make it less severe.” While we may have often read and heard about how mindfulness is “being in the present” or “living in the here and now”, many of us may have struggled with the buzzwords surrounding mindfulness and wondered about how we can put that into practice. Through the rest of the workshop, the scientific

concept of modern mindfulness was comprehensively broken down – to observe, making a deliberate effort right now, and to just watch; this enables participants to train themselves to look inwards and observe what arises internally without passing any judgement or ascribing to them terms like “good” or “bad”; instead, participants should just let them come and dissipate on their own without intervention.

... the scientific concept of modern mindfulness was comprehensively broken down – to observe, making a deliberate effort right now, and to just watch...

FIGURE 5 OUTCOMES OF MINDFULNESS

Outcome of Mindfulness

- Minimize negative states & stress
- Respond, not React
i.e. avoid the amygdala hijack

Creating distance

1. Temporal (time)
2. Physical (space)
3. Psychological (subject/object)

Stress: a quick dive
A situation appraised by a person to exceed its ability to cope normally (1950s)

- **EU**-stress: small doze
- **DIS**-stress: negative
- Acute or Chronic
- External or Internal

Our Story-telling Minds

6 mental habits

which distract us from the present

1. Plan
2. Imagine
3. Exaggerate
4. Worry
5. Ruminare
6. Judge

Either clinging to past, or hoping for future

FIGURE 6: SIX MENTAL HABITS

With practice, we would be able to achieve consistency in being mindful, which has the beneficial effects of minimising negative states and even reducing chronic stress (Figure 5). However, stress factors will continue to surface in our lives, exacerbated by our storytelling minds that form mental habits (Figure 6). These distract us from the present, which makes it even more important for us to learn techniques to manage them. Mr Koh next discussed four practical techniques, one of them

part of Jon Kabat Zinn’s mindfulness training (the Mindfulness-Based Stress Reduction³ technique), which can be used to deal with physically and emotionally challenging situations. Essentially, these different techniques offer easy-to-apply steps that can help us reframe the mental narrative to stay objective in a difficult situation. They also enhance our mindfulness practice which improves how we calibrate our reactions towards whatever happens to us. Mr Koh will take the mental wellness discussion further in an upcoming article in the August issue of this journal. Do keep a lookout for it. ISCA



³ Mindfulness-Based Stress Reduction. https://en.wikipedia.org/wiki/Mindfulness-based_stress_reduction

Violet Koh is Associate Director, Government Engagement and Member Support, ISCA.

MORE MENTAL WELLNESS RESOURCES

Since 2020, ISCA has been maintaining a dedicated microsite on Mental Wellness (https://isca.org.sg/member-support/mental-wellness#Body_CO45_Col00), where upcoming and past events are listed, along with useful resources on relevant topics that the accountancy community can tap into.

As we continue to strive towards improving the holistic wellbeing of our members and the accountancy community, we have in the pipeline more targeted initiatives and events to enhance mental wellness. If you would like to join us in these events, please check our e-Events page (<https://isca.org.sg/learn-connect/corporate-events/eevents/upcomingevents>) for regular updates.

Technical Highlights

AUDITING AND ASSURANCE

ISCA Issues Updated Audit Guidance Statement (AGS) 1, Sample Independent Auditor's Reports

Two new agreed-upon procedures (AUP) reports have been added to AGS 1:

- Appendix 5B AUP Report in connection with an example of an Economic Development Board Tax Incentive Scheme,
- Appendix 5C AUP Report in connection with the Enterprise Singapore Global Trader Programme.

For more information, please visit

<https://isca.org.sg/content-item?id=320d1167-ed8d-4934-8cd1-2e941edd632e>

ISCA Issues AGS 11 (Revised 2022), Comfort Letters And Due Diligence Meetings

AGS 11 has been revised to clarify in Appendix 2, Examples 1 and 2, that the engagement to prepare and issue a comfort letter is to be carried out in accordance with this AGS.

For more information, please visit

<https://isca.org.sg/content-item?id=0a8c5566-3e75-4bb3-9a42-3aceeaa37aa1>

ETHICS

ISCA Comments On IESBA's Proposed Technology-related Revisions To The Code

ISCA supports the proposed revisions to the Code, which have been developed in a principles-based manner, to preserve the relevance of the Code as technology evolves. However, we suggest that IESBA provide clarity on how a professional accountant's position within the employing organisation can impact the accountant's ability to determine whether reliance on, or use of, the output of technology is reasonable. We also suggest that IESBA exclude the proposed guidance relating to complex circumstances as such considerations of relevant facts and circumstances would already be expected of professional accountants in complying with the letter and spirit of the Code.

For more information, please visit:

[https://isca.org.sg/docs/default-source/ep-100/cps-and-clis/isca's-comment-letter---technology-ed-\(final\).pdf](https://isca.org.sg/docs/default-source/ep-100/cps-and-clis/isca's-comment-letter---technology-ed-(final).pdf)

ISCA Comments On IESBA's Proposed Revisions To The Code Relating To The Definition Of Engagement Team And Group Audits

ISCA supports the proposed revisions to the Code which were developed in close coordination with the IAASB to be consistent and interoperable with the auditing and quality management standards. However, we urge IESBA to reconsider the proposal for a non-network component auditor (CA) firm of a component audit client which is a public interest entity (PIE), to apply the non-PIE independence rules for purposes of the group audit when the group audit client is not a PIE. We are uncertain of the value in providing such a "concession" when the non-network CA firm would already be subject to PIE rules in those situations.

For more information, please visit:

[https://isca.org.sg/docs/default-source/ep-100/cps-and-clis/isca's-comment-letter---definition-of-et-ga-\(final\).pdf](https://isca.org.sg/docs/default-source/ep-100/cps-and-clis/isca's-comment-letter---definition-of-et-ga-(final).pdf)

IFAC And ICAEW Release Instalment Nine Of The Anti-Money Laundering Educational Series: Tools To Fight Back

This publication is part of a series to help professional accountants enhance their understanding of how money laundering works, the risks they face, and what they can do to mitigate these risks and make a positive contribution to the public interest.

This instalment examines the tools professional accountants have at their disposal to address money laundering once it is suspected.

For more information, please visit

<https://www.ifac.org/news-events/2022-04/ifac-and-icaew-highlight-tools-accountants-can-use-fight-money-laundering-latest-installment>



FINANCIAL REPORTING

IFRS Foundation Issues *Compilation Of Agenda Decisions - Volume 6*

The IFRS Foundation has published *Compilation of Agenda Decisions - Volume 6* which contains all the agenda decisions issued by the IFRS Interpretations Committee (IFRIC) from November 2021 to April 2022.

For more information, please visit

<https://www.ifrs.org/news-and-events/news/2022/05/compilation-of-agenda-decisions-volume-6-published/>

May 2022 IASB Update Available And Work Plan Updated

This Update highlights IASB's discussions on topics such as Post-implementation Review of IFRS 9 - Classification and Measurement, Disclosure Initiative - Targeted Standards-level Review of Disclosures and Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures. The IASB work plan has also been updated.

For more information, please visit

<https://www.ifrs.org/news-and-events/updates/iasb/2022/iasb-update-may-2022/#10>

May 2022 IASB Podcast Available

In this podcast, IASB Chair Andreas Barckow and Executive Technical Director Nili Shah share on IASB's discussions at its May meeting. Topics discussed include a discussion of the technical staff's research on Goodwill and Impairment, an analysis of the feedback received on Targeted Standards-level Review of Disclosures, and decisions made on the Post-implementation Review of IFRS 9 - Classification and Measurement project.

For more information, please visit

<https://www.ifrs.org/news-and-events/news/2022/06/may-2022-iasb-podcast-now-available/>

IASB Project Summary On Pension Benefits That Depend On Asset Returns Available

IASB has published a Project Summary on its research project, Pension Benefits that Depend on Asset Returns. This summarises the research findings and IASB's decision not to develop amendments to IAS 19.

For more information, please visit

<https://www.ifrs.org/news-and-events/news/2022/04/pension-benefits-that-depend-on-asset-returns-project-summary/>

SUSTAINABILITY & CLIMATE CHANGE

Path To Global Baseline: ISSB Outlines Actions Required To Deliver Global Baseline Of Sustainability Disclosures

The IFRS Foundation's ISSB has published a summary of the necessary steps required to establish a comprehensive global baseline of sustainability disclosures. The ISSB's global baseline presents a unique opportunity to reduce the fragmentation of sustainability disclosure requirements.

For more information, please visit

<https://www.ifrs.org/news-and-events/news/2022/05/issb-outlines-actions-required-to-deliver-global-baseline-of-sustainability-disclosures/>



FOR INSURERS IN SINGAPORE, 1 January 2023 will represent the beginning of a new era as FRS 117 *Insurance Contracts* (FRS 117) will finally come into effect, which would affect the preparation of statutory financial statements. The new accounting standard brings greater comparability and transparency on the profitability of new and in-force businesses and will give users more insight into an insurer's financial health than ever before.

While the new accounting standard will bring benefits to the industry, insurers in Singapore still need to follow the reporting and solvency requirements under the Risk-Based Capital 2 (RBC 2) framework prescribed by the Monetary Authority of Singapore (MAS). These requirements are mainly covered in the Insurance (Valuation and Capital) Regulations 2004, MAS Notice 129 *Notice on Insurance Returns (Accounts and Statements)* and MAS Notice 133 *Notice on Valuation and Capital Framework for Insurers*. **MAS has indicated that it will not be aligning to FRS 117 requirements**

which in many areas are different from the requirements under RBC 2. This contrasts with current accounting under FRS 104 *Insurance Contracts* (FRS 104) which, in many ways, are similar to the reporting for MAS purposes, for example, accounting for gross written premiums and premium receivables. Many insurers also leverage on the regulatory reporting requirements and apply similar treatment in their statutory financial statements (for

example, measurement of insurance liabilities applying MAS' requirements). One important area where alignment was achieved is on the valuation of the insurance liabilities where insurers typically follow the MAS requirements which also aligns with the treatment for tax purposes. These alignments have reduced the need to work out different numbers for different purposes and additional reconciliations to ensure that the financial numbers are aligned.

With requirements in FRS 117 more clearly detailed and significantly different from FRS 104, insurers may be required to maintain two or more sets of accounting books for the different reporting purposes (for example, for MAS reporting, statutory financial statements, group reporting under International Financial Reporting Standards (IFRSs) or other accounting standards) as it is no longer a straightforward task to just apply certain reclassification and/or minor adjustments to get from one set of reporting to the other. Maintenance of two or more sets of

TEXT BY



Alvin Chua



Choong Fui Hai



Lawrence Foo



Raymond Tan

TAKE AWAYS

- FRS 117 *Insurance Contracts* will come into effect on 1 January 2023, which would affect the preparation of statutory financial statements.
- Know the differences between FRS 117 and MAS requirements under RBC 2.
- Full alignment of FRS 117 and RBC 2 is not possible but may be possible in certain areas.

accounting books will require different processes and data which increases workload and complexities. Insurers will also need to be able to explain the differences to stakeholders who may not be familiar with the requirements under FRS 117. While FRS 117 and MAS reporting requirements are quite different, there are opportunities to seek alignment in certain areas to reduce some complexities and workload.

The ISCA Insurance Committee has set up an IFRS 17 Working Group which comprises practitioners with significant experience in the field of insurance, including representatives from audit firms and relevant industry associations, to consider industry issues arising from the adoption of FRS 117 *Insurance Contracts* in Singapore.

This is the first article in the IFRS 17 Working Group's series of articles to help insurers in Singapore navigate through the similarities and differences between FRS 117 and RBC 2.

We will cover the following areas in this article:

1. Insurance contract under FRS 117 vs insurance policy under Insurance Act 1966;
2. Separation of insurance components from insurance contracts; and
3. Separation of non-insurance components from insurance contracts.

1. Insurance contract under FRS 117 vs insurance policy under Insurance Act 1966 (the Insurance Act)

Under FRS 117, an insurance contract is defined as "A contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder."



The ISCA Insurance Committee has set up an IFRS 17 Working Group to consider industry issues arising from the adoption of FRS 117 *Insurance Contracts* in Singapore.

FRS 117 *Insurance Contracts* Vs MAS' Risk-Based Capital 2

Guidance From ISCA's IFRS 17 Working Group

PHOTOSHUTTERSTOCK

This definition focuses on the transfer of “significant insurance risk” which is defined as any risk other than financial risk that is transferred from the holder of a contract to the issuer. It focuses on the types of contracts rather than the types of entities. Therefore, **FRS 117 applies to all entities, regardless of whether they are regulated as an insurer or not.** Thus, an entity may be required to apply FRS 117 if the contract it issues meets the definition of an insurance contract. For example, a contract providing warranty for product from an entity that is not a manufacturer, wholesaler or retailer could meet the definition of insurance contract and therefore needs to apply FRS 117. On the other hand, an insurance policy as defined under the Insurance Act is applicable to contracts issued or entered into by **insurers**.

Definition of an insurance policy	Who can issue an insurance policy in Singapore?
Paragraph 1(1) read with paragraph 1(2) of the First Schedule of the Insurance Act defines an insurance policy as any contract of insurance whether or not embodied in or evidenced by an instrument in the form of a policy and this policy includes any contract of insurance which the insurer is under any liability, whether the policies were issued by the insurer or transferred to the insurer from another.	Under Section 4 and 42 of the Insurance Act, only a person licensed or authorised to carry on insurance business in Singapore or a foreign insurer under a foreign insurer scheme (that is, Lloyd’s Asia Scheme) can carry on insurance business in Singapore (including the issuance of insurance policies)

Comparing the two definitions above, one can see that FRS 117 focuses on the transfer of significant insurance risk to the issuer of the contract by the policyholder, but no such consideration is required for MAS reporting for direct insurance policies. **As a result, under FRS 104, there are certain insurance contracts which transfer insignificant insurance risks which are reported as investment contracts but as insurance policies for MAS reporting.** This results in a different classification under both bases and necessitate adjustments to be made. This difference will continue under FRS 117.

2. Separation of insurance components from insurance contracts

The Conceptual Framework of the Singapore Financial Reporting Standards contains general requirements that accounting should reflect the substance of the transaction. If the legal form of the arrangement does not reflect the substance, an entity can consider the substance of the transaction for the accounting.

In this regard, **an entity applying FRS 117 will need to consider whether the substance of the contract is reflected by its legal form when determining the unit of account. If the substance is not reflected by the legal form, then adjustment to the accounting of the contract is required.** It is common for an insurance contract to provide coverage for several different risks, for example, a life insurance policy may cover mortality and morbidity risks, and a general insurance policy may cover fire and liability risks, which are very different in terms of the nature of the risks from each other. This is usually done to provide convenience to customers so that they do not have to purchase multiple contracts or, they reduce the need for customers to shop around to get the best deal for each cover. The entity needs to consider whether it is appropriate to rebut the presumption of the legal contract reflecting the commercial substance. **If the entity wants to rebut the presumption, several criteria will need to be considered including whether there are dependencies across the different risks within the contract.** Only when the criteria are met can the legal contract be separated into different units of account for accounting purposes.

For MAS purposes, the unit of account is generally the legal contract within the insurance fund although there are instances where a single contract is split into separate units of account because they are classified under different insurance funds, for example, a non-participating rider with either a



FRS 117 applies to all entities, regardless of whether they are regulated as an insurer or not.

PHOTOSHUTTERSTOCK

participating or investment-linked host. The Insurance Act, Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133 provide high-level specifications on the classification into the various units of account.

Where an insurance contract contains coverage for different insurance risks, alignment with MAS reporting can be achieved by going with the presumption that the legal contract reflects the substance and is therefore the unit of account. In our view, this can be achieved by considering that the inability to terminate one risk, without causing the others to terminate, to be a key determinant of this decision.

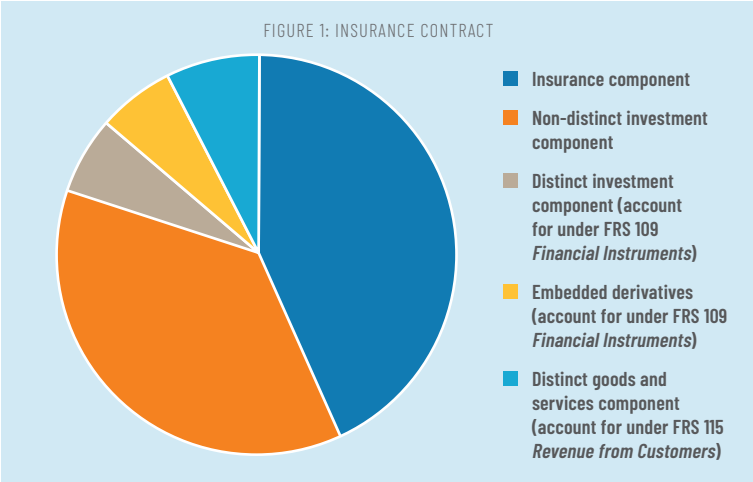
However, the insurer cannot choose to rebut the presumption for certain contracts and not others as this is not an accounting policy choice. Life insurers which currently sell investment-linked contracts or participating contracts with non-participating riders may consider separating the riders from the host insurance contracts to align with MAS reporting as riders are commonly measured and reported separately from the host contracts in the non-participating insurance fund. This must be carefully thought through as not all riders can meet the criteria to separate under FRS 117, especially if there is dependency between the host contract and rider, for example, accelerating riders or unit-deducting riders. This could result in some riders being separated while others are not, which will result in additional complexities.

While FRS 117 *Insurance Contracts*, which will come into effect on 1 January 2023, will bring benefits to the industry, insurers in Singapore still need to follow the reporting and solvency requirements under the Risk-Based Capital 2 (RBC 2) framework prescribed by the Monetary Authority of Singapore. The requirements of FRS 117 are more detailed and significantly different from RBC 2 requirements, which implies that insurers will be required to maintain at least two sets of accounting books for the different reporting purposes. However, there are opportunities to seek alignment in certain areas to reduce complexities and workload.

3. Separation of non-insurance components from insurance contracts

An insurance contract may also contain the following types of non-insurance components which, under FRS 117 paragraph 10, will need to be **assessed whether they are distinct and therefore would require to be separated into separate contracts and accounted for under the relevant accounting standards.** Such components are (Figure 1):

- Embedded derivatives, as defined under FRS 109 *Financial Instruments*;
- Investment components, which are the amounts that the entity is required to repay to a policyholder in all circumstances, regardless of whether an insured event occurs; or
- Promises to transfer distinct goods or services, other than insurance contract services.





If such components are present, then the entity will need to consider if such components are required to be separated from the insurance contract based on FRS 117 requirements. Certain conditions will need to be met for the separation to occur. Such requirements do not exist for MAS reporting purposes.

For the investment components, the entity may prefer not to separate them from the insurance contract to align with the unit of account for MAS reporting. However, this will depend on the facts and circumstances and is not a choice. Although many insurance contracts, particularly those issued by life insurers, contain investment components, they are not required to be separated because of the dependency between the insurance component and the investment component, for example, the measurement of the insurance component cannot be done without consideration of the investment component (for example, the claim amount is dependent on the cash value that has accumulated in a participating contract). Therefore, separation of the investment components which are distinct will likely be an exception rather than the norm. **Even though there is no need to separate the investment components in most of the cases, the non-distinct investment component will still need to be removed from the profit and loss statement unlike for MAS reporting.** This will cause the numbers in the profit and loss statement for MAS reporting to be different as compared to the profit and loss statement under FRS 117.

Promises to transfer distinct goods and services other than insurance services include, for example, roadside assistance, travel assistance, medical assistance, telematics services which are provided regardless of whether claims will be made on the insurance contracts. The policyholder is usually able to enjoy these services on their own. Ideally, the preference will be not to separate these services to apply the accounting to the legal contract, like for MAS reporting. Separation will require premiums to be allocated to these components

and removed from the fulfilment cash flows. This not only creates additional work but also results in differences with MAS reporting. However, as separation of this component when the conditions are met is not a choice under FRS 117, the insurer may be faced with the situation where it will need to separate the component. As these services are usually provided at minimal cost, the insurer may want to consider if such components are material to the financial statements.

FINAL WORDS

This article provides an introduction to the differences between FRS 117 and MAS reporting requirements under RBC 2. The IFRS 17 Working Group will go in depth into the key areas of differences between FRS 117 and RBC 2 in the upcoming articles. While it is envisaged that full alignment of FRS 117 and RBC 2 will not be achieved in the shorter term, the upcoming articles will explore and consider those areas where insurers can look to aligning to reduce the complexities in managing different reporting bases and allow for easier understanding of FRS 117 financials. ISCA

Alvin Chua is Chairman of the IFRS 17 Working Group (WG) and Director, KPMG Services Pte Ltd; Choong Fui Hai is a WG member and Head of Financial Reporting, Prudential Assurance Company Singapore; Lawrence Foo is a WG member and Vice President Group Finance, Great Eastern Life Assurance Co Ltd; and Raymond Tan is a WG member and Operational Controller, Finance & Accounting, AIG Asia Pacific Insurance Pte Ltd.



This is the first of a series of articles from the IFRS 17 Working Group (set up under the ambit of the ISCA Insurance Committee) to help insurers in Singapore navigate through the differences between FRS 117 and RBC 2.

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Transfer Pricing Guidelines

Comparing OECD And IRAS



- TAKE AWAYS**
- IRAS' Transfer Pricing Guideline (TPG) focuses more on comparability; OECD's TPG focuses more on delineation and allocation of risks.
 - Fundamental principles in IRAS' and OECD's TPGs are largely aligned.
 - Both share the common objective that transfer pricing between related parties must follow the arm's length principle.



Adriana Calderon,
Director, Transfer
Pricing Solutions
Asia, compared and
contrasted the latest
Transfer Pricing
Guidelines from
OECD and IRAS

As a member of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework for Implementing Measures against Base Erosion and Profit Shifting (BEPS), Singapore supports the key principle underlying the BEPS Project, namely that profits should be taxed where the real economic activities generating the profits are performed and where value is created. Singapore also adheres to the internationally agreed arm's length principle.

The fundamental principles articulated in OECD's and the Inland Revenue Authority of Singapore's (IRAS') Transfer Pricing Guidelines (TPGs) are similar even though their approaches may vary. While the latter focuses on comparability, the former places emphasis on the delineation and allocation of risks to parties that control the risks and have the financial capacity to bear the risk. These differences provided the setting for an enlightening webinar organised by the Singapore Chartered Tax Professionals, where Adriana Calderon, Director, Transfer Pricing Solutions Asia, compared and contrasted the latest TPGs.



COMPARISON OF IRAS' AND OECD'S TP GUIDELINES

APPLYING THE ARM'S LENGTH PRINCIPLE

At the heart of transfer pricing (TP) is the arm's length principle. The goal of a TP study is to apply the arm's length principle to ensure that the pricing of transactions between related parties reflects independent pricing. Contemporaneous TP documentation is prepared and kept as evidence.

While both Singapore and OECD support the arm's length principle, different approaches have been laid out in their respective TPGs to apply the arm's length principle on related party transactions.

OECD

Based on OECD's TPG, a contractual allocation of risk (and associated expected return) will be

respected only if each party that is contractually allocated a risk is considered, through the accurate delineation analysis, to control its allocated risk, and to have the financial capacity to bear the risk.

The accurate delineation of a transaction is about assessing how the actual behaviour of the parties to a transaction compares to the terms of the written contract. To do this, OECD recommends a five-step process which involves the review of:

- Contractual terms of the transaction;
- Functions performed, assets used, and risk assumed;
- Characteristics of property or service;
- Economic circumstances of the parties and of the market; and
- Business strategies pursued by the parties.



The fundamental principles articulated in OECD's and IRAS' Transfer Pricing Guidelines are similar even though their approaches may vary.

In addition, OECD also proposes the following six-step process to effectuate the analysis of risk:

- Step 1:** Identify economically significant risks with specificity;
- Step 2:** Determine how specific, economically significant risks are contractually assumed;
- Step 3:** Perform functional analysis to determine the parties that assume and manage the risks;
- Step 4:** Interpret the information from Steps 1 to 3 and determine whether the contractual assumption of risk is consistent with the conduct of the associated enterprises and other facts of the case;
- Step 5:** Allocate the risk to the enterprise exercising control and have the financial capability to assume the risk; and
- Step 6:** Price the transaction, taking into account the consequences of risk allocation.

IRAS

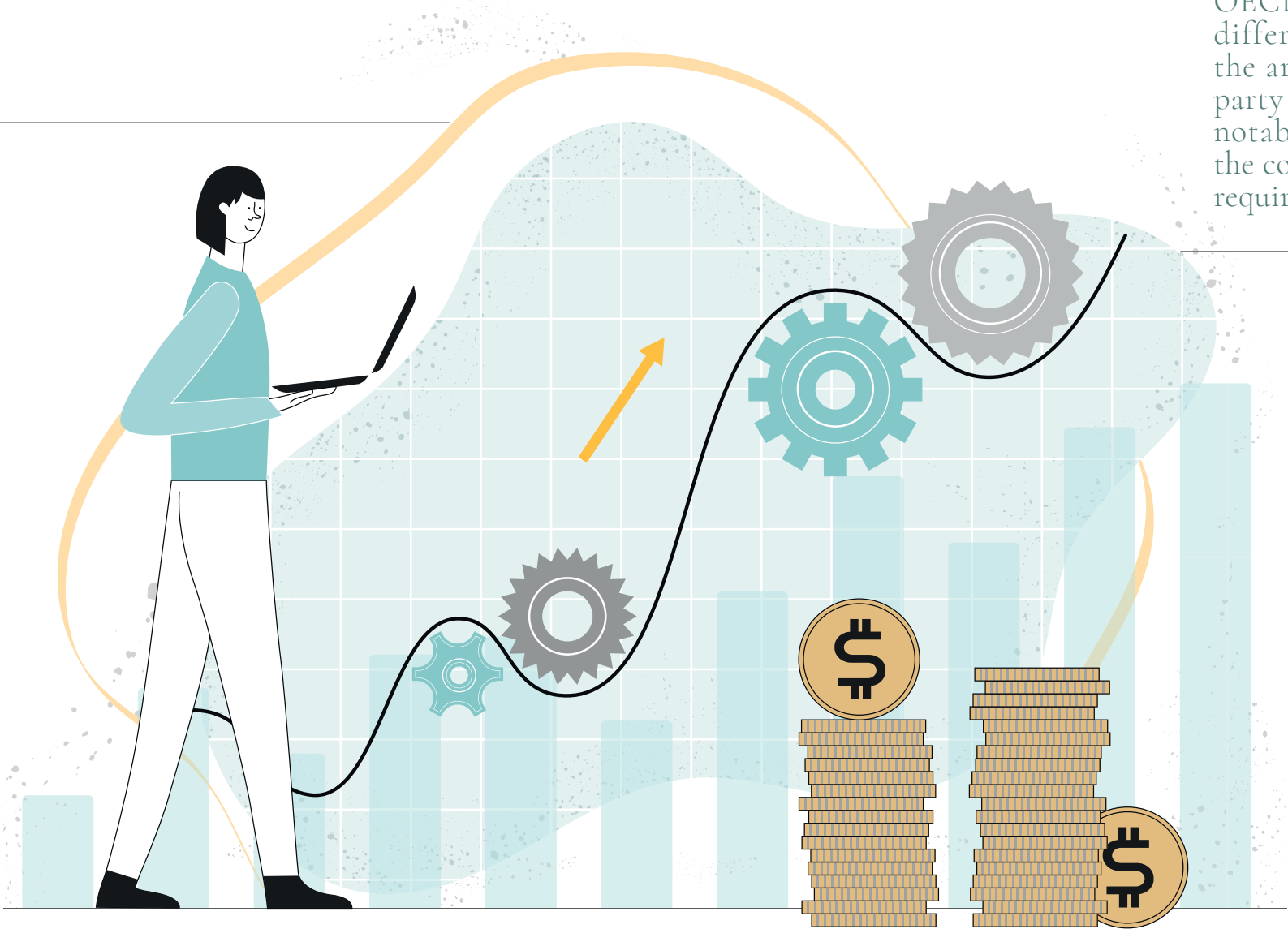
Unlike OECD's more elaborate approach, IRAS recommends that companies adopt the following three-step approach to apply the arm's length principle in their related party transactions:

- Step 1:** Conduct comparability analysis;
- Step 2:** Identify the most appropriate TP method and tested party; and
- Step 3:** Determine the arm's length results.

Despite having only three steps, IRAS' approach is actually a lot more similar to OECD's approach than one may realise.

The comparability analysis under IRAS' approach, for example, requires identifying the commercial or financial relations between the related parties, and the conditions and economically relevant circumstances attached to those relations, in order that the transaction between the related parties is accurately delineated. It also requires comparing the conditions and the economically relevant circumstances of the related party transaction as accurately delineated with the conditions and the economically relevant circumstances of comparable transactions between independent

OECD and IRAS have laid out different approaches in applying the arm's length principle on related party transactions, with OECD being notably more explicit in articulating the control and financial capacity requirement in the allocation of risk.



parties. These economically relevant circumstances are referred to in OECD's five-step process used to delineate a transaction. Upon completion of the comparability analysis, companies should then identify the most appropriate TP method and tested party for the arm's length analysis. Once identified, the selected TP method is applied on the data of comparable independent party transactions to arrive at the arm's length result.

Key observations
OECD and IRAS have laid out different approaches in applying the arm's length principle on related party transactions, with OECD being notably more explicit in articulating the control and financial capacity requirement in the allocation of risk. However, there are also similarities between the two approaches. Importantly, OECD and IRAS share the same objective, that is, to ensure the transfer price between related parties is similar to that between two independent parties in accordance with the arm's length principle.

TP METHODS
Both the OECD's and IRAS' TPGs endorse the use of the following five TP methods:

- Traditional Transaction Methods**
- i. Comparable Uncontrolled Price (CUP) Method
 - ii. Resale Price Method
 - iii. Cost-Plus Method
- Transactional Profit Methods**
- iv. Transactional Net Margin Method (TNMM)
 - v. Transactional Profit Split Method

OECD recommends that companies find the most appropriate TP method for each case based on the strengths and weaknesses of each method in view of the nature of the specific transaction, as well as the availability of reliable information needed to apply the selected method.

Traditional transaction methods are generally regarded by OECD as the most direct means of establishing whether conditions in the commercial and financial relations between associated enterprises are at arm's length. Where they can be applied in an equally reliable manner, OECD generally prefers traditional transaction methods to transactional profit methods.

IRAS' stance on TP methods is fairly consistent to that of the OECD's. Depending on the specific scenario and facts, the method that produces the most reliable results, taking into account the quality of available data and the degree of accuracy of adjustments, should be

applied. As traditional transaction methods provide for a more direct comparison with independent party transactions, IRAS would generally prefer traditional transaction methods to transactional profit methods.

TP DOCUMENTATION REQUIREMENTS
OECD
OECD recommends a three-tiered structure consisting of:

- i. a master file containing standardised information relevant for all multinational enterprise (MNE) group members;
- ii. a local file referring specifically to material transactions of the local taxpayer; and



Where they can be applied in an equally reliable manner, OECD generally prefers traditional transaction methods to transactional profit methods.

- iii. a Country-by-Country (CbC) Report containing certain information relating to the global allocation of the MNE group's income and taxes paid together with certain indicators of the location of economic activity within the MNE group.

IRAS
In Singapore, companies are required to prepare TP documentation under Section 34F of the Income Tax Act if their gross revenue derived from their trade or business for the basis period exceeds S\$10 million, or if they were required to prepare TP documentation in the previous basis period, unless exemption applies.

- Singapore-headquartered MNEs are also required to prepare and file a CbC Report to IRAS if they meet all of the following conditions:
- i. The ultimate parent entity of the MNE group is tax resident in Singapore;
 - ii. Consolidated group revenue for the MNE group in the preceding financial year is at least S\$1,125 million; and
 - iii. The MNE group has subsidiaries or operations in at least one foreign jurisdiction.

Key observations
Instead of having a separate master file and local file, Singapore's TP documentation consists of information both at the group level (to provide a good overview of the group's businesses that is relevant to the business operations in Singapore) and the entity level (to provide details of the Singapore taxpayer's business and its related party transactions).

For the CbC reporting requirement, only the ultimate parent entity of a Singapore MNE group is required to file the CbC Report in Singapore. A Singapore constituent entity of a foreign MNE group is not required to notify IRAS of the foreign reporting entity that will be filing a CbC Report in the foreign jurisdiction.

There are mainly two key issues in the analysis of TP for intra-group services – whether the intra-group services have in fact been provided, and if so, what the intra-group charge for such services should be in accordance with the arm's length principle.



INTANGIBLES

To determine whether an entity has economic ownership of an intangible asset, OECD introduced the concept of "DEMPE" functions. Essentially, DEMPE is designed to allocate the returns to the entities within the MNE group for the functions performed, assets used and risks assumed in the development, enhancement, maintenance, protection and exploitation of intangibles.

INTRA-GROUP SERVICES

There are mainly two key issues in the analysis of TP for intra-group services – whether the intra-group services have in fact been provided, and if so, what the intra-group charge for such services should be in accordance with the arm's length principle.

Both OECD and IRAS recommend the use of the "benefits test" to determine whether intra-group services have been rendered. To be considered an intra-group service, an activity should be one which an independent enterprise would have been willing to pay or perform for itself. In practice, this is a major dispute area as different tax authorities have different interpretations as to whether certain activities would qualify as intra-group services.

After establishing that intra-group services have been rendered, the appropriate charge for the service should be determined based on the arm's length principle. When performing the comparability analysis for intra-group

services, it is important to consider both from the perspective of the service provider and the perspective of the recipient.

FINANCIAL TRANSACTIONS

One of the key issues regarding related party financial transactions is whether a purported loan should be regarded as a loan (instead of a contribution to equity capital). In accurately delineating an advance of funds, economically relevant characteristics (such as the presence or absence of a fixed repayment date; the obligation to pay interest; the right to enforce payment of principal and interest, and the ability of the recipient of the funds to obtain loans from unrelated lending institutions) may be useful indicators.

Overall, the fundamental principles articulated in OECD's and IRAS' TPGs are largely aligned, and any differences are mostly administrative or procedural in nature. Where Singapore taxpayers require more guidance on a specific TP area that is not explicitly covered in IRAS' TPG, it would be useful to also refer to OECD's TPG. *isca*

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