

IMAS Discussion Forum

Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”

September 2008

Agenda

Why are we here?

Summary of discussion by ICPAS RAP 7 Sub-Committee

Where do we go from here?

Alternatives and implications

The Next Step

Why are we here?

- Last meeting - 8 March 2007
- No significant progress since then – but many changes to FRS have taken place, and more to come
- Currently updates to RAP 7 made whenever new accounting standards deemed to affect unit trusts under Singapore Financial Reporting Standards are introduced
- Cumbersome, confusing and time-consuming
- Some key decisions need to be made for the future

Summary of discussion by ICPAS RAP 7 Sub-Committee

- Meeting held on 5 August 2008
- Manager’s responsibilities in Auditor’s Report
- Not required to comply with changes Singapore Companies Act, which place the responsibility on management over “designing, implementing, and maintaining internal controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use of deposition”

Summary of discussion by ICPAS RAP 7 Sub-Committee

- Relevance of form and content of RAP 7 in view of issuance of FRS 107 “Financial Instruments: Disclosures”
- Other forthcoming changes impacting RAP 7 are FRS 32 (Revised) and FRS 108 (Reporting Segments)
- RAP 7 is now playing catch-up, rather than being at the forefront of the industry

Where do we go from here?

- Do you want change?
- Need to consider what investors want, as well as what regulators expect
- A number of options are available
- Key stakeholders
 - IMAS and Fund Managers
 - Monetary Authority of Singapore

Alternatives and implications

Options	Implications
Status Quo	<ul style="list-style-type: none"> • Not a comprehensive accounting framework • Frequent updates and revisions required – time consuming
Full adoption of Singapore Financial Reporting Standards	<ul style="list-style-type: none"> • Comprehensive accounting framework • Comparability with global standards • Costly
“Make-over” Singapore SORP for unit trusts	<ul style="list-style-type: none"> • Tailored for needs and relevance to Singapore • One-time revision and lock-in • Review every [3] years?

The Next Step

- IMAS members to decide on options
- Meeting with MAS to get their views and expectations
- IMAS-ICPAS Working Group to determine action plan and timeline (if option 2 or 3)

Feedback?