

Preface to Interpretations of Financial Reporting Standards

This Preface to Interpretations of Financial Reporting Standards ("INT FRSs") was approved by the Council on Corporate Disclosure and Governance ("CCDG") on 14 January 2003. This will still remain valid and in force as provided under section 8(4) of the Accounting Standards Act.

1. The objective of the INT FRSs is to enhance the rigorous application and comparability of financial statements that are prepared using Financial Reporting Standards ("FRSs") by interpreting potentially contentious accounting issues.
2. Interpretations issued by the CCDG and subsequently the ASC are part of the authoritative literature (see FRS 1, Presentation of Financial Statements). Therefore, financial statements should not be described as complying with Financial Reporting Standards unless they comply with all the requirements of each applicable FRS and each applicable INT FRS issued by the CCDG or the ASC. When an enterprise has not adopted an INT FRS which has been published by the CCDG or the ASC but has yet become mandatory, the enterprise is encouraged to disclose the nature of the future change in accounting policy and an estimate of the effect on its net profit or loss and financial position, or a statement that such an estimate has not been made.
3. Like the FRSs, the INT FRSs are intended to be as concise as the nature of a particular topic allows rather than detailing rules dealing with every conceivable circumstance. The ASC concentrates on essentials and it endeavours not to make accounting requirements so complex that they cannot be applied effectively. Above all, the application of the INT FRSs should be guided by the spirit and reasoning behind the FRS Framework, the FRSs and the INT FRSs themselves.
4. The ASC welcomes the submission of interpretative issues from all interested parties. The ASC considers the following criteria for taking issues on its agenda:
 - the issue should involve an interpretation of an existing FRS within the context of the FRS Framework;
 - the issue should have practical and widespread relevance;
 - the issue should relate to a specific fact pattern; and
 - significantly divergent interpretations must either be emerging or already exist in practice.
5. Contentious cases brought to the ASC can lead to the issuance of an INT FRS, which is applicable on a general basis. Information on the latest INT FRS developments is available on the Internet: <http://www.asc.gov.sg>.