BDO

BDO CONNECT

MANAGING PARTNER'S MESSAGE

Frankie Chia
BDO Singapore

It is with great pleasure to announce that we have relocated to a new office location at 600 North Bridge Road, #23-01 Parkview Square. BDO has been operating at 21 Merchant Road since June 2011 where for the last five years or so, we have seen the firm grown from 280 professional staff to more than 450. As we strive to serve our clients better and expand our service offerings, we need a modern and bigger office location where we can create a conducive work environment and convenient for both our clients and staff. The office location at Parkview Square is ideal because of its proximity to the CBD, excellent connectivity to public transport and most importantly, achieve our expansion plan to serve our client needs.

At the recent ACCA 80th Anniversary dinner on 24 June 2016, BDO was recognised as the most supportive partner to ACCA (the Association of Chartered Certified Accountants). We are honoured to receive the recognition. BDO will continue to support ACCA in the effort to promote appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

After months of fiery debate on whether the United Kingdom (UK) should leave the European Union (EU) or otherwise known as Brexit, the unexpected outcome of the referendum has created a lot of uncertainty and how it will impact the global economy. Already, the immediate reaction from the sudden fluctuation of the British currency has caused jitters across global financial markets. It will take two years or so before the UK withdrawal from the EU to come into effect. Thus, it is still early days to speculate what will happen next.

On behalf of BDO, I hope this quarter's issue will benefit you as we share the updates and insights on accounting and tax developments. Enjoy!

CONTENTS

The New Enhanced Auditor's Report

The effective date is approaching fast - are you ready for the changes?

With the new auditor reporting regime around the corner, whether you are an auditor, a Chief Financial Officer or part of management or Those Charged with Governance (TCWG), it's time to seriously consider how to ensure a smooth transition.

In this edition, we would like to re-emphasise the key changes that will soon affect the auditor's report, share BDO Singapore's experiences based on trial runs that we have conducted, together with some of our suggestions for successful implementation of the new reporting regime, and also highlight the salient requirements of the revised SSA 720 *Other Information*.

The potential trends and changes in the sphere of auditor reporting are summarised in the latest BDO International infographic (Figure 1). Singapore has fully adopted the requirements under International Standards on Auditing as part of Singapore Standards on Auditing.

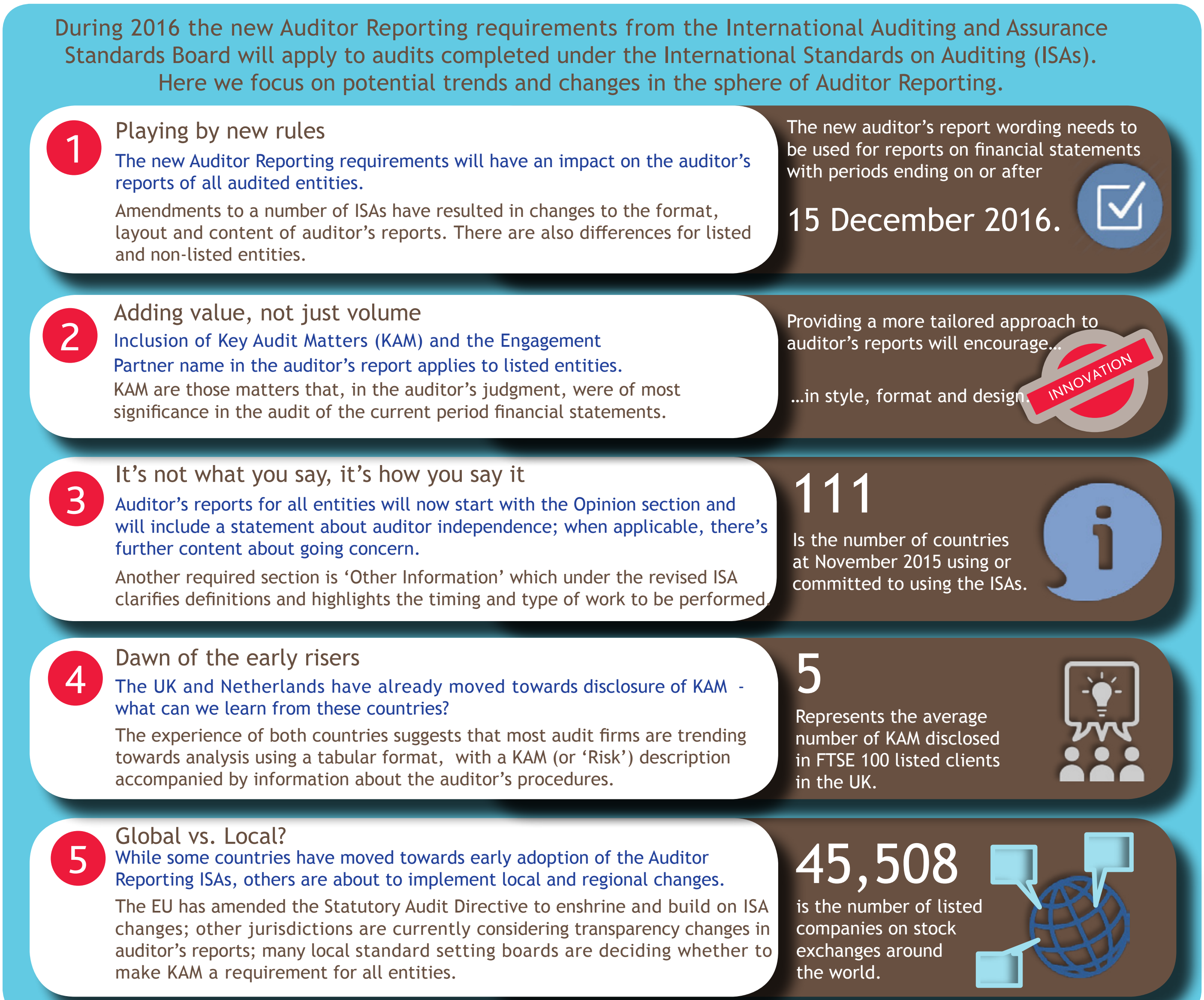

Figure 1: BDO International infographic

BDO'S NEW ENHANCED AUDITOR'S REPORT TRIAL RUNS

At BDO Singapore, some of our audit teams of SGX-listed entities have conducted trial runs as part of 31 December 2015 year end audits and prepared mock-ups of what the auditor's report would look like under the new standards for discussion with the management and TCWG (including audit committees). In particular, significant time and effort have to be set aside to determine and describe the key audit matters (KAM) included in the enhanced auditor's reports. The objectives of these trial runs are to build up our audit teams' expertise internally, and to raise awareness with the management and audit committees externally in order to ensure effective implementation in 2016.

So what has been learned from the trial runs so far?

Management/TCWG concerns

Based on conversations with our clients, some of the most common concerns that our clients have include:

- Will there be sufficient time given for management and TCWG to discuss the KAM with the auditor?
- How will the shareholders react to the information disclosed in the enhanced auditor's report?
- Will the auditor disclose original or sensitive information in the KAM that could create the wrong impressions with users/readers?
- Will there be an increase in the audit time and cost, or delay in the publication of the annual report?

Our Learning Experiences

The trial runs have provided us with valuable insights on the key considerations during the process of preparing the enhanced auditor's report. The senior audit team members have to invest their time early on in the process to ensure a smooth implementation. Some of the key learning experiences from our trial runs include:

- The preparation of KAM can be useful to focus the attention of the audit team, the management and TCWG on the critical audit

and accounting issues throughout the audit.

- It takes time all around to prepare and review KAM. It is important to start early and allow plenty of time for review and deliberations. Typically the process will begin from the audit planning stage and several rounds of discussions are likely to be held between the audit team, management and TCWG before the final auditor's report is finalised.
- The determination of KAM is very judgemental and management/TCWG may not initially agree with the matters chosen by the auditor as KAM or understand the auditor's reasoning. However, effective and timely communication by the audit team should resolve any misunderstandings. Audit teams identify the relevant KAM from matters that have been communicated to TCWG (i.e. typically from the matters covered in the presentations to the audit committee) and will always consider the significant risk areas identified, significant events or transactions and areas involving significant management judgement. The final KAM selection requires significant professional judgement to narrow the list down to those areas "that kept the auditor awake at night" and where auditors had to spend significant time and effort.
- Reporting a KAM does not mean that there is a problem with that area. It could just be something that took a lot of time and effort for the auditor to address even though no errors or control deficiencies were identified. Especially for smaller and simpler entities, with fewer complex and judgemental matters, the auditor may also consider for example the materiality of the balance or the audit effort required when determining KAM. In the auditor's report, there will be an explanation of the reasons for why the matter was considered a KAM and how it was addressed in the audit, however, as the auditor gives an overall opinion on the financial statements, there is no requirement for the auditor to describe the outcome or provide a conclusion in respect of each KAM.
- In drafting the auditor's report, the aim is for the KAM to be entity-specific, clear and understandable to all readers. KAMs should not disclose any original information, and will always include a reference to the disclosures made by the entity about the matter in the financial statements. Investors should find the additional transparency informative and useful.
- Common KAMs identified during the trial runs include:
  - Assessment of impairment of non-current assets, including goodwill
  - Project/long-term contract accounting
  - Accounting for business combinations
  - Valuation of complex financial instruments
  - Valuation of receivables
  - Valuation of inventories

Suggestions for a smooth implementation

- Establish regular communication between the audit team, management and TCWG about the auditor's report, including likely KAM.
- Request a draft of the auditor's report, including KAM, for discussion as early as possible.
- Revisit or prepare early on any disclosures to be made in the financial statements about the likely KAM.
- Consider scheduling an additional audit committee meeting specifically to discuss the financial statements and the auditor's report prior to the finalisation of the annual report.

A FOCUS ON SSA 720 *OTHER INFORMATION*

Among the series of ISAs/SSAs that were substantially revised as part of the auditor reporting project was ISA/SSA 720 *Other Information* which introduces some significant changes intended to clarify and increase the auditor's involvement with "Other Information". In Singapore ISCA issued the revised SSA 720 in November 2015 i.e. later than the rest of the package of auditor reporting standards issued in July 2015, but with the same effective date. An auditor's report will include a separate section on Other Information.

What does Other Information include?

What exactly is "Other Information" (OI)? OI is defined as "financial and non-financial information (other than the audited financial statements and the auditor's report thereon) included in an entity's annual report". In Singapore, based on the definitions in SSA 720 for OI and the annual report, the Directors' Statement is part of the OI for all companies.

For many non-listed companies, OI will typically comprise only the Directors' Statement. For listed companies that publish an annual report, OI typically also includes the chairman's statement, management commentary or operating and financial review and the corporate governance report. It may include a sustainability report covering social and environmental matters (required by SGX on a comply-or-explain basis from 2017 onwards).

In general, the volume of material included in the annual reports has increased significantly in recent years, and much more narrative and qualitative information is now included. Hence, there was a need to revise the auditing standards in order to clarify and to increase the auditor's involvement with this information.

What are the new requirements?

The main question many will want to understand is whether OI now needs to be audited, and the answer is no. **ISA 720 retains the concept that OI is <u>not audited</u>**.

The IAASB has focused on three main priorities:

Consistency

Increasing the consistency of auditor's consideration of the diverse range of OI that exists in different jurisdictions.

Value of the audit

Without changing the scope of the audit, enhancing the focus by the auditor on OI.

Transparency

Articulating the auditor's responsibilities in the auditor's report and the outcome of the auditor's work on OI.

How will the auditor's involvement with OI increase?

Currently, the auditor must read the OI to identify material inconsistencies with the audited financial statements. This is still required, but under the revised SSA 720 the auditor is also required to:

- Evaluate the consistency, and compare selected amounts or other items in the OI with amounts or other items in the financial statements as the basis for considering whether there is material inconsistency between the OI and financial statements.
- Consider whether there is a material inconsistency between the OI and our knowledge obtained during the audit.
- Remain alert for indications that the OI is materially misstated (other than when it relates to the financial statements or our knowledge obtained during the audit).

It is important to note that **the auditor's work effort on OI applies regardless of whether we obtain the OI before or after the date of the auditor's report.**

An auditor's report will always **include a separate section on OI** if the auditor obtains some or all of the OI as at the date of the auditor's report. Additionally, for listed entities, there will be an OI section if OI is expected to be obtained after the date of the auditor's report.

SSA 720 includes 7 illustrative examples for different scenarios. The following is an example where all OI has been obtained as at the date of the auditor's report, and no material misstatements in the OI have been identified by the auditor:

Identification of what comprises other information obtained prior to the date of the auditor's report or expected to be obtained after that date (listed co.s)

Statement that management is responsible for the other information

Statement about extent of the auditor's opinion in the context of OI

Explanation about what the auditor did

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Statement that nothing to report or statement about any material uncorrected misstatements identified

What are the practical considerations for SSA 720 implementation?

The timing of the receipt of OI from management presents a practical issue for many audits of listed companies. Preferably all OI should be available as at, and in practice before, the date of the auditor's report to allow the auditor to report that they have nothing to report in respect of their review of it, as illustrated above. Otherwise, the **auditor would have to state that OI was not received**.

Although the auditor still has to review any OI received after the date of the auditor's report, readers of the financial statements would not be informed through the auditor's report whether there were findings from the work performed on OI, potentially creating uncertainty for investors. To avoid this, we emphasise the importance of **early communication** between the audit team, management, the board and audit committee so that **arrangements can be put in place for the OI to be ready on time**.

FOR MORE INFORMATION ABOUT AUDITOR REPORTING

1. Visit the IAASB website for copies of the ISA standards and other resources at: www.ifac.org (Auditor Reporting).

   The IAASB has been regularly adding to the resources available on their auditor reporting page, including a recent publication called *"More Informative Auditor's Reports - What Audit Committees and Finance Executives Need to Know"*.

2. Visit the ISCA website for the SSAs and information about local adoption at: www.isca.com (Auditor Reporting | ISCA).

For further information or clarifications, kindly contact:

Ng Kian Hui
Audit & Assurance Partner
kianhui@bdo.com.sg
+65 6828 9117

Elisa Noble
Technical Director
elisanoble@bdo.com.sg
+65 6828 9178

IFRS Updates

AMENDMENTS TO FRS 115 *CLARIFICATIONS TO FRS 115 REVENUE FROM CONTRACTS WITH CUSTOMERS*

On 12 April 2016, the International Accounting Standards Board (IASB) issued amendments to the new revenue standard, IFRS 15 *Revenue from Contracts with Customers*, clarifying some requirements and providing additional transitional relief for companies that are implementing the new standard. The amendments are effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

In Singapore, the Accounting Standards Council (ASC) adopted these as Amendments to FRS 115 on 8 June 2016 with the same effective date

These changes do not change the underlying principles of IFRS 15/FRS 115, but clarify the existing guidance for:

1. Identification of performance obligations

- IFRS 15/FRS 115 requires revenue recognition for each separate performance obligation and performance obligations are identified for distinct (separately identifiable) goods or services.
- Amendments were made to the wording of the standard to clarify this concept.
- Additional illustrative examples have been added and existing ones amended.

2. Principal vs. agent considerations

- IFRS 15/FRS 115 includes application guidance for an entity to determine whether it is a principal or an agent i.e. based on whether it controls the specified goods or services before the transaction (principal) or not (agent).

- Amendments were made to the application guidance to clarify this, especially as the assessment is more complex for items purchased online compared to tangible assets.
- The credit risk indicator has also been removed, so that exposure to credit risk is no longer an indicator that an entity is acting as principal.
- The illustrative examples have been amended and added to accordingly.

3. Licensing agreements

- Revenue from a licensing agreement is recognised either over time or at a point in time depending on whether the contract requires the entity to undertake activities that significantly affect the functionality of the intellectual property.
- Amendments were made to the application guidance to clarify when the entity's activities will significantly affect the intellectual property, i.e. when the activities are expected to change the form or functionality, or the ability of the customer to derive benefits from

the intellectual property is substantially derived from, or dependent on, those activities.

- Further guidance was also added on sales-based or usage-based royalties.
- The illustrative examples have been amended accordingly.

4. Transitional reliefs

- Two additional practical expedients on transition to FRS 115 have been included.
- Contracts that are completed at the beginning of the earliest period presented do not need to be restated when an entity applies FRS 115 retrospectively.
- For contracts that are modified before the beginning of the earliest period presented, an entity is permitted to use hindsight to identify satisfied and unsatisfied performance obligations, and the transaction price, in order to determine the impact of the modifications on transition.

For more information

For further information on the amendments to IFRS 15, refer to BDO's BDO IFR Bulletin 2016/06 Clarifications to IFRS 15 Revenue from Contracts with Customers.

AMENDMENTS TO IFRS 2 *CLASSIFICATION AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS*

On 20 June 2016, the International Accounting Standards Board (IASB) issued Amendments to IFRS 2 *Share-based Payment*, to clarify how to account for certain types of share-based payment transactions. The amendments were developed by the IFRS Interpretations Committee and provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after 1 January 2018 and are to be applied in accordance with the transitional provisions specified. Retrospective application in accordance with IAS 8 can be elected if and only if it is possible to do so without hindsight. If retrospective application is elected, it must be applied for all of the resulting amendments. Early adoption is permitted.

LATEST BDO IFRS PUBLICATIONS

BDO publishes a range of publications on IFRS to be found at BDO International | IFRS. Do take a look at our latest publications:

- IFRS at a Glance – 'one page' and short summaries of all IFRS standards, the latest version issued in May 2016.
- IFR Bulletins - one of BDO's regular publications, focusing on the latest developments in IFRS, typically issued when a new standard is released. Recent IFR Bulletins include 2016/05 IFRS Interpretations Committee - Agenda Rejections (Mar 2016) and 2016/06 Clarifications to IFRS 15 Revenue from Contracts with Customers.
- IFRS in Practice – practical information about the application of key aspects of IFRS, including industry specific guidance. Recent IFRS in Practice include *IFRS 11 Joint Arrangements* (Feb 2016).
- Comment letters on IFRS standard setting - includes BDO comments on various projects of international standard setters, including Exposure Drafts and other Discussion Papers, when it is considered that the issue is significant to the BDO network and its clients. Latest comment letters include The implementation of IFRS 9 requirements by banks.

Singapore joins inclusive framework for implementing BEPS

On 16 June 2016, Singapore joined the inclusive framework for implementing measures against Base Erosion and Profit Shifting (“BEPS”). The inclusive framework was proposed by the OECD and endorsed by G20 members in February 2016.

By joining the inclusive framework, Singapore has committed to implement the following four minimum standards of the 15-point action plan under the BEPS project:

1. Countering harmful tax practices, Action point 5

This action point focuses on the concerns about preferential regimes (offering some form of tax preference in comparison with general principles of taxation in the relevant country) that risk being used for artificial profit shifting and about a lack of transparency in connection with certain rulings.

Singapore uses tax incentives to promote investment in certain business sectors of the economy. These incentives are legislated under the Income Tax Act or the Economic Expansion Incentives (Relief from Income Tax) Act and require the recipients to anchor substantive business operations in Singapore and contribute to the overall growth of the economy. Periods for which the tax incentive applies are defined including the income eligible for incentives. Where the incentives have outlived their relevance, Singapore will retire them and assess the relevance of existing incentives to the overall economy on an on-going basis. The review process ensures that Singapore uses tax incentives to its economic advantage and thereby adhering to the key BEPS principle of taxing the profits where real economic activities generate them.

2. Preventing treaty abuse, Action point 6

Action 6 seeks to address treaty abuse and in particular treaty shopping. Singapore does not condone treaty shopping. The tax treaties signed by Singapore contain anti-treaty shopping provisions to prevent abuse. To further bolster the anti-treaty shopping provisions, Singapore and other jurisdictions are working to develop a multilateral instrument which will incorporate measures like “Limitation of Benefits” clause and a more general anti-abuse rule based on the principal purpose of transactions or arrangements. Countries that sign this multilateral instrument will adopt the measures in their tax treaties.

Singapore will consider whether it will be a party to this instrument after it is finalised.

3. Transfer pricing documentation - Country-by- Country Reporting (“CbCR”), Action point 13

In addition to the two-tier approach of preparing transfer pricing document – a Group level and Entity level files, Singapore will adopt a three-tier approach by implementing CbCR. CbCR will be implemented for multinational enterprises (“MNEs”) whose ultimate parent entities are in Singapore and whose group turnover exceeds S$1.125 billion. The implementation of CbCR will commence for financial years beginning on or after 1 January 2017 and these entities will be required to file CbC reports within 12 months from the last day of their financial year.

The CbC report will require entities amongst other things to declare the amount of revenue, profit before income tax, and income tax paid and accrued for each tax jurisdiction in which these MNEs do business. Through CbC report, tax authorities will get a holistic view of MNEs business operations which will now be susceptible to tax audits should MNEs not take steps to review and assess their risk prone areas.

The CbC reports will be automatically exchanged with tax authorities of other jurisdictions that have entered into bilateral agreements with Singapore.

The implementation details of CbCR will be released by Inland Revenue Authority of Singapore by September 2016.

4. Enhancing dispute resolution, Action point 14

The mutual agreement procedure under tax treaties provides a mechanism, independent from remedies available under domestic laws, to resolve tax disputes regarding the interpretation or application of the tax treaty on mutual basis. Singapore will work closely with other jurisdictions to monitor the implementation of minimum standards on dispute resolution developed under the BEPS project. This will ensure that taxpayers access to effective and expedient dispute resolution mechanisms under bilateral tax treaties.

Key takeaways

By adopting the framework, Singapore now joins other jurisdictions to ensure the consistent implementation of measures under the BEPS project and a level playing field across jurisdictions. Singapore does not condone activities aimed at BEPS and abides by the principle that profits should be taxed where the real economic activities generating the profits are performed and where value is created. To that extent the present tax policies and incentive regimes designed to support substantive business activities will further bolster Singapore's standing as a transparent and tax abiding jurisdiction in the international tax community. Businesses should therefore ensure that their application for tax incentives are supported with substantive business activities in Singapore as Singapore is committed to counter artificial shifting of profits under the BEPS project.

With the implementation of CbCR, MNEs whose ultimate parent entities are in Singapore will be impacted. These entities will be responsible for collating the information for CbC reports. The information contained within a CbC report will be exchanged with other tax jurisdictions who will have a holistic view of the tax position of that MNE. With this information, tax authorities will be able to assess where the MNE is under paying its taxes in contrast to the value generated. To that extent, we recommend MNEs to risk assess through dry runs the jurisdictions which may be prone to challenges from tax authorities at their soonest. All in all, we expect the tax environment to be more transparent and fluid with the automatic exchange of CbCR information and the era of tax havens a history.

With the advent of technology, taxpayers should now review their operating models to re-assess where the value is created and ensure that profits are taxed accordingly. The availability of enhanced dispute resolution mechanism will only be helpful if one has done their homework through arranging their business affairs appropriately. The unchartered territory of international tax is a slippery slope down unless one takes note of the BEPS principles through proactive result oriented actions.

For more information on transfer pricing kindly contact:

Evelyn Lim
evelynlim@bdo.com.sg
+65 6829 9629

Wong Sook Ling
sookling@bdo.com.sg
+65 6828 9145

Harsh Shah
harsh@bdo.com.sg
+65 6828 9180

Prerna Bathija
prerna@bdo.com.sg
+65 6829 9635

Internationalisation in the Digital Wave

While Singapore has become a hub for international players to park their regional headquarters in South East Asia, many local SMEs owners are struggling with the rising operating costs within the island city to move forward with their global ambitions. The digital wave has helped many businesses around the world take the first step towards globalizing their business, but Singapore is lagging behind. Total online sales in the country account for a mere 4 to 5% of retail sales whereas in China or the US, online sales have reached double digits. Time, investments and manpower required are three main contributing factors that are keeping many SMEs on hold for the time being.

When small businesses are consumed with fighting fires on a daily basis, it becomes difficult to review long-term growth plans to stay above the curve. The ecommerce revolution is no exception. While the government plans to take larger steps in providing a more integrated system to expand market opportunities to neighbouring countries for SMEs, this may take some time before it becomes fully functional and is open to the public. Until then, businesses must start thinking how they can improve their digital outreach to local and foreign consumers.

Too often, organizations pour their resources into an ineffective website that is not properly integrated into their long term strategy. To get started, businesses must define what their primary business goal is and create an ecommerce platform to support it. For example, if the objective is to bring a product into a new market, ensure your website is properly designed to cater to the local people, with a strong back-end to support overseas purchases and shipments. If you already have an ecommerce platform in place, take a step back to analyse any areas for improvement. Upgrades to an ecommerce platform do not have to be

big and expensive. Changes may be as simple as adding in a new feature.

A good example of a local success story in ecommerce is RedMart. It is an online platform for Singaporeans and other regional buyers to purchase their groceries and have them conveniently delivered to their doorsteps. The company has grown its success by tapping into the growing number of internet users and continuously integrating ecommerce trends into its business strategy. As the number of smartphone users continues to increase, the company launched an app to cater to a population of mobile shoppers. RedMart has moulded its business model around a tech-savvy pool of customers, with plans to further expand its outreach abroad.

Remember, there is no distance online. Global consumers are able to purchase goods from around the world within a few clicks. Singaporean SMEs must take concrete steps to stay relevant and competitive in the new digital era. As consumer demands and expectations are shifting, the only way to stay alive is to make that shift as well.

For more information, kindly contact:

Seema Gosla Voyda
seemavoyda@bdo.com.sg
+65 6829 9118 extn 710

Making Sense of the Numbers

With increasing competition and rising costs on all fronts, management of many companies spend substantial amounts of their time fire-fighting and thinking of ways to remain relevant and competitive. As a result, financial analysis and its application to strategic planning is often neglected as having smooth operations is top priority. To worsen the problem, financial analysis is commonly viewed as difficult, time-consuming and extremely technical thus frowned upon. This article aims to simplify the perceived complexity of financial analysis, educating management on how to make sense of their numbers.

Financial analysis involves the examination of historical and current financial information to gain insights on the company's historical and future financial performance. This information can be obtained from the Financial Statements, particularly Income Statement, Balance Sheet and Cash Flow Statement. Financial analysis helps management understand their strengths and weaknesses, more accurately evaluate potential opportunities thus resulting in better decision-making.

The four main methods of financial analysis and their application are explained below:

Horizontal analysis

Horizontal analysis involves the comparison of historical financial information over a certain time period. It measures both the absolute and percentage change of the ratio or line item between time periods and can be used for all three main components of the financial statements. For example, one can calculate the year-on-year absolute and percentage change in revenue to gain insights on revenue performance over a particular time horizon. This analysis is important as management can understand the trend of the line items, comparing it with the industry, their operations and the strategic direction to determine whether it is aligned. In addition, large variances can be easily identified to allow management to focus their resources on investigating substantial or anomalous variances.

Vertical analysis

Vertical analysis involves the comparison of historical financial information as a percentage of a line item for a particular time period. It measures the line item in proportion to a designated base and can also be used for both the Income Statement and Balance Sheet. For example, one can calculate the percentage of cash and equivalents to total current assets to know the strength of their cash reserves or the percentage of staff expenses to total operating expenses to grasp the extent of the burden on revenue. The main benefit of this analysis is that results from companies of different sizes can be easily compared. Management can also compare percentages from different time periods to determine whether composition of account types e.g. asset, liabilities, expenses has changed with time.

Ratio analysis

Ratio analysis is the quantitative analysis of information in the financial statements. It evaluates the company in various aspects e.g. financial sustainability, liquidity and profitability using different ratios. This allows management to understand their strengths and weaknesses in the different aspects, providing early warning signs on potential issues so that management can improve their weaknesses.

Benchmarking

Benchmarking is the comparison of your own performance against competitors and best practices. This method is the most critical and should be used in conjunction with the abovementioned to allow management to determine their "true" performance. When formulating the benchmark, it is especially crucial that the right competitors are identified and recent data is prioritised to ensure a fair and accurate comparison.

As shown above, a lot of insights can be gathered from the "sea of numbers" in the financial statements that many shy away from. With a little patience and the existence of data, management can definitely make sense of their own numbers!

For more information, kindly contact:

Rachel Gan
rachelgan@bdo.com.sg
+65 6829 9118 extn 896

CONTACT US

BDO LLP
600 North Bridge Road,
#23-01 Parkview Square
Singapore 188778
Tel: +65 6828 9118
Fax: +65 6828 9111
info@bdo.com.sg

Like us today!
BDOSingapore@Facebook
BDOSingaporeLLP@Linkedin

www.bdo.com.sg