

Sample Independent Auditor's Reports

This Audit Guidance Statement was issued by the Council of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) in May 2006.

This Statement was revised in June 2008.

Following amendments to SSA 700 in March 2008, consequential amendments were made to AGS 1 in August 2008.

This Statement was updated in January 2010.

This Statement was last revised in January 2012.

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Sample Independent Auditor's Reports

Foreword

The sample independent auditor's reports in this Audit Guidance Statement are for illustrative purposes only. The text in the reports essentially adheres to the principles of the relevant auditing standards. Auditors should consider the applicability of the sample independent auditor's reports for their engagement purposes.

APPENDIX 1

Sample Independent Auditor's Reports on SSA 700 *Forming an Opinion and Reporting on Financial Statements*

The following are forms of an auditor's report incorporating the principles set forth in SSA 700.

(1A) Non-incorporated entity

Independent Auditor's Report to ____ (1) of ____ (entity)

Report on the Financial Statements¹

We have audited the accompanying financial statements of ____ (entity) (the "____ (3)"), which comprise the statement of financial position as at ____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's² Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of ____ (2) and Singapore Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

² Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

(1) Insert class of persons, e.g. 'the members', 'the unit holders', etc.

(2) Insert reference to appropriate rules, regulations, etc.

(3) Insert type of entity, e.g. 'Association', 'Partnership', etc.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.³ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of _____ (2) and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the _____ (3) as at _____ (date) and the results, changes in equity and cash flows of the _____ (3) for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by _____ (2) to be kept by the _____ (3) have been properly kept in accordance with the provisions of _____ (2).⁴

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

(Firm)

Public Accountants and
Chartered Accountants
Singapore

(Date)

³ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances."

⁴ To delete if not applicable.

(1B) Incorporated entity

Independent Auditor's Report to the Members of _____ (entity)

Report on the Financial Statements¹

We have audited the accompanying financial statements of _____ (entity) (the "Company"), which comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's² Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, [and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets].*

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.³ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

² Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

³ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances."

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at _____ (date) and of the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

* Auditor's report for an audit of financial statements of a private company

The "Management's Responsibility for the Financial Statements" paragraph in the above illustration for an incorporated entity is applicable to public companies and their subsidiaries (see section 199(2A) of the Singapore Companies Act, Chapter 50).

It is important to understand that internal control is the underlying bedrock for the fair preparation and presentation of financial statements of all entities. The way in which internal control is designed and implemented varies with an entity's size and complexity. Specifically, smaller entities may use less formal means and simpler processes and procedures to achieve their objectives. For example, smaller entities with active management involvement in the financial reporting process may not have extensive descriptions of accounting procedures or detailed written policies.

For some entities, in particular very small entities, the owner-manager may perform functions, which in a larger entity would be regarded as belonging to several of the components of internal control. Therefore, the components of internal control may not be clearly distinguished within smaller entities, but their underlying purposes are equally valid.

Smaller entities often have fewer employees, which may limit the extent to which segregation of duties is practicable. However, for key areas, even in a very small entity, it can be practicable to implement some degree of segregation of duties or other form of unsophisticated but effective controls. The potential for override of controls by the owner-manager depends to a great extent on the control environment and in particular, the owner-manager's attitudes about the importance of internal control.

It is important that practitioners continue to communicate and educate their private company clients about the importance of internal control. As books, records and systems are an integral part of internal control (as defined in SSA 315 *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment*), practitioners should, as necessary, discuss with their private company clients the appropriateness of including the paragraph highlighted by an asterisk (*) in the independent auditor's report, which would be viewed positively from the corporate governance angle. Where a private company client of an audit practitioner does not accept the inclusion of the paragraph highlighted by an asterisk (*) in the independent auditor's report, the practitioner has to consider whether an unmodified audit opinion would still be appropriate in the circumstances.

(1C) Holding company

Independent Auditor's Report to the Members of ____ (entity)

Report on the Financial Statements¹

We have audited the accompanying financial statements of ____ (entity) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at ____ (date), and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.*

Management's² Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, [and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets].**

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.³ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

² Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

³ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances."

the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at _____ (date) and of the results, changes in equity and cash flows of the Group for the year ended on that date.*

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

These introductory and opinion paragraphs highlighted by an asterisk (*) are appropriate where only the Company's statement of financial position is presented in accordance with the provisions of the Singapore Companies Act. These paragraphs may be modified for situations where the Company's statement of comprehensive income, statement of changes in equity or the complete set of financial statements⁴ are also presented as follows:

- (A) Where the statement of comprehensive income of the Company is also presented, the following paragraphs would be appropriate:

(Introductory paragraph)

We have audited the accompanying financial statements of _____ (entity) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at _____ (date), the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of comprehensive income of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

(Opinion paragraph)

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of comprehensive income of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at _____ (date) and of the results, changes in equity and cash flows of the Group and the results of the Company for the year ended on that date.

⁴ The complete set of financial statements includes the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and accounting policies and explanatory information.

- (B) Where the statement of changes in equity of the Company is also presented, the following paragraphs would be appropriate:

(Introductory paragraph)

We have audited the accompanying financial statements of _____ (entity) (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at _____ (date), the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

(Opinion paragraph)

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at _____ (date) and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

- (C) Where the complete set of financial statements of the Company is presented, the following paragraphs would be appropriate:

(Introductory paragraph)

We have audited the accompanying financial statements of _____ (entity) (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at _____ (date), the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

(Opinion paragraph)

In our opinion, the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at _____ (date) and of the results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

**Auditor’s report for an audit of financial statements of a private company

The “Management’s Responsibility for the Financial Statements” paragraph in the above illustration for a holding company is applicable to public companies and their subsidiaries (see section 199(2A) of the Singapore Companies Act, Chapter 50).

It is important to understand that internal control is the underlying bedrock for the fair preparation and presentation of financial statements of all entities. The way in which internal control is designed and implemented varies with an entity’s size and complexity. Specifically, smaller entities may use less formal means and simpler processes and procedures to achieve their objectives. For example, smaller entities with active management involvement in the

financial reporting process may not have extensive descriptions of accounting procedures or detailed written policies.

For some entities, in particular very small entities, the owner-manager may perform functions, which in a larger entity would be regarded as belonging to several of the components of internal control. Therefore, the components of internal control may not be clearly distinguished within smaller entities, but their underlying purposes are equally valid.

Smaller entities often have fewer employees, which may limit the extent to which segregation of duties is practicable. However, for key areas, even in a very small entity, it can be practicable to implement some degree of segregation of duties or other form of unsophisticated but effective controls. The potential for override of controls by the owner-manager depends to a great extent on the control environment and in particular, the owner-manager's attitudes about the importance of internal control.

It is important that practitioners continue to communicate and educate their private company clients about the importance of internal control. As books, records and systems are an integral part of internal control (as defined in SSA 315 *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment*), practitioners should, as necessary, discuss with their private company clients the appropriateness of including the paragraph highlighted by a double asterisk (**) in the independent auditor's report, which would be viewed positively from the corporate governance angle. Where a private company client of an audit practitioner does not accept the inclusion of the paragraph highlighted by a double asterisk (**) in the independent auditor's report, the practitioner has to consider whether an unqualified audit opinion would still be appropriate in the circumstances.

(1D) Branch of a foreign company

Independent Auditor's Report to XYZ Company Limited

Report on the Financial Statements¹

We have audited the accompanying financial statements of the Singapore Operations of XYZ Company Limited (the "Branch"), pursuant to section 373 of the Singapore Companies Act, Chapter 50 (the "Act"). These financial statements comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in head office account^{1a} and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Branch is a segment of XYZ Company Limited and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded therein.

Management's² Responsibility for the Financial Statements

The Branch's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.³ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

^{1a} The reference to the Statement of Changes in Head Office Account is for illustrative purposes and might not be applicable for some engagements. The notes to the financial statements could address special items like Other Reserves.

² Or other term that is appropriate in the context of the legal framework in the particular jurisdiction

³ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances."

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the assets used in, and liabilities arising out of, the Branch's operations in Singapore as at _____ (date), and of the results, changes in head office account^{1a} and cash flows of the Branch's operations in Singapore for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records examined by us relating to the Branch's operations in Singapore have been properly kept in accordance with the provisions of the Act.

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

(1E) Bank

Independent Auditor's Report to the Members of _____ (entity)

Report on the Financial Statements¹

We have audited the accompanying financial statements of _____ (entity) (the "Company"), which comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's² Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.³ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

² Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

³ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances."

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, [including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612⁴ "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore,]⁵ so as to give a true and fair view of the state of affairs of the Company as at ____ (date) and of the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

____ (Firm)
Public Accountants and
Chartered Accountants
Singapore
____ (Date)

Where the Bank has modified the application of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the MAS, the notes to the financial statements should describe this. Suggested wordings are:

Note X: Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Chapter 50 (the "Act"). In accordance with Section 201(19) of the Act, the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning are modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

⁴ For Merchant Banks, the applicable reference will be Notice to Banks No. 1005 "Credit Files, Grading and Provisioning".

⁵ The reference to MAS 612 is not required if the Bank has complied with the requirements of FRS 39.

(1F) Branch of a foreign bank

Independent Auditor's Report to XYZ Banking Corporation

Report on the Financial Statements¹

We have audited the accompanying financial statements of the Singapore Operations of XYZ Banking Corporation (the "Branch"), pursuant to section 373 of the Singapore Companies Act, Chapter 50 (the "Act"). These financial statements comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in head office account² and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Branch is a segment of XYZ Banking Corporation and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded therein.

Management's³ Responsibility for the Financial Statements

The Branch's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control⁴. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

² The reference to the Statement of Changes in Head Office Account is for illustrative purposes and might not be applicable for some engagements. The notes to the financial statements could address special items like Other Reserves.

³ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

⁴ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances."

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, [including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore]⁵ so as to give a true and fair view of the assets used in, and liabilities arising out of, the Branch’s operations in Singapore as at _____ (date), and of the results, changes in head office account and cash flows of the Branch’s operations in Singapore for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records examined by us relating to the Branch’s operations in Singapore have been properly kept in accordance with the provisions of the Act.

[Form and content of this section of the auditor’s report will vary depending on the nature of the auditor’s other reporting responsibilities.]

(Firm)

Public Accountants and
Chartered Accountants
Singapore

(Date)

Where the Singapore Branch has modified the application of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by the requirements of Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore, the notes to the financial statements should describe this. Suggested wordings are:

Note X: Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) as required by the Companies Act, Chapter 50 (the “Act”). In accordance with Section 201(19) of the Act, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning are modified by the requirements of Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore.

⁵ The reference to MAS 612 is not required if the Branch has complied with the requirements of FRS 39. Refer to Appendix 1D if there are no modifications to the opinion paragraph in the auditor’s report.

(1G) Foreign company

Independent Auditor's Report to the Members of _____ (entity)

Report on the Financial Statements¹

We have audited the accompanying financial statements of _____ (entity) (the "Company"), which comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's² Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.³ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Company as at _____(date) and its financial performance and its cash flows for the year ended on that date.

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

² Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

³ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances."

Report on Other Legal and Regulatory Requirements

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

(1H) Society

Independent Auditor's Report to the Members of _____ (Society)

(Registered under the Societies Act, Chapter 311)

Report on the Financial Statements¹

We have audited the accompanying financial statements of _____ (society) (the "Society") which comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards and the Societies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Society as at _____ (date) and the results, changes in equity and cash flows of the Society for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion:

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

- (a) The accounting and other records required by the regulations enacted under the Societies Act to be kept by the Society have been properly kept in accordance with those regulations; and
- (b) [the fund-raising appeal held during the period _____ to _____ has been carried out in accordance with regulation 6 of the Societies Regulations issued under the Societies Act Chapter 311 and proper accounts and other records have been kept of the fund-raising appeal]*.

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

Public Accountants and
Chartered Accountants
Singapore

(Firm)
(Date)

* To delete if there had been no fund-raising appeal conducted by the Society during the financial period.

(1I) Charity (Company Limited by Guarantee)

Independent Auditor's Report to _____ (Charity)

This illustrative report is for the situation where the Charity is incorporated as a Company limited by guarantee. The Charity is also registered under the Charities Act, Chapter 37. Where the Charity is not incorporated as a Company under the Singapore Companies Act, refer to Appendix 1A Non-incorporated entity for a sample of the auditor's report to be issued.

Report on the Financial Statements¹

We have audited the accompanying financial statements of _____ (the "Charity"), which comprise the [statement of financial position/balance sheet*] as at _____ (date), and the [statement of comprehensive income/statement of financial activities*], statement of changes in equity* and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and [Singapore Financial Reporting Standards², and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

* To delete where inapplicable.

¹ The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

² This may be changed to Charities Accounting Standards if applicable.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards² so as to give a true and fair view of the state of affairs of the Charity as at _____ (date) and the results, changes in equity and cash flows of the Charity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Charity have been properly kept in accordance with the provisions of the Act.

[Where the Charity has IPC status³:

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

- a. The use of the donation moneys was not in accordance with the objectives of the Charity as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- b. The Charity has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations*]

Or

[Where the Charity does not have IPC status but conducts fund-raising activities³:

During the course of our audit, nothing has come to our attention that causes us to believe that during the year the Charity has not complied with the requirements of Regulation 7 of the Charities (Fund- Raising Appeals) Regulations.*]

Public Accountants and
Chartered Accountants
Singapore

(Firm)
(Date)

* To delete where inapplicable.

³ This section needs to be tailored according to the specific legislation requirements that are applicable to the Charity. The form and content of this section will vary depending on the nature of the auditor's other reporting responsibilities.

In this illustration, it is assumed that the Charity is incorporated as a Company limited by guarantee under the Singapore Companies Act. Where it is also awarded the IPC status, the auditor has additional reporting responsibilities set out in the Singapore Companies Act and the Charities (Institutions of a Public Character) Regulations.

APPENDIX 2

Sample Independent Auditor's Reports- Examples of Reports on Special Purpose Audits

(2A) Approved International Shipping Enterprise Scheme

The Board of Directors
[Company name]
[Company Address]

Attention: <Name of Director>

INDEPENDENT AUDITOR'S REPORT ON THE EXPENDITURE INCURRED UNDER THE MARITIME SECTOR INCENTIVE – APPROVED INTERNATIONAL SHIPPING ENTERPRISE (“MSI-AIS”) AWARD DURING THE PERIOD FROM [DATE] TO [DATE]

Dear <Sir /Mdm>

We have audited the amounts stated in the column titled “Local Actual Business Spending” as shown in the attached Statement of Actual Business Spending (“Statement”) of <Name of Company> (the “Company”) for the qualifying period from <Date to Date>. The Statement has been prepared by management based on the terms and conditions of the MSI-AIS Award granted to the Company with effect from [date] and as set out in the “Basis of preparation” attached as Appendix 1.

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement in accordance with the Basis of preparation, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the amounts stated in the column titled “Local Actual Business Spending” as shown in the Statement based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the amounts stated in the column titled “Local Actual Business Spending” as shown in the attached Statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the amounts stated in the column titled "Local Actual Business Spending" totalling <LBS amount> for the qualifying period from [date] to [date] in the Statement have been prepared, in all material respects, in accordance with the "Basis of preparation" as stated in Appendix 1.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the "Basis of preparation" as stated in Appendix 1, which describes the basis of accounting. The Statement is prepared to assist the Company to meet the requirements of the Maritime and Port Authority of Singapore ("the MPA"). As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Company and the MPA and should not be distributed to or used by parties other than the Company or the MPA.

Yours faithfully

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

Appendix 1

Basis of preparation

The Statement of Actual Business Spending ("Statement") of the Company, which was extracted from the books and records of the Company, has been prepared on a historical cost basis and is presented in <currency>. <All values are rounded to the nearest thousand.>

Local Actual Business Spending refers to expenses directly attributable to the operations of the Company approved under the Maritime Sector Incentive – Approved International Shipping Enterprise ("MSI-AIS") award incurred during the period from <Date to Date> and paid or payable to Singapore-registered entities and individuals based in Singapore. This includes remuneration of staff who are based in Singapore, but excludes expenses paid to a collecting agent in Singapore on behalf of an overseas supplier, charter hire expenses and capital expenditure.

Transactions in foreign currencies are measured in <currency> and are recorded on initial recognition in <currency> at exchange rates approximating those ruling at the transaction dates.

2B) Fund Raising Appeal by Societies

The President
Client Society
[Address]

Independent Auditor's Report to the President¹

We have audited the accompanying statement of accounts of _____[Name of Society] ("the Society") relating to the fund-raising appeal held by the Society, which comprise the balance sheet as at _____ [date] and the statement of income and expenditure for the period from _____ [date] to _____ [date] (together "the Statement"). The Statement has been prepared by management based on the provisions of Regulation 6 of the Societies Regulations issued under the Societies Act Chapter 311, Section 34 (the "Regulations").

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement in accordance with the Regulations, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement relating to the fund-raising appeal held by the Society during the period from _____ [date] to _____ [date], is prepared, in all material respects, in accordance with the Regulations.

¹ Or other officer of the Society holding analogous positions (refer to Regulation 6(1) of the Societies Regulations).

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note X to the Statement, which describes the basis of accounting. The Statement is prepared to assist the Society to meet the requirements of the Regulations. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Society and the Registrar of Societies and should not be distributed to or used by parties other than the Society or the Registrar of Societies.

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

Note: The above sample report is general in nature and subject to the Registrar of Societies' right to request for further information.

(2C) Major Exporter Scheme for New and Renewal Application

The Board of Directors
(Name of Company)
[Address]

Independent Auditor's Report on the Major Exporter Scheme for New and Renewal Application

We have audited the attached GST F10 Application for [Major Exporter Scheme/activity analysis table]* for the amounts shown as imports, exports and international services, and total supplies of [Name of MES Applicant] (the "MES applicant") for the qualifying period from [date] to [date] ("the schedule"). The schedule has been prepared by management in accordance with the Basis of Preparation attached to the schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation of the schedule in accordance with the Basis of Preparation attached to the schedule, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the amounts shown in the schedule based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the amounts of S\$_____, S\$_____, and S\$_____ shown on the schedule as the imports, exports and international services, and total supplies made in relation to goods owned by the taxable person respectively [and the amounts of S\$_____, S\$_____ and S\$_____ shown on the schedule as the imports, exports, and total supplies made in relation to goods owned by overseas principals who are not registered for GST respectively],** for the qualifying period from [date] to [date] are prepared, in all material respects, in accordance with the Basis of Preparation attached to the schedule.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the attached Basis of Preparation for the schedule. The schedule is prepared solely to assist the MES applicant in the submission of its application for Major Exporter Scheme to the Comptroller of GST. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the MES Applicant and the Comptroller of GST and should not be distributed to or used by parties other than the MES applicant or the Comptroller of GST.

____ (Firm)
Public Accountants and
Chartered Accountants
Singapore
____ (Date)

* In some situations, the MES applicant may not submit the GST F10 form. Instead it will submit another document titled 'Activity Analysis Table' to the Comptroller of GST for its application for the Major Exporter Scheme. In these situations, the reference to the schedule should be amended appropriately.

** delete if not applicable

MES APPLICANT'S LETTERHEAD

Date : _____

BASIS OF PREPARATION OF THE SCHEDULE**FOR THE QUALIFYING PERIOD FROM _____ TO _____**

The calculations and amounts on the schedule have been prepared on the following bases:

1. Exchange RateThe exchange rate used to translate foreign currency denominated supplies figures to Singapore dollars is obtained from _____ (*Please indicate the source*).**2. Imports**

Imports generally refer to the removal of goods from overseas to Singapore.

The value of import is based on the import permit value.

3. Exports and International Services

Exports generally refer to the removal of goods from Singapore to overseas within section 21(1) and (6) of the GST Act. International services relate to the provision of services that fall within section 21(3) of the GST Act

The value of exports and international services is based on invoice date and value.

4. Total Supplies

Total supplies refer to the summation of standard-rated supplies, exports and international services, and exempt supplies.

Standard-rated supplies refer to all supplies other than zero-rated, exempt and out-of-scope supplies. Exempt supplies are supplies that qualify for exemption under the Fourth Schedule to the GST Act.

Signature of authorised personnel : _____

Name of authorised personnel : _____

Designation : _____

2D) Claims Summary (IDA)

The Board of Directors
[Name of Company]
[Address]

Independent Auditor's Report on the Claim Under the [Name of Project] of the [Name of Scheme]

We have audited the accompanying claims summary of [Name of Company] (the "Company") in connection with the [Name of Project] under the [Name of Scheme] for the period from _____ (date) to _____ (date) ("the Statement"). The Statement has been prepared by management based on the terms and conditions of the [Name of Scheme] of the InfoComm Development Authority of Singapore ("IDA") as provided for in the Letter of Offer ("LOF") between the Company and the IDA dated [date] and as set out in the attached Basis of Preparation.

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement in accordance with the Basis of Preparation and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the amounts shown on the attached claims summary (marked for identification) totalling [●] are prepared, in all material respects, in accordance with the attached Basis of Preparation.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the attached Basis of Preparation to the Statement, which describes the basis accounting. The Statement is prepared to assist the Company to meet the requirements of the IDA. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Company and the IDA and should not be distributed to or used by parties other than the Company or the IDA.

____ (Firm)
Public Accountants and
Chartered Accountants
Singapore
____ (Date)

Enclosure:

- a) Statement of Claim
- b) Basis of Preparation

Cc:
Info-communications Development Authority of Singapore (IDA)
Director, Finance and Procurement

COMPANY'S LETTERHEAD

**BASIS OF PREPARATION
OF THE STATEMENT OF CLAIMS SUMMARY**

FOR THE PERIOD FROM _____ TO _____

The calculations and amounts have been prepared on the following bases:

1. The terms and conditions in the **"Grant Documents"** (please refer to paragraph 10) of the **Letter of Offer** have been complied with in the preparation of the claims.
2. The claims: -
 - a. Are for **Qualifying Costs** (set out in **the Approved Funding Table** of Annex 2 of the Letter of Offer) which have been considered in computing **the Approved Grant Amounts**.
 - b. Are for **Approved Grant Amounts** (set out in **the Approved Funding Table**), which set **the maximum amounts approved by IDA** for the respective items.
 - c. Do not vary or adjust **the Approved Grant Amounts** or **the Qualifying Costs** in any way, nor re-allocate funds from one item (see **the Approved Funding Table** of the Letter of Offer) to another, WITHOUT the prior written consent of IDA.
3. This claim for reimbursement has been made on the prescribed forms (set out in Annex 4A to the Letter of Offer) and is accompanied by a progress / final report in accordance with Annex 4B to the Letter of Offer.
4. Subject to clause 5 of Annex 1 to the Letter of Offer, the amount of this claim has been made **up to the amount stated in Annex 3 to the Letter of Offer**, according to **the extent that the relevant Deliverable has been achieved**.
5. Claims submitted are accompanied by proper documentary evidence, consisting of the **minimum supporting documents** set out in Annex 4D to the Letter of Offer.
6. Claims submitted are true, accurate, correct, valid and comply fully with terms and conditions of the **"Grant Documents"**.
7. All duties and taxes (including Goods and Services Tax, "GST"), if any, imposed on or incurred by the grant recipient in the course of or as a result of the Project shall not qualify for reimbursement from IDA under the Grant.

8. Examples of costs incurred include:

- Manpower
- Training
- Equipment (hardware)
- Equipment (software)
- Materials and ICT Services
- Intellectual property
- Professional services
- Marketing and publicity expenses
- Others

9. The following table sets out the definition of each of the above cost category:

(**At all times**, please refer to Annex 2 to the Letter of Offer for the Approved Grant Amount and the respective cost items supportable, as approved by IDA)

S/N	Cost Category	Definition
1	Manpower	<p>Includes local and foreign employees hired by the grant recipient.</p> <p>a) "Local Employees" means "Citizens or Permanent Residents of Singapore who are hired by the grant recipient as full-time employees and are directly working on the project." For Local Manpower Costs, <i>the monthly basic salary and employer's CPF contribution</i>, excluding bonuses, Annual Wage Supplements (AWS) and all other allowances, are supportable.</p> <p>b) "Foreign Employees" means "individuals who are neither Singapore Citizens nor Permanent Residents of Singapore, but are hired by the grant recipient as full-time employees and are directly working on the project." For Foreign Manpower Costs, <i>only the monthly basic salary</i>, excluding bonuses, Annual Wage Supplements (AWS) and all other allowances, are supportable.</p>
2	Training	<p>"Training" means "structured and supervised training in Singapore for project personnel (which is supported under Manpower Cost Category) to acquire skills, which are necessary in carrying out the project. Overseas training is supportable only if it is NOT available in Singapore."</p> <p>Training for normal operational business purposes is not supportable.</p>

3	Equipment-Hardware	<p>“Hardware” means “purchase or lease of Hardware by the grant recipient from third parties for use in the project.</p> <p>Hardware must be relevant to the type of project undertaken and must not be used for normal operational business purposes of the grant recipient.</p> <p>There are 2 allowable modes of acquiring the hardware</p> <p>a. For purchased equipment (<i>which includes equipment bought on hire purchase</i>), the allowable costs include the purchase price and any direct cost attributed to bringing the equipment to working condition, eg. initial delivery and insurance, handling costs and installation costs.</p> <p>b. For leased equipment, the allowance cost will be the cost of lease (ie. lease charged) incurred during the qualifying period.</p>
4	Equipment-Software	<p>“Software” means “purchase or license fees of Software by the grant recipient from third parties for use in the project.</p> <p>Software must be relevant to the type of project undertaken and must not be used for normal operational business purposes of the grant recipient.</p> <p>The allowable costs for software include only the cost of technical software necessary for the project. Freight charges as part of the purchase price of software, where applicable, are supportable (if the software is NOT available locally).</p>
5	Materials and ICT Services	<p>“Material Cost” means “materials cost incurred for physical goods used in the production of prototype for the project, purchased from third parties during the qualifying period”.</p> <p>Materials and Infocomm Services (ICT) Costs incurred for normal operational business purposes of the grant recipient are not supportable.</p> <p>“ICT Services” means “the infocomm services charges, such as fee-based charges, like GPRS charges, data centre charges, hosting and Internet connectivity costs, necessary for carrying out the project and consumed within the qualifying period”.</p>
6	Intellectual Property Rights (IPR)	<p>“IPR” means “the cost of acquiring an exclusive right over the IPR in question for a limited period” for use in the project.</p> <p>Cost of acquiring ownership of IPR, excluding legal/administrative cost incurred in drafting patent application, IP registration costs, patent filing and patentability consultancy are supportable.</p>
7	Professional Services	<p>Include local and foreign professional services.</p> <p>“Local Professional Services” means “services provided by third parties and <i>are registered and operational in Singapore</i>. Services provided must be substantially developed and delivered in Singapore. Consultants and sub-contractors shall not be staff of the grant recipient, as such costs of the local/foreign employees are supportable under the manpower cost category.”</p> <p>“Foreign Professional Services” means “services provided by third parties and <i>are NOT registered or operational in Singapore</i>. The</p>

		<p>services subcontracted must not be available in Singapore. Similarly, consultants and sub-contractors shall not be staff of the grant recipient.”</p> <p>Such professional services costs may include fees for services in the areas such as technical solutions, repurposing, aggregation, enhancements, customization and localization, etc</p>
8	Marketing and Publicity Expenses	<p>“Marketing and Publicity Expenses” include expenditure related to setting up exhibition/seminar/showcases/roadshows, networking sessions, collaterals and printing of publicity materials, advertisements, branding activities, joint market research, feasibility studies and market testing activities.</p> <p>“Marketing and Publicity Expenses” incurred for normal operational business purposes of the grant recipient are not supportable.</p>
9	Others	<p>This “OTHERS” cost will usually be used for project costs which do NOT fall under any of the above mentioned cost categories, and would likely to be unique to the project, subject to IDA’s approval, as shown under Annex 2 of the Letter of Offer.</p>

10. The **following Annexes** to the Letter of Offer, which constitute as the “**Grant Documents**” (as mentioned under paragraph 1 to 7 and 9) refer to the following: -

- **Annex 1** (General Terms and Conditions of Grant)
- **Annex 2** (Details of Qualifying Costs)
- **Annex 3** (Project Deliverables)
- **Annex 4A** (Claim Form with Breakdown of Claims)
- **Annex 4A (i)** (Letter of Certification for Manpower Claims)
- **Annex 4B** (Guidelines on Progress/Final Reports)
- **Annex 4C** (Auditor’s Report Format)
- **Annex 4D** (Checklist of minimum supporting documents to be submitted for Claim Reimbursements)
- **Direct Credit Authorisation Form**

Signature of Managing Director / CEO (or equivalent)

(2E) Licensee's Annual Gross Turnover

Independent Auditor's Report on Licensee's Annual Gross Turnover

The Board of Directors
[Name of Company]
[Address]

We have audited the accompanying Schedule of the Annual Gross Turnover ("AGTO") in relation to all licensable activities under the [please insert type of licence¹] granted to the Licensee by the Infocomm Development Authority of Singapore ("IDA") (the "Schedule") of [Licensee's Name] (the "Licensee") for the period from [dd/mm/yy] to [dd/mm/yy]. The Schedule has been prepared by the Licensee's management based on the basis of accounting as described in the Basis of Preparation attached to this Schedule.

The AGTO refers to the annual fair value of the consideration received or receivable for licensable activities taking into account the amount of any trade discounts and volume rebates allowed by the [name of Licensee].

Management's Responsibility for the Schedule

Management is responsible for the preparation of the Schedule and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the attached Schedule based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the AGTO (totalling [insert amount] in the Schedule of the Licensee for the period from [dd/mm/yy] to [dd/mm/yy] is prepared, in all material respects, in accordance with the attached Basis of Preparation, in relation to all licensable activities under the [please insert type of licence] granted to the Licensee by the IDA.

¹ Types of Licences include, Facilities-Based Operations, Services-Based Operations (Individual), Postal Services Operations

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the attached Basis of Preparation, which describes the basis of accounting. The Schedule is prepared to assist the Licensee to meet the requirements of the IDA in connection with the determination of the Licensee's annual licence fee by the IDA. As a result, the Schedule may not be suitable for another purpose. Our report is intended solely for the Licensee and the IDA and should not be distributed to parties other than the Licensee or the IDA.

____ (Firm)
Public Accountants and
Chartered Accountants
Singapore
____ (Date)

Enclosure:

The Schedule

Cc :
Info-communications Development Authority of Singapore (IDA)
Director, Finance and Procurement

COMPANY'S LETTERHEAD

BASIS OF PREPARATION OF THE ANNUAL GROSS TURNOVER

Annual Gross Turnover ("AGTO")

The AGTO refers to the annual fair value of the consideration received or receivable for licensable activities in relation to all licensable activities under the [please insert type of licence] granted to the Licensee by the Infocomm Development Authority of Singapore taking into account the amount of any trade discounts and volume rebates allowed by the [name of Licensee].

(2F) Summary Financial Statements

Independent Auditor's Report on the Summary Financial Statements to the members of
[name of entity]

[Appropriate Addressee]

The accompanying summary financial statements of [Name of Company] (the "Company") and its subsidiaries (the "Group"), which comprise the [summary]¹ consolidated statement of financial position and the statement of financial position of the Company as at ____ (date), the [summary] consolidated statement of comprehensive income, [summary] consolidated statement of changes in equity and [summary] consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Company and its subsidiaries for the year then ended. We expressed an unmodified audit opinion on those financial statements in our report dated ____ [date]. [Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.]²

The summary financial statements do not contain all the disclosures required by the Singapore Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Company and its subsidiaries.

Management's³ Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Section 203A of the Singapore Companies Act, Chapter 50 (the "Act"). In preparing the summary financial statements, Section 203A of the Act requires that the summary financial statements be derived from the annual financial statements and the Director's report for the year ended ____ (date) and be in such form and contain such information as may be specified by regulations made thereunder applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Singapore Standard on Auditing 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary financial statements are consistent, in all material respects, with the audited financial statements and the Director's report of the Company and its subsidiaries for the year ended ____ [date] from which they are derived and comply with the requirements of Section 203A of the Act and the regulations made thereunder applicable to summary financial statements.

____ (Firm)
Public Accountants and
Chartered Accountants
Singapore
____ (Date)

¹ Include the word "summary" only if the statements have been summarised.

² SSA 810 paragraph(c)(iv) requires this to be included only if the date of the auditor's report on the summary financial statements is after the date of the auditor's report on the full set of financial statements.

³ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

APPENDIX 3

Sample Independent Assurance Reports on SSAE 3000 Assurance Engagements other than Audits or Reviews of Historical Information – Illustrations of Assurance Reports on Compliance

(3A) Project accounts - Housing Developers (Project Account) Rules

The Board of Directors
[Name of Company]
[Address]

Independent Assurance Report in connection with the Project accounts – Housing Developers (Project Account) Rules

We have performed procedures on the project account of [Name of Company] (the “Company”) listed below for the financial year ended _____ (date).

The Company is a licensed housing developer and is required to comply with the Housing Developers (Control and Licensing) Act (the “Act”).

Under the Act, a licensed housing developer is required to open and maintain a project account for each building project undertaken and comply with the Housing Developers (Project Account) Rules (the “Project Account Rules”).

Board of Directors’ Responsibility

The Board of Directors of the Company is responsible for ensuring compliance with the Project Account Rules. This responsibility includes designing, implementing and maintaining internal controls relevant for the purpose of the compliance with the Project Account Rules.

Auditor’s Responsibility

Our responsibility is to form a conclusion on the Company’s compliance with the Project Account Rules based on our work. We performed our work in accordance with Singapore Standard on Assurance Engagements 3000 – *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (the “Standard”). This Standard requires that we comply with ethical requirements and plan and perform our work to form the conclusion. The extent of our work performed depends on our professional judgment and our assessment of the engagement risk.

Our work includes obtaining an understanding of the business of the Company sufficient to identify and assess the risks that the Project Account Rules may not be complied with and sufficient to design and perform further evidence-gathering procedures. Our work also includes carrying out inquiries of relevant personnel of the Company as well as examining, on a test basis, evidence supporting the amounts in the Project Account. In addition, in designing these procedures, we consider the accounting system and system of internal control in relation to the compliance with the Project Account Rules and reliance has been placed on internal controls where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

The procedures performed are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our work provides a reasonable basis for our conclusion.

Conclusion

Based on our work described in this report, *[except for those matters referred to below/in our management letter dated _____]*, nothing has come to our attention that causes us to believe that:

- (a) all instalments of purchase money referred to in rule 3 and all loans for the construction of the building project referred to in rule 4 have not been deposited into the Project Account in accordance with the Project Account Rules; and
- (b) the moneys in the Project Account listed below have not been withdrawn in accordance with the Project Account Rules.

<u>Developer's Licence No</u>	<u>Project</u>	<u>Name of Bank/ Finance Company</u>	<u>Project Account No</u>
-----------------------------------	----------------	------------------------------------------	---------------------------

(To list all on-going licensed development with project account opened.)

Restriction on Distribution and Use

This report is prepared solely to assist the Company in its submission of its project account to the Controller of Housing. As a result, the report may not be suitable for another purpose. Our report is intended solely for the Company and the Controller of Housing and should not be distributed to or used by parties other than the Company or the Controller of Housing.

Public Accountants and
Chartered Accountants
Singapore

(Firm)
(Date)

3B) Money-Changing and Remittance Businesses Act (Chapter 187)

[Licensee Name]
[Address]

Independent Assurance Report in connection with the Money-Changing and Remittance Businesses Act (Chapter 187)

We have performed procedures on the attached statement of transactions and profit/loss of [the Licensee] ("the Licensee") for the year ended [date] in respect of its money-changing and/or remittance business(es) ("Statement").

Management's Responsibility

Management is responsible for the preparation of the Statement in accordance with the requirements of the Money-changing and Remittance Businesses Act, Chapter 187 and other relevant laws, rules and regulations ("the Act and the Regulations"), and for ensuring compliance with the Act and the Regulations.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Licensee's preparation of the Statement in compliance with the Act and the Regulations based on our procedures.

We performed our work in accordance with Singapore Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information ("Standard"). This Standard requires that we comply with ethical requirements and plan and perform our work to form the conclusion. The extent of the work performed depends on our professional judgment and our assessment of the engagement risk.

Our work includes obtaining an understanding of the recording of the Licensee's transactions in connection with its money-changing and/or remittance business(es), sufficient to identify and assess the risks that the Act and the Regulations may not be complied with and sufficient to design and perform further evidence-gathering procedures. Our work also includes carrying out inquiries of relevant personnel of the Licensee as well as other procedures which are necessarily conducted on a test basis and included such samples as we deemed appropriate. In this connection, we have reviewed the accounting system and system of internal control in relation to its money-changing and/or remittance business(es) in operation in the Licensee and reliance has been placed on internal controls where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

The procedures performed are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our work provides a reasonable basis for our conclusion.

Conclusion

Based on our work described in this report, *[except for those matters referred to below/in our management letter dated _____]*, nothing has come to our attention that causes us to believe that the financial data contained in the Statement has not been prepared, in all material respects, in accordance with the Act and the Regulations.

In the course of our work, nothing came to our attention that causes us to believe that:

- (a) accounting and records of transactions, including relevant registers and copies of customer identification documents have not been properly maintained by the Licensee; or
- (b) there has been any contravention by the Licensee of the conditions, restrictions, obligations or other requirements provided under any of the following:
 - (i) Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Chapter 65A);
 - (ii) Money-changing and Remittance Businesses Act (Chapter 187);
 - (iii) Terrorism (Suppression of Financing) Act (Chapter 325);
 - (iv) Money-changing and Remittance Businesses Regulations 2005;
 - (v) Monetary Authority of Singapore (Anti-terrorism Measures) Regulations 2002;
 - (vi) MAS Notice to Money-changing and Remittance Licensees on Prevention of Money Laundering and Countering the Financing of Terrorism, and other Notices;
 - (vii) any other applicable laws; and
 - (viii) any conditions, restrictions or requirements, which may be imposed on the Licensee by the Monetary Authority of Singapore ("the MAS").

Restriction on Distribution and Use

This report is prepared solely to assist the Licensee in its submission of the Statement to the MAS and in meeting the requirements of the Act and the Regulations. As a result, the report may not be suitable for another purpose. Our report is intended solely for the Licensee and the MAS and should not be distributed to or used by parties other than the Licensee or the MAS.

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

(3C) “Terminated”/“Matured” Investment-Linked Insurance Policy Sub-Fund (“ILP Sub-Fund”) Pursuant to MAS Notice 307

The Board of Directors
[_____’s (Entity’s) name and address]

**INDEPENDENT ASSURANCE REPORT IN CONNECTION WITH
“TERMINATED”/“MATURED” INVESTMENT-LINKED INSURANCE POLICY SUB-FUND
 (“ILP SUB-FUND”) PURSUANT TO MAS NOTICE 307**

Name of terminated/matured ILP sub-fund: _____
Date of termination (final distribution to policyholders): _____

We have performed procedures on _____ (entity’s) (the “_____”)¹, compliance with the Monetary Authority of Singapore’s (“MAS”) Notice 307 in relation to the termination/maturity of xxxx Fund (ILP sub-fund) as at [date] and for the period then ended.

Management’s Responsibility

Management is responsible for ensuring compliance with MAS Notice 307 in relation to the termination/maturity of the ILP sub-fund. This responsibility includes designing, implementing and maintaining internal controls relevant for the purpose of compliance with MAS Notice 307 in relation to the termination/maturity of the ILP sub-fund.

Auditor’s Responsibility

Our responsibility is to form a conclusion on the _____ (entity’s) compliance with MAS Notice 307 in relation to the termination/maturity of the ILP sub-fund based on our work. We performed our work in accordance with Singapore Standard on Assurance Engagements 3000 Assurance Engagements other than Audits and Reviews of Historical Financial Information (the “Standard”). This standard requires that we comply with ethical requirements and plan and perform our work to form the conclusion. The extent of our work performed depends on our professional judgment and our assessment of the engagement risk.

Our work includes obtaining an understanding of the business of the _____ (entity) sufficient to identify and assess the risks that MAS Notice 307 in relation to the terminated/matured ILP sub-fund may not be complied with and sufficient to design and perform further evidence-gathering procedures. Our work also includes carrying out inquiries of relevant personnel of the _____ (entity) as well as examining, on a test basis, whether the _____ (entity) has complied with MAS Notice 307 in relation to the terminated/matured ILP sub-fund. In addition, in designing these procedures, we consider the accounting system and system of internal control in relation to the compliance with MAS Notice 307 in relation to the terminated/matured ILP sub-fund and reliance has been placed on internal controls where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

The procedures performed are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our work provides a reasonable basis for our conclusion.

¹ Insert Company, Branch or Co-operative where appropriate.

Conclusion

Based on our work described in this report, *[except for those matters referred to below/in our management letter dated _____]*, nothing has come to our attention that causes us to believe that:

1. the _____ (entity) has failed to realise all the assets of the ILP sub-fund as at the date of termination/ maturity;
2. the _____ (entity) has failed to distribute all resultant proceeds (net of outstanding liabilities) to policyholders in the same proportion as their holdings in the ILP sub-fund; and
3. the _____ (entity) has failed to comply with any of the requirements as set out in MAS Notice 307 in relation to the ILP sub-fund from the date immediately after the period of the latest completed audit to the date of termination/maturity (final distribution to policyholders).

Other Matters

As required by MAS Notice 307 paragraph 23, a list and description of liabilities that have not been settled but have been accrued to the ILP sub-fund and excluded from the final distribution is attached in the Appendix .

Restriction on Distribution and Use

This report is prepared for submission to the MAS. It should not be distributed to or used by other parties but may be made available, upon request, to policyholders within 5 years from the date of termination/maturity of the ILP sub-fund.

Public Accountants and
Chartered Accountants
Singapore

(Firm)
(Date)

Appendix 4

SAMPLE INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORTS TO RELEVANT AUTHORITIES

The sample supplementary reports contained in Appendix 4 are drafted for the purpose of submission to the respective authorities. Any adaptation of the supplementary reports in this Appendix for submission to other organisations is not appropriate.

(4A) Supplementary Reports for Banks

Introduction

- 1 Banks are required to comply with the Banking Act and all guidelines, circulars and Notices to Banks issued by the Monetary Authority of Singapore (MAS). In accordance with the requirements set by the MAS, banks have to submit an auditor's supplementary report in addition to the statutory audit report. A specimen of the supplementary report agreed by the MAS and the Institute of Singapore Chartered Accountants (the "Institute") is set out in the appendix to this Statement. This Statement provides guidelines concerning the supplementary report to be issued.

MAS guidelines and circulars

- 2 In the specimen report, reference is made to guidelines and circulars issued by the MAS. These guidelines and circulars are issued to banks from time to time, by the MAS. Members of the Institute should also consider any specific terms and conditions issued to their client bank. In addition to the directives and notices, the publication contains the guidelines governing the operations of banks and the terms and conditions governing the operations of Asian Currency Units.

Relevant laws and regulations

- 3 Paragraph (c) in the opinion paragraph of the specimen report refers to 'relevant laws and regulations'. In case of ambiguity or doubt, reference should be made to such professional standards or guidelines as may be issued by the Institute from time to time. Without limiting the generality of the foregoing, 'relevant laws and regulations' in this context are defined as those relevant to and within the scope of a normal statutory audit carried out under the Singapore Companies Act, Chapter 50 and the Banking Act, Chapter 19. From time to time, the MAS may give guidance through the Institute as to its emphasis on specific laws and regulations included within the scope of a normal statutory audit. Members may also be seeking clarification regarding similar matters. To ensure that enquiries are properly dealt with, members should direct their enquiries to the Institute, which will provide the necessary clarification after consulting with the MAS, where appropriate.
- 4 For the purpose of paragraph (c) in the opinion paragraph of the specimen report, it is the Institute's understanding that the MAS would require members to report any non-compliance without regard to materiality so long as the non-compliance was observed during the course of the normal statutory audit carried out under the Singapore Companies Act and the Banking Act.

Client's representations

- 5 In view of the requirements of the MAS, members should include specific reference to these in the letter of representations obtained from their client bank. In the illustrative letter of representations shown in Singapore Standard on Auditing 580, *Management Representations*, the following may be added to the third paragraph:

'There has been no non-compliance with or violations of the Singapore Companies Act, Banking Act, Notices to Banks, guidelines and circulars issued by the Monetary Authority of Singapore (MAS) or such other laws and regulations as referred to by the MAS in its Notices to Banks.'

Appendix

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

[Chief Executive Officer] of the Bank
[Name of Bank]

We have audited the accompanying financial statements of _____ (entity) (the "Bank"), which comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. Our audit report on these financial statements was issued on _____ [insert date].

Directors' and Chief Executive Officer's Responsibility for the Financial Statements

The Bank's directors and chief executive officer are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards and with the requirements of the Banking Act, and Notices to Banks, guidelines or circulars issued by the Monetary Authority of Singapore (the "MAS") and for devising and maintaining such internal controls, including a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors and chief executive officer, as well as evaluating the overall presentation of the financial statements. In this connection, we have reviewed the accounting system and system of internal control in operation in the Bank and reliance has been placed on internal controls, where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

During the course of our audit [(if applicable), except for those matters referred to in our long form report dated _____ (date)], nothing came to our notice that caused us to believe that:

- (a) known bad debts of material amounts had not been written off or inadequate allowance had been made for it;
- (b) adequate allowance had not been made for known material doubtful debts and for any material impairment of other assets; or
- (c) there was non-compliance with the Banking Act, Singapore Companies Act, Notices to Banks, guidelines or circulars issued by the MAS or any other relevant laws or regulations* (except for the following matters which we wish to bring to your attention:).

Restriction on Distribution and Use

This report is prepared to assist the Bank to meet the requirements of the MAS. As a result, the report may not be suitable for another purpose. Our report is intended solely for the Bank and the MAS and should not be distributed to or used by parties other than the Bank or the MAS.

Public Accountants and
Chartered Accountants
Singapore

(Firm)
(Date)

* Explanatory note: In case of ambiguity or doubt, reference should be made to such professional standards or guidelines as may be issued by the Institute of Singapore Chartered Accountants from time to time. Without limiting the generality of the foregoing, 'relevant laws and regulations' in this context are defined as those relevant to and within the scope of a normal statutory audit carried out under the Singapore Companies Act, Chapter 50 and the Banking Act, Chapter 19.

(4B) Supplementary Reports for Finance Companies

Introduction

- 1 Finance companies are required to comply with all guidelines, circulars and Notices to Finance Companies issued by the Monetary Authority of Singapore (MAS) and the Finance Companies Act. In accordance with the requirements set by the MAS, finance companies are required to submit an auditor's supplementary report in addition to the statutory audit report. The MAS has requested that the Independent Auditor's Supplementary Report takes the format of the appendix to the "Independent Auditor's Supplementary Report for Banks" except that the words 'finance company', 'Finance Companies Act' and 'Notices to Finance Companies' are to be used in place of 'bank', 'Banking Act' and 'Notices to Banks' respectively.

This Statement provides guidelines concerning the Independent Auditor's Supplementary Report to be issued with respect to finance companies.

Notices to Finance Companies, guidelines and circulars

- 2 The MAS has issued a set of Notices to Finance Companies, copies of which may be obtained from the MAS. Members of the Institute of Singapore Chartered Accountants (the "Institute") should consider any specific terms and conditions issued to finance companies, which are their clients.

Relevant laws and regulations and client's representations

- 3 For the rest of the text of this Statement, please see paragraphs 3 to 5 of the "Independent Auditor's Supplementary Report for Banks"; where the "Independent Auditor's Supplementary Report for Banks" refers to banks, the 'Banking Act' and 'Notices to Banks', for this Statement read 'finance companies', the 'Finance Companies Act' and 'Notices to Finance Companies' respectively.
- 4 If, in the course of the audit, members come across any violation of or non-compliance with a law or regulation which may not be relevant to the financial statements and they are in doubt as to whether it should be reported, they should direct their inquiries to the Institute, which will provide the necessary clarification after consulting with the MAS, where appropriate.

(4C) Supplementary Reports for Merchant Banks

Introduction

- 1 Merchant banks are required to comply with the relevant legislation as well as Directives and Notices to Merchant Banks and other regulations issued by the Monetary Authority of Singapore (MAS). In accordance with the requirements set by the MAS, merchant banks are required to submit an auditor's supplementary report in addition to the statutory audit report. The Independent Auditor's Supplementary Report should take the format of the appendix to this Statement. This Statement provides guidelines concerning the supplementary report to be issued with respect to merchant banks.

MAS directives, notices, etc.

- 2 In the specimen Independent Auditor's Supplementary Report shown in the appendix, reference is made to Directives and Notices to Merchant Banks, guidelines, terms and conditions and circulars issued by the MAS. A copy of 'Directives and Notices to Merchant Banks' may be obtained from the MAS. In addition to the directives and notices, the publication contains the guidelines governing the operations of merchant banks and the terms and conditions governing the operations of Asian Currency Units.

Relevant laws and regulations

- 3 Paragraph (c) in the opinion paragraph of the specimen report refers to 'relevant laws and regulations'. In case of ambiguity or doubt, reference should be made to such professional standards or guidelines as may be issued by the Institute of Singapore Chartered Accountants (the "Institute") from time to time. Without limiting the generality of the foregoing, relevant laws and regulations in this context are defined as those relevant to and within the scope of a normal statutory audit carried out under the Singapore Companies Act, Chapter 50 and pursuant to the Directives and Notices to Merchant Banks. From time to time, the MAS may give guidance as to its emphasis on specific laws and regulations included within the scope of a normal statutory audit. Members may also be seeking clarification regarding similar matters. To ensure that enquiries are properly dealt with, members should direct their enquiries to the Institute, which will provide the necessary clarification after consulting with the MAS where appropriate.
- 4 For the purpose of paragraph (c) in the opinion paragraph of the specimen report, it is the Institute's understanding that the MAS would require members to report any non-compliance without regard to materiality so long as the non-compliance was observed during the course of the normal statutory audit carried out under the Singapore Companies Act, Chapter 50 and pursuant to the Directives and Notices to Merchant Banks.

Client's representation

- 5 In view of the requirements of the MAS, members should include specific reference to these in the letter of representations obtained from their client bank. In the illustrative letter of representations shown in SSA 580, *Written Representations*, the following may be added to the third paragraph:

'There has been no non-compliance with or violation of the Monetary Authority of Singapore Act, Banking Act, Singapore Companies Act, Directives and Notices to Merchant Banks, guidelines, terms and conditions, and circulars issued by the Monetary Authority of Singapore (MAS) or such other laws and regulations as referred to by the MAS in its Directives and Notices to Merchant Banks.'

Appendix

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

[Chief Executive Officer] of the Merchant Bank
[Name of Merchant Bank]

We have audited the financial statements of _____ (entity) (the "Merchant Bank"), which comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. Our audit report on these financial statements was issued on _____ (date).

Directors' and Chief Executive Officer's Responsibility for the Financial Statements

The Merchant Bank's directors and chief executive officer are responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards and with the requirements of the Monetary Authority of Singapore Act, the Banking Act, Directives and Notices to Merchant Banks, guidelines, terms and conditions or circulars issued by the Monetary Authority of Singapore (the "MAS"), and for devising and maintaining such internal controls, including a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors and chief executive officer, as well as evaluating the overall presentation of the financial statements. In this connection, we have reviewed the accounting system and system of internal control in operation in the Merchant Bank and reliance has been placed on internal controls, where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

During the course of our audit, [(if applicable) except for those matters referred to in our long form report dated _____ (date)], nothing came to our notice that caused us to believe that:

- a) known bad debts of material amounts had not been written off or inadequate allowance had been made for it;
- b) adequate allowance had not been made for known material doubtful debts and for any material impairment of other assets; or
- c) there was non-compliance with the Monetary Authority of Singapore Act, Banking Act, Singapore Companies Act, Directives and Notices to Merchant Banks, guidelines, terms and conditions or circulars issued by the MAS or any other relevant laws or regulations* (except for the following matters which we wish to bring to your attention:).

Restriction on Distribution and Use

This report is prepared to assist the Bank to meet the requirements of the MAS. As a result, the report may not be suitable for another purpose. Our report is intended solely for the Bank and the MAS and should not be distributed to or used by parties other than the Bank or the MAS.

Public Accountants and
Chartered Accountants
Singapore

(Date)

* Explanatory note: In case of ambiguity or doubt, reference should be made to such professional standards or guidelines as may be issued by the Institute of Singapore Chartered Accountants from time to time. Without limiting the generality of the foregoing, 'relevant laws and regulations' in this context are defined as those relevant to and within the scope of a normal statutory audit carried out under the Companies Act, Chapter 50 and pursuant to Directives and Notices to Merchant Banks.

(4D) Supplementary Reports for Members of CDP, SGX-DC, SGX-ST and SGX-DT

Introduction

- 1 This Statement provides guidelines concerning the Auditor's Supplementary Report to be issued with respect to members of Central Depository (Pte) Ltd ("CDP"), Singapore Exchange Derivatives Clearing Limited ("SGX-DC"), Singapore Exchange Securities Trading Ltd ("SGX-ST") and/or Singapore Exchange Derivatives Trading Ltd ("SGX-DT") (whichever is applicable).
- 2 Members of CDP, SGX-DC, SGX-ST and/or SGX-DT (whichever is applicable) are required to comply with legislations like the Securities and Futures Act (Chapter 289) or any subsidiary legislation promulgated under it, Notices, Guidelines and Circulars issued by the Monetary Authority of Singapore (MAS) and the rules of CDP, SGX-DC, SGX-ST or SGX-DT (whichever is applicable).
- 3 In accordance with the requirements under the rules of CDP, SGX-DC, SGX-ST or SGX-DT (whichever is applicable), members are required to submit an auditors' supplementary report in addition to the statutory audit report. A specimen of the auditors' supplementary report is shown in the appendix.

Relevant laws and regulations, client's representations

- 4 If, in the course of the audit, members of the Institute of Singapore Chartered Accountants ("the Institute") come across any violation of or non-compliance with a law or regulation which may not be relevant to the financial statements and they are in doubt as to whether it should be reported, they should direct their inquiries to the Institute, which will provide the necessary clarification after consulting with the relevant authorities where appropriate.

APPENDIX

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

[Chief Executive Officer] of the Company
[Name of Company]

We have audited the accompanying financial statements of _____ (entity) (the "Company"), which comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. Our audit report on these financial statements was issued on _____ [date].

Directors' and Chief Executive Officer's Responsibility for the Financial Statements

The Company's directors and chief executive officer are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), Singapore Financial Reporting Standards, Rules of *Central Depository (Pte) Limited ("CDP"), *Singapore Exchange Derivatives Clearing Limited ("SGX-DC"), *Singapore Exchange Securities Trading Limited ("SGX-ST") or *Singapore Exchange Derivatives Trading Limited ("SGX-DT"), *Securities and Futures Act (Chapter 289) and the *Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg 13) and for devising and maintaining such internal controls, including a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors and chief executive officer, as well as evaluating the overall presentation of the financial statements. In this connection, we have reviewed the accounting system and system of internal control in operation in the Company and reliance has been placed on internal controls, where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

During the course of our audit, [(if applicable) except for those matters referred to in the attached long form report dated _____ (date)], nothing came to our notice that caused us to believe that:

- a) the Company has not complied with the capital and financial requirements as set out in the Rules of *Central Depository (Pte) Limited ("CDP"), *Singapore Exchange Derivatives Clearing Limited ("SGX-DC"), *Singapore Exchange Securities Trading Limited ("SGX-ST") or *Singapore Exchange Derivatives Trading Limited ("SGX-DT") and the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg 13);
- b) the Company's books of account and records are those not usual in a business of that nature and does not appear to have been kept in a proper manner in accordance with the provisions of the Rules of *CDP, *SGX-DC, *SGX-ST or *SGX-DT and the Securities and Futures Act (Chapter 289) or any subsidiary legislation promulgated under it; or
- c) the financial position of the Company is such that it is unable to conduct its business on sound lines, having regard to the nature and volume of the business transacted during the year as shown by its books of account and records (the expression "sound lines" on which the Company is to conduct its business means that the Company is able to meet its financial obligations in the ordinary course of business as they fall due).

Restriction on Distribution and Use

This report is prepared to assist the Company to meet the requirement as set out in the Rules of the *CDP, *SGX-DC, *SGX-ST and/or *SGX-DT. As a result the report may not be suitable for another purpose. Our report is intended solely for the Company and should not be distributed to or used by parties other than the Company or the *CDP, *SGX-DC, *SGX-ST and/or *SGX-DT.

Public Accountants and
Chartered Accountants
Singapore

(Date)

(Firm)

Explanatory note: In case of ambiguity or doubt, reference should be made to such professional standards or guidelines as may be issued by the Institute of Singapore Chartered Accountants from time to time.

*To be deleted (where applicable)

(4E) Private Lotteries Permits (Fruit Machine/ Tombola/ Lucky Draw)

Introduction

Private lottery means a lottery in which tickets or chances are offered for sale only to members of a society* which is established for purposes not connected with gaming, wagering or lotteries and such number of guests of each member as the Minister of Home Affairs may prescribe by regulations. Societies engaged in the promotion or conduct of any private lottery (which includes fruit machines, lucky draw and tombola) are required to comply with the relevant legislation.

*Society includes a club, an institution, an organisation or other association or body of persons by whatever name called, and each local or affiliated branch or section of a society shall be regarded as a separate and distinct society

Relevant laws and regulations

Under the Private Lotteries Act 2011 (Act 7 of 2011) (the “Act”), any private lottery promoted or conducted without a permit granted by the Permit Officer shall be unlawful. In granting a permit under the Act, the Permit Officer may impose such conditions relating to the promotion and conduct of a private lottery as he may think fit but there shall in all cases be imposed the following conditions:

- (a) no profit shall accrue to any individual person from the conduct of such lottery; and
- (b) no commission either in money or money’s-worth including by way of free tickets or chances shall be payable in respect of the sales of tickets or chances.

In accordance with the requirements set out by the Singapore Police Force (in this case, the “Permit Officer”), one of the documents to be submitted for the renewal of the private lotteries permit is a copy of the society’s last audited annual statements of account, stating if any profits from the private lotteries were accrued to any individuals and if any commission either in money or money’s-worth including by way of free tickets or chances was paid in respect of the sales of tickets or chances.

A specimen of the auditor’s report is shown in the appendix. The purpose of this report is solely for submission to the Singapore Police Force to assist the society in its renewal of the private lotteries permit.

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

[Management Committee] of the Club
[Name of Club]

We have audited the accompanying financial statements of _____ (entity) (the "Club"), which comprise the statement of financial position as at _____ (date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. Our audit report on these financial statements was issued on _____ [insert date].

Management Committee's Responsibility for the Financial Statements

Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management committee, as well as evaluating the overall presentation of the financial statements. In this connection, we have reviewed the accounting system and system of internal control in operation in the Club and reliance has been placed on internal controls, where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

During the course of our audit, nothing came to our notice that caused us to believe that, in all material respects,

- (a) any profits from the private lotteries were accrued to any individuals; or
- (b) any commission either in money or money's-worth including by way of free tickets or chances was paid in respect of the sales of tickets or chances.

Restriction on Distribution and Use

This report is prepared to assist the Club to meet the requirement of the Singapore Police Force in the Club's renewal of the private lotteries permit. As a result, the report may not be suitable for another purpose. Our report is intended solely for the Club and the Singapore Police Force and should not be distributed to or used by parties other than the Club or the Singapore Police Force.

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

(4F) Report on Depository Agent for the Central Depository (Pte) Ltd

Introduction

- 1 Depository agents ("DAs") are required to comply with CDP Depository Rules, the DA Agreement and DA Circulars issued by the Central Depository (Pte) Ltd ("the CDP"). The Independent Auditor's Report on DA for the CDP should take the format of the appendix to this Statement. This Statement provides guidelines concerning the report to be issued with respect to depository agents.
- 2 In many instances, the auditor does not have direct access to the communications about the DA Circulars from the CDP to its depository agents. The auditor has to inquire of the DA's management and update his understanding about recent communications, including the DA Circulars.
- 3 The report from the auditor should include reference to the DA Agreement and specific DA Circulars to avoid ambiguity in the report.

Client's representation

- 4 In view of the requirements of the CDP, members should include specific reference to these in the letter of representations obtained from their depository agent clients. In the illustrative letter of representations shown in SSA 580, Written Representations, the following may be added to the third paragraph:
- 5 'There has been no non-compliance with or violation of the CDP Depository Rules, the DA Agreement and DA Circulars issued by the CDP.'

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

The Board of Directors
[Name of entity]

We have audited the financial statements of _____ (entity) ("the "Nominee Company"), which comprise the statement of financial position as at _____(date), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. Our audit report on these financial statements was issued on _____ (date).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining such internal controls, including a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements. In this connection, we have reviewed the accounting system and system of internal control in operation in the Nominee Company and reliance has been placed on internal controls, where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

During the course of our audit, nothing came to our notice that caused us to believe that the Nominee Company had not complied with the following obligations under [brief description of or reference to relevant requirements]¹ (collectively referred to in this report as the “CDP Rules”)²:

1. open and maintain one or more sub-accounts for all deposited securities held for its own account.
2. open and maintain a separate sub-Account for each of its clients for all deposited securities held on account of such clients.
3. at all times segregate the deposited securities held in each sub-account from those held in other sub-accounts.
4. at all times segregate deposited securities held for its own account from deposited securities held for the account of each of its clients.
5. any transfer of securities categorised electronically in Intra Sub-Account Transfer by the Nominee Company as “No Change in Beneficial Owner Transfer”, in accordance with the CDP Rules, corresponds with the actual transfer carried out.
6. the categorisation of transfer of securities effected via Electronic Transfer System corresponds with the actual transfer of securities carried out.
7. engage only in normal custodian services as set out in the letter of undertaking dated [date] from the Nominee Company to The Central Depository (Pte) Limited (“the CDP”).
8. within five (5) calendar months after the close of each financial year, cause its external auditors to certify in writing in a manner acceptable to the CDP, that its obligations in Rule 6.1 and such other obligation as prescribed by the CDP from time to time, have been duly complied with.

Restriction on Distribution and Use

This report is prepared to assist the Nominee Company to meet the requirements of the CDP. As a result, the report may not be suitable for another purpose. Our report is intended solely for the Nominee Company and CDP and should not be distributed to or used by parties other than the Nominee Company or the CDP.

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

¹ The understanding of the relevant applicable requirements should be confirmed with the Nominee Company for each reporting period. For example, for the financial period ended 31 December 2010, the following description would have been appropriate: “Clauses 6.1 and 6.4 of the CDP Depository Rules, Clause 5 of the DA Agreement and DA Circulars – DA/830/2004 and DA/GM/4/2011”.

² The listing of the obligations should be based on the relevant applicable requirements for the reporting period. The listing suggested above is based on the requirements applicable for the period ended 31 December 2010.

APPENDIX 5

Sample Independent Auditor's Reports on SSRS 4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information

(5A) EDAS Schemes (EDB)

Terms of Reference for Grant Recipient's External Auditors

1) Check that:

- a) Items and amounts claimed are in accordance with Annex _____ (Details on Qualifying Cost).
- b) Items and amounts claimed are in accordance with all terms and conditions of the offer letter (and supplemental offer letters, if any).
- c) Items claimed are used for the project as stated in the offer letter, unless otherwise stated.
- d) Items claimed by the company are accurately recorded in all the claim forms and schedules, and in accordance with the books and records maintained by the company.
- e) Description and authenticity of items claimed are valid by agreeing to appropriate source documents and other records.
- f) Claims agree to the appropriate source documents, e.g. invoices, personnel and payroll records, etc.
- g) Claims are made only upon disbursement of cash by the incentive awardee, and do not include those that are purely accounting entries without cash outlays (e.g. accruals, depreciation).
- h) All items claimed are incurred and paid within the qualifying period as per the terms and conditions of the offer letter (and supplement offer letters, if any).

Exception:

For final claims, items claimed may be paid after the qualifying period, but before date of audit report. Notwithstanding this, all items have to be incurred within the qualifying period.

- i) Equipment claimed exists through physical sighting at the date of visit and are installed/operating for the project as stipulated in the offer letter.

The procedures as listed above from (a) to (i) shall cover at least 85% of the value claimed in the statement.

- 2) The auditors shall check that item categories that prohibit related party transactions do not include related party claims.
- 3) The auditors shall check that qualifying cost items supported under the incentive are used exclusively for the project. Otherwise, the qualifying costs shall be suitably pro-rated.
- 4) The auditors shall enquire and report on any sale/lease/disposal/transfer of the equipment, software or intellectual property rights, if applicable, that is funded by EDB during the execution of the project.
- 5) The auditors shall highlight any going concern issues raised in the latest audit report of the company.

- 6) In the event that there are errors and deviations found, the auditors shall report accordingly and provide details.

Report on Factual Findings

To:

Mr /Ms <Name>
<Designation>
<Matrix Implementing Company>
[Address]

We have performed the procedures in accordance with the Terms of Reference on the Statement of Expenditure incurred by _____ (Name of Company) ("the Company") for the claim period from _____(date) to _____ (date). This is in connection with the development of _____ (project name or description and reference number) under the _____(name of incentive) of the Economic Development Board ("EDB") for the qualifying period from _____(date) to _____(date). Our engagement was undertaken in accordance with the Singapore Standard on Related Services SSRS 4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information.

The procedures were performed solely for the purpose of the Company's submission of the aforementioned Statement of Expenditure to the EDB in accordance with the terms and conditions specified by EDB in its Offer Letter dated _____ (date) (and Supplemental Offer Letters dated _____(date)*. With reference to item 1 of the Terms of Reference, we have ensured that such procedures cover at least 85% of the value claimed in the statement.

We report our findings below:

- (a) With respect to item 1 of the Terms of Reference, we found no exceptions from performing the procedures (a) to (i).
- (b) With respect to item 2 of the Terms of Reference, based on related parties identified by _____ (Name of company) and as represented to us, we confirm that related party claims are excluded from item categories that prohibit related party transactions.
- (c) With respect to item 3 of the Terms of Reference, we confirm that qualifying cost items supported under the incentive are used exclusively for the project. For qualifying cost items not used exclusively for the project, we confirm that they are suitably pro-rated.
- (d) With respect to item 4 of the Terms of Reference, we have enquired and are *not aware of any sale/lease/disposal/transfer* of equipment, software or intellectual property rights that is funded by EDB during the execution of the project.
- (e) With respect to item 5 of the Terms of Reference, we confirm that there is no going concern matter included in the latest audit report of the company.

(Detail the exceptions if any)

Because the above procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, we do not express any assurance on the Statement of Expenditure as at _____ (date).

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

* if applicable.

Our report is solely for the purpose set forth in the second paragraph of this report and for your information, and is not to be used for any other purpose or to be distributed to any other parties other than EDB. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Company, taken as a whole.

[Public Accountants and]¹ (Firm)
Chartered Accountants
Singapore

(Date)

¹ Where the report is signed by a professional accountant in public practice with the CA (Singapore) professional designation, who is not a public accountant, the signing convention shall be amended as appropriate by deleting the wordings "Public Accountants and".

(5B) Submission of the Value-added Productivity Figure to the Building and Construction Authority (BCA)

The Board of Directors
[Name of client]
[Address]

We have performed the procedures agreed with you and as set out in the attached Appendix 1 on the computation of the value-added productivity ("VAP") figure for [Name of Company] (the "Company") for the financial year ended [year-end date]. This is in connection with the requirement by the Building and Construction Authority ("BCA") which is set out in the BCA's communication to all A1-B2 BCA Registered Contractors on [date]. Under this requirement, all larger firms registered under Construction Workheads (CW) of BCA Contractors Registry have to submit their VAP figures on an annual basis.

Our engagement was undertaken in accordance with the Singapore Standard on Related Services SSRS 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information. The procedures were performed solely for the purpose of the Company's submission of its VAP figure for the financial year ended [year-end date] to the BCA.

With respect to the procedures set out in Appendix 1, based on our work performed on the computation of the VAP figure, which is attached as Appendix [2], we report that we found no exceptions from performing the procedures 1 and 2.

Because the above procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, we do not express any assurance on the computation of the VAP figure for the financial year ended [year-end date].

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and for your information, and is not to be used for any other purpose or to be distributed to parties other than the BCA. This report relates only to the items specified above and does not extend to the financial statements of the Company taken as a whole.

[Public Accountants and]¹ (Firm)
Chartered Accountants
Singapore

_____ (Date)

¹ Where the report is signed by a professional accountant in public practice with the CA (Singapore) professional designation, who is not a public accountant, the signing convention shall be amended as appropriate by deleting the wordings "Public Accountants and".

APPENDIX 1

PROCEDURES IN CONNECTION WITH THE COMPUTATION OF THE VAP FIGURE

1) Trace the following figures used in the VAP computation, which is attached as Appendix 2, to the audited financial statements for the year ended [year end date] and relevant underlying accounting records² maintained by the Company:

- a) Total remuneration
- b) Operating profit before tax
- c) Depreciation
- d) Indirect taxes and levies

2) [(Select one of the options based on the engagement circumstances)
Compute the average number of employees extracted from the monthly payroll summary [(Or) specify report name] for the year ended [year-end date] and trace to the “Total number of employees” for the VAP computation set out in Appendix [2].

(OR)

Trace the “Total number of employees” for the VAP computation set out in Appendix [2], to the number of IR8E forms for the year ended [year-end date] as submitted to the Inland Revenue Authority of Singapore.]

² The term “underlying accounting records” may be considered as being too general and should be considered for specific adaptation to suit the entity’s circumstances. For example, the term “general ledger” may be more appropriate in circumstances where the information is available from the entity’s general ledger.