



Singapore CA Qualification (Foundation) Examination

21 June 2024

Singapore Taxation

INSTRUCTIONS TO CANDIDATES:

1. The time allowed for this examination paper is 3 hours 15 minutes.
2. This examination paper has **FOUR (4)** questions and comprises **TWENTY-FIVE (25)** pages (including this instruction sheet, Appendix A and Appendix B). Each question may have **MULTIPLE** parts and **ALL** questions are examinable.
3. This is a restricted open-book examination. You are allowed to have only the following materials with you at your exam location:
 - One A4-sized double-sided cheat sheet
 - One A4-sized double-sided blank scratch paper
4. During the examination, you are allowed to use your laptop and any calculators that comply with the ISCA's regulations. Please note that smartwatches, mobile phones, tablets, and all other electronic devices **MUST NOT** be used during the examination.
5. During the examination, videos of you and your computer screen will be recorded for the purpose of ensuring examination integrity and you have consented to these recordings.
6. This examination paper and all video recordings of this exam are the property of the Accounting and Corporate Regulatory Authority.

MODULE-SPECIFIC INSTRUCTIONS:

7. Assume that all dollar amounts are in Singapore dollar (S\$) unless otherwise stated.
8. All computations should be presented up to **TWO (2)** decimal places, unless otherwise stated.

IMPORTANT NOTICE:

If you are not feeling well, please do not press "Start Assessment". If you have started and leave during the exam, you would be deemed to have attempted the paper.

****VERY IMPORTANT NOTICE****

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1. Your question paper is attached under the "**Resource**" tab found at the bottom right of **EACH** question.

Other important information:

2. You will **only be allowed** to access the Excel function from your computer.
3. You are **NOT ALLOWED** to access any websites or reference materials (except for your A4 sized double sided cheat sheet) during the exam.
4. You are **NOT ALLOWED** to print the question paper.
5. **Please take note that your screen will be monitored throughout the examination. If you are found to have accessed unauthorised materials or websites, or if you cheat or attempt to cheat, you will be liable to severe disciplinary action.**

Should you encounter any issues during the exam, please call the following number:

+65 6028 9811

6. **You do not need to fill in an answer to this instruction question.**

Question 1 – (a) and (b)

Candy Cane Pte Ltd (CCPL) is in the business of designing digital games. The company was started by the Lui siblings, Candy, Cruise, Cardy and Cain, who are competitive e-sports gamers and highly regarded in the e-sports gaming community. The company was incorporated in 2017 after it bought over the e-game development business from Oz Games Pte Ltd (Oz). CCPL was equally owned by the Lui siblings until 30 November 2021. Cruise and Cardy sold 20% of their respective shareholdings in CCPL to Queen Entertainment Inc (Queen), a leading game developer company and tax resident in Country Q. The share transfer to Queen took effect on 1 December 2021. All CCPL board meetings continue to be held in Singapore.

For the year ended 30 November 2023, CCPL made a net accounting profit before tax of \$1,050,000 on a turnover of \$15,000,000. The profit was arrived at after taking into consideration the following receipts and expenses:

Receipts	S\$
Bad debt recovered/provision written back: <ul style="list-style-type: none">- Bad debt recovered from King Entertainment Pte Ltd. The debt was written off in Oz's accounts before CCPL bought over the business from Oz.- Provision written back from F9 Distribution Pte Ltd. The debt provision was created in the financial year 2020 and disallowed by the Comptroller of Income Tax.	59,000 102,000
Dividend income from CCPL's 15% shareholdings in Epic Games Inc., a company tax resident in Country E, which has a headline tax rate of 10%. There is no dividend withholding tax in Country E and Singapore has no tax treaty with Country E. CCPL used the proceeds from the dividend to settle the downpayment for new computer equipment acquired from Country Q during the year. The equipment arrived in Singapore on 15 December 2023.	80,000
Interest income received from <ul style="list-style-type: none">- client overdue accounts.- Citibank Singapore, an approved bank in Singapore.	11,000 25,000

- fixed deposit placement with Citibank in Country Q, which does not impose interest withholding tax and has a headline tax rate of 10%. The total cumulative interest income (including current year's) of \$154,000, maintained in a bank account in Country Q, was used to purchase shares in Epic (Singapore) Pte Ltd, a company tax resident in Singapore.	34,000
Rental income from the lease of excess space in CCPL's office premises; the lease was renewed by the tenant for another two years.	96,000

Expenses	S\$
Depreciation for the year.	650,000
Staff costs comprising: <ul style="list-style-type: none"> • Staff salaries, bonuses and employer's CPF contribution. 8,000,000 • Allowances given to staff to cover their daily commute travelling expenses. 300,000 • Per diem allowances for overseas business travel expenses. 150,000 • Directors' fees. 65,000 • Staff medical and hospitalisation insurance premium. 105,000 CCPL has not implemented portable or transferable medical plans.	
Travelling and transportation expenses include: <ul style="list-style-type: none"> • Lease of a motor car in Country B for use by the sales director while on business trips to visit customers there. 15,400 • Reimbursement of overtime travelling expenses: <ul style="list-style-type: none"> - Taxi fares; 34,800 - Chauffeured driver car charges; and 43,800 - Private hire cars from car rental companies, e.g. BlueSG, Tribecar. 6,900 	
Legal and professional fees include: <ul style="list-style-type: none"> • Renewal of office tenancy agreement with the tenant (see above). 17,800 • Application of grant for IT upgrade. 36,000 	
Foreign exchange differences include (gain)/loss arising from: <ul style="list-style-type: none"> • Exchange loss from purchase of computing equipment. 18,600 	

• Exchange gain from settlement of trade receivables.	(12,400)
Repairs and maintenance expenses which include the following relating to the office premises rented out:	
• Replacement of electrical fittings with similar features.	10,400
• Repairs to doors and windows.	4,800
Interest expense on a loan taken to purchase the office premises (10,800 sq. ft), of which 1,500 sq. ft was rented out.	140,400
Costs written off in relation to the following sponsorships by CCPL:	
• Apparel costs for Team Singapore at the world e-games competition organised by the Global Esports Federation. (The apparel worn by the Singapore participants was emblazoned with CCPL's name and logo.)	15,800
• Cash donation to Food from the Heart, an institution of a public character in Singapore.	20,000
• Lucky draw prizes for a staff appreciation dinner.	6,900

Note 1

All relevant allowances and deductions on qualifying capital expenditures incurred in the financial year 2022 and before have been fully claimed except for the following amounts (capitalised to the Balance Sheet):

Item	Financial year	S\$
10 units of cabinet, each costing \$3,800	2022	38,000
8 units of meeting chairs, each costing \$2,500	2023	20,000
Downpayment for computing equipment	2023	600,000
Non-structural improvement works carried out on office premises which comprise:		
• Interior designer fees	2021	25,000
• Hacking and debris removal, general electrical wiring, plumbing and tiling works, of which \$50,000 relates to the area rented out.	2021	128,900
• Flooring and fixed partition works in the area occupied for CCPL's business.	2022	144,000

There were no Section 14N-compliant costs incurred prior to YA 2022. The company did not opt for accelerated deduction over one year.		
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CCPL will continue to claim maximum accelerated capital allowances in the current YA, where applicable.

**e-Exam
Question
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Question 1 required:

2

(a) Calculate the minimum **net** chargeable income (**after** exempt income) of CCPL for YA 2024. Show all relevant workings/information in relation to the following:

- Medical expense adjustment;
- Special deductions under Section 14N of the Singapore Income Tax Act; and
- Capital allowances.

(20 marks)

3

(b) Discuss the withholding tax implications with regard to the car hired in Country B. There is no tax treaty between Singapore and Country B. If withholding tax is applicable, please address the administrative requirements in your answer.

(5 marks)

(Total: 25 marks)

Question 2 – (a) and (b)

Linh Nguyen (Linh) is 54 years old and holds a Permanent Resident status in Singapore. She is married to a Singaporean, Toby Quek (Toby), who is 58 years old and is a private investor. Linh is the Head of Regional Tax at a global telco company based in Singapore. She accepted an early retirement package from her employer that took effect from 1 September 2023. For the period from 1 January to 31 August 2023, she was provided with the following benefits/remuneration from her employer:

- Salary for the period totalling \$168,000.
- 2-month bonus of \$42,000.
- Severance package based on last drawn salary of \$21,000 for 17 years of service; i.e., \$357,000.
- Transport allowance for the period totalling \$8,000 which was paid to Linh on a monthly basis (\$1,000/month).
- A company car purchased at the cost of \$185,000 was provided for Linh's use up till 31 August 2023. The PARF rebate on the car is \$45,000. The annual maintenance expenses (i.e., road tax, insurance, etc.), as well as the daily running costs (i.e., petrol, ERP and parking), are to be borne by Linh. There are 243 days in the period from 1 January to 31 August 2023, and the year 2023 was not a leap year. On 1 September 2023, the title of the car was transferred to Linh at \$0 in recognition of her many years of good service. The market value on the transfer date was \$30,000.
- Per diem allowances for the period totalling \$24,000 for business travels to various countries during the period. (The allowances are payable only for business travels taken during the month.) The daily rate for the per diem allowances was within the rates prescribed by Inland Revenue (IR) for the respective countries visited by Linh except for Country A, where she was given a daily allowance of \$150/day for 4 days, whereas IR's prescribed daily rate was \$130.

During the same period, she incurred the following expenses:

- Car expenses of \$6,500, of which \$2,500 is attributed to employment-related trips.
- Business entertainment expenses of \$190 (meetings with external tax consultants), for which Linh did not claim reimbursement from her employer.

- Chauffeured private hire car expenses of \$410 for employment-related travels.
- Linh and her employer made contributions to CPF within the statutory limits.

Additional information:

- (i) In light of her plan to accept the early retirement package from her employer, Linh commenced a business in tax consulting in the year 2021. For the financial year ended 31 December 2023, the sole proprietorship business derived a net profit of \$14,200 after taking into account the following income and expenses:
- Interest income of \$200 from a bank deposit placement with OCBC Bank, an approved bank in Singapore.
 - Salary of \$36,000 paid to Toby to perform administrative and compliance duties. The salary payable to engage a third party to carry out similar duties would have been \$42,000.
 - Depreciation of \$400.
 - Medical and dental premiums for Linh and her family of \$6,900.
- (ii) Linh did not make any CPF contributions in 2023 on her business income. She has unabsorbed trade losses of \$54,000 brought forward from Year of Assessment 2023.
- (iii) In 2023, Linh derived royalty income of \$3,000 from contributing articles in a local newspaper.
- (iv) Linh's parents, currently in their seventies, moved to Singapore from Vietnam in the year 2000 when she had her firstborn, Tobias, now aged 23 years old. They are still living with Linh and Toby and continue to help with household and childcare duties. In 2023, Linh's father derived interest income of \$3,500 from his bank account in Vietnam which was not remitted to Singapore. Her mother received \$5,000 from lottery winnings during the year.
- (v) Linh and Toby have three (3) children, Tobias, Trinity and Trent, who are all Singapore citizens. Tobias is currently studying at a local autonomous university ("AU") in Singapore after completing his National Service duties in year 2021. Trinity has just commenced her tertiary education at a local AU while Trent, who is 16 years old and autistic, is completing his education at Pathlight School.
- (vi) Toby was exempted from National Service duties due to medical issues. Apart from his salary drawn from Linh's business, he derived Singapore bank deposit

interest and dividend income of \$2,000 and gain from the sale of share investments of \$248,000.

(vii) Linh made cash top-up of \$ 4,000 into her CPF Special Account during the year.

**e-Exam
Question
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Question 2 required:

4

- (a)** Compute Linh's minimum tax payable for the Year of Assessment 2024 and maximise the claim for reliefs available to her. All relevant reliefs available to Linh should be considered and included in your answer. With respect to the following reliefs:
- i.** Working Mother's Child Relief – provide your workings showing the rate of claim applied to each child, if any.
 - ii.** Parent Relief – indicate on which parent the relief is claimed.

(20 marks)

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- (b)** On 15 November 2023, Linh realised she had omitted to declare her royalty income of \$6,000 in her tax return for Year of Assessment 2023. State the consequence of her omission and the course of action that she should take.

(5 marks)

(Total: 25 marks)

Question 3 – (a) and (b)

Parfait Bakes (“PB”) operates an artisanal bakeshop offering a wide range of bespoke cakes and baked goods. Their products are sold online as well as through a physical shop in Singapore. PB is a Goods and Services Tax (“GST”)-registered business that is currently entitled to a full input tax credit. It has also opted to apply a reverse charge on all its imported services.

The following transactions were conducted in the quarter ended 31 July 2023. **Unless otherwise stated**, all purchases made in Singapore were from GST-registered companies, and all purchase, sales and income values stated are exclusive of GST.

- (i) Sales worth \$320,000 through its physical shop to customers who were not GST registered.
- (ii) Online sales worth \$180,000 before a 5% discount.
- (iii) Received cash of \$8,000 from the sale of various cake display chillers to local customers.
- (iv) Cash deposit of \$13,000 received for wedding cake worth \$26,000 to be delivered on 15 August 2023. The invoice will be issued in August.
- (v) Invoiced sale of \$5,000 for a birthday cake on 10 May 2023, where a cash deposit of \$2,160 was received in April 2023.
- (vi) Interest income of \$3,000 from deposit placement with DBS Bank, Singapore.
- (vii) Compensation of \$800 was received from a supplier for late delivery of supplies to PB.
- (viii) Imported butter and flour from Country X at a cost of \$54,000, which includes freight charges of \$4,000.
- (ix) Donated unsold baked goods worth \$4,000 to a charitable organisation.
- (x) Unsold cakes worth \$210 were given to a member of staff.

- (xi)** Meals costing \$3,800 were provided to staff who were working overtime.
- (xii)** Accounting software subscription fee of \$330 paid to a company tax resident in Country Y.
- (xiii)** Purchased new refrigeration equipment and cake display chillers worth \$35,000 at a 10% discount.
- (xiv)** Staff uniform expense of \$20,000.

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Question 3 required:

- (a)** For each of the above transactions referred to by the Roman numeral code, and with reference only to the quarter ended 31 July 2023, provide your answer in the following format:

	Others, state if OS, NS, BL, EXS, where applicable	Value of supply made			Output GST	Value of taxable purchase	Input GST
		SR	ZR	EX			
(i-1)							

Note: You may copy the above table into Excel to prepare your answers.

Where there is no taxable (i.e. standard-rated “SR” or zero-rated “ZR”) or exempt (i.e. EX) supply made or there is no input GST to be claimed, please state why under column marked “Others”, using the following abbreviations:

OS – Out-of-Scope

NS – No Supply

BL – Blocked

ZR – Purchase that is a zero-rated supply

EX – Purchase that is an exempt supply

EXS – Incurred in the making of exempt supply

Using the abbreviations indicated in the legend and the following example transaction as a guide, this is how you should present your answer:

Transaction: **(xi-1)** Purchase from a non-GST registered supplier
- \$300

	Others	Value of supply made			Output GST	Value of taxable purchase	Input GST
		SR	ZR	EX			
(xi-1)	OS					\$0	\$0

Legend for the example answer:

(xi-1) – Is the unique line number identifying the transaction in the case;

OS (out-of-scope) is the reason why there is no taxable purchase and input tax.

(22 marks)

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- (b)** PB intended to upgrade its kitchen equipment in 2024. Upon making enquiries with its equipment supplier in 2023, PB was informed by the supplier that it had excess stocks of the equipment required by PB. If PB agreed to make the purchase immediately, the supplier would allow PB to settle the payment over 6 monthly instalments. PB took possession of the equipment on 27 December 2023, which was also the date of the invoice, and the final payment was settled by 15 May 2024. Explain the GST implications of the purchase i.e., the rate of GST chargeable.

(3 marks)

(Total: 25 marks)

Question 4 – (a), (b) and (c)

Addy Lee is the sole shareholder of ABC Pte Ltd (ABC) and KLM Pte Ltd (KLM), both Singapore incorporated companies and tax resident in Singapore. Both companies have been profitable since their incorporation in the early 2000s until financial year 2018 when KLM started to turn in losses following the loss of a major customer. Addy accepted Nelson Wong’s offer to work together to grow the Singapore companies’ businesses. On 16 October 2022, a holding company, XYZ Pte Ltd (XYZ), was incorporated in Singapore and its shares were equally owned by Addy and Nelson. Addy’s 100% shareholdings in ABC and KLM were transferred to XYZ on 1 December 2022. Further, a new Singapore company, DEF Pte Ltd (DEF), was incorporated on 20 January 2023 and it is also wholly owned by XYZ.

For the period/year ended 30 November 2023, the tax results of the respective companies, apart from XYZ, are as follows:

	ABC	KLM	DEF
Adjusted profit/(loss) – YA 2024	\$490,000	(\$290,000)	\$100,000
Capital allowances – YA 2024	(\$125,000)	Deferred	(\$30,000)
Unabsorbed trade losses brought forward – YA 2019	\$0	(\$60,000)	\$0

**e-Exam
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Question 4 required:

- 8** **(a)** Explain how the unabsorbed loss brought forward from YA 2019 can be deducted by KLM against its future taxable income.
(8 marks)
- 9** **(b)** Explain how ABC, KLM and DEF qualify as members of the same group under the group relief provisions and how the amount transferable is determined.
(6 marks)
- 10** **(c)** Compute the net chargeable income (after exempt income) of ABC, KLM and DEF for the Year of Assessment 2024, on the basis that KLM's loss items are to be considered for transfer to ABC first. Any unutilised loss item remaining must be highlighted in your computation.
(11 marks)
(Total: 25 marks)

END OF PAPER

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2024

Goods and Services Tax

Standard rate	7% (up to 31 December 2022)
	8% (1 January 2023 to 31 December 2023)
	9% (from 1 January 2024 onwards)

Compulsory Registration threshold

- taxable supplies exceeding \$1 million (either under the retrospective or prospective basis)
- imported services, within the scope of reverse charge, in excess of S\$1 million in a 12-month period (either under the retrospective or prospective basis) and importer of service is not entitled to full input tax credit when GST-registered.

Corporate Income Tax (CIT) Rate

Year of Assessment 2024	17%
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Corporate Tax Rebate

Year of Assessment 2024 CIT tax rebate of 50% of corporate tax payable, subject to a cap as follows:

- Rebate > \$0 and no CIT cash grant* received, rebate up to \$40,000 will be given.
- Rebate ≤ \$2,000 and CIT cash grant of \$2,000* received, no rebate will be given.
- Rebate > \$2,000 and cash grant of \$2,000* received, rebate up to \$38,000 will be given (CIT rebate capped at \$40,000 less grant of \$2,000).

* Cash grant of \$2,000 will be given to companies (tax resident & non-resident) provided the company employed at least one local employee (excluding shareholders who are also directors) in 2023.

There were no corporate tax rebates nor CIT cash grant available for YA 2021 to 2023.

Computation of exempt income under Partial/Start-up Tax Exemption Scheme

Effective Year of Assessment 2020:

<u>Partial Tax Exemption</u>	\$
First \$10,000 of chargeable income is 75% exempt	7,500
Next \$190,000 of chargeable income is 50% exempt	<u>95,000</u>

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2024

Total	<u>102,500</u>
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Start-up Tax Exemption

First \$100,000 of chargeable income is 75% exempt	75,000
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Next \$100,000 of chargeable income is 50% exempt	<u>50,000</u>
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Total	<u>125,000</u>
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Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2024

Personal Income Tax effective from Year of Assessment 2024 (Resident)

Chargeable Income	Rate (%)	Gross Tax Payable (\$)
First \$20,000	0	0
Next \$10,000	2.0	200
First \$30,000	-	200
Next \$10,000	3.5	350
First \$40,000	-	550
Next \$40,000	7.0	2,800
First \$80,000	-	3,350
Next \$40,000	11.5	4,600
First \$120,000	-	7,950
Next \$40,000	15.0	6,000
First \$160,000	-	13,950
Next \$40,000	18.0	7,200
First \$200,000	-	21,150
Next \$40,000	19.0	7,600
First \$240,000	-	28,750
Next \$40,000	19.5	7,800
First \$280,000	-	36,550
Next \$40,000	20.0	8,000
First \$320,000	-	44,550
Next \$180,000	22.0	39,600
First \$500,000	-	84,150
Next \$500,000	23.0	115,000
First \$1,000,000	-	199,150
In excess of \$1,000,000	24.0	

Personal tax rebate

The rebate is given for Year of Assessment 2024 at the rate of 50%, capped at \$200. There was no personal tax rebate in Years of Assessment 2021 to 2023.

Personal Income Tax (Non-resident)

General Rate: 24% (effective from YA 2024)

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2024

Section 40B Relief for Non-resident Employees

Tax payable on the Singapore employment income of a non-resident individual is calculated at a flat rate of 15% or on a resident basis, whichever results in a higher tax amount.

Central Provident Fund (CPF)

Contributions for individuals aged 55 years and below and earning at least \$750 per month.

Rates of CPF contributions (effective from 1 January 2016 onwards)

Employee	20%
Employer	17%

Maximum monthly ordinary wages (OW) attracting CPF (up to 31/8/2023)	\$6,000
Maximum monthly ordinary wages (OW) attracting CPF (from 1/9/2023 to 31/12/2023)	\$6,300
Maximum annual additional wages (AW) attracting CPF	\$102,000 less OW subject to CPF

Ad hoc Contribution to Medisave

Cap on deductible ad hoc contribution by employers to employees' Medisave accounts

- Effective from 1 January 2018, \$2,730 per employee per year.

Personal Income Tax Reliefs

With effect from YA 2018, the overall personal income tax relief available to resident individuals, as detailed below, will be capped at \$80,000.

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2024

Earned income

Age	Normal (able-bodied) maximum	Handicapped maximum
Below 55 years	\$1,000	\$4,000
55 to 59 years	\$6,000	\$10,000
60 years and above	\$8,000	\$12,000

Other reliefs

Type of relief	Amount of relief
Spouse relief	\$2,000
Handicapped spouse relief	\$5,500
Qualifying child relief (per child) (QCR)	\$4,000
Handicapped child relief (per child) (HCR)	\$7,500
Handicapped sibling relief (per sibling)	\$5,500
Parent relief	
- Staying with dependant	\$9,000
- Not staying with dependant	\$5,500
Handicapped parent relief	
- Staying with dependant	\$14,000
- Not staying with dependant	\$10,000
Working mother's child relief (WMCR)	% of mother's earned income
- First child	15%
- Second child	20%
- Third and subsequent child	25%
- Maximum cumulative WMCR	100%
Maximum relief per child (comprising QCR or HCR and WMCR)	\$50,000
Grandparent caregiver relief	\$3,000
Life insurance relief	\$5,000 (max)
CPF relief for self-employed	Tax relief will be capped at the lower of: <ul style="list-style-type: none"> • 37% of net trade income assessed; or • CPF relief cap of \$37,740; or

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2024

Type of relief	Amount of relief
	<ul style="list-style-type: none"> Actual amount contributed in the basis period.
Course fee relief	\$5,500 (max)
Foreign domestic worker levy relief	
- Up to 31 March 2022	\$6,360 (max)
- Effective from 1 April 2022	\$7,200 (max)
Supplementary Retirement Scheme	
- Singapore citizens and PRs	\$15,300 (max)
- Foreign citizens	\$35,700 (max)
CPF cash top-up relief	
- Self	\$8,000 (max)
- Qualifying family members	\$8,000 (max)

National Service Man (NSman) relief

	Normal Appointment	Key Appointment Holder
Active NSman	\$3,000	\$5,000
Nan-active NSman	\$1,500	\$3,500
Wife/widow/parent of NSman	\$750	\$750

Withholding tax rates

Nature of income	% rates payable
Interest and other payments in connection with loan or indebtedness	15%
Royalty or other lump sum payments for the use of, or the right to use, movable properties	10%
Payment for the use of, or the right to use scientific, technical, industrial, or commercial knowledge or information	10%

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2024

Technical assistance and service fees	Prevailing Corporate Tax Rate
Management fees	Prevailing Corporate Tax Rate
Rent or other payments for the use of movable properties	15%
Director's remuneration	24%
Non-resident professional	15% of gross or 24% of net

Appendix B - Common verbs used by the Examiners

Verb	Description
Calculate / Compute	Do the number crunching and derive the correct answer. Make sure that you write down your workings and crosscheck your numbers.
Discuss	Discuss requires you to provide the 'for' and 'against' arguments, you cannot have a discussion without opposing views otherwise it would be just a conversation. If discuss is placed near the front of the instruction, then it requires you to provide an answer that is similar to explain , but addresses both the for and against arguments.
Explain	Explain requires you to write at least several sentences conveying how you have analysed the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand.
State	State is similar to list , but the items require your professional judgement. For instance, " State any restrictions that apply". One of the easiest ways to make sure that you state comprehensively is to think, " list and justify ".
With reference to	This instruction requires you to relate your answer back to a specific document/s or set of facts. For instance, " With reference to relevant Singapore Financial Reporting Standards, explain the risk of material misstatements relating to ...". In this example, relevant <u>Singapore Financial Reporting Standards</u> acts as a qualifier (with reference to 'what'). Failure to make specific mention of the document/s or facts in your answer will result in a substantial loss of marks.