

PROPOSED CONFORMING AMENDMENTS TO LOCALLY DEVELOPED PRONOUNCEMENTS

Note: The following are proposed conforming amendments to the locally developed pronouncements as a result of the new and revised auditor reporting Singapore Standards on Auditing (SSAs). These amendments will become effective at the same time as the new and revised auditor reporting SSAs. The footnote numbers within these amendments do not align with the pronouncements that are amended, and reference should be made to those pronouncements.

Statement of Auditing Practice (SAP) 2 (Revised), *Auditors and Public Offering Documents*

APPENDIX 1

Example Reports

Example 1: Independent Auditor's Report on the Consolidated (or "Combined", as appropriate) Financial Statements for the 3 Most Recent Completed Financial Years

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of a complete set of consolidated (or "combined", as appropriate) financial statements for the 3 most recent completed financial years of a Singapore incorporated entity using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., SSA 600¹ applies).
- The consolidated (or "combined", as appropriate) financial statements are prepared by management of the entity in accordance with Financial Reporting Standards (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the consolidated (or "combined", as appropriate) financial statements in SSA 210².
- The auditor has concluded an unmodified (i.e., "clean") opinion is appropriate for each of the 3 years based on the audit evidence obtained.
- The Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) comprises all of the relevant ethical requirements that apply to the audit.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with SSA 570 (Revised)³.
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701⁴.
- Those responsible for oversight of the consolidated (or "combined", as appropriate) financial statements differ from those responsible for the preparation of the consolidated (or "combined", as appropriate) financial statements.
- The auditor has no other reporting responsibilities required under local law.

¹ SSA 600, "Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)."

² SSA 210, "Agreeing the Terms of Audit Engagements."

³ SSA 570 (Revised), "Going Concern."

⁴ SSA 701, "Communicating Key Audit Matters in the Independent Auditor's Report."

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Report on the Financial Statements

Opinion

We have audited the ~~accompanying consolidated (or "combined", as appropriate)~~ financial statements of ABC Company Limited (the "Company") and its subsidiaries (collectively the "Group"), ~~which comprise~~ the consolidated (or "combined", as appropriate) statements of financial position as at 31 December 20X1, 20X2 and 20X3, and the consolidated (or "combined", as appropriate) income statements, statements of comprehensive income, consolidated (or "combined", as appropriate) statements of changes in equity and consolidated (or "combined", as appropriate) statements of cash flows for each of the financial years ended 31 December 20X1, 20X2 and 20X3, and notes to the consolidated (or "combined", as appropriate) financial statements, including a summary of significant accounting policies and other explanatory notes, as set out on pages [] to [].

In our opinion, the accompanying consolidated (or "combined", as appropriate) financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of present fairly, in all material respects, the consolidated financial position state of affairs of the Group as at 31 December 20X1, 20X2 and 20X3, and of the consolidated financial performance its results of operations, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 20X1, 20X2 and 20X3 in accordance with [Singapore Financial Reporting Standards]².

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated (or "Combined", as appropriate) Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors's Responsibility⁵ for the Consolidated (or "Combined", as appropriate) Financial Statements

~~The Company's m~~Management is responsible for the preparation ~~and fair presentation of these~~ consolidated (or "combined", as appropriate) financial statements that give a true and fair view in accordance with FRSs [Singapore Financial Reporting Standards]⁶, 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 financial statements and to maintain accountability of assets, 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.

In preparing the consolidated (or "combined", as appropriate) financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

⁵ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

⁶ Insert applicable financial reporting framework.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibility Responsibilities for the Audit of the Consolidated (or "Combined", as appropriate) Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated (or "combined", as appropriate) financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated (or "combined", as appropriate) financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated (or "combined", as appropriate) financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.⁷
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated (or "combined", as appropriate) financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated (or "combined", as appropriate) financial statements, including the disclosures, and whether the consolidated (or "combined", as appropriate) financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated (or "combined", as appropriate) financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

⁷ This sentence would be modified, as appropriate, in circumstances when the auditor also has a responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated (or "combined", as appropriate) financial statements.

~~Our responsibility is to express an opinion on these consolidated (or “combined”, as appropriate) financial statements based on our audits. We conducted our audits in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated (or “combined”, as appropriate) financial statements are free from material misstatement.~~

~~An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated (or “combined”, as appropriate) financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated (or “combined”, as appropriate) 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 consolidated (or “combined”, as appropriate) 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 consolidated (or “combined”, as appropriate) financial statements.~~

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

Restriction on Distribution and Use

This report is made solely to you as a body and for the inclusion in the prospectus to be issued in relation to the proposed offering of the [shares/debentures] of the Company in connection with the Company’s listing on the Singapore Exchange Securities Trading Limited.

XYZ
Public Accountants and
Chartered Accountants
Singapore

[Name of auditor]
Partner
Date

Audit Guidance Statement (AGS) 5 (Revised), *Audits of Entities in Specific Industries, Professions or Vocations*

Appendix 1

Audit of Solicitors' Accounts

Annual Accounts

32. Where a full audit report is requested by the client, the accountant's report should take the form as recommended in SSA 700 [\(Revised\)](#)⁸. Where a limited report is requested, the accountant should comply with the requirements of Singapore Standards on Review Engagements as appropriate.

Appendix 2

Charities

Reporting

52. Where the auditor is to express an opinion on financial statements intended to give a true and fair view this statement should also be read in conjunction with SSA 700 [\(Revised\)](#)⁹.

Modifications in Auditor's Reports

56. The basic criteria regarding modifications in auditor's reports are the same in charities as in other audits and thus SSA 705 [\(Revised\)](#)¹⁰.
57. A particular and frequent problem for many small charities is the difficulty of applying proper control over voluntary donations until they are entered in the accounting records. This creates a problem for auditors similar to that which exists in relation to many small businesses regarding evidence of completeness of income. Where such a problem does exist, even after the auditor has taken steps to obtain all the evidence which can reasonably be obtained, he may conclude that he is unable to give an unmodified opinion on the financial statements in respect of the completeness of income. The auditor should refer to SSA 705 [\(Revised\)](#) and SSA 706 [\(Revised\)](#)¹¹ for guidance on the form and the content of the modifications to the auditor's report.

⁸ SSA 700 [\(Revised\)](#), "Forming an Opinion and Reporting on Financial Statements"

⁹ SSA 700 [\(Revised\)](#), "Forming an Opinion and Reporting on Financial Statements"

¹⁰ SSA 705 [\(Revised\)](#), "Modifications to the Opinion in the Independent Auditor's Report"

¹¹ SSA 706 [\(Revised\)](#), "Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report"

Appendix 3

Audit of Trade Unions

APPENDIX

Auditor's Report on Financial Statements of a Trade Union Prepared in Accordance with a Fair Presentation Framework

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of a complete set of financial statements of a Trade Union (Union) using a fair presentation framework. The audit is not a group audit (i.e., SSA 600¹² does not apply).
- The financial statements are prepared by management of the Union in accordance with Financial Reporting Standards (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210¹³.
- The auditor has concluded an unmodified (i.e., "clean") opinion is appropriate based on the audit evidence obtained.
- The Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) comprises all of the relevant ethical requirements that apply to the audit.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern in accordance with SSA 570 (Revised)¹⁴.
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701¹⁵.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Report on the Audit of the Financial Statements

Opinion

We have audited the ~~accompanying~~ financial statements of _____ (~~entity~~) (the "Union"), which comprise the statement of financial position as at 31 December 20X1 (~~date~~), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for

¹² SSA 600. "Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)."

¹³ SSA 210. "Agreeing the Terms of Audit Engagements."

¹⁴ SSA 570 (Revised). "Going Concern."

¹⁵ SSA 701. "Communicating Key Audit Matters in the Independent Auditor's Report."

the year then ended, and notes to the financial statements, including a summary of significant accounting policies ~~and other explanatory information.~~

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Trade Unions Act, Chapter 333 (the Act) and ~~Singapore~~ Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the state of affairs of the Union as at 31 December 20X1...-(date) and of the results, changes in equity and cash flows of the Union for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Union in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code), and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management's¹⁶ and Those Charged with Governance¹⁷ 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 Trade Unions Act, Chapter 333 (the "Act") and FRSsSingapore 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.

In preparing the financial statements, management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

Auditor's ~~Responsibility~~Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

¹⁶ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

¹⁷ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

opinion on the effectiveness of the Union's internal control.¹⁸

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 control¹⁹. 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.

¹⁸ This sentence would be modified, as appropriate, in circumstances when the auditor also has a responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements.

¹⁹ 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."

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by Regulation 16A of the Trade Union Regulations to be kept by the Union have been properly kept in accordance with those regulations.

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

- (a) the Union has not maintained a satisfactory system of control over its assets and transactions in accordance with Regulation 16A of the Trade Unions Regulations;
- (b) the Union's funds were not invested in the manner as prescribed in section 46 and section 49(1)(b) of the Act or the rules of the Union; and
- (c) there were payments made by the Union during the period that were not authorised by the Act or the Trade Unions Regulations or the rules of the Union.

[The form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law or regulation. The matters addressed by other law or regulation (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the SSAs as part of the Report on the Audit of the Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the SSAs may be combined (i.e., included in the Report on the Audit of the Financial Statements section under the appropriate subheadings) provided that the wording in the auditor's report clearly differentiates the other reporting responsibilities from the reporting that is required by the SSAs where such a difference exists.]

_____ (Firm)
Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

Illustration of Independent Joint Auditors' Report on Financial Statements

- Illustration 1: A joint auditors' report on consolidated financial statements of a listed entity not incorporated in Singapore prepared in accordance with a fair presentation framework for a Company not incorporated in Singapore

Illustrative Joint Auditors' Report

Illustration 1 :- Joint Auditors' Report on Consolidated Financial Statements of a Listed Entity not Incorporated in Singapore Prepared in Accordance with a Fair Presentation Framework

For purposes of this illustrative joint auditors' report, the following ~~c~~Circumstances are assumed include the following:

- Joint audit of a complete set of consolidated financial statements of a listed entity not incorporated in Singapore using a fair presentation framework. The audit is a group audit of an entity with subsidiaries, prepared for a general purpose by management of the parent in accordance with an [applicable financial reporting framework].
- The consolidated financial statements are prepared by management of the entity in accordance with an [applicable financial reporting framework] (a general purpose framework).
- The terms of the ~~group~~ audit engagement reflect the description of management's responsibility for the consolidated financial statements in an [applicable auditing framework].
- The joint auditors has concluded an unmodified (i.e., "clean") opinion is appropriate based on the audit evidence obtained.
- The relevant ethical requirements that apply to the audit comprise the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) and the ethical requirements relating to the audit in the jurisdiction of the overseas auditor, and the joint auditors refer to both.
- Based on the audit evidence obtained, the joint auditors have concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with an [applicable auditing framework].
- Key audit matters have been communicated in accordance with an [applicable auditing framework].
- Those responsible for oversight of the consolidated financial statements differ from those responsible for the preparation of the consolidated financial statements.
- In addition to the audit of the consolidated financial statements, the joint auditors have other reporting responsibilities required under local law.
- ~~The Company is not incorporated in Singapore.~~

INDEPENDENT JOINT AUDITORS' REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Consolidated Financial Statements²⁰

Opinion

We have audited the ~~accompanying~~ consolidated financial statements of ABC Company and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 20X1, and the consolidated statement of comprehensive income, consolidated statement

²⁰ The sub-title "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies ~~and other explanatory information.~~

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Groupstate of affairs of ABC Company and its subsidiaries as at 31 December 20X1 ~~_____ (date), and its consolidated financial performance, consolidated changes in equity and its consolidated cash flows~~ the results, changes in equity and cash flows for the year then ended ~~on that date~~ in accordance with [applicable financial reporting framework].

Basis for Opinion

We conducted our audit in accordance with [applicable auditing framework]. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) [and the _____ (name of source of relevant ethical requirements that apply to the audit of the consolidated financial statements in the jurisdiction of the overseas auditor)], and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code and the [name of source of relevant ethical requirements that apply to the audit of the consolidated financial statements in the jurisdiction of the overseas auditor]. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter]

Responsibilities of Management's²¹ and Those Charged with Governance Responsibility for the Consolidated Financial Statements²²

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with [applicable financial reporting framework], and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' ResponsibilityResponsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with [applicable auditing framework] will always detect a material misstatement when it exists. Misstatements can arise from

²¹ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

²² Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with [applicable auditing framework], we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.²³
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

²³ This sentence would be modified, as appropriate, in circumstances when the joint auditors also have a responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements.

~~An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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.²⁴ 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 consolidated financial statements.~~

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

Report on Other Legal and Regulatory Requirements

~~*[The form and content of this section of the joint auditors' report would vary depending on the nature of the joint auditors' other reporting responsibilities prescribed by local law or regulation. The matters addressed by other law or regulation (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the [applicable auditing framework] as part of the Report on the Audit of the Consolidated Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the [applicable auditing framework] may be combined (i.e., included in the Report on the Audit of the Consolidated Financial Statements section under the appropriate subheadings) provided that the wording in the joint auditors' report clearly differentiates the other reporting responsibilities from the reporting that is required by the [applicable auditing framework] where such a difference exists.]*~~

~~The engagement partners on the audit resulting in this independent joint auditors' report are [names].
[Form and content of this section of the auditors' report will vary depending on the nature of the auditors' other reporting responsibilities.]~~

Public Accountants and
Chartered Accountants
Singapore

(Date)

[Overseas Auditor Professional
Designation]
[Country of Overseas Auditor]

(Date)

²⁴ In circumstances when the auditors also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements, this sentence would be worded as follows: "In making these risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances."

APPENDIX 2

Illustrative Joint Engagement Letter

The following is an example of a joint audit engagement letter for an audit of general purpose financial statements prepared in accordance with [applicable financial reporting framework]. This letter is not authoritative but is intended only to be a guide. It will need to be varied according to individual requirements and circumstances. It is drafted to refer to the audit of financial statements for a single reporting period and would require adaptation if intended or expected to apply to recurring audits. It may be appropriate to seek legal advice that any proposed letter is suitable.

To the appropriate representative of management or those charged with governance of ABC Company:²⁵

[The objective and scope of the audit]

You²⁶ have requested that XYZ & Co and UVW & Co (collectively referred to in this letter as “we”) audit the financial statements of ABC Company, which comprise the statement of financial position/balance sheet as at 31 December 20X1, and the statement of comprehensive income, income statement, statement of changes in equity and statement of cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

~~Our audit will be conducted with t~~The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our expressing an opinion on the financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with [applicable auditing framework] will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

[The responsibilities of the auditors]

[We will follow the guidance in Audit Guidance Statement (AGS) 10 “Joint Audits”.] Our work will be performed under a joint audit arrangement where the auditors are jointly and severally responsible for the audit. We are also jointly responsible for the opinion expressed on the financial statements.

We will conduct our audit in accordance with [applicable auditing framework]. Those standards require that we comply with ethical requirements. ~~and As part of an audit in accordance with [applicable auditing framework], we exercise professional judgement and maintain professional scepticism throughout plan and perform the audit, to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves~~We also:

- ~~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~~ Identify and assess the risks of material misstatement of the financial

²⁵ The addressees and references in the letter would be those that are appropriate in the circumstances of the engagement, including the relevant jurisdiction. It is important to refer to the appropriate persons – the roles of management and those charged with governance in agreeing the terms of the audit engagement for the entity depend on the governance structure of the entity and relevant law or regulation.

²⁶ Throughout this letter, references to “you,” “we,” “us,” “management,” “those charged with governance” and “auditor” would be used or amended as appropriate in the circumstances.

statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ~~Obtain an understanding of~~In making our risk assessments, we consider internal control relevant to the ~~entity's preparation of the financial statements~~audit 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.²⁷ However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- ~~An audit also includes~~Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ~~as well as~~Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with [applicable auditing framework].

[The responsibilities of management and identification of the applicable financial reporting framework]

Our audit will be conducted on the basis that [management and, where appropriate, those charged with governance]²⁸ acknowledge and understand that they have responsibility:

[Where ABC Company is not incorporated in Singapore]

- (a) For the preparation and fair presentation of financial statements in accordance with the [applicable financial reporting framework];
- (b) 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;
and
- (c) To provide us with:
 - (i) Access to all information of which [management] is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - (ii) Additional information that we may request from [management] for the purpose of the audit; and

²⁷ This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements.

²⁸ Use terminology as appropriate in the circumstances.

- (iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from [management and, where appropriate, those charged with governance], written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

[Applicable law and jurisdiction]

This engagement letter shall be governed by, and construed in accordance with, [Singapore/relevant jurisdiction] law. The Courts of [Singapore/relevant jurisdiction] shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Each of the joint auditors is an independent party and this joint audit arrangement shall not constitute a partnership or joint venture for this and any other purposes.

[Other relevant information]

[Insert other information, such as fee arrangements, billings and other specific terms, as appropriate.]

[Reporting]

[Insert appropriate reference to the expected form and content of the auditors' report.]

The form and content of our report may need to be amended in the light of our audit findings.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

XYZ & Co
Public Accountants and
Chartered Accountants
Singapore
_____ (Date)

UVW & Co
[Overseas Auditor Professional
Designation]
[Country of Overseas Auditor]
_____ (Date)

Acknowledged and agreed on behalf of ABC Company by
(signed)

.....
Name and Title
Date