

## **Sample Independent Auditor's Reports**

AGS 1 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.

AGS 1 was revised in June 2008, August 2008, January 2010, January 2012, June 2015, December 2015, November 2016, October 2018 and September 2019 respectively.

AGS 1 was updated in June 2021. Updates were made to reports under Appendices 2D, 3A and 3B.

The revised ACRA *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) and ISCA *Code of Professional Conduct and Ethics* (ISCA Code) gave rise to conforming amendments to this AGS in December 2021. These amendments are effective as of 1 December 2021.

AGS 1 was updated in February 2022. Updates were made to reports under Appendices 4A and 5A.

Editorial amendments were made to the report under Appendix 5A in March 2022.

AGS 1 was updated in June 2022. The short titles of the Singapore Acts of Parliament were updated to be aligned to the 2020 Revised Edition of Acts. The revised short titles should be reflected in reports dated on or after 4 August 2022. Two new illustrative reports under Appendices 5B and 5C were also added.

The new and revised quality management standards gave rise to conforming amendments to this AGS (Appendices 3 and 5) in December 2022. The sample reports in the revised Appendices 3 are effective for assurance engagements beginning on or after 15 December 2022. The sample reports in the revised Appendices 5 are effective for engagements beginning on or after 15 December 2022.

AGS 1 was updated in April 2023. Updates were made to the report under Appendix 5A. Editorial amendments were made to the reports under Appendices 1A, 1C and 1G.

Updates to SFRS(I) 1-1 and FRS 1 gave rise to conforming amendments in AGS 1 in July 2023. These amendments are effective for audits of financial statements for periods beginning on or after 1 January 2023. Updates were made to the reports under Appendix 1 and 4.

AGS 1 was updated in August 2024. The auditor's report previously under Appendix 2C is no longer used and was removed. Updates were made to the report under Appendix 5B.

AGS 1 was updated in November 2024. SSA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* gave rise to conforming amendments in AGS 1 in December 2023. These amendments are effective for audits of financial statements for periods beginning on or after 15 December 2023. The auditor's report previously under Appendix 4C is no longer used and has been removed.

The revised ACRA *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) and ISCA *Code of Professional Conduct and Ethics*

(ISCA Code), that require a firm to publicly disclose when it has applied the independence requirements for public interest entities, give rise to conforming amendments to this AGS. These amendments are effective for audits of financial statements for periods beginning on or after 15 December 2024.

## **CONTENTS**

### **Foreword**

#### **Appendix 1:** Sample Independent Auditor's Reports on SSA 700 *Forming an Opinion and Reporting on Financial Statements*

- (A) Private company
- (B) Non-incorporated entity
- (C) Branch of a foreign company
- (D) Bank
- (E) Branch of a foreign bank
- (F) Foreign company
- (G) Society
- (H) Charity (Society)
- (I) Charity (Company limited by guarantee)
- (J) Revised financial statements

#### **Appendix 2:** Sample Independent Auditor's Reports on Special Purpose Audits

- (A) Maritime Sector Incentive Approved International Shipping Enterprise Scheme
- (B) Fund Raising Appeal by Societies
- (C) Licensee's Annual Gross Turnover

#### **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

- (A) Project accounts and licence condition on mortgages, charges or encumbrances
- (B) Payment Services Act 2019
- (C) "Terminated"/"Matured" Investment-Linked Insurance Policy Sub-Fund ("ILP Sub-Fund") Pursuant to MAS Notice 307

#### **Appendix 4:** Sample Independent Auditor's Supplementary Reports to Relevant Authorities

- (A) Supplementary Reports for Banks (including Merchant Banks)
- (B) Supplementary Reports for Finance Companies
- (C) Private Lotteries Permits (Fruit Machine/Tombola/Lucky Draw)
- (D) Report on Depository Agent for The Central Depository (Pte) Limited

#### **Appendix 5:** Sample Agreed-Upon Procedures Report on SSRS 4400 (Revised) *Agreed-Upon Procedures Engagements*

- (A) EDB Grant Scheme
- (B) EDB Tax Incentive Scheme
- (C) ESG Global Trader Programme

## **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 (Revised) *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 (Revised).

#### **(1A) Private company**

##### Illustration 1A – Auditor's Report on Financial Statements of a Singapore Incorporated Private Company 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 Singapore incorporated private company using a fair presentation framework. The audit is not a group audit (i.e., Singapore Standard on Auditing (SSA) 600 (Revised)<sup>1</sup> does not apply).
- The financial statements are prepared by management of the company in accordance with Financial Reporting Standards in Singapore (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210<sup>2</sup>.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both.
- 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 company's ability to continue as a going concern in accordance with SSA 570 (Revised)<sup>3</sup>.
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701<sup>4</sup>.

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<sup>1</sup> SSA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*

<sup>2</sup> SSA 210, *Agreeing the Terms of Audit Engagements*

<sup>3</sup> SSA 570 (Revised), *Going Concern*

<sup>4</sup> SSA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

- The auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information.<sup>5</sup> The other information comprises only the Directors' Statement.
- 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

To the Shareholders of \_\_\_\_\_ (entity) [or Other Appropriate Addressee]

### Report on the Audit of the Financial Statements<sup>6</sup>

#### Opinion

We have audited the financial statements of \_\_\_\_\_ (the Company), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 20X1 and of the financial performance, changes in equity and cash flows of the Company 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 Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

Management is responsible for the other information. The other information comprises the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

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

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

<sup>5</sup> SSA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the "Other Information" section in different scenarios.

<sup>6</sup> The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

## **Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's 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 opinion on the effectiveness of the Company's internal control.<sup>7</sup>
- 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 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 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 Company 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 the directors 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.

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<sup>7</sup> 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.

## 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.

*[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)

## (1B) Non-incorporated entity

### Illustration 1B – Auditor’s Report on Financial Statements of a Non-incorporated, Non-listed Entity 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 non-incorporated, non-listed entity using a fair presentation framework. The audit is not a group audit (i.e., Singapore Standard on Auditing (SSA) 600 (Revised) does not apply).
- The financial statements are prepared by management of the entity in accordance with Financial Reporting Standards in Singapore (a general purpose framework).
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both.
- 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).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701.
- The auditor has not obtained any other information prior to the date of the auditor’s report.
- 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

To \_\_\_\_\_ (1) of \_\_\_\_\_ (entity)

### Report on the Audit of the Financial Statements<sup>1</sup>

#### Opinion

We have audited the financial statements of \_\_\_\_\_ (the \_\_\_\_\_ (2)), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of \_\_\_\_\_ (3) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the financial position of the \_\_\_\_\_ (2) as at 31 December 20X1 and the financial performance, changes in equity and cash flows of the \_\_\_\_\_ (2) for the year ended on that date.

<sup>1</sup> The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.



## 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 \_\_\_\_\_ (2) in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 Those Charged with Governance for the Financial Statements<sup>2</sup>

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of \_\_\_\_\_ (3) and FRSs 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 \_\_\_\_\_ (2)'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 \_\_\_\_\_ (2) or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the \_\_\_\_\_ (2)'s financial reporting process.

## Auditor's 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 opinion on the effectiveness of the \_\_\_\_\_ (2)'s internal control.<sup>3</sup>
- 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 \_\_\_\_\_ (2)'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

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<sup>2</sup> Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction.

<sup>3</sup> 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.

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 \_\_\_\_\_ (2) 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.

## Report on Other Legal and Regulatory Requirements

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

*[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.]*

\_\_\_\_\_  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_\_  
(Date)

- (1) Insert class of persons, e.g. 'the members', 'the unit holders', etc.  
(2) Insert type of entity, e.g. 'Association', 'Partnership', etc.  
(3) Insert reference to appropriate rules, regulations, etc.

## (1C) Branch of a foreign company

### Illustration 1C – Auditor’s Report on Financial Statements of a Branch of a Foreign Company 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 branch of a foreign company using a fair presentation framework.
- The financial statements are prepared by management of the branch in accordance with Financial Reporting Standards in Singapore (a general purpose framework).
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both.
- 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 branch’s ability to continue as a going concern in accordance with SSA 570 (Revised).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.<sup>1</sup> The other information comprises only the Branch Manager’s Statement.
- 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

To XYZ Company Limited

### Report on the Audit of the Financial Statements<sup>2</sup>

#### Opinion

We have audited the financial statements of the Singapore Operations of XYZ Company Limited (the Branch), pursuant to section 373 of the Companies Act 1967. These financial statements comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in head office account<sup>1a</sup> and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy 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.

<sup>1</sup> SSA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the “Other Information” section in different scenarios.

<sup>2</sup> The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

<sup>1a</sup> 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.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Act and Financial Reporting Standards in Singapore (FRSs) 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 31 December 20X1, and of the results, changes in head office account<sup>1a</sup> and cash flows of the Branch's operations in Singapore 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 Branch in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]**

The Branch's management is responsible for the other information. The other information comprises the Branch Manager's Statement, but does not include the financial statements and our auditor's report thereon.

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

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

### **Responsibilities of Management and Directors<sup>3</sup> 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 FRSs, 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.

In preparing the financial statements, the Branch's management is responsible for assessing the Branch'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 the Branch's management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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.

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<sup>3</sup> This refers to the directors of the foreign company.

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 opinion on the effectiveness of the Branch's internal control.<sup>4</sup>
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Branch's management.
- Conclude on the appropriateness of the Branch's 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 Branch'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 Branch 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 the Branch's management 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.

## 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.

*[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)

<sup>4</sup> 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.

**(1D) Bank**

**Illustration 1D – Auditor’s Report on Financial Statements of a Singapore Incorporated Listed Bank 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 consolidated financial statements and statement of financial position of a Singapore incorporated listed bank using a fair presentation framework. The audit is a group audit of a bank with subsidiaries (i.e., SSA 600 (Revised) applies).
- The financial statements are prepared by management of the bank in accordance with Singapore Financial Reporting Standards (International) (a general purpose framework).
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both. The ACRA Code and the ethical requirements relating to the audit in Singapore include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.
- 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 bank’s ability to continue as a going concern in accordance with SSA 570 (Revised).
- Key audit matters have been communicated in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.<sup>1</sup>
- 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**

To the Shareholders of \_\_\_\_\_ (entity) [or Other Appropriate Addressee]

### **Report on the Audit of the Financial Statements<sup>2</sup>**

#### **Opinion**

We have audited the financial statements of \_\_\_\_\_ (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 31 December 20X1, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying 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 the Companies Act 1967 and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to

<sup>1</sup> SSA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the “Other Information” section in different scenarios.

<sup>2</sup> The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 20X1 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 in accordance with SSA 701.]

## **Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]**

Management is responsible for the other information. The other information comprises the [information included in the X report,<sup>3</sup> but does not include the financial statements and our auditor's report thereon.]

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

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

## **Responsibilities of Management and Directors 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 Act and SFRS(I)s, 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.

In preparing the 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.

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

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<sup>3</sup> A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

## Auditor's 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 opinion on the effectiveness of the Group's internal control.<sup>4</sup>
- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

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<sup>4</sup> 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.



expected to outweigh the public interest benefits of such communication.

## **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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

*[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.]*

The engagement partner on the audit resulting in this independent auditor's report is [name].

\_\_\_\_\_ (Firm)

Public Accountants and  
Chartered Accountants  
Singapore

\_\_\_\_\_ (Date)

**(1E) Branch of a foreign bank**

**Illustration 1E – Auditor’s Report on Financial Statements of a Branch of a Foreign Bank 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 branch of a foreign bank using a fair presentation framework.
- The financial statements are prepared by management of the branch in accordance with Financial Reporting Standards in Singapore (FRSs) (a general purpose framework), except for the application of the requirements of FRS 109, *Financial Instruments* which the branch has modified in respect of loss allowance by the requirements of Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore. The branch carries loss allowance at the head office to cover expected credit loss of non-credit impaired exposures that are booked in Singapore.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both. The ACRA Code and the ethical requirements relating to the audit in Singapore include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.
- 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 branch’s ability to continue as a going concern in accordance with SSA 570 (Revised).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.<sup>1</sup>
- 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**

To XYZ Banking Corporation

### **Report on the Audit of the Financial Statements<sup>2</sup>**

#### **Opinion**

We have audited the financial statements of the Singapore Operations of XYZ Banking Corporation (the Branch), pursuant to section 373 of the Companies Act 1967. These financial statements comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income,

<sup>1</sup> SSA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the “Other Information” section in different scenarios.

<sup>2</sup> The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

statement of changes in head office account<sup>3</sup> and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy 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.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Act and Financial Reporting Standards in Singapore (FRSs), [including the modification of the requirements of FRS 109 *Financial Instruments* in respect of loss allowance by Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore]<sup>4</sup> 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 31 December 20X1, 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.

### **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 Branch in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information [or another title if appropriate such as “Information Other than the Financial Statements and Auditor’s Report Thereon”]**

The Branch’s management is responsible for the other information. The other information comprises the [information included in the X report,<sup>5</sup> but does not include the financial statements and our auditor’s report thereon.]

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

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

### **Responsibilities of Management and Directors<sup>6</sup> 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 FRSs, 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.

In preparing the financial statements, the Branch’s management is responsible for assessing the Branch’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 the Branch’s management either

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<sup>3</sup> 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.

<sup>4</sup> The reference to MAS 612 is not required if the Branch has complied with the requirements of FRS 109.

<sup>5</sup> A more specific description of the other information, such as “supplementary information on the head office’s capital adequacy ratio” may be used to identify the other information.

<sup>6</sup> This refers to the directors of the foreign bank.

intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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 opinion on the effectiveness of the Branch's internal control.<sup>7</sup>
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Branch's management.
- Conclude on the appropriateness of the Branch's 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 Branch'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 Branch 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 the Branch's management 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.

### **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.

*[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*

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<sup>7</sup> 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.

*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)

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Where the Singapore Branch has modified the application of the requirements of FRS 109 *Financial Instruments* in respect of loss allowance 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 Financial Reporting Standards in Singapore (FRSs) as required by the Companies Act 1967. In accordance with Section 201(18) of the Act, the requirements of FRS 109 *Financial Instruments* in respect of loss allowance are modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

**(1F) Foreign company**

Illustration 1F – Auditor’s Report on Consolidated Financial Statements of a Foreign Incorporated Listed Company 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 consolidated financial statements of a foreign incorporated listed company using a fair presentation framework. The audit is a group audit of a company with subsidiaries (i.e., SSA 600 (Revised) applies).
- The consolidated financial statements are prepared by management of the company in accordance with Singapore Financial Reporting Standards (International) (a general purpose framework).
- The terms of the audit engagement reflect the description of management’s responsibility for the consolidated financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both. The ACRA Code and the ethical requirements relating to the audit in Singapore include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.
- 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 company’s ability to continue as a going concern in accordance with SSA 570 (Revised).
- Key audit matters have been communicated in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.<sup>1</sup>
- Those responsible for oversight of the consolidated financial statements differ from those responsible for the preparation of the consolidated financial statements.
- The auditor has no other reporting responsibilities required under local law.

**INDEPENDENT AUDITOR’S REPORT**

To the Shareholders of \_\_\_\_\_ (entity) [or Other Appropriate Addressee]

**Opinion**

We have audited the consolidated financial statements of \_\_\_\_\_ 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 of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 20X1

<sup>1</sup> SSA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the “Other Information” section in different scenarios.

and its consolidated financial performance, its consolidated changes in equity and its consolidated cash flows 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 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. 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 in accordance with SSA 701.]

## **Other Information [or another title if appropriate such as "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon"]**

Management is responsible for the other information. The other information comprises the [information included in the X report,<sup>2</sup> but does not include the consolidated financial statements and our auditor's report thereon.]

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

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

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements<sup>3</sup>**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with SFRS(I)s 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.

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<sup>2</sup> A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

<sup>3</sup> Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction.

## Auditor's Responsibilities 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 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 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 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.<sup>4</sup>
- 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 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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<sup>4</sup> 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 financial statements.



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 auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is [*name*].

\_\_\_\_\_  
Public Accountants and  
Chartered Accountants  
Singapore

\_\_\_\_\_  
(Date)

## (1G) Society

### Illustration 1G – Auditor's Report on Financial Statements of a Society 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 society using a fair presentation framework. The audit is not a group audit (i.e., SSA 600 (Revised) does not apply).
- The financial statements are prepared by management of the society in accordance with Financial Reporting Standards in Singapore (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both.
- 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 society's ability to continue as a going concern in accordance with SSA 570 (Revised).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information.<sup>1</sup> The other information comprises only the Statement by the Management Committee.
- 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

To the Members of \_\_\_\_\_ (Society)

(Registered under the Societies Act 1966)

### **Report on the Audit of the Financial Statements<sup>2</sup>**

#### **Opinion**

We have audited the financial statements of \_\_\_\_\_ (the Society), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the Act) and Financial Reporting Standards in Singapore (FRSs)

<sup>1</sup> SSA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the "Other Information" section in different scenarios.

<sup>2</sup> The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 20X1 and the results, changes in equity and cash flows of the Society 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 Society in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]**

Management is responsible for the other information. The other information comprises the Statement by the Management Committee, but does not include the financial statements and our auditor's report thereon.

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

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements<sup>3</sup>**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and FRSS, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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.

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<sup>3</sup> Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction.

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 opinion on the effectiveness of the Society's internal control.<sup>4</sup>
- 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 Society'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 Society 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.

## Report on Other Legal and Regulatory Requirements

In our opinion:

- (a) the accounting and other records required by the Societies Regulations enacted under the 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 Act and proper accounts and other records have been kept of the fund-raising appeal]\*.

*[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.]*

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<sup>4</sup> 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.

\_\_\_\_ (Firm)  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_ (Date)

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

## (1H) Charity (Society)

### Illustration 1H – Auditor's Report on Financial Statements of a Charity Registered as a Society 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 charity using a fair presentation framework. The audit is not a group audit (i.e., SSA 600 (Revised) does not apply).
- The financial statements are prepared by management of the charity in accordance with Financial Reporting Standards in Singapore (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both. The ACRA Code and the ethical requirements relating to the audit in Singapore include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.
- 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 charity's ability to continue as a going concern in accordance with SSA 570 (Revised).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information.<sup>1</sup>
- 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

To the Members of \_\_\_\_\_ (Charity)

This illustrative report is for the situation where the Charity is registered as a Society under the Societies Act 1966, as well as the Charities Act 1994.

### Report on the Audit of the Financial Statements<sup>2</sup>

#### Opinion

We have audited the financial statements of \_\_\_\_\_ (the Charity), which comprise the [statement of financial position/balance sheet\*] as at 31 December 20X1, and the [statement of comprehensive income/statement of financial activities\*], statement of changes in equity and statement of cash flows

<sup>1</sup> SSA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the "Other Information" section in different scenarios.

<sup>2</sup> The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the Societies Act), the Charities Act 1994 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs)<sup>3</sup> so as to present fairly, in all material respects, the state of affairs of the Charity as at 31 December 20X1 and the results, changes in equity and cash flows of the Charity 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 Charity in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.<sup>4</sup> /

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 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.<sup>5]</sup>

### **Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]**

Management is responsible for the other information. The other information comprises the [information included in the X report,<sup>6</sup> but does not include the financial statements and our auditor's report thereon.]

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

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements<sup>7</sup>**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSs<sup>3</sup>, 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.

<sup>3</sup> This may be changed to Charities Accounting Standards if applicable.

<sup>4</sup> When independence requirements for public interest entities have not been applied.

<sup>5</sup> When independence requirements for public interest entities have been applied. In accordance with the ACRA Code, the audit of financial statements of large charities, including large institutions of a public character, shall be conducted in compliance with the same independence requirements that apply to the audit of financial statements of a public interest entity.

<sup>6</sup> A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

<sup>7</sup> Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction.

In preparing the financial statements, management is responsible for assessing the Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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 opinion on the effectiveness of the Charity's internal control.<sup>8</sup>
- 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 Charity'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 Charity 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.

### **Report on Other Legal and Regulatory Requirements**

In our opinion:

- (a) the accounting and other records required to be kept by the Charity have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and

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<sup>8</sup> 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.



- (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 and proper accounts and other records have been kept of the fund-raising appeal]\*.

[Where the Charity has IPC status<sup>9</sup>:

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

- (a) the Charity has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Charity has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations]\*

Or

[Where the Charity does not have IPC status but conducts fund-raising activities<sup>7</sup>:

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 for Local and Foreign Charitable Purposes) Regulations 2012.]\*.

*[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)

\* To delete where inapplicable.

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<sup>9</sup> 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 registered as a Society under the Societies Act. Where it is also awarded the IPC status, the auditor has additional reporting responsibilities set out in the Charities (Institutions of a Public Character) Regulations.

## (11) Charity (Company Limited by Guarantee)

### Illustration 11 – Auditor’s Report on Financial Statements of a Charity 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 charity using a fair presentation framework. The audit is not a group audit (i.e., SSA 600 (Revised) does not apply).
- The financial statements are prepared by management of the charity in accordance with Financial Reporting Standards in Singapore (a general purpose framework).
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both. The ACRA Code and the ethical requirements relating to the audit in Singapore include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.
- 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 charity’s ability to continue as a going concern in accordance with SSA 570 (Revised).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.<sup>1</sup>
- 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

To the Members of \_\_\_\_\_ (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 1994. Where the Charity is not incorporated as a Company under the Companies Act, refer to Appendix 1B Non-incorporated entity for a sample of the auditor’s report to be issued.

<sup>1</sup> SSA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the “Other Information” section in different scenarios.

## Report on the Audit of the Financial Statements<sup>2</sup>

### Opinion

We have audited the financial statements of \_\_\_\_\_ (the Charity), which comprise the [statement of financial position/balance sheet\*] as at 31 December 20X1, 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 notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Companies Act), the Charities Act 1994 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs)<sup>3</sup> so as to give a true and fair view of the financial position of the Charity as at 31 December 20X1 and of the financial performance, changes in the funds and cash flows of the Charity 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 Charity in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.<sup>4</sup> /

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 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.<sup>5</sup>]

### Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

Management is responsible for the other information. The other information comprises the [information included in the X report,<sup>6</sup> but does not include the financial statements and our auditor's report thereon.]

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

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

<sup>2</sup> The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

<sup>3</sup> This may be changed to Charities Accounting Standards if applicable.

<sup>4</sup> When independence requirements for public interest entities have not been applied.

<sup>5</sup> When independence requirements for public interest entities have been applied. In accordance with the ACRA Code, the audit of financial statements of large charities, including large institutions of a public character, shall be conducted in compliance with the same independence requirements that apply to the audit of financial statements of a public interest entity.

<sup>6</sup> A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

## **Responsibilities of Management and Those Charged with Governance 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 Companies Act, the Charities Act and Regulations and FRSs<sup>3</sup>, 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.

In preparing the financial statements, management is responsible for assessing the Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance comprises the directors [and the governing board <sup>7</sup>]. Their responsibilities include overseeing the Charity's financial reporting process.

## **Auditor's 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 opinion on the effectiveness of the Charity's internal control.<sup>8</sup>
- 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 Charity'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 Charity 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.

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<sup>7</sup> Or other term that is appropriate for the Charity or to delete if inapplicable.

<sup>8</sup> 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.

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.

## Report on Other Legal and Regulatory Requirements

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

[Where the Charity has IPC status<sup>9</sup>:

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

- (a) the Charity has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Charity has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations]\*

Or

[Where the Charity does not have IPC status but conducts fund-raising activities<sup>6</sup>:

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 for Local and Foreign Charitable Purposes) Regulations 2012.]\*

*[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)

\* To delete where inapplicable.

<sup>9</sup> 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.

## (1J) Revised financial statements<sup>1</sup>

### Illustration 1J – Auditor's Report on Revised Financial Statements of a Singapore Incorporated Listed Company Prepared in Accordance with a Fair Presentation Framework. The Audit is a Group Audit.

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

- Audit of a complete set of revised consolidated financial statements and statement of financial position of a Singapore incorporated listed company using a fair presentation framework. The audit is a group audit of a company with subsidiaries (i.e., SSA 600 (Revised) applies).
- The revised financial statements are prepared by management of the company in accordance with Singapore Financial Reporting Standards (International) (a general purpose framework) and Companies Act 1967 as they have effect under the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-sheet) Regulations 2018 (the Regulations).
- The terms of the audit engagement reflect the description of management's responsibility for the revised financial statements.
- The auditor of the revised financial statements is the same as the auditor of the original financial statements.
- The auditor has concluded an unmodified (i.e., "clean") opinion is appropriate based on the audit evidence obtained, seen as at the date of the original financial statements.
- 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both. The ACRA Code and the ethical requirements relating to the audit in Singapore include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.
- Based on the audit evidence obtained up to the date of the original auditor's report, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern in accordance with SSA 570 (Revised).
- Key audit matters have been communicated in accordance with SSA 701 and updated as at date of auditor's report on the revised financial statements.<sup>2</sup>
- The auditor has obtained all of the other information prior to the date of the auditor's report on the revised financial statements and has not identified a material misstatement of the other information.<sup>3</sup>
- Those responsible for oversight of the revised financial statements differ from those responsible for the preparation of the revised financial statements.
- In addition to the audit of the revised financial statements, the auditor has other reporting responsibilities required under local law.

<sup>1</sup> Please refer to ACRA's Audit Practice Bulletin No.1 of 2018, *Audit of Revised Financial Statements Under Sections 202A and 202B of the Companies Act*, which highlights some of the legislative requirements and provides guidance to auditors on the audit procedures on revised financial statements prepared in accordance with the Regulations.

<sup>2</sup> The auditor should consider whether the revisions made under the Regulations give rise to any additional key audit matter that should be communicated or relate to a matter previously communicated as a key audit matter and whether revisions to the description of that key audit matter are therefore necessary. Other matters previously communicated as key audit matters are not likely to be affected because such matters were previously determined to be matters of most significance in the audit for purposes of the original auditor's report.

<sup>3</sup> SSA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*, Appendix 2 provides illustrative examples of the "Other Information" section in different scenarios.

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of \_\_\_\_\_ (entity) [or Other Appropriate Addressee]

### Report on the Audit of the Revised Financial Statements<sup>4</sup>

#### Opinion

We have audited the revised financial statements of \_\_\_\_\_ (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 31 December 20X1, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the revised financial statements, including material accounting policy information. The revised financial statements replace the original financial statements approved by the directors on [date of original financial statements].

In our opinion, the accompanying revised 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 the Companies Act 1967 (the Act) as they have effect under the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-sheet) Regulations 2018 (the Regulations) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view, seen as at the date of the original financial statements, of the consolidated financial position of the Group and the financial position of the Company as at 31 December 20X1 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date<sup>5</sup>.

#### 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 Revised 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the revised financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter – Revisions Made Under the Regulations<sup>6</sup>

We draw attention to note [x] to these revised financial statements which describes [refer to company's disclosure of the aspects in which the original financial statements did not comply with the Act and the material revisions to the original financial statements]<sup>7</sup>. The original financial statements were approved by the directors on [date] and we dated our original auditor's report on the original financial statements on that date.

The revised financial statements have been prepared in accordance with the Regulations and accordingly do not deal with events which have taken place after the date on which the original financial statements were approved. Consequently, our procedures on subsequent events are restricted solely to the revisions described in note [x] to these revised financial statements and we have not performed procedures in relation to events occurring between the date of our original auditor's report and the date of this report.<sup>8</sup>

<sup>4</sup> The sub-title "Report on the Audit of the Revised Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

<sup>5</sup> Regulation 10(7)(b) of the Regulations

<sup>6</sup> SSA 560, *Subsequent Events*, paragraph 16

<sup>7</sup> Regulation 10(7)(a) of the Regulations

<sup>8</sup> SSA 560, *Subsequent Events*, paragraph 12(b)

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the revised financial statements of the current period. These matters were addressed in the context of our audit of the revised 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 in accordance with SSA 701.]*

## **Other Information [or another title if appropriate such as “Information Other than the Revised Financial Statements and Auditor’s Report Thereon”]**

Management is responsible for the other information. The other information comprises the [information included in the X report,<sup>9</sup> but does not include the revised financial statements and our auditor’s report thereon.]

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

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

## **Responsibilities of Management and Directors for the Revised Financial Statements**

Management is responsible for the preparation of revised financial statements that give a true and fair view in accordance with the provisions of the Act as they have effect under the Regulations and SFRS(I)s, 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 revised financial statements and to maintain accountability of assets.

In preparing the revised financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, as made up to the date of the original financial statements, 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.

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

## **Auditor’s Responsibilities for the Audit of the Revised Financial Statements**

Our objectives are to obtain reasonable assurance about whether the revised 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 revised 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 revised financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

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<sup>9</sup> A more specific description of the other information, such as “the new Directors’ Statement” or “the revised annual report” may be used to identify the other information.



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.
- 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 revised 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 original 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 revised financial statements, including the disclosures, and whether the revised financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
- Obtain sufficient appropriate audit evidence about whether the revisions made under the Regulations are appropriately reflected in these revised financial statements.

We communicate with the directors 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 the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the revised financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

## **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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is [name].

\_\_\_\_ (Firm)  
Public Accountants and  
Chartered Accountants  
Singapore  
[Date of auditor's report on the revised financial statements]

***Note: Changes from a standard auditor's report are shown as shaded text.***

## APPENDIX 2

### Sample Independent Auditor's Reports on Special Purpose Audits

#### Introduction

The sample independent auditor's reports contained in Appendix 2 are drafted for the purpose of submission to the respective authorities. Any adaptation of the independent auditor's reports in this Appendix for submission to other organisations is not appropriate.

#### (2A) Maritime Sector Incentive - Approved International Shipping Enterprise Scheme

Illustration 2A – Auditor's Report on the Expenditure Incurred Under the Maritime Sector Incentive – Approved International Shipping Enterprise Award of a Singapore Incorporated Listed Company<sup>1</sup> Prepared in Accordance with a Special Purpose Framework

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

- Audit of the amounts stated in the column titled "Local Actual Business Spending" in the Statement of Actual Business Spending (Statement).
- The financial information has been prepared by management of the company in accordance with the terms and conditions of the Maritime Sector Incentive – Approved International Shipping Enterprise (MSI-AIS) Award granted to the company. Management does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a compliance framework designed to meet the financial information needs of specific users.
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in Singapore Standard on Auditing (SSA) 210<sup>2</sup>.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both. The ACRA Code and the ethical requirements relating to the audit in Singapore include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.
- Distribution and use of the auditor's report is restricted.
- The financial information has been prepared in accordance with the terms and conditions of the Maritime Sector Incentive – Approved International Shipping Enterprise (MSI-AIS) Award for which the going concern basis of accounting is not relevant. Accordingly, SSA 570 (Revised) does not apply in the circumstances of the engagement.
- The auditor is not required, and has otherwise not decided to communicate key audit matters in accordance with SSA 701<sup>3</sup> in the context of the audit of the amounts stated in the column titled "Local Actual Business Spending" in the Statement.

<sup>1</sup> While the sample report is worded on the basis that the company is listed, there are many companies under the MSI- AIS award that are non-listed companies (which are other than listed entities). To allow auditors to customise the sample report, there will be footnotes prompting the auditor to delete those paragraphs which are not applicable to them.

<sup>2</sup> SSA 210, "Agreeing the Terms of Audit Engagements."

<sup>3</sup> SSA 701, "Communicating Key Audit Matters in the Independent Auditor's Report."

- The auditor has determined that there is no other information (i.e., the requirements of SSA 720 (Revised)<sup>4</sup> do not apply).
- Those responsible for oversight of the Statement differ from those responsible for the preparation of the Statement.
- The auditor has no other reporting responsibilities required under local law or regulation.

## **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]**

[To the Board of Directors of \_\_\_\_\_ (Company) or Other Appropriate Addressee]

### **Opinion**

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 \_\_\_\_\_ (the Company) for the qualifying period from [date] to [date].

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 terms and conditions of the MSI-AIS Award granted to the Company with effect from [date specified in the latest letter of offer] and as set out in the “Basis of preparation” as stated in Appendix 1.

### **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 Amounts Stated in the Column Titled “Local Actual Business Spending” in the Statement* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use**

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. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance<sup>5</sup> for the Statement**

Management is responsible for the preparation of the Statement in accordance with the terms and conditions of the MSI-AIS Award granted to the Company with effect from [date specified in the latest letter of offer] and as set out in the “Basis of preparation” as stated in Appendix 1, 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.

<sup>4</sup> SSA 720 (Revised), “The Auditor's Responsibilities Relating to Other Information.”

<sup>5</sup> Or other terms that are appropriate in the context of the engagement.

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

**Auditor's Responsibilities for the Audit of the Amounts Stated in the Column Titled "Local Actual Business Spending" in the Statement**

Our objectives are to obtain reasonable assurance about whether the amounts stated in the column titled "Local Actual Business Spending" as shown in the Statement 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 the amounts stated in the column titled "Local Actual Business Spending" as shown in the Statement.

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 amounts stated in the column titled "Local Actual Business Spending" as shown in the Statement, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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, actions taken to eliminate threats or safeguards applied.<sup>6</sup>

The engagement partner on the audit resulting in this independent auditor's report is [name].<sup>7</sup>

\_\_\_\_\_(Firm)  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_\_(Date)

<sup>6</sup> This paragraph is to be included only if the Company is listed.

<sup>7</sup> The engagement partner's name is only disclosed in cases whereby the Company is listed.

## **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 in the format specified by MPA, 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

### Illustration 2B - Auditor's Report on the Statement of Accounts Relating to the Fund-Raising Appeal of a Society Prepared in Accordance with a Special Purpose Framework

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

- Audit of a statement of accounts (the Statement) of a society relating to the fund-raising appeal held by the society.
- The society is not registered as a charity under the Charities Act.
- The financial information has been prepared by management of the society in accordance with the provisions of Regulation 6 of the Societies Regulations issued under the Societies Act 1966, Section 34 (the Regulations). Management does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a compliance framework designed to meet the financial information needs of specific users.
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both.
- Distribution and use of the auditor's report is restricted.
- 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 society's ability to continue as a going concern in accordance with SSA 570 (Revised).
- The auditor is not required, and has otherwise not decided to communicate key audit matters in accordance with SSA 701 in the context of the audit of the Statement.
- The auditor has determined that there is no other information (i.e., the requirements of SSA 720 (Revised) do not apply).
- Those responsible for oversight of the Statement differ from those responsible for the preparation of the Statement.
- The auditor has no other reporting responsibilities required under local law or regulation.

## **INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF ACCOUNTS RELATING TO THE FUND-RAISING APPEAL HELD BY THE SOCIETY**

[To the President<sup>1</sup> of \_\_\_\_\_ (Society) or Other Appropriate Addressee]

### **Opinion**

We have audited the statement of accounts of \_\_\_\_\_ (the Society) relating to the fund-raising appeal held by the Society, which comprise the balance sheet as at [date of last day of fund-raising] and the statement of income and expenditure for the period from [date] to [date] (the Statement).

In our opinion, the Statement is prepared, in all material respects, in accordance with the provisions of Regulation 6 of the Societies Regulations issued under the Societies Act 1966, Section 34 (the Regulations).

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

## **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 Statement* section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use**

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. Our opinion is not modified in respect of this matter.

## **Responsibilities of Management and Those Charged with Governance<sup>2</sup> 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.

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

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

## **Auditor's Responsibilities for the Audit of the Statement**

Our objectives are to obtain reasonable assurance about whether the Statement is 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 this Statement.

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 Statement, 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 Society's internal control.
- 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 Society's ability to continue as a going concern.

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<sup>2</sup> Or other terms that are appropriate in the context of the engagement.



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 Statement 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 Society to cease to continue as a going concern.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.

\_\_\_\_\_(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) Licensee's Annual Gross Turnover

### Illustration 2C – Auditor's Report on the Annual Gross Turnover Under a Licence Granted to a Singapore Incorporated Listed Company<sup>1</sup> by the Info-communications Media Development Authority Prepared in Accordance with a Special Purpose Framework

For purposes of this illustrative auditor's report<sup>2</sup>, the following circumstances are assumed:

- Audit of the Schedule of the Annual Gross Turnover (AGTO) in relation to all licensable activities under a licence granted to a company (Licensee) by the Info-communications Media Development Authority (IMDA).
- The financial information has been prepared by management of the Licensee in accordance with the financial reporting provisions established by the IMDA to meet the requirements of the IMDA. Management does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a compliance presentation framework designed to meet the financial information needs of specific users.
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210.
- The auditor 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) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both. The ACRA Code and the ethical requirements relating to the audit in Singapore include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.
- Distribution and use of the auditor's report is restricted.
- The financial information has been prepared in accordance with the terms and conditions of the financial reporting provisions established by the IMDA for which the going concern basis of accounting is not relevant. Accordingly, SSA 570 (Revised) does not apply in the circumstances of the engagement.
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701 in the context of the audit of the Schedule of the AGTO.
- The auditor has determined that there is no other information (i.e., the requirements of SSA 720 (Revised) do not apply).
- Those responsible for oversight of the Schedule differ from those responsible for the preparation of the Schedule.
- The auditor has no other reporting responsibilities required under local law or regulation.

## INDEPENDENT AUDITOR'S REPORT ON LICENSEE'S ANNUAL GROSS TURNOVER

[To the Board of Directors of \_\_\_\_\_ (Company) or Other Appropriate Addressee]

### Opinion

We have audited the Schedule of the Annual Gross Turnover (AGTO), in relation to all licensable

<sup>1</sup> While the sample report is worded on the basis that the Licensee is listed, there may be Licensees submitting the auditor's report on AGTO which are non-listed entities (other than listed entities). To allow the auditors to customise the sample report, there will be footnotes prompting the auditor to delete those paragraphs which are not applicable to them.

<sup>2</sup> This sample report will also apply to foreign companies registered under the Companies Act 1967.

activities under the [please insert type of licence<sup>3</sup>] granted to the [Licensee's Name] (the Licensee) by the Info-communications Media Development Authority (IMDA), for the period from [date] to [date] (the Schedule).

In our opinion, the AGTO totalling [insert amount] in the Schedule is prepared, in all material respects, in accordance with the attached Basis of Preparation.

### **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 Schedule* section of our report. We are independent of the Licensee in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use**

We draw attention to the attached Basis of Preparation to the Schedule, which describes the basis of accounting. The Schedule is prepared to assist the Licensee to meet the requirements of the IMDA in connection with the determination of the Licensee's annual licence fee by the IMDA. As a result, the Schedule may not be suitable for another purpose. Our report is intended solely for the Licensee and the IMDA and should not be distributed to or used by parties other than the Licensee or the IMDA. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance<sup>4</sup> for the Schedule**

Management is responsible for the preparation of the Schedule in accordance with the Basis of Preparation, 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.

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

### **Auditor's Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the Schedule is 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 this Schedule.

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 Schedule, 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.

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<sup>3</sup> Types of Licences include, Facilities-Based Operations, Services-Based Operations (Individual), Postal Services Operations, Nationwide Free-to-Air TV Services, Nationwide Free-to-Air Radio Services, Nationwide Subscription TV Services, Niche TV Services.

<sup>4</sup> Or other terms that are appropriate in the context of the engagement.

- 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 Licensee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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, actions taken to eliminate threats or safeguards applied<sup>5</sup>.

The engagement partner on the audit resulting in this independent auditor's report is [name].<sup>6</sup>

\_\_\_\_\_(Firm)  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_\_(Date)

*Enclosure:*

The Schedule  
Basis of Preparation

<sup>5</sup> This paragraph is to be included only if the company is listed.

<sup>6</sup> The engagement partner's name is only disclosed in cases whereby the company is listed.

**COMPANY'S LETTERHEAD**

**BASIS OF PREPARATION  
OF THE ANNUAL GROSS TURNOVER**

Annual Gross Turnover ("AGTO")

The AGTO refers to the annual amount of consideration<sup>7</sup> to which [name of Licensee] (the Licensee) expects to be entitled in exchange for the transfer of promised goods or services to customers in relation to all licensable activities under the [please insert type of licence] granted to the Licensee by the Info-communications Media Development Authority.

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<sup>7</sup> The amount of consideration is recognised in accordance with the Licensee's accounting policy for revenue. The accounting policy is based on the requirements of [SFRS(I) 15/ FRS 115] *Revenue from Contracts with Customers*.

## **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**

#### **Introduction**

The sample independent assurance reports contained in Appendix 3 are drafted for the purpose of submission to the respective authorities. Any adaptation of the independent assurance reports in this Appendix for submission to other organisations is not appropriate.

#### **(3A) Project accounts and licence condition on mortgages, charges or encumbrances**

[Name of Company]

[Address]

Attention: The Board of Directors

#### **Independent Assurance Report in connection with the Project Account(s) and specific licence condition on mortgages, charges or encumbrances on the land and/or building project**

We have performed a limited assurance engagement on the project account(s) of [Name of Company] (the “Company”) as listed in Appendix 1 (“Project Account(s)”) and the Company’s compliance with condition no. [ ] of the Company’s housing developer’s licence no. [ ] on mortgages, charges or encumbrances on the land and/or building project (the “Licence Condition”) 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”). A licensed housing developer is also required to comply with the conditions of the licence granted.

#### ***Board of Directors’ and Management’s Responsibility***

The Board of Directors and management of the Company are responsible for ensuring compliance with the Project Account Rules and the conditions of the licence granted. This responsibility includes designing, implementing and maintaining internal controls relevant for the purpose of the compliance with the Project Account Rules and the conditions of the licence granted. The Board of Directors and management of the Company are also responsible for preparing the accompanying schedules in Appendix 1 [and Appendix 2] that are free from material misstatement and for the information contained therein.

#### ***Auditor’s Independence and Quality Management***

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Auditor's Responsibility*

Our responsibility is to form a conclusion on the Company's compliance with the Project Account Rules and the Licence Condition based on our procedures. We performed our procedures in accordance with Singapore Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (the "Standard"). This Standard requires that we plan and perform our procedures to form the conclusion. The extent of the procedures performed depends on our professional judgement and our assessment of the engagement risk.

Our procedures include obtaining an understanding of the business of the Company sufficient to identify and assess the risks that the Project Account Rules and the Licence Condition may not be complied with and sufficient to design and perform further evidence-gathering procedures. Our procedures also include 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(s). 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 the Licence Condition, 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 in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### *Conclusion*

Based on our procedures described in this report and evidence obtained, nothing has come to our attention that causes us to believe that for the financial year ended [date]:

- (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(s) in accordance with the Project Account Rules;
- (b) the moneys in the Project Account(s) have not been withdrawn in accordance with the Project Account Rules; and
- (c) the land and/or the building project thereon is or are mortgaged, charged or encumbered in any way as security for any loan or moneys that is or are for the purposes other than for financing the carrying out and completion of:
  - (i) the building project with Certificate of Statutory Completion to be issued under the Building Control Act 1989; and
  - (ii) the sale and purchase under all the sale and purchase agreements in respect of the building project, in accordance with the Licence Condition.

***[For developers with mortgage(s), charge(s) or encumbrance(s) which are unrelated to the building project prior to the date of amendment of the conditions of the licence granted <sup>1</sup>***

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<sup>1</sup> Applicable only where such mortgage(s), charge(s) or encumbrance(s) commenced prior to the date of amendment of the conditions of the licence granted to incorporate the condition that the housing developer shall not at any time mortgage, charge or encumber in any way the land and/or the building project thereon unless the loan or moneys to be secured by such mortgage, charge or encumbrance is or are for the purposes as specified below and no other purpose(s): financing the carrying out and completion of the building project with Certificate of Statutory Completion issued under the Building Control Act 1989 (and the sale and purchase under all the sale and purchase agreements in respect of the building project).

Other than such mortgage(s), charge(s) or encumbrance(s) as set out in Appendix 2, the land and/or the building project thereon is or are mortgaged, charged or encumbered in any way as security for any loan or moneys that is or are for the purposes other than for financing the carrying out and completion of:

- (i) the building project with Certificate of Statutory Completion to be issued under the Building Control Act 1989; and
- (ii) the sale and purchase under all the sale and purchase agreements in respect of the building project, in accordance with the Licence Condition.]

*Purpose and Restriction on Distribution and Use*

This report is prepared solely to assist the Company in its submission of its Project Account(s) to the Controller of Housing and in meeting the requirements of the Licence Condition. As a result, this 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.

\_\_\_\_ (Firm)  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_ (Date)



(Company's letterhead)

## Appendix 1

Project Account(s) of [name of company]<sup>1</sup>

Developer's Licence No.	Building Project	Location <sup>2</sup>	Name of Bank/ Finance Company	Project Account No.

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<sup>1</sup> Please list all on-going licensed developments with project account(s) opened

<sup>2</sup> Please include MK/TS, lot number and road name

*Appendix 2 is applicable only where the Company's housing developer's licence has been amended for the inclusion of the Licence Condition. This appendix is not applicable for instances where the Licence Condition has been included in the Company's housing developer's licence at the point of issuance of the licence.*

*Where the mortgage(s), charge(s) or encumbrance(s) commenced **prior** to the date of inclusion of the Licence Condition to the Company's housing developer's licence, the existence of such mortgage(s), charge(s) or encumbrance(s) are not deemed as a contravention of the Licence Condition.*

(Company's letterhead)

## **Appendix 2**

**Mortgage(s), charge(s) or encumbrance(s) which are unrelated to the building project prior to the date of inclusion of condition no. [ ] to [name of company]'s housing developer's licence no. [ ]**

<b>Date of mortgage, charge or encumbrance</b>	<b>Financial institution</b>	<b>Amount</b>	<b>Purpose</b>

### **3B) Assurance Report on the Form(s) of a Licensee in connection with a License Under the Payment Services Act 2019 Prepared in Accordance with SSAE 3000 (Revised)**

This is an illustrative limited assurance report for a Licensee in connection with a License under the Payment Services Act 2019. In this illustration, the auditor has concluded an unmodified (i.e. “clean”) conclusion is appropriate based on the procedures performed described in the limited assurance report and the evidence obtained.

Under Section 37(4)(c) of the Payment Services Act 2019, the auditor is required “*to submit a report of the audit to the Authority in such form as may be prescribed and within such time as the Authority may allow*”. Accordingly, the auditor is required to submit Form 4 via the online portal of the Monetary Authority of Singapore (MAS)<sup>1</sup>. The auditor is required to attach a signed copy of this limited assurance report when submitting Form 4.

In Appendix 3B, “the Form” refers to the required document to be submitted to MAS as per PSN04 Notice on Submission of Regulatory Returns under the Payment Services Act 2019. The format of the Form and reporting period is based on the type of payment service which the Licensee provides.

#### Modified conclusion

Where, in accordance with paragraph 74 of SSAE 3000 (Revised), the auditor expresses a modified conclusion, the assurance report shall contain:

- (i) A section that provides a description of the matter(s) giving rise to the modification; and
- (ii) A section that contains the practitioner’s modified conclusion, with the inclusion of an appropriate heading in accordance with paragraph A182.

Examples of modified conclusions can be found under paragraph A190 of SSAE 3000 (Revised).

With reference to (i) above, the matter(s) giving rise to the modification should be clearly described. This includes, for example, whether the information submitted by the Licensee to the MAS in MAS Notices PS-N04 and PS-N04A on Data Collection contains a material misstatement, including omission.

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<sup>1</sup> The online portal for submission to MAS can be accessed [\[here\]](#).

## INDEPENDENT AUDITOR'S REPORT

[Licensee Name]

[Address]

Attention: [The Board of Directors/Name of Sole Proprietor/Name of Partner]\*

\*Delete where inapplicable

### **Independent Assurance Report in connection with the [license number] under the Payment Services Act 2019**

We have performed a limited assurance engagement on the attached [title of form] ("the Form") of [the Licensee] ("the Licensee") for the [period from [date] to [date] / year ended [date]] in respect of the Licensee's following payment services:

[(i) an account issuance service;]\*

[(ii) a domestic money transfer service;]\*

[(iii) a cross-border money transfer service;]\*

[(iv) a merchant acquisition service;]\*

[(v) an e-money issuance service;]\*

[(vi) a digital payment token service;]\*

[(vii) a money-changing service.]\*

\*Include as applicable

The Licensee is required to comply with the following laws, rules and regulations ("the Act and the Regulations"):

- (i) Payment Services Act 2019;
- (ii) Payment Services Regulations 2019;
- (iii) MAS Notices PS-N01, PS-N01A and/or PS-N02 (where applicable), to Holders of Payment Services Licence on Prevention of Money Laundering and Countering the Financing of Terrorism;
- (iv) MAS Notices PSN04 and PSN04A on Data Collection (where applicable)
- (v) MAS Notices PSN07 on proper maintenance of records of transactions
- (vi) Any other applicable Notices issued by the Monetary Authority of Singapore ("the MAS")<sup>2</sup>; and
- (vii) Any conditions, restrictions or requirements, which may be imposed on the Licensee by the MAS.

#### *Management's Responsibility*

Management is responsible for the preparation of the Form in accordance with the requirements of the Act and the Regulations, and for ensuring compliance with the Act and the Regulations. This responsibility includes monitoring related compliance requirements relevant to the Licensee, and implementing internal controls as management determines are necessary to enable compliance with the Act and the Regulations.

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<sup>2</sup> The list of Notices and Guidelines for Payment Service Providers can be accessed [\[here\]](#).

### *Auditor's Independence and Quality Management*

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Auditor's Responsibility*

Our responsibility is to form a limited assurance conclusion as to whether the financial data contained in the Form has been prepared, in all material respects, in accordance with the Act and the Regulations; and whether there has been any contravention by the Licensee of the conditions, restrictions, obligations or other requirements provided under the Act and the Regulations based on our procedures. We performed our procedures in accordance with Singapore Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information ("Standard"). This Standard requires that we plan and perform our procedures to form the conclusion. The extent of the procedures performed depends on our professional judgment and our assessment of the engagement risk.

Our procedures include obtaining an understanding of the recording of the Licensee's transactions in connection with its [account issuance service and/or domestic money transfer service and/or cross-border money transfer service and/or merchant acquisition service and/or e-money issuance service and/or digital payment token service and/or money-changing service]\* (\*Delete where inapplicable), 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 procedures also include 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 [account issuance service and/or domestic money transfer service and/or cross-border money transfer service and/or merchant acquisition service and/or e-money issuance service and/or digital payment token service and/or money-changing service] (\*Delete where inapplicable), 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 in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### *Conclusion*

Based on our procedures described in this report, and evidence obtained, nothing has come to our attention that causes us to believe that the financial data contained in the Form has not been prepared, in all material respects, in accordance with the Act and the Regulations.

In the course of our procedures, 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 the Act and the Regulations.

*Purpose and Restriction on Distribution and Use*

The Form is prepared solely for submission to the MAS and in meeting the requirements of the Act and the Regulations. As a result, the Form 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

(Firm)

\_\_\_\_\_  
(Date)

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

[Name of Company]

[Address]

Attention: The Board of Directors

**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 a limited assurance engagement on \_\_\_\_\_ (entity's) (the “\_\_\_\_\_”) <sup>1</sup>, 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 Independence and Quality Management*

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*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 (Revised) Assurance Engagements other than Audits and Reviews of Historical Financial Information (the “Standard”). This standard requires that we 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.

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<sup>1</sup> Insert Company, Branch or Co-operative where appropriate.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### *Conclusion*

Based on our work described in this report and evidence obtained, *[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.

### *Purpose and 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 (including Merchant Banks)<sup>1</sup>**

##### **Introduction**

- 1 Banks are required to comply with the Banking Act, Companies Act, directions issued by the Monetary Authority of Singapore (MAS), and any other relevant laws and regulations, and observe guidelines issued by the 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 this Appendix. This Appendix provides guidelines concerning the supplementary report to be issued.

##### **MAS directions**

- 2 Paragraph (c) in the opinion paragraph of the specimen report refers to 'directions' issued by the MAS. Directions consist of Directives and Notices. Directives primarily impose legally binding requirements on an individual financial institution or a specified person. Notices primarily impose legally binding requirements on a specified class of financial institutions or persons. Relevant members of the Institute should also consider any specific terms and conditions issued to their banking clients.

##### **MAS guidelines**

- 3 Paragraph (c) in the opinion paragraph of the specimen report refers to 'guidelines' issued by the MAS. Guidelines set out principles or "best practice standards" that govern the conduct of specified institutions or persons. While contravention of guidelines is not a criminal offence and does not attract civil penalties, specified institutions or persons are encouraged to observe the spirit of these guidelines. The degree of observance with guidelines by an institution or person may have an impact on MAS' overall risk assessment of that institution or person.

##### **Relevant laws and regulations**

- 4 Paragraph (c) in the opinion paragraph of the specimen report refers to 'relevant laws or 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 or 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 1967 and the Banking Act 1970. 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 of the Institute 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.
- 5 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 of the Institute 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 Companies Act and the Banking Act.

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<sup>1</sup> Where the illustrative report is used for merchant banks, the references to "bank" would be amended to "merchant bank" accordingly.

\* Delete whichever is not applicable.

### **Client's representations**

- 6 In view of the requirements of the MAS, relevant members of the Institute should include specific references to these in the letters of representation obtained from their banking clients. In the illustrative letter of representation shown in Singapore Standard on Auditing 580, *Written Representations*, the following may be added to the third paragraph:

‘There has been no non-compliance with or violation of the Banking Act, Companies Act, directions issued by the Monetary Authority of Singapore (MAS) or any other relevant laws or regulations. There has been no non-observance of guidelines issued by the MAS.’

\* Delete whichever is not applicable.

## INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

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

### Opinion

We have audited the financial statements of \_\_\_\_\_ (the Bank), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information. Our auditor's report on these financial statements was issued on \_\_\_\_\_ [insert date].

During the course of our audit [, except for those matters referred to in our long form report dated \_\_\_\_\_ ], 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 1970; Companies Act 1967; directions issued by the Monetary Authority of Singapore (MAS); or any other relevant laws or regulations; or non-observance of guidelines issued by the MAS [except for the following matters which we wish to bring to your attention:].

### Basis for Opinion on the Financial Statements

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 Bank in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and 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 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 Companies Act 1967 and Financial Reporting Standards in Singapore<sup>2</sup> and the requirements of the Banking Act 1970 and directions issued by the MAS and any other relevant laws or regulations, and observance of guidelines issued by 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

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<sup>2</sup> References to the applicable financial reporting framework are replaced with Singapore Financial Reporting Standards (International) if the bank has equity and/or debt quoted in a public market in Singapore (SGX-listed or over-the-counter).

\* Delete whichever is not applicable.

## Auditor's 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 opinion on the effectiveness of the Bank's internal control.<sup>3</sup> 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.
- 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 Bank'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 Bank 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.
- [Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.]<sup>4</sup>

We communicate with the directors 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 the directors 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, actions taken to eliminate threats

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<sup>3</sup> 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.

<sup>4</sup> This paragraph is included if the audit is a group audit of a bank with subsidiaries. Other relevant parts of the auditor's report should be amended accordingly to reflect a group audit.

\* Delete whichever is not applicable.

or safeguards applied.]<sup>5</sup>

### **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.

[The engagement partner on the audit resulting in this independent auditor's supplementary report is *[name]*].<sup>6</sup>

\_\_\_\_\_  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_\_  
(Date)

<sup>5</sup> This paragraph is included if the bank is a listed entity.

<sup>6</sup> The name of the engagement partner is included if the bank is a listed entity.

\* Delete whichever is not applicable.

## **(4B) Supplementary Reports for Finance Companies**

### **Introduction**

- 1 Finance companies are required to comply with the Finance Companies Act, Companies Act, directions issued by the Monetary Authority of Singapore (MAS) and any other relevant laws and regulations, and observe guidelines issued by the MAS. 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. A specimen of the supplementary report agreed by the MAS and the Institute of Singapore Chartered Accountants (the Institute) is set out in this Appendix. This Appendix provides guidelines concerning the supplementary report to be issued.

### **MAS directions**

- 2 Paragraph (c) in the opinion paragraph of the specimen report refers to 'directions' issued by the MAS. Directions consist of Directives and Notices. Directives primarily impose legally binding requirements on an individual financial institution or a specified person. Notices primarily impose legally binding requirements on a specified class of financial institutions or persons. Relevant members of the Institute should also consider any specific terms and conditions issued to their banking clients.

### **MAS guidelines**

- 3 Paragraph (c) in the opinion paragraph of the specimen report refers to 'guidelines' issued by the MAS. Guidelines set out principles or "best practice standards" that govern the conduct of specified institutions or persons. While contravention of guidelines is not a criminal offence and does not attract civil penalties, specified institutions or persons are encouraged to observe the spirit of these guidelines. The degree of observance with guidelines by an institution or person may have an impact on MAS' overall risk assessment of that institution or person.

### **Relevant laws and regulations**

- 4 Paragraph (c) in the opinion paragraph of the specimen report refers to 'relevant laws or 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 or 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 1967 and the Finance Companies Act 1967. 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 of the Institute 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.
- 5 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 of the Institute 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 Companies Act and the Finance Companies Act.

### **Client's representations**

- 6 In view of the requirements of the MAS, relevant members of the Institute should include specific references to these in the letters of representation obtained from their clients. In the illustrative letter of representation shown in Singapore Standard on Auditing 580, *Written Representations*, the following may be added to the third paragraph:

'There has been no non-compliance with or violation of the Finance Companies Act, Companies Act, directions issued by the Monetary Authority of Singapore (MAS) or any other relevant laws or regulations. There has been no non-observance of guidelines issued by the MAS.'

\* Delete whichever is not applicable.

## INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

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

### Opinion

We have audited the financial statements of \_\_\_\_\_ (the Finance Company), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information. Our auditor's report on these financial statements was issued on \_\_\_\_\_ [insert date].

During the course of our audit [, except for those matters referred to in our long form report dated \_\_\_\_\_ ], 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 Finance Companies Act 1967; Companies Act 1967; directions issued by the Monetary Authority of Singapore (MAS); or any other relevant laws or regulations; or non-observance of guidelines issued by the MAS [except for the following matters which we wish to bring to your attention:].

### Basis for Opinion on the Financial Statements

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 Finance Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and 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 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 Companies Act 1967 and Financial Reporting Standards in Singapore<sup>1</sup> and the requirements of the Finance Companies Act 1967 and directions issued by the MAS and any other relevant laws or regulations, and observance of guidelines issued by 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Finance Company'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 Finance Company or to cease operations, or has no realistic alternative but to do so.

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<sup>1</sup> References to the applicable financial reporting framework are replaced with Singapore Financial Reporting Standards (International) if the finance company has equity and/or debt quoted in a public market in Singapore (SGX-listed or over-the-counter).

\* Delete whichever is not applicable.

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

### **Auditor's 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 opinion on the effectiveness of the Finance Company's internal control.<sup>2</sup> In this connection, we have reviewed the accounting system and system of internal control in operation in the Finance 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.
- 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 Finance 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 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 Finance Company 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.
- [Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.]<sup>3</sup>

We communicate with the directors 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 the directors 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

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<sup>2</sup> 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.

<sup>3</sup> This paragraph is included if the audit is a group audit of a finance company with subsidiaries. Other relevant parts of the auditor's report should be amended accordingly to reflect a group audit.

\* Delete whichever is not applicable.



reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.]<sup>4</sup>

### **Restriction on Distribution and Use**

This report is prepared to assist the Finance Company 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 Finance Company and the MAS and should not be distributed to or used by parties other than the Finance Company or the MAS.

[The engagement partner on the audit resulting in this independent auditor's supplementary report is *[name]*].<sup>5</sup>

\_\_\_\_\_  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_\_  
(Firm)  
(Date)

<sup>4</sup> This paragraph is included if the finance company is a listed entity.

<sup>5</sup> The name of the engagement partner is included if the finance company is a listed entity.

\* Delete whichever is not applicable.

## **(4C) 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, tombola and lucky draws) 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 this 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.

\* Delete whichever is not applicable.

## INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

[Management Committee] of the \_\_\_\_\_<sup>1</sup>  
[Name]

### Opinion

We have audited the financial statements of \_\_\_\_\_ (the \_\_\_\_\_<sup>1</sup>), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information. Our auditor's report on these financial statements was issued on \_\_\_\_\_ [insert date].

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.

### Basis for Opinion on the Financial Statements

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 \_\_\_\_\_<sup>1</sup> in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 Those Charged with Governance for the Financial Statements<sup>2</sup>

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act 1966<sup>3</sup> and Financial Reporting Standards in Singapore, 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 \_\_\_\_\_<sup>1</sup>'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 \_\_\_\_\_<sup>1</sup> or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the \_\_\_\_\_<sup>1</sup>'s financial reporting process.

### Auditor's 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

<sup>1</sup> Insert type of entity, e.g. 'Club', 'Society', 'Association', 'Institution', etc.

<sup>2</sup> Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction.

<sup>3</sup> To delete if not applicable

\* Delete whichever is not applicable.

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 opinion on the effectiveness of the \_\_\_\_\_<sup>1</sup>'s internal control.<sup>4</sup> In this connection, we have reviewed the accounting system and system of internal control in operation in the \_\_\_\_\_<sup>1</sup> 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.
- 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 \_\_\_\_\_<sup>1</sup>'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 \_\_\_\_\_<sup>1</sup> 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.
- [Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.]<sup>5</sup>

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.

### **Restriction on Distribution and Use**

This report is prepared to assist the \_\_\_\_\_<sup>1</sup> to meet the requirement of the Singapore Police Force in the \_\_\_\_\_<sup>1</sup>'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 \_\_\_\_\_<sup>1</sup> and the Singapore Police Force and should not be distributed to or used by parties other than the \_\_\_\_\_<sup>1</sup> or the Singapore Police Force.

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<sup>4</sup> 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.

<sup>5</sup> This paragraph is included if the audit is a group audit of a entity with subsidiaries. Other relevant parts of the auditor's report should be amended accordingly to reflect a group audit.

\* Delete whichever is not applicable.

\_\_\_\_\_(Firm)  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_\_(Date)

## **(4D) Report on Depository Agent for The Central Depository (Pte) Limited**

### **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) Limited (CDP). The Independent Auditor's Supplementary Report on DAs for the CDP should take the format of this Appendix. This Appendix provides guidelines concerning the report to be issued with respect to DAs.
- 2 In many instances, the auditor does not have direct access to the communications about the DA Circulars from the CDP to its DAs. 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, relevant members of the Institute of Singapore Chartered Accountants should include specific reference to these in the letters of representation obtained from their DA clients. In the illustrative letter of representation shown in Singapore Standard on Auditing 580, *Written Representations*, the following may be added to the third paragraph:

'There has been no non-compliance with or violation of the CDP Depository Rules, the DA Agreement and DA Circulars issued by the CDP.'

\* Delete whichever is not applicable.

## INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT

The Board of Directors  
[Name of entity]

### Opinion

We have audited the financial statements of \_\_\_\_\_<sup>1</sup> (the \_\_\_\_\_<sup>2</sup>), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information. Our auditor's report on these financial statements was issued on \_\_\_\_\_ [insert date].

During the course of our audit, nothing came to our notice that caused us to believe that the \_\_\_\_\_<sup>2</sup> had not complied with the following obligations under [brief description of or reference to relevant requirements]<sup>3</sup> (collectively referred to in this report as the CDP Rules)<sup>4</sup>:

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 \_\_\_\_\_<sup>2</sup> 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 [insert date] from the \_\_\_\_\_<sup>2</sup> to The Central Depository (Pte) Limited (the CDP)<sup>5</sup>.
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 the CDP Rules as prescribed by the CDP, have been duly complied with.

*[For entities that operate omnibus accounts relating to the Share Savers Plan, the following clauses are to be certified:*

9. Open and maintain omnibus sub-accounts only when permitted by CDP.
10. For omnibus sub-accounts permitted by CDP that relate to share saver plans, maintain segregated account book-keeping of securities, belonging to the beneficial owners, that are reconciled on a daily basis; and ensure that contract notes and monthly statements of their securities holdings are sent to beneficial owners, by the next market day after the trade is executed and first week of the next month respectively.]

During the course of our audit, pursuant to DA Circular – DA/GM/28/2015, nothing came to our notice that caused us to believe that there had been any changes in the fitness and propriety of key appointment holders, instances of financial distress and legal actions taken against the \_\_\_\_\_<sup>2</sup>.

<sup>1</sup> The name of the entity should follow the name as registered with ACRA.

<sup>2</sup> Insert the type of entity, e.g. 'Nominee Company', 'Company', 'Bank', etc.

<sup>3</sup> The understanding of the relevant applicable requirements should be confirmed with the entity for each reporting period. For example, for the financial period ended 31 December 2015, 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".

<sup>4</sup> 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 2015.

<sup>5</sup> This is only applicable to bank nominees and merchant bank nominees.

## Basis for Opinion on the Financial Statements

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 \_\_\_\_\_<sup>2</sup> in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and 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 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 Companies Act 1967 and Financial Reporting Standards in Singapore<sup>6</sup>, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the \_\_\_\_\_<sup>2</sup>'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 \_\_\_\_\_<sup>2</sup> or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the \_\_\_\_\_<sup>2</sup>'s financial reporting process.

## Auditor's 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 opinion on the effectiveness of the \_\_\_\_\_<sup>2</sup>'s internal control.<sup>7</sup> In this connection, we have reviewed the accounting system and system of internal control in operation in the \_\_\_\_\_<sup>2</sup> 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.

<sup>6</sup> References to the applicable financial reporting framework are replaced with Singapore Financial Reporting Standards (International) if the entity has equity and/or debt quoted in a public market in Singapore (SGX-listed or over-the-counter).

<sup>7</sup> 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.



- 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 \_\_\_\_\_<sup>2</sup>'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 \_\_\_\_\_<sup>2</sup> 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.
- [Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.]<sup>8</sup>

We communicate with the directors 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 the directors 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, actions taken to eliminate threats or safeguards applied.]<sup>9</sup>

### Restriction on Distribution and Use

This report is prepared to assist the \_\_\_\_\_<sup>2</sup> 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 \_\_\_\_\_<sup>2</sup> and CDP and should not be distributed to or used by parties other than the \_\_\_\_\_<sup>2</sup> or the CDP.

[The engagement partner on the audit resulting in this independent auditor's supplementary report is [name]].<sup>10</sup>

\_\_\_\_\_(Firm)  
Public Accountants and  
Chartered Accountants  
Singapore  
\_\_\_\_\_(Date)

<sup>8</sup> This paragraph is included if the audit is a group audit of an entity with subsidiaries. Other relevant parts of the auditor's report should be amended accordingly to reflect a group audit.

<sup>9</sup> This paragraph is included if the entity is a listed entity.

<sup>10</sup> The name of the engagement partner is included if the entity is a listed entity.

## **APPENDIX 5**

### **Sample Agreed-Upon Procedures Report on SSRS 4400 (Revised) *Agreed-Upon Procedures Engagements***

#### **(5A) Agreed-Upon Procedures (AUP) Report in connection with an example of an Economic Development Board (EDB) Grant Scheme**

ISCA has worked with the EDB to align the illustrative report to the requirements of SSRS 4400 (Revised) *Agreed-Upon Procedures Engagements*, which is effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022. The Report was updated in April 2023.

#### **(5B) AUP Report in connection with an example of an EDB Tax Incentive Scheme**

ISCA has worked with the EDB to develop an AUP Report based on SSRS 4400 (Revised) for purposes of submission of the Statements of Achievements by incentive recipients in connection with EDB's tax incentives.

The AUP Report sets out the agreed-upon procedures which auditors are required to perform in respect of incentive conditions. The Report has been updated in May 2024 to include additional conditions for specific incentive schemes.

For the abovementioned illustrative reports, Practitioners may deem that reporting of further information is necessary to ensure compliance with the requirement in paragraph 30(o) of SSRS 4400 (Revised) to report the findings from each procedure performed. In such situations, the Practitioner can do so by appending the details to the Practitioner's Report under the Annex. Please refer to the template in "Annex - Reporting of Findings where No Exceptions were Found". In this regard, the practitioner's report should be amended by making reference to the Annex: "We report our findings below and in Annex - Reporting of Findings where No Exceptions were Identified".

This report is effective for conditions due / required to be maintained for the year ended 31 December 2022.

## **(5A) AUP Report in connection with an example of an EDB Grant Scheme**

### **FORMAT FOR PRACTITIONER'S REPORT**

To:

Mr / Ms [Name]  
[Designation]  
[Implementing Company]  
[Street Address 1]  
[Street Address 2]  
[City]  
[Country] [Postal Code]

**Agreed-Upon Procedures Report on \_\_\_\_\_ [Name of Implementing Company]'s Statement of Expenditure for the claim period from \_\_\_\_\_ [date] to \_\_\_\_\_ [date] and Progress Updates for reporting period from \_\_\_\_\_ [date] to \_\_\_\_\_ [date] submitted by the Grantee on \_\_\_\_\_ [date of submission to EDB]**

#### **1. Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our report is solely for \_\_\_\_\_ [name of implementing company] (the Engaging Party and hereafter referred to as the "Grantee")'s submission of the Statement of Expenditure incurred by the Grantee for the claim period from \_\_\_\_\_ [date] to \_\_\_\_\_ [date] (the "Statement") and the Progress Updates for reporting period from \_\_\_\_\_ [date] to \_\_\_\_\_ [date] submitted by the Grantee on [date of submission to EDB] (the "Progress Updates") in accordance with the terms and conditions specified by the Economic Development Board ("the EDB") in its Letter of Award/Offer, including all amendments, variations and supplementals to the same, and its accompanying annexes (hereafter referred collectively to as the "Award Letter") and may not be suitable for another purpose. This is in connection with the incentive awarded by the EDB to the Grantee for the development of \_\_\_\_\_ [project name] with the reference number \_\_\_\_\_ [e.g. S21-12345-XXX] for the qualifying period from \_\_\_\_\_ [date] to \_\_\_\_\_ [date] (the "Incentive").

This report is intended solely for the Grantee and the EDB and should not be used by, or distributed to, any other parties.

#### **2. Responsibilities of the Grantee**

The Grantee has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Grantee is responsible for the subject matter on which the agreed-upon procedures are performed.

#### **3. Practitioner's Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the Singapore Standard on Related Services (SSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Grantee, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

## *Professional Ethics and Quality Management*

We have complied with the ethical requirements in the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) and with the independence requirements of the EDB below:

- (a) We have not provided accounting and bookkeeping services which include preparing accounting records and financial statements, recording transactions and payroll services to the Grantee during the claim period of the Statement; and
- (b) We are not the Grantee or related entities (as defined in the ACRA Code) of the Grantee that is awarded the Incentive by the EDB.

Our firm applies Singapore Standard on Quality Management (SSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **4. Procedures and Findings**

We have performed the procedures in accordance with the Terms of Reference on the Statement and Progress Updates. These procedures were agreed upon with the Grantee in the terms of engagement dated \_\_\_\_ [date]. We report our findings below<sup>1</sup>:

- (a) With respect to Item 1 of the Terms of Reference, we have performed the procedures listed in Items 1.1 to 1.10 and have covered at least 85% of the amount claimed in the Statement. No exceptions were found / Exceptions were found and reported in (j) below\*.
- (b) With respect to Item 2 of the Terms of Reference, we have obtained a list of related parties and related party transactions included within the Statement from the Grantee and obtained written management confirmation on the completeness of the list. We have performed the procedures listed in Items 2.1 to 2.2. No exceptions were found / Exceptions were found and reported in (j) below\*.
- (c) With respect to Item 3 of the Terms of Reference, we have obtained written management confirmation on whether there were any sale/lease/disposal/transfer of any equipment, technical software or intellectual property rights, where applicable, that has been funded by the EDB under this Incentive which took place during the qualifying period. Per management confirmation, there were no sale/lease/disposal/transfer of any equipment, technical software or intellectual property rights, where applicable, that has been funded by the EDB under this Incentive which took place during the qualifying period.

OR

With respect to Item 3 of the Terms of Reference, we have obtained written management confirmation on whether there were any sale/lease/disposal/transfer of any equipment, technical software or intellectual property rights, where applicable, that has been funded by the EDB under this Incentive which took place during the qualifying period. Per management confirmation, there were sale/lease/disposal/transfer of equipment, technical software or intellectual property rights, where applicable, that has been funded by the EDB under this Incentive which took place during the qualifying period, and the details are reported in (j) below.

---

<sup>1</sup> In situations where no exceptions are found, if the Practitioner deems that reporting of further information is necessary, the Practitioner can do so by appending the details to the Practitioner's Report. Please refer to the template in "Annex - Reporting of Findings where No Exceptions were Found".

\* Delete whichever is not applicable.

- (d) With respect to Item 4 of the Terms of Reference, we have obtained the auditor's report dated \_\_\_\_\_ [date of auditor's report] on the latest audited financial statements of the Grantee for the financial year ended \_\_\_\_\_ [date of financial year end] and report that:
- (i) The opinion on the financial statements in the auditor's report has not been modified / has been modified\* in relation to the Grantee's ability to continue as a going concern, and
  - (ii) There was / was no\* material uncertainty related to going concern highlighted within the auditor's report.

OR

With respect to Item 4 of the Terms of Reference, the Grantee is a Small Company / a Small Company that is part of a small group (as defined in the Companies Act)\* per its latest annual return filed with ACRA. Within the Directors' Statement dated \_\_\_\_\_ [date of Directors' Statement] for the financial year ended \_\_\_\_\_ [date of financial year end] submitted in its latest annual return filed with ACRA on \_\_\_\_\_ [date of annual return], we report that the directors of the Grantee had provided / did not provide\* an opinion, at the date of the Directors' Statement, that there are reasonable grounds to believe that the Grantee will be able to pay its debts as and when they fall due.

OR

With respect to Item 4 of the Terms of Reference, the Grantee is a Limited Liability Partnership, and within the latest annual declaration filed with ACRA on \_\_\_\_\_ [date of annual declaration] for the financial year ended \_\_\_\_\_ [date of financial year end], we report that the manager of the Grantee had provided an opinion that the Grantee appears / does not appear\*, at the date of the declaration, to be able to pay its debts as they become due in the normal course of business.

- (e) With respect to Item 6 and 7 of the Terms of Reference, we have obtained and performed the Agreed-Upon Procedures listed on Items 8 to 11 of the Terms of Reference on the latest available version of the Progress Updates, with all corrections of errors and deviations incorporated, as at the date of Practitioner's Report on the Agreed-Upon Procedures.
- (f) With respect to Item 8 of the Terms of Reference, we have performed the procedures listed in Items 8.1 to 8.7. With respect to Items 8.2 to 8.7, we have covered at least 5 selected transactions of Total Business Expenditure / Total Business Spending declared in the Grantee's Progress Updates. Where the population is less than 5 transactions, we have performed the procedures on the entire population. No exceptions were found / Exceptions were found and reported in (j) below\*.
- (g) With respect to Item 9 of the Terms of Reference, we have performed the procedures listed in Items 9.1 to 9.6. With respect to Items 9.2 to 9.6, we have covered at least 5 selected transactions of R&D and Innovation Expenditure declared in the Grantee's Progress Updates. Where the population is less than 5 transactions, we have performed the procedures on the entire population. No exceptions were found / Exceptions were found and reported in (j) below\*.
- (h) With respect to Item 10 of the Terms of Reference, we have performed the procedures listed in Items 10.1 to 10.6. With respect to Items 10.2 to 10.6, we have covered at least 5 selected transactions of Fixed Asset Investment declared in the Grantee's Progress Updates. Where the population is less than 5 FAI transactions, we have performed the procedures on the entire population. No exceptions were found / Exceptions were found and reported in (j) below\*.
- (i) With respect to Item 11 of the Terms of Reference, we have performed the procedures listed in Items 11.1 to 11.6. With respect to Items 11.2 to 11.6, we have covered at least 5 selected headcount of the total declared in the Grantee's Progress Updates. Where the

\* Delete whichever is not applicable.

population is less than 5 headcount, we have performed the procedures on the entire population. No exceptions were found / Exceptions were found and reported in (j) below\*.

(j) We report the findings where exceptions were found below\*:

Procedure in the Terms of Reference	Findings where Exceptions were Found
[e.g. Item 1.5.2]	[e.g. We found that the amount claimed of S\$xxx in the Statement relating to equipment ABC was different from the amount in the original invoice of S\$yyy.]

\_\_\_\_\_ [Name of and signature by Public Accounting entity registered with ACRA]  
Public Accountants and  
Chartered Accountants  
Singapore

\_\_\_\_\_ [Full name of Public Accountant who signed the report]

\_\_\_\_\_ [Public Accountant Registration No.]

\_\_\_\_\_ [Date of Practitioner's report]

Enclosures<sup>2</sup>:

1. Terms of Reference
2. Statement of Expenditure
3. Progress Updates

<sup>2</sup> It is compulsory for these enclosures to accompany the Practitioner's Report that will be submitted to EDB.

\* Delete whichever is not applicable.

**Annex - Reporting of Findings where No Exceptions were Found\***

<b>Procedure in the Terms of Reference</b>	<b>Findings where No Exceptions were Found</b>
[e.g. Item 1]	[Practitioners may include any other findings deemed necessary.]
[e.g. Item 2]	[Practitioners may include any other findings deemed necessary.]
[e.g. Item 3]	[Practitioners may include any other findings deemed necessary.]
[e.g. Item 4]	[Practitioners may include any other findings deemed necessary.]

\* Delete whichever is not applicable.

## Terms of Reference for Practitioners

### Section 1: Statement of Expenditure

1. Obtain the Letter of Award/Offer, including all amendments, variations and supplementals to the same, and its accompanying annexes (hereafter referred collectively to as the “Award Letter”), and:
  - 1.1 Trace the items claimed in the Statement of Expenditure (the “Statement”) to the qualifying cost items as defined in the Award Letter. Check that items claimed are not within the non-qualifying / non-supportable cost items defined in the Award Letter. Where there are Details on Qualifying Cost appended in the Award Letter, check that items claimed are not disallowed by the EDB.
  - 1.2 Inspect supporting documentation to check that the items claimed in the Statement are used for the project as stated in the Award Letter (e.g. job scope and responsibilities per employment contracts for manpower claims, commissioning report for equipment claims).
  - 1.3 For qualifying costs amounts:
    - 1.3.1 Recompute based on formulas indicated in the Award Letter. Check that the qualifying costs amounts are capped per the Award Letter with respect to caps on qualifying costs (where relevant, e.g. caps per calendar month);
    - 1.3.2 For each item claimed in the Statement, obtain written management confirmation on whether the item was used exclusively for the project. For items that are not used exclusively for the project, check that the qualifying costs are pro-rated in a manner that reflects the pattern of utilisation on the project by performing the following procedures:
      - 1.3.2.1 Obtain the basis of pro-ratio from the Grantee and perform re-computation of pro-rated qualifying costs;
      - 1.3.2.2 Inspect the Grantee's documentation to support that the basis of pro-ratio is in line with Grantee's internal policies, or is approved by Grantee's management through written confirmation; and
      - 1.3.2.3 Inspect supporting documentation underlying the pro-ratio (e.g. timesheets, written confirmations from the qualifying employees on time involvement or utilisation in the project).
  - 1.4 Recompute the claim amounts based on the EDB's grant support rate per Award Letter multiplied by the qualifying costs amounts. Check that the claim amount is capped per the Award Letter with respect to caps on claim amounts (where relevant, e.g. caps per calendar month), approved grant amount and the respective cost category sub-cap.
  - 1.5 Agree the amount, description and details (e.g. dates of involvement/incurrence) of items claimed in the Statement to:
    - 1.5.1 Accounting records of the Grantee, and
    - 1.5.2 Original source documents or other records (e.g. invoices, delivery documents, commissioning certificates, personnel and payroll records etc). In the absence of original source documents or other records, trace to certified true copies by the Grantee's authorised signatories.
  - 1.6 Check that all items claimed in the Statement are incurred within the qualifying period as per the Award Letter by tracing the dates of involvement/incurrence listed in the Statement to the qualifying period.
  - 1.7 Check that all items claimed in the Statement are paid within the qualifying period as per the Award Letter by inspecting documents supporting payment (e.g. bank

\* Delete whichever is not applicable.



statements etc.). (Note: For final claims, items claimed in the Statement may be paid after the qualifying period, but before date of Practitioner's Report. Notwithstanding this, all items claimed in the Statement have to be incurred within the qualifying period.)

- 1.8 Check that claims are made only upon disbursement of cash by the Grantee and inspect documents supporting payment (e.g. bank statements etc.). Check that the items claimed should not include those that are purely accounting entries without cash outlays (e.g. accruals, depreciation etc.).
- 1.9 Check that equipment claimed in the Statement exists through physical sighting at anytime during the claim period and up till the date of the Practitioner's Report. Where physical sighting is not practical, perform virtual sighting (e.g. live video tours, photographs of the equipment with time stamp etc.) to check the existence of the equipment claimed in the Statement.
- 1.10 Check that there is no duplication of claims submitted within this Incentive, and with other incentives awarded by Singapore government agencies (if any), through the following procedures:
  - 1.10.1 Check that claims submitted were not claimed in previous claim periods by tracing to previous claims submissions which were provided and confirmed by management to be complete; and
  - 1.10.2 Obtain written management confirmation that items claimed in the Statement were not disbursed or claimed under any other incentives.

The procedures as listed above from 1.1 to 1.10 shall cover at least 85% of the amount claimed in the Statement.

2. Obtain a list of related parties and related party transactions included within the Statement from the Grantee, and obtain written management confirmation on the completeness of the list.
  - 2.1 For cost categories that prohibit related party transactions, check that the invoicing party is not a party named in the list of related parties.
  - 2.2 For cost categories that allow related party transactions, check that the qualifying costs are net of mark-ups and administrative charges incurred by the Grantee through sighting to supporting documentation (e.g. third-party invoices issued to the related party, written related party confirmations).
3. Obtain written management confirmation that there were no sale/lease/disposal/transfer of any equipment, technical software or intellectual property rights, if applicable, that has been funded by the EDB under this Incentive, which took place during the qualifying period. If there were any sale/lease/disposal/transfer of any equipment, technical software or intellectual property rights, if applicable, reported by management within the confirmation, agree the details (i.e. description, period claimed under this Incentive, qualifying costs claimed, claim amount, date of sale/lease/disposal/transfer) to the records of the Grantee and report in the Practitioner's Report as an exception found.
4. Obtain the auditor's report on the latest audited financial statements of the Grantee and perform the following procedures:
  - 4.1 State the date of auditor's report and the financial year end;
  - 4.2 Report whether the opinion on the financial statements has been modified in relation to the Grantee's ability to continue as a going concern; and
  - 4.3 Report whether there was any material uncertainty related to going concern highlighted within the auditor's report.

\* Delete whichever is not applicable.

For a Small Company, or a Small Company that is part of a small group (as defined in the Companies Act) as represented by management, obtain the Directors' Statement submitted in its latest annual return filed with ACRA, and perform the following procedures:

- 4.1 State the date of the Directors' Statement, the financial year end and the date of latest annual return filed with ACRA;
- 4.2 Report whether the directors of the Grantee have provided an opinion, at the date of the Directors' Statement, that there are reasonable grounds to believe that the Grantee will be able to pay its debts as and when they fall due; and
- 4.3 Check that in the latest annual return filed with ACRA, the Grantee has declared itself as a Small Company, or a Small Company that is part of a small group.

For a Limited Liability Partnership, obtain the Grantee's latest annual declaration filed with ACRA and perform the following procedures:

- 4.1 State the date of the manager's annual declaration and the financial year end;
- 4.2 Report whether the manager of the Grantee has provided an opinion that the Grantee, at the date of the manager's declaration, appears to be able to pay its debts as they become due in the normal course of business.

5. In the event that the Practitioner is unable to perform any of the prescribed procedures above, this will constitute as an exception. The Practitioner shall report these exceptions within the Practitioner's Report.

## **Section 2: Progress Updates<sup>3</sup>**

6. Match the Progress Updates obtained from the Grantee to the latest available version of the Progress Updates submitted via the EDB portal. Perform procedures listed in Items 8 to 11 on the latest available version of the Progress Updates as at the date of Practitioner's Report on the Agreed-Upon Procedures. The Practitioner is to refer to the Award Letter for the definitions of the terms used in the Progress Updates.
7. Where errors and deviations are found in the Progress Updates, the Practitioner shall inform the Grantee to rectify the errors and deviations and submit the revised Progress Updates to the EDB. The Practitioner shall check that the revised Progress Updates were submitted via the EDB Portal and ensure that the procedures were performed on the latest version(s) of the Progress Updates, with all corrections of errors and deviations incorporated, as at the date of Practitioner's Report on the Agreed-Upon Procedures.

### Total Business Expenditure ("TBE") / Total Business Spending ("TBS") condition

8. Obtain the supporting schedule(s) for the TBE / TBS declared, and written management confirmation on the completeness of the qualifying transactions, and:
  - 8.1 Check the TBE / TBS by summing up the amounts of all the qualifying transactions identified by the Grantee in the supporting schedule(s) and agree to the total amounts declared in the Progress Updates.
  - 8.2 Agree the amount, description and details (e.g. dates of incurrence) of transactions from the supporting schedule(s) of the Grantee to:
    - 8.2.1 Accounting records of the Grantee; and
    - 8.2.2 Original source documents or other records (e.g. invoices, delivery documents, personnel and payroll records etc). In the absence of original source documents or other records, trace to certified true copies by the Grantee's authorised signatories.

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<sup>3</sup> AUP for Progress Updates is only required for the submission of final claims.

\* Delete whichever is not applicable.

- 8.3 Check that the transactions identified by the Grantee in the supporting schedule(s) are qualifying expenses and not disallowed by the EDB in accordance with the definition of TBE / TBS as stated in the Award Letter.
- 8.4 Check that the transactions per the supporting schedule(s) are incurred for the project or by the Grantee in accordance with the condition(s) stated in the Award Letter by performing the following procedures:
  - 8.4.1 Enquire with management on the method used to track the transactions to the project or the Grantee (e.g. use of cost centers); and
  - 8.4.2 Check that the transactions per the supporting schedule(s) have been recorded based on the method described by management as enquired in 8.4.1.
  - 8.4.3 Where the above procedures are not relevant / practical, obtain written confirmations from the project manager that the expenses were incurred for the project or by the Grantee.
- 8.5 Check that the transactions per the supporting schedule(s) are incurred (based on date of receipt of goods / services or payroll records) within the period stipulated in the Award Letter by performing the following procedures:
  - 8.5.1 Check that the dates of incurrence per the supporting schedule(s) fall within the period declared in the Progress Updates; and
  - 8.5.2 Check that the "As At Date" declared in the Progress Updates agrees to milestone dates stipulated in the Award Letter.
- 8.6 Check that the transactions per the supporting schedule(s) are expenses incurred in Singapore (e.g. Payments/Payables to Singapore-registered business entities or employees who are based in Singapore) by performing the following procedures:
  - 8.6.1 Conduct online ACRA search to check that the payment recipients are Singapore-registered entities; or
  - 8.6.2 Inspect the original source documents or other records to identify the tax residency of the qualifying employees (e.g. tax document, written confirmation from the qualifying employees etc.)
- 8.7 Check that the transactions per the supporting schedule(s) exclude tax related expenses (i.e. corporate taxes, goods & services tax, property taxes, stamp duties etc.).

The procedures as listed above from 8.2 to 8.7 shall cover at least 5 selected transactions of TBE / TBS declared in the Grantee's Progress Updates of all reporting periods. In the event the population is less than 5 transactions, then apply the procedures on the entire population.

#### R&D and Innovation Expenditure

- 9. Obtain the supporting schedule(s) for the R&D and Innovation Expenditure declared, and written management confirmation on the completeness of the qualifying transactions, and:
  - 9.1 Check the R&D and Innovation Expenditure by summing up the amounts of all the qualifying transactions identified by the Grantee in the supporting schedule(s) and agree to the total amounts declared in the Progress Updates.
  - 9.2 Agree the amount, description and details (e.g. dates of incurrence) of transactions from the supporting schedule(s) of the Grantee to:
    - 9.2.1 Accounting records of the Grantee; and
    - 9.2.2 Original source documents or other records (e.g. invoices, delivery documents, personnel and payroll records, service completion reports)

\* Delete whichever is not applicable.

etc). In the absence of original source documents or other records, trace to certified true copies by the Grantee's authorised signatories.

- 9.3 Check that the transactions identified by the Grantee in the supporting schedule(s) are incurred for R&D and Innovation in accordance with the definition of R&D and Innovation as stated in the Award Letter.
- 9.4 Check that the transactions per the supporting schedule(s) are incurred for the project or by the Grantee in accordance with the condition(s) stated in the Award Letter by performing the following procedures:
  - 9.4.1 Enquire with management on the method used to track the transactions to the project or the Grantee (e.g. use of cost centers); and
  - 9.4.2 Check that the transactions per the supporting schedule(s) have been recorded based on the method described by management as enquired in 9.4.1.
  - 9.4.3 Where the above procedures are not relevant / practical, obtain written confirmations from the project manager that the expenses were incurred for the project or by the Grantee.
- 9.5 Check that the transactions per the supporting schedule(s) are incurred (based on date of receipt of goods / services or payroll records) within the period stipulated in the Award Letter by performing the following procedures:
  - 9.5.1 Check that the dates of incurrence per the supporting schedule(s) fall within the period declared in the Progress Updates; and
  - 9.5.2 Check that the "As At Date" declared in the Progress Updates agrees to milestone dates stipulated in the Award Letter.
- 9.6 Check that the equipment costs incurred as part of R&D and Innovation Expenditure per the supporting schedule(s) exists through physical sighting at any time during the Progress Updates period and up till the date of the Practitioner's Report. Where physical sighting is not practical, perform virtual sighting (e.g. live video tours, photographs of the equipment with time stamp etc.) to check the existence of the equipment per the supporting schedule(s).

The procedures as listed above from 9.2 to 9.6 shall cover at least 5 selected transactions of R&D and Innovation Expenditure declared in the Grantee's Progress Updates of all reporting periods. In the event the population is less than 5 transactions, then apply the procedures on the entire population.

#### Fixed Asset Investment ("FAI") condition

- 10. Obtain the supporting schedule(s) for the amounts of cumulative / additional FAI, and written management confirmation on the completeness of the qualifying Fixed Assets, and:
  - 10.1 Check the FAI by summing up all the amounts of all the qualifying Fixed Assets identified by the Grantee per the supporting schedule(s) and agree to the total amounts declared in the Progress Updates.
  - 10.2 Agree the amounts, description and details (e.g. dates of delivery or capitalization) of Fixed Assets acquired per the supporting schedule(s) of the Grantee to:
    - 10.2.1 Accounting records of the Grantee, and
    - 10.2.2 Original source documents or other records, (e.g. invoices, delivery documents, proof of installation, commissioning certificates, service completion reports etc). In the absence of original source documents or other records, trace to certified true copies by the Grantee's authorised signatories.

\* Delete whichever is not applicable.

- 10.3 Check that the Fixed Assets identified by the Grantee in the supporting schedule(s) are qualifying FAI and not disallowed by the EDB in accordance with the definition of cumulative / additional FAI as stated in the Award Letter.
- 10.4 Check that the Fixed Assets per the supporting schedule(s) are acquired for the project or by the Grantee in accordance with the condition(s) stated in the Award Letter by performing the following procedures:
  - 10.4.1 Enquire with management on the method used to track the Fixed Assets to the project or the Grantee (e.g. use of cost centers); and
  - 10.4.2 Check that the Fixed Assets per the supporting schedule(s) have been recorded based on the method described by management as enquired in 10.4.1.
  - 10.4.3 Where the above procedures are not relevant / practical, obtain written confirmations from the project manager that the Fixed Assets were acquired for the project or by the Grantee.
- 10.5 Check that Fixed Assets per the supporting schedule(s) are acquired within the period stipulated in the Award Letter by performing the following procedures:
  - 10.5.1 Check that the dates of delivery or capitalization per the supporting schedule(s) fall within the period declared in the Progress Updates; and
  - 10.5.2 Check that the "As At Date" declared in the Progress Updates agrees to milestone dates stipulated in the Award Letter.
- 10.6 Check that Fixed Assets per the supporting schedule(s) exists through physical sighting at any time during the Progress Updates period and up till the date of the Practitioner's Report. Where physical sighting is not practical, perform virtual sighting (e.g. live video tours, photographs of the equipment with time stamp etc.) to check the existence of the equipment per the supporting schedule(s).

The procedures as listed above from 10.2 to 10.6 shall cover at least 5 selected transactions of FAI declared in the Grantee's Progress Updates of all reporting periods. In the event the population is less than 5 transactions, then apply the procedures on the entire population.

#### Employment condition<sup>4</sup>

11. Obtain the supporting schedule(s) for the number of headcount(s) employed, and written management confirmation on the completeness of the headcount(s), and:
  - 11.1 Check the number of headcount(s) employed by summing up the unique headcount identified by the Grantee per the supporting schedules(s) and agree to the total number declared in the Progress Updates.
  - 11.2 Agree the employment details (e.g. hire date, employment period, designation, hiring company etc) and personal details (e.g. educational qualification, nationality etc) of employees per the supporting schedule(s) of the Grantee to original source documents or other records (e.g. employment contract, personnel and payroll records etc). In the absence of original source documents or other records, trace to certified true copies by the Grantee's authorised signatories.
  - 11.3 Check that the employees per the supporting schedule(s) are employed in accordance with the job classification(s) (where applicable) as defined in the Award Letter by obtaining written confirmation from the human resource department of the Grantee or the qualifying employees that the job titles are in alignment with the job classification(s) (where applicable) as defined in the Award Letter.

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<sup>4</sup> Refer to condition(s) relating to employment of Skilled Employees, R&D and Innovation Employees, Professionals, Research Scientists and Engineers or Employees.

\* Delete whichever is not applicable.

- 11.4 Check that the employees per the supporting schedule(s) are employed for the project or by the Grantee in accordance with the condition(s) stated in the Award Letter by obtaining written confirmation from the human resource department of the Grantee or the qualifying employees on the job scope and responsibilities.
- 11.5 Check that the employees per the supporting schedule(s) are employed on the date stipulated in the Award Letter by performing the following procedures:
  - 11.5.1 Check that the employment period per the supporting schedule(s) includes the period declared in the Progress Updates; and
  - 11.5.2 Check that the “As At Date” declared in the Progress Updates agrees to milestone dates stipulated in the Award Letter.
- 11.6 Check that the employees are tax residents of Singapore during their period of employment per the supporting schedule(s) by inspecting the original source documents or other records to identify the tax residency of the qualifying employees (e.g. tax document, written confirmation from the qualifying employees etc).

The procedures as listed above from 11.2 to 11.6 shall cover 5 selected headcount of the headcount declared in the Grantee’s Progress Updates of all reporting periods. In the event the population is less than 5, then apply the procedures on the entire population.

The Practitioner shall append in the Practitioner’s Report a stamped copy of the Progress Updates using the stamp of the Practitioner’s firm, and this shall be the latest version(s) submitted on the EDB Portal.

\* Delete whichever is not applicable.

## **(5B) AUP Report in connection with an example of an EDB Tax Incentive Scheme**

### **FORMAT FOR PRACTITIONER'S REPORT**

To:

Mr / Ms <Name>  
<Designation>  
<Implementing Company>  
<Street Address 1>  
<Street Address 2>  
<City>  
<Country> <Postal Code>

**Agreed-Upon Procedures Report on \_\_\_\_\_ [Name of Implementing Company]'s  
Statement of Achievement for conditions due / required to be maintained for the year  
ended \_\_\_\_\_ [year]**

#### **1. Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our report is solely for \_\_\_\_\_ [name of company] (the Engaging Party and hereafter referred to as the "Company")'s submission of the Statement of Achievement for conditions due / required to be maintained for the year ended \_\_\_\_\_ [year] (the "Statement"), in accordance with the terms and conditions specified by the Economic Development Board ("the EDB") in its Letter of Award dated \_\_\_\_\_ [date], including all amendments, variations and supplementals to the same, and its accompanying annexes (hereafter referred collectively to as the "Award Letter") and may not be suitable for another purpose. This is in connection with the incentive awarded by the EDB to the Company for the development of \_\_\_\_\_ [project name] with the reference number \_\_\_\_\_ [e.g. S21-12345-XXX] for the qualifying period from \_\_\_\_\_ [date] to \_\_\_\_\_ [date] (the "Incentive").

This report is intended solely for the Company and the EDB, and should not be used by, or distributed to, any other parties.

#### **2. Responsibilities of the Company**

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

#### **3. Practitioner's Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the Singapore Standard on Related Services (SSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

\* Delete whichever is not applicable.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

#### *Professional Ethics and Quality Management*

We have complied with the ethical requirements in the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) and with the independence requirements of the EDB below:

- (a) We have not provided accounting and bookkeeping services which include preparing accounting records and financial statements, recording transactions and payroll services to the Company during the reporting period of the Statement; and
- (b) We are not the Company or related entities (as defined in the ACRA Code) of the Company that is awarded the Incentive by the EDB.

Our firm applies Singapore Standard on Quality Management (SSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **4. Procedures and Findings**

We have performed the procedures in accordance with the Terms of Reference on the Statement, which were agreed upon with the Company in the terms of engagement dated \_\_\_\_ [date of engagement letter].

We report our findings below<sup>1</sup>:

- (a) With respect to Item 1 of the Terms of Reference, we have obtained the auditor's report dated \_\_\_\_ [date of auditor's report] on the latest audited financial statements of the Company for the financial year ended \_\_\_\_ [date of financial year end] and report that:
  - (i) The opinion on the financial statements in the auditor's report has not been modified / has been modified\* in relation to the Company's ability to continue as a going concern, and
  - (ii) There was / was no\* material uncertainty related to going concern highlighted within the auditor's report.

OR

With respect to Item 1 of the Terms of Reference, the Company is a Small Company / a Small Company that is part of a small group (as defined in the Companies Act)\* per its latest annual return filed with ACRA. Within the Directors' Statement dated \_\_\_\_ [date of Directors' Statement] for the financial year ended \_\_\_\_ [date of financial year end] submitted in its latest annual return filed with ACRA on \_\_\_\_ [date of annual return], we report that the directors of the Company had provided / did not provide\* an opinion, at the date of the Directors' Statement, that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

OR

With respect to Item 1 of the Terms of Reference, the Company is a Limited Liability Partnership, and within the latest annual declaration filed with ACRA on \_\_\_\_ [date of annual declaration] for the financial year ended \_\_\_\_ [date of financial year end], we report that the manager of the Company had provided an opinion that the Company appears / does not appear\*, at the date of the declaration, to be able to pay its debts as they become due in the normal course of business.

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<sup>1</sup> In situations where no exceptions are found, if the Practitioner deems that reporting of further information is necessary, the Practitioner can do so by appending the details to the Practitioner's Report. Please refer to the template in "Annex - Reporting of Findings where No Exceptions were Found".

\* Delete whichever is not applicable.



Total Business Expenditure ("TBE") / Total Business Spending ("TBS") condition\*

- (b) With respect to Item 2 of the Terms of Reference, we have performed the procedures listed in Items 2.1 to 2.7. With respect to Items 2.2 to 2.7, we have covered TBE / TBS\* transactions comprising at least 20% of TBE / TBS\* declared in the Statement. No exceptions were found / Exceptions were found and reported in (j) below\*.

Fixed Asset Investment ("FAI") condition

- (c) With respect to Item 3 of the Terms of Reference, we have performed the procedures listed in Items 3.1 to 3.6. With respect to Items 3.2 to 3.6, we have covered FAI transactions at cost comprising at least 20% of FAI declared in the Statement. No exceptions were found / Exceptions were found and reported in (j) below\*.

Employment condition

- (d) With respect to Item 4 of the Terms of Reference, we have performed the procedures listed in Items 4.1 to 4.7. With respect to Items 4.2 to 4.7, we have covered at least 20% of the number of headcount(s) declared in the Statement. No exceptions were found / Exceptions were found and reported in (j) below\*.

Approved Network Company ("ANC") for Finance and Treasury Centre ("FTC") incentive/ Approved Special Purpose Company ("Approved SPC") for Aircraft Leasing Scheme ("ALS") incentive/ Incentivised Entity\*

- (e) With respect to Item 5 of the Terms of Reference, we have performed the procedures listed in Item 5.1 (for FTC ANC) / 5.2 (for ALS SPC) / 5.3 (for shareholding / relatedness conditions)\*. With respect to Item 5.1 (for FTC ANC) / 5.2 (for ALS SPC) / 5.3 (for shareholding / relatedness conditions)\*, we have covered at least 20% of the number of qualifying entities as appended in the Statement. Where the population is less than 25 entities, we have performed the procedures on at least 5 of the entities or all the entities if the population is less than 5 entities. No exceptions were found / Exceptions were found and reported in (j) below\*.

Aircraft Leasing Scheme ("ALS") Loan Details for Withholding Tax ("WHT") Exemption

- (f) With respect to Item 6 of the Terms of Reference, we have performed the procedures listed in Items 6.1 to 6.5. With respect to Items 6.1 to 6.5, we have covered at least 20% of the number of loan(s) borne by the Company or its approved SPCs, as appended in the Statement. Where the population is less than 5, we have performed the procedures on all the loan(s) borne by the Company or its approved SPCs. No exceptions were found / Exceptions were found and reported in (j) below\*.

Development and Expansion Incentive ("DEI") Base Income Declaration

- (g) With respect to Item 7 of the Terms of Reference, we have performed the procedures listed in Items 7.1 to 7.2. No exceptions were found / Exceptions were found and reported in (j) below\*.

S19B Intellectual Property ("IP") Rights

- (h) With respect to Item 8 of the Terms of Reference, we have performed the procedures listed in Items 8.1 to 8.3. With respect to Items 8.1 to 8.3, we have covered at least 20% of the Acquisition Agreements, as appended in the Statement. Where the population is less than 5, we have performed the procedures on all the Acquisition Agreements. No exceptions were found / Exceptions were found and reported in (j) below\*.

\* Delete whichever is not applicable.

### Approved Foreign Loan ("AFL") Details

- (i) With respect to Item 9 of the Terms of Reference, we have performed the procedures listed in Items 9.1 to 9.4. With respect to Items 9.1 to 9.4, we have covered at least 20% of the number of loan agreements as appended in the Statement. Where the population is less than 5, we have performed the procedures on all the loan agreements. No exceptions were found / Exceptions were found and reported in (j) below\*.
- (j) We report the findings where exceptions were found below\*:

Procedure in the Terms of Reference	Findings where Exceptions were Found
(e.g. Item 2.6.1)	(e.g. We found that the amount claimed of S\$xxx in the Statement relating to transaction ABC was paid to a non Singapore-registered entity.)

\_\_\_\_\_ [Name of and signature by Public Accounting entity registered with ACRA]  
Public Accountants and  
Chartered Accountants  
Singapore

\_\_\_\_\_ [Full name of Public Accountant who signed the report]

\_\_\_\_\_ [Public Accountant Registration No.]

\_\_\_\_\_ [Date of Practitioner's report]

### Enclosures<sup>2</sup>:

1. Terms of Reference
2. Statement of Achievement

<sup>2</sup> It is compulsory for these enclosures to accompany the Practitioner's Report that will be submitted to EDB.

\* Delete whichever is not applicable.

**Annex - Reporting of Findings where No Exceptions were Found\***

<b>Procedure in the Terms of Reference</b>	<b>Findings where No Exceptions were Found</b>
(e.g. Item 1)	[Practitioners may include any other findings deemed necessary.]
(e.g. Item 2)	[Practitioners may include any other findings deemed necessary.]
(e.g. Item 3)	[Practitioners may include any other findings deemed necessary.]
(e.g. Item 4)	[Practitioners may include any other findings deemed necessary.]

\* Delete whichever is not applicable.

## Terms of Reference on the Statement of Achievements (For Incentive Recipient's Practitioners)

For ease of reference, the items in this Terms of Reference apply as below. Where an item is not applicable as per the Statement of Achievements ("Statement") (i.e. does not appear in the Statement), the Practitioner may indicate that the steps are not applicable in the Practitioner's report.

Item	Application
1	All companies
2	Total Business Expenditure ("TBE") / Total Business Spending ("TBS") condition(s) is/are included in the Statement.
3	Fixed Asset Investment ("FAI") condition(s) is/are included in the Statement.
4	Employment condition(s) is/are included in the Statement.
4.7	Employees hired by another entity on behalf of the Company (e.g., a secondment arrangement) are counted towards the fulfilment of the Employment condition(s).
5	Either a Finance and Treasury Centre ("FTC"), Aircraft Leasing Scheme ("ALS") or Shareholding / relatedness condition among Group entities is included in the Statement.
5.1	The Statement pertains to an FTC award.
5.2	The Statement pertains to an ALS award.
5.3	Shareholding / relatedness condition among Group entities is included in the Statement, typically for incentives with more than one incentivised entity.
6	The Statement pertains to an ALS award and the company has claimed withholding tax ("WHT") exemption for interest payments under the ALS.
7	The Statement pertains to a Development and Expansion Incentive ("DEI") award and DEI base income has been determined in the Award Letter.
8	The Statement pertains to a Waiver of legal ownership of Intellectual Property Rights under S19B of Income Tax Act ("S19B") award.
9	The Statement pertains to an Approved Foreign Loan ("AFL") award.

For example, if Item 5 is not applicable, it should be indicated in the Practitioner's Report as below:

Approved Network Company ("ANC") / Approved Special Purpose Company ("Approved SPC") / Incentivised Entity

(e) Not applicable.

1. Obtain the auditor's report on the latest audited financial statements of the Company and perform the following procedures:
  - 1.1 State the date of auditor's report and the financial year end;
  - 1.2 Report whether the opinion on the financial statements has been modified in relation to the Company's ability to continue as a going concern; and
  - 1.3 Report whether there was any material uncertainty related to going concern highlighted within the auditor's report.

For a Small Company, or a Small Company that is part of a small group (as defined in the Companies Act) as represented by management, obtain the Directors' Statement submitted in its latest annual return filed with ACRA, and perform the following procedures:

- 1.1 State the date of the Directors' Statement, the financial year end and the date of latest annual return filed with ACRA;

\* Delete whichever is not applicable.

- 1.2 Report whether the directors of the Company have provided an opinion, at the date of the Directors' Statement, that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and
- 1.3 Check that in the latest annual return filed with ACRA, the Company has declared itself as a Small Company, or a Small Company that is part of a small group.

For a Limited Liability Partnership, obtain the Company's latest annual declaration filed with ACRA and perform the following procedures:

- 1.1 State the date of the manager's annual declaration and the financial year end;
- 1.2 Report whether the manager of the Company has provided an opinion that the Company, at the date of the manager's declaration, appears to be able to pay its debts as they become due in the normal course of business.

#### Total Business Expenditure ("TBE") / Total Business Spending ("TBS") condition<sup>3</sup>

2. Obtain the supporting schedule(s) for the TBE / TBS declared in the Statement, and written management confirmation on the completeness of the qualifying transactions, and:
  - 2.1 Check the TBE / TBS by summing up the amounts of all the qualifying transactions identified by the Company in the supporting schedule(s) and agree to the amount of TBE / TBS declared in the Statement.
  - 2.2 Agree the amount, description and details (e.g. dates of incurrence) of transactions from the supporting schedule(s) of the Company to:
    - 2.2.1 Accounting records of the Company; and
    - 2.2.2 Original source documents or other records (e.g. invoices, delivery documents, personnel and payroll records etc.). In the absence of original source documents or other records, trace to certified true copies by the Company's authorised signatories.
  - 2.3 Check that the transactions identified by the Company in the supporting schedule(s) are qualifying expenses and not disallowed by the EDB in accordance with the definition of TBE / TBS as stated in the Award Letter.
  - 2.4 Check that the transactions per the supporting schedule(s) are incurred by the Company for the project (where applicable) in accordance with the conditions stated in the Award Letter by performing the following procedures:
    - 2.4.1 Enquire with management on the method used to track the transactions to the project or the Company (e.g. use of cost centers), whichever applicable; and
    - 2.4.2 Check that the transactions per the supporting schedule(s) have been recorded based on the method described by management as enquired in 2.4.1.
    - 2.4.3 Where the above procedures are not relevant / practical, obtain written confirmations from the project manager or management that the expenses were incurred by the Company for the project, where applicable.
  - 2.5 Check that the transactions per the supporting schedule(s) are incurred (based on the date of receipt of goods / services or payroll records<sup>4</sup>) within the period stipulated in the Award Letter by checking that the dates of incurrence per the supporting schedule(s) fall within the period declared in the Statement.

<sup>3</sup> Refer to the definition of the terms "Total Business Expenditure", "Total Business Spending", "Fixed Asset Investment", "Additional Fixed Asset Investment", "Cumulative Fixed Asset Investment", "Skilled Employees", "Employ", "Employing Entity" and "Based in Singapore" as defined in the LOA.

<sup>4</sup> Where the date of receipt of goods / services or payroll records falls outside of the period declared in the Statement, check that the transaction was recorded in the Company's financial records within the period declared in the Statement, in accordance with their internal accounting policies for expense recognition.

\* Delete whichever is not applicable.

- 2.6 Check that the transactions in the supporting schedule(s) are expenses incurred in Singapore (e.g. payments / payables to Singapore-registered business entities or employees who are based in Singapore) by performing the following procedures:
  - 2.6.1 Conduct online ACRA search to check that the payment recipients are Singapore-registered entities; or
  - 2.6.2 Inspect the original source documents or other records to identify the tax residency of the qualifying employees (e.g. tax document, written confirmation from the qualifying employees etc.)
- 2.7 Check that the transactions in the supporting schedule(s) exclude tax related expenses (i.e. corporate taxes, goods & services tax, property taxes, stamp duties etc.).

The procedures as listed above from 2.2 to 2.7 shall cover TBE / TBS transactions comprising at least 20% of TBE / TBS declared in the Statement.

#### Fixed Asset Investment ("FAI") condition<sup>3</sup>

3. Obtain the supporting schedule(s) for the amounts of cumulative / additional FAI declared in the Statement, and written management confirmation on the completeness of the qualifying Fixed Assets, and:
  - 3.1 Check the FAI by summing up all the amounts of the qualifying Fixed Assets identified by the Company per the supporting schedule(s) and agree to the total amount of cumulative / additional FAI declared in the Statement.
  - 3.2 Agree the amounts, description and details (e.g. dates of delivery or capitalization) of FAI acquired per the supporting schedule(s) of the Company to:
    - 3.2.1 Accounting records of the Company; and
    - 3.2.2 Original source documents or other record <sup>5</sup> (e.g. invoices, delivery documents, proof of installation, commissioning certifications, service completion reports etc.). In the absence of original source documents or other records, trace to certified true copies by the Company's authorised signatories.
  - 3.3 Check that the FAI identified by the Company in the supporting schedule(s) are qualifying FAI and not disallowed by the EDB in accordance with the definition of cumulative / additional FAI as stated in the Award Letter.
  - 3.4 Check that the FAI per the supporting schedule(s) are acquired by the Company for the project (where applicable), in accordance with the conditions stated in the Award Letter by performing the following procedures:
    - 3.4.1 Enquire with management on the method used to track the FAI to the project or the Company, whichever applicable, (e.g. use of cost centers); and
    - 3.4.2 Check that the FAI per the supporting schedule(s) have been recorded based on the method described by management as enquired in 3.4.1.
    - 3.4.3 Where the above procedures are not relevant / practical, obtain written confirmations from the project manager that the FAI were acquired by the Company for the project, where applicable.
  - 3.5 Check that the FAI per the supporting schedule(s) are acquired within the period stipulated in the Award Letter by checking that the dates of delivery or capitalisation per the supporting schedule(s) fall on or before the dates declared in the Statement.

<sup>5</sup> This procedure may be omitted if the relevant source documents and other records have been disposed due to the passing of minimum record-keeping requirement (currently 5 years). Practitioner may indicate that this procedure was omitted per footnote 5 under the Annex.

\* Delete whichever is not applicable.

- 3.6 Check that the FAI per the supporting schedule(s) exists through physical sighting at any time during the reporting period and up till the date of the Practitioner's Report. Where physical sighting is not practical, perform virtual sighting (e.g. live video tours, photographs of the equipment with time stamp etc.) to check the existence of the equipment per the supporting schedules(s).

The procedures as listed above from 3.2 to 3.6 shall cover FAI transactions at cost comprising at least 20% of FAI declared in the Statement.

Employment condition<sup>3</sup>

4. Obtain supporting schedule(s) for number of headcount(s) declared in the Statement, and written management confirmation on the completeness of the headcount(s), and:
- 4.1 Check the number of headcount(s) employed by summing up the unique headcount<sup>6</sup> identified by the Company per the supporting schedule(s) and agree to the total number declared in the Statement.
- 4.2 Agree the employment details (e.g. hire date, employment period, designation, hiring company etc) and personal details (e.g. educational qualification, nationality etc) of employees per the supporting schedule(s) to original source documents or other records (e.g. employment contract, personnel and payroll records etc). In the absence of original source documents or other records, trace to certified true copies by the Company's authorised signatories.
- 4.3 Check that the employees per the supporting schedule(s) are employed in accordance with the job classification(s) (where applicable) as defined in the Award Letter by obtaining written confirmation from the human resource department of the Company or the qualifying employees that the job titles are in alignment with the job classification(s) (where applicable) as defined in the Award Letter.
- 4.4 Check that the employees per the supporting schedule(s) are employed by the Company<sup>7</sup> for the project (where applicable), in accordance with the condition(s) stated in the Award Letter by obtaining written confirmation from the human resource department of the Company or the qualifying employees on the job scope and responsibilities.
- 4.5 Check that the employees per the supporting schedule(s) are employed as of the due date stipulated in the condition(s) in the Statement by checking that the employment period per the supporting schedule(s) includes the period declared in the Statement.
- 4.6 Check that the employees per the supporting schedule(s) are tax residents of Singapore during their period of employment in the year preceding the due date stipulated in the condition(s) in the Statement by inspecting the original source documents or other records to identify the tax residency of the qualifying employees (e.g. tax document, written confirmation from the qualifying employees etc.)
- 4.7 For employees hired by another entity ("Employing Entity") on behalf of the Company (e.g. a secondment arrangement), check that the Award Letter provides for such arrangements<sup>8</sup> to be counted towards the fulfilment of the employment condition(s), and:

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<sup>6</sup> Unique headcount refers to unique individual based on name and NRIC / FIN (e.g. an individual performing multiple roles would count as only 1 headcount), unless otherwise specified in the Award Letter.

<sup>7</sup> For employees hired under secondment or other similar arrangements (see 4.7 below), this refers to being employed by the Employing Entity instead of the Company.

<sup>8</sup> This is typically included in clause 3(b) of Section 3 of the Award Letter, applicable for new awards or amendments approved on or after 1 June 2021.

\* Delete whichever is not applicable.

- 4.7.1 Check that the employees are working full-time<sup>9</sup> for the Company and are working under the control / direction of the Company by obtaining written confirmation from the human resource department of the Company and the qualifying employees / human resource department of the Employing Entity.
- 4.7.2 Check that the Company bears the payroll costs of the employees (e.g. salaries, CPF and bonuses) by checking that the payroll costs incurred by the Employing Entity, as per the original source documents (e.g. employment contract, payslip, CPF letter, increment letter, bonus letter, etc.), do not exceed the payroll costs charged to and incurred by the Company, as per the supporting documents (e.g. secondment letter, payslip, CPF letter, increment letter, bonus letter, intercompany invoice, bank statement and etc). In the absence of original source documents or other records, check against certified true copies by the Employing Entity's authorised signatories. Where such documentation is not available, and where the Employing Entity is not explicitly named as a related party in the financial statements of the Company, obtain written confirmation from the Employing Entity's HR department.
- 4.7.3 Check that the employees are not counted towards the fulfilment of any other tax incentives or grants awarded to the Company and/or Employing Entity by checking them against the supporting schedule(s) from the human resource/finance department of the Company or Employing Entity that shows the list of employees that are currently counted towards the fulfilment of other incentives or grants awarded to the Company and/or Employing entity in the same year (if any). Where such documentation is not available, and where the Employing Entity is not explicitly named as a related party in the financial statements of the Company, obtain written confirmation from the Employing Entity's HR department.
- 4.7.4 Check that the commercial reason(s) for the secondment arrangement as stated in the source documents (e.g. internally approved resource requisition form) fall within the following reason(s) - secondment arrangement is due to cost, efficiency and administrative reasons or for key personnel with unique skillsets<sup>10</sup> to help ramp up the Company's operations, and document the reason stated in the source documents within the Annex.

The procedures as listed above from 4.2 to 4.7 shall cover at least 20% of the number of headcount(s) declared in the Statement.

Approved Network Company ("ANC") / Approved Special Purpose Company ("Approved SPC") / Incentivised Entity<sup>11</sup>

5. Obtain supporting schedule(s) for the ANCs / Approved SPCs / Incentivised Entities\* (e.g. relationship chart stating the relationship links) and written confirmation from management on the completeness of the qualifying entities as appended in the Statement based on the Award Letter, which state the following, where applicable\*:
- Relationship / ownership between the Company and the ANCs, and incorporation details of the ANCs;
  - Relationship details between the Company and the Approved SPCs;
  - Relationship details between the Company and the Incentivised Entities.

<sup>9</sup> For avoidance of doubt, this excludes freelancers, interns and outsourced HR services (i.e. payments for services from third party HR companies).

<sup>10</sup> Unique skillsets refer to skillsets that existing employees from the Company do not typically possess, e.g. employees in a manufacturing company would not typically possess capabilities in Artificial Intelligence.

<sup>11</sup> This refers to the definition of Approved Network Companies (ANCs) for Finance and Treasury Centre (FTC) incentives or approved Special Purpose Companies (SPCs) for Aircraft Leasing Scheme (ALS) incentives, or relatedness condition for incentives with more than one incentivised entity as defined in the Award Letter.

\* Delete whichever is not applicable.



5.1 For the list of ANC's as appended in the Statement:

- (a) Check that the ANC is not a partnership; or a Limited Liability Company (LLC) that is a hybrid entity incorporating some of the features of partnerships (e.g. Delaware LLCs) by agreeing to the ANC's constitution document(s).
- (b) Check that the ANC has a Jurisdiction of Incorporation / Jurisdiction of Registration<sup>12</sup> for Branch or Representative Office that:
  - (i) Has a corporate tax rate above 0%, as agreed to official sources such as OECD ([https://stats.oecd.org/Index.aspx?DataSetCode=CTS\\_CIT](https://stats.oecd.org/Index.aspx?DataSetCode=CTS_CIT)); or
  - (ii) Has an existing Avoidance of Double Taxation Agreement (DTA) with Singapore, as agreed to the list of tax treaties that Singapore has concluded and is maintained by IRAS (<https://www.iras.gov.sg/irashome/Quick-Links/International-Tax/>).
- (c) Agree the relationship between Company and the ANC to the supporting schedule(s) and check that any one of the following requirements in (i) to (iii) below has been met by (i) tracing to source documents (e.g. regulatory records, share certificates, audited financial statements, shareholding structure); or (ii) obtaining written confirmation from the ANC (for e.g. corporate secretary of the ANC) where it is not practical to obtain source documents.
  - (i) At least 25% of the total number of issued shares (excluding treasury shares) of the ANC is legally or beneficially<sup>13</sup> owned, directly or indirectly, by the Company with the approved centre<sup>14</sup>; or
  - (ii) At least 25% of the total number of issued shares (excluding treasury shares) of the Company with the approved centre<sup>14</sup> is legally or beneficially<sup>13</sup> owned, directly or indirectly, by the ANC; or
  - (iii) 100% of the total number of issued shares (excluding treasury shares) of the ANC and approved centre is legally or beneficially<sup>13</sup> owned, directly or indirectly, by a common person<sup>15</sup>.

5.2 For the list of Approved SPCs as appended in the Statement, agree the relationship between the Company and the Approved SPC to the supporting schedule(s) and check that 100% of the total number of issued shares (excluding treasury shares) of the Approved SPC are legally or beneficially<sup>13</sup> owned, directly or indirectly, by the Company by (i) tracing to source documents (e.g. regulatory records, share certificates, audited financial statements); or (ii) obtaining written confirmation from the Approved SPC where it is not practical to obtain source documents.

5.3 For Incentivised Entities conditions, agree the relationship between the Company and the Incentivised Entities in the Statement to the supporting schedule(s) and check that any one of the following requirements in 5.3(a) to 5.3(b) are met by (i) tracing to source documents (e.g. regulatory records, share certificates, audited financial statements); or (ii) obtaining written confirmation from each of the Incentivised Entity where it is not practical to obtain source documents.

- (a) The Company legally or beneficially<sup>13</sup> owns, directly or indirectly, 100% of the total number of issued ordinary shares (excluding treasury shares) of the Incentivised Entities; or
- (b) A third person<sup>15</sup> legally or beneficially<sup>13</sup> owns, directly or indirectly, 100% of the total number of issued ordinary shares (excluding treasury shares) of the Incentivised Entities and the Company;

<sup>12</sup> Country of Incorporation / Country of Registration in older versions of the Award Letter.

<sup>13</sup> As defined in ISCA Ethics Pronouncement 200

<sup>14</sup> The "Company with the approved centre" refers to the FTC incentive recipient.

<sup>15</sup> "Person" can refer to an individual or entity.

\* Delete whichever is not applicable.

The procedures as listed above from 5.1 to 5.3 shall cover at least 20% of the number of qualifying entities listed in the Statement. In the event that the population is less than 25 entities, apply the procedures on 5 entities. Should the population be less than 5 entities, apply the procedures on all the entities.

#### Aircraft Leasing Scheme (“ALS”) Loan Details for Withholding Tax (“WHT”) Exemption

6. Obtain the loan agreement(s) and other supporting schedule(s) (where applicable) in respect of the loan agreement(s) as appended in the Statement based on the Award Letter, and check that:
  - 6.1 Loan agreement is entered into on or before 31 December 2027.
  - 6.2 The incidence of the WHT is borne by the Borrower (i.e. the Company or its approved SPCs) by checking against the loan agreement(s); otherwise obtain written confirmation from the Finance / Accounting department of the Company or its approved SPCs.
  - 6.3 The aircraft or aircraft engine(s) financed by the loan is beneficially owned, either by checking to the aircraft or aircraft engine(s)' title documents, or by checking that the aircraft or aircraft engine(s) is reflected in either the financial statements of the Company or breakdown of fixed assets as recorded in the financial statements.
  - 6.4 The aircraft or aircraft engine(s) financed by the loan is managed by the Company or a related ALS-approved company<sup>16</sup> (e.g. the Company or the related ALS-approved company(s) leases the aircraft or aircraft engine(s) to another company), by checking to the source documents (e.g. lease contract with the Company or related ALS-approved company(s) as the lessor).
  - 6.5 Financing was not obtained in its entirety from Singapore-based lenders, due to one of the following three reasons, either by checking the documentation as appended in the Statement, or by obtaining documentation from the company:
    - (a) Existing financing arrangement prior to entity's relocation to Singapore or transfer of aircraft or aircraft engine(s) to the Singapore entity (e.g. financing documents in place prior to transfer of aircraft to Singapore entity).
    - (b) Competitive financing from Singapore is not available (e.g. uncompetitive quotes obtained, rejection letters, refusal to quote, names of banks that refused to quote, internally approved loan requisition forms containing the above information).
    - (c) For syndicated loans, the loan is arranged and led by Singapore-based financial institutions<sup>17</sup> and not more than 60% of the funds is sourced from non-resident lenders<sup>18</sup> (e.g. syndicated loan agreement, withholding tax statement). Check the residency of the financial institutions based on their registered address per source documents.

The procedures as listed above from 6.1 to 6.5 shall cover at least 20% of the number of loan(s) borne by the Company or its approved SPCs, as appended in the Statement. In the event that the population is less than 5, apply the procedures on all the loan(s) borne by the Company or its approved SPCs.

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<sup>16</sup> Related ALS-approved company(s) refers to the SPCs and / or Aircraft Investment Manager (AIM) Companies, as listed in the Appendix of the Award Letter.

<sup>17</sup> Singapore-based financial institutions refer to financial institutions which are tax residents of Singapore. This includes local branches or subsidiaries of foreign banks or financial institutions.

<sup>18</sup> Non-resident lenders refer to overseas-based lenders where interest payments made by the Company to the lender will be subject to Singapore withholding tax.

\* Delete whichever is not applicable.

## Development and Expansion Incentive ("DEI") Base Income Declaration

### 7. Check the following for the DEI Base income as declared in the Statement:

- 7.1 If the Company is declared to be a cost centre HQ<sup>19</sup> in the Statement, check that the Company renders qualifying headquarter activities<sup>20</sup> to its related parties at cost basis or cost-plus mark-up basis by checking the Audited Financial Statements of the Company or invoices to related parties; otherwise obtain written confirmation from the Company's Finance / Accounting department where this is not apparent in these documents.
- 7.2 If the Company is not declared to be a cost centre HQ<sup>19</sup> in the Statement, refer to the Company's DEI Base Self-Declaration Form that is appended to the Statement, and check that:
- (a) "Commencement Date" as indicated in the Self Declaration Form matches the Qualifying Period start date as indicated in the Award Letter<sup>21</sup>.
  - (b) "Relevant Period"<sup>22</sup> as indicated in the Self-Declaration Form has been identified to be the 36-month period preceding the Commencement Date, unless there is less than 36 months of audited Net Profit Before Tax from qualifying activities preceding Commencement Day.
  - (c) The scenario selected for computation of Base income corresponds with the identification of "Relevant Period" under 7.2(b) above.
  - (d) The relevant fields (i.e. Sections B, C and D) in the Self-Declaration Form have been completed in accordance with the instructions provided under the "Explanatory Notes" tab, and are mathematically accurate and free from casting errors<sup>23</sup>.

## S19B Intellectual Property ("IP") Rights

### 8. Obtain the Acquisition Agreement(s) and supporting schedules (where applicable) in respect of the IP acquisition(s) as appended in the Statement based on the Award Letter, and check that:

- 8.1 The geographical territorial coverage of the IP rights acquired under the Acquisition Agreement encompasses 3 or more countries, not including Singapore.
- 8.2 The duration<sup>24</sup> of the economic ownership of the IP rights acquired under the Acquisition Agreement is more than 10 years.
- 8.3 The Acquisition Agreement includes a clause that states that the Company has exclusive (i.e. only the Company has rights to commercially benefit from the IP rights) or sole rights (i.e. only the Company has rights to commercially benefit from the IP rights with the exception of the proprietor of the IP rights) to the IP rights acquired.

The procedures as listed above from 8.1 to 8.3 shall cover at least 20% of the Acquisition Agreements as appended in the Statement. In the event that the population is less than 5, apply the procedures on all the Acquisition Agreements.

<sup>19</sup> This declaration can typically be found in the Company's "Supplementary Form for Development and Expansion Incentive under the International Headquarters Award (IHQ-DEI)".

<sup>20</sup> The list of qualifying headquarter activities can be found in the Company's "Supplementary Form for Development and Expansion Incentive under the International Headquarters Award (IHQ-DEI)".

<sup>21</sup> The Qualifying Period is typically stated under Section 1 of the Award Letter.

<sup>22</sup> Where relevant period is not exactly 1 year, it should be calculated based on number of months.

<sup>23</sup> Where applicable, the results should be rounded off to the nearest dollar.

<sup>24</sup> The duration of the economic ownership of the IP rights under the Acquisition Agreement refers to upfront ownership and does not include any options for extension.

\* Delete whichever is not applicable.

### Approved Foreign Loan ("AFL") Details

9. Obtain the Loan Agreement(s) and supporting schedules (where applicable) in respect of the foreign loan(s) as appended in the Statement based on the Award Letter, and:
  - 9.1 Check that the principal amount of the loan is at least S\$20 million.
  - 9.2 Check that the foreign loan was wholly used to finance the purchase of the productive equipment as per the Company's application, by checking to schedule / breakdown of loan usage, corresponding purchase invoices, loan agreement clauses or other supporting documents.
  - 9.3 Check that the Company was unable to obtain financing in Singapore as one of the terms (e.g. interest rate, covenants required, repayment period) is less competitive vis-à-vis the foreign lender, by obtaining supporting documentation (e.g. uncompetitive quotes obtained, rejection letters, internally approved loan requisition forms containing the above information), or obtaining written confirmation from the Company's Finance / Accounting / Treasury department where said documentation is not available.
  - 9.4 Check that the Company, or the group of companies to which the Company belongs, benefits from the AFL award, and that the AFL award does not result in an increase in tax liability in a foreign jurisdiction, by obtaining written confirmation from either the Company's tax agent / external auditor or the foreign lender, that at least one of the following scenarios is met:
    - (a) The foreign lender is an entity which is unrelated to the Company and the Company bears the Singapore withholding tax for the interest payments.
    - (b) The foreign lender is a US entity which is related to the Company and faces a "soak-up" tax issue<sup>25</sup> in the US.
    - (c) The foreign lender resides in a country that has a Double Taxation Agreement (DTA) with Singapore containing a full tax sparing clause for interest payments. The tax sparing clause will allow for the normal 15% withholding tax to be still deemed to have been paid, even though the withholding tax is reduced under the AFL award.
    - (d) The foreign lender is in an excess foreign tax credit position. This means that the recipient has suffered withholding tax in other countries in excess of its home country tax, and the excess can be used to make up for the lack of foreign tax credit from Singapore.
    - (e) The foreign lender is in a persistent tax loss position, and therefore has no use for any foreign tax credit.

The procedures as listed above from 9.1 to 9.4 shall cover at least 20% of the number of loan agreements as appended in the Statement. In the event that the population is less than 5, apply the procedures on all the loan agreements.

### Others

The Practitioner shall append in the Practitioner's Report a stamped copy of the Statement on which the procedures were performed under the engagement using the stamp of the Practitioner's firm.

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<sup>25</sup> A soak-up tax is defined as a tax which is contingent on the home country tax position. If identified as a "soak-up" tax, any withholding tax paid in Singapore (due to inability to meet the "no-increase" clause or when the AFL award expires) may be disregarded and be non-creditable in the US against US tax.

\* Delete whichever is not applicable.

**(5C) AUP Report in connection with the Enterprise Singapore (ESG) Global Trader Programme**

ISCA has worked with the ESG to align the illustrative report in connection with the Global Trader Programme to the requirements of SSRS 4400 (Revised), which is effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022. The Report was updated in December 2022.

**(5C) AUP Report in connection with the Enterprise Singapore (ESG) Global Trader Programme**

Agreed-Upon Procedures Report

To:

The Board of Directors

[Name of Client]

**Agreed-Upon Procedures on the "Statement of total business spending and employment of trading professionals" of the Grantee for the period from [date] to [date] under the Annual Global Trader Programme ("GTP")**

**Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our report is solely for [name of company] (the Engaging Party and hereafter referred to as the "Grantee")'s submission of the "Statement of total business spending and employment of trading professionals" of the Grantee for the period from [date] to [date] as stated in Appendix C under the Annual Global Trader Programme ("GTP") (the "Statement") to Enterprise Singapore ("the ESG") in accordance with Section 43I of the Income Tax Act 1947, any regulations prescribed thereunder and the terms and conditions of the Letter of Award with reference number [reference number] dated [date] [and Supplemental Variation Order dated [date]] for the qualifying period from [date] to [date] ("the Incentive"), and may not be suitable for another purpose.

This report is intended solely for the Grantee and the ESG, and should not be used by, or distributed to, any other parties.

**Responsibilities of the Grantee**

The Grantee has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Grantee is responsible for the subject matter on which the agreed-upon procedures are performed.

**Practitioner's Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the Singapore Standard on Related Services (SSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Grantee, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

***Professional Ethics and Quality Management***

We have complied with the ethical requirements in the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) and with the independence requirements of the ESG below:

- (a) We have not provided accounting and bookkeeping services which include preparing accounting records and financial statements, recording transactions and payroll services to the Grantee during the period of the Statement; and

- (b) We are not the Grantee or related entities (as defined in the ACRA Code) of the Grantee that is awarded the Incentive.

Our firm applies Singapore Standard on Quality Management (SSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Procedures and Findings

We have performed the procedures described in Appendix A and referenced in the table below, which were agreed upon with the Grantee in the terms of engagement dated [date], on the Statement.

	Procedures	Findings
1	Item 1a	[Practitioners to include findings from performing this procedure, including details on exception(s) found.]
2		
3		
4		

\_\_\_\_ (firm)  
Public Accountants and Chartered Accountants  
Singapore  
\_\_\_\_ (date)

## Appendix A: Agreed-upon procedures

- 1) Obtain a detailed listing of transactions from the general ledger or sub-ledger with the total amount of all transactions recorded as GTP-attributable Local Business Spending as shown in Appendix C. Select at least 10%<sup>1</sup> of the total value of expenditure and perform the following procedures for each selected sample:
  - a. Agree the date, expenditure amount and description of the expenditure to the original supplier invoice. Where there is no supplier invoice, agree the expenditure amount and description of the expenditure to other appropriate source documents (such as agreement or contract).
  - b. Agree the name of the supplier appearing on the original supplier invoice to the purchase order or agreement or contract issued to the supplier.
  - c. Check whether the original supplier invoice is issued in the supplier's letterhead with a local address. Where there is no supplier invoice, check that the supplier's address in the agreement or contract is a local address.
  - d. Agree details of payments (i.e. date, supplier name and expenditure amount) made to local suppliers in item 1c above to the Grantee's payment records and to the Grantee's bank statements or online banking records for clearance of payment.
  - e. If the selected sample consists of GTP and non-GTP activities, recompute that the cost has been apportioned based on the methodology specified in Appendix B and has been applied consistently across other samples, where applicable.
  - f. If the selected sample pertains to depreciation expense, agree the asset cost to supplier's invoice and recompute that the depreciation amount is calculated based on the useful life of the Grantee's accounting policy.
  - g. If the selected sample pertains to payroll expense, agree the salary cost to monthly payroll records and source documents such as the Grantee's IR8A submission or bank statements or online banking records.
- 2) For Trading Professionals as shown in Appendix C, select at least 10% of the total number of trading professionals presented in the Statement. For each selected sample:
  - a. Obtain confirmation from the Grantee's human resource personnel(s) that (i) the selected employees were employed as of [end of period date]; (ii) the job description of the selected employees matched the requirements shown in Appendix B and (iii) the selected employees were tax residents of Singapore during their period of employment.
  - b. Obtain the monthly payroll<sup>2</sup> and trace the trader's name as shown under Trading Professionals in Appendix C to the monthly payroll. Agree the remuneration amount from the monthly payroll to source documents such as the Grantee's IR8A submissions or bank statements or online banking records.
  - c. For secondment arrangements entered into from 1 June 2021 onwards, obtain the appropriate source documents (e.g. secondment contract); and
    - (a) Confirm that all the following clauses are indicated in the source documents:
      - i. The seconded employee is a full-time employee working for the Grantee in Singapore;
      - ii. The seconded employee is only counted as an employee working for the Grantee for GTP purpose and not counted as an employee working for another company for the purpose of the Incentive of another company.
      - iii. The Grantee exercises control and direction in the manner in which the seconded employee carries out/performs the employment duties and activities; and

<sup>1</sup> In cases where this results in a disproportionately huge sample size (i.e. > 25 samples), the practitioner can choose to select the top ten transactions by value.

<sup>2</sup> For the last month of the incentive period as stated in Appendix C. For example, if the incentive period is from 1 Jan 20 to 31 Dec 20, the last month would refer to Dec 20.



- (b) Report the commercial reasons(s) for hiring the seconded employee as stated in the source documents.
- (c) Obtain confirmation from the seconded employee that the Grantee exercises control and direction in the manner in which the seconded employee carries out/performs the employment duties and activities during the period covered by the Statement.
- (d) Obtain confirmation from the Human Resource personnel or other relevant personnel(s) of the company from which the employee was seconded from, that the employee is not counted as an employee working for that company for the purpose of any other incentive(s) granted by ESG to that company.

In the event that there are errors and deviations found, the practitioner shall report accordingly and provide details.

## **Appendix B – Definitions**

### **Local Business Spending**

Local business spending refers to expenses (i) incurred by the Singapore-based GTP applicant company that is paid to entities domiciled in Singapore; and (ii) that are attributable to GTP-qualifying transactions. These include:

- Bank Charges<sup>3</sup>
- Central Provident Fund
- Commissions
- Depreciation
- Entertainment
- Freight charges
- Insurance costs
- Office Maintenance
- Manpower costs
- Professional fees
- Rental of office space
- Skill Development fund
- Telecommunications
- Transport and traveling expenses
- Utilities
- Warehousing & Storage costs

The GTP-attributable business spending does not include cost of goods and foreign exchange gains and losses.

Where the GTP company conducts both GTP and non-GTP activities, then cost allocation and apportionment will be required. Apportionment of qualifying local business spending (common expenses) can be made by:

1. Direct allocation between GTP and non-GTP operations;
2. Allocation by qualifying and non-qualifying turnover;
3. Allocation by gross profit margin; or
4. Any appropriate basis that should have a direct correlation with the common expenses claimed and fixed assets utilized such that it reasonably reflects the level of activities under the different income categories.

Whatever methodology is adopted by the company for this purpose, it should be consistently applied over the entire incentive period.

### **Employment of trading professionals**

Trading professionals refer to traders and staff with decision-making power who are involved in procurement / sourcing, risk management, sales and marketing. It may also include senior management. The trading professionals or senior management should be involved in the GTP operations. In essence, trading professionals are basically any decision makers who are able to start or stop a trade.

Trading professionals can be either local hires or expatriates, under the GTP company's payroll and a tax resident of Singapore.

Local trading professionals refer to employees in Singapore, who are Singapore citizen or permanent residents. Foreign trading professionals refer to employees who are based in Singapore and who are not Singapore citizens or permanent residents.

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<sup>3</sup> Payments to the Singapore bank accounts of offshore entities do not qualify as local business spending but should be classified as overseas business spending. Similarly, payments to the offshore bank accounts of Singapore-based entities are qualified as local business spending.

**Appendix C: Statement of total business spending and employment of trading professionals for the period from [date] to [date]**

<b>GTP Attributable Local Business Spending (LBS) (\$M)</b>	
<b>Expenditure Item</b>	<b>GTP-Attributable Local Business Spending (LBS) (\$M)</b>
Banking / Financing Costs (including interest)	
Insurance Costs - Insurance premiums for employees working in Singapore	
Insurance Costs - Others	
Manpower Costs - Trading Professional	
Manpower Costs - Others	
Storage / Warehousing Costs	
Rental Costs (Offices & other premises, machinery & equipment)	
Freight Costs	
Processing Costs	
Depreciation Costs	
Entertainment	
Legal Services	
Accounting and Secretariat Services	
Other Operating Costs	
Indirect Taxes (E.g. Property tax, foreign workers levy, licence fees, stamp duties)	
<b>Total</b>	

<b>Trading Professionals</b>		
<b>Nationality Type</b>	<b>Number of Trading Professionals</b>	<b>Names of trading professionals and their job scope</b>
Local		
PR		
Expatriate		
<b>Total</b>		

I confirm that the statement of total business spending and employment of trading professionals for the period from [date] to [date] is, to the best of my knowledge, correct and complete.

Name of representative from GTP company: \_\_\_\_\_

Signature: \_\_\_\_\_

Designation: \_\_\_\_\_

Email address: \_\_\_\_\_

Date: \_\_\_\_\_