

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Investment-Linked Funds

Report for the financial year/period ended 30 September
2016

Friends Provident International Limited, Singapore Branch

Index

	Page
Statement by Directors	1
<hr/>	
Independent Auditor's Report	2
<hr/>	
List of Investment-Linked Funds	4
<hr/>	
Capital and Income Account and Statement of Assets and Liabilities	5
<hr/>	
Notes to the Financial Statements	14
<hr/>	

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

STATEMENT BY DIRECTORS

For the financial year/period ended 30 September 2016

In our opinion, the financial statements of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") set out on page 5 to 16 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 30 September 2016 and the capital movements for the financial year/period ended 30 September 2016, in accordance with the stated accounting policies.

Director

Director

23 December 2016

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Investment-Linked Funds (as set out on page 4) of Friends Provident International Limited, Singapore Branch (the "Singapore Branch"), which comprise the Statement of Assets and Liabilities as at 30 September 2016, Capital and Income Account for the financial year/period ended 30 September 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 16 (the "Statements").

Management's responsibility for the financial statements

Management is responsible for the preparation of the Statements in accordance with the stated accounting policies set out in page 15 and 16. This includes determining that these accounting policies form an acceptable basis for the preparation of the Statements in the circumstances, and for such internal control as management determines as necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the Statements are prepared, in all material respects, in accordance with the accounting policies as set out in page 15 and 16.

Basis of Accounting and Restriction of Distribution and Use

Without modifying our opinion, we draw attention to page 15 and 16 of the Statements, which describes the basis of accounting. The Statements are prepared to assist the Branch to comply with MAS Notice 307 Investment- Linked Life Insurance Policies. As a result, the Statements may not be suitable for another purpose.

Our report is intended solely for the use of the Singapore Branch and our duties are owed solely to the Singapore Branch. We do not accept responsibility and we expressly disclaim liability for loss occasioned to any third party acting or refraining from acting as a result of our report.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

INDEPENDENT AUDITOR'S REPORT (continued)

Other Matters

This report relates solely to the financial statements of the Investment-Linked Funds of the Singapore Branch and does not extend to the financial statements of the Singapore Branch taken as a whole.

Public Accountants and Chartered Accountants
Singapore

23 December 2016

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

LIST OF INVESTMENT-LINKED FUNDS

The Statements of Assets and Liabilities, Capital and Income Accounts and a summary of significant accounting policies and other explanatory notes of the following Investment-Linked Funds are covered in this report:

<u>Fund</u>	<u>Commencement Date</u>
Aberdeen Global Asia-Pacific Equity (R111)	05 October 2011
Aberdeen Global Chinese Equity (R143)	17 July 2013
Aberdeen Global Emerging Markets Smaller Cos. (R132)	27 June 2012
Aberdeen Global Indian Equity (R128)	25 April 2012
Aberdeen Global Technology Equity (R144)	17 July 2013
Allianz Emerging Asia Equity (J48)	02 February 2009
Allianz BRIC Equity (R62)	01 September 2008
Allianz Japan Equity (R174)	25 March 2015
Allianz Little Dragons (J08)	31 July 2009
Allianz Oriental Income (P50)	31 July 2009
Allianz Total Return Asian Equity (R147)	17 July 2013
F&C Global Convertible Bond (R84)	31 July 2009
F&C Responsible Global Equity (USD) (L01)	30 September 2010
Jupiter Global Financials (R158)	15 May 2014
Jupiter Merlin Real Return Portfolio (R180)	27 January 2016
Jupiter Merlin Real Return Portfolio (SGD HDG) (R184)	10 August 2016
Jupiter New Europe (R50)	02 February 2009

With the exception of Aberdeen Global Asia-Pacific Equity, Aberdeen Global Chinese Equity, Aberdeen Global Emerging Markets Smaller Cos., Aberdeen Global Indian Equity, Aberdeen Global Technology Equity, Allianz Japan Equity, Allianz Total Return Asian Equity and Jupiter Global Financials, Jupiter Merlin Real Return Portfolio, Jupiter Merlin Real Return Portfolio (SGD HDG) (R111, R143, R132, R128, R144, R174, R147, R158, R180 and R184) which are segregated Investment-Linked Funds, the funds are invested as one part of the sub-fund of Friends Provident International Limited (the "Company"). These together represent the elements of the sub-funds that are dedicated to customers of the Singapore Branch. The segregated Investment-Linked Funds and sub-funds are, in turn, invested in the underlying funds.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	Aberdeen Global Asia- Pacific Equity (R111)	Aberdeen Global Chinese Equity (R143)
	S\$	S\$
Capital and Income Account		
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016		
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	10,591,590	1,171,898
Amounts received by the Fund for creation of units	3,418,919	482,755
Amounts paid by the Fund for liquidation of units	(1,768,378)	(269,064)
Net amounts received by the Fund	1,650,541	213,691
Unrealised appreciation in value of investments	888,724	80,442
Loss on sale of investments	(92,622)	(24,463)
Management fees	(134,516)	(14,710)
Other expenses	(844)	(693)
Increase in net asset value for the year/period	660,742	40,576
Value of Fund As at 30 September 2016	12,902,873	1,426,165
Statement of Assets and Liabilities		
As at 30 September 2016		
<u>Assets</u>		
Investments in funds	12,943,430	1,432,794
Cash and bank balances	99,876	11,095
Total assets	13,043,306	1,443,889
<u>Liabilities</u>		
Other creditors	140,433	17,724
Total liabilities	140,433	17,724
Value of Fund As at 30 September 2016	12,902,873	1,426,165

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	Aberdeen Global Emerging Markets Smaller Cos. (R132)	Aberdeen Global Indian Equity (R128)
	S\$	S\$
Capital and Income Account		
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016		
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	761,316	2,695,899
Amounts received by the Fund for creation of units	5,727	1,020,700
Amounts paid by the Fund for liquidation of units	(150,177)	(516,669)
Net amounts (paid)/ received by the Fund	(144,450)	504,031
Unrealised appreciation in value of investments	89,069	91,354
(Loss)/ Gain on sale of investments	(8,738)	35,589
Management fees	(8,748)	(33,435)
Other expenses	(183)	(494)
Increase in net asset value for the year/period	71,400	93,014
Value of Fund		
As at 30 September 2016	688,266	3,292,944
Statement of Assets and Liabilities		
As at 30 September 2016		
<u>Assets</u>		
Investments in funds	688,360	3,295,952
Cash and bank balances	-	20,170
Other debtors	9,544	-
Total assets	697,904	3,316,122
<u>Liabilities</u>		
Other creditors	9,638	23,178
Total liabilities	9,638	23,178
Value of Fund		
As at 30 September 2016	688,266	3,292,944

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	Aberdeen Global Technology Equity (R144)	Allianz Emerging Asia Equity (J48)
	S\$	S\$
Capital and Income Account		
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016		
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	2,483,957	511,458
Amounts received by the Fund for creation of units	963,678	163,769
Amounts paid by the Fund for liquidation of units	(803,313)	(99,884)
Net amounts received by the Fund	160,365	63,885
Unrealised appreciation in value of investments	220,037	158,296
Gain/ (Loss) on sale of investments	19,323	(109,546)
Other Income	-	3,655
Management fees	(31,990)	(6,427)
Other expenses	(563)	(38)
Increase in net asset value for the year/period	206,807	45,940
Value of Fund		
As at 30 September 2016	2,851,129	621,283
Statement of Assets and Liabilities		
As at 30 September 2016		
<u>Assets</u>		
Investments in funds	2,853,231	619,993
Cash and bank balances	-	1,290
Other debtors	25,906	-
Total assets	2,879,137	621,283
<u>Liabilities</u>		
Other creditors	28,008	-
Total liabilities	28,008	-
Value of Fund		
As at 30 September 2016	2,851,129	621,283

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	Allianz BRIC Equity (R62) S\$	Allianz Japan Equity (R174) S\$
Capital and Income Account		
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016		
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	55,513	1,134,162
Amounts received by the Fund for creation of units	71,865	336,088
Amounts paid by the Fund for liquidation of units	(22,626)	(245,944)
Net amounts received by the Fund	49,239	90,144
Unrealised appreciation in value of investments	24,383	171,097
Loss on sale of investments	(12,386)	(4,930)
Other income	-	333
Management fees	(981)	(15,075)
Other expenses	(2)	(588)
Increase in net asset value for the year/period	11,014	150,837
Value of Fund		
As at 30 September 2016	115,766	1,375,143
Statement of Assets and Liabilities		
As at 30 September 2016		
<u>Assets</u>		
Investments in funds	115,793	1,375,783
Total assets	115,793	1,375,783
<u>Liabilities</u>		
Other creditors	27	640
Total liabilities	27	640
Value of Fund		
As at 30 September 2016	115,766	1,375,143

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	Allianz Little Dragons (J08)	Allianz Oriental Income (P50)
	S\$	S\$
Capital and Income Account		
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016		
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	99,367	97,640
Amounts received by the Fund for creation of units	22,039	36,578
Amounts paid by the Fund for liquidation of units	(10,982)	(67,141)
Net amounts received/ (paid) by the Fund	11,057	(30,563)
Unrealised appreciation in value of investments	19,976	24,779
Loss on sale of investments	(18,885)	(16,326)
Other income	-	2,351
Management fees	(1,145)	(1,303)
Other expenses	(6)	(10)
(Decrease)/ Increase in net asset value for the year/period	(60)	9,491
Value of Fund		
As at 30 September 2016	110,364	76,568
Statement of Assets and Liabilities		
As at 30 September 2016		
<u>Assets</u>		
Investments in funds	110,654	76,934
Total assets	110,654	76,934
<u>Liabilities</u>		
Other creditors	290	366
Total liabilities	290	366
Value of Fund		
As at 30 September 2016	110,364	76,568

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	Allianz Total Return Asian Equity (R147)	F&C Global Convertible Bond (R84)
	S\$	S\$
Capital and Income Account		
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016		
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	859,311	324,875
Amounts received by the Fund for creation of units	200,446	88,434
Amounts paid by the Fund for liquidation of units	(157,627)	(77,823)
Net amounts received by the Fund	42,819	10,611
Unrealised appreciation in value of investments	66,065	69,682
Loss on sale of investments	(4,243)	(71,250)
Other income	14,997	2,749
Management fees	(10,626)	(4,166)
Other expenses	(299)	(40)
Increase/ (Decrease) in net asset value for the year/period	65,894	(3,025)
Value of Fund As at 30 September 2016	968,024	332,461
Statement of Assets and Liabilities		
As at 30 September 2016		
<u>Assets</u>		
Investments in funds	961,430	332,222
Cash and bank balances	6,594	239
Total assets	968,024	332,461
<u>Liabilities</u>		
Other creditors	-	-
Total liabilities	-	-
Value of Fund As at 30 September 2016	968,024	332,461

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	F&C Responsible Global Equity (USD) (L01)	Jupiter Global Financials (R158)
	S\$	S\$
Capital and Income Account		
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016		
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	115,214	3,709,366
Amounts received by the Fund for creation of units	151,392	2,209,397
Amounts paid by the Fund for liquidation of units	(23,060)	(986,032)
Net amounts received by the Fund	128,332	1,223,365
Unrealised appreciation/ (diminution) in value of investments	48,512	(31,238)
Loss on sale of investments	(40,548)	(21,465)
Other income	589	-
Management fees	(2,565)	(49,575)
Other expenses	(37)	(666)
Increase/ (Decrease) in net asset value for the year/period	5,951	(102,944)
Value of Fund As at 30 September 2016	249,497	4,829,787
Statement of Assets and Liabilities		
As at 30 September 2016		
<u>Assets</u>		
Investments in funds	250,911	4,839,024
Cash and bank balances	-	153,011
Total assets	250,911	4,992,035
<u>Liabilities</u>		
Other creditors	1,414	162,248
Total liabilities	1,414	162,248
Value of Fund As at 30 September 2016	249,497	4,829,787

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	Jupiter Merlin Real Return Portfolio (R180)	Jupiter Merlin Real Return Portfolio (SGD HDG) (R184)
	S\$	S\$
Capital and Income Account		
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016		
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	-	-
Amounts received by the Fund for creation of units	2,309,583	229,455
Amounts paid by the Fund for liquidation of units	(132,088)	-
Net amounts received by the Fund	2,177,495	229,455
Unrealised appreciation in value of investments	65,848	777
Gain on sale of investments	1,885	-
Other income	992	110
Management fees	(7,238)	(162)
Increase in net asset value for the year/period	61,487	725
Value of Fund		
As at 30 September 2016	2,238,982	230,180
Statement of Assets and Liabilities		
As at 30 September 2016		
<u>Assets</u>		
Investments in funds	2,239,827	229,992
Cash and bank balances	15,517	152,188
Other debtors	23,178	-
Total assets	2,278,522	382,180
<u>Liabilities</u>		
Other creditors	39,540	152,000
Total liabilities	39,540	152,000
Value of Fund		
As at 30 September 2016	2,238,982	230,180

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year/period ended 30 September 2016

	Jupiter New Europe (R50)
	S\$
Capital and Income Account	
For the year/period 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 September 2016	
Value of Fund as at 1 October 2015 (or the date of commencement of the respective Investment-Linked Funds, if later)	54,813
Amounts received by the Fund for creation of units	62,373
Amounts paid by the Fund for liquidation of units	(55,096)
Net amounts received by the Fund	7,277
Unrealised appreciation in value of investments	27,757
(Loss) on sale of investments	(16,732)
Management fees	(1,062)
Other expenses	(13)
Increase in net asset value for the year/period	9,950
Value of Fund	72,040
As at 30 September 2016	72,040
 Statement of Assets and Liabilities	
As at 30 September 2016	
<u>Assets</u>	
Investments in funds	71,862
Cash and bank balances	178
Total assets	72,040
<u>Liabilities</u>	
Other creditors	-
Total liabilities	-
Value of Fund	72,040
As at 30 September 2016	72,040

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 30 September 2016

1. Units in issue and net asset value

1.1 The Units in issue and the Net Asset Value per unit of the Investment-Linked Funds of the Singapore Branch as at 30 September 2016 comprise:

<u>Funds</u>	<u>Commencement date</u>	<u>Units in issue</u>		<u>Net asset value per unit S\$</u>
		<u>as at 30 September 2016</u>		
Aberdeen Global Asia-Pacific Equity (R111)	05 October 2011	7,545,992		1.71
Aberdeen Global Chinese Equity (R143)	17 July 2013	332,726		4.29
Aberdeen Global Emerging Markets Smaller Cos. (R132)	27 June 2012	377,442		1.82
Aberdeen Global Indian Equity (R128)	25 April 2012	901,388		3.65
Aberdeen Global Technology Equity (R144)	17 July 2013	5,743,234		0.50
Allianz Emerging Asia Equity (J48)	02 February 2009	941,634		0.66
Allianz BRIC Equity (R62)	01 September 2008	161,331		0.72
Allianz Japan Equity (R174)	25 March 2015	996,048		1.38
Allianz Little Dragons (J08)	31 July 2009	20,014		5.51
Allianz Oriental Income (P50)	31 July 2009	35,116		2.18
Allianz Total Return Asian Equity (R147)	17 July 2013	933,038		1.04
F&C Global Convertible Bond (R84)	31 July 2009	198,365		1.68
F&C Responsible Global Equity (USD) (L01)	30 September 2010	131,792		1.89
Jupiter Global Financials (R158)	15 May 2014	3,157,350		1.53
Jupiter Merlin Real Return Portfolio (R180)	27 January 2016	1,721,130		1.30
Jupiter Merlin Real Return Portfolio (SGD HDG) (R184)	10 August 2016	248,474		0.93
Jupiter New Europe (R50)	02 February 2009	65,405		1.10

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 30 September 2016

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Investment-Linked Funds of the Singapore Branch are presented in Singapore dollars. The financial statements have been prepared on the historical cost basis, except for investments which are carried at fair value.

Where Singapore policyholders are not the only investors in a fund, an apportionment method is applied. This apportionment method is based on Singapore policyholders' unit holdings as a percentage of the total unit holdings of the fund. In the instance that the fund is wholly owned by Singapore investors there is no apportionment method applied.

Aberdeen Global Asia-Pacific Equity, Aberdeen Global Chinese Equity, Aberdeen Global Emerging Markets Smaller Cos., Aberdeen Global Indian Equity, Aberdeen Global Technology Equity, Allianz Japan Equity, Allianz Total Return Asian Equity and Jupiter Global Financials, Jupiter Merlin Real Return Portfolio, Jupiter Merlin Real Return Portfolio (SGD HDG) (R111, R143, R132, R128, R144, R174, R147, R158, R180 and R184) are segregated Investment-Linked Funds dedicated to customers of the Singapore Branch. The segregated Investment-Linked Funds are invested in the underlying funds.

Customers invested in the fund that went through segregation will have been informed by the Company's customer services department.

2.2 *Investments*

All purchases of investments, which include unit trusts, quoted equities and bonds, are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being the fair value of the consideration given. The attributable transaction costs are recognised in the Capital and Income Account when incurred. Subsequent to initial recognition, the investments are recorded at fair value and the unrealised gains or losses on re-measurement to fair value are taken to the Capital and Income Account. The fair value is determined by using open market valuation at the year-end/period-end date.

2.3 *Amounts received by the funds for creation of units*

The amounts received by the funds comprise the gross premiums received by the Singapore Branch (after deducting charges which include bid-offer spread) and switches by the policyholders from other funds.

2.4 *Amounts paid by the funds for liquidation of units*

The amounts paid by the funds for liquidation of units comprise the sale of units in the Investment-Linked Funds for the payment of death claims or surrenders and for switches by the policyholders to the other funds.

2.5 *Gains/losses from sale of investments*

All sales of investments are recognised on their trade dates, the date the fund commits to sell the investments. The cost of disposal of investments is determined on the weighted-average cost basis. Realised gains/losses from the sale of investments are taken to the Capital and Income Account.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 30 September 2016

2. Summary of significant accounting policies (continued)

2.6 *Management fee*

The annual management charges for each Fund are accrued on a monthly basis and payable to the Singapore Branch.

2.7 *Income and expenses*

Income and expenses are accounted for on an accrual basis. Investment income consists of dividend income, interest income and other income. Dividend income is recognised in the Capital and Income Account when the right to receive payment is established. Interest income from investments and other income are recognised on an accrual basis. For segregated funds, Income and expense balances are apportioned monthly based on the Singapore Branch's unit holding at the month end.

2.8 *Foreign currencies*

Foreign currency transactions are translated into the functional currency, British Pound, at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date.

Assets and liabilities are translated from the functional currency into the presentation currency at the closing rate at the balance sheet date, and income and expenses are translated at average exchange rates for the year/period. Differences in exchange are taken to the Capital and Income Account.

2.9 *Other debtors and creditors*

Other debtors and other creditors arise as a result of outstanding settlement of creations and liquidations of units respectively as at period end.